(Convenience translation of a report and financial statements originally issued in Turkish)

Türk Telekomünikasyon Anonim Şirketi

Interim condensed consolidated financial statements for the period between 1 January - September 30, 2008

(Convenience translation of a report and financial statements originally issued in Turkish)

Türk Telekomünikasyon Anonim Şirketi and Its Subsidiaries

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Türk Telekomünikasyon Anonim Şirketi and its Subsidiaries
Consolidated balance sheet
as at 30 September 2008
(Currency - in thousands of New Turkish Lira ("TRY"))

		(Not reviewed)	(Audited) (restated) (Note 2.2)
	Notes	Current period 30 September 2008	Prior period 31 December 2007
Assets			
Current assets		**3.162.068**	**3.216.407**
Cash and cash equivalents	6	1.108.562	1.332.792
Trade receivables			
- Trade receivables from related parties	7	158.987	83.172
- Other trade receivables		1.274.339	1.282.263
Other receivables			
- Other receivables		48.962	23.380
Inventories		38.495	37.959
Other current assets		532.723	456.841
Assets held for sale		**7.414**	**7.601**
Non-current assets		**9.294.059**	**9.544.115**
Trade receivables			
- Other trade receivables		-	1.143
Other receivables		1.643	-
Financial investments		11.841	11.200
Investment properties		314.813	327.291
Property, plant and equipment	9	6.055.780	6.218.639
Intangible assets		2.610.880	2.688.926
Goodwill		48.735	48.735
Deferred tax asset		245.373	245.000
Other non-current assets		4.994	3.181
Total assets		**12.463.541**	**12.768.123**

The accompanying policies and explanatory notes on pages 6 through 22 form an integral part of the financial statements.

(Convenience translation of a report and financial statements originally issued in Turkish)

Türk Telekomünikasyon Anonim Şirketi and its Subsidiaries
Consolidated balance sheet
as at 30 September 2008
(Currency - in thousands of New Turkish Lira ("TRY"))

	Notes	(Not reviewed) Current period 30 September 2008	(Audited) (restated) (Note 2.2) Prior period 31 December 2007
Liabilities			
Current liabilities		**3.495.401**	**2.629.574**
Financial liabilities			
- Bank borrowings	8	1.551.429	446.451
- Obligations under finance leases	8	4.258	4.039
Other financial liabilities			
- Derivative financial instruments		-	20.361
Trade payables			
- Trade payables to related parties	7	7.526	7.105
- Other trade payables		388.223	655.298
Other payables			
- Other payables		28.999	13.176
Income tax payable		180.677	212.308
Provisions		184.959	223.877
Other current liabilities	10	1.149.330	1.046.959
Non-current liabilities		**3.925.289**	**3.980.720**
Financial liabilities			
- Bank borrowings	8	1.730.734	1.661.048
- Obligations under finance leases	8	35.814	36.886
Other financial liabilities			
- Minority put option liability		802.911	788.000
- Derivative financial instruments		79.599	55.133
Other payables			
- Other payables to related parties	7	316	-
- Other payables		14.753	13.814
Provisions		4.692	3.388
Provisions for employee termination benefits		887.119	965.489
Deferred tax liability		360.098	445.564
Other non-current liabilities		9.253	11.398
Equity		**5.042.851**	**6.157.829**
Equity attributable to parent			
Paid-in share capital		3.500.000	3.500.000
Inflation Adjustments to paid in capital (-)		(239.752)	(239.752)
Other reserves			
- Minority put option liability reserve (-)		(488.329)	(436.811)
- Fair value difference arising from acquisition of subsidiary (-)		(294.065)	(294.065)
- Unrealized loss on derivative financial instruments (-)		(64.571)	(55.554)
- Share based payment reserve		9.528	-
Restricted reserves allocated from profits		1.231.408	816.348
Retained earnings /(accumulated deficit)		(291.002)	322.810
Net income for the period /year		1.679.634	2.544.853
Total liabilities and equity		**12.463.541**	**12.768.123**

The accompanying policies and explanatory notes on pages 6 through 22 form an integral part of the financial statements.

(Convenience translation of a report and financial statements originally issued in Turkish)

Türk Telekomünikasyon Anonim Şirketi and its Subsidiaries
Consolidated income statement for the nine-month period ended 30 September 2008
(Currency - in thousands of New Turkish Lira (“TRY”) unless otherwise indicated)

	Current period		Prior period	
	(Not reviewed) 01 January 2008 - 30 September 2008	01 July 2008 - 30 September 2008	(Not reviewed) 01 January 2007 - 30 September 2007	01 July 2007 - 30 September 2007
Continuing operations				
Revenue	7.592.102	2.614.674	6.876.392	2.413.393
Cost of sales (-)	(3.646.104)	(1.143.162)	(3.804.669)	(1.298.644)
Gross profit/ (loss) from operations	**3.945.998**	**1.471.512**	**3.071.723**	**1.114.749**
Gross profit	**3.945.988**	**1.471.512**	**3.071.723**	**1.114.749**
Marketing, sales and distribution expenses (-)	(824.317)	(313.041)	(688.701)	(219.698)
General administrative expenses (-)	(1.055.546)	(353.729)	(697.955)	(229.836)
Research and development expenses (-)	(7.860)	(401)	(1.086)	(901)
Other operating income	164.448	54.102	243.476	57.058
Other operating expense (-)	(31.619)	(17.864)	(18.697)	(12.244)
Operating profit /(loss)	**2.191.104**	**840.579**	**1.908.760**	**709.127**
Financial income	525.429	193.735	687.320	248.805
Financial expense (-)	(605.476)	(221.664)	(323.721)	(89.120)
Profit before tax	**2.111.057**	**812.650**	**2.272.359**	**868.812**
Tax income/expense from continuing operations				
- Tax expense for the period	(551.765)	(180.957)	(606.619)	(195.670)
- Deferred tax income	85.834	19.716	127.623	33.046
Net profit from continuing operations	**1.645.126**	**651.409**	**1.793.363**	**706.188**
Attributable to equity holders of the parent	1.679.634	653.696	1.788.351	685.906
Minority interest	(34.508)	(2.287)	5.012	20.282
Net profit for the period	**1.645.126**	**651.409**	**1.793.363**	**706.188**
Earnings per share attributable to equity holders of the parent from continuing operations (in full New Kuruş)	0,4799	0,1868	0,5110	0,1960
Earnings per diluted attr,butable to equity holders of the parent share from continuing operations (in full New Kuruş)	0,4799	0,1868	0,5110	0,1960

The accompanying policies and explanatory notes on pages 6 through 22 form an integral part of the financial statements.

