

TÜRK TELEKOMÜNİKASYON A.Ş.

Financial Report

Consolidated

2018 - 2. 3 Monthly Notification

General Information About Financial Statements

2018 2nd Quarter Financial Statements

Independent Audit Comment

Independent Audit Company	KPMG BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Audit Type	Limited
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 2018, 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.

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

A member of KPMG International Cooperative

Şirin Soysal, SMMM

Partner

24 July 2018

İstanbul, TÜRKİYE

Statement of Financial Position (Balance Sheet)

Presentation Currency	1.000 TL
Nature of Financial Statements	Consolidated

	Footnote Reference	Current Period 30.06.2018	Previous Period 31.12.2017
Statement of Financial Position (Balance Sheet)			
Assets [abstract]			
CURRENT ASSETS			
Cash and cash equivalents	6	4.303.801	4.100.204
Trade Receivables		5.001.860	4.816.541
Trade Receivables Due From Related Parties	8	34.720	23.707
Trade Receivables Due From Unrelated Parties	9	4.967.140	4.792.834
Other Receivables		85.229	57.894
Other Receivables Due From Unrelated Parties		85.229	57.894
Derivative Financial Assets		628.701	557.712
Derivative Financial Assets Held for Trading	16	628.701	557.712
Inventories		311.190	203.978
Prepayments		456.144	343.332
Prepayments to Unrelated Parties		456.144	343.332
Current Tax Assets		66.732	33.884
Other current assets		258.356	415.488
Other Current Assets Due From Unrelated Parties	12	258.356	415.488
SUB-TOTAL		11.112.013	10.529.033
Non-current Assets or Disposal Groups Classified as Held for Sale		37.361	37.361
Total current assets		11.149.374	10.566.394
NON-CURRENT ASSETS			
Financial Investments		11.995	11.840
Other Financial Investments		11.995	11.840
Trade Receivables		110.301	91.197
Trade Receivables Due From Unrelated Parties	9	110.301	91.197
Other Receivables		34.792	33.837
Other Receivables Due From Unrelated Parties		34.792	33.837
Derivative Financial Assets		105.574	59.006
Derivative Financial Assets Held for Trading	16	105.574	59.006
Investment property		21.285	22.376
Property, plant and equipment		8.982.840	9.115.520
Land and Premises		116.568	118.116
Buildings		822.854	861.229
Machinery And Equipments		6.919.464	6.997.273
Vehicles		6.584	6.810
Fixtures and fittings		126.611	148.735
Construction in Progress		965.458	950.365
Other property, plant and equipment		25.301	32.992
Intangible assets and goodwill		9.331.775	8.482.480
Goodwill		44.944	44.944
Rights Regarding Concession Arrangements		3.045.400	2.854.732
Brand names		61.179	81.481
Licenses		3.151.991	3.305.303
Other intangible assets		3.028.261	2.196.020
Prepayments		74.074	68.935
Prepayments to Unrelated Parties		74.074	68.935
Deferred Tax Asset		668.690	660.707
Other Non-current Assets		10.182	36.243
Other Non-Current Assets Due From Unrelated Parties		10.182	36.243
Total non-current assets		19.351.508	18.582.141
Total assets		30.500.882	29.148.535
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Current Borrowings		50.757	66.714
Current Borrowings From Related Parties		50.757	66.714
Bank Loans	7	50.757	66.714
Current Portion of Non-current Borrowings		5.792.018	2.419.948
Current Portion of Non-current Borrowings from Related Parties		0	0

