

(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 – 31 March 2010**

(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

Condensed consolidated balance sheet

As at 31 March 2010

(Currency - in Thousands of Turkish Lira ("TL") unless otherwise indicated)

		Current period (Unaudited) 31 March 2010	Prior period (Audited) 31 December 2009
	Notes		
Assets			
Current assets			
		2.910.993	2.844.599
Cash and cash equivalents	6	726.580	753.693
Trade receivables			
- Due from related parties	7	119.441	90.992
- Other trade receivables		1.399.480	1.396.175
Other receivables		35.924	33.309
Inventories		81.583	62.920
Other current assets		547.985	507.510
Non-current assets			
		10.374.560	10.556.763
Other receivables		677	676
Financial investments		11.840	11.840
Investment property		286.842	291.001
Property, plant and equipment	9	6.535.979	6.629.328
Intangible assets	9	3.211.098	3.286.440
Goodwill		49.172	49.172
Deferred tax asset		245.295	245.125
Other non-current assets		33.657	43.181
Total assets			
		13.285.553	13.401.362

The accompanying policies and explanatory notes on pages 7 through 24 form an integral part of the consolidated financial statements.

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Türk Telekomünikasyon Anonim Şirketi and its Subsidiaries

Condensed consolidated balance sheet

As at 31 March 2010

(Currency - in Thousands of Turkish Lira ("TL") unless otherwise indicated)

		Current period	Prior period
		(Unaudited)	(Audited)
	Notes	31 March 2010	31 December 2009
Liabilities			
Current liabilities		3.111.880	4.664.947
Financial liabilities			
- Bank borrowings	8	760.702	2.154.838
- Obligations under finance leases		5.575	5.446
Other financial liabilities			
- Derivative financial instruments	14	52.213	58.835
Trade payables			
- Due to related parties	7	17.922	23.820
- Other trade payables		482.751	858.058
Other payables			
		37.503	39.903
Income tax payable			
		211.962	149.982
Provisions			
		248.931	248.595
Other current liabilities	10	1.294.321	1.125.470
Non-current liabilities		4.227.862	3.314.449
Financial liabilities			
- Bank borrowings	8	2.701.367	1.777.309
- Obligations under finance leases		33.513	36.483
Other financial liabilities			
- Minority put option liability		543.103	543.103
- Derivative financial instruments	14	33.818	48.179
Other payables			
		12.204	8.942
Provisions			
		7.686	7.139
Provisions for employee termination benefits			
		655.977	634.171
Deferred tax liability			
		234.463	252.638
Other non-current liabilities			
		5.731	6.485
Equity		5.945.811	5.421.966
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 (-)		(527.552)	(488.749)
- Fair value difference arising from acquisition of subsidiary (-)		(308.634)	(308.634)
- Unrealized loss on derivative financial instruments (-)		(70.004)	(86.441)
- Share based payment reserve		9.528	9.528
Currency translation reserve		(232)	(188)
Restricted reserves allocated from profits		1.204.192	1.204.192
Accumulated deficit		1.832.010	280
Net income for the period		546.255	1.831.730
Total liabilities and equity		13.285.553	13.401.362

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

Türk Telekomünikasyon Anonim Şirketi and its Subsidiaries

Condensed consolidated income statement

For the period ended 31 March 2010

(Currency - in Thousands of Turkish Lira ("TL") unless otherwise indicated)

		Current period Unaudited	Prior period Unaudited
	Notes	1 January 2010 - 31 March 2010	1 January 2009 - 31 March 2009
Sales	5	2.583.509	2.507.718
Cost of sales (-)		(1.216.820)	(1.150.880)
Gross profit		1.366.689	1.356.838
Marketing, sales and distribution expenses (-)		(358.181)	(307.951)
General administrative expenses (-)		(378.989)	(403.217)
Research and development expenses (-)		(9.659)	(6.633)
Other operating income		96.732	98.570
Other operating expense (-)		(27.424)	(56.196)
Operating profit		689.168	681.411
Financial income		138.311	135.531
Financial expense (-)		(129.760)	(449.172)
Profit before tax		697.719	367.770
Tax expense			
- Period tax expense		(212.378)	(201.644)
- Deferred tax income		18.347	54.102
Profit for the period		503.688	220.228
Attribution of period income			
Attributable to equity holders of the parent		546.255	291.099
Minority interest		(42.567)	(70.871)
Profit for the period		546.255	291.099
Earnings per share attributable to equity holders of the parent (in full Kuruş) (Note 4)		0,1561	0,0832
Earnings per diluted share attributable to equity holders of the parent (in full Kuruş) (Note 4)		0,1561	0,0832

The accompanying policies and explanatory notes on pages 7 through 24 form an integral part of the consolidated financial statements.

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

Türk Telekomünikasyon Anonim Şirketi and its Subsidiaries

Condensed consolidated comprehensive income statement For period ended 31 March 2010

(Currency - in Thousands of Turkish Lira ("TL") unless otherwise indicated)

	Current period	Prior period
	Unaudited	Unaudited
	1 January 2010 - 31 March 2010	1 January 2009 - 31 March 2009
Profit for the year	503.688	220.228
Other comprehensive income:		
Fair value loss on hedge instruments transferred to consolidated income statement (Note 17)	30.852	6.447
Change in fair value of derivative financial instruments	(10.652)	(19.259)
Change in currency translation differences	(44)	65
Other comprehensive income/(loss) (after tax)	20.156	(12.747)
Total comprehensive income	523.844	207.481
Appropriation of total comprehensive income:		
Attributable to equity holders of the parent	562.648	280.771
Minority interest	(38.804)	(73.290)

The accompanying policies and explanatory notes on pages 7 through 24 form an integral part of the consolidated financial statements.

