

**Türk Telekomünikasyon
Anonim Şirketi and Its Subsidiaries
30 June 2017**

Interim Condensed Consolidated
Financial Statements As At and For
The Six Month Period
Ended 30 June 2017

25 July 2017

*This report contains 42 pages of financial
statements and explanatory notes.*

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

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2017

(Currency in thousands of Turkish Lira (“TL”) unless otherwise stated, all other currencies are also disclosed in thousands)

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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 2017, 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.

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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

25 July 2017

İstanbul, TÜRKİYE

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

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

(Currency in thousands of Turkish Lira (“TL”) unless otherwise stated, all other currencies are also disclosed in thousands)

		Current period	Prior period
		Reviewed	Audited
	Notes	30 June 2017	31 December 2016
Assets			
Current assets			
Cash and cash equivalents	6	2.122.917	3.016.366
Trade receivables			
- Due from related parties	8	18.456	26.193
- Trade receivables from third parties	9	4.401.771	4.118.551
Other receivables			
- Other receivables from third parties		92.823	52.933
Derivative financial instruments	16	510.865	601.401
Inventories		341.378	310.298
Prepaid expenses		464.766	324.367
Current tax related assets		29.882	184.985
Other current assets	12	456.710	563.062
		8.439.568	9.198.156
Assets held for sale			
		37.361	37.361
Non-current assets			
Financial investments		11.840	11.840
Trade receivables			
- Trade receivables from third parties	9	72.337	42.095
Other receivables			
- Other receivables from third parties		34.038	33.885
Derivative financial instruments	16	57.530	51.397
Investment property		23.468	24.559
Property, plant and equipment		8.334.696	8.685.917
Intangible assets			
- Goodwill		44.944	44.944
- Other intangible assets		8.252.102	8.341.272
Prepaid expenses		69.622	58.725
Deferred tax assets		324.630	316.213
Other non-current assets		30.891	28.087
Total assets		25.733.027	26.874.451

The accompanying notes form an integral part of these consolidated financial statements.

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TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

(Currency in thousands of Turkish Lira (“TL”) unless otherwise stated, all other currencies are also disclosed in thousands)

		Current period	Prior period
		Reviewed	Audited
	Notes	30 June 2017	31 December 2016
Liabilities			
Current liabilities		6.670.977	8.351.705
Financial liabilities			
- Bank borrowings	7	149.036	72.574
Short term portion of long term financial liabilities			
- Bank borrowings	7	1.669.912	1.897.421
- Obligations under finance leases		516	603
- Bills, bonds and notes issued	7	18.978	17.235
Trade payables			
- Due to related parties	8	1.829	8.812
- Trade payables to third parties	9	3.099.965	4.522.389
Employee benefit obligations	12	149.912	203.233
Other payables			
- Other payables to third parties		746.015	739.920
Derivative financial instruments	16	70.408	233.560
Deferred revenue		175.414	160.829
Income tax payable		179.494	17.929
Short term provisions			
- Short term provisions for employee benefits	11	112.138	165.862
- Other short term provisions	11	240.730	264.200
Other current liabilities	12	56.630	47.138
Non-current liabilities		14.717.570	15.136.125
Financial liabilities			
- Bank borrowings	7	9.443.915	9.569.254
- Obligations under finance leases		1.563	1.570
- Bills, bonds and notes issued	7	3.470.548	3.482.522
Trade payables			
- Trade payables to third parties	9	-	83.679
Other payables			
- Other payables to third parties		336.591	494.176
Derivative financial instruments	16	163.266	152.408
Deferred revenue		314.129	305.200
Long term provisions			
- Long term provisions for employee benefits	11	740.337	783.401
- Other long-term provisions	11	7.976	7.887
Deferred tax liability		239.245	256.028
Equity		4.344.480	3.386.621
Paid-in share capital		3.500.000	3.500.000
Inflation adjustments to paid in capital (-)		(239.752)	(239.752)
Share based payments (-)		9.528	9.528
Other comprehensive income / expense items not to be reclassified to profit or loss			
- Actuarial loss arising from employee benefits		(504.452)	(493.990)
Other comprehensive income/expense items to be reclassified to profit or loss			
- Hedging reserves		(283.632)	(245.564)
- Foreign currency translation reserve		150.341	99.405
Restricted reserves allocated from profits		2.355.969	2.355.969
Other reserves		(1.320.942)	(1.320.942)
Retained (losses)/earnings		(278.033)	446.307
Net profit /(loss) for the period		955.453	(724.340)
Total liabilities and equity		25.733.027	26.874.451

The accompanying notes form an integral part of these consolidated financial statements.

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**TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2017**

(Currency in thousands of Turkish Lira (“TL”) unless otherwise stated, all other currencies are also disclosed in thousands)

	Notes	Current Period	Current Period	Prior Period	Prior Period
		Reviewed	Not reviewed	Reviewed	Not reviewed
		1 January - 30 June 2017	1 April 2017 - 30 June 2017	1 January - 30 June 2016	1 April - 30 June 2016
Sales	5	8.807.984	4.500.509	7.740.916	3.939.949
Cost of sales (-)		(4.841.137)	(2.478.032)	(4.248.283)	(2.166.151)
Gross profit		3.966.847	2.022.477	3.492.633	1.773.798
General administrative expenses (-)		(1.077.581)	(497.273)	(1.100.654)	(579.590)
Marketing, sales and distribution expenses (-)		(1.145.655)	(594.586)	(1.156.173)	(563.121)
Research and development expenses (-)		(57.574)	(30.747)	(49.540)	(25.298)
Other operating income		135.483	46.728	150.269	65.940
Other operating expense (-)		(183.732)	(46.494)	(160.887)	(70.206)
Operating profit		1.637.788	900.105	1.175.648	601.523
Income from investing activities		59.241	34.881	30.442	18.817
Expense from investing activities (-)		(4.292)	(530)	(414)	(375)
Operating profit before financial expenses		1.692.737	934.456	1.205.676	619.965
Financial income		456.753	237.962	231.057	154.244
Financial expense (-)		(776.822)	15.701	(448.153)	(359.055)
Profit before tax	5	1.372.668	1.188.119	988.580	415.154
Tax expense					
- Current tax expense		(437.685)	(318.965)	(331.861)	(146.066)
- Deferred tax (expense)/income		20.470	20.635	(1.413)	(21.452)
Profit for the year		955.453	889.789	655.306	247.636
Earnings per shares attributable to equity holders of the parent from (in full Kuruş)	4	0,2730	0,2542	0,1872	0,0708
Earnings per diluted shares attributable to equity holders of the parent from (in full Kuruş)	4	0,2730	0,2542	0,1872	0,0708

The accompanying notes form an integral part of these consolidated financial statements.

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TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2017

(Currency in thousands of Turkish Lira (“TL”) unless otherwise stated, all other currencies are also disclosed in thousands)

		Current Period	Current Period	Prior Period	Prior Period
		Reviewed	Not reviewed	Reviewed	Not reviewed
	<i>Notes</i>	1 January - 30 June 2017	1 April 2017 - 30 June 2017	1 January - 30 June 2016	1 April - 30 June 2016
Profit for the period		955.453	889.789	655.306	247.636
Other comprehensive income items not to be reclassified to profit / (loss):					
Items not to be reclassified to profit or loss:					
Actuarial (loss)/gain from employee benefits	<i>11</i>	(12.995)	(3.733)	(25.173)	601
-Tax effect of actuarial loss from employee benefits		2.533	681	4.884	(271)
Other comprehensive income items to be reclassified to profit or loss:					
Change in foreign currency translation differences		50.936	17.349	4.056	71
Cash flow hedges-effective portion of changes in fair value	<i>16</i>	(11.921)	(22.673)	(167.280)	(67.349)
Hedge of net investment in a foreign operation		(35.664)	(15.907)	(3.535)	434
Tax effect on other comprehensive income items to be reclassified to profit or loss		9.517	7.716	34.163	13.383
-Tax effect of cash flow hedges-effective portion of changes in fair value		2.384	4.534	33.456	13.470
-Tax effect of hedge of net investment in a foreign operation		7.133	3.182	707	(87)
Other comprehensive income / (loss), net of tax		2.406	(16.567)	(152.885)	(53.131)
Total comprehensive income		957.859	873.222	502.421	194.505

The accompanying notes form an integral part of these consolidated financial statements.