Current Portion of Non-current Borrowings from Unrelated Parties		5.792.018	2.419.948
Bank Loans	7	3.498.418	2.395.531
Leasing Debts		635	617
Issued Debt Instruments	7	2.292.965	23.800
Trade Payables		3.158.581	4.068.884
Trade Payables to Related Parties	8	4.908	2.326
Trade Payables to Unrelated Parties	9	3.153.673	4.066.558
Employee Benefit Obligations	12	255.361	175.712
Other Payables		810.319	844.592
Other Payables to Unrelated Parties		810.319	844.592
Derivative Financial Liabilities		132.387	192.052
Derivative Financial Liabilities Held for trading	16	132.387	192.052
Deferred Income		421.589	226.864
Deferred Income from Unrelated Parties		421.589	226.864
Current tax liabilities, current		2.530	24.344
Current provisions		580.229	596.144
Current provisions for employee benefits	11	119.935	162.906
Other current provisions	11	460.294	433.238
Other Current Liabilities		59.029	46.327
Other Current Liabilities to Unrelated Parties	12	59.029	46.327
SUB-TOTAL		11.262.800	8.661.581
Total current liabilities		11.262.800	8.661.581
NON-CURRENT LIABILITIES			
Long Term Borrowings		13.415.671	14.005.076
Long Term Borrowings From Unrelated Parties		13.415.671	14.005.076
Bank Loans	7	11.162.138	10.270.506
Leasing Debts		2.046	1.982
Issued Debt Instruments	7	2.251.487	3.732.588
Other Payables		200.206	375.233
Other Payables to Unrelated parties		200.206	375.233
Derivative Financial Liabilities		47.157	117.389
Derivative Financial Liabilities Held for Hedging	16	47.157	117.389
Deferred Income		554.223	367.201
Deferred Income from Unrelated Parties		554.223	367.201
Non-current provisions		850.228	821.428
Non-current provisions for employee benefits	11	842.120	813.393
Other non-current provisions	11	8.108	8.035
Deferred Tax Liabilities		95.731	245.540
Total non-current liabilities		15.163.216	15.931.867
Total liabilities		26.426.016	24.593.448
EQUITY			
Equity attributable to owners of parent		4.074.866	4.555.087
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		-582.297	-526.583
Gains (Losses) on Revaluation and Remeasurement		-582.297	-526.583
Gains (Losses) on Remeasurements of Defined Benefit Plans		-582.297	-526.583
Other Accumulated Comprehensive Income (Loss) that will be Reclassified in Profit or Loss		20.814	-80.632
Exchange Differences on Translation		309.534	218.920
Gains (Losses) on Hedge		-288.720	-299.552
Gains (Losses) on Cash Flow Hedges		-3.526	-88.367
Gains (Losses) on Hedges of Net Investment in Foreign Operations		-285.194	-211.185
Restricted Reserves Appropriated From Profits		2.355.969	2.355.969
Legal Reserves		2.355.969	2.355.969
Other reserves		-1.320.942	-1.320.942
Prior Years' Profits or Losses		1.163.881	-278.033
Current Period Net Profit Or Loss		-832.335	1.135.532
Total equity		4.074.866	4.555.087
Total Liabilities and Equity		30.500.882	29.148.535

Profit or loss [abstract]