(Convenience translation of a report and financial statements originally issued in Turkish)

Türk Telekomünikasyon Anonim Şirketi and its Subsidiaries
Consolidated statement of changes in equity for the nine months period ended 30 September 2008
(Currency - in thousands of New Turkish Lira ("TRY"))

				Revaluation Surplus							
	Paid-in share capital	Inflation adjustments to paid in capital	Restricted reserves allocated from profits	Minority put option liability reserve	Share based payment reserve	Fair value difference arising from acquisition of subsidiary	Unrealised loss on derivative financial instruments	Retained earnings (accumulated deficit)	Net profit for the period	Minority interest	Total equity
Balance as at 1 January 2007	**3.500.000**	**(239.752)**	**426.235**	**(283.953)**	**-**	**(294.065)**	**-**	**1.093.649**	**2.208.349**	**-**	**6.410.463**
Effect of changes in accounting policies (Note 2.2)	-	-	-	-	-	-	-	(1.689)	-	-	(1.689)
Balance as at 1 January 2007 (revised)	**3.500.000**	**(239.752)**	**426.235**	**(283.953)**	**-**	**(294.065)**	**-**	**1.091.960**	**2.208.349**	**-**	**6.408.774**
Transfer to retained earnings	-	-	-	-	-	-	-	2.208.349	(2.208.349)	-	-
Transfer to restricted reserves allocated from profits	-	-	390.114	-	-	-	-	(390.114)	-	-	-
Minority interest before classification to minority put option liability	-	-	-	2.292	-	-	-	-	-	319.327	319.327
Minority put option provision	-	-	-		-	-	-	(2.587.382)	-	(324.339)	(322.047)
Dividend paid (Not 11)	-	-	-	-	-	-	-		-	-	(2.587.382)
Net profit for the period	-	-	-	-	-	-	-	-	1.788.351	5.012	1.793.363
Balance as at 30 September 2007	**3.500.000**	**(239.752)**	**816.349**	**(281.661)**	**-**	**(294.065)**	**-**	**322.813**	**1.788.351**	**-**	**5.612.035**
Balance as at 1 January 2008	**3.500.000**	**(239.752)**	**816.348**	**(436.812)**	**-**	**(294.065)**	**(55.554)**	**324.499**	**2.508.197**	**-**	**6.122.861**
Effect of changes in accounting policies (Note 2.2)	-	-	-	-	-	-	-	(1.689)	36.656	-	34.967
Balance as at 1 January 2008 (revised)	**3.500.000**	**(239.752)**	**816.348**	**(436.811)**	**-**	**(294.065)**	**(55.554)**	**322.810**	**2.544.853**	**-**	**6.157.828**
Transfer to retained earnings	-	-	-	-	-	-	-	2.544.853	(2.544.853)	-	-
Transfer to restricted reserves allocated from profits	-	-	415.060	-	-	-	-	(415.060)	-	-	--
Minority interest before classification to minority put option liability	-	-	-	-	-	-	-	-	-	351.188	351.188
Share based payment reserve (Not 14)	-	-	-	-	9.528	-	-	-	-	-	9.528
Unrealised loss on derivative instruments							(9,017)			(2.099)	(11.116)
Minority put option liability	-	-	-	(51.517)	-	-	-	-	-	(314.581)	(366.098)
Dividend paid (Not 11)	-	-	-	-	-	-	-	(2.743.605)	-		(2.743.605)
Net profit for the period	-	-	-	-	-	-	-	-	1.679.634	(34.508)	1.645.126
Balance as at 30 September 2008	**3.500.000**	**(239.752)**	**1.231.408**	**(488.329)**	**9.528**	**(294.065)**	**(64.571)**	**(291.002)**	**1.679.634**	**-**	**5.042.851**

The accompanying policies and explanatory notes on pages 6 through 22 form an integral part of the financial statements.

(Currency - in Thousands of New Turkish Lira ("TRY") unless otherwise indicated.
All other currencies are also expressed in thousands)

	Not Reviewed	Not Reviewed
	Current Period 01 January 2008 - 30 September 2008	Prior Period 01 January 2007 - 30 September 2007
Profit for the year before tax	**2.111.057**	2.272.359
Adjustments to reconcile profit before tax to cash provided by operating activities:		
Depreciation and amortisation expense	**1.220.689**	1.227.029
Gain on sale of property, plant and equipment	**(1.831)**	(4.661)
IFRIC 12 adjustment	**551**	(2.682)
Foreign currency exchange (income) / expense, net	**130.591**	(305.248)
Interest income and expense, net	**(49.824)**	(85.337)
Allowance for doubtful receivables	**147.330**	40.707
Provision for employee termination benefits	**101.444**	43.535
Litigation provision / (release), net	**11.469**	(10)
Loss on derivative financial instruments	**(9.017)**	-
Unused vacation provision / (release), net	**(50.405)**	(36.499)
Other provisions	**15**	(15.402)
Share based payments	**9.528**	-
Operating profit before working capital changes	**3.621.598**	3.133.791
Net working capital changes in:		
Trade receivables and other receivables	**(241.303)**	(249.665)
Restricted cash	**(37.946)**	36.587
Other current assets and inventories	**(76.418)**	(60.703)
Trade payables and other payables	**(249.576)**	(242.820)
Other non-current assets	**(1.813)**	(504)
Other current liabilities and provisions	**21.169**	164.812
Other non-current liabilities and provisions	**(3.448)**	10.461
Payments of employee termination benefits	**(179.814)**	(123.085)
Income taxes paid	**(583.396)**	(575.917)
Net cash provided by operating activities	**2.269.053**	2.092.957
INVESTING ACTIVITIES		
Interest received	**189.937**	218.700
Capital increase in financial activities	**(641)**	(6.300)
Acquisition of subsidiaries	**-**	(36.726)
Proceeds from sale of property, plant, equipment and intangible assets	**2.443**	12.275
Purchases of property, plant and equipment, investment property and intangible assets	**(886.767)**	(529.486)
Proceeds from sale of assets held for sale	**187**	(7.994)
Net cash used in investing activities	**(694.841)**	(349.531)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from bank borrowings	**4.675.444**	4.104.643
Repayment of bank borrowings	**(3.613.772)**	(3.922.513)
Other financial payments	**4.105**	-
Leasing additions	**4.231**	-
Repayment of obligations under financial leases	**(5.083)**	(5.242)
Interest paid	**(157.711)**	(190.295)
Dividends paid	**(2.743.605)**	(2.587.382)
Net cash used in financing activities	**(1.836.392)**	(2.600.789)
Net decrease in cash and cash equivalents	**(262.179)**	(857.363)
Cash and cash equivalents at the beginning of the period (Note 6)	**922.476**	1.133.978
Cash and cash equivalents at the end of the period (Note 6)	**660.297**	276.615