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TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

THE INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2017

(Currency in thousands of Turkish Lira (“TL”) unless otherwise stated, all other currencies are also disclosed in thousands)

					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 / (losses)		Equity	
	Paid-in share capital	Inflation adjustment to paid in capital	Share based payment reserve	Other gains / (losses)	Gains/(losses) on revaluation and re-measurement	Reserve of gains/(losses) on hedging	Cash flow hedge reserve	Foreign currency translation reserve	Restricted reserves allocated from profits	Retained earnings /(losses)		Net profit / (loss) for the period
Balance at 1 January 2016	3.500.000	(239.752)	9.528	(1.320.942)	(434.385)	(89.537)	(119.109)	44.430	2.289.384	446.307	907.444	4.993.368
Transfers	-	-	-	-	-	-	-	-	66.585	-	(66.585)	-
Total comprehensive income	-	-	-	-	(20.289)	(2.828)	(133.824)	4.056	-	-	655.306	502.421
Profit for period	-	-	-	-	-	-	-	-	-	-	655.306	655.306
Other comprehensive income	-	-	-	-	(20.289)	(2.828)	(133.824)	4.056	-	-	-	(152.885)
Dividends paid	-	-	-	-	-	-	-	-	-	-	(840.859)	(840.859)
Balance at 30 June 2016	3.500.000	(239.752)	9.528	(1.320.942)	(454.674)	(92.365)	(252.933)	48.486	2.355.969	446.307	655.306	4.654.930
Balance at 1 January 2017	3.500.000	(239.752)	9.528	(1.320.942)	(493.990)	(131.944)	(113.620)	99.405	2.355.969	446.307	(724.340)	3.386.621
Transfers	-	-	-	-	-	-	-	-	-	(724.340)	724.340	-
Total comprehensive income	-	-	-	-	(10.462)	(28.531)	(9.537)	50.936	-	-	955.453	957.859
Profit for period	-	-	-	-	-	-	-	-	-	-	955.453	955.453
Other comprehensive income	-	-	-	-	(10.462)	(28.531)	(9.537)	50.936	-	-	-	2.406
Balance at 30 June 2017	3.500.000	(239.752)	9.528	(1.320.942)	(504.452)	(160.475)	(123.157)	150.341	2.355.969	(278.033)	955.453	4.344.480

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TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTH PERIOD ENDED
30 JUNE 2017

(Currency in thousands of Turkish Lira (“TL”) unless otherwise stated, all other currencies are also disclosed in thousands)

	Current Period	Prior Period
	Reviewed	Reviewed
	1 January - 30	1 January - 30
<i>Notes</i>	June 2017	June 2016
Net profit for the period	955.453	655.306
Adjustments to reconcile net profit to cash provided by operating activities:		
Adjustments for depreciation and amortisation expense	1.450.927	1.348.515
Adjustments for impairment loss / (reversal of impairment loss)	274.914	192.441
- Adjustments for impairment loss of receivables	221.506	183.276
- Adjustments for impairment loss of inventories	10.951	4.521
- Adjustments for impairment loss of property, plant and equipment	42.457	4.644
Adjustments for provisions	141.024	168.681
- Adjustments for provisions related with employee benefits	126.103	150.452
- Adjustments for lawsuit and/or penalty provisions	14.833	18.155
- Adjustments for (reversal of) other provisions	88	74
Adjustments for interest expenses and income	165.206	198.485
- Adjustments for interest expense and income	152.331	160.759
- Deferred financial expense from credit purchases	12.875	37.726
Adjustments for unrealised foreign exchange losses	268.214	(55.666)
Adjustments for fair value losses (gain)	(115.250)	18.519
- Adjustments for fair value gains on derivative financial instruments	(115.250)	18.519
Adjustments for tax expenses	417.215	333.274
Adjustments for gains arised from sale of tangible assets	(54.949)	(30.028)
Other adjustments for non-cash items	(43.566)	(18.381)
Operating profit before working capital changes	3.459.188	2.811.146
Changes in working capital:		
Adjustments for increase in trade receivable	(504.674)	(412.248)
Adjustments for increase in inventories	(42.031)	(59.863)
Adjustments for increase in trade payable	(569.450)	(134.471)
Increase in other third party receivables related with operations	(64.684)	(138.235)
Increase in other operating payables to third parties	(21.736)	(33.176)
Cash flow from operating activities:		
Interest received	50.717	54.479
Payments related with employee benefits	(235.949)	(270.667)
Payments related with other provisions	(38.620)	(57.524)
Income taxes paid	(128.533)	(335.767)
Other inflows / (outflows) of cash	25.386	(47.635)
Net cash from operating activities	1.929.614	1.376.039
Investing activities		
Payments related to liabilities arising from acquisition of non-controlling interests	(205.000)	(27.500)
Proceeds from sale of property, plant, equipment and intangible assets	64.332	49.274
Purchases of property, plant, equipment and intangible assets	(1.892.088)	(1.994.696)
Net cash used in investing activities	(2.032.756)	(1.972.922)
Cash flows from financing activities		
Proceeds from loans	731.863	3.050.159
Repayments of borrowings	(1.384.507)	(1.094.832)
- Loan repayments	(1.384.507)	(1.094.832)
Payments of finance lease liabilities	(2)	(7.306)
Cash inflows/(outflows) from derivative instruments	35.439	(2.500)
Dividends paid	-	(840.859)
Interest paid	(216.198)	(196.246)
Interest received	82.598	60.682
Other cash outflows, net	(23.969)	(32.043)
Net cash (used in)/from financing activities	(774.776)	937.055
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS BEFORE CURRENCY TRANSLATION DIFFERENCES	(877.918)	340.172
EFFECT OF CHANGES IN FOREING EXCHANGE RATES IN CASH AND CASH EQUIVALENTS	9.855	(11.301)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	2.616.297	2.514.385
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	1.748.234	2.843.256

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TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2017

(Currency in thousands of Turkish Lira (“TL”) unless otherwise stated, all other currencies are also disclosed in thousands)

1. REPORTING ENTITY

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. 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 have 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 Borsa İstanbul 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 2017 and 31 December 2016, 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. The Concession Agreement will terminate on 28 February 2026 and the Company will transfer the entire infrastructure that has been used to provide telecommunication services to ICTA in working condition.

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2017

(Currency in thousands of Turkish Lira (“TL”) unless otherwise stated, all other currencies are also disclosed in thousands)

1. REPORTING ENTITY (CONTINUED)

The details of the Company’s subsidiaries as at 30 June 2017 and 31 December 2016 are as follows:

Name of Subsidiary	Place of incorporation and operation	Principal activity	Functional Currency	Effective ownership of the Company (%)	
				30 June 2017	31 December 2016
TTNet Anonim Şirketi (“TTNet”)	Turkey	Internet service provider	Turkish Lira	100	100
Avea İletişim Hizmetleri A.Ş.(“Avea”)	Turkey	GSM operator	Turkish Lira	100	100
Argela Yazılım ve Bilişim Teknolojileri Sanayi ve Ticaret Anonim Şirketi(“Argela”)	Turkey	Telecommunication solutions	Turkish Lira	100	100
Innova Bilişim Çözümleri Anonim Şirketi (“Innova”)	Turkey	Telecommunication solutions	Turkish Lira	100	100
Assist Rehberlik ve Müşteri Hizmetleri Anonim Şirketi (“AssisTT”)	Turkey	Call center and customer relations	Turkish Lira	100	100
Sebit Eğitim ve Bilgi Teknolojileri A.Ş.(“Sebit”)	Turkey	Web Based Learning	Turkish Lira	100	100
NETSIA Inc.	USA	Telecommunications solutions	U.S. Dollar	100	100
Sebit LLC	USA	Web based learning	U.S. Dollar	100	100
TT International Holding B.V.(“TT International”) (*)	Netherlands	Holding company	Euro	100	100
Türk Telekom International 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 Bulgaria EODD (“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
TTINT Telcomd.o.o Beograd (“TTINT Serbia”)(*)	Serbia	Internet/data services, infrastructure and wholesale voice services provider	Euro	100	100
TTINT Telekomunikacijed.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
TT International Telekomünikasyon Sanayi ve Ticaret Limited Şirketi (“TTINT Turkey”)(*)	Turkey	Internet/data services, infrastructure and wholesale voice services provider	Euro	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 Italy S.R.L. (TTINT Italy) (*)	Italy	Internet/data services, infrastructure and wholesale voice services provider	Euro	100	100
TTINT International DOOEL Skopje(“TTINT Macedonia”)(*)	Macedonia	Internet/data services, infrastructure and wholesale voice services provider	Euro	100	100
Türk Telekom International LLC (“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.(*)	Croatia	Internet/data services, infrastructure and wholesale voice services provider	Euro	100	100
Türk Telekom International HK Limited (*)	Hong Kong	Internet/data services, infrastructure and wholesale voice services provider	H.K. Dollar	100	100
Net Ekran TV ve Medya Hiz. A.Ş. (“Net Ekran”)	Turkey	Television and radio broadcasting	Turkish Lira	100	100
TTES Elektrik Tedarik Satış A.Ş.(“TTES”)	Turkey	Electrical energy trading	Turkish Lira	100	100
TT Euro Belgium S.A. (*)	Belgium	Mobile service marketing	Euro	100	100
TT Ödeme Hizmetleri A.Ş.	Turkey	Mobile finance	Turkish Lira	100	100
Net Ekran1 TV ve Medya Hiz. A.Ş. (“Net Ekran1”)	Turkey	Television and radio broadcasting	Turkish Lira	100	100
Net Ekran2 TV ve Medya Hiz. A.Ş. (“Net Ekran2”)	Turkey	Television and radio broadcasting	Turkish Lira	100	100
Net Ekran3 TV ve Medya Hiz. A.Ş. (“Net Ekran3”)	Turkey	Television and radio broadcasting	Turkish Lira	100	100
Net Ekran4 TV ve Medya Hiz. A.Ş. (“Net Ekran4”)	Turkey	Television and radio broadcasting	Turkish Lira	100	100
Net Ekran5 TV ve Medya Hiz. A.Ş. (“Net Ekran5”)	Turkey	Television and radio broadcasting	Turkish Lira	100	100
Net Ekran6 TV ve Medya Hiz. A.Ş. (“Net Ekran6”)	Turkey	Television and radio broadcasting	Turkish Lira	100	100
Net Ekran7 TV ve Medya Hiz. A.Ş. (“Net Ekran7”)	Turkey	Television and radio broadcasting	Turkish Lira	100	100
Net Ekran8 TV ve Medya Hiz. A.Ş. (“Net Ekran8”)	Turkey	Television and radio broadcasting	Turkish Lira	100	100
Net Ekran9 TV ve Medya Hiz. A.Ş. (“Net Ekran9”)	Turkey	Television and radio broadcasting	Turkish Lira	100	100
Net Ekran10 TV ve Medya Hiz. A.Ş. (“Net Ekran10”)	Turkey	Television and radio broadcasting	Turkish Lira	100	-
Net Ekran11 TV ve Medya Hiz. A.Ş. (“Net Ekran11”)	Turkey	Television and radio broadcasting	Turkish Lira	100	-
Net Ekran12 TV ve Medya Hiz. A.Ş. (“Net Ekran12”)	Turkey	Television and radio broadcasting	Turkish Lira	100	-
Net Ekran13 TV ve Medya Hiz. A.Ş. (“Net Ekran13”)	Turkey	Television and radio broadcasting	Turkish Lira	100	-
Net Ekran14 TV ve Medya Hiz. A.Ş. (“Net Ekran14”)	Turkey	Television and radio broadcasting	Turkish Lira	100	-
Net Ekran15 TV ve Medya Hiz. A.Ş. (“Net Ekran15”)	Turkey	Television and radio broadcasting	Turkish Lira	100	-
Net Ekran16 TV ve Medya Hiz. A.Ş. (“Net Ekran16”)	Turkey	Television and radio broadcasting	Turkish Lira	100	-
11818 Rehberlik ve Müşteri Hizmetleri A.Ş. (“11818”)	Turkey	Call center and customer relations	Turkish Lira	100	100

