

**Türk Telekomünikasyon
Anonim Şirketi and Its
Subsidiaries**

**Interim condensed consolidated
financial statements for the period
between 1 January - 30 June 2014**

Convenience translation of a report and financial statements originally issued in Turkish (See Note 2.1))

Türk Telekomünikasyon Anonim Şirketi and its Subsidiaries

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(Convenience translation of a report and financial statements originally issued in Turkish (See Note 2.1))

Türk Telekomünikasyon Anonim Şirketi and Its Subsidiaries

**Interim condensed consolidated statement of financial position
as of 30 June 2014
(Currency - in Thousands of Turkish Lira (TL))**

		Current period	Prior period
		Reviewed	Audited
	Notes	30 June 2014	31 December 2013
Assets			
Current assets			
		5.873.563	4.849.061
Cash and cash equivalents	6	1.839.095	1.063.711
Trade receivables			
- Due from related parties	7	48.456	35.927
- Trade receivables from third parties	9	3.233.495	3.091.606
Other receivables			
- Other receivables from third parties		94.740	109.712
Derivative financial instruments	17	1.573	275
Inventories		126.164	87.029
Prepaid expenses		370.299	246.137
Current tax related assets		8.718	3.614
Other current assets	13	114.670	164.303
		5.837.210	4.802.314
Assets held for sale			
	10	36.353	46.747
Non-current assets			
		12.936.351	13.395.454
Financial investments		11.840	11.840
Trade receivables			
- Trade receivables from third parties	9	42.209	34.275
Other receivables			
- Other receivables from third parties		42.909	43.273
Derivative financial instruments	17	8.047	59.786
Investment property	10	13.974	20.230
Property, plant and equipment	10	8.028.277	8.329.666
Intangible assets			
-Goodwill		48.734	48.734
-Other intangible assets	10	4.434.211	4.536.495
Prepaid expenses		31.998	27.792
Deferred tax asset		258.392	264.503
Other non-current assets	13	15.760	18.860
Total assets		18.809.914	18.244.515

The accompanying policies and explanatory notes on pages 7 through 44 form an integral part of these interim condensed consolidated financial statements.

Türk Telekomünikasyon Anonim Şirketi and Its Subsidiaries**Interim condensed consolidated statement of financial position
as of 30 June 2014
(Currency - in Thousands of Turkish Lira (TL))**

		Current period	Prior period
		Reviewed	Audited
	Notes	30 June 2014	31 December 2013
Liabilities			
Current liabilities		4.656.410	5.052.639
Financial liabilities			
- Bank borrowings	8	355.215	55.129
Short term portion of long term financial liabilities			
- Bank borrowings	8	1.361.700	2.195.902
- Obligations under finance leases		9.637	9.743
- Bills, bonds and notes issued		2.801	--
Other financial liabilities			
- Minority put option liability	14	509.798	--
Trade payables			
- Due to related parties	7	8.763	9.881
- Trade payables to third parties	9	1.178.720	1.737.748
Employee benefit obligations	13	89.540	105.470
Other payables			
- Other payables to third parties		457.870	459.638
Derivative financial instruments	17	940	8.670
Deferred revenue		104.056	125.930
Income tax payable		214.716	55.218
Short term provisions			
-Short term provisions for employee benefits	11	66.466	829
-Other short term provisions		248.421	233.938
Other current liabilities	13	47.767	54.543
Non-current liabilities		8.687.304	7.864.267
Financial liabilities			
- Bank borrowings	8	5.265.280	6.055.348
- Obligations under finance leases		12.534	17.386
- Bills, bonds and notes issued	8	2.102.883	--
Other financial liabilities			
- Minority put option liability	14	--	483.946
Other payables			
- Other payables to third parties		7.867	8.047
Derivative financial instruments	17	14.138	15.995
Deferred revenue		257.764	270.913
Long term provisions			
-Provisions for employee termination benefits	12	654.199	585.394
-Long term provisions for employee benefits excluding employee termination benefits	11	72.414	64.378
-Other long-term provisions		7.884	8.105
Deferred tax liability		292.341	354.755
Equity		5.466.200	5.327.609
Total 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 comprehensive income items not to be reclassified to profit or loss			
-Minority put option liability reserve		(281.453)	(232.807)
-Difference arising from the change in shareholding rate in a subsidiary		(858.134)	(858.134)
-Actuarial loss arising from employee benefits		(387.281)	(366.997)
-Share based payment reserve		9.528	9.528
Other comprehensive income items to be reclassified to profit or loss			
-Hedging loss		(85.208)	(23.570)
-Foreign currency translation reserve		54.405	58.105
Restricted reserves allocated from profits		2.122.798	2.049.085
Retained earnings		446.307	129.106
Net profit for the period		1.184.990	1.303.045
Total liabilities and equity		18.809.914	18.244.515

The accompanying policies and explanatory notes on pages 7 through 44 form an integral part of these interim condensed consolidated financial statements.

(Convenience translation of a report and financial statements originally issued in Turkish (See Note 2.1))

Türk Telekomünikasyon Anonim Şirketi and Its Subsidiaries

**Interim condensed consolidated statement of profit or loss
for the period ended 30 June 2014
(Currency - in Thousands of Turkish Lira (TL))**

	Notes	Current Period		Prior Period	
		Reviewed 1 January 2014 -30 June 2014	Not Reviewed 1 April 2014 - 30 June 2014	Reviewed 1 January 2013 - 30 June 2013	Not Reviewed 1 April 2013 - 30 June 2013
Sales	5	6.494.330	3.299.623	6.472.727	3.343.109
Cost of sales (-)	5	(3.264.596)	(1.646.757)	(3.331.704)	(1.732.715)
Gross profit		3.229.734	1.652.866	3.141.023	1.610.394
General administrative expenses (-)	5	(924.934)	(457.983)	(806.496)	(399.992)
Marketing, sales and distribution expenses (-)	5	(918.696)	(444.034)	(853.648)	(435.551)
Research and development expenses (-)	5	(32.155)	(16.837)	(23.013)	(9.598)
Other operating income	5	163.580	86.485	188.764	115.962
Other operating expense (-)	5	(143.566)	(69.596)	(154.386)	(101.999)
Operating profit		1.373.963	750.901	1.492.244	779.216
Income from investing activities	5	152.678	42.823	70.318	48.848
Expense from investing activities (-)	5	(2.897)	(2.174)	(3.153)	(3.153)
Operating profit before financial expenses		1.523.744	791.550	1.559.409	824.911
Financial income	5	1.035.208	598.455	259.189	95.774
Financial expense (-)	5	(1.052.173)	(360.882)	(775.113)	(554.718)
Profit before tax		1.506.779	1.029.123	1.043.485	365.967
Tax expense					
- Current tax expense		(380.278)	(205.124)	(208.582)	(103.344)
- Deferred tax income/ (expense)		35.734	(32.199)	(48.502)	7.194
Profit for the year		1.162.235	791.800	786.401	269.817
Profit attributable to:					
Non-controlling interest		(22.755)	(9.199)	(20.276)	(10.450)
Attributable to equity holders of the parent		1.184.990	800.999	806.677	280.267
Earnings per shares attributable to equity holders of the parent from (in full Kuruş)	4	0,3386	0,2289	0,2305	0,0801
Earnings per diluted shares attributable to equity holders of the parent from (in full Kuruş)	4	0,3386	0,2289	0,2305	0,0801

The accompanying policies and explanatory notes on pages 7 through 44 form an integral part of these interim condensed consolidated financial statements.

(Convenience translation of a report and financial statements originally issued in Turkish (See Note 2.1))

Türk Telekomünikasyon Anonim Şirketi and Its Subsidiaries

**Interim condensed consolidated statement of other comprehensive income
for the period ended 30 June 2014
(Currency - in Thousands of Turkish Lira (TL))**

	Notes	Current Period		Prior Period	
		Reviewed	Not Reviewed	Reviewed	Not Reviewed
		1 January 2014 -30 June 2014	1 April 2014 - 30 June 2014	1 January 2013 - 30 June 2013	1 April 2013 - 30 June 2013
Profit for the period		1.162.235	791.800	786.401	269.817
Other comprehensive income items not to be reclassified to profit or loss:					
Actuarial loss from employee benefits	12	(25.307)	(23.882)	(30.478)	6.596
Tax effect of actuarial loss from employee benefits		4.986	4.702	6.161	(1.254)
Other comprehensive income items to be reclassified to profit or loss:					
Change in foreign currency translation differences		(3.700)	(6.619)	9.946	11.102
Fair value loss on hedging instruments reclassified to loss	17	--	--	1.652	393
Cash flow hedges-effective portion of changes in fair value	17	(73.603)	(44.872)	70.718	62.879
Tax effect of cash flow hedges-effective portion of changes in fair value	17	14.721	8.974	(14.180)	(12.594)
Hedge of net investment in a foreign operation	17	(3.446)	(9.206)	(15.775)	(19.665)
Tax effect of hedge of net investment in a foreign operation	17	690	1.842	3.155	3.933
Other comprehensive income, net of tax		(85.659)	(69.061)	31.199	51.390
Total comprehensive income		1.076.576	722.739	817.600	321.207
Appropriation of total comprehensive income:					
Non-controlling interest		(22.792)	(9.236)	(20.096)	(10.387)
Attributable to equity holders of the parent		1.099.368	731.975	837.696	331.594

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(Convenience translation of a report and financial statements originally issued in Turkish (See Note 2.1))

Türk Telekomünikasyon Anonim Şirketi and Its Subsidiaries

**Interim condensed consolidated statement of changes in equity
for the period ended 30 June 2014
(Currency - in Thousands of Turkish Lira (TL))**

	Paid-in share capital		Inflation adjustment to paid in capital		Other comprehensive income items not to be reclassified to profit or loss in subsequent periods			Other comprehensive income items to be reclassified to profit or loss in subsequent periods				Retained earnings		Total equity attributable to parent	Non-controlling interest	Total equity
					Minority put option liability reserve	Share based payment reserve	Difference arising from the change in shareholding rate in a subsidiary	Actuarial gain/loss arising from employee benefits	Reserve for hedge of net investment in a foreign operation	Cash flow hedge reserve	Foreign currency translation reserve	Restricted reserves allocated from profits	Retained earnings			
Balance at 1 January 2013	3.500.000	(239.752)	(180.715)	9.528	(858.134)	(340.679)	(29.649)	(28.274)	31.353	1.825.257	129.106	2.637.107	6.455.148	--	6.455.148	
Net profit for the period	--	--	--	--	--	--	--	--	--	--	--	806.677	806.677	(20.276)	786.401	
Other comprehensive income/(loss)	--	--	--	--	--	(24.349)	(12.619)	58.041	9.946	--	--	--	31.019	180	31.199	
Total comprehensive income	--	--	--	--	--	(24.349)	(12.619)	58.041	9.946	--	--	806.677	837.696	(20.096)	817.600	
Transfer to retained earnings	--	--	--	--	--	--	--	--	--	223.828	--	(223.828)	--	--	--	
Non-controlling interest before reclassification to minority put option liability	--	--	--	--	--	--	--	--	--	--	--	--	--	286.845	286.845	
Minority put option liability (Note 14)	--	--	(20.097)	--	--	--	--	--	--	--	--	--	(20.097)	(266.749)	(286.846)	
Dividend paid	--	--	--	--	--	--	--	--	--	--	--	(2.413.279)	(2.413.279)	--	(2.413.279)	
Balance at 30 June 2013	3.500.000	(239.752)	(200.812)	9.528	(858.134)	(365.028)	(42.268)	29.767	41.299	2.049.085	129.106	806.677	4.859.468	--	4.859.468	
Balance at 1 January 2014	3.500.000	(239.752)	(232.807)	9.528	(858.134)	(366.997)	(70.390)	46.820	58.105	2.049.085	129.106	1.303.045	5.327.609	--	5.327.609	
Net profit for the period	--	--	--	--	--	--	--	--	--	--	--	1.184.990	1.184.990	(22.755)	1.162.235	
Other comprehensive income/(loss)	--	--	--	--	--	(20.284)	(2.756)	(58.882)	(3.700)	--	--	--	(85.622)	(37)	(85.659)	
Total comprehensive income	--	--	--	--	--	(20.284)	(2.756)	(58.882)	(3.700)	--	--	1.184.990	1.099.368	(22.792)	1.076.576	
Transfer to retained earnings	--	--	--	--	--	--	--	--	--	73.713	317.201	(390.914)	--	--	--	
Non-controlling interest before reclassification to minority put option liability	--	--	--	--	--	--	--	--	--	--	--	--	--	251.138	251.138	
Minority put option liability (Note 14)	--	--	(48.646)	--	--	--	--	--	--	--	--	--	(48.646)	(228.346)	(276.992)	
Dividend paid	--	--	--	--	--	--	--	--	--	--	--	(912.131)	(912.131)	--	(912.131)	
Balance at 30 June 2014	3.500.000	(239.752)	(281.453)	9.528	(858.134)	(387.281)	(73.146)	(12.062)	54.405	2.122.798	446.307	1.184.990	5.466.200	--	5.466.200	

The accompanying policies and explanatory notes on pages 7 through 44 form an integral part of these interim condensed consolidated financial statements.