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

Türk Telekomünikasyon Anonim Şirketi and its Subsidiaries

Condensed consolidated statement of changes in equity

for the period ended 31 March 2010

(Currency - in Thousands of Turkish Lira ("TL") unless otherwise indicated)

			Other reserves					Currency translation reserve	Retained earnings/ (accumulated deficit)	Net profit for the period	Minority interest	Total equity
	Paid-in share capital	Inflation adjustment 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					
Balance as at 1 January 2009	3.500.000	(239.752)	1.231.408	(386.719)	9.528	(294.065)	(169.957)	(57)	(288.991)	1.752.212	--	5.113.607
Transfer to retained earnings	--	--	--	--	--	--	--	--	1.752.212	(1.752.212)	--	--
Transfer to restricted reserves allocated from profits	--	--	514	--	--	--	--	--	(514)	--	--	--
Minority interest before classification to minority put option liability	--	--	--	--	--	--	--	--	--	--	199.720	199.720
Total comprehensive income / loss	--	--	--	--	--	--	(10.393)	65	--	--	(2.419)	(12.747)
Minority put option liability	--	--	--	(73.290)	--	--	--	--	--	--	(126.430)	(341.462)
Net profit for the period	--	--	--	--	--	--	--	--	--	291.099	(70,871)	220.228
Balance as at 31 March 2009	3.500.000	(239.752)	1.231.922	(460.009)	9.528	(294.065)	(180.350)	8	1.462.707	291.099	--	5.321.088
Balance as at 1 January 2010	3.500.000	(239.752)	1.204.192	(488.749)	9.528	(308.634)	(86.441)	(188)	280	1.831.730	--	5.421.966
Transfer to retained earnings	--	--	--	--	--	--	--	--	1.831.730	(1.831.730)	--	--
Minority interest before classification to minority put option liability	--	--	--	--	--	--	--	--	--	--	54,354	54,354
Total comprehensive income / loss	--	--	--	--	--	--	16.437	(44)	--	--	3,763	20,156
Minority put option liability	--	--	--	(38.803)	--	--	--	--	--	--	(15,550)	(54,353)
Net profit for the period	--	--	--	--	--	--	--	--	--	546.255	(42,567)	503,688
Balance as at 31 March 2010	3.500.000	(239.752)	1.204.192	(527.552)	9.528	(308.634)	(70.004)	(232)	1.832.010	546.255	--	5.945.811

The accompanying policies and explanatory notes on pages 7 through 24 form an integral part of the consolidated financial statements

Türk Telekomünikasyon Anonim Şirketi and its Subsidiaries**Condensed consolidated cash flow statement****for the period ended 31 March 2010**

(Currency - in Thousands of New Turkish Lira ("TL") unless otherwise indicated)

	Current period (Unaudited) 1 January 2010 - 31 March 2010	Prior period (Unaudited) 1 January 2009 - 31 March 2009
Profit for the period before tax	697.719	367.770
Adjustments to reconcile profit before tax to cash provided by operating activities:		
Depreciation and amortisation expense	374.369	423.927
Gain on sale of property, plant and equipment	(4.104)	(1.400)
IFRIC 12 adjustment	(61)	(153)
Foreign currency exchange income / (expense), net	(40.191)	300.974
Interest expense / (income), net	(1.278)	15.390
Reversal of doubtful receivables	(42.659)	(83.235)
Allowance for doubtful receivables	81.781	108.326
Provision for employee termination benefits	25.736	29.792
Litigation provision / (release), net	4.347	50.527
Loss/ Gain on derivative financial instruments	29.412	(18.676)
Unused vacation provision / (release), net	(4.012)	14.210
Share based Payment	547	503
Other provisions		
Operating profit before working capital changes	1.121.606	1.207.955
Net working capital changes in:		
Trade receivables and other receivables	(70.642)	(109.498)
Restricted Cash	(15.595)	(4.187)
Other current assets and inventories	(61.988)	(72.676)
Trade payables and other payables	(381.205)	(449.999)
Other non-current assets	9.523	927
Other current liabilities and provisions	179.772	178.359
Other non-current liabilities and provisions	(754)	(794)
Payments of employee termination benefits	(3.930)	(7.742)
Income taxes paid	(150.396)	(94.580)
Net cash provided by operating activities	626.391	647.765
Investing activities		
Interest received	50.186	52.827
Proceeds from sale of property, plant, equipment and intangible assets	7.725	2.051
Purchases of property, plant and equipment and intangible assets	(215.137)	(203.614)
Net cash used in investing activities	(157.226)	(148.736)
Cash flows from financing activities		
Proceeds from bank borrowings (Notes 8)	4.475.490	4.087.912
Repayment of bank borrowings (Notes 8)	(4.892.916)	(4.575.127)
Repayment of obligations under finance leases	(960)	(1.244)
Interest paid	(63.292)	(129.549)
Derivative instrument payments	(30.195)	-
Net cash used in financing activities	(511.873)	(618.008)
Net decrease in cash and cash equivalents	(42.708)	(118.979)
Cash and cash equivalents at the beginning of the period	317.681	616.109
Cash and cash equivalents at the end of the period (Note 6)	274.973	497.130

The accompanying policies and explanatory notes on pages 7 through 24 form an integral part of the consolidated financial statements.

Türk Telekomünikasyon Anonim Şirketi and its Subsidiaries

Notes to condensed consolidated financial statements

As at 31 March 2010

(Currency - in Thousands of Turkish Lira ("TL") unless otherwise indicated.

All other currencies are also expressed in thousands)

1. Corporate organization and activities

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 October 23, 1840. On February 4, 1924, under the Telephone and Telegraph Law No. 406, the authorization 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 April 24, 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 August 24, 2005, Oger Telekomünikasyon A.Ş. ("OTAŞ"), entered into a Share Sale Agreement with the Turkey's Privatization Authority for the purchase of a 55% stake in the Company. A Shareholders Agreement and a Share Pledge Agreement for the block sale of the Company were signed on November 14, 2005 and OTAŞ become the parent company of the Company.

According to the permission of the Capital Market Board ("CMB") numbered 22/256, out of TL 3.500.000 nominal amount of capital, 15% of the Company's shares owned by the Treasury corresponding to a nominal amount of TL 525.000 has been issued to the public through an initial public offering with the permission of Directorate of Istanbul Stock Exchange on May 15, 2008.