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

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1. REPORTING ENTITY (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 center and customer relationship management, technology and information management.

The Company’s registered office address is Turgut Özal Bulvarı, 06103 Aydınlıkevler, Ankara.

The number of personnel subject to collective agreement as at 30 June 2017 is 11.823 (31 December 2016: 11.681) and the number of personnel not subject to collective agreement as at 30 June 2017 is 21.798 (31 December 2016: 21.543). The total number of personnel as at 30 June 2017 and 31 December 2016 are 33.621 and 33.224, respectively.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Summary of basis of presentation of the interim condensed of consolidated financial statements

a) Statement of compliance with TAS

The accompanying consolidated financial statements are based in accordance with Turkish Accounting Standards (“TAS”) issued by Public Oversight Accounting and Auditing Standards Authority of Turkey (“POA”) as set out in the Communiqué serial II, No: 14.1 announcement of Capital Markets Board (“CMB”) dated 13 June 2013 related to “Capital Market Communiqué on Principles Regarding Financial Reporting” (“Communiqué”) which is published in official gazette, no 28676. TAS is composed of Turkish Accounting Standards, Turkish Financial Reporting Standards, appendixes and interpretations.

For the six month period ended 30 June 2017, the Group prepared its interim condensed consolidated financial statements in accordance with the Turkish Accounting Standard No.34 “Interim Financial Reporting”. Interim condensed consolidated 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 at 31 December 2016.

b) Preparation of financial statements

The accompanying consolidated financial statements and notes are presented in accordance with the illustrative financial statements published by CMB on 7 June 2013.

The accompanying consolidated financial statements are approved by the Company’s Board of Directors on 25 July 2017. General Assembly and related legal institutions have the right to correct these financial statements and statutory financial statements.

c) Correction of financial statements during the hyperinflationary periods

CMB, with its resolution dated 17 March 2005, announced that all publicly traded entities operating in Turkey was not obliged to apply inflationary accounting effective from 1 January 2005. In accordance with this resolution, TAS 29 “Financial Reporting in Hyperinflationary Economies” is not applied to the consolidated financial statements since 1 January 2005.

d) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the property, plant and equipment and investment property acquisitions prior to 1 January 2000 for which the deemed cost method was applied in accordance with TAS 29 “Financial Reporting in Hyperinflationary Economies”, derivative financial instruments and non-controlling interest put option liability which have been reflected at their fair values. Investment properties and tangible assets which are recognized with deemed cost method are valued with fair values as of 1 January 2000, non-controlling interest put option liabilities and derivative financial liabilities are valued with fair values as of balance sheet date.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

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

e) Functional and presentation currency

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 TL in accordance with Turkish Commercial Code, Tax Legislation and the Uniform Chart of Accounts issued by the Ministry of Finance.

Functional currencies of the subsidiaries are presented in Note 1.

The consolidated financial statements are based on the statutory records, with adjustments and reclassifications for the purpose of fair presentation in accordance with the Turkish Accounting Standards published by the POA and are presented in TL.

f) Significant accounting assessments, estimates and assumptions

In order to prepare financial statements in accordance with TMS, 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 judgments and critical accounting estimates compared to prior year used in interim condensed consolidated financial statements as 30 June 2017.

Determination of fair values

A number of the Group’s accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

i) Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows discounted at the market rate of interest at the reporting date. Short-term receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial. This fair value is determined at initial recognition and at the end of each reporting period for disclosure purposes.

ii) Derivatives

The fair value of interest rate swaps and forward exchange contracts are based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty when appropriate.

iii) Bills, bonds and notes issued

The fair values of bills, bonds and notes issued are determined with reference to their quoted price at the measurement date. Subsequent to initial recognition, the fair values of bills, bonds and notes issued are determined for disclosure purposes only.

iv) Other non-derivative financial liabilities

Other non-derivative financial liabilities are measured at fair value, at initial recognition and for disclosure purposes, at each annual reporting date. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

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

2.2 Summary of significant accounting policies

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.

IFRS 9 Financial Instruments (2017 version)

IFRS 9 Financial Instruments, has been published in January 2017, replaces the existing guidance in IAS 39 Financial Instruments Recognition and Measurement. This version includes referrals in earlier versions of IFRS 9 and revised guidance on the classification and measurement of financial instruments including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and de-recognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Group is in the process of assessing the impact of the standard on consolidated financial position or performance of the Group.

IFRS 15 Revenue from Contracts with Customers

The standard replaces existing IFRS 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 2018, 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.

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 these standards, interpretations and amendments to existing IFRS standards are not yet adapted/issued to IFRS by the POA, thus they do not constitute part of IFRS. Such standards, interpretations and amendments that are issued by the IASB but not yet issued by the POA are referred to as IFRS or IAS. The Group will make the necessary changes to its consolidated financial statements after the new standards and interpretations are issued and become effective under IFRS.

IFRS 16 Leases

On 13 January 2016, IASB published the new leasing standard which will replace IAS 17 Leases, IFRIC 4 Determining Whether an Arrangement Contains a Lease, SIC 15 Operating Leases – Incentives, and SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease and consequently change IAS 40 Investment Properties. IFRS 16 eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. Lessor accounting remains similar to current practice. The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted provided that an entity also adopts IFRS 15-Revenue from Contracts with Customers. The Group is in the process of assessing the impact of the amendment on financial position or performance of the Group.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.2 Summary of significant accounting policies (continued)

Standards issued but not yet effective and not early adopted (continued)

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

Amendments to IAS 7 Statement of Cash Flows – Disclosure Initiative

IAS 7 Statement of Cash Flows has been amended as part of the IASB’s broader disclosure initiative to improve presentation and disclosure in consolidated financial statements. The amendments will require disclosures that enable users of consolidated financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The amendments are effective for periods beginning on or after 1 January 2017, with earlier application permitted. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of the amendments to IAS 7.

Amendments to IAS 12 Income Taxes– Recognition of Deferred Tax Assets for Unrealized Losses

The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments are effective for annual periods beginning on or after 1 January 2017. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of the amendments to IAS 12.

IFRIC 22 – Foreign Currency Transactions and Advance Consideration

The amendments clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. The Interpretation covers foreign currency transactions when an entity recognizes a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognizes the related asset, expense or income. The date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The amendment is effective for annual reporting periods beginning on or after 1 January 2018 with earlier application is permitted. The Group does not expect that these amendments will have significant impact on the consolidated financial position or performance of the Group.

