

TÜRK TELEKOMÜNİKASYON A.Ş. Financial Report Consolidated 2016 - 2. 3 Monthly Notification

General Information About Financial Statements

2016 2nd Quarter Financial Statements

Independent Audit Comment

Independent Audit Company	AKİS BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Audit Type	Continuous
Audit Result	Positive

Review Report on Interim Consolidated Financial Information

To the Board of Directors of Türk Telekomünikasyon Anonim Şirketi,

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Türk Telekomünikasyon Anonim Şirketi and its subsidiaries (the "Group") as at 30 June 2016, the condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six month period then ended. Management is responsible for the preparation and presentation of this consolidated interim financial information in accordance with Turkish Accounting Standards 34 *Interim Financial Reporting* ("TAS 34") issued by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibility is to express a conclusion on this consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with Standard on Review Engagements 2410, *"Review of Interim Financial Information Performed by the Independent Auditor of the Entity"*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information is not prepared, in all material respects, in accordance with TAS 34 *Interim Financial Reporting*.

Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.

A member of KPMG International Cooperative

Murat Alsan, SMMM

Partner

26 July 2016

İstanbul, TÜRKİYE

Statement of Financial Position (Balance Sheet)

Presentation Currency	1.000 TL
Nature of Financial Statements	Consolidated

	Footnote Reference	Current Period 30.06.2016	Previous Period 31.12.2015	Pre-Previous Period 31.12.2014
Statement of Financial Position (Balance Sheet)				
Assets [abstract]				
CURRENT ASSETS				
Cash and cash equivalents	6	3.214.293	2.837.786	
Trade Receivables		4.021.799	3.800.978	
Trade Receivables Due From Related Parties	8	13.228	6.504	
Trade Receivables Due From Unrelated Parties	9	4.008.571	3.794.474	
Other Receivables		130.859	83.144	
Other Receivables Due From Unrelated Parties		130.859	83.144	
Derivative Financial Assets	16	404.759	388.767	
Inventories		307.587	252.245	
Prepayments		472.129	286.791	
Current Tax Assets		26.291	50.468	
Other current assets	12	631.833	741.421	
SUB-TOTAL		9.209.550	8.441.600	
Total current assets		9.209.550	8.441.600	
NON-CURRENT ASSETS				
Financial Investments		11.840	11.840	
Trade Receivables		60.180	49.135	
Trade Receivables Due From Unrelated Parties	9	60.180	49.135	
Other Receivables		30.639	31.537	
Other Receivables Due From Unrelated Parties		30.639	31.537	
Derivative Financial Assets	16	55.141	45.002	
Investment property		26.070	27.189	
Property, plant and equipment		8.726.339	8.538.182	
Intangible assets and goodwill		8.121.091	8.261.830	
Goodwill		44.944	44.944	
Other intangible assets		8.076.147	8.216.886	
Prepayments		67.019	46.454	
Deferred Tax Asset		288.082	286.804	
Other Non-current Assets	12	29.791	34.331	
Total non-current assets		17.416.192	17.332.304	
Total assets		26.625.742	25.773.904	
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Current Borrowings		394.680	242.091	0
Current Borrowings From Related Parties		0	0	
Current Borrowings From Unrelated Parties		394.680	242.091	0
Bank Loans	7	394.680	242.091	
Current Portion of Non-current Borrowings		2.752.328	2.381.669	0
Current Portion of Non-current Borrowings from Unrelated Parties		2.752.328	2.381.669	0
Bank Loans	7	2.739.528	2.363.672	
Leasing Debts		1.126	8.034	
Issued Debt Instruments	7	11.674	9.963	
Trade Payables		4.329.410	4.236.277	
Trade Payables to Related Parties	8	10.136	10.745	
Trade Payables to Unrelated Parties	9	4.319.274	4.225.532	
Employee Benefit Obligations	12	111.761	115.205	
Other Payables		726.284	628.116	
Other Payables to Unrelated Parties		726.284	628.116	
Derivative Financial Liabilities	16	149.371	104.673	
Deferred Income		158.597	131.035	
Current tax liabilities, current		153.712	182.503	
Current provisions		370.703	475.496	
Current provisions for employee benefits	11	105.694	178.822	
Other current provisions	11	265.009	296.674	
Other Current Liabilities	12	62.442	55.862	
SUB-TOTAL		9.209.288	8.552.927	0
Total current liabilities		9.209.288	8.552.927	0
NON-CURRENT LIABILITIES				