Oger Telecom Limited (Oger Telecom) owns 99% of the shares of OTAŞ, which in turn owns 55% of the Company. Oger Telecom is an entity incorporated in August 2005 as a limited liability company under the laws of the Dubai International Financial Centre.

As at March 31, 2009 and December 31, 2009, the ultimate parent and controlling party of the Company is Saudi Oger Ltd ("Saudi Oger"), the parent company of Oger Telecom.

A concession agreement ("the Concession Agreement") was signed by the Company and the Turkish Telecommunication Authority ("TA") as of November 14, 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 February 28, 2001.

Türk Telekomünikasyon Anonim Şirketi and its Subsidiaries

Notes to condensed consolidated financial statements (continued)

As at 31 March 2010

(Currency - in Thousands of Turkish Lira ("TL") unless otherwise indicated.

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1. Corporate information (continued)

The details of the Company's subsidiaries as at 31 March 2010 and 31 December 2009 are as follows:

Name of Subsidiary	Place of incorporation and operation	Principal activity	Effective ownership of the Company %	
			30 March 2010	31 December 2009
TTNet Anonim Şirketi ("TTNet")	Turkey	Internet Service Provider	99,96	99,96
Avea İletişim Hizmetleri A.Ş. ("Avea")	Turkey	GSM Operator	81,37	81,37
Argela Yazılım ve Bilişim Teknolojileri Sanayi ve Ticaret Anonim Şirketi ("Argela")	Turkey	Telecommunications Solutions	99,96	99,96
Innova Bilişim Çözümleri Anonim Şirketi ("Innova")	Turkey	Telecommunications Solutions	99,96	99,96
Assist Rehberlik ve Müşteri Hizmetleri Anonim Şirketi ("AssistTT")	Turkey	Call Centre and Customer Relations	99,96	99,96
Sebit Eğitim ve Bilgi Teknolojileri A.Ş. ("Sebit")	Turkey	Web Based Learning	99,96	99,96
Argela - USA. Inc.	USA	Telecommunication Solutions	99,96	99,96
Sebit LLC	USA	Web Based Learning	99,96	99,96
IVEA Software Solutions FZ-LLC ("IVEA")	UAE	Telecommunication Solutions	99,96	99,96
SOBEE Yazılım Ticaret Limited Şirketi ("SOBEE")	Turkey	Software gaming services	99,96	99,96

Hereinafter, Türk Telekom and its subsidiaries 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 is Turgut Özal Bulvarı, 06103 Aydınlıkevler, Ankara.

The number of personnel of the Group as at 31 March 2010 and 31 December 2009 is respectively 33.881 and 34.086.

Condensed consolidated financial statements were approved by the Board of Directors of the Company and authorized for issue on 20 April 2010. The general assembly and certain regulatory bodies have the power to amend the statutory financial statements after issue.

2. Basis of preparation financial statements

The main accounting policies used for preparing the Group's consolidated financial statements are stated below:

2.1 Basis of presentation of the consolidated financial statements

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

Türk Telekomünikasyon Anonim Şirketi and its Subsidiaries

Notes to condensed consolidated financial statements (continued)

As at 31 March 2010

(Currency - in Thousands of Turkish Lira ("TL") unless otherwise indicated.

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2. Basis of preparation financial statements (continued)

2.1 Basis of presentation of the consolidated financial statements (continued)

The condensed consolidated financial statements and disclosures have been prepared in accordance with the format that must be applied according to the communiqué numbered XI-29 announced by the CMB (hereinafter will be referred to as "the CMB Accounting Standards") on 9 April 2008.

In accordance with article 5 of the communique numbered XI-29, companies should apply the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). However, again in accordance with the provisional clause 2 of the same communique adoption of the IFRS as adopted by the EU is postponed until the Turkish Accounting Standards Board (TMSK) declares the differences between the IFRS as adopted by the EU and the IFRS as adopted by the International Accounting Standards Board (IASB). Thus, as at and for the period ended 31 March 2010, the Group prepared its consolidated financial statements in accordance with the IFRS as adopted by the IASB.

The consolidated financial statements are based on the statutory records, with adjustments and reclassifications for the purpose of fair presentation in accordance with the Accounting Standards of the CMB and are presented in TL. Such adjustments mainly comprise accounting for deferred taxation, provision for doubtful receivables, accounting for the depreciation charge of property, plant and equipment according to lower of useful life and concession periods, accounting for expense accruals, accounting of tangible and intangible assets in accordance with International Financial Reporting Interpretations Committee ("IFRIC") 12, effect of fair value accounting of minority put option liability effects of application for long-term employee benefits according to International Accounting Standards ("IAS") 19, effect of accounting of derivative financial instruments in accordance with IAS 39, accounting for provisions and the effects of application of IFRS 3 "Business Combinations".

As at 31 March 2010 and 31 December 2009, the 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 in accordance with IAS16 "Property, Plant and Equipment" 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 made to 31 March 2009 financial tables

Certain reclassifications have been made on the condensed consolidated income statements as at 31 March 2009 to provide consistency with the income statement as at 31 March 2010.

Unrealized foreign exchange loss amounting to TRY 27.390, which was classified as financial expense in the condensed consolidated income statement as at 31 March 2009 has been reclassified to financial income.

Interest cost of severance expenses amounting to TRY 11.126, TRY 1.274 and TRY 5.504 consecutively have been reclassified to severance pay interest cost under financial expenses from Cost of sales, marketing, sales and distribution expenses and general administrative expenses respectively.

2.2 Changes in accounting policies

The accounting policies adopted in the preparation of the condensed interim consolidated financial statements are consistent with those followed in the preparation of the financial statements of the prior year and for the year ended 31 December 2009 and applicable beginning from 1 January 2010, except for the adoption of new standards and IFRIC interpretations.

Türk Telekomünikasyon Anonim Şirketi and its Subsidiaries

Notes to condensed consolidated financial statements (continued)

As at 31 March 2010

(Currency - in Thousands of Turkish Lira ("TL") unless otherwise indicated.