Amendments to IFRS 2 – Classification and Measurement of Share-based Payment Transactions

IFRS 2 Share-Based Payment has been amended by IASB to improving consistency and resolve some long-standing ambiguities in share-based payment accounting. The amendments cover three accounting areas: i) measurement of cash-settled share-based payments, ii) classification of share-based payments settled net of tax withholdings; and iii) accounting for modification of a share-based payment from cash-settled to equity-settled. Also, same approach has been adopted for the measurement of cash-settled share-based payments as equity-settled share-based payments. If certain conditions are met, share-based payments settled net of tax withholdings are accounted for as equity-settled share-based payments. The amendments are effective for periods beginning on or after 1 January 2018, with earlier application permitted. The Group does not expect that these amendments will have significant impact on the consolidated financial position or performance of the Group.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.2 Summary of significant accounting policies (continued)

Standards and interpretations issued but not yet effective (continued)

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

IAS 40 – Transfers of Investment Property

Amendments to IAS 40 - Transfers of Investment Property issued by IASB have been made to clarify uncertainty about that provide evidence of transfer of /from investment property to other asset groups. A change in management’s intentions for the use of property does not provide evidence of a change in intended use. Therefore, when an entity decides to dispose of an investment property without development, it continues to treat the property as an investment property until it is derecognized (eliminated from the statement of financial position) and does not reclassify it as inventory. Similarly, if an entity begins to redevelop an existing investment property for continued future use as investment property, the property remains an investment property and is not reclassified as owner-occupied property during the redevelopment. The amendment is effective for annual reporting periods beginning on or after 1 January 2018 with earlier application is permitted. The Group does not expect that these amendments will have significant impact on the consolidated financial position or performance of the Group.

IFRIC 23 –Uncertainty over Income Tax Treatments

On 17 June 2017, IASB issued IFRIC 23 Uncertainty over Income Tax Treatments to specify how to reflect uncertainty in accounting for income taxes. It may be unclear how tax law applies to a particular transaction or circumstance, or whether a taxation authority will accept a company’s tax treatment. IAS 12 Income Taxes specifies how to account for current and deferred tax, but not how to reflect the effects of uncertainty. IFRIC 23 provides requirements that add to the requirements in IAS 12 by specifying how to reflect the effects of uncertainty in accounting for income taxes. The Interpretation is effective from 1 January 2019 with earlier application is permitted. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRIC 23.

IFRS 17 –Insurance Contracts

On 18 May 2017, IASB issued IFRS 17 Insurance Contracts. This first truly international standard for insurance contracts will help investors and others better understand insurers’ risk exposure, profitability and financial position. IFRS 17 replaces IFRS 4, which was brought in as an interim Standard in 2004. IFRS 4 has given companies dispensation to carry on accounting for insurance contracts using national accounting standards, resulting in a multitude of different approaches. As a consequence, it is difficult for investors to compare and contrast the financial performance of otherwise similar companies. IFRS 17 solves the comparison problems created by IFRS 4 by requiring all insurance contracts to be accounted for in a consistent manner, benefiting both investors and insurance companies. Insurance obligations will be accounted for using current values – instead of historical cost. The information will be updated regularly, providing more useful information to users of financial statements. IFRS 17 has an effective date of 1 January 2021 but companies can apply it earlier. The Group does not expect that application of IFRS 17 will have significant impact on its consolidated financial statements.

Improvements to IFRSs

The IASB issued Annual Improvements to IFRSs - 2014–2016 Cycle. The amendments for IFRS 12 are effective as of 1 January 2017, and other amendments are effective as of 1 January 2018. Earlier application is permitted. The Group does not expect that these amendments will have significant impact on the consolidated financial position or performance of the Group.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.2 Summary of significant accounting policies (continued)

Standards and interpretations issued but not yet effective (continued)

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

Annual Improvements 2014- 2016

IFRS 1 “First Time Adoption of International Financial Reporting Standards”

IFRS 1 is amended to clarify that the deletion of short-term exemptions for first-time adopters related to disclosures for financial instruments, employee benefits and consolidated financial statements.

IFRS 12 “Disclosure of Interests in Other Entities”

The amendments clarify that the entity is not required to disclose summarized financial information for that subsidiary, joint venture or associate under the requirements of IFRS 12, when an entity’s interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) is classified (or included in a disposal group that is classified) as held for sale in accordance with IFRS 12.

IAS 28 “Investments in Associates and Joint Ventures”

The amendment enable when an investment in an associate or a joint venture is held by, or is held indirectly through, an entity that is a venture capital organization, or a mutual fund, unit trust and similar entities including investment-linked insurance funds, the entity may elect to measure that investment at fair value through profit or loss in accordance with IFRS 9.

The reclassifications that are made as at 30 June 2016

Foreign exchange gains amounting to TL 2.067.234 for the six month period ended 30 June 2016 and foreign exchange gains amounting to TL 1.259.420 for the six month period ended 30 June 2016 which were previously presented as financial income are netted off with foreign exchange losses in financial expenses.

3. SEASONAL CHANGES IN THE OPERATIONS

The operations of the Group are not subject to seasonal fluctuations.

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4. EARNINGS PER SHARE

	1 January - 30 June 2017	1 April - 30 June 2017	1 January - 30 June 2016	1 April - 30 June 2016
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 period attributable to equity holders of the Company	955.453	889.789	655.306	247.636
Basic and earnings per share (in full kuruş)	0,2730	0,2542	0,1872	0,0708

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, AssisTT, TTES and TTINT Group whereas GSM service is provided by Avea. 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:

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5. SEGMENT REPORTING (CONTINUED)

	Fixed line		Mobile		Intra-group eliminations and consolidated adjustments		Consolidated	
	1 January - 30 June 2017	1 January - 30 June 2016	1 January - 30 June 2017	1 January - 30 June 2016	1 January - 30 June 2017	1 January - 30 June 2016	1 January - 30 June 2017	1 January - 30 June 2016
Revenue	6.231.652	5.485.551	3.245.247	2.763.884	(668.915)	(508.518)	8.807.984	7.740.916
Contributive revenue (*)	5.603.710	5.016.456	3.204.276	2.724.461	–	–	8.807.984	7.740.916
Contributive EBITDA (**)	2.334.165	2.061.939	905.745	521.750	–	–	3.239.910	2.583.689
Capital expenditure (***)	713.270	651.904	235.405	766.728	(3.836)	(20.796)	944.839	1.397.836

	Fixed line		Mobile		Intra-group eliminations and consolidated adjustments		Consolidated	
	1 April - 30 June 2017	1 April - 30 June 2016	1 April - 30 June 2017	1 April - 30 June 2016	1 April - 30 June 2017	1 April - 30 June 2016	1 April - 30 June 2017	1 April - 30 June 2016
Revenue	3.164.002	2.830.388	1.668.692	1.423.245	(332.182)	(313.684)	4.500.512	3.939.949
Contribution to the consolidated revenue (*)	2.855.255	2.537.366	1.645.257	1.402.583	–	–	4.500.512	3.939.949
Contribution to the consolidated EBITDA (**)	1.241.216	1.016.054	470.774	305.899	–	–	1.711.990	1.321.953
Capital expenditure (***)	429.255	416.349	117.005	295.684	(1.893)	(22.543)	544.367	689.490

(*)“Contribution to the consolidated revenue” represents operating segments’ revenues from companies other than those included in the consolidated financial statements. Group management monitors financial performance of segments based on their contribution to consolidated revenue.

(**)“Contribution to the consolidated EBITDA” represents operating segments’ EBITDA arose from transactions with companies other than those included in the consolidated financial statements. Group management monitors financial performance of segments based on their contribution to the consolidated EBITDA.

(***) Capital expenditures do not include TL 43.566 (30 June 2016: TL 18.381) amounted profit margin which is capitalized on intangible assets that are accounted within the scope of TFRS Interpretation 12.

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5. SEGMENT REPORTING (CONTINUED)

	1 January - 30 June 2017	1 April - 30 June 2017	1 January - 30 June 2016	1 April - 30 June 2016
Fixed line contributive EBITDA	2.334.165	1.241.216	2.061.939	1.016.054
Mobile contributive EBITDA	905.745	470.774	521.750	305.899
EBITDA	3.239.910	1.711.990	2.583.689	1.321.953
Foreign exchange gains, interest income, discount income on current accounts presented in other operating income	86.627	21.047	92.022	35.017
Foreign exchange losses, interest income, discount income on current accounts presented in other operating expense (-)	(140.416)	(26.039)	(116.876)	(41.933)
Financial income	456.753	237.962	231.057	154.244
Financial expense (-)	(776.822)	15.701	(448.153)	(359.055)
Depreciation, amortisation and impairment	(1.493.384)	(772.542)	(1.353.159)	(695.072)
Consolidated profit before tax	1.372.668	1.188.119	988.580	415.154

30 June 2017	Fixed Line	Mobile	Eliminations	Consolidated
Total segment assets	21.113.342	9.428.918	(4.809.233)	25.733.027
Total segment liabilities	(18.901.779)	(7.292.165)	4.805.397	(21.388.547)
31 December 2016	Fixed Line	Mobile	Eliminations	Consolidated
Total segment assets	20.613.523	10.089.774	(3.828.846)	26.874.451
Total segment liabilities	(19.913.378)	(7.382.452)	3.808.000	(23.487.830)

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6. CASH AND CASH EQUIVALENTS

	30 June 2017	31 December 2016
Cash on hand	468	358
Cash at banks– demand deposit	610.498	911.595
Cash at banks– time deposit	1.510.160	2.100.430
Other	1.791	3.983
	2.122.917	3.016.366

As of 30 June 2017, 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% and 14,10% for TL deposits, between 0,50% and 4,30% for US Dollar deposits and between 0,50% and 1,90% for Euro deposits (31 December 2016: for TL deposits between 3,00% and 12,00%, for US Dollar deposits between 0,25% and 3,93%, for Euro deposits between 0,10% and 2,41%).