The accompanying policies and explanatory notes on pages 6 through 22 form an integral part of the financial statements.

1. Corporate information

Türk Telekomünikasyon Anonim Şirketi ("Türk Telekom" or "the Company") is a joint stock company incorporated in Turkey. The Company has its history in the Posthane-i Amirane (Department of Post Office) which was originally established as a Ministry on 23 October 1840. On 4 February 1924 under the Telephone and Telegraph Law No. 406, the authorisation to install and operate telephone networks throughout Turkey was given to the General Directorate of Post, Telegraph and Telephone ("PTT"). The Company was founded on 24 April 1995 as a result of the split of the telecommunication and postal services formerly carried out by the PTT. All of the personnel, assets and obligations of the PTT pertaining to telecommunication services were transferred to the Company, the shares of which were fully owned by the Prime Ministry Undersecretariat of Treasury ("the Treasury").

On 24 August 2005, Ojer Telekomünikasyon A.Ş. ("OTAŞ"), a joint stock company, entered into a Share Sale Agreement with the government of Turkey's Privatisation Authority for the purchase of a 55% stake in the Company, the incumbent fixed-line telecommunications service provider of Turkey. A Shareholders Agreement and a Share Pledge Agreement for the block sale of the Company were signed on 14 November 2005.

According to the permission of the Capital Market Board numbered 22/526, out of TRY 3.500.000 nominal amount of capital, 15% of the Company's shares owned by the Treasury corresponding to a nominal amount of TRY 525.000 has been issued to the public through an initial public offering with the permission of Directorate of Istanbul Stock Exchange on 15 May 2008.

Oger Telecom Limited (Oger Telecom) owns 99% of the shares of OTAŞ. Oger Telecom is an entity incorporated under the laws of the Dubai International Financial Centre.

A concession agreement ("the Concession Agreement") was signed by the Company and the Turkish Telecommunication Authority ("TA") as of 14 November 2005. The Concession Agreement covers the provision of all kinds of telecommunication services, establishment of necessary telecommunications facilities and the use of such facilities by other licensed operators and the marketing and supply of telecommunication services. The term of the Concession Agreement is 25 years starting from 28 February 2001.

As of 30 June 2008 and 31 December 2007, the ultimate parent and controlling party of the Company is Saudi Oger Ltd ("Saudi Oger"), because of its ownership in Oger Telecom.

On 22 July 2005, the Board of the Competition Authority issued a decision requiring the transfer of the Company's internet activities into a separate legal entity as a condition for the privatization of the Company. Accordingly, as of 15 May 2006, the Company has separated its internet activities and established TTNet Anonim Şirketi ("TTNet") fully owned by The Company.

Avea İletişim Hizmetleri A.Ş. ("Avea"), an associate and a subsidiary of the Company as at 31 December 2005 and 15 September 2006, respectively, was officially founded on 19 February 2004 with the merger of the Company's GSM operator Aycell Haberleşme ve Pazarlama Hizmetleri ("Aycell") and İş-TIM Telekomünikasyon Hizmetleri A.Ş. ("İş-TIM"), a joint venture of Türkiye İş Bankası A.Ş. ("İş Bank") and its affiliates ("İş Bank Group") (controlling 51%) and Telecom Italia Mobile International N.V. ("TIM") with a shareholding of 51% and 49%, respectivly. İş-TIM and the Company each originally owned 40% stake in Avea, while İş Bank Group held 20%. Aria (the brand name of İş-TIM) and Aycell brands were sustained under the new "Avea" brand which was introduced to the market on 23 June 2004.

In 2005, both TIM and the Company increased their ownership percentage in Avea by 0.56% and reached to 40,56% each through capital increase as İş Bank Group did not participate in the capital increase.

1. Corporate information (continued)

On 15 September 2006, İş-TIM sold its 40.56% stake in Avea to the Company for a consideration of USD 500,000. As a result, effective from 15 September 2006, the total shares percentage of Avea held by the Company has increased to 81.12%.

On 3 August 2007, the Company acquired 99.96% of shares of Argela Yazılım ve Bilişim Teknolojileri Sanayi Anonim Şirketi (Argela), which is a joint stock company incorporated in Turkey. Argela was officially founded on 14 January 2004. Argela is specialized in developing new generation telecommunications solutions and provides network infrastructure components, convergence gateways and service delivery platforms for the telecommunication industry. Argela has a 100% owned subsidiary located in United States of America (USA), Argela-USA, Inc.

On 1 August 2007, the Company acquired 99.96% of shares and voting rights of Innova Bilişim Çözümleri Anonim Şirketi (Innova), which is a joint stock company incorporated in Turkey. Innova was officially founded on 2 September 1999. Innova is specialized in importing, exporting and local trading of computer hardware, maintenance, repair and lease services, software development and licence acquires, assembling of computer systems and providing operating services.

On 23 October 2007, the Company established a new subsidiary in Turkey named AssisTT Rehberlik ve Müşteri Hizmetleri Anonim Şirketi (AssisTT) to operate a call centre and implement customer relationship management.

On 17 December 2007, the Company acquired 99.96% shares and voting rights of SEBIT Bilişim ve Eğitim Teknolojileri A.Ş. (SEBIT), which was officially founded on 2 December 2005. SEBIT offers online content for math and science through the online learning system. IES has a 100% owned subsidiary located in USA, Sebit LLC.