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2. Basis of preparation financial statements (continued)

2.2 Changes in accounting policies (continued)

Adoption of new and revised international financial reporting standards

The new standards which are effective as of 31 December 2010 and changes and interpretations of current standards are as follows:

New standards and changes that do not have an effect on the financial position or the performance of the Group are summarized below;

Amendments to IFRS 2 'Group cash settled sharebased Payment Transactions':

The amendment does not have an impact on group's financial statements.

IFRS 3,'Business Combinations' (Revised) and IAS 27,' and Separate Financial Statements' (Amended):

IAS 39 Financial Instruments: Recognition and Measurement – 'Eligible Hedged Items':

The amendment does not have an impact on group's financial statements.

IFRIC 17 'Distributions of Non-cash Assets to Owners':

The amendment does not have an impact on group's financial statements.

Amendments to IFRSs (issued in 2008): The amendments does not have an impact on group's financial statements.

Amendments to IFRSs (issued in 2009): The amendments does not have an impact on group's financial statements.

New and amended standards and interpretations issued that are effective subsequent to December 2010 year-ends (these amendments have not been agreed by European Union yet):

IFRIC 9, 'Reassessment of Embedded Derivatives' (effective for the periods 1 January 2013and after):

The amendment does not have an impact on group's financial statements.

IFRS 9 Financial Instruments (Effective for periods beginning on or after 1 January 2013), brings new criterion for the classification and valuation of financial assets. Group is assessing the effects of the amendment.

IAS 24 Related Party Disclosures (Revised) (Effective for periods beginning on or after 1 January 2011): Group will apply the amendment in the notes to the financial statements for the periods beginning on and after 1 January 2011.

IAS 32 Classification of Rights Issues (Amendment) (Effective for periods beginning on or after 1 February 2010): The amendment does not have an impact on group's financial statements.

IFRIC 14 Prepayments of a Minimum Funding Requirement (Amendment) (Effective for periods beginning on or after 1 January 2011, with earlier application permitted): The amendment does not have an impact on group's financial statements.

Türk Telekomünikasyon Anonim Şirketi and its Subsidiaries

Notes to condensed consolidated financial statements (continued)

As at 31 March 2010

(Currency - in Thousands of Turkish Lira ("TL") unless otherwise indicated.

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2. Basis of preparation financial statements (continued)

2.2 Changes in accounting policies (continued)

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (Effective for periods beginning on or after 1 July 2010, with earlier application permitted). The amendment does not have an impact on group's financial statements.

2.3 Basis of consolidation

As of 31 March, 2010, the consolidated financial statements include the financial results of Türk Telekom, TTNNet, Avea, Innova, Argela, AssisTT, Sebit, Argela - USA Inc, IVEA, Sebit LLC and SOBEE. Control is normally evidenced when the Group owns, either directly or indirectly, more than 50% of the voting rights of a subsidiary's share capital and is able to govern the financial and operating policies of an enterprise so as to benefit from its activities. The results of subsidiaries acquired during the year are included in the consolidated statements of income from the effective date of acquisition as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group. The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are prepared for the same chart of accounts as the Company.

All intra-group transactions and balances including intra-group unrealized profits and losses are eliminated.

Minority interest in the net assets of consolidated subsidiaries is identified separately from the Group's equity therein. Minority interest consists of the amount of those interests at the date of the original acquisition and the minority's share of changes in equity since the date of the acquisition. As at 31 March 2010, the minority interest in TTNNet, Innova, Argela, AssisTT, Sebit, Argela USA Inc., IVEA, Sebit LLC and SOBEE have not been presented separately in the consolidated financial statements due to their immateriality.

On 15 September 2006, the Company, Türkiye İş Bankası A.Ş. (İş Bank) and the companies controlled by İş Bank (altogether will be referred as İş Bank Group) signed an "Amendment Agreement" to the "Shareholder Agreement" and the "IPO and Put Option Agreement" originally dated February 15, 2004. In accordance with the Amendment Agreement, the Company has granted a put option to İş Bank Group, the minority shareholder in Avea, on the shares owned by İş Bank Group. In order to reflect the minority put option liability in the consolidated financial statements, the minority interest, which is being presented separately within equity, is reclassified as minority put option liability at each reporting date after appropriation to the minority interest of its share of recognized income and expense for the year. The value of the minority interest reclassified as minority put option liability, is re-measured to the fair value of the put option calculated at each reporting date, and the effect of the re-measurement is reflected in equity, based on the Group's policy on the accounting for the acquisition of minority interest.

Türk Telekomünikasyon Anonim Şirketi and its Subsidiaries

Notes to condensed consolidated financial statements (continued)

As at 31 March 2010

(Currency - in Thousands of Turkish Lira ("TL") unless otherwise indicated.

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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 earnings per share attributable to the equity holders of the parent is as follows:

	For the three month period ended 31 March 2010	For the three month period ended 31 March 2009
Weighted average number of shares outstanding during the period (in number)	350.000.000.000	350.000.000.000
Net profit for the period attributable to equity holders of parent	546.255	291.099
Earnings per share (in full kuruş)	0,1561	0,0832

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Türk Telekomünikasyon Anonim Şirketi and its Subsidiaries

Notes to condensed consolidated financial statements (continued)

As at 31 March 2010

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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 condensed balance sheet lines are presented below:

	Fixed line		GSM		Eliminations		Consolidated	
	1 January- 31 March 2010	1 January- 31 March 2009	1 January- 31 March 2010	1 January- 31 March 2009	1 January- 31 March 2010	1 January- 31 March 2009	1 January- 31 March 2010	1 January- 31 March 2009
Revenue								
Domestic PSTN	1.025.017	1.205.329	-	-	-	-	1.025.017	1.205.329
ADSL	601.480	496.027	-	-	-	-	601.480	496.027
GSM	-	-	647.350	532.373	-	-	647.350	532.373
IFRIC12 revenue	532	1.326	-	-	-	-	532	1.326
Data service revenue	83.724	71.529	-	-	-	-	83.724	71.529
International interconnection revenue	41.132	50.553	-	-	-	-	41.132	50.553
Domestic interconnection revenue	67.555	46.082	-	-	-	-	67.555	46.082
Leased lines	126.834	136.121	-	-	-	-	126.834	136.121
Rental income from GSM operators	25.708	28.334	-	-	-	-	25.708	28.334
Other	38.966	7.825	-	-	-	-	38.966	7.825
Eliminations	-	-	-	-	(74.789)	(67.781)	(74.789)	(67.781)
	2.010.948	2.043.126	647.350	532.373	(74.789)	(67.781)	2.583.509	2.507.718
Cost of sales and operating expenses (excluding depreciation and amortization)	(1.045.169)	(1.017.181)	(618.900)	(495.354)	74.789	67.781	(1.589.280)	(1.444.754)
Depreciation and amortization	(215.846)	(289.798)	(158.523)	(134.129)	-	-	(374.369)	(423.927)
Doubtful receivable provision expense	54.885	94.844	26.897	13.483	-	-	81.781	108.326
Capital expenditure	149.045	163.216	55.488	64.374	-	-	204.533	227.590

As of 31 March 2010, earnings before Interest, Tax, Depreciation and Amortization ("EBITDA"), which is calculated by adding depreciation, amortization and provision for tangible and intangible assets, to operating profit is TRY 1.028.728 for fixed line business, (31 March 2009 – TRY 1.066.843); TRY 35.823 for GSM business (31 March 2009 – TRY 38.855) and TRY 1.063.539 for the consolidated totals (31 March 2009 – TRY 1.105.338).

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5. Segment reporting (continued)

31 March 2010	Fixed line	GSM	Eliminations	Total
Total segment assets	11.435.307 (*)	4.809.846 (**)	(2.959.600)	13.285.553
Total segment liabilities	(5.046.521)	(4.727.346)	2.434.125 (***)	(7.339.742)

31 December 2009	Fixed line	GSM	Eliminations	Total
Total segment assets	11.061.499 (*)	4.907.831 (**)	(2.567.968)	13.401.362
Total segment liabilities	(5.405.444)	(4.587.377)	2.013.425 (***)	(7.979.396)

(*) Includes goodwill amounting to TRY 19.477 (2009 – TRY 19.477).

(**) Includes goodwill amounting to TRY 29.695 (2009 – TRY 29.695).

(***) Includes minority put option liability amounting to TRY 543.103 (2009 – TRY 543.103).

6. Cash and cash equivalents

	31 March 2010	31 December 2009
Cash on hand	1.415	964
Cash at banks – Demand deposits	280.732	276.441
Cash at banks – Time deposits	444.298	476.168
Other	135	120
	726.580	753.693

Time deposits of the Group as at 31 March 2010 are all short-term, maturing within one month and denominated in both foreign currencies and TL. The effective interest rates are between 4% - 10% for TL deposits and 0,05% - 2% for USD deposits, 0,29% for Euro deposits. (31 December 2009 -4% - 10,80% for TL deposits, 0,17 % - 1,50% for USD deposits and 0,29% for Euro deposits). Time deposits held in foreign currencies are disclosed in Note 13.

As at March 31, 2010, TL 185.701 (31 December 2009 - TL 189.404) included in time deposits represents advances received from the Turkish Armed Forces related to the Turkish Armed Forces Integrated Communication Systems (TAFICS) projects. The interest income from these time deposits are added to the advances received and are not reflected in the consolidated income statement as per agreement between parties (Note 10). These time deposits are restricted and can only be used for payments related to TAFICS projects.

As at March 31, 2010, a demand deposit amounting to TL 259.199 (31 December 2009 – TL 236.245) 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. In addition, TL 3.469 of demand deposits (31 December 2009 – TL 3.138) arising from collections through automated teller machine ("ATM") is not available for use at March 31, 2010.

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6. Cash and cash equivalents (continued)

Cash and cash equivalents included in the consolidated cash flow statement are as follows:

	1 January – 31 March 2010	1 January – 31 March 2009
Cash and cash equivalents	726.580	927.189
- TAFICS projects	(185.701)	(261.814)
- Collection protocols	(259.199)	(160.288)
- ATM collection	(3.138)	(1.947)
- Other	(3.569)	(6.010)
	274.973	497.130

Within the context of the Bank Account Pledge Agreement signed by 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. In addition, Avea provided an account pledge over all of its bank accounts amounting to TL 348.558 at March 31, 2010 (31 December 2009 - TL 337.947) in favor of Security Trustee (Note 8).

7. Related party balances and transactions

All intra-group transactions and balances including intra-group unrealized 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. Institutions under state control are defined as related parties due to 30% ownership and the golden share of the Treasury.

Details of balances as at March 31, 2010 and December 31, 2009 between the Group and other related parties are disclosed below:

	31 March 2010	31 December 2009
Trade receivables due from other related parties (trade receivables, short term)		
State controlled entities	112.462	80.122
Cell-C Ltd. (1)	2	2
Oger Telecom Yönetim Hizmetleri Limited Şirketi ("OTYH") (2)	2.919	-
PTT	119	3.051
Saudi Telecom Company ("STC") (3)	3.939	7.050
Other	-	767
	119.441	90.922

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7. Related party balances and transactions (continued)

	31 March 2010	31 December 2009
Trade payables due to related parties (trade payables , short term)		
State controlled entities	12.544	18.811
Oger Telekom Yönetim Hizmetleri Limited Şirketi (OTYH) (2)	3.946	3.558
PTT	878	1.063
Other	554	388
	17.922	23.820

(1) a subsidiary of Oger Telecom

(2) an affiliate of Oger Telecom

(3) shareholder of Oger Telecom

Transactions with shareholders

Avea is required under the terms of the Avea's concession agreement to pay a share to the Treasury of 15% (the Treasury Share) of its monthly gross revenue. As of March 31, 2010, TL 93.612 (31 March 2009 – 73.353) Treasury Share has been expensed by Avea. Furthermore, accrued Treasury Share is amounting to TL 35.659 (31 December 2009-35.444 TL) (Not 10).