Reconciliation of cash and cash equivalents to the statement of cash flows is as follows:

	30 June 2017	30 June 2016
Cash and cash equivalents	2.122.917	3.214.293
Less: restricted amounts		
- Collection protocols and ATM collection	(373.131)	(369.627)
- Other	(1.552)	(1.410)
Unrestricted cash	1.748.234	2.843.256

As of 30 June 2017, demand deposits amounting to TL 373.131 (30 June 2016: TL 369.627) 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 2017, the Group has bank loans amounting to USD 31.797 and EURO 54.636 (31 December 2016: USD 11.415 and Euro 105.576) which have been committed to banks and have not been utilized yet, having maturity dates on 30 December 2017 and 16 December 2017, respectively.

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7. FINANCIAL LIABILITIES

Bank borrowings

	30 June 2017			31 December 2016		
	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	10,23	147.368	147.368	14,05	70.200	70.200
Interest accruals:						
TL bank borrowings with fixed interest rates		1.668	1.668		2.374	2.374
Short-term borrowings			149.036			72.574
Short-term portion of long-term bank borrowings:						
USD bank borrowings with fixed interest rates	3,07	52.353	183.607	3,06	50.865	179.005
USD bank borrowings with variable interest rates (*)	3,41	209.979	736.418	3,31	302.548	1.064.727
EUR bank borrowings with variable interest rates (**)	1,44	170.766	683.576	1,22	162.517	602.920
Interest accruals of long-term bank borrowings:						
USD bank borrowings with fixed interest rates		304	1.067		505	1.778
USD bank borrowings with variable interest rates (*)		16.017	56.174		11.522	40.547
EUR bank borrowings with variable interest rates (**)		2.266	9.070		2.276	8.444
Short-term portion of long-term bank borrowings			1.669.912			1.897.421
Total short-term borrowings			1.818.948			1.969.995
Long-term borrowings:						
USD bank borrowings with fixed interest rates	3,07	34.945	122.555	3,06	61.402	216.085
USD bank borrowings with variable interest rates (*)	3,41	1.606.950	5.635.734	3,31	1.588.956	5.591.854
EUR bank borrowings with variable interest rates (**)	1,44	920.716	3.685.626	1,22	1.013.859	3.761.315
Total long-term borrowings			9.443.915			9.569.254
Total financial liabilities			11.262.863			11.539.249

(*) As at 30 June 2017, interest rate varies between Libor+ 0,54% and 3,40% (31 December 2016: Libor + 0,54% and 3,40%)

(**) As at 30 June 2017, interest rate varies between Euribor + 0,25% and 2,60% (31 December 2016: Euribor + 0,25% and 2,60%)

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7. FINANCIAL LIABILITIES (CONTINUED)

Bank borrowings (continued)

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

	30 June 2017					Total	31 December 2016					Total
	Up to 3 months	3 months to 1 year	1 year to 2 years	2 years to 5 years	More than 5 years		Up to 3 months	3 months to 1 year	1 year to 2 years	2 years to 5 years	More than 5 years	
TL bank borrowings with fixed interest rates	133.278	15.758	–	–	–	149.036	64.816	7.758	–	–	–	72.574
USD bank borrowings with fixed interest rates	13.167	171.507	89.617	32.938	–	307.229	11.679	169.104	142.636	73.449	–	396.868
USD bank borrowings with variable interest rates	156.998	635.594	1.267.299	2.913.438	1.454.997	6.428.326	485.973	619.301	996.966	2.996.316	1.598.572	6.697.128
Euro bank borrowings with variable interest rates	32.234	660.412	1.197.613	1.933.776	554.237	4.378.272	26.749	584.615	875.653	2.373.603	512.059	4.372.679
	335.677	1.483.271	2.554.529	4.880.152	2.009.234	11.262.863	589.217	1.380.778	2.015.255	5.443.368	2.110.631	11.539.249

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7. FINANCIAL LIABILITIES (CONTINUED)

Bill, bonds and notes issued

	30 June 2017			31 December 2016		
	Weighted average nominal interest rate (%)	Original amount	TL equivalent	Weighted average nominal interest rate (%)	Original amount	TL equivalent
Bill, bonds and notes issued:						
USD bank borrowings with fixed interest rates	4,54	5.411	18.978	4,54	4.897	17.235
Short-term bills, bonds and notes issued		5.411	18.978		4.897	17.235
Long-term bills, bonds and notes issued:						
USD bank borrowings with fixed interest rates	4,54	989.578	3.470.548	4,54	989.578	3.482.522
Long-term bills, bonds and notes issued		989.578	3.470.548		989.578	3.482.522
Total financial liabilities		994.989	3.489.526		994.475	3.499.757

The sales process of the bond issuances amounted to USD 500.000 with 10 years of 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 amounted to USD 500.000 with 5 years of 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.

The contractual maturities of issued long term bills, bonds and notes in equivalent of TL are as follows:

	30 June 2017				31 December 2016			
	Up to 3 months	1 year to 5 years	More than 5 years	Total	3 months to 1 year	1 year to 5 years	More than 5 years	Total
Issued long term bills, bonds and notes	18.978	1.739.193	1.731.355	3.489.526	17.235	1.745.194	1.737.328	3.499.757
	18.978	1.739.193	1.731.355	3.489.526	17.235	1.745.194	1.737.328	3.499.757

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8. DUE FROM AND DUE TO RELATED PARTIES

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 25% ownership and the golden share of the Treasury. State controlled entities are defined as related parties but in accordance with the exemption provided by the TAS 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 2017 and 31 December 2016 are disclosed below:

	30 June 2017	31 December 2016
Due from related parties		
Parent company		
Saudi Telecom Company ("STC") (1)	17.360	25.606
Other related parties		
Oger Systems Company Ltd. (2)	1.078	583
Other	18	4
	18.456	26.193
Due to related parties		
Parent company		
STC (1)	1.161	1.406
Other related parties		
OTYH (2)	–	6.574
OGER Systems Company Ltd. (2)	279	727
Other	389	105
	1.829	8.812

(1) Shareholder of Oger Telecom

(2) A subsidiary of Saudi Oger

Transactions with shareholders:

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 their net revenues of each year 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 2017, unpaid portion of Treasury Share, universal service fund and ICTA share are recorded under other short term payables and these expenses are accounted in cost of sales account.

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8. DUE FROM AND DUE TO RELATED PARTIES (CONTINUED)

Guarantees provided to related parties:

As of 30 June 2017, guarantees amounting to USD 435.000 is for financial liabilities of Avea which are amounted to USD 265.000 and EUR 133.125, and guarantees amounting to USD 50.000 is given for financial liabilities of TTINT Turkey, amounting to USD 50.000 and guarantees amounting to EUR 300 is given for financial liabilities of TTINT Romania, amounting to EUR 300 by Türk Telekom.

Transactions with other related parties:

Postage services have been rendered by PTT for the Company.

Operational lease expense to PTT by the Company as part of the lease agreement amounts to TL 11.233 for the three month period ended 30 June 2017 (30 June 2016: TL 10.195).

The Company is rendering and receiving international traffic carriage services, data line rent services to and from STC and sharing advertisement expenses with STC. For the period ended 30 June 2017, total revenues and expenses incurred in relation to these services amounted to TL 4.361 and TL, 1.006 respectively (30 June 2016: TL 5.447 revenue and TL 339 expenses).

Compensation of key management personnel

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

	1 January - 30 June 2017	1 April - 30 June 2017	1 January - 30 June 2016	1 April - 30 June 2016
Short-term benefits	56.731	33.111	71.391	53.692
Long-term defined benefit plans	627	82	1.149	553
	57.358	33.193	72.540	54.245

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9. TRADE RECEIVABLES FROM AND PAYABLES TO THIRD PARTIES

Trade receivables

	30 June 2017	31 December 2016
Short-term		
Trade receivables	6.237.017	5.787.093
Other trade receivables	176.812	140.036
Income accruals	582.618	564.735
Allowance for doubtful receivables (-)	(2.594.676)	(2.373.313)
Total short-term trade receivables	4.401.771	4.118.551
Long-term		
Trade receivables	72.337	42.095
Total long-term trade receivables	72.337	42.095

Trade receivables generally have a maturity term of 60 days on average (31 December 2016: 60 days).

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

	1 January 2017 - 30 June 2017	1 January 2016 - 30 June 2016
At January 1	(2.373.313)	(2.002.146)
Provision for the year	(244.220)	(261.685)
Reversal of provision - collections	22.714	78.804
Write off of doubtful receivables	641	489
Change in currency translation differences	(498)	2
At 30 June	(2.594.676)	(2.184.536)

The Group 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 collections from its overdue receivables. As of 30 June 2017 and 31 December 2016, the analysis of trade receivables that were neither past nor due and past due but not impaired is as follows:

	Total	Past due but not impaired						
		Neither past due nor impaired	< 30 days	30-60 days	60-90 days	90-120 days	120-360 days	>360 days
30 June 2017	4.474.108	3.089.685	348.573	177.316	89.424	115.166	284.132	369.812
31 December 2016	4.160.646	2.965.393	301.231	137.177	81.676	77.400	232.356	365.413

Receivables guaranteed of the Group are amounted to TL 45.118 (31 December 2016: TL 34.085).