Long Term Borrowings		10.575.424	9.178.967	0
Long Term Borrowings From Related Parties		0	0	0
Long Term Borrowings From Unrelated Parties		10.575.424	9.178.967	0
Bank Loans	7	7.710.593	6.300.674	
Leasing Debts		1.389	997	
Issued Debt Instruments	7	2.863.442	2.877.296	
Trade Payables		144.554	962.258	
Trade Payables To Unrelated Parties	9	144.554	962.258	
Other Payables		466.472	617.453	
Other Payables to Unrelated parties		466.472	617.453	
Derivative Financial Liabilities	16	325.643	160.911	
Deferred Income		268.042	267.564	
Non-current provisions		699.310	722.754	
Non-current provisions for employee benefits		691.526	715.043	
Other non-current provisions	11	7.784	7.711	
Deferred Tax Liabilities		282.079	317.702	
Total non-current liabilities		12.761.524	12.227.609	0
Total liabilities		21.970.812	20.780.536	0
EQUITY				
Equity attributable to owners of parent		4.654.930	4.993.368	
Issued capital		3.500.000	3.500.000	
Inflation Adjustments on Capital		-239.752	-239.752	
Share Based payments (-)		9.528	9.528	
Other Accumulated Comprehensive Income (Loss) that will not be Reclassified in Profit or Loss		-454.674	-434.385	
Gains (Losses) on Revaluation and Remeasurement		-454.674	-434.385	
Gains (Losses) on Remeasurements of Defined Benefit Plans		-454.674	-434.385	
Other Accumulated Comprehensive Income (Loss) that will be Reclassified in Profit or Loss		-296.812	-164.216	
Exchange Differences on Translation		48.486	44.430	
Gains (Losses) on Hedge		-345.298	-208.646	
Restricted Reserves Appropriated From Profits		2.355.969	2.289.384	
Other reserves		-1.320.942	-1.320.942	
Prior Years' Profits or Losses		446.307	446.307	
Current Period Net Profit Or Loss		655.306	907.444	
Total equity		4.654.930	4.993.368	
Total Liabilities and Equity		26.625.742	25.773.904	0

Profit or loss [abstract]

Presentation Currency	1.000 TL
Nature of Financial Statements	Consolidated

	Footnote Reference	Current Period 01.01.2016 - 30.06.2016	Previous Period 01.01.2015 - 30.06.2015	Current Period 3 Months 01.04.2016 - 30.06.2016	Previous Period 3 Months 01.04.2015 - 30.06.2015
Profit or loss [abstract]					
PROFIT (LOSS)					
Revenue	5	7.740.916	6.959.881	3.939.949	3.525.661
Cost of sales		-4.248.283	-3.496.128	-2.166.151	-1.761.219
GROSS PROFIT (LOSS) FROM COMMERCIAL OPERATIONS		3.492.633	3.463.753	1.773.798	1.764.442
GROSS PROFIT (LOSS)		3.492.633	3.463.753	1.773.798	1.764.442
General Administrative Expenses		-1.100.654	-953.780	-579.590	-482.134
Marketing Expenses		-1.156.173	-862.258	-563.121	-449.329
Research and development expense		-49.540	-27.861	-25.298	-14.320
Other Income from Operating Activities		150.269	182.012	65.940	101.815
Other Expenses from Operating Activities		-160.887	-247.199	-70.206	-133.691
PROFIT (LOSS) FROM OPERATING ACTIVITIES		1.175.648	1.554.667	601.523	786.783
Investment Activity Income		30.442	24.009	18.817	14.132
Investment Activity Expenses		-414	-867	-375	-451
PROFIT (LOSS) BEFORE FINANCING INCOME (EXPENSE)		1.205.676	1.577.809	619.965	800.464
Finance income		2.298.291	922.095	1.413.664	434.582
Finance costs		-2.515.387	-1.983.348	-1.618.475	-786.366
PROFIT (LOSS) FROM CONTINUING OPERATIONS, BEFORE TAX	5	988.580	516.556	415.154	448.680
Tax (Expense) Income, Continuing Operations		-333.274	-188.240	-167.518	-125.209
Current Period Tax (Expense) Income		-331.861	-140.298	-146.066	-91.449
Deferred Tax (Expense) Income		-1.413	-47.942	-21.452	-33.760
PROFIT (LOSS) FROM CONTINUING OPERATIONS		655.306	328.316	247.636	323.471
PROFIT (LOSS)		655.306	328.316	247.636	323.471
Profit (loss), attributable to [abstract]					
Non-controlling Interests		0	-33.616		-11.745
Owners of Parent		655.306	361.932	247.636	335.216
Earnings per share [abstract]					
Earnings per share [line items]					
Basic earnings per share					
Basic Earnings (Loss) Per Share from Continuing Operations					
Ana ortaklık hissedarlarına ait pay başına kazanç (tam Kuruş)	4	0,18720000	0,10340000	0,07080000	0,09580000
Diluted Earnings Per Share					
Diluted Earnings (Loss) per Share from Continuing Operations					
Ana ortaklık hissedarlarına ait sulandırılmış pay başına kazanç (tam kuruş)	4	0,18720000	0,10340000	0,07080000	0,09580000