Türk Telekomünikasyon Anonim Şirketi and Its Subsidiaries**Interim condensed consolidated statement of cash flows
for the period ended 30 June 2014
(Currency - in Thousands of Turkish Lira (TL))**

		Current Period	Prior Period
		Reviewed	Reviewed
	Notes	1 January 2014 - 30 June 2014	1 January 2013 - 30 June 2013
Net Profit		1.162.235	786.401
Adjustments to reconcile net profit to cash provided by operating activities:			
Depreciation and amortisation expenses		946.239	880.621
Tax expense		344.544	257.084
Gain on sale of property, plant and equipment		(149.781)	(67.165)
IFRIC 12 construction (revenue) / cost, net		(5.538)	(19.899)
Interest income and (expense), net		70.975	17.198
Unrealised foreign currency exchange differences		(86.268)	402.575
Reversal of doubtful receivables		(83.974)	(87.100)
Allowance for doubtful receivables		164.225	166.235
Provision for employee termination benefits		53.601	50.617
Change in litigation provision, net		48.280	15.642
Change in unused vacation provision		9.991	3.850
Loss/(gain) on derivative financial instruments, net		(61.962)	13.577
Obsolete inventory provision / (reversal), net		2.975	1.482
Other provisions		275	(2.000)
Operating profit before working capital changes		2.415.817	2.419.118
Net working capital changes in:			
Adjustments to trade receivables		(245.312)	(432.557)
Other current assets		(46.760)	(68.728)
Adjustments to (increase)/decrease in inventories		(42.110)	3.982
Adjustments to increase/(decrease) in trade payables		(552.674)	(142.006)
Other non-current assets		(747)	3.854
Other current liabilities and provisions		22.091	(54.515)
Other non-current liabilities		(10.388)	(4.386)
Restricted cash		57.746	69.906
Cash flow from operating activities			
Payments of employee termination benefits	12	(10.000)	(223.921)
Payments of provisions		(35.588)	(17.844)
Payments of tax		(228.809)	(275.934)
Interest received		70.584	73.208
Net cash provided by operating activities		1.393.850	1.350.177
Investing activities			
Proceeds from sale of property, plant, equipment and intangible assets		182.013	81.773
Purchases of property, plant, equipment and intangible assets		(577.562)	(771.791)
Net cash used in investing activities		(395.549)	(690.018)
Cash flows from financing activities			
Proceeds from bank borrowings	8	2.275.584	5.368.946
Repayment of bank borrowings	8	(3.604.000)	(3.449.901)
Bills, bonds and notes issued	8	2.130.293	--
Repayment of obligations under finance leases	8	(4.678)	(3.414)
Interest paid		(127.187)	(102.322)
Dividends paid	18	(912.131)	(2.413.279)
Derivative instrument payments		29.208	(11.457)
Interest received		49.166	23.352
Net cash used in financing activities		(163.745)	(588.075)
NET INCREASE IN CASH AND CASH EQUIVALENTS		834.556	72.084
FOREIGN EXCHANGE DIFFERENCES ON CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		(1.426)	10.187
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		697.377	447.012
Cash and cash equivalents at the end of the period	6	1.530.507	529.283

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Türk Telekomünikasyon Anonim Şirketi and Its Subsidiaries

Notes to the interim condensed consolidated financial statements for the period ended 30 June 2014

(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 23 October 1840. On 4 February 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 24 April 1995 as a result of the split of the telecommunication and postal services formerly carried out by the PTT and 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 Under secretariat of Treasury (“the Treasury”).

On 24 August 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 14 November 2005 and then after, OTAŞ became the parent company of the Company.

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 15 May 2008. Since then Company shares are traded in İstanbul Stock Exchange with the name of TTKOM.

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 30 June 2014 and 31 December 2013, the ultimate parent and controlling party of the Company is Saudi Oger Ltd (“Saudi Oger”), because of its controlling ownership in Oger Telecom.

A concession agreement (“the Concession Agreement”) was signed by the Company and Turkish Telecommunication Authority (now named the Information and Communication Technologies Authority (“ICTA”) as at 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 for 25 years starting from 28 February 2001. As The Concession Agreement will terminate on 28 February 2026 and the Company will transfer its entire infrastructure that has been used to provide telecommunication services to ICTA in working condition.

Türk Telekomünikasyon Anonim Şirketi and Its Subsidiaries**Notes to the interim condensed consolidated financial statements
for the period ended 30 June 2014 (continued)**

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

1. Corporate organization and activities (continued)

The details of the Company's subsidiaries as at 30 June 2014 and 31 December 2013 are as follows:

Name of Subsidiary	Place of incorporation and operation	Principal activity	Functional Currency	Effective ownership Of the Company (%)	
				30 June 2014	31 December 2013
TTNet Anonim Şirketi ("TTNet")	Turkey	Internet Service Provider	Turkish Lira	100	100
Avea İletişim Hizmetleri A.Ş. ("Avea")	Turkey	GSM Operator	Turkish Lira	89,99	89,99
Argela Yazılım ve Bilişim Teknolojileri Sanayi ve Ticaret Anonim Şirketi ("Argela")	Turkey	Telecommunications solutions	Turkish Lira	100	100
Innova Bilişim Çözümleri Anonim Şirketi ("Innova")	Turkey	Telecommunications solutions Call centre and customer relations	Turkish Lira	100	100
Assist Rehberlik ve Müşteri Hizmetleri Anonim Şirketi ("AssistTT")	Turkey	Web based learning	Turkish Lira	100	100
Sebit Eğitim ve Bilgi Teknolojileri A.Ş. ("Sebit")	Turkey	Telecommunication Solutions	Turkish Lira	100	100
Argela - USA, Inc.	USA	Web Based Learning	U.S. Dollar	100	100
Sebit LLC	USA	Telecommunication Solutions	U.S. Dollar	100	100
IVEA Software Solutions FZ-LLC ("IVEA") (*)	UAE	Telecommunication Solutions	U.S. Dollar	-	100
TT International Holding B.V. ("TT International")(*)	Netherlands	Holding company	Euro	100	100
TT Global Services B.V. ("TT Global")(*)	Netherlands	Service company	Euro	100	100
Türk Telekom International AT AG ("TTINT Austria") (*)	Austria	Internet/data services, infrastructure and wholesale voice services provider	Euro	100	100
Türk Telekom International HU Kft ("TTINT Hungary")(*)	Hungary	Internet/data services, infrastructure and wholesale voice services provider	Euro	100	100
S.C. Euroweb Romania S.A. ("TTINT Romania")(*)	Romania	Internet/data services, infrastructure and wholesale voice services provider	Euro	100	100
Türk Telekom International BG EOOD ("TTINT Bulgaria")(*)	Bulgaria	Internet/data services, infrastructure and wholesale voice services provider	Euro	100	100
Türk Telekom International CZ s.r.o ("TTINT Czech Republic")(*)	Czech Republic	Internet/data services, infrastructure and wholesale voice services provider	Euro	100	100
Türk Telekom International SRB d.o.o. ("TTINT Serbia")(*)	Serbia	Internet/data services, infrastructure and wholesale voice services provider	Euro	100	100
Türk Telekom International Telekomunikacije d.o.o ("TTINT Slovenia")(*)	Slovenia	Internet/data services, infrastructure and wholesale voice services provider	Euro	100	100
Türk Telekom International SK s.r.o ("TTINT Slovakia")(*)	Slovakia	Internet/data services, infrastructure and wholesale voice services provider	Euro	100	100
MTCTR Memorex Telekomünikasyon Sanayi ve Ticaret Limited Şirketi ("TTINT Turkey")(*)	Turkey	Internet/data services, infrastructure and wholesale voice services provider	Turkish Lira	100	100
Türk Telekom International UA TOV. ("TTINT Ukraine")(*)	Ukraine	Internet/data services, infrastructure and wholesale voice services provider	Euro	100	100
Türk Telekom International S.R.L. ("TTINT Italia")(*)	Italy	Internet/data services, infrastructure and wholesale voice services provider	Euro	100	100
Türk Telekom International DOOEL Skopje ("TTINT Macedonia")(*)	Macedonia	Internet/data services, infrastructure and wholesale voice services provider	Euro	100	100
Türk Telekom International RU O.O.O ("TTINT Russia")(*)	Russia	Internet/data services, infrastructure and wholesale voice services provider	Euro	100	100
Türk Telekomünikasyon Euro GmbH. ("TT Euro")(*)	Germany	Mobil service marketing	Euro	100	100
Türk Telekom International D.O.O. ("TTINT Croatia")(*)	Croatia	Internet/data services, infrastructure and wholesale voice services provider	Euro	100	100
Net Ekran TV ve Medya Hiz. A.Ş. ("Net Ekran")	Turkey	Television and radio broadcasting	Turkish Lira	100	100
TT Euro Belgium S.A. (*)	Belgium	Mobile service marketing	Euro	100	100
Flexus Mobil Finans ve Dağıtım ("Fleksus")	Turkey	Mobile finance	Turkish Lira	100	-
Net Ekran1 TV ve Medya Hiz. A.Ş. ("Net Ekran1")	Turkey	Television and radio broadcasting	Turkish Lira	100	-
Net Ekran2 TV ve Medya Hiz. A.Ş. ("Net Ekran2")	Turkey	Television and radio broadcasting	Turkish Lira	100	-
Net Ekran3 TV ve Medya Hiz. A.Ş. ("Net Ekran3")	Turkey	Television and radio broadcasting	Turkish Lira	100	-
Net Ekran4 TV ve Medya Hiz. A.Ş. ("Net Ekran4")	Turkey	Television and radio broadcasting	Turkish Lira	100	-
Net Ekran5 TV ve Medya Hiz. A.Ş. ("Net Ekran5")	Turkey	Television and radio broadcasting	Turkish Lira	100	-
Net Ekran6 TV ve Medya Hiz. A.Ş. ("Net Ekran6")	Turkey	Television and radio broadcasting	Turkish Lira	100	-
11818 Rehberlik ve Müşteri Hizmetleri A.Ş. ("11818")	Turkey	Call centre and customer relations	Turkish Lira	100	-

(*) Hereinafter, will be referred as TTINT Group.

(*) Ivea's operations was ended and the company was closed on 4 June 2014.

Türk Telekomünikasyon Anonim Şirketi and Its Subsidiaries

Notes to the interim condensed consolidated financial statements for the period ended 30 June 2014 (continued)

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

1. Corporate organization and activities (continued)

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 Aydınlikevler, Ankara.

The average number of personnel subject to collective agreement as at 30 June 2014 is 13.316 (31 December 2013 – 13.515) and the average number of personnel not subject to collective agreement as at 30 June 2014 is 19.190 (31 December 2013 – 19.374). The number of personnel as at 30 June 2014 and 31 December 2013 were 34.067 and 34.441, respectively.

Interim condensed consolidated financial statements were approved by the Board of Directors of the Company and authorized for issue on 18 July 2014. The general assembly and certain regulatory bodies have the power to amend the statutory financial statements after issue.