On 23 June 2007, Çalık Enerji Telekomünikasyon Hizmetleri Anonim Şirketi (Çalık Enerji) and the Ministry of Economy and Energy of Albania signed a share purchase agreement ("SPA") to purchase 76% shares of Albtelecom Sh.A (Albtelecom) held by the Ministry of Economy and Energy of Albania to Çalık Enerji or any other legal entity controlled by Çalık Enerji.

On 1 June 2007, the Company and Çalık Enerji have signed a shareholders agreement ("Cetel Shareholders' Agreement"), including the incorporation of a new company (Cetel Telekom İletişim Sanayi ve Ticaret Anonim Şirketi – Cetel – SPV1), in which Çalık Enerji and the Company shall have 80% and 20% shares, respectively. Cetel was incorporated as a special purpose entity, as per the Cetel Shareholders' Agreement.

The Cetel Shareholders' Agreement provides also for the incorporation of another special purpose entity (SPV2), which purchased the 76% stake of Albtelecom. SPV2 is 100% owned by Cetel. Cetel and SPV2 are incorporated for the purpose of acquiring the 76% shares of Albtelecom.

1. Corporate information (continued)

In the consolidated financial statements for the year ended 31 December 2007 and 30 September 2008, the financial statements of TTNet, Avea, Innova (effective from 1 August 2007), Argela (effective from 3 August 2007), SEBIT (effective from 17 December 2007) and AssisTT (effective from 23 October 2007) are consolidated with the financial statements of the Company. Cetel is carried at cost in the consolidated financial statements as of 31 December 2007 and 30 September 2008.

Hereinafter Türk Telekom, Avea, TTNet, Argela, Innova, IES and AsistTT together will be referred to as "the Group".

The Group's principal activities include the provision of local, national, international and mobile telecommunication services, internet products and services, as well as call centre and customer relationship management, technology and information management.

The Company's registered office address and principal place of business is Turgut Özal Bulvarı, 06103 Aydınlıkevler, Ankara

These interim condensed consolidated financial statements were approved by the Board of Directors of the Company and authorized for issue on 13 November 2008. The general assembly and certain regulatory bodies have the power to amend the statutory financial statements after issue.

2. Basis of preparation financial statements

2.1 Basis of presentation

Interim consolidated financial statements for the nine month period ended 30 September 2008, have been prepared in accordance with IAS 34 "Interim Financial Reporting". The interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements as at and for the year ended 31 December 2007.

Excluding the entities operation outside of Turkey, the Group maintains its books of account and prepares its statutory financial statements in New Turkish lira ("TRY") in accordance with Turkish Commercial Code and Tax Legislation and the Uniform Chart of Accounts ("UCA")issued by the Ministry of Finance.

Previously, the financial statements of the Group as at and for the year ended 31 December 2007 have been prepared in accordance with Communiqué Serial XI, No: 25 "Communiqué on Accounting Standards in Capital Markets".In this Communiqué, the Capital Markets Board ("CMB") stated that alternatively, the application of accounting standards prescribed by the International Accounting Standards Board (IASB) and the International Accounting Standards Committee (IASC) will be also considered to be compliant with the CMB Accounting Standards. Accordingly, the consolidated financial statements of the Group as at and for the year ended 31 December 2007 had been prepared in accordance with the alternative methods allowed by the CMB.

2. Basis of preparation financial statements (continued)

In accordance with the CMB's "Communiqué on Financial Reporting in Capital Market" Serial XI, No:29, published in the Official Gazette dated 9 April 2008, after 1 January 2008, listed companies are required to prepare its financial statements in conformity with International Accounting /Financial Reporting Standards (IAS/IFRS) as prescribed in the CMB Communiqué. Since, there are not any differences between the accounting policies of the alternative method of Communiqué Serial XI, No:25 (previously applied) and the Communiqué Serial XI, No:29, there is no change in the accounting policies applied in preparation of the financial statements of the current and prior period.

The financial statements and explanatory notes are presented using the compulsory standard formats as published by the Communiqué Serial XI, No:29 declared by the CMB on 9 April 2008.

The interim consolidated financial statements have been prepared on the historical cost basis except with respect to the Company's property, plant and equipment and investment property for which the deemed cost method was applied for acquisitions prior to 1 January 2000, derivative financial instruments and minority put option liability, which have been reflected at their fair values.

Reclassifications in 2007 financial statements

Certain reclassifications have been made on the consolidated balance sheet as at 31 December 2007 in accordance with Capital Market Board (CMB) Accounting Standards Communiqué no. XI-29. Advances given for inventoy amounting to TRY 911 were reclassified to other current assets, advances given for property, plant and equipment amounting to TRY 21.594 included in property, plant and equipment were reclassified to other current assets, receivables amounting to TRY 23.380 included in other current assets were reclassified to other receivables, non current trade payables amounting to TRY 13.814 were reclassified to other current payables, current trade payables amounting to TRY 13.176 were reclassified to other current payables, inflation adjustment difference of the restricted reserves amounting to TRY 19.184 were reclassified to retained earnings. Furthermore, TRY 14.034 related with prepaid card which were net off in prior periods were grossed up in the interim consolidated financial statements.

2.2 Changes in accounting policiess

Adoption of new and revised international financial reporting standards

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements as of 30 June 2008 are consistent with those followed in the preparation of the financial statements of the prior year and for the year ended 31 December 2007, except for the adoption of new standards and International Financial Reporting Interpretations Committee (IFRIC) interpretations. Except IFRIC 12, "Service Concession Arrangements", adoption of these standards and interpretations did not have any effect on the financial position or performance of the Group. They did, however, give rise to additional explanations.

2. Basis of preparation financial statements (continued)

Adoption of new and revised international financial reporting standards (continued)

The new standards which are effective as of January 1, 2008 and changes and interpretations of current standards are as follows :

IFRIC 11: IFRS 2 - "Group and Treasury Share Transactions

IFRIC 12, "Service Concession Arrangements"

IFRIC 14, "IAS 19 – Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction"

IFRIC 15 Agreements for the Construction of Real Estate

IFRIC 16 Hedges of a Net Investment in a Foreign Operation

IFRIC 12, "Service Concession Arrangements", outlines an approach to account for contractual obligations undertaken and rights received by service concession operators in service concession arrangements. It provides that the operator should not account for the infrastructure as property, plant and equipment, but recognize a financial asset and/or an intangible asset.