Transactions with other related parties

Postage services rendered by PTT to the Group in the period ended March 31, 2010 amounted to TL 23.784 (31 March 2009 - TL 30.062) while commission for collection of invoices and other services amounted to TL 6.436 (31 March 2009 - TL 7.594).

Operational lease payment made to PTT by the Company in 2009 as part of the lease agreement amounts to TRY 12.283 (31 March 2009 – TRY 11.553).

Guarantees provided to related parties

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

Company guaranteed EUR 8.000 to support financing of CETEL.

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7. Related party balances and transactions (continued)

Compensation of key management personnel

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

	31 March 2010	31 March 2009
Short-term benefits	8.776	9.030
Long-term defined benefit plans	189	187
	8.965	9.217

Furthermore, OTMSC charged to the Company a management fee amounting to TRY 3.233 and an expense fee for an amount of TRY 132 for the year ended 31 March 2010 (2009 – TRY 8.350), based on the contract between OTMSC and the Company. OTMSC's ultimate shareholder is Saudi Oger. The contract has been renewed on 20 October 2009 for an annual charge of USD 8.500 for the three years.

8. Borrowings

Bank borrowings

Bank borrowings used by the Group during the period ended March 31, 2010 amounts to TL 4.475.490 (March 31, 2009- TL 4.087.912).

The total repayment of bank borrowings during the period ended March 31, 2010 amounts to TL 4.892.916 (March 31, 2009- TL 4.575.127).

	31 March 2010			31 December 2009		
	Weighted average effective interest rate%	Original amount	TRY equivalent	Weighted average effective interest rate%	Original Amount	TRY equivalent
Short-term financial liabilities:						
TRY financial liabilities	6,51%	131.617	131.617	7,54%	1.571.182	1.571.182
USD financial liabilities with variable interest rates	3,23%	70.000	106.505	3,23%	70.000	105.399
Interest accruals:						
TRY financial liabilities with fixed interest rates		23	23		22.087	22.087
USD financial liabilities with fixed interest rates		997	1.517		140	211
USD financial liabilities with variable interest rates		2.874	4.373		5.705	8.590
EUR financial liabilities with variable interest rates		4.869	9.993		389	840
Short-term portion of long-term financial liabilities:						
USD financial liabilities with fixed interest rates	2,94%	17.239	26.229	2,90%	12.994	19.565
USD financial liabilities with variable interest rates (*)	3,14%	204.453	311.075	3,14%	168.523	253.745
EUR financial liabilities with variable interest rates (**)	4,20%	82.528	169.370	4,44%	80.183	173.219
Total short-term liabilities			760.702			2.154.838
Long-term borrowings:						
USD financial liabilities with fixed interest rates	2,94%	219.519	333.998	2,90%	80.038	120.513
USD financial liabilities with variable interest rates (*)	3,14%	823.491	1.252.942	3,14%	632.005	951.610
EUR financial liabilities with variable interest rates (**)	4,20%	543.013	1.114.427	4,44%	326.430	705.186
Total long-term liabilities			2.701.367			1.777.309

(*) Libor + (varies between 2,15 – 3,75) spread

(**) Eurolibor + (varies between 1,20 – 3,75) spread

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8. Borrowings (continued)

The maturities of foreign currency and TRY denominated financial liabilities are as follows:

	31 March 2010					31 December 2009				
	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 Years	Total	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 Years	Total
TRY financial liabilities with fixed interest rates	131.640	-	-	-	131.640	1.593.269	-	-	-	1.593.269
USD financial liabilities with fixed interest rates	14.052	13.694	260.218	73.780	361.744	466	19.310	120.513	-	140.289
USD financial liabilities with variable interest rates	4.373	417.580	1.252.942	-	1.674.895	119.414	248.320	951.610	-	1.319.344
EUR financial liabilities with variable interest rates	16.268	163.095	1.114.427	-	1.293.790	7.580	166.479	705.186	-	879.245
	166.333	594.369	2.627.587	73.780	3.462.069	1.720.729	434.109	1.777.309	-	3.932.147

In 2007, Avea has restructured its short-term borrowings through a long-term Multi Tranche Project Finance (MTPF) (Multi financing. Through the MTPF, Avea has extended the maturities of its borrowings up to 8 to 9 years and Türk Telekom has provided certain guarantees for MTPF borrowing.

The following borrowings are secured by a security package as at 31 March 2010 and December 31 2009:

	31 March 2010			31 December 2009		
	USD	EURO	TL equivalent	USD	EURO	TL equivalent
Borrowings secured by security package	627.887	34.108	1.025.330	701.490	37.228	1.136.658

Before the merge of the Avea's former subsidiary of Aycell Haberleşme ve Pazarlama Hizmetleri A.Ş. ("Aycell") with Aria İletişim Hizmetleri A.Ş. ("Aria", former subsidiary of İş-TIM Telekomünikasyon Hizmetleri A.Ş.), Aria was granted financing from its network suppliers in 2001 for the acquisition of its property and equipment secured with a security package created in favor of the Security Agent acting on behalf of the Senior Secured Creditors of Avea. In 2004, subsequent to merger of Aria and Aycell, the security package was revised. 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 657.246 as at 31 March 2010). At 31 March 2010, the total Senior Secured Financial Indebtedness of Avea amounts to approximately TRY 1.025.330 (31 December 2009 - TRY 1.136.658).
- Account pledges on all the bank accounts of Avea, which do not restrict operational usage of the accounts in the normal course of business (31 March 2010 - TRY 129.641; 31 December 2009- TRY 337.947)
- Mortgage on the building of AVEA in Ümraniye amounting up to USD 40.600 in favor of the Security Agent.
- 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 favor of the

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8. Borrowings (continued)

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.