2. Basis of presentation financial statements

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

2.1 Basis of presentation of the interim condensed consolidated financial statements

The interim condensed consolidated financial statements and explanatory notes have been prepared in accordance with Turkish Accounting Standards (“TAS”) promulgated by the Public Oversight Accounting and Auditing Standards Authority (“POA”) as set out in the communiqué numbered II-14.1 “Communiqué on the Principles of Financial Reporting In Capital Markets” (“the Communiqué”) of the Capital Markets Board of Turkey (“CMB”), which is published on 13 June 2013 at the Official Gazette numbered 28676.

For the period ended 30 June 2014, the Group prepared its interim condensed consolidated financial statements in accordance with the Turkish Accounting Standard No.34 “Interim Financial Reporting”. Interim condensed financial statements of the Group do not include all the information and disclosures required in the annual financial statements, therefore should be read in conjunction with the Group’s annual financial statements as of December 31, 2013.

CMB, with its resolution dated 17 March 2005, announced that all publicly traded entities operates in Turkey was not obliged to apply inflationary accounting as from 1 January 2005. The interim condensed consolidated financial statements have been prepared in accordance within the resolution.

Excluding the subsidiaries incorporated outside of Turkey, functional currency of all entities’ included in consolidation is Turkish Lira (“TL”) and they maintain their books of account in Turkish Lira (“TL”) in accordance with Turkish Commercial Code and Tax Legislation and the Uniform Chart of Accounts issued by the Ministry of Finance.

The interim condensed 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 POA and are presented in TL.

In order to prepare financial statements in accordance with IFRSs, certain assumptions affecting notes to the financial statements and critical accounting estimations related to assets, liabilities, contingent assets and contingent liabilities are required to be used. Although these estimations are made upon the best afford of the management by interpreting the cyclical circumstances, actual results may differ from the forecasts. Issues that are complex and needs further interpretation, which might have a critical impact on financial statements. There is no change in judgements and critical accounting estimates used in interim condensed consolidated financial statements as of 30 June 2014.

Türk Telekomünikasyon Anonim Şirketi and Its Subsidiaries

Notes to the interim condensed consolidated financial statements for the period ended 30 June 2014 (continued)

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

2. Basis of presentation financial statements (continued)

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

Additional paragraph for convenience translation to English:

As at 30 June 2014, the accounting principles described in Note 2 (defined as Turkish Accounting Standards/Turkish Financial Reporting Standards) to the accompanying interim condensed consolidated financial statements differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting and also for certain reclassification requirement of the POA/CMB. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

Classifications applied to financial statements as of 30 June 2013 and 1 April 2013 - 30 June 2013

Based on the decision taken on 7 June 2013 by the CMB at its meeting numbered 20/670, a new illustrative financial statement and guidance to it has been issued effective from the interim periods ended after 31 March 2013, which is applicable for the companies that are subject to Communiqué on the Principles of Financial Reporting in Capital Markets. Based on these new illustrative financial statements, a number of changes made at the Group's consolidated income statement.

The reclassifications that are made at the Group's consolidated income statement as at 30 June 2013 and 1 April 2013 - 30 June 2013 are as:

- foreign exchange gains, interest income, discount income on current accounts amounting to 30 June 2013 - TL 112.478, 1 April 2013 - 30 June 2013 - TL 64.206 are reclassified from financial income to other operating income,
- foreign exchange losses, interest expense, discount expense on current accounts amounting to 30 June 2013 - TL 75.763, 1 April 2013 - 30 June 2013 - TL - TL 50.159 are reclassified from financial expense to other operating expenses,
- gain on sale of fixed assets amounting to 30 June 2013 - TL 70.318, 1 April 2013 - 30 June 2013 - TL - TL 48.848 are reclassified to income from investing activities,
- losses on sale of fixed assets amounting to 30 June 2013 - TL 3.153, 1 April 2013 - 30 June 2013 - TL 3.153 are reclassified to expense from investing activities
- income from reversal of doubtful receivable amounting to 30 June 2013 - TL 981, 1 April 2013 - 30 June 2013 - TL - TL 627 are reclassified to general administrative expenses account.

As of 30 June 2014, management decided that, TT Euro operates as an agent, not a principal and as a result of that, sales and cost of sales of TT Euro amounted to TL 29.180 are netted in the period ended 30 June 2013 (1 April - 30 June 2013 – TL 15.854) in order to disclose comparative financial statement with 30 June 2014.

Interest income from deposits amounting to TL 23.352 of total interest income amounting to TL 96.560, which was previously presented as interests received from investing activities in the cash flow statement for the period end 30 June 2013, is classified to net cash used in financing activities; interest received from customers amounting TL 73.208, however, is classified to net cash from operating activities.

The new standards, amendments and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as at 30 June 2014 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of 1 January 2014. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

Türk Telekomünikasyon Anonim Şirketi and Its Subsidiaries

Notes to the interim condensed consolidated financial statements for the period ended 30 June 2014 (continued)

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

2. Basis of presentation financial statements (continued)

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

The new standards, amendments and interpretations which are effective as at 1 January 2014 are as follows:

Investment Entities (Amendments to TFRS 10, TFRS 12 and TAS 27)

TFRS 10 is amended for entities that meet the definition of an investment entity to qualify for the consolidation exception. According to the amendment, financial assets of an investment entity should be measured at fair value under TFRS 9 Financial Instruments, or to the extent possible under TMS 39 Financial Instruments: Recognition and Measurement. The amendments had no significant impact on the financial position or performance of the Group.

TAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities (Amendments)

The amendments clarify the meaning of “currently has a legally enforceable right to set-off” and also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments had no significant impact on the financial position or performance of the Group.

TAS 36 Impairment of Assets - Recoverable Amount Disclosures for Non-Financial assets (Amendments)

As a consequential amendment to IFRS 13 Fair Value Measurement, some of the disclosure requirements in IAS 36 Impairment of Assets regarding measurement of the recoverable amount of impaired assets are modified. The amendments required additional disclosures about the measurement of impaired assets (or a group of assets) with a recoverable amount based on fair value less costs of disposal.. The amendment has affected disclosure principles of the recoverable amounts for non-financial assets. The amendments had no significant impact on the financial position or performance of the Group.

TAS 39 Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting (Amendments)

Amendments to IAS 39 Financial Instruments: Recognition and Measurement provides a narrow exception to the requirement for the discontinuation of hedge accounting in circumstances when a hedging instrument is required to be novated to a central counterparty as a result of laws or regulations. The amendments had no significant impact on the financial position or performance of the Group.

TFRIC Interpretation 21 Levies

The interpretation clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognized before the specified minimum threshold is reached. The Interpretation had no significant impact on the financial position or performance of the Group.

Türk Telekomünikasyon Anonim Şirketi and Its Subsidiaries

Notes to the interim condensed consolidated financial statements for the period ended 30 June 2014 (continued)

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

2. Basis of presentation financial statements (continued)

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

Standards issued but not yet effective and not early adopted

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the consolidated financial statements are as follows. The Group will make the necessary changes if not indicated otherwise, which will be affecting the consolidated financial statements and disclosures, after the new standards and interpretations become in effect.

TFRS 9 Financial Instruments – Classification and measurement

As amended in December 2012, the new standard is effective for annual periods beginning on or after 1 January 2015. Phase 1 of this new TFRS 9 introduces new requirements for classifying and measuring financial assets and liabilities. The amendments made to TFRS 9 will mainly affect the classification and measurement of financial assets and measurement of fair value option (FVO) liabilities and requires that the change in fair value of a FVO financial liability attributable to credit risk is presented under other comprehensive income. Early adoption is permitted. The Group is in the process of assessing the impact of the amendment on financial position or performance of the Group.

The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not issued by POA

The following standards, interpretations and amendments to existing IFRS standards are issued by the IASB but not yet effective up to the date of issuance of the financial statements. However, these standards, interpretations and amendments to existing IFRS standards are not yet adapted/issued to TFRS by the POA, thus they do not constitute part of TFRS. The Group will make the necessary changes to its consolidated financial statements after the new standards and interpretations are issued and become effective under TFRS.

IFRS 9 Financial Instruments – Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39 -IFRS 9 (2013)

In November 2013, the IASB issued a new version of IFRS 9, which includes the new hedge accounting requirements and some related amendments to IAS 39 and IFRS 7. The new standard removes the 1 January 2015 effective date of IFRS 9. Entities may make an accounting policy choice to continue to apply the hedge accounting requirements of IAS 39 for all of their hedging transactions. The standard does not have a mandatory effective date, but it is available for application now; a new mandatory effective date will be set when the IASB completes the impairment phase of its project on the accounting for financial instruments. The Group is in the process of assessing the impact of the amendment on financial position or performance of the Group.

Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)

The amendments introduce a relief that will reduce the complexity and burden of accounting for certain contributions from employees or third parties. When contributions are eligible for the practical expedient, a company is permitted (but not required) to recognise them as a reduction of the service cost in the period in which the related service is rendered. The amendment is effective for annual periods beginning on or after 1 July 2014. Early application is permitted. The Group does not expect that these amendments will have significant impact on the financial position or performance of the Group.

Türk Telekomünikasyon Anonim Şirketi and Its Subsidiaries

Notes to the interim condensed consolidated financial statements for the period ended 30 June 2014 (continued)

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

2. Basis of presentation financial statements (continued)

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

IFRS 14 Regulatory Deferral Accounts

IASB has started a comprehensive project for Rate Regulated Activities in 2012. As part of the project, IASB published an interim standard to ease the transition to IFRS for rate regulated entities. The standard permits first time adopters of IFRS to continue using previous GAAP to account for regulatory deferral account balances. The interim standard is effective for financial reporting periods beginning on or after 1 January 2016, although early adoption is permitted. The Group does not expect that these amendments will have significant impact on the financial position or performance of the Group.

IFRS 15 Revenue from Contracts with customers

The standard is the result of a joint project and IASB and FASB which replaces existing IFRS and US GAAP guidance and introduces a new control-based revenue recognition model for contracts with customers. In the new standard, total consideration measured will be the amount to which the Company expects to be entitled, rather than fair value and new guidance have been introduced on separating goods and services in a contract and recognizing revenue over time. The standard is effective for annual periods beginning on or after 1 January 2017, with early adoption permitted under IFRS. The Group is in the process of assessing the impact of the amendment on financial position or performance of the Group.

Amendments to IAS 16 and IAS 38 – Clarification of acceptable methods of depreciation and amortisation

The amendments to IAS 16 Property, Plant and Equipment explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The amendments to IAS 38 Intangible Assets introduce a rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate.

The amendments are effective for annual periods beginning on after 1 January 2016, and are to be applied prospectively. Early adoption is permitted. The Group does not expect that these amendments will have significant impact on the financial position or performance of the Group.

Amendments to IFRS 11 – Accounting for acquisition of interests in joint operations

The amendments clarify whether IFRS 3 Business Combinations applies when an entity acquires an interest in a joint operation that meets that standard's definition of a business. The amendments require business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business. The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Early adoption is permitted. The Group does not expect that these amendments will have significant impact on the financial position or performance of the Group.

Türk Telekomünikasyon Anonim Şirketi and Its Subsidiaries

Notes to the interim condensed consolidated financial statements for the period ended 30 June 2014 (continued)

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

2. Basis of presentation financial statements (continued)

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

Improvements to IFRSs

In December 2013, the IASB issued two cycles of Annual Improvements to IFRSs – 2010–2012 Cycle and IFRSs – 2011–2013 Cycle. Other than the amendments that only affect the standards' Basis for Conclusions, the changes are effective as of 1 July 2014. Earlier application is permitted.

Annual Improvements to IFRSs – 2010–2012 Cycle

IFRS 2 Share-based Payment:

Definitions relating to vesting conditions have changed and performance condition and service condition are defined in order to clarify various issues. The amendment is effective prospectively.

IFRS 3 Business Combinations

Contingent consideration in a business acquisition that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of IFRS 9 Financial Instruments. The amendment is effective for business combinations prospectively.

IFRS 8 Operating Segments

The changes are as follows: i) Operating segments may be combined/aggregated if they are consistent with the core principle of the standard. ii) The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendments are effective retrospectively.

IFRS 13 Fair Value Measurement Decision Requirements

As clarified in the Basis for Conclusions, short-term receivables and payables with no stated interest rates can be held at invoice amounts when the effect of discounting is immaterial. The amendment is effective immediately.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

The amendment to IAS 16.35(a) and IAS 38.80(a) clarifies that revaluation can be performed, as follows: i) Adjust the gross carrying amount of the asset to market value or ii) determine the market value of the carrying amount and adjust the gross carrying amount proportionately so that the carrying amount equals to the market value. The amendment is effective retrospectively.