Accordingly, the Company adopted IFRIC 12 by restating its financial statements as at 1 January 2007, from the earliest period, based on the provisional article of IFRIC 12.

In the application of IFRIC 12, the Company has first determined the property, plant and equipment in the scope of IFRIC 12. In accordance with IFRIC 12, the property, plant and equipment owned by the Company as of the date of the service concession agreement is considered out the scope of IFRIC 12. Land and buildings, network and other devices, vehicles, furnitures and fixtures and construction in progress (together will be referred to as network equipment) purchased after the concession agreement are determined to be in the scope of IFRIC 12.

In accordance with the provisional article of IFRIC 12, the Company has determined property, plant and equipment to be in the scope of IFRIC 12 and has reclassified the net book value of these property, plant and equipment at 1 January 2007 to intangible assets. The amount reclassified is TRY 425,118 and began to amortized during the Concession Agreement.

As at 1 January 2007, the Company continued to account the property, plant and equipment which is owned before Concession Agreement and determined them to be out the scope of IFRIC 12 and accounted for any repair, maintenance and replacements related with these assets in accordance with IAS 16. The replacement costs related with network equipments amounting to TRY 425,118 which has been reclassified to the intangible assets as of 1 January 2007 were expensed in the related period unless there are contractual replacements as required by the Concession Agreement. For the contractual replacements, provision is provided as of the date the replacement is foreseen.

(Currency - in Thousands of New Turkish Lira (“TRY”) unless otherwise indicated.
All other currencies are also expressed in thousands)

2. Basis of preparation financial statements (continued)

Any new network equipment is accounted in accordance with IFRIC 12. In case these extensions give an additional right to the Company to charge to the users, the Company recognises an additional intangible assets in exchange for construction services, and accordingly recognizes and measures revenue in accordance with IAS 18 “Revenue” and IAS 11 “Construction Contracts”. The cost of construction is expensed as incurred. An amount is determined by adding the profit margin applied in the market for the construction services in the same quality to the construction costs and this amount is reflected to consolidated financial statements as income and intangible assets.

The impact of IFRIC 12 to the consolidated financial statements as at 31 December 2007,since it was applied effective from 1 January 2007, are summarized as follows:

	31 December 2007 (Before the adoption of IFRIC 12)	31 December 2007 (After the adoption of IFRIC 12)	Difference
Property, plant and equipment	6.777.231	6.240.233 (*)	(536.998)
Intangible assets	2.104.824	2.688.926	584.102
Long- term provisions	-	3.388	3.388
Deferred tax liability	436.815	445.564	8.749
Retained earnings	305.315	303.626	(1.689)

(*) Before the reclassifications in consolidated balance sheet in accordance with Communique Serial XI, No:29.

The Group has decided that Avea Concession Agreement is not within the scope of IFRIC 12.

Standards, Interpretations and Amendments to Published Standards that are not yet effective and not early adopted by the Group

IFRIC 15, “Agreements for the Construction of Real Estate”, (is effective for annual periods beginning on or after 1 January 2009 and must be applied retrospectively).

IFRIC 16, “Hedges of a Net Investment in a Foreign Operation”, (IFRIC 15 is effective for annual periods beginning on or after 1 January 2008 and must be applied retrospectively). However, as this standard has not yet been adopted by the European Union.

2.3. Significant accounting judgments, estimates and assumptions

Significant accounting judgments

During the period ended 30 September 2008, the Company has continued to apply the same accounting judgments used in the consolidated financial statements as at 31 December 2007.

(Currency - in Thousands of New Turkish Lira ("TRY") unless otherwise indicated.
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2. Basis of preparation financial statements (continued)

Use of Estimates

The uncertanties encountered by the Group in applying the accounting policies for the period ended 30 September 2008 have no difference with the the sources of uncertanties existing as of 31 December 2007 except for the estimates used in the application of IFRIC 12. The estimates used by the Company in the application of IFRIC 12 are as follows:

a) According to the Company, 30% of the foreseen investments related with the network equipments that are reclassified to intangible assets at 1 January 2007 and then are recorded to financial statements as intangible assets, are the contractual replacements as required by the consession agreement. The Group has provided provision amounting to TRY 1.304 in the interim consolidated financial statements for the foreseen contractual replacements in the future.Aforementioned provision is the present value of the contractual replacement expenses that will be realized in the future. Discount rate is determined as 13%.

b) The Company has determined the cost of the investments in intangible assets by adding the profit margin applied in the market to the construction services in the same quality the construction costs of the related network equipment. The profit margin is determined as 13% for the period ended 30 September 2008.

3. Seasonal changes in the operations

The operations of the Group have no significant change according to season.

4. Earnings per share

The calculation of the basic earnings per share attributable to the ordinary equity holders of the parent is as follows:

	For the 9 month period ended as of 30 September 2008	For the 9 month period ended as of 30 September 2007
Weighted average number of shares outstanding during the period (number)	**350.000.000.000**	350.000.000.000
Net profit for the period attributable to equity holders of parent	**1.679.634**	1.788.351
Earnings per share (in full New Kuruş)	**0,4799**	0,5110

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5. Segment reporting

The Group has two segments: Fixed line and GSM services. Fixed line services are provided by Türk Telekom and TTNET and GSM services by Avea. The segment results and capital expenditures are presented below:

	Fixed line		GSM		Eliminations		Consolidated	
	1 January-30 September 2008	1 January-30 September 2007	**1 January-30 September 2008**	1 January-30 September 2007	**1 January-30 September 2008**	1 January-30 September 2007	**1 January-30 September 2008**	1 January-30 September 2007
Total revenue	**6.181.196**	5.812.422	**1.589.330**	1.224.790	**(178.424)**	(160.820)	**7.592.102**	6.876.392
Net operating segment profit/(loss)	**2.196.900**	2.028.469	**(4.478)**	(119.709)	**(1.318)**	-	**2.191.104**	1.908.760
Depreciation and amortization expenses	**(850.161)**	(871.839)	**(370.528)**	(355.640)	**-**	-	**(1.220.689)**	(1.227.479)
Capital expenditures	**(698.122)**	(390.459)	**(271.650)**	(194.539)	**-**	-	**(969.772)**	(584.998)