In accordance with Amendment Agreement signed between Avea and the lenders on 25 June 2009, financial covenants (ratios) which were under Avea's responsibilities due to its borrowing, has been abolished effective from 30 June 2009 upon the early payment of Avea amounting to USD 621.297 and EUR 32.972 as at 28 September 2009. Such early payment has been financed by long term shareholder loan financed by Türk Telekom. As at 31 March 2010, financial covenants of Türk Telekom are as follows;

1. Financial covenants (ratios):

- a) Based on the consolidated financial statements, Debt Service Coverage Ratio should be 5 at minimum. (The ratio is calculated by dividing income before interest, tax, depreciation, and amortization realized in the last four accounting period (within four quarters), ("Türk Telekom consolidated EBITDA) to the payment obligations in the related period excluding the principal repayments.
- b) Türk Telekom consolidated net debt to Türk Telekom consolidated EBITDA Ratio should be 2,00 at maximum.

2. General undertakings, among others, are:

- a) License agreement (Avea's 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.

The Group has maintained the financial and general undertakings mentioned above as at 31 March 2010.

Other than these undertakings, the Group has financial and general undertakings to be maintained due to its other borrowings. The Company meets these covenants as at 31 March 2010 which were maintained as at 31 March 2010.

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8. Borrowings (continued)

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 fulfillment of the secured obligations.
- e) Company also provides extra support on demand of Avea due to operational or financial shortage amounting to USD 450.000. (the support has been wholly used as at 31 March 2010)
- f) Türk Telekom provides support amounting to EURO 214.000 for financing of 3rd Generation (3G) licence fee. (the support has been wholly used as at 31 March 2010)
- g) Türk Telekom provides support amounting to USD 250.000 for financing acquisition of assets under Ericsson 2nd Generation (2G) and 3rd Generation (3G) contract. (USD 132.751 has been utilized as at 31 March 2010)

9. Tangible and intangible assets

The amount of tangible and intangible assets purchased during the three month period ended March 31, 2010 amounts to TL 205.140 (March 31, 2009 – TL 227.590).

The cost of tangible and intangible assets sold during the three month period ended March 31, 2010 amounts to TL 4.173 (March 31, 2009 – TL 13.357).

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10. Other current liabilities

	31 March 2010	31 December 2009
Due to personnel	31.262	23.624
Taxes and duties payable	274.333	221.436
Advances received (3)	208.686	205.061
Social security premiums payable	29.017	19.306
Expense accruals	302.260	202.690
Accrual for capital expenditures (4)	152.014	162.072
Accrual for contribution to be paid to the ICTA	45.153	49.348
Accrual for the Treasury Share	35.659	35.444
Accrual for Universal Service Fund (1)	102.996	97.364
Deferred revenue (2)	105.677	102.752
Other payables	7.264	6.373
	1.294.321	1.125.470

- 1) According to the article numbered 5369 related with "International Service Found" published on June 16, 2005, Türk Telekom and TTNNet 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) The Company acts as an intermediary of Ministry of Defence and North Atlantic Treaty Organization (NATO) projects by transferring advances received to the contractors and supports the management of the projects. Expenditures arising from the projects are deducted from the advances received at the date of the expenditure. Advances not used are held as time deposits and the interest earned is credited to the advances received in accordance with the agreement between the parties (Note 6).
- 4) Capital expenditure accruals represent the unreceived invoices for the fixed asset purchases that have been received within the agreement.

11. Dividend and accumulated deficit

In the Ordinary General Assembly meeting dated 6 April 2010 for 2009 period, dividend distribution plan proposed by the Board of Directors has been approved and dividend distribution decision has been obtained amounting to TRY 1.589.712 (earning per share 0,4542035 in full kuruş) (Note 15).

Prior period losses amount to TRY 288.991 in December 31 2008 financial statements prepared in accordance with CMB Accounting Standards. This amount does not represent an actual loss of the Company in previous years; but it is the consequence of the fact and former obligation that the Company used the financial statements prepared in accordance with Turkish Commercial Code (TCC) and Turkish Tax Code (TTC) for the profit distribution prior to the financial year of 2008, when the Company first-time adopted the profit distribution based on CMB financials. In other words, accumulated loss amounting to TRY 288.991 resulted from the accounting differences of the financial statements prepared in accordance with TTC and TCC and CMB Standards Accounting. As of 31 December 2009, accumulated loss amounting to TRY 288.991 has been offset from restricted reserves allocated from profits. The Company has reclassified accumulated deficit amounting to TL 288.991 to restricted reserves allocated from profit, in accordance with the General Assembly decision dated May 11, 2009.

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12. Commitments and contingencies

The Company's commitments in terms of capital expenditures are as follows:

		31 March 2010		31 December 2009	
		Original amount	TL	Original amount	TL
Guarantees received	USD	192.225	292.470	186.841	281.326
	TL	487.475	487.475	490.591	490.591
	EURO	64.691	132.766	64.008	138.276
	Other	-	-	-	-
		912.711		910.193	
Guarantees given (*)	USD	152.075	231.382	151.987	228.847
	TL	111.185	111.185	116.151	116.151
	EURO	13.318	27.333	13.300	28.732
	Other	-	-	-	-
		369.900		373.730	

(*) USD 151.500 of the amount (31 December 2009 - USD 151.500) is related with the guarantee provided to the ICTA by Avea with respect to the Avea Concession Agreement and 12.840 EUR (31 December 2009 - 12.840 EUR) is related with the guarantee provided for 3G license.

The Company's guarantee, pledge and mortgage (GPM) position as at 31 March 2010 and 31 December 2009 is as follows:

GPMs given by the Company	31 March 2010	31 December 2009
A. GPMs given on behalf of the Company's legal personality	1.494.284	1.478.950
B. GPMs given in favor of subsidiaries included in full consolidation	1.799.800	1.417.766
C. GPMs given by the Company for the liabilities of 3rd parties in order to run ordinary course of business	15	15
D. Other GPMs	16.418	17.282
i. GPMs given in favor of parent company	-	-
ii. GPMs given in favor of Company companies not in the scope of B and C above	16.418	17.282
iii. GPMs given in favor of third party companies not in the scope of C above	-	-
Total	3.310.517	2.914.013

GPMs given by the Company as at 31 March 2010 are equivalent to 55,68% of the Company's equity (31 December 2009 - 53,74%).