Türk Telekomünikasyon Anonim Şirketi and Its Subsidiaries

Notes to the interim condensed consolidated financial statements for the period ended 30 June 2014 (continued)

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

2. Basis of presentation financial statements (continued)

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

IAS 24 Related Party Disclosures

The amendment clarifies that a management entity – an entity that provides key management personnel services – is a related party subject to the related party disclosures. The amendment is effective retrospectively.

Annual Improvements to IFRSs – 2011–2013 Cycle

IFRS 1 First Time Adoption of International Financial Reporting Standards

The amendment clarifies that in its first IFRS financial statements, a first-time adopter is permitted but not required to apply a new or revised IFRS that is not yet mandatory but is available for early application.

IFRS 3 Business Combinations

The amendment clarifies that: i) Joint arrangements are outside the scope of IFRS 3, not just joint ventures ii) The scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment is effective prospectively.

IFRS 13 Fair Value Measurement

The portfolio exception in IFRS 13 can be applied to the contracts within the context of IAS 39, not just financial assets and financial liabilities. The amendment is effective prospectively.

IAS 40 Investment Property

The amendment clarifies the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property. The amendment is effective prospectively.

These amendments did not have an impact on the financial position or performance of the Group.

Resolutions promulgated by the Public Oversight Authority

In addition to those mentioned above, the POA has promulgated the following resolutions regarding the implementation of Turkish Accounting Standards. “The financial statement examples and user guide” became immediately effective at its date of issuance; however, the other resolutions shall become effective for the annual reporting periods beginning after 31 December 2012.

2013-1 Financial Statement Examples and User Guide

The POA promulgated “financial statement examples and user guide” on May 20, 2013 in order to ensure the uniformity of financial statements and facilitate their audit. The financial statement examples within this framework were published to serve as an example to financial statements to be prepared by companies obliged to apply Turkish Accounting Standards, excluding financial institutions established to engage in banking, insurance, private pensions or capital market. The Group has made the classification stated in Note 2.1 in order to comply with the requirements of this regulation.

Türk Telekomünikasyon Anonim Şirketi and Its Subsidiaries

Notes to the interim condensed consolidated financial statements for the period ended 30 June 2014 (continued)

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

2. Basis of presentation financial statements (continued)

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

2013-2 Accounting of Combinations under Common Control

In accordance with the resolution it has been decided that i) combination of entities under common control should be recognized using the pooling of interest method, ii) and thus, goodwill should not be included in the financial statements and iii) while using the pooling of interest method, the financial statements should be prepared as if the combination has taken place as of the beginning of the reporting period in which the common control occurs and should be presented comparatively from the beginning of the reporting period in which the common control occurred. This resolution did not have any impact on the consolidated financial statements of the Group.

2013-3 Accounting of Redeemed Share Certificates

Clarification has been provided on the conditions and circumstances when the redeemed share certificates shall be recognized as a financial liability or equity based financial instruments. This resolution did not have any impact on the consolidated financial statements of the Group.

2013-4 Accounting of Cross Shareholding Investments

If a subsidiary of an entity holds shares of the entity then this is defined as cross shareholding investment. Accounting of this cross investment is assessed based on the type of the investment and different recognition principles adopted accordingly. With this resolution, this topic has been assessed under three main headings below and the recognition principles for each one of them has been determined.

- i) the subsidiary holding the equity based financial instruments of the parent,
- ii) the associates or joint ventures holding the equity based financial instruments of the parent
- iii) the parent's equity based financial instruments are held by an entity, which is accounted as an investment within the scope of TAS 39 and TFRS 9 by the parent.

This resolution did not have any impact on the consolidated financial statements of the Group.

Türk Telekomünikasyon Anonim Şirketi and Its Subsidiaries

Notes to the interim condensed consolidated financial statements for the period ended 30 June 2014 (continued)

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

2. Basis of presentation financial statements (continued)

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

2.2 Basis of consolidation

As at 30 June 2014, the condensed consolidated financial statements include the financial results of Türk Telekom and its subsidiaries listed at Note 1. Control is normally evidenced when the Company controls an investee if and only if the company has all the following; a) power over the investee b) exposure, or rights, to variable returns from its involvement with the investee and c) the ability to use its power over the investee to affect the amount of company's returns. 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 Group Companies. The consolidated financial statements are prepared using uniform accounting policies for similar transactions and events and are prepared for the same chart of accounts of the Company.

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

Non-controlling interest in the net assets of consolidated subsidiaries is identified separately from the Group's equity therein. Non-controlling 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.

Losses within a subsidiary are attributed to non-controlling interest even if that result is in deficit balance.

Changes in shareholding rate that does not change control power of the Company are accounted under "Differences arising from the change in shareholding rate in a subsidiary" account.

On 15 September 2006, the Company, Türkiye İş Bankası Anonim Şirketi. (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 15 February 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 non-controlling interest is reclassified as minority put option liability as "short term liabilities" after appropriation to the non-controlling interest of its share of recognized income and expense for the period. The value of the non-controlling interest before the fair value calculation and the fair value amount is classified as 'minority put option liability reserve' based on the Group accounting principles applied for the acquisition of non-controlling shares (Notes 14).

Türk Telekomünikasyon Anonim Şirketi and Its Subsidiaries

Notes to the interim condensed consolidated financial statements for the period ended 30 June 2014 (continued)

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

3. Seasonal changes in the operations

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

4. Earnings per share

	1 January - 30 June 2014	1 April - 30 June 2014	1 January - 30 June 2013	1 April - 30 June 2013
Weighted average number of ordinary shares outstanding during the year	350.000.000.000	350.000.000.000	350.000.000.000	350.000.000.000
Net profit for the year attributable to equity holders of the Company	1.184.990	800.999	806.677	280.267
Basic and earnings per share (in full kuruş)	0,3386	0,2289	0,2305	0,0801

5. Segment reporting

The Group has two main segments: Fixed line and GSM. Fixed line services are provided by Türk Telekom, TTNNet, Argela, Innova, Sebit, Sobee, AssisTT and TTINT Group whereas GSM service is provided by Avea and Fleksus. Group management assesses segment performance over earnings before interest, tax, depreciation and amortization ("EBITDA"). EBITDA is calculated by adjusting the operating income by i) adding income/expense from investing activities, depreciation, amortization and impairment expenses and ii) deducting exchange gains/losses, interest and rediscount income/expenses on current accounts presented in other operating income and expense. Group management uses EBITDA as it is comparable with other companies in the sector. As Group management does not monitor Group's performance over geographical segments, geographical segment reporting is not presented. The segment results, balance sheet items are presented below:

(Convenience translation of a report and financial statements originally issued in Turkish (See Note 2.1))

Türk Telekomünikasyon Anonim Şirketi and Its Subsidiaries

**Notes to the interim condensed consolidated financial statements
for the period ended 30 June 2014 (continued)**

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

5. Segment reporting (continued)

	Fixed line		Mobile		Intra-group eliminations		Consolidated	
	1 January - 30 June 2014	1 January - 30 June 2013	1 January - 30 June 2014	1 January - 30 June 2013	1 January - 30 June 2014	1 January - 30 June 2013	1 January - 30 June 2014	1 January - 30 June 2013
Revenue								
Domestic PSTN	1.538.409	1.732.594	-	-	-	-	1.538.409	1.732.594
ADSL	1.794.056	1.668.224	-	-	-	-	1.794.056	1.668.224
GSM	-	-	2.012.975	1.922.048	-	-	2.012.975	1.922.048
IFRIC12 revenue	48.142	172.965	-	-	-	-	48.142	172.965
Data service and leased line revenue	571.756	499.835	-	-	-	-	571.756	499.835
International revenue	254.877	226.336	-	-	-	-	254.877	226.336
Domestic interconnection revenue	183.463	171.382	-	-	-	-	183.463	171.382
Rental income from GSM operators	41.104	40.473	-	-	-	-	41.104	40.473
Other	270.526	236.606	-	-	-	-	270.526	236.606
Eliminations	-	-	-	-	(220.978)	(197.736)	(220.978)	(197.736)
Total revenue	4.702.333	4.748.415	2.012.975	1.922.048	(220.978)	(197.736)	6.494.330	6.472.727
Cost of sales and operating expenses (excluding depreciation and amortization)	(2.656.671)	(2.649.761)	(1.755.993)	(1.684.294)	218.522	199.815	(4.194.142)	(4.134.240)
Other income/(expense) and income/(expense) from investing activities	163.755	92.115	6.677	9.231	(637)	197	169.795	101.543
Depreciation and amortization	(556.595)	(532.364)	(388.687)	(349.235)	(957)	978	(946.239)	(880.621)
EBITDA	2.197.748	2.162.523	257.894	238.516	(3.088)	2.276	2.452.554	2.403.315
Doubtful receivable provision expense	(38.922)	(40.306)	(41.329)	(38.829)	-	-	(80.251)	(79.135)
Capital expenditure (*)	358.176	550.676	216.358	173.490	2.289	1.531	576.823	725.697
Contribution to the consolidated revenue (**)	4.529.097	4.598.031	1.965.233	1.874.696	-	-	6.494.330	6.472.727
Contribution to the consolidated EBITDA (***)	2.081.908	2.066.841	370.646	336.474	-	-	2.452.554	2.403.315

(Convenience translation of a report and financial statements originally issued in Turkish (See Note 2.1))

Türk Telekomünikasyon Anonim Şirketi and Its Subsidiaries

Notes to the interim condensed consolidated financial statements

for the period ended 30 June 2014 (continued)

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

5. Segment reporting (continued)

	Fixed line		Mobile		Intra-group eliminations		Consolidated	
	1 April - 30 June 2014	1 April - 30 June 2013	1 April - 30 June 2014	1 April - 30 June 2013	1 April - 30 June 2014	1 April - 30 June 2013	1 April - 30 June 2014	1 April - 30 June 2013
Revenue								
Domestic PSTN	762.812	849.295	-	-	-	-	762.812	849.295
ADSL	896.579	838.342	-	-	-	-	896.579	838.342
GSM	-	-	1.055.892	1.004.947	-	-	1.055.892	1.004.947
IFRIC12 revenue	38.610	132.977	-	-	-	-	38.610	132.977
Data service and leased line revenue	285.886	255.481	-	-	-	-	285.886	255.481
International interconnection revenue	121.682	113.533	-	-	-	-	121.682	113.533
Domestic interconnection revenue	96.053	93.705	-	-	-	-	96.053	93.705
Rental income from GSM operators	21.400	20.378	-	-	-	-	21.400	20.378
Other	133.420	137.738	-	-	-	-	133.420	137.738
Eliminations	-	-	-	-	(112.711)	(103.287)	(112.711)	(103.287)
Total revenue	2.356.442	2.441.449	1.055.892	1.004.947	(112.711)	(103.287)	3.299.623	3.343.109
Cost of sales and operating expenses (excluding depreciation and amortization)	(1.300.118)	(1.364.892)	(906.904)	(875.597)	110.990	103.784	(2.096.032)	(2.136.705)
Other income / (expense), income/ (expense) from investing activities	51.803	56.265	5.536	3.088	199	305	57.538	59.658
Depreciation and amortization	(274.392)	(266.249)	(195.685)	(175.346)	498	444	(469.579)	(441.151)
EBITDA	1.104.985	1.121.879	149.244	129.348	(1.523)	787	1.252.706	1.252.014
Doubtful receivable provision expense	(26.977)	(20.470)	(23.701)	(17.822)	-	-	(50.678)	(38.292)
Capital expenditure (*)	206.167	359.991	91.994	112.872	(493)	(1.622)	297.668	471.241
Contribution to the consolidated revenue (**)	2.266.890	2.364.416	1.032.733	978.694	-	-	3.299.623	3.343.109
Contribution to the consolidated EBITDA (***)	1.044.092	1.074.069	208.614	177.945	-	-	1.252.706	1.252.014

(*) Capital expenditures do not include TL 5.538 (2013 – TL 19.899) amounted profit margin which is capitalized on intangible assets that are accounted within the scope of TFRS Interpretation 12.