Statement of Other Comprehensive Income

Presentation Currency	1.000 TL
Nature of Financial Statements	Consolidated

	Footnote Reference	Current Period 01.01.2016 - 30.06.2016	Previous Period 01.01.2015 - 30.06.2015	Current Period 3 Months 01.04.2016 - 30.06.2016	Previous Period 3 Months 01.04.2015 - 30.06.2015
Statement of Other Comprehensive Income					
PROFIT (LOSS)		655.306	328.316	247.636	323.471
OTHER COMPREHENSIVE INCOME					
Other Comprehensive Income that will not be Reclassified to Profit or Loss		-20.289	736	330	1.248
Gains (Losses) on Remeasurements of Defined Benefit Plans	11	-25.173	1.041	601	1.681
Taxes Relating To Components Of Other Comprehensive Income That Will Not Be Reclassified To Profit Or Loss		4.884	-305	-271	-433
Taxes Relating to Remeasurements of Defined Benefit Plans		4.884	-305	-271	-433
Other Comprehensive Income That Will Be Reclassified to Profit or Loss		-132.596	-27.737	-53.461	31.169
Exchange Differences on Translation		4.056	-7.826	71	2.088
Other Comprehensive Income (Loss) Related with Cash Flow Hedges		-167.280	-13.352	-67.349	47.146
Gains (Losses) on Cash Flow Hedges	16	-167.280	-13.352	-67.349	47.146
Other Comprehensive Income (Loss) Related with Hedges of Net Investments in Foreign Operations		-3.535	-11.536	434	-10.794
Gains (Losses) on Hedges of Net Investments in Foreign Operations	16	-3.535	-11.536	434	-10.794
Taxes Relating to Components of Other Comprehensive Income that will be Reclassified to Profit or Loss		34.163	4.977	13.383	-7.271
Taxes Relating to Cash Flow Hedges	16	33.456	2.670	13.470	-9.430
Taxes Relating to Gains or Losses on Hedges of Net Investments in Foreign Operations	16	707	2.307	-87	2.159
OTHER COMPREHENSIVE INCOME (LOSS)		-152.885	-27.001	-53.131	32.417
TOTAL COMPREHENSIVE INCOME (LOSS)		502.421	301.315	194.505	355.888
Total Comprehensive Income Attributable to					
Non-controlling Interests		0	-33.663	0	-11.792
Owners of Parent		502.421	334.978	194.505	367.680

Statement of cash flows (Indirect Method)