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9. TRADE RECEIVABLES FROM AND PAYABLES TO THIRD PARTIES (CONTINUED)

Trade payables

	30 June 2017	31 December 2016
Short-term		
Trade payables	2.400.795	4.123.857
Expense accruals	699.119	388.039
Other trade payables	51	10.493
Total short-term trade payables	3.099.965	4.522.389
Long-term		
Trade payables	–	83.679
Total long-term trade payables	–	83.679

As of 30 June 2017, short term trade payables include TV broadcasting and licence rights and other short term trade payables. There is no payable remaining in current period regarding Avea 4.5G licence (31 December 2016: TL 895.470).

The average maturity term of trade payables is between 30 and 150 days (31 December 2016: 30 and 150 days).

As of 31 December 2016, long term trade payables which have a maturity of more than 1 year include TV broadcasting and license rights.

Short term trade payables consists of payables within scope of supplier finance that amounting TL 889.728 (31 December 2016: TL 778.509).

10. TANGIBLE AND INTANGIBLE ASSETS

The amount of tangible and intangible assets purchased during the six month period ended 30 June 2017 is TL 944.839 (30 June 2016: TL 1.397.836).

Net book value of tangible and intangible assets sold during the six month period ended 30 June 2017 amounted to TL 9.383 (30 June 2016: TL 19.246).

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11. PROVISIONS

Other short-term provisions

The movement of other short-term provisions is as follows:

	30 June 2017	31 December 2016
Litigation, ICTA penalty and customer return provisions	240.730	264.200
	240.730	264.200

The movement of provisions is as follows:

	1 January - 30 June 2017	1 January - 30 June 2016
As at 1 January	264.200	296.674
Provisions for the period	15.544	30.696
Settled provisions	(38.620)	(49.893)
Reversals	(711)	(12.540)
Foreign currency translation difference	317	72
As at 30 June	240.730	265.009

Short-term provisions for employee benefits

	30 June 2017	31 December 2016
Short term provisions for employee benefits		
Personnel bonus provision	112.138	165.862
	112.138	165.862

The movement of provisions is as follows:

	1 January - 30 June 2017	1 January - 30 June 2016
As at 1 January	165.862	178.822
Provision for the period	108.885	96.682
Provisions paid	(119.316)	(159.805)
Reversals	(43.006)	(10.131)
Foreign currency translation difference	(287)	126
As at 30 June	112.138	105.694

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11. PROVISIONS (CONTINUED)

Long term provisions for employee benefits

	30 June 2017	31 December 2016
Long term provisions for employee benefits		
Defined benefit obligation	651.010	695.953
Unused vacation provisions	89.327	87.448
	740.337	783.401

Defined benefit obligation

In accordance with existing social legislation in Turkey, companies are required to make lump-sum payments to employees whose employment is 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 2017 is subject to a ceiling of full TL 4.426,16 (31 December 2016: full TL 4.297,21) per monthly salary for each service year.

In addition to retirement benefits, the Group is liable for certain other long-term employment benefits such as business, service, representation indemnity and jubilee.

i) The movement of defined benefit obligation is as follows:

	1 January - 30 June 2017	1 January - 30 June 2016
Defined benefit obligation at January 1	695.953	635.366
Service cost	22.738	27.292
Interest cost	28.622	23.828
Actuarial loss (*)	12.995	25.173
Benefits paid	(109.493)	(110.862)
Foreign currency translation difference	195	(83)
As at 30 June	651.010	600.714

(*) As at 30 June 2017, actuarial loss amounting to TL 12.995 (30 June 2016: TL 25.173) is recognized in other comprehensive income.

ii) Total expense recognized in the consolidated income statement:

	1 January - 30 June 2017	1 January - 30 June 2016
Service cost	22.738	27.292
Interest cost	28.622	23.828
Total net cost recognized in the consolidated statement of income	51.360	51.120

iii) Principal actuarial assumptions used:

	30 June 2017	31 December 2016
Interest rate	11,0%	11,0%
Expected rate of ceiling increases	6,0%	6,0%
For the years ahead, voluntary employee withdrawal of the Group is 2,44% (31 December 2016: 2,39%).		

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11. PROVISIONS (CONTINUED)

Long term employee benefits excluding defined benefit obligation

The movement of unused vacation provisions is as follows:

	1 January - 30 June 2017	1 January - 30 June 2016
As at 1 January	87.448	79.677
Provision for the period	28.322	34.042
Provisions paid	(7.140)	(7.631)
Reversals	(19.459)	(15.261)
Foreign currency translation difference	156	(15)
As at 30 June	89.327	90.812
<i>Other long-term provisions</i>		
	30 June 2017	31 December 2016
Provision for the investments under the scope of TFRS Interpretation 12	7.976	7.887
	7.976	7.887

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12. OTHER CURRENT ASSETS, OTHER LIABILITIES AND EMPLOYEE BENEFIT OBLIGATIONS

Other current assets

	30 June 2017	31 December 2016
Intermediary services for collection (*)	186.632	165.417
Value Added Tax ("VAT") and Special Communication Tax ("SCT")(**)	153.593	314.864
Advances given (***)	75.091	33.743
TAFICS projects	37.145	46.006
Other current assets	4.249	3.032
	456.710	563.062

(*) Intermediary services for collections consist of advances given by the Group to its distributors.

(**) Includes "VAT" of payments made to ICTA for IMT Services and Infrastructures Authorization, also known as 4.5G tender in public.

(***) Advances given mainly consists of advances given to suppliers.

Other current liabilities

	30 June 2017	31 December 2016
Advances received	35.575	34.760
Other liabilities	21.055	12.378
	56.630	47.138

The Company acts as an intermediary of TAFICS projects by transferring advances received to the contractors and supports the management of the projects. Expenditures arising from the projects are deducted from the advances received at the date of the expenditure. Advances not used are held as time deposits and the interest earned is credited to the advances received in accordance with the agreement between the parties.

Employee benefit obligations

	30 June 2017	31 December 2016
Social security premiums payable	68.699	68.879
Payables to personnel	39.660	88.774
Employee's income tax payables	41.553	45.580
	149.912	203.233

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13. COMMITMENTS AND CONTINGENCIES

Guarantees received and given by the Group are summarized below:

		30 June 2017		31 December 2016	
		Original currency	TL	Original currency	TL
Guarantees received	USD	155.487	545.310	173.893	611.965
	TL	781.101	781.101	800.183	800.183
	Euro	35.418	141.779	42.338	157.068
		1.468.190		1.569.216	
Guarantees given (*)	USD	161.637	566.877	162.577	572.140
	TL	370.685	370.685	254.227	254.227
	Euro	155.059	620.701	239.806	889.657
	Other	–	–	17	12
		1.558.263		1.716.036	

(*) Guarantees given amounting to US Dollar 151.500 (31 December 2016: US Dollar 151.500) is related to the guarantee provided to the ICTA by Avea with respect to the Avea Concession Agreement, guarantees given amounting to Euro 12.840 (31 December 2016: Euro 12.840) is related with the guarantee provided for 3G license and guarantees given amounting to Euro 57.281 (31 December 2016: Euro 57.281) is related with the guarantee provided for 4.5G license.

The Company’s guarantee, pledge and mortgage (GPM) position as at 30 June 2017 and 31 December 2016 is as follows:

	30 June 2017	31 December 2016
A. GPMs given on behalf of the Company’s legal personality	1.558.263	1.716.036
B. GPMs given in favor of subsidiaries included in full consolidation	1.462.181	1.303.204
C. GPMS given by the Company for the liabilities of 3rd parties in order to run ordinary course of business	2.176.874	1.920.454
D. Other GPMs	–	–
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	–	–
iii. GPMs given in favor of third party companies not in the scope of C above	–	–
Total	5.197.318	4.939.694

Based on law 128/1 of Turkish Code of Obligations, the Group has given guarantee to distributors amounting to TL 2.176.874 for the financial obligation that would arise during the purchase of devices that will be sold as commitment sales by the Group (31 December 2016: TL 1.920.454).

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13. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Other commitments

The Group has purchase commitments for sponsorships and advertising services at the amounting to USD 19.500 and TL 95 equivalent to TL 68.484 (31 December 2016: TL 70.239) as at 30 June 2017. Payments for these commitments are going to be made in a 3-year period.

The Group has purchase commitments for fixed assets amounting to USD 190.228, Euro 16.614, GBP 182, and TL 409.734, equivalent to TL 1.444.246 (31 December 2016: TL 1.145.296) as at 30 June 2017.

Legal proceedings of Türk Telekom

Disputes between the Company and its former personnel

Within 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 retirement and whose service are not needed have been terminated based on the Board of Directors Decision. Accordingly, certain number of those employees has filed re-employment lawsuits against the Company. Some of the lawsuits terminated against the Company while the remaining cases are still ongoing. Provision amounting to TL 14.404 (31 December 2016: TL 13.987) is provided as of 30 June 2017 for the ongoing cases.

Disputes between the Company and Municipalities

For contribution to the infrastructure investment and municipality share, municipalities filed against the Company and as at 30 June 2017, total provision including the nominal amount and legal interest charge which is amounting to TL 49.443 (31 December 2016: TL 48.641) is recognized.

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 2017, TL 21.542 provision provided for ICTA penalties and amounts to be repaid to customers due to ICTA resolutions (31 December 2016: TL 52.346).