(**) “Contribution to the consolidated revenue” represents operating segments’ revenues from companies other than those included in the interim condensed consolidated financial statements. Group management still monitors financial performance of the segments based on their separate TFRS financial statements and because of this there is no change at the segment information disclosed. However, contribution of operating segments on the Group’s revenue is presented to give additional information to the readers of the financial statements.

(***) “Contribution to the consolidated EBITDA” represents operating segments’ EBITDA arose from transactions with companies other than those included in the interim condensed consolidated financial statements. Group management still monitors financial performance of the segments based on their separate TFRS financial statements and because of this there is no change at the segment information disclosed. However, contribution of operating segments on the Group’s revenue is presented to give additional information to the readers of the financial statements

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5. Segment reporting (continued)

	Six months period ended 30 June 2014	Three months period ended 30 June 2014	Six months period ended 30 June 2013	Three months period ended 30 June 2013
Fixed line segment EBITDA	2.197.748	1.104.985	2.162.523	1.121.879
GSM segment EBITDA	257.894	149.244	238.516	129.348
Inter-segment eliminations	(3.088)	(1.523)	2.276	787
Consolidated EBITDA	2.452.554	1.252.706	2.403.315	1.252.014
Foreign exchange gains, interest income, discount income on current accounts presented under other operating income	112.771	60.852	112.476	64.207
Foreign exchange losses, interest expense, discount expense on current accounts presented under other operating expense	(95.342)	(52.429)	(75.761)	(50.159)
Financial income	1.035.208	598.455	259.189	95.774
Financial expenses (-)	(1.052.173)	(360.882)	(775.113)	(554.718)
Depreciation, amortisation and impairment	(946.239)	(469.579)	(880.621)	(441.151)
Consolidated profit before tax	1.506.779	1.029.123	1.043.485	365.967

30 June 2014	Fixed Line	Mobile	Eliminations	Other unallocated amounts (*)	Consolidated
Total segment assets	15.777.688	5.286.230	(2.254.004)	-	18.809.914
Total segment liabilities	(12.114.658)	(2.973.866)	2.254.608	(509.798)	(13.343.714)

31 December 2013	Fixed Line	Mobile	Eliminations	Other unallocated amounts (*)	Consolidated
Total segment assets	14.788.426	5.422.895	(1.966.806)	-	18.244.515
Total segment liabilities	(11.521.606)	(2.882.688)	1.971.334	(483.946)	(12.916.906)

(*) Includes minority put option liability amounting to TL 509.798 (31 December 2013 – TL 483.946).

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6. Cash and cash equivalents

	30 June 2014	31 December 2013
Cash on hand	689	854
Cash at banks– Demand Deposit	354.021	385.302
Cash at banks– Time Deposit	1.474.110	667.877
Other	10.275	9.678
	1.839.095	1.063.711

As of 30 June 2014, time deposits are all short-term, maturing within one month and denominated in both foreign currencies and TL. The interest rates are between 5,00% -11,15% for TL deposits, between 0,75% -2,80% for US Dollar deposits and between 0,45% - 2,50% for Euro deposits. (31 December 2013 – for TL deposits between 3,75% and 9,75% for TL deposits, for US Dollar deposits between 0,35% and 3,25% and for Euro deposits between 0,75% and 3,25%).

As of 30 June 2014, TL 42.875 (30 June 2014 - TL 84.073) of 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 income statement as per agreement between parties (Note 9 and Note 13). These time deposits are restricted and can only be used for payments related to TAFICS projects.

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

	30 June 2014	31 December 2013
Cash and cash equivalents	1.839.095	973.153
Less: restricted amounts		
- Collection protocols	(261.834)	(287.937)
- TAFICS projects	(42.875)	(84.073)
- Restricted deposit in relation to bank borrowings	-	(52.310)
- ATM collection	(3.457)	(8.503)
- Other	(422)	(11.047)
Unrestricted cash	1.530.507	529.283

As of 30 June 2014, demand deposits amounting to TL 261.834 (30 June 2013 - TL 287.937) is 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. As of 30 June 2014, there is no restricted deposit amount in relation to bank borrowings. As of 30 June 2013, all of restricted deposits in relation to bank borrowings consist of blocked time deposits related to Avea’s bank borrowing. An additional amount of TL 3.457 arising from collections through automated teller machine (“ATM”) is not available for use at 30 June 2014 (30 June 2013 - TL 8.503).

As of 30 June 2014, the Group has EUR 100.000 (31 December 2013 – EUR 109.424) and US Dollar 424.038 (31 December 2013 – US Dollar 711.365) amounted credit facility which have been committed banks and not utilized yet, having maturity dates 21 August 2014 and 29 April 2016.

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7. Due from and due to related parties - net

All intra-group transactions and balances including intra-group unrealized profits and losses are eliminated for consolidation purposes and are not disclosed in this note.

Institutions under state control are defined as related parties due to 30% ownership and the golden share of the Treasury. State controlled entities are defined as related parties but in accordance with the exemption given from the TMS 24 disclosure requirements, state controlled entities are excluded from general reporting requirements.

Details of balances and transactions between the Group and other related parties as at 30 June 2014 and 31 December 2013 are disclosed below:

	30 June 2014	31 December 2013
Due from related parties		
Parent company		
Saudi Telecom Company ("STC") (2)	47.634	34.260
Oger Telecom	-	-
Other related parties		
Oger Telekom Yönetim Hizmetleri Limited Şirketi ("OTYH") (1)	2	189
Cell C Ltd. (1)	-	304
Oger Systems Company Ltd. (1)	820	978
Other	-	196
	48.456	35.927
Due to related parties		
Parent company		
STC (2)	1.928	1.656
Other related parties		
OTYH (1)	6.582	8.012
Oger Systems Company Ltd. (1)	19	213
Oger Telecom Ltd.	234	-
	8.763	9.881

(1) a subsidiary of Oger Telecom

(2) shareholder of Oger Telecom

Transactions with shareholders:

During the period ended 30 June 2014, the Company made dividend payment to the Treasury amounting to gross TL 288.966 (30 June 2013 –TL 764.535). The dividend payment to OTAŞ amounts to gross TL 501.672 (30 June 2013 – TL 1.327.304).

Avea is required under the terms of the Avea Concession Agreement, to pay 15% share to the Treasury (the Treasury Share) of its monthly gross revenue. Besides, the Company and its other subsidiaries that are operating in the telecommunications sector, are required to pay universal service fund at 1% of revenues and ICTA share at 0,35% of revenues to the Ministry of Transport, Maritime Affairs and Communications under the law Global Service Act numbered 5369.

As of 30 June 2014, unpaid portion of Treasury Share, universal service fund and ICTA share are recorded under other short term liabilities and these expenses are accounted at cost of sales account.

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7. Due from and due to related parties - net (continued)

Transactions with other related parties:

Postage services are rendered by PTT for the Group. Besides, PTT collects Türk Telekom's and TNet's invoices and in return for these services collection commissions are paid to PTT.

Operational lease payment made to PTT by the Group as part of the lease agreement amounts to TL 34.114 and 1 April – 30 June 2014 TL 17.057 (30 June 2013– TL 30.811, 1 April – 30 June 2014 TL 15.406).

The Group renders and receives international traffic carriage services and data line rent services to and from STC. Total revenues and expenses incurred in relation to these services amounted to TL 16.807 and TL 339, respectively, as of 30 June 2014 and 9.174 and TL 90, respectively, as of 1 April – 30 June 2014 (30 June 2013 – TL 16.429 revenues and TL 574 expenses, 1 April – 30 June 2013 – TL 7.963 revenues and TL 325 expenses).

Compensation of key management personnel

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

	1 January - 30 June 2014	1 April - 30 June 2014	1 January - 30 June 2013	1 April - 30 June 2013
Short-term benefits	65.797	38.051	42.560	31.100
Long-term defined benefit plans	969	507	1.290	743
	66.766	38.558	43.850	31.843

Furthermore, OTMSC charged to the Company a management fee amounting to TL 12.940 for the period ended 30 June 2014 (30 June 2013 – TL 11.201), based on the contract between OTMSC and the Company. OTMSC's ultimate shareholder is Saudi Oger. Significant portion of this payment represents salaries of key management personnel. The contract has been renewed on 15 April 2012 for an annual charge of USD 12.000 (prior contract value: USD 8.500) for three years.

Guarantees provided to related parties:

The Group guaranteed EUR 8.000 to support financing of Cetel.

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8. Financial liabilities– Net**Bank borrowings**

Bank borrowings and financial lease obligations used by the Group during the period ended 30 June 2014 amounts to TL 2.275.584 (30 June 2013 – TL 5.368.946).

The total principal repayment of bank borrowings and bills, bonds and notes issued with and financial leases during the period ended 30 June 2014 amounts to TL 3.608.678 (30 June 2013 – TL 3.453.315).

	30 June 2014			31 December 2013		
	Weighted average nominal interest rate (%)	Original amount	TL equivalent	Weighted average nominal interest rate (%)	Original amount	TL equivalent
Short-term borrowings:						
TL bank borrowings with fixed interest rates	2,90	353.214	353.214	3,63	54.573	54.573
Interest accruals:						
TL bank borrowings with fixed interest rates		2.001	2.001		556	556
Short-term borrowings			355.215			55.129
Short-term portion of long-term bank borrowings:						
USD bank borrowings with fixed interest rates	3,08	61.601	130.804	3,10	61.404	131.055
USD bank borrowings with variable interest rates (*)	2,97	221.200	469.696	3,08	350.771	748.651
Euro bank borrowings with variable interest rates (**)	2,16	227.206	657.057	2,47	424.456	1.246.415
JPY bank borrowings with variable interest rates (***)	2,64	3.319.711	69.362	2,65	1.657.047	33.524
Interest accruals of long-term bank borrowings						
USD bank borrowings with fixed interest rates		1.060	2.251		943	2.013
USD bank borrowings with variable interest rates (*)		10.128	21.506		9.805	20.927
Euro bank borrowings with variable interest rates (**)		3.810	11.016		4.530	13.302
JPY bank borrowings with variable interest rates (***)		365	8		735	15
Short-term portion of long-term bank borrowings			1.361.700			2.195.902
Total short-term borrowings			1.716.915			2.251.031
Long-term borrowings:						
USD bank borrowings with fixed interest rates	3,08	222.710	472.902	3,10	231.545	494.187
USD bank borrowings with variable interest rates (*)	2,97	1.446.004	3.070.445	3,08	1.487.391	3.174.539
Euro bank borrowings with variable interest rates (**)	2,16	583.404	1.687.146	2,47	789.909	2.319.575
JPY bank borrowings with variable interest rates (***)	2,64	1.664.943	34.787	2,65	3.314.094	67.047
Total long-term borrowings			5.265.280			6.055.348
Total financial liabilities			6.982.195			8.306.379

(*) Libor + (varies between %0,80 – %3,40) spread

(**) Euribor + (varies between %0,25 – %3,25) spread

(***) JPY Libor + %2,5

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8. Financial liabilities - Net (continued)

Bank borrowings (continued)

The contractual maturities of financial liabilities in equivalent of TL are as follows:

	30 June 2014					31 December 2013				
	Up to 3 moths	3 months to 1 year	1 year to 5 years	More than 5 years	Total	Up to 3 moths	3 months to 1 year	1 year to 5 years	More than 5 years	Total
TL bank borrowings with fixed interest rates	319.268	35.947	-	-	355.215	38.144	16.985	-	-	55.129
USD bank borrowings with fixed interest rates	5.784	127.271	423.502	49.400	605.957	5.926	127.142	452.601	41.586	627.255
USD bank borrowings with variable interest rates	180.143	311.059	2.247.103	823.342	3.561.647	325.372	444.206	2.338.038	836.501	3.944.117
Euro bank borrowings with variable interest rates	91.771	576.302	1.456.108	231.038	2.355.219	330.059	929.658	2.003.870	315.705	3.579.292
JPY bank borrowings with variable interest rates	34.725	34.645	34.787	-	104.157	15	33.524	67.047	-	100.586
	631.691	1.085.224	4.161.500	1.103.780	6.982.195	699.516	1.551.515	4.861.556	1.193.792	8.306.379

In terms of the loan utilized by TTINT amounting to Euro 46.000 on 10 May 2011, the Company provided company guarantee for the liabilities of TTINT Austria under contract.