	Fixed line		GSM		Eliminations		Consolidated	
	1 June-30 September 2008	1 June - 30 September 2007	**1 June-30 September 2008**	1 June - 30 September 2007	**1 June-30 September 2008**	1 June - 30 September 2007	**1 June-30 September 2008**	1 June - 30 September 2007
Total revenue	**2.100.871**	1.995.155	**572.421**	476.786	**(58.618)**	(58.548)	**2.614.674**	2.413.393
Net operating segment profit / (loss)	**821.806**	704.596	**20.091**	4.531	**(1.318)**	-	**840.579**	709.127
Depreciation and amortization expenses	**(267.125)**	(266.102)	**(122.289)**	(118.886)	**-**	-	**(389.414)**	(384.988)
Capital expenditures	**(293.652)**	(164.217)	**(158.573)**	(89.880)	**-**	-	**(452.225)**	(254.097

	Fixed line		GSM		Eliminations		Consolidated	
	30 September 2008	31 December 2007	**30 September 2008**	31 December 2007	**30 September 2008**	31 December 2007	**30 September 2008**	31 December 2007
Total Segment Assets	**8.229.958**	8.576.456	**4.367.518**	4.305.857(***)	**(133.935)**	(114.190)	**12.463.541**	12.768.123
Total Segment Liabilities	**(4.078.613)**	(3.520.341)	**(2.671.604)**	(2.416.143)	**(670.473)(*)**	(673.810)(**)	**(7.420.690)**	(6.610.294)

(*) Includes minority put option liability amounting TRY 802,911
(**) Includes minority put option liability amounting TRY 788,000
(***) Includes goodwill amounting to TRY 29,695.

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6. Cash and cash equivalents

	30 September 2008	31 December 2007
Cash on hand	**1.168**	1,147
Cash at banks – Demand deposits	**310.022**	223,865
Cash at banks – Time deposits	**797.372**	1,107,676
Other	**-**	104
	1.108.562	1,332,792

Time deposits of the Group as of 30 September 2008 are all short-term, maturing within one month and denominated in both foreign currencies and TRY. The effective interest rates are between 13 % - 21% for TRY deposits and 4% - 6,2% for Euro deposits. (31 December 2007 - 13% - 19.36% for TRY deposits, 1.00% - 5.60% for USD deposits and 1,00% – 5,04% for Euro deposits). Time deposits held in foreign currencies was disclosed in Note 13.

As of 30 September 2008, TRY 249.011 (31 December 2007 - TRY 241.981) included in time deposits represents advances received from the Turkish Armed Forces for Turkish Armed Forces Integrated Communication Systems (TAFICS) projects. The interest income from these time deposits are added to the advances received and not reflected in the consolidated statement of income as per agreement between parties (Note 7). These time deposits are restricted and can only be used for payments related to TAFICS projects.

As of 30 September 2008, a demand deposit amounting to TRY 112.542 (31 December 2007 – TRY 155.190) is also restricted due to collection protocols signed with banks for receipts from the subscribers, under which proceeds are made available to the Group a certain number of days after the cash is collected. An also TRY 4.200 (31 December 2007 - TRY 3.809) of demand deposits arising from collections through automated teller machine ("ATM") is not available for use at 30 September 2008.

Cash and cash equivalents included in the statement of cash flows are as follows:

	1 January- 30 September 2008	1 January- 30 September 2007
Cash and cash equivalents	**1.108.562**	610.166
- TAFICS projects	**(249.011)**	(268.489)
- collection protocols	**(187.236)**	(59.306)
- ATM collection	**(4.200)**	(3.401)
- Other	**(7.818)**	(2.355)
	660.297	276.615

Within the context of the Bank Account Pledge Agreement signed by Avea, Avea provided an account pledge over all of its bank accounts (amounting to TRY 529.373 at 30 September 2008; 31 December 2007 - TRY 292.401) in favour of Security Trustee. Avea. Avea is required to pledge any new bank account as they are opened and also to inform the Security Trustee on a monthly basis about such new accounts as well as the closed accounts.

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7. Related party balances and transactions

All intra-group transactions and balances including intra-group unrealised profits and losses are eliminated in the consolidated statement of income for consolidation purposes and are not disclosed in this note. Sales of goods or services to related parties were made at the Group’s usual list prices. The amounts outstanding are unsecured and will be settled in cash.

Details of balances as at 30 September 2008 and 31 December 2007 between the Group and other related parties are disclosed below:

	30 September 2008	31 December 2007
Trade receivables from related parties		
State controlled entities	**155.595**	74.615
Cell-C Ltd. (1)	**36**	13
PTT	**2.345**	8.278
Other	**1.011**	266
	158.987	83.172
Trade payables to related parties		
State controlled entities	**2.897**	2.919
Oger Telecom Yönetim Hizmetleri Limited Şirketi (OTYH) (2)	**3.300**	2.577
PTT	**1.003**	1.288
Other	**326**	321
	7.526	7.105

	30 September 2008	31 December 2007
Other payables to related parties (non-current)		
State controlled entities	**316**	-
	316	-

(1) a subsidiary of Oger Telecom
(2) a subsidiary of Oger Telecom

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7. Related party balances and transactions (continued)

Transactions with shareholders:

Dividend payment to the Treasury and OTAŞ during the period ended 30 September 2008 amounted to TRY 1.234.622 (30 September 2007- TRY 1.164.322) and TRY 1.508.983 (30 September 2007- TRY 1.423.060),respectively.

Avea is required under the terms of the Avea Concession Agreement, to pay a share to the Treasury of 15% (the Treasury Share) of its monthly gross revenue.

Transactions with other related parties

Postage services rendered by PTT to the Group in the period ended 30 September 2008 amounted to TRY 93.901 (30 September 2007 - TRY 89.972) while commission for collection of invoices and other services amounted to TRY 26.380 (30 September 2007 - TRY 37.319).

After the foundation of the Company, an agreement was signed between the Company and the PTT in 1997 to grant free use of buildings occupied by both parties for 49 years. In 2005, an amendment made to the agreement provided that the Company pay TRY 35,000 per year for ten years (excluding the increase which will be decided by the Ministry of Finance) to the PTT in exchange for the use of net m2 building space owned by the Group but occupied by the PTT or vice versa under a cross-occupation agreement between the parties. The parties will renegotiate the term of the agreement at the end of ten years in 2015. The transaction between the PTT and the Company is not an arms' length transaction and has therefore been reflected on net cash basis rather than gross basis measured at fair value.