Presentation Currency	1.000 TL
Nature of Financial Statements	Consolidated

	Footnote Reference	Current Period 01.01.2016 - 30.06.2016	Previous Period 01.01.2015 - 30.06.2015
Statement of cash flows (Indirect Method)			
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		1.376.039	1.668.018
Profit (Loss)		655.306	328.316
Profit (Loss) from Continuing Operations		655.306	328.316
Adjustments to Reconcile Profit (Loss)		2.155.840	2.518.936
Adjustments for depreciation and amortisation expense		1.348.515	1.050.853
Adjustments for Impairment Loss (Reversal of Impairment Loss)		192.441	97.848
Adjustments for Impairment Loss (Reversal of Impairment Loss) of Receivables		183.276	92.191
Adjustments for Impairment Loss (Reversal of Impairment Loss) of Inventories		4.521	107
Adjustments for Impairment Loss (Reversal of Impairment Loss) of Property, Plant and Equipment		4.644	5.550
Adjustments for provisions		206.407	221.401
Adjustments for (Reversal of) Provisions Related with Employee Benefits		150.452	132.410
Adjustments for (Reversal of) Lawsuit and/or Penalty Provisions		18.155	85.212
Adjustments for (Reversal of) Other Provisions		37.800	3.779
Adjustments for Interest (Income) Expenses		160.759	7.298
Adjustments for interest expense		160.759	7.298
Adjustments for unrealised foreign exchange losses (gains)		-55.666	1.122.901
Adjustments for fair value losses (gains)		18.519	-134.779
Adjustments for Fair Value (Gains) Losses on Derivative Financial Instruments		18.519	-134.779
Adjustments for Tax (Income) Expenses		333.274	188.240
Adjustments for losses (gains) on disposal of non-current assets		-30.028	-23.142
Adjustments for Losses (Gains) Arised From Sale of Tangible Assets		-30.028	-23.142
Other adjustments to reconcile profit (loss)		-18.381	-11.684
Changes in Working Capital		-777.993	-793.830
Adjustments for decrease (increase) in trade accounts receivable		-412.248	-256.202
Decrease (Increase) in Trade Accounts Receivables from Unrelated Parties		-412.248	-256.202
Adjustments for Decrease (Increase) in Other Receivables Related with Operations		-138.235	-314.995
Decrease (Increase) in Other Unrelated Party Receivables Related with Operations		-138.235	-314.995
Adjustments for decrease (increase) in inventories		-59.863	-18.671
Adjustments for increase (decrease) in trade accounts payable		-134.471	-62.618
Increase (Decrease) in Trade Accounts Payables to Unrelated Parties		-134.471	-62.618
Adjustments for increase (decrease) in other operating payables		-33.176	-141.344
Increase (Decrease) in Other Operating Payables to Unrelated Parties		-33.176	-141.344
Cash Flows from (used in) Operations		2.033.153	2.053.422
Interest received		54.479	67.568
Payments Related with Provisions for Employee Benefits		-110.862	-9.670
Payments Related with Other Provisions		-217.329	-151.558
Income taxes refund (paid)		-335.767	-242.909
Other inflows (outflows) of cash		-47.635	-48.835
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		-1.972.922	-700.742
Cash Outflows from Purchase of Additional Shares of Subsidiaries		-27.500	
Proceeds from sales of property, plant, equipment and intangible assets		49.274	41.865
Purchase of Property, Plant, Equipment and Intangible Assets		-1.994.696	-742.607
Purchase of intangible assets		-1.994.696	-742.607
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		937.055	-1.567.562
Proceeds from borrowings		3.050.159	720.277
Proceeds from Loans		3.050.159	720.277
Repayments of borrowings		-1.126.875	-408.987
Loan Repayments		-1.094.832	-403.964
Cash Outflows from Other Financial Liabilities		-32.043	-5.023
Payments of Finance Lease Liabilities		-7.306	-4.917

Cash Payments for Future Contracts, Forward Contracts, Option Contracts and Swap Contracts		-2.500	3.169
Dividends Paid		-840.859	-1.840.853
Interest paid		-196.246	-144.446
Interest Received		60.682	108.195
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES		340.172	-600.286
Effect of exchange rate changes on cash and cash equivalents		-11.301	3.714
Net increase (decrease) in cash and cash equivalents		328.871	-596.572
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		2.514.385	2.270.791
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		2.843.256	1.674.219

[illegible]

Current Period 01.01.2016 - 30.06.2016	Dividends Paid		0	0				0	0				0		0	0	0	0				0			0	-840.859	-840.859	0	-840.859
	Decrease through Other Distributions to Owners																												
	Increase (Decrease) through Treasury Share Transactions																												
	Increase (Decrease) through Share Based Payment Transactions																												
	Acquisition or Disposal of a Subsidiary																												
	Increase (decrease) through changes in ownership interests in subsidiaries that do not result in loss of control, equity																												
	Transactions with noncontrolling shareholders																												
	Increase through Other Contributions by Owners																												
	Amount Removed from Reserve of Cash Flow Hedges and Included in Initial Cost or Other Carrying Amount of Non-Financial Asset (Liability) or Firm Commitment for which Fair Value Hedge Accounting is Applied																												
	Amount Removed from Reserve of Change in Value of Time Value of Options and Included in Initial Cost or Other Carrying Amount of Non-Financial Asset (Liability) or Firm Commitment for which Fair Value Hedge Accounting is Applied																												
	Amount Removed from Reserve of Change in Value of Forward Elements of Forward Contracts and Included in Initial Cost or Other Carrying Amount of Non-Financial Asset (Liability) or Firm Commitment for which Fair Value Hedge Accounting is Applied																												
	Amount Removed from Reserve of Change in Value of Foreign Currency Basis Spreads and Included in Initial Cost or Other Carrying Amount of Non-Financial Asset (Liability) or Firm Commitment for which Fair Value Hedge Accounting is Applied																												
	Increase (decrease) through other changes, equity																												
	Equity at end of period		3,500,000	-239,752				0	9,528				-454,674				1,320,942	-48,486	-252,933	-92,365				2,355,969		446,307	655,306	4,654,930	0 4,654,930