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8. Financial liabilities - Net (continued)

Bills, bonds and notes issued

	30 June 2014			31 December 2013		
	Weighted average nominal interest rate (%)	Original amount	TL equivalent	Weighted average nominal interest rate (%)	Original amount	TL equivalent
Bills, bonds and notes issued:						
USD bank borrowings with fixed interest rates		1.319	2.801		-	-
Short-term bill bonds and notes issued			2.801			-
Long-term bills, bonds and notes issued:						
USD bank borrowings with fixed interest rates	4,52	990.337	2.102.883		-	-
Total long-term bill bonds and notes issued			2.102.883			-
Total financial liabilities			2.105.684			-

The sales process of the bond issuances with 10 year maturity, and 4.875% coupon rate based on 4.982% reoffer yield was completed on June 19th, 2014. The bonds are now quoted at Irish Stock Exchange.

The sales process of the bond issuances with 5 year maturity, and 3.75% coupon rate based on 3.836% reoffer yield was completed on June 19th, 2014. The bonds are now quoted at Irish Stock Exchange.

As of 30 June 2014, maturity period of accrued interests of the short term bonds amounting to TL 2.801 is less than 6 months. Maturity period of long term bonds amounting to TL 2.102.883 is 5 years and more.

Bills, bonds and notes issued by the Group during the period ended 30 June 2014 amounts to TL 2.130.293 (30 June 2013 – none).

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9. Trade receivables and payables from third parties

a) Trade receivables

	30 June 2014	31 December 2013
Short-term		
Trade receivables	4.297.322	4.010.689
Other trade receivables	101.418	68.757
Income accruals	447.633	545.468
Allowance for doubtful receivables (-)	(1.612.878)	(1.533.308)
Total short-term trade receivables	3.233.495	3.091.606
Long-term		
Trade receivables	42.209	34.275
Total long-term trade receivables	42.209	34.275

Average maturity of short term trade receivables is 30 days (2013 - 30 days).

The movement of the allowance for doubtful receivables is as follows:

	1 January 2014 - 30 June 2014	1 January 2013 - 30 June 2013
At January 1	(1.532.987)	(1.398.234)
Provision for the year	(164.063)	(165.849)
Reversal of provision - collections	83.607	86.134
Write off of doubtful receivables	525	195
Change in currency translation differences	40	(89)
At 30 June	(1.612.878)	(1.477.844)

The Company waits up to 90 days before initiating legal action for overdue receivables. Based on its previous collection performance from overdue receivables, the Company expects to make significant collection from its overdue receivables. As of 30 June 2014 and 31 December 2013 the analysis of trade receivables that were past due but not impaired is as follows:

	Past due but not impaired							
	Total	Neither past due nor impaired	< 30 days	30-60 days	60-90 days	90-120 days	120-360 days	>360 days
30 June 2014	3.275.704	2.205.607	297.431	147.277	93.792	90.855	182.375	258.367
31 December 2013	3.125.881	2.048.236	201.826	211.024	105.557	77.995	199.192	282.051

Receivables guaranteed of the Group are amounting to TL 28.236 (31 December 2013 – TL 22.760)

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9. Trade receivables and payables from third parties (continued)

b) Trade payables

	30 June 2014	31 December 2013
Short-term		
Trade payables	711.292	1.406.103
Expense accruals	459.410	318.401
Other trade payables	8.018	13.244
Total short-term trade payables	1.178.720	1.737.748

Trade payables amounting to TL 730 as at 30 June 2014 (31 December 2013 – TL 16.480) represent payable to suppliers due to TAFICS projects (Note 6).

The average term of trade payables is between 30 and 90 days (31 December 2013 – 30 and 90 days).

10. Tangible, intangible assets , investment property and non-current assets held for sale

The amount of tangible and intangible assets purchased during the six month period ended 30 June 2014 is TL 576.823 (30 June 2013 – TL 725.697).

Net book value of tangible and intangible assets sold during the six month period ended 30 June 2014 amounted to TL 32.232 (30 June 2013 – TL 14.608).

As of 30 June 2014, based on the decision of Board of Directors to sell 105 different real estates, these assets were classified as held for sale (30 June 2014 – TL 36.353, 31 December 2013 – 46.747). The assets are measured at the lower of their carrying value and fair value less costs to sell.

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11. Provisions for employee employee benefits

	30 June 2014	31 December 2013
Short term provisions for employee benefits		
Personnel bonus provision	66.466	829
	66.466	829
Long term provisions for employee benefits		
Unused vacation provision	72.414	64.378
	72.414	64.378

The movement of unused vacation provisions is stated below:

	1 January 2014 -30 June 2014	1 January 2013 - 30 June 2013
Provisions at 1 January	64.378	91.435
Settled provisions	(1.903)	(11.479)
Provision for the period	32.605	23.373
Provisions used / reversed	(22.614)	(19.523)
Foreign currency translation difference	(52)	285
Provisions at 30 June	72.414	84.091

12. Employee termination benefits

In accordance with existing social legislation in Turkey, companies are required to make lump-sum payments to employees whose employment has ended due to retirement or for reasons other than resignation or misconduct. The liability is not funded and accordingly there are no plan assets for the defined benefits as there is no funding requirement.

The retirement pay liability as at 30 June 2014 is subject to a ceiling of full TL 3.438,22 (31 December 2013 – full TL 3.254,44) per monthly salary for each service year.

- i) Reconciliation of opening and closing balances of defined benefit obligation:

	1 January - 30 June 2014	1 January - 30 June 2013
Defined benefit obligation at January 1	585.394	749.489
Current service cost	27.049	25.713
Interest cost	26.552	24.904
Actuarial loss (*)	25.307	30.478
Benefits paid by the group	(10.000)	(223.921)
Foreign currency translation difference	(103)	(19)
Liabilities as at 30 June	654.199	606.644

- (*) For the six month period ended as at 30 June 2014, actuarial loss amounting to TL 25.307 (30 June 2013 – 30.478) is recognized in other comprehensive income.

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12. Employee termination benefits (continued)

ii) Total expense recognized in the consolidated statement of income:

	1 January - 30 June 2014	1 January - 30 June 2013
Current service cost	27.049	25.713
Interest cost	26.552	24.904
Total net cost recognized in the consolidated statement of income	53.601	50.617

iii) Principal actuarial assumptions used:

	30 June 2014	30 June 2013
Discount rate	%9.0	%8.5
Expected rate of ceiling increases	%5.5	%5.0

The voluntary withdrawal rate for the next years for the Group's remaining employees based on their age – group is estimated to change between 0,61% and 6,87% (2013 – average 0,62% ile 7,06%).

13. Other assets, liabilities and employee benefit obligations

a) Other current assets

	30 June 2014	31 December 2013
Intermediary services for collection (1)	71.333	86.350
Advances given (2)	28.368	41.896
Value Added Tax "VAT" and Special Communications Tax "SCT" receivable	11.668	29.228
Other current assets	3.301	6.829
	114.670	164.303

- 1) Intermediary services and sales for collection consist of advances given by Avea to its distributors.
- 2) Advances given mostly consist of advances given to suppliers.

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13. Other assets, liabilities and employee benefit obligations (continued)

b) Other non-current assets

	30 June 2014	31 December 2013
Intermediary services for collection (1)	15.759	18.858
Other non-current assets	1	2
	15.760	18.860

- 1) Intermediary services and sales for collection consist of advances given by Avea to its distributors.

c) Other current liabilities

	30 June 2014	31 December 2013
Advances received (1)	40.666	40.727
Other liabilities	7.101	13.816
	47.767	54.543

- 1) 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 supporting 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).

d) Employee benefit obligations

	30 June 2014	31 December 2013
Payables to personnel	13.730	21.568
Employee's income tax payables	32.260	42.714
Social security premiums payable	43.550	41.188
	89.540	105.470

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14. Minority put option liability

On 15 September 2006, the Company, İş Bank Group and other Avea shareholders signed an "Amendment Agreement" to the "Shareholder Agreement" and the "IPO and Put Agreement" originally dated 2004. In accordance with the Amendment Agreement, the Company grants a put option to İş Bank Group on the shares of Avea owned by İş Bank Group. The put option is exercisable under the following conditions:

- a) If an IPO for Avea does not take place before 1 January 2011, then starting from 1 January 2011 until 31 December 2014 ("First Period") İş Bank Group at any time during the First Period shall have the right to demand that the Company initiate and execute an IPO to be concluded within nine months starting from the date of the demand. However, the Company may decide, within thirty days following the date of the demand for IPO, to postpone the IPO until the end of the First Period.
- b) If an IPO does not take place by the end of the "First Period" then starting from 1 January 2015 until 31 December 2015, İş Bank Group shall have the right to demand that the Company initiate and execute an IPO.
- c) Within one month following the execution of an IPO, via any of the methods described above and regardless of the timing of the IPO, İş Bank Group shall have the right to sell to the Company all of their outstanding shares in Avea at a price equal to the IPO price less a five percent discount.

While determining fair value of minority put option liability as of 30 June 2014, it had been assumed that İş Bankası Group would exercise its option on 1 January 2015. The Company has estimated a value based on discounted cash flows after 31 December 2014. The value determined as at 1 January 2015 is then discounted back to 30 June 2014. The fair value of the put option liability as at 30 June 2014 amounts to TL 509.798 (31 December 2013 – TL 483.946). In accordance with Group's accounting policies, the change between fair values of minority put option liabilities as of 30 June 2014 and 31 December 2013 has been accounted in other reserves under equity.

In order to reflect the minority put option liability in the interim condensed consolidated financial statements, the non-controlling interest (after carrying amount was adjusted for current period result) as at 30 June 2014, amounting to negative TL 228.346 (31 December 2013 – negative TL 251.138), has been reclassified from equity to "minority put option liability" under long-term liabilities after appropriation of profit / loss to the non-controlling interest for the period. The fair value of minority put option liability, has been determined as TL 509.798 (31 December 2013 - TL 483.946), and the difference of TL 281.452 (31 December 2013 - TL 232.808) is reflected in equity as "minority put option liability reserve", based on the Group's accounting policy for the acquisition of non-controlling interest.

The fair value of the minority put option liability has been estimated based on multiple approaches including discounted cash flows after 31 December 2014. The enterprise value used as a base for the put option fair value determination has been calculated by using cash flow projections from the business plan of Avea covering a five-year plan. WACC used for the discount of cash flows are 14,68% and 15,59% for taxable and non-taxable periods, respectively. The valuation is tested at a sensitivity of +2% / -2%. The value in use projections are based on a discounted cash flow "DCF" study implemented until 2029. The average of the values determined as of 1 January 2015 is then discounted back to 30 June 2014.

Türk Telekomünikasyon Anonim Şirketi and Its Subsidiaries

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15. Commitments and contingencies

Guarantees received and given by the Group are summarized below:

		30 June 2014		31 December 2013	
		Original currency	TL	Original currency	TL
Guarantees received	USD	197.003	418.316	216.791	462.697
	TL	692.270	692.270	703.026	703.026
	Euro	92.594	267.773	100.158	294.114
	Sterling	8	29	8	28
		1.378.388		1.459.865	
Guarantees given (*)	USD	160.364	340.517	164.232	350.520
	TL	203.316	203.316	144.141	144.141
	Euro	19.888	57.514	19.822	58.207
	Other	139	83	41	27
Total		601.430		552.895	

(*) US Dollar 151.500 of the amount (2013 – US Dollar 151.500) is related with the guarantee provided to the ICTA by Avea with respect to the Avea Concession Agreement and Euro 12.840 is related with the guarantee provided for 3G (2013 – Euro 12.840) license.

The Company's guarantee, pledge and mortgage (GPM) position as at 30 June 2014 and 31 December 2013 is as follows:

GPMs given by the Company	30 June 2014	31 December 2013
A.GPMs given on behalf of the Company's legal personality	601.228	552.696
B.GPMs given in favor of subsidiaries included in full consolidation	134.095	136.160
C.GPMs given by the Company for the liabilities of 3rd parties in order to run ordinary course of business (*)	502.382	279.546
D.Other GPMs	23.135	23.492
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	23.135	23.492
iii. GPMs given in favor of third party companies not in the scope of C above	-	-
Total	1.260.840	991.894

GPMs given by the Group as at 30 June 2014 are equivalent to 0,42% of the Company's equity (31 December 2013 – 0,43%).