Guarantees provided to related parties

The guarantees given by the Company for supporting the long term financing of Avea are explained in Note 8.

Compensation of key management personnel

The remuneration of directors and other members of key management were as follows:

	30 September 2008	30 September 2007
Short-term benefits	**11.849**	4.858
Long-term defined benefit plans	**191**	-
	12.040	4.858

Furthermore, OTYH charged to the Company a management fee for an amount of TRY 18.324 for the period ended 30 September 2008 (30 September 2007 – TRY 19.936), based on a three year contract between OTYH and the Company. OTYH's ultimate parent company is Saudi Oger. Major portion of the these payments are related with the certain managers' salaries. The contract was signed in April 2006 for a total of USD 60,000 for the three years. The contract had been signed in April 2006 for thee years for a total of USD 60,000.

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8. Borrowings

Bank borrowings

Bank borrowings used by the Group during the period ended 30 September 2008 is TRY 4.675.444.

The total repayment of bank borrowings during the period ended 30 September 2008 amounts to TRY 3.613.772.

The following borrowings as of 30 September 2008 and 31 December 2007 are secured by a security package:

	30 September 2008			31 December 2007		
	USD	**EURO**	**TRY equivalent**	USD	EURO	TRY equivalent
Boorowings secured by security package	**1.451.856**	**76.440**	**1.925.530**	1.386.811	75.375	1.744.125

In 2007, the Group has restructured the Avea's short term debt with a long term financing package (Multi Tranche Project Finance ("MTPF"). For this financing, existing security package has been updated and extended and Türk Telekom has provided certain guarantees for the loans obtained by Avea.

Accordingly, the revised security package consists of:

- Commercial Enterprise Pledge on all movable fixed assets of commercial enterprise of İş-TIM and the trade name of Avea, excluding the movable fixed assets of commercial enterprise of Aycell. The Commercial Enterprise Pledge secures the Senior Secured Financial Indebtedness of Avea up to a maximum amount of TRY 1.000.000 (equivalent to USD 811.952 as of 30 September 2008). At 30 September 2008, the total Senior Secured Financial Indebtedness of Avea amounts to approximately TRY 1.925.530 (2007 - TRY 1.744.125).

- Account pledges on all the bank accounts of Avea, which do not restrict operational usage of the accounts in the normal course of business (amounting to TRY 529.373 as at 30 September 2008; 31 December 2007- TRY 292.401).

In addition to Commercial Enterprise Pledge, there are certain other conditions.

1. Financial covenants (ratios):

   a) Debt Service Coverage Ratio of Avea should be minimum 1.1 for the first reporting period starting from September 2008. (The ratio is calculated by dividing cash inflows from operations in the last four periods to the principal and interest payments related with financing activities.)

   b) Net Debt to EBITDA Ratio of Avea should be max 7 and maintain certain levels as set out in the Finance Documents thereafter.

8. Borrowings (continued)

2. General undertakings, among others, are:

a) License agreement (Avea Concession Agreement) must be maintained in full force and effect.

b) To keep Avea's business unaffected from any sale or disposal of any assets, there is an annual limitation of USD 10,000 for selling, leasing or disposing of its assets, with some exceptions determined in the Finance Documents.

c) Avea created security over its assets in favour of the lenders as collateral that should not be diluted with new securities created over the same assets.

d) Assignment of Receivables: The material contracts entered into by Avea that results in a revenue or cost to Avea over USD 20,000 per annum are assigned as security in favour of the Lenders as part of Security Package. In case of an event of default, Avea counterparties under material contracts will perform any of their obligations towards Lenders in the same conditions as they were valid to Avea during the normal course of business.

The Company also supports the long term financing of Avea in the form of:

a) USD 300,000 "Contingent Equity Support" to be drawn when cash generated by Avea is insufficient to pay its debt service.

b) USD 500,000 "Corporate Guarantee" to be called in an event of default.

c) Pledging shares it owns in Avea.

d) Assignment of Receivables: As a condition to the facilities being made available to Avea, the Company is obliged to assign its rights, titles, interests and benefits in, to and under its receivables and the claims arising from Subordinated Loan Agreements made towards Avea and in respect of each condemnation event, in favour of the Security Trustee as a continuing security for the fulfilment of the secured obligations.

As of 30 September 2008, the Management of the Group has reviewed the financial covenants and general undertakings of Avea and concluded that there is no default on the above conditions.

9. Property, plant and equipment (PPE)

The amount of property, plant and equipment purchased in the three months period ended 30 September 2008 is TRY 894.030 (30 September 2007- TRY 513.191).

The cost of property, plant and equipment sold in the three months period ended 30 September 2008 is TRY 4.384 (30 September 2007- TRY 54.882).

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10. Other current liabilities

	30 September 2008	31 December 2007
Due to personnel	**1.742**	34.790
Taxes and duties payable	**293.255**	248.213
Social security premiums payable	**32.202**	27.129
Expense accrual	**183.322**	186.692
Accrual for capital expenditures	**91.809**	8.804
Accrual for contribution to be paid to the Turkish Telecommunication Authority	**38.751**	45.943
Accrual for the Treasury share	**31.006**	28.444
Accrual for Universal Service Fund (1)	**70.686**	87.559
Deferred revenue (2)	**111.339**	81.155
Advances received (3)	**272.836**	263.447
Other payables	**22.382**	34.783
	1.149.330	1.046.959

1) According to the article numbered 5369 related with "International Service Found" published on 16 June 2005, Türk Telekom and TTNet will contribute 1% of their net revenues of each year to the Ministry of Transportation as Universal Service Fund. The contribution is payable by the end of April of the following year.

2) Deferred revenue is composed of the invoiced but unconsumed minutes' sales value.

3) Advances received include the amounts received from Turkish Armed Forces for TAFICS projects. The Group acts as an intermediary for TAFICS projects and implements the payments made to the contractors from the advances received and provides support in project management. The amount of expenditures made related with the projects is deducted from the advances received at the time expenditures are incurred. The unused amount of advances received is kept in time deposits and the related interest income is also credited to the advances according to the agreement between the parties.