Presentation Currency	1.000 TL
Nature of Financial Statements	Consolidated

	Footnote Reference	Current Period 01.01.2018 - 30.06.2018	Previous Period 01.01.2017 - 30.06.2017	Current Period 3 Months 01.04.2018 - 30.06.2018	Previous Period 3 Months 01.04.2017 - 30.06.2017
Profit or loss [abstract]					
PROFIT (LOSS)					
Revenue	5, 19	9.636.715	8.807.984	4.950.692	4.500.509
Cost of sales		-5.292.331	-4.868.304	-2.773.018	-2.473.517
GROSS PROFIT (LOSS) FROM COMMERCIAL OPERATIONS		4.344.384	3.939.680	2.177.674	2.026.992
GROSS PROFIT (LOSS)		4.344.384	3.939.680	2.177.674	2.026.992
General Administrative Expenses		-798.746	-840.854	-408.169	-359.845
Marketing Expenses		-1.223.531	-1.133.709	-622.105	-628.545
Research and development expense		-80.873	-57.574	-45.524	-30.747
Other Income from Operating Activities		126.721	135.483	56.276	46.728
Other Expenses from Operating Activities		-271.258	-183.732	-169.508	-46.494
PROFIT (LOSS) FROM OPERATING ACTIVITIES		2.096.697	1.859.294	988.644	1.008.089
Investment Activity Income		70.881	59.241	30.804	34.881
Investment Activity Expenses		-595	-4.292	-30	-530
Impairment gain and reversal of impairment loss (impairment loss) determined in accordance with IFRS 9		-165.356	-221.506	-79.864	-107.984
PROFIT (LOSS) BEFORE FINANCING INCOME (EXPENSE)		2.001.627	1.692.737	939.554	934.456
Finance income		625.148	456.753	371.381	237.962
Finance costs		-3.624.101	-776.822	-2.415.971	15.701
PROFIT (LOSS) FROM CONTINUING OPERATIONS, BEFORE TAX	5	-997.326	1.372.668	-1.105.036	1.188.119
Tax (Expense) Income, Continuing Operations		164.991	-417.215	216.425	-298.330
Current Period Tax (Expense) Income		-26.767	-437.685	47.580	-318.965
Deferred Tax (Expense) Income		191.758	20.470	168.845	20.635
PROFIT (LOSS) FROM CONTINUING OPERATIONS		-832.335	955.453	-888.611	889.789
PROFIT (LOSS)		-832.335	955.453	-888.611	889.789
Profit (loss), attributable to [abstract]					
Non-controlling Interests		0	0	0	0
Owners of Parent		-832.335	955.453	-888.611	889.789
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 / (kayıp) (tam Kuruş)	4	-0,23780000	0,27300000	-0,25390000	0,25420000
Diluted Earnings Per Share					
Diluted Earnings (Loss) per Share from Continuing Operations					
Ana ortaklık hissedarlarına ait sulandırılmış pay başına kazanç / (kayıp) (tam Kuruş)	4	-0,23780000	0,27300000	-0,25390000	0,25420000

Statement of Other Comprehensive Income

Presentation Currency	1.000 TL
Nature of Financial Statements	Consolidated

	Footnote Reference	Current Period 01.01.2018 - 30.06.2018	Previous Period 01.01.2017 - 30.06.2017	Current Period 3 Months 01.04.2018 - 30.06.2018	Previous Period 3 Months 01.04.2017 - 30.06.2017
Statement of Other Comprehensive Income					
PROFIT (LOSS)		-832.335	955.453	-888.611	889.789
OTHER COMPREHENSIVE INCOME					
Other Comprehensive Income that will not be Reclassified to Profit or Loss		-55.714	-10.462	-43.725	-3.052
Gains (Losses) on Remeasurements of Defined Benefit Plans	11	-69.057	-12.995	-54.071	-3.733
Taxes Relating To Components Of Other Comprehensive Income That Will Not Be Reclassified To Profit Or Loss		13.343	2.533	10.346	681
Taxes Relating to Remeasurements of Defined Benefit Plans		13.343	2.533	10.346	681
Other Comprehensive Income That Will Be Reclassified to Profit or Loss		101.446	12.868	40.383	-13.515
Exchange Differences on Translation		90.614	50.936	62.183	17.349
Gains (Losses) on Exchange Differences on Translation		90.614	50.936	62.183	17.349
Other Comprehensive Income (Loss) Related with Cash Flow Hedges		106.051	-11.921	24.256	-22.673
Gains (Losses) on Cash Flow Hedges	16	106.051	-11.921	24.256	-22.673
Other Comprehensive Income (Loss) Related with Hedges of Net Investments in Foreign Operations		-92.511	-35.664	-51.506	-15.907
Gains (Losses) on Hedges of Net Investments in Foreign Operations		-92.511	-35.664	-51.506	-15.907
Taxes Relating to Components of Other Comprehensive Income that will be Reclassified to Profit or Loss		-2.708	9.517	5.450	7.716
Taxes Relating to Cash Flow Hedges		-21.210	2.384	-4.851	4.534
Taxes Relating to Gains or Losses on Hedges of Net Investments in Foreign Operations		18.502	7.133	10.301	3.182
OTHER COMPREHENSIVE INCOME (LOSS)		45.732	2.406	-3.342	-16.567
TOTAL COMPREHENSIVE INCOME (LOSS)		-786.603	957.859	-891.953	873.222
Total Comprehensive Income Attributable to					
Non-controlling Interests		0	0	0	0
Owners of Parent		-786.603	957.859	-891.953	873.222