Based on law 128/1 of Turkish Code of Obligations, Avea has given guarantees to distributors amounting to TL 502.382 for the financial obligation that would arise during the purchase of devices that will be sold as commitment sales by Avea (31 December 2013 – TL 279.546).

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15. Commitments and contingencies (continued)

Other commitments

The Group has purchase commitments for sponsorships and advertising services at the amount of 39.650 US Dollar, 1.235 Euro and TL 3.279 equivalent to TL 91.043 as at 30 June 2014 (31 December 2013 – TL 136.656). Payments for these commitments will be completed in a 6-year period.

The Group has purchase commitments for capex purchases amounting to 42.907 US Dollar, 9.206 Euro, 23 GBP, 2 CHF and TL 388.236, equivalent to TL 506.054 as at 30 June 2014 (31 December 2013 – TL 305.836).

Legal proceedings of Türk Telekom

From time to time the Group has been, and expects to continue to be, subject to legal proceedings and claims arising in the ordinary course of its business.

Disputes between Türk Telekom and Turkcell İletişim Hizmetleri A.Ş (“Turkcell”)

The Company and Turkcell have disputes over international interconnection and leased line rates charged by the Company. Based on the assessments of the Company management and its legal counsel, as of and for the period ended 30 June 2014, total provision in relation to these litigations for principal and interest amounted to TL 89.766 as of 30 June 2014 (31 December 2013 – TL 83.501).

Disputes between the Company and its former personnel

In the scope of the ongoing restructuring of the personnel organization of the Company in order to achieve the number of personnel identified, the contracts of the employees who are entitled for pension and who are regarded as a surplus to the Company have been terminated based on the Board of Directors Decision. Accordingly, certain part of those employees has filed re-employment lawsuits against the Company. Most of the courts decided against the Company while the remaining cases are still ongoing. Provision amounting to TL 10.631 has been provided as of 30 June 2014 for the ongoing cases (31 December 2013 – TL 6.566).

Disputes between the Company and Metropolitan Municipality

Total amount filed against the Company by Metropolitan Municipality as contribution to the infrastructure investment and municipality share is TL 17.806. A cumulative provision amounting to TL 53.015 including the nominal amount and legal interest charges has been recognised as at 30 June 2014 (31 December 2013 – TL 52.236).

Disputes between the Group and the ICTA

The Company has filed various lawsuits against ICTA. These lawsuits are related with the sector-specific and tariff legislations and legislations with respect to the other operators in the market. The sector-specific disputes generally stem from the objections with respect to the provisions of interconnection legislation, legislation with respect to telecommunication services and infrastructure. As of 30 June 2014 TL 42.218 provision provided for ICTA penalties (31 December 2013 - TL 59.364).

Other issues

Provision has been provided in the interim condensed consolidated financial statements for the probable court cases against the Group based on the lawyers' assessments. The provision for such court cases is amounting to TL 52.791 as at 30 June 2014 (31 December 2013 – TL 32.271). For the rest of the cases, Group lawyers commented that the grounds for those cases are not reasonable and should be appealed. Therefore, no provision has been provided for these cases.

(Convenience translation of a report and financial statements originally issued in Turkish (See Note 2.1))

Türk Telekomünikasyon Anonim Şirketi and Its Subsidiaries

**Notes to the interim condensed consolidated financial statements
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(Currency - in Thousands of Turkish Lira (TL) unless otherwise indicated. All other currencies are also expressed in thousands)

16. Financial risk management objectives and policies

Foreign currency risk

	30 June 2014						31 December 2013					
	TL Equivalent	US Dollar	Euro	JPY	GBP	Other	TL equivalent	USD	Euro	JPY	GBP	Other
1. Trade receivables	251.091	67.703	37.115	-	-	-	329.205	65.864	63.986	-	-	1.293
2a. Monetary financial assets (Cash and banks accounts included)	623.260	288.700	3.532	-	6	-	296.736	19.294	87.018	556	5	-
2b. Non-monetary financial assets	-	-	-	-	-	-	-	-	-	-	-	-
3. Other	50.735	529	17.155	-	-	-	52.969	1.066	17.264	-	-	-
4. Current assets (1+2+3)	925.086	356.931	57.802	-	6	-	678.910	86.224	168.268	556	5	1.293
5. Trade receivables	149	70	8	-	-	-	-	-	53	-	-	-
6a. Monetary financial assets	13.576	3.361	2.226	-	-	-	64.598	27.620	1.912	1.691	-	-
6b. Non-monetary financial assets	-	-	-	-	-	-	-	-	-	-	-	-
7. Other	365	1	126	-	-	-	938	213	165	-	-	-
8. Non-current assets (5+6+7)	14.090	3.432	2.360	-	-	-	65.536	27.833	2.130	1.691	-	-
9. Total assets (4+8)	939.176	360.363	60.162	-	6	-	744.446	114.057	170.398	2.247	5	1.293
10. Trade payables	263.794	85.796	27.999	-	178	2	619.533	213.203	55.948	-	63	7
11. Financial liabilities	1.349.675	296.151	225.270	3.320.076	-	-	2.188.106	427.448	423.043	1.657.782	-	-
12a. Monetary other liabilities	60.259	8.321	14.728	-	-	-	45.427	5.930	11.160	-	-	-
12b. Non-monetary other liabilities	1.077	194	230	-	-	-	-	-	-	-	-	-
13. Short-term liabilities (10+11+12)	1.674.805	390.462	268.227	3.320.076	178	2	2.853.066	646.581	490.151	1.657.782	63	7
14. Trade payables	-	-	-	-	-	-	-	-	-	-	-	-
15. Financial liabilities	7.322.766	2.663.724	564.275	1.664.943	-	-	6.003.327	1.727.072	766.283	3.314.094	-	-
16 a. Monetary other liabilities	85.761	-	29.656	-	-	-	90.428	31	30.772	-	-	-
16 b. Non-monetary other liabilities	-	-	-	-	-	-	-	-	-	-	-	-
17. Long-term liabilities (14+15+16)	7.408.527	2.663.724	593.931	1.664.943	-	-	6.093.755	1.727.103	797.055	3.314.094	-	-
18. Total liabilities (13+17)	9.083.332	3.054.186	862.158	4.985.019	178	2	8.946.821	2.373.684	1.287.206	4.971.876	63	7
19. Net asset/(liability) position of off balance sheet derivative instruments (19a-19b)	104.157	-	-	4.985.019	-	-	101.155	-	-	5.000.000	-	-
19a. Total asset amount hedged	-	-	-	-	-	-	-	-	-	-	-	-
19b. Total liability amount hedged	(104.157)	-	-	(4.985.019)	-	-	(101.155)	-	-	(5.000.000)	-	-
20. Net foreign currency asset/(liability) position (9-18+19)	(8.039.999)	(2.693.823)	(801.996)	-	(172)	(2)	(8.101.220)	(2.259.627)	(1.116.808)	30.371	(58)	1.286
21. Net asset/(liability) position of foreign currency monetary items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	(8.194.179)	(2.694.158)	(819.047)	(4.985.019)	(172)	(2)	(8.256.282)	(2.260.906)	(1.134.237)	(4.969.629)	(58)	1.286
22. Fair value of FX swap financial instruments	-	-	-	-	-	-	-	-	-	-	-	-
23. Hedged amount of foreign currency assets	-	-	-	-	-	-	-	-	-	-	-	-
24. Hedged amount of foreign currency liabilities	(104.157)	-	(4.985.019)	-	-	-	(100.586)	-	(5.000.000)	-	-	-

Türk Telekomünikasyon Anonim Şirketi and Its Subsidiaries**Notes to the interim condensed consolidated financial statements
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(Currency - in Thousands of Turkish Lira (TL) unless otherwise indicated. All other currencies are also expressed in thousands)

16. Financial risk management objectives and policies (continued)**Foreign currency risk**

The following table demonstrates the sensitivity to a reasonably possible change in the US Dollar, Euro and JPY exchange rate, with all other variables held constant, of the Group's net profit for the year (due to changes in the fair value of monetary assets and liabilities):

30 June 2014	Profit / Loss		Other comprehensive Income	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
Appreciation of USD against TL by 10%:				
1- USD net asset/liability	(572.419)	572.419	(1.110)	1.110
2- Hedged portion of USD risk (-)	-	-	-	-
3- USD net effect (1+2)	(572.419)	572.419	(1.110)	1.110
Appreciation of Euro against TL by 10%:				
4- Euro net asset/liability	(236.860)	236.860	(37.832)	37.832
5- Hedged portion of Euro risk (-)	-	-	-	-
6- Euro net effect (4+5)	(236.860)	236.860	(37.832)	37.832
Appreciation of JPY against TL by 10%:				
7- JPY net asset/liability	(10.416)	10.416	-	-
8- Hedged portion of JPY risk (-)	10.416	(10.416)	-	-
9- JPY net effect (7+8)	-	-	-	-
Appreciation of other foreign currencies against TL by 10%:				
10- Other foreign currency net asset/liability	(62)	62	-	-
11- Hedged portion of other foreign currency (-)	-	-	-	-
12- Other foreign currency net effect (10+11)	(62)	62	-	-
Total (3+6+9+12)	(809.341)	809.341	(38.942)	38.942
<hr/>				
31 December 2013	Profit / Loss		Other comprehensive Income	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
Appreciation of USD against TL by 10%:				
1- USD net asset/liability	(479.117)	479.117	(4.159)	4.159
2- Hedged portion of USD risk (-)	-	-	-	-
3- USD net effect (1+2)	(479.117)	479.117	(4.159)	4.159
Appreciation of Euro against TL by 10%:				
4- Euro net asset/liability	(333.069)	333.069	(13.231)	13.231
5- Hedged portion of Euro risk (-)	-	-	-	-
6- Euro net effect (4+5)	(333.069)	333.069	(13.231)	13.231
Appreciation of JPY against TL by 10%:				
7- JPY net asset/liability	(10.049)	10.049	(5)	-
8- Hedged portion of JPY risk (-)	10.049	(10.049)	5	-
9- JPY net effect (7+8)	-	-	-	-
Appreciation of other foreign currencies against TL by 10%:				
10- Other foreign currency net asset/liability	53	(53)	-	-
11- Hedged portion of other foreign currency (-)	-	-	-	-
12- Other foreign currency net effect (11+12)	53	(53)	-	-
Total (3+6+9)	(812.133)	812.133	(17.390)	17.390

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Notes to the interim condensed consolidated financial statements for the period ended 30 June 2014 (continued)

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16. Financial risk management objectives and policies (continued)

Explanation on the presentation of financial assets and liabilities at their fair values

The below table summarizes the carrying and fair values of financial asset and liabilities not presented at fair value in the Group's interim condensed consolidated financial statements.

Due to their short-term nature, the fair value of trade and other receivables represents their book value. The fair value of borrowings with fixed interests is obtained by calculating their discounted cash flows using the market interest rate effective at the reporting date. The fair value of foreign currency denominated borrowings with variable interests is obtained by discounting the projected cash flows using estimated market interest rates.

	Carrying amount		Fair value	
	Current Period	Prior Period	Current Period	Prior Period
Financial assets				
Cash and cash equivalents	1.839.095	1.063.711	1.839.095	1.063.711
Trade and other receivables (including related parties)	3.461.809	3.314.793	3.461.809	3.314.793
Other financial investments	11.840	11.840	(*)	(*)
Derivative financial liabilities	9.620	60.061	9.620	60.061
Financial liabilities				
Bank borrowings	6.982.195	8.306.379	6.982.195	8.305.998
Bills, bonds and notes issued	2.105.684	-	2.089.506	-
Financial leasing liabilities	22.171	27.129	22.171	27.129
Trade and other payables	1.234.781	1.814.615	1.234.781	1.814.615
Other financial liabilities	509.798	483.946	509.798	483.946
Derivative financial liabilities	15.078	24.665	15.078	24.665

(*) Group's share in Cetel is carried at cost. Information on fair value of share in Cetel is not available.