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

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13. Financial risk management objectives and policies

Foreign currency position:

	31 March 2010					31 December 2009				
	TL Equivalent	US Dollar	Euro	GBP	Other	TL Equivalent	US Dollar	Euro	GBP	Other
1. Trade receivables	148.557	69.958	20.521	-	-	164.782	70.278	27.294	-	-
2a. Monetary financial assets (Cash and banks accounts included)	201.767	129.844	2.049	2	-	228.426	136.987	10.256	4	-
2b. Non-monetary financial assets	-	-	-	-	-	-	-	-	-	-
3. Other	34.050	16.678	4.202	20	4	32.315	15.967	3.789	34	4
4. Current assets (1+2+3)	384.374	216.480	26.772	22	4	425.523	223.232	41.339	38	4
5. Trade receivables	-	-	-	-	-	175	-	81	-	-
6a. Monetary financial assets	-	-	-	-	-	-	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-	-	-	-	-	-	-
7. Other	135	12	23	-	172	2.303	1.447	21	-	179
8. Non-current assets (5+6+7)	135	12	23	-	172	2.478	1.447	102	-	179
9. Total assets (4+8)	384.509	216.492	26.795	22	176	428.001	224.679	41.441	38	183
10. Trade payables	208.172	65.850	52.408	177	13	359.943	112.984	87.276	524	12
11. Financial liabilities	634.639	295.848	89.902	-	-	567.015	257.703	82.855	-	-
12a. Monetary other liabilities	167.284	83.578	19.549	-	-	159.082	77.392	19.698	-	-
12b. Non-monetary other liabilities	-	-	-	-	-	-	-	-	-	-
13. Short-term liabilities (10+11+12)	1.010.095	445.276	161.859	177	13	1.086.040	448.079	189.829	524	12
14. Trade payables	-	-	-	-	-	-	-	-	-	-
15. Financial liabilities	2.734.880	1.044.425	558.294	-	-	1.813.792	713.244	342.480	-	-
16 a. Monetary other liabilities	4.341	2.492	268	-	-	16	11	-	-	-
16 b. Non-monetary other liabilities	115	76	-	-	-	-	-	-	-	-
17. Long-term liabilities (14+15+16)	2.739.336	1.046.993	558.562	-	-	1.813.808	713.255	342.480	-	-
18. Total liabilities (13+17)	3.749.431	1.492.269	720.421	177	13	2.899.848	1.161.334	532.309	524	12
19. Net asset/(liability) position of off balance sheet derivative instruments (19a-19b)	86.032	52.438	3.044	-	-	(107.014)	(65.972)	(3.555)	-	-
19a. Total asset amount hedged **	-	-	-	-	-	-	-	-	-	-
19b. Total liability amount hedged ***	86.032	52.438	3.044	-	-	107.014	65.972	3.555	-	-
20. Net foreign currency asset/(liability) position (9-18+19)	(3.450.954)	(1.328.215)	(696.670)	(155)	163	(2.578.861)	(1.002.627)	(494.423)	(486)	171
21. Net asset/(liability) position of foreign currency monetary items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	(3.398.990)	(1.292.390)	(697.851)	(175)	(13)	(2.506.465)	(954.069)	(494.678)	(520)	(12)
22. Fair value of FX swap financial instruments	-	-	-	-	-	-	-	-	-	-

Türk Telekomünikasyon Anonim Şirketi and its Subsidiaries

Notes to condensed consolidated financial statements (continued)

As at 31 March 2010

(Currency - in Thousands of Turkish Lira ("TL") unless otherwise indicated.

All other currencies are also expressed in thousands)

14. Other financial investments and other financial liabilities

Interest rate swaps

Avea has entered into three separate interest rate hedging transactions as the First Hedge, Overlay 1 and Overlay 2 to control its exposure to interest rate risk of expected future cash outflows in relation to its floating rate debt in 2007 and 2008.

As of 28 September 2009, Avea has entered into restructuring interest hedging transaction for the critical term match of the early payment as at 30 September 2009 which has replaced the current interest hedging transaction.

Nominal amounts have been decreased and interest rates have been restructured in order to match the nominal amounts as a result of the early payment as at 30 September 2009 amounting to USD 621.297 and Euro 32.973. USD and EUR denominated principal balances of MTPF have been wholly covered by this new interest rate hedging transaction.

As of 31 March 2010, notional amount that will be due till 30 September 2013 amounts to USD 621.887 and EUR 34.108.

Amendment and restructuring has been designated as cash flow hedge transaction. Avea will pay fixed and receive floating interest for the periods between 31 March 2009 and 30 September 2013.

As of 31 March 2010, fair value of interest rate swap transactions amount to TRY 86.032 (31 December 2009 – TRY 106.233). As of 31 March 2010, loss on unrealized interest rate swap has been recognized under equity reserves. For the period ended 31 March 2010, realized interest rate swap loss amounting to TRY 30.853 (31 December 2009 – TRY 105.263) has been classified to consolidated income statement.

Option contracts

Avea has foreign currency option transactions for which the total current outstanding nominal amount is USD 110.000 with the exercise dates of 26 – 30 March 2010.

Avea has not designated option contracts for hedge accounting. Accordingly, at 31 March 2010 fair value loss amounting to TRY 660 has been included in the consolidated income statement.

15. After Balance Sheet Events

In Ordinary General Assembly meeting dated 6 April 2010, according to the board decision taken on 11 February 2010 and numbered 5, for 2009 period; TRY 100.546 and TRY 141.471 respectively, is decided to reserve as first and second ordered legal reserve and TRY 1.589.712 is decided to be distributed as dividend.

On 15 April 2010, Company signed a loan agreement with European Investment Bank (EIB) amounting EUR 100.000 with terms of 2 years no repayment of principal with 8 years maturity. Interest rate is yearly Euribor + % 2,5 and interest repayments will be made in 6 months period.