Statement of cash flows (Indirect Method)

Presentation Currency	1.000 TL
Nature of Financial Statements	Consolidated

	Footnote Reference	Current Period 01.01.2018 - 30.06.2018	Previous Period 01.01.2017 - 30.06.2017
Statement of cash flows (Indirect Method)			
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		2.449.360	1.929.614
Profit (Loss)		-832.335	955.453
Profit (Loss) from Continuing Operations		-832.335	955.453
Adjustments to Reconcile Profit (Loss)		5.028.935	2.503.735
Adjustments for depreciation and amortisation expense		1.787.455	1.450.927
Adjustments for Impairment Loss (Reversal of Impairment Loss)		166.342	274.914
Adjustments for Impairment Loss (Reversal of Impairment Loss) of Receivables		217.687	221.506
Adjustments for Impairment Loss (Reversal of Impairment Loss) of Inventories		250	10.951
Adjustments for Impairment Loss (Reversal of Impairment Loss) of Property, Plant and Equipment		735	42.457
Other Adjustments for Impairment Loss (Reversal of Impairment Loss)		-52.330	0
Adjustments for provisions		194.442	141.024
Adjustments for (Reversal of) Provisions Related with Employee Benefits		171.637	126.103
Adjustments for (Reversal of) Lawsuit and/or Penalty Provisions		22.805	14.833
Adjustments for (Reversal of) Other Provisions		0	88
Adjustments for Interest (Income) Expenses		289.779	165.206
Adjustments for interest expense		286.995	152.331
Deferred Financial Expense from Credit Purchases		2.784	12.875
Adjustments for unrealised foreign exchange losses (gains)		3.009.134	268.214
Adjustments for fair value losses (gains)		-142.576	-115.250
Adjustments for Fair Value (Gains) Losses on Derivative Financial Instruments		-142.576	-115.250
Adjustments for Tax (Income) Expenses		-164.991	417.215
Other adjustments for non-cash items		-40.365	-43.566
Adjustments for losses (gains) on disposal of non-current assets		-70.285	-54.949
Adjustments for Losses (Gains) Arised From Sale of Tangible Assets		-70.285	-54.949
Changes in Working Capital		-1.382.595	-1.202.575
Adjustments for decrease (increase) in trade accounts receivable		-446.048	-504.674
Decrease (Increase) in Trade Accounts Receivables from Related Parties		-11.013	-7.737
Decrease (Increase) in Trade Accounts Receivables from Unrelated Parties		-435.035	-496.937
Adjustments for Decrease (Increase) in Other Receivables Related with Operations		33.967	-64.684
Decrease (Increase) in Other Unrelated Party Receivables Related with Operations		33.967	-64.684
Adjustments for decrease (increase) in inventories		-107.462	-42.031
Adjustments for increase (decrease) in trade accounts payable		-1.014.845	-569.450
Increase (Decrease) in Trade Accounts Payables to Related Parties		-2.582	-6.983
Increase (Decrease) in Trade Accounts Payables to Unrelated Parties		-1.012.263	-562.467
Adjustments for increase (decrease) in other operating payables		151.793	-21.736
Increase (Decrease) in Other Operating Payables to Unrelated Parties		151.793	-21.736
Cash Flows from (used in) Operations		2.814.005	2.256.613
Interest received		54.266	50.717
Payments Related with Provisions for Employee Benefits	11	-256.187	-235.949
Payments Related with Other Provisions	11	-178.588	-38.620
Income taxes refund (paid)		-62.927	-128.533
Other inflows (outflows) of cash		78.791	25.386
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		-1.460.299	-2.032.756
Cash Outflows from Purchase of Additional Shares of Subsidiaries		-205.000	-205.000
Cash Outflows Arising From Capital Advance Payments to Associates and/or Joint Ventures		-155	0
Proceeds from sales of property, plant, equipment and intangible assets		84.553	64.332
Proceeds from sales of property, plant and equipment		84.553	64.332