Avea’s Treasury Share investigation

Undersecretariat of Treasury has performed an audit at Avea over gross sales for the period 2010 and 2011 and calculated additional charges amounting to TL 2.500 regarding 2G Concession Agreement and TL 15.700 regarding 3G Concession Agreement on the allegation that Treasury Share and Universal Service Participation Fee was not fully paid over “sales discounts, subscriber commitment penalties, advertisement charge outs, discount over roaming and exchange rate differences arising from roaming services” based on the ground that such amounts constitutes the base for treasury share.

Meanwhile, the Management has taken the following actions for the claimed amounts:

- Preliminary injunction request is rejected regarding the amount over 2G Concession Agreement, an arbitration case has been initiated.
- A cancellation case has been initiated with stay of execution request regarding the penalties claimed under the 3G Concession Agreement. The stay of execution request was denied. The objection against this ruling is also denied.

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13. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Avea’s Treasury Share investigation (continued)

The Company paid TL 27.795 in January 2016 including interest for amounts resulting from 3G sales and TL 4.582 in September 2016 for amounts resulting from 2G sales.

In addition, ICTA sent a notification requesting TL 44.940 penalty over 3G Concession Agreement and TL 7.021 penalty over 2G Concession Agreement which is calculated as three times of the principal amount.

Meanwhile, the Management has taken the following actions for the claimed amounts:

- Preliminary injunction has been received regarding the penalty accrual over 2G Concession Agreement and arbitration process has been initiated.
- A cancellation case initiated with stay of execution request regarding penalties claimed under the 3G Concession Agreement. The stay of execution request is denied. This decision is objected and litigation process is ongoing. While these developments were ongoing, the lawsuits regarding the year of 2009 in relation to previous Treasury reports on 3G services are resulted in favor of Avea in Council of State. Council of State’s favourable ruling set a precedent for three more cases and lawsuits on Contribution Fee to Institution Expense, Universal Service Fee and Penalties related to the same period were concluded in favour of Avea in the Council of State. These four decisions set a precedent for the other ongoing cases. Within the framework of the court rulings in favor of the Company regarding the discount cases for 2009, the Company has requested for extension of payment period from ICTA. The case is pending as at 30 June 2017.

As a result of an inspection review on gross sales of Avea for the years 2012 and 2013, Undersecretariat of Treasury requested an additional payment amounting to TL 117.365 in accordance with 2G Concession Agreement and TL 66.697 in accordance with 3G Concession Agreement, claiming that “sales discounts, subscriber commitment penalties, advertisement charge outs and field usage charges should be included in Treasury Share and Contribution Share to the Universal Service calculations.

ICTA sent a notification for penalties amounting to TL 182.476 related to 3G concession agreement (for periods including 2011, 2012 and 2013) and TL 322.923 related to 2G concession agreement (for periods including 2009, 2010, 2011, 2012 and 2013) were sent which are calculated as three times over the principal amount.

Meanwhile, the Management has taken the following actions for the claimed amounts:

- The company’s application for preliminary injunction, regarding the treasury share and penalty claimed under 2G Concession Agreement, has been accepted. Arbitration case will be initiated.
- A cancellation case initiated with stay of execution request regarding the amounts claimed under the 3G Concession Agreement. Council of State issued a stay of order decision regarding the claimed amounts of treasury shares over 3G Concession Agreement for discounts.
- While proceeding with legal procedures, the Company has requested reversal of the penalty notification until the finalisation of the legal processes about the decisions ruled by Council of State which are in favor of Avea for the year 2009 and above mentioned stay of order decision.

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13. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Avea's Treasury Share investigation (continued)

The Company has recognized a provision amounting to TL 117.125 in the consolidated financial statements for additional treasury share claim as at 30 June 2017 (31 December 2016: TL 111.554).

The Ministry of Customs and Trade administrative fine

The Ministry of Customs and Trade conducted an audit and as a result of this inspection, an administrative fine amounting to TL 116.254 was imposed against Avea. On the subject of fine, an application is with The Ministry of Customs and Trade and Governorship of Istanbul for abolishment of administrative fine and the Group has filed a cancellation lawsuit against fine transaction by requesting suspension of execution. Meantime, the Ministry has cancelled this fine.

Under the same scope of audit, an administrative fine amounting to TL 11.520 was also imposed against the Company. Similarly, the Company plans to apply to the governorship for abolishment of this fine and file a lawsuit for stay of execution and cancellation. An administrative application has been made and a cancellation case has been initiated with stay of execution request. Stay of execution request is denied. The Company has objected against this denial ruling. The litigation process is on-going.

According to management decision, as of 30 June 2017 the Company has recognized no provision in the consolidated financial statements that has been made for fulfillment of the obligation to the extent that it is not probable that an outflow of resources embodying economic benefit will have occurred.

Other issues

Provision has been provided in the 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 38.216 as at 30 June 2017 (31 December 2016: TL 37.672). For the rest of the cases, Group lawyers commented that basis of those cases are not realistic and should be appealed. Therefore, no provision has been provided for these cases.

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14. FINANCIAL RISK MANAGEMENT AND POLICIES

Market risk

Foreign currency risk

	30 June 2017					31 December 2016				
	TL Equivalent	US Dollar	Euro	GBP	Other	TL Equivalent	USD	Euro	GBP	Other
1. Trade receivables	160.029	21.419	21.212	–	–	166.761	25.518	20.700	–	172
2a. Monetary financial assets (Cash and banks accounts included)	1.173.642	226.702	94.573	–	–	720.277	139.625	61.702	–	–
2b. Non-monetary financial assets	–	–	–	–	–	–	–	–	–	–
3. Other	89.721	6.123	17.049	–	–	69.413	1.789	17.011	1	–
4. Current assets (1+2+3)	1.423.392	254.244	132.834	–	–	956.451	166.932	99.413	1	172
5. Trade receivables	1.603	457	–	–	–	5.723	956	110	–	2.081
6a. Monetary financial assets	64.799	16.404	1.816	–	–	58.158	14.612	1.816	–	–
6b. Non-monetary financial assets	–	–	–	–	–	–	–	–	–	–
7. Other	516	4	125	–	–	682	39	147	–	–
8. Non-current assets (5+6+7)	66.918	16.865	1.941	–	–	64.563	15.607	2.073	–	2.081
9. Total assets (4+8)	1.490.310	271.109	134.775	–	–	1.021.014	182.539	101.486	1	2.254
10. Trade payables	1.690.745	369.998	98.171	33	–	2.798.874	413.637	362.013	39	3
11. Financial liabilities	1.688.890	284.065	173.032	–	–	1.914.891	370.338	164.793	43	–
12a. Monetary other liabilities	117.995	15.340	16.037	–	–	24.661	3.102	3.705	–	–
12b. Non-monetary other liabilities	–	–	–	–	–	–	–	–	–	–
13. Short-term liabilities (10+11+12)	3.497.630	669.403	287.240	33	–	4.738.426	787.077	530.511	82	3
14. Trade payables	–	–	–	–	–	85.104	93	22.851	–	–
15. Financial liabilities	12.914.464	2.631.473	920.716	–	–	13.051.776	2.639.936	1.013.859	–	–
16 a. Monetary other liabilities	255.487	46.598	22.999	–	–	241.623	43.307	24.048	–	–
16 b. Non-monetary other liabilities	–	–	–	–	–	–	–	–	–	–
17. Long-term liabilities (14+15+16)	13.169.951	2.678.071	943.715	–	–	13.378.503	2.683.336	1.060.758	–	–
18. Total liabilities (13+17)	16.667.581	3.347.474	1.230.955	33	–	18.116.929	3.470.413	1.591.269	82	3
19. Net asset/(liability) position of off balance sheet derivative instruments (19a-19b)	2.614.736	1.305.000	(490.140)	–	–	2.236.771	1.205.000	(540.140)	–	–
19a. Total asset amount hedged	–	–	–	–	–	–	–	–	–	–
19b. Total liability amount hedged	(2.614.736)	(1.305.000)	490.140	–	–	(2.236.771)	(1.205.000)	540.140	–	–
20. Net foreign currency asset/(liability) position (9-18+19)	(12.562.535)	(1.771.365)	(1.586.320)	(32)	–	(14.859.144)	(2.082.874)	(2.029.922)	(80)	2.251
21. Net asset/(liability) position of foreign currency monetary items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	(15.267.507)	(3.082.491)	(1.113.354)	(33)	–	(17.166.010)	(3.289.702)	(1.506.941)	(82)	2.251
22. Fair value of FX swap financial instruments	440.457	125.760	(149)	–	–	367.841	104.524	–	–	–
23. Hedged amount of foreign currency assets	–	–	–	–	–	–	–	–	–	–
24. Hedged amount of foreign currency liabilities	(2.614.736)	(1.305.000)	490.140	–	–	(2.236.771)	(1.205.000)	540.140	–	–

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14. FINANCIAL RISK MANAGEMENT AND POLICIES (CONTINUED)

Market risk (continued)

Foreign currency risk (continued)

The Group has transactional currency exposures mainly with respect to the financial liabilities and trade payables. Foreign currency denominated borrowings are stated in Note 7.

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

30 June 2017	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	(1.078.912)	1.078.912	–	–
2- Hedged portion of USD risk (-) (*)	9.925	(45.413)	10	(45)
3- USD net effect (1+2)	(1.068.987)	1.033.499	10	(45)
Appreciation of Euro against TL by 10%:				
4- Euro net asset/liability	(438.800)	438.800	11.261	(11.261)
5- Hedged portion of Euro risk (-)	–	–	–	–
6- Euro net effect (4+5)	(438.800)	438.800	11.261	(11.261)
Appreciation of other foreign currencies against TL by 10%:				
7- Other foreign currency net asset/liability	(14)	14	–	–
8- Hedged portion of other foreign currency (-)	–	–	–	–
9- Other foreign currency net effect (7+8)	(14)	14	–	–
Total (3+6+9)	(1.507.801)	1.472.313	11.271	(11.306)
31 December 2016				
	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	(1.157.069)	1.157.069	–	–
2- Hedged portion of USD risk (-)	(18.169)	(8.359)	–	–
3- USD net effect (1+2)	(1.175.238)	1.148.710	–	–
Appreciation of Euro against TL by 10%:				
4- Euro net asset/liability	(552.694)	552.694	(10.039)	10.039
5- Hedged portion of Euro risk (-)	–	–	–	–
6- Euro net effect (4+5)	(552.694)	552.694	(10.039)	10.039
Appreciation of other foreign currencies against TL by 10%:				
7- Other foreign currency net asset/liability	176	(176)	–	–
8- Hedged portion of other foreign currency (-)	–	–	–	–
9- Other foreign currency net effect (7+8)	176	(176)	–	–
Total (3+6+9)	(1.727.756)	1.701.228	(10.039)	10.039

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14. 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 amounts and fair values of financial asset and liabilities.

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	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
Financial assets				
Cash and cash equivalents	2.122.917	3.016.366	2.122.917	3.016.366
Trade and other receivables (including related parties)	4.619.425	4.273.657	4.619.425	4.273.657
Other financial investments (*)	11.840	11.840	(*)	(*)
Derivative financial assets	568.395	652.798	568.395	652.798
Financial liabilities				
Bank borrowings	11.262.863	11.539.249	11.262.639	11.538.927
Bills, bonds and notes issued	3.489.526	3.499.757	3.540.123	3.393.503
Financial leasing liabilities	2.079	2.173	2.079	2.173
Trade payables and other liabilities (including related parties) (**)	4.245.114	5.950.127	4.245.114	5.950.127
Derivative financial liabilities	233.674	385.968	233.674	385.968

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

(**)Trade payables and other liabilities item includes trade and other payables, employee benefit obligations and other liabilities contained within other current liabilities. Taxes and other payables contained within employee benefit obligations and advances contained within other current liabilities are excluded.

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 does not contains observable market inputs

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14. FINANCIAL RISK MANAGEMENT AND POLICIES (CONTINUED)

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

Fair value hierarchy table as at 30 June 2017 is as follows:

	Date of Valuation	Total	Fair Value Measurement		
			Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial assets measured at fair value:					
<u>Derivative Financial Assets:</u>					
Cross currency swaps	30 June 2017	510.865	–	510.865	–
Interest rate swaps	30 June 2017	57.530	–	57.530	–
Financial liabilities measured at fair value:					
<u>Derivative Financial Liabilities:</u>					
Interest rate swaps	30 June 2017	163.266	–	163.266	–
Cross currency swaps	30 June 2017	70.408	–	70.408	–
Other financial liabilities not measured at fair value					
Bank loans	30 June 2017	11.262.639	–	11.262.639	–
Bills, bonds and notes issued	30 June 2017	3.540.123	3.540.123	–	–

Fair value hierarchy table as at 31 December 2016 is as follows:

	Date of Valuation	Total	Fair Value Measurement		
			Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial assets measured at fair value:					
<u>Derivative Financial Assets:</u>					
Cross currency swaps	31 December 2016	601.401	–	601.401	–
Interest rate swaps	31 December 2016	51.397	–	51.397	–
Financial liabilities measured at fair value:					
<u>Derivative Financial Liabilities:</u>					
Interest rate swaps	31 December 2016	152.408	–	152.408	–
Non-controlling interest put option liability	31 December 2016	233.560	–	233.560	–
Other financial liabilities not measured at fair value					
Bank loans	31 December 2016	11.538.927	–	11.538.927	–
Bills, bonds and notes issued	31 December 2016	3.393.503	3.393.503	–	–

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 the years 2017 and 2016.

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15. PAID IN CAPITAL, RESERVES AND RETAINED EARNINGS

Dividends

Since, there is no consolidated profit for the year 2016, no amount is determined as available for dividend distribution.

During the year ended 31 December 2016, TL 840.859 has been committed to be distributed and distributed in cash to the shareholders from the remaining balance of 2015 distributable profit after assigning first and second legal reserves (a dividend of full kuruş 0,2402 per share).

16. DERIVATIVE FINANCIAL INSTRUMENTS

Cash flow hedges and derivative financial instruments

Interest rate swaps

The Company has entered into an eight-part interest rate swap transaction 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 transaction 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 a six-part interest rate swap transaction 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 a five-part interest rate swap transaction 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 2017 fair value of interest rate derivative transactions amounting to TL 163.266 has been recognized under long term financial liabilities (31 December 2016: TL 152.408). Unrealized loss on these derivatives amounting to TL 11.921 (30 June 2016: TL 167.280 loss) is recognized in other comprehensive income. Unrealized gain on these derivatives' time value amounting to TL 1.063 (30 June 2016: TL 2.548 gain) is recognized in statement of profit or loss.

Company	Notional Amount (USD Dollar)	Trade Date	Terms	Fair Value Amount as at 30 June 2017 (TL)
Türk Telekom	400.000	11 April 2012 – 30 April 2012	Pay fixed rates and receive floating rates between March 2014 and March 2022	(37.938)
Türk Telekom	200.000	8 April 2013 – 17 April 2013	Pay fixed rates and receive floating rates between 19 August 2015 and 21 August 2023	(17.394)
Türk Telekom	300.000	29 April – 20 May 2014	Pay fixed rates and receive floating rates between June 2016 and June 2024	(92.379)
Türk Telekom	150.000	15-16 May 2014	Pay fixed rates and receive rates between June 2016 and August 2016, and June 2024 and August 2024	(15.555)
				(163.266)

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16. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Cash flow hedges and derivative financial instruments (continued)

Interest rate swaps (continued)

Company	Notional Amount (USD Dollar)	Trade Date	Terms	Fair Value Amount as at 31 December 2016 (TL)
Türk Telekom	400.000	11 April 2012 – 30 April 2012	Pay fixed rates between March 2014 and March 2022, and receive floating rates	(32.049)
Türk Telekom	200.000	8 April 2013 – 17 April 2013	Pay fixed rates between August 2015 and August 2023, and receive floating rates	(12.462)
Türk Telekom	300.000	29 April – 20 May 2014	Pay fixed rates between June 2016 and June 2024, and receive floating rates	(90.545)
Türk Telekom	150.000	15-16 May 2014	Pay floating price between June 2016, August 2016 June 2024 and August 2024 and receive fixed premium in certain interest rate corridors through interest option strategies	(17.352)
				(152.408)

Hedge of net investment in a foreign operation

The Company utilized 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.

Other derivative instruments which are not designated as hedge

As of 30 June 2017 fair value of the interest rate swap transactions which are not designated as hedge and amounting to TL 57.530 is recognized under long term financial assets (31 December 2016: TL 51.397 assets). Unrealized gain on these derivatives amounting to TL 6.133 (30 June 2016: TL 10.139 gain) is recognized in profit or loss.

Company	Notional Amount (USD Dollar)	Trade Date	Terms	Fair Value Amount as at 30 June 2017 (TL)
Türk Telekom	400.000	11 April 2012 – 30 April 2012	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%)	17.034
Türk Telekom	200.000	8 April 2013 – 17 April 2013	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%)	9.825
Türk Telekom	300.000	29 April – 20 May 2014	Pay the difference between floating rate and 4% if floating rate exceeds 4%, between June 2016 and June 2021, and receive fixed premium (0,44%-0,575%) Pay the difference between floating rate and 6% if floating rate exceeds 6%, between June 2021 and June 2024, and receive fixed premium (0,39%-0,45%)	30.671
				57.530

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16. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

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

Company	Notional Amount (USD Dollar)	Trade Date	Terms	Fair Value Amount as at 31 December 2016 (TL)
Türk Telekom	400.000	11 April 2012 – 30 April 2012	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%)	15.849
Türk Telekom	200.000	8 April 2013 – 17 April 2013	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%)	8.223
Türk Telekom	300.000	29 April – 20 May 2014	Pay the difference between floating rate and 4% if floating rate exceeds 4%, between June 2016 and June 2021, and receive fixed premium (0,44%-0,575%) Pay the difference between floating rate and 6% if floating rate exceeds 6%, between June 2021 and June 2024, and receive fixed premium (0,39%-0,45%)	27.325
				51.397

The Company has entered into three-part USD cross currency transactions on 6 January 2015 and 18 June 2015 with maturity dates on 19 June 2024 with a total notional amount of USD 500.000. The Company has also unwound USD cross currency transactions on 20 December 2016 with a total national amount of USD 325.000. The company has also converted USD 175