Fair value hierarchy table

The group classifies the fair value measurement of each class of financial instruments according to the source, using the three-level hierarchy, as follows:

Level 1: Market price valuation techniques for the determined financial instruments traded in markets (unadjusted)

Level 2: Other valuation techniques includes direct or indirect observable inputs

Level 3: Valuation techniques do not contain observable market inputs

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16. Financial risk management objectives and policies (continued)

Fair value hierarchy table (continued)

Fair value hierarchy table as at 30 June 2014 is as follows:

	Date of Valuation	Fair Value Measurement			
		Total	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial assets measured at fair value through profit or loss					
Derivative Financial Assets:					
Interest Rate Swaps - USD Dollar	30 June 2014	8.047	-	8.047	-
Commodity Derivative (Copper)	30 June 2014	1.573	-	1.573	-
Financial liabilities measured at fair value through profit or loss					
Derivative Financial Liabilities:					
Bills, bonds and notes issued	30 June 2014	2.105.684	2.105.684	-	-
Interest Rate Swaps - USD Dollar	30 June 2014	13.516	-	13.516	-
Foreign Exchange Forward Contracts- JPY	30 June 2014	1.562	-	1.562	-
Other Financial liabilities measured at fair value through profit or loss					
Minority Put Option Liability	30 June 2014	509.798	-	-	509.798

Descriptions of significant unobservable inputs to valuation:

	Valuation technique	Significant unobservable inputs	Range	Sensitivity of the input to fair value
Avea minority put option liability	Discounted cash flows method	Long-term revenue growth rate	%0,35 -% 3 decrease in revenue growth rate	Increasing/decreasing the decrease in the growth rate by 1%, increases/decreases the fair value by TL 101.491.
		WACC	14,7% - 15.6%	Increasing the WACC by 1%, decreases the fair value by TL 35.337, decreasing the WACC by 1%, increases the fair value by TL 38.278

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16. Financial risk management objectives and policies (continued)

Fair value hierarchy table (continued)

Fair value hierarchy table as at 31 December 2013 is as follows:

	Date of Valuation	Fair Value Measurement			
		Total	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial assets measured at fair value through profit or loss					
Derivative Financial Assets:					
Interest Rate Swaps - USD Dollar	31 December 2013	58.950	-	58.950	-
Foreign Exchange Forward Contracts– JPY	31 December 2013	1.111	-	1.111	-
Comodity Derivative (Copper)	31 December 2013	-	-	-	-
Financial liabilities measured at fair value through profit or loss					
Derivative Financial Liabilities:					
Interest Rate Swaps - USD Dollar	31 December 2013	13.303	-	13.303	-
Foreign Exchange Forward Contracts– JPY	31 December 2013	-	-	-	-
Comodity Derivative (Copper)	31 December 2013	11.363	-	11.363	-
Other Financial liabilities measured at fair value through profit or loss					
Minority Put Option Liability	31 December 2013	483.946	-	-	483.946

Capital management policies

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions.

To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or return capital to shareholders. No changes were made in the objectives, policies or processes during 2014 and 2013.

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17. Other financial investments and other financial liabilities

Cash flow hedges and derivative financial instruments

Interest rate swaps

The Company has also entered into an eight-part interest rate swap transactions between 11 April 2012 and 30 April 2012 with a maturity date on 21 March 2022 and a total notional amount of US Dollar 400.000. In addition, the Company has also entered into a four-part interest rate swap transactions between 8 April 2013 and 17 April 2013 with a maturity date on 21 August 2023 and a total notional amount of US Dollar 200.000.

The Company has also entered into an six-part interest rate swap transactions between 29 April -20 May 2014 with a maturity date on 19 June 2024 and a total notional amount of US Dollar 300.000. The Company has also entered into an five-part interest rate swap transactions between 15 - 16 May 2014 with a maturity date on 12 August 2024 and a total notional amount of US Dollar 150.000.

As of 30 June 2014 fair value of derivative transactions amounting to TL 13.516 (31 December 2013 – TL 1.536 current liabilities, TL 58.950 non-current asset) has been recognised under long term financial liabilities. Unrealised loss on these derivatives amounting to TL 70.930 (31 December 2013- TL 90.590 gain) has been recognised in other comprehensive income.

Company	Notional Amount (USD Dollar)	Trade Date	Maturity Date	Terms	Fair Value Amount as at 30 June 2014 (TL)
Türk Telekom	400.000	11 April 2012 – 30 April 2012	21 March 2022	Pay fixed rates between March 2022 and March 2014, and receive floating rates	(16.703)
Türk Telekom	200.000	8 April 2013 – 17 April 2013	21 August 2023	Pay fixed rates between 19 August 2015 and 21 August 2023, and receive floating rates	13.105
Türk Telekom	300.000	29 April 2012 – 20 May 2014	19 June 2024	Pay fixed rates between June 2016 and June 2024, and receive floating rates	(9.121)
Türk Telekom	150.000	15 – 16 May 2014	12 August 2024	Pay fixed rates between June 2016/August 2016 and June 2024/August 2024 due to use of interest rate option strategies, converting floating interest rate to the fixed interest rate within the interest rate interval	(797)
					(13.516)

Company	Notional Amount (USD Dollar)	Trade Date	Maturity Date	Terms	Fair Value Amount as at 31 December 2013 (TL)
Türk Telekom	400.000	11 April 2012 – 30 April 2012	19 March 2014	Pay fixed rates between March 2012 and March 2014, and receive floating rates	(1.536)
Türk Telekom	400.000	11 April 2012 – 30 April 2012	21 March 2022	Pay fixed rates between March 2014 and March 2022, and receive floating rates	22.356
Türk Telekom	200.000	8 April 2013 – 17 April 2013	21 August 2023	Pay fixed rates between 21 August 2015 and 21 August 2023, and receive floating rates	36.594
					57.414

(Convenience translation of a report and financial statements originally issued in Turkish (See Note 2.1))

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17. Other financial investments and other financial liabilities (continued)

Cash flow hedges and derivative financial instruments (continued)

The Company has also entered into nine-part JPY forward transactions at 11 November 2013 with a maturity date on 25 September 2015 with a total notional amount of JPY 5.000.000. As of 30 June 2014 fair value of derivative transactions amounting to TL 940 has been recognized under short term financial assets and TL 622 has been recognized under long term financial liabilities. (31 December 2013 – TL 275 current liabilities, TL 836 non-current liabilities.) Unrealized gain on these derivatives amounting to TL 2.673 has been recognized in consolidated statement of comprehensive income.

Company	Notional Amount (JPY)	Trade Date	Maturity Date	Terms	Fair Value Amount as at 30 June 2014 (TL)
Türk Telekom	3.333.333	11 October 2013	26 September 2014 – 27 March 2015	Buy JPY at September 2014 and sell TL	(940)
Türk Telekom	1.666.667	11 October 2013	25 September 2015	Buy JPY at March-September 2015 and sell TL	(622)
					(1.562)

Company	Notional Amount (JPY)	Trade Date	Maturity Date	Terms	Fair Value Amount as at 31 December 2013 (TL)
Türk Telekom	1.666.667	11 October 2013	26 September 2014	Buy JPY at September 2014 and sell TL	275
Türk Telekom	3.333.333	11 October 2013	27 March - 25 September 2015	Buy JPY at March-September 2015 and sell TL	836
					1.111

Hedge of net investment in a foreign operation

The Company acquired a loan amounting to Euro 150.000 in order to hedge its net investment in a foreign operation with a Euro functional currency. Foreign exchange gain and/or loss resulting from the subsidiary's net investment portion of this loan is reclassified to reserve for hedge of net investment in a foreign operation under equity.

(Convenience translation of a report and financial statements originally issued in Turkish (See Note 2.1))

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17. Other financial investments and other financial liabilities (continued)

Other derivative instruments which are not designated as hedge

As of 30 June 2014 fair value of ineffective portion of the interest rate swap transactions and time value amounting to TL 8.047 (31 December 2013 – TL 11.766 liabilities.) has been recognised under long term financial assets. Unrealised loss on these derivatives amounting to TL 19.813 (31 December 2013- TL 14.922 loss) has been recognised in the consolidated statement of profit or loss.

Company	Notional Amount (USD Dollar)	Trade Date	Maturity Date	Terms	Fair Value Amount as at 30 June 2014 (TL)
Türk Telekom	400.000	11 April 2012 – 30 April 2012	21 March 2022	Pay the difference between floating rate and 6% if floating rate exceeds 6%, between March 2014 and March 2022, and receive fixed premium (%0,24-0,27)	6.773
Türk Telekom	200.000	8 April 2013 – 17 April 2013	21 August 2023	Pay the difference between floating rate and 6% if floating rate exceeds 6%, between August 2015 and August 2023, and receive fixed premium (%0,24-0,27)	334
Türk Telekom	300.000	29 April – 20 May 2014	19 June 2024	Pay the difference between floating rate and 4% if floating rate exceeds 4%, between August 2016 and August 2021, and receive fixed premium (%0,44-0,575). Pay the difference between floating rate and 6% if floating rate exceeds 6%, between August 2021 and August 2024, and receive fixed premium (%0,39-0,45)	1.995
Türk Telekom	150.000	15 – 16 May 2014	12 August 2024	Pay the difference between floating rate and 6% if floating rate exceeds 6%, between August 2016 and August 2024, and receive fixed premium (%0,24-0,27)	(1.055)
					8.047

Company	Notional Amount (USD Dollar)	Trade Date	Maturity Date	Terms	Fair Value Amount as at 31 December 2013 (TL)
Türk Telekom	400.000	11 April 2012 – 30 April 2012	21 March 2022	Pay the difference between floating rate and 6% if floating rate exceeds 6%, between 19 March 2014 and 21 March 2022, and receive fixed premium (%0,24-0,27)	(4.693)
Türk Telekom	200.000	8 April 2013 – 17 April 2013	21 August 2023	Pay the difference between floating rate and 6% if floating rate exceeds 6%, between 21 August 2015 and 21 August 2023, and receive fixed premium (%0,24-0,27)	(7.073)
					(11.766)

(Convenience translation of a report and financial statements originally issued in Turkish (See Note 2.1))

Türk Telekomünikasyon Anonim Şirketi and Its Subsidiaries

Notes to the interim condensed consolidated financial statements for the period ended 30 June 2014 (continued)

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

17. Other financial investments and other financial liabilities (continued)

Other derivative instruments which are not designated as hedge (continued)

The Company has also entered into a third-part copper option transactions between 21 August and 27 November 2013 with a maturity date on 5 January 2015 and a total notional amount of 6.800 tonnes. (31.December.2013 – 12.800 tonnes) As of 30 June 2014 fair value of derivative transactions amounting to TL 1.573 has been recognised under short term financial assets. (31 December 2013 – TL 7.134 current liabilities, TL 4.229 non-current liabilities.) Unrealised loss on these derivatives amounting to TL 12.935 has been recognised in the consolidated statement of profit or loss.

Company	Notional Amount (tonnes)	Trade Date	Maturity Date	Terms	Fair Value Amount as at 30 June 2014 (TL)
Türk Telekom	6.800	21 August 2013- 27 November 2013	30 June 2014 – 5 January 2015	Pay floating price at June 2014 – January 2015 and receive fixed price.	1.573
					1.573

Company	Notional Amount (tonnes)	Trade Date	Maturity Date	Terms	Fair Value Amount as at 31 December 2013 (TL)
Türk Telekom	10.100	21 August 2013 - 19 November 2013	30 June 2014	Pay floating price at 30 June 2014 and receive fixed price.	(7.134)
Türk Telekom	2.700	19 November 2013 - 27 November 2013	1-5 January 2015	Pay floating price on January 2015 and receive fixed price.	(4.229)
					-
					(11.363)

18. Dividend

For the six months period ended 30 June 2014 the Group paid dividends in cash to the shareholders amounting to 912.131 from the remaining balance distributable profit for 2013 (a dividend of full kuruş 0,2606 per share)

For the six months period ended 30 June 2013 the Group paid dividends in cash to the shareholders amounting to 2.413.279 from the remaining balance distributable profit for 2012 (a dividend of full kuruş 0,6895 per share)

19. Subsequent events

None.