Purchase of Property, Plant, Equipment and Intangible Assets		-1.339.697	-1.892.088
Purchase of intangible assets		-1.339.697	-1.892.088
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		-712.691	-774.776
Proceeds from borrowings		642.472	731.863
Proceeds from Loans		642.472	731.863
Repayments of borrowings		-1.119.298	-1.384.507
Loan Repayments		-1.119.298	-1.384.507
Payments of Finance Lease Liabilities		-15	-2
Cash Payments for Future Contracts, Forward Contracts, Option Contracts and Swap Contracts		-548	35.439
Interest paid		-302.188	-216.198
Interest Received		120.157	82.598
Other inflows (outflows) of cash		-53.271	-23.969
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES		276.370	-877.918
Effect of exchange rate changes on cash and cash equivalents		6.018	9.855
Net increase (decrease) in cash and cash equivalents		282.388	-868.063
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		3.688.104	2.616.297
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	6	3.970.492	1.748.234

Previous Period 01.01.2017 - 30.06.2017	Statement of changes in equity [abstract]																
	Statement of changes in equity [line items]																
	Equity at beginning of period		3.500.000	-239.752	9.528	-493.990	-1.320.942	99.405	-113.620	-131.944		2.355.969	446.307	-724.340	3.386.021	3.386.621	
	Adjustments Related to Accounting Policy Changes																
	Adjustments Related to Required Changes in Accounting Policies																
	Adjustments Related to Voluntary Changes in Accounting Policies																
	Adjustments Related to Errors																
	Other Restatements																
	Restated Balances																
	Transfers												-724.340	724.340		0	
	Total Comprehensive Income (Loss)					-10.462		50.936	-9.537	-28.531					955.453	957.859	957.859
	Profit (loss)														955.453	955.453	955.453
	Other Comprehensive Income (Loss)					-10.462		50.936	-9.537	-28.531						2.406	2.406
	Issue of equity																
	Capital Decrease																
	Capital Advance																
	Effect of Merger or Liquidation or Division																
	Effects of Business Combinations Under Common Control																
	Advance Dividend Payments																
	Dividends Paid																
	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	9.528	-504.452	-1.320.942	150.341	-123.157	-160.475		2.355.969	-278.033	955.453	4.344.480	4.344.480	
	Statement of changes in equity [abstract]																
	Statement of changes in equity [line items]																
	Equity at beginning of period		3.500.000	-239.752	9.528	-526.583	-1.320.942	218.920	-88.367	-211.185		2.355.969	-278.033	1.135.532	4.555.087	4.555.087	
Adjustments Related to Accounting Policy Changes												306.382		306.382	306.382		
Adjustments Related to Required Changes in Accounting Policies												306.382		306.382	306.382		
Adjustments Related to Voluntary Changes in Accounting Policies																	
Adjustments Related to Errors																	
Other Restatements				9.528	-526.583												
Restated Balances		3.500.000	-239.752			-1.320.942	218.920	-88.367	-211.185		2.355.969	28.349	1.135.532	4.861.469	4.861.469		
Transfers												1.135.532	-1.135.532				
Total Comprehensive Income (Loss)					-55.714		90.614	84.841	-74.009				-832.335	-786.603	-786.603		
Profit (loss)														-832.335	-832.335		
Other Comprehensive Income (Loss)					-55.714		90.614	84.841	-74.009					45.732	45.732		
Issue of equity																	
Capital Decrease																	
Capital Advance																	
Effect of Merger or Liquidation or Division																	
Effects of Business Combinations Under Common Control																	
Advance Dividend Payments																	
Dividends Paid																	

Current Period 01.01.2018 - 30.06.2018																	
	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	9,528	-582,297	-1,320,942	-3,526	-285,194	2,355,969	1,163,881	-632,335	4,074,866	4,074,866				