4) Capital expenditure accruals represent fixed asset purchases that will be invoiced at the delivery of the fixed assets within the agreement.

11. Dividend

As of 30 September 2008, the Company has commited dividend payment with respect to 2007 profit amounting to TRY 2.743.605 (full New Kuruş 0,7839 per share) which is totally paid.

As of 30 September 2007, the Company has committed dividend payment with respect to 2006 profit amounting to TRY 2.587.302 (full New Kuruş 0,7392 per share) which has been totally paid as at 30 September 2007.

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12. Commitments and contingencies

There is no significant change in commitments and contingencies of the Group in the period.

		30 September 2008		31 December 2007	
		Original amount	**TRY**	Original amount	TRY
Guarantees of letters received	USD	**109.596**	**134.978**	77.473	90.233
	YTL	**504.887**	**504.887**	40.685	40.685
	EUR	**73.344**	**131.859**	22.540	38.547
		687.828	**771.725**	140.698	169.465
Guarantees of letters given	USD	**153.749**	**189.357**	151.713	176.700
	YTL	**68.427**	**68.427**	3.110	3.110
	EUR	**131**	**236**	131	224
		222.307	**258.019**	154.954	180.034

In recent years, the Competition Board has been investigating alleged anti-competitive activities of the Company and TTNet in the broadband Internet market. This investigation is still pending. If the Company and TTNet were found to have engaged in business practices constituting an abuse of dominance and breach of the competition law, they could be subject to fines in accordance with the provisions of Competition Law.

13. Foreign currency position

Total;

	Current period 30 September 2008 (Amount in TRY)	Prior period 31 December 2007 (Amount in TRY)
A. Foreign currency assets	**480.034**	234.765
B. Foreign currency liabilities	**(2.596.369)**	(2.333.215)
Net foreign currency position (A-B)	**(2.116.335)**	(2.098.450)

Detailed in foreign currency;

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13. Foreign currency position (continued)

Foreign currency position of the Group as of 30 September 2008 and 31 December 2007 is as follows:

30 September 2008	USD	EUR	Other (*)	Equivalent in TRY
Cash and cash equivalents	**233.041**	**46.457**	**4**	**279.502**
Trade receivables	**130.006**	**36.850**	**-**	**166.856**
Other receivables and assets	**28.755**	**4.918**	**2**	**33.676**
Total of foreign currency assets	**391.802**	**88.225**	**6**	**480.034**
Short-term borrowings	**529.100**	**11.224**	**-**	**540.324**
Trade payables	**96.255**	**16.641**	**1.064**	**113.960**
Other payables and liabilities	**131.535**	**79.816**	**-**	**211.351**
Long-term borrowings	**1.604.534**	**126.200**	**-**	**1.730.734**
Total of foreign currency liabilities	**2.361.424**	**233.881**	**1.064**	**2.596.369**
Net foreign currency position	**(1.969.622)**	**(145.656)**	**(1.058)**	**(2.116.335)**
Total import	**-**	**-**	**-**	**-**
Total export	**-**	**-**	**-**	**-**
Off-balance sheet hedge instruments	**-**	**-**	**-**	**-**
Hedge ratio				**-**

(*) include amounts in GBP,JPY,DKK,CHF

30 December 2007	USD	EUR	Other (*)	Equivalent in TRY
Cash and cash equivalents	37.943	57.886	-	143.189
Trade receivables	62.311	11.111	-	91.576
Total of foreign currency assets	100.254	68.997	-	234.765
Trade payables	(71.794)	(11.898)	-	(103.966)
Short-term borrowings	(378.715)	(2.964)	-	(446.157)
Due to related parties	(7)	-	-	(8)
Long-term borrowings	(1.318.901)	(73.047)	-	(1.661.048)
Other payables and liabilities	(69.517)	(24.024)	-	(122.052)
Total of foreign currency liabilities	(1.838.934)	(111.933)	-	(2.333.231)
Net foreign currency position	(1.738.680)	(42.936)	-	(2.098.466)
Total import	-	-	-	-
Total export	-	-	-	-
Off-balance sheet hedge instruments	140.560	-	-	140.560
Hedge ratio				6,02

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14. Share based payment

According to the Turkish Council of Ministers decision dated 12 December 2007, which was published in the Turkish Official Gazette on 26 December 2007, 52,500,000,000 shares of Turk Telekom owned by the Treasury, the minority shareholder of Türk Telekom, has been sold as of May 15, 2008, through an initial public offering ("IPO") (such shares correspondence to corresponding to 15% Türk Telekom's shares).During the IPO 12,299,160,300 of such shares have been allocated to the employees of Türk Telekom, PTT and small investors together with 5.220.503.000 shares allocated to domestic investors with high purchasing power with discounted price varying according to the payment terms and application date (compared to the price applied to the other corporate investors for the remaining shares of 34.980.335.900. The discounts provided to Türk Telekom employees have been considered as within the scope of IFRS 2 ("Share Based Payment") by the management of Türk Telekom considering the fact that Türk Telekom receives services from its employees. The Group has reflected the fair value of the discounts provided to Türk Telekom employees, amounting to TRY 9.528, as an expense in the interim consolidated income statement for the nine month period ended 30 September 2008 and credited the same amount into the equity as a share based payment reserve.

The market during the IPO	TRY 4,60
The average price applied to the employees of Turk Telekom	TRY 4.2937
The number of shares sold to Türk Telekom's employees (lot)	31.104.948
Expense reflected to the interim consolidated income statement	TRY 9.528

The management of Türk Telekom decided that the discounts provided to PTT's employees, small investors and domestic investors with high purchasing power are not within the scope of IFRS 2 by considering tha fact that (a)Türk Telekom has not received any benefits (goods and services) in exchange for the discounts provided these groups to and (b) the Treasury provided these discounts not as a party acting as a shareholder of Türk Telekom but rather as a State Authority in order to increase the number of small investors as it has been done in all other privatization enhanced through an IPO.

The fair value of the discounts provided to these groups amounts to approximately TRY 34.000.

15. Events after the balance sheet date

The company has signed sponsorship aggrement with Trabzon Sportif Yatırım ve Ticaret A.Ş dated at 10 October 2008. According to this strategy, the Company undertook major sponsorship beginning from 2009-2010 season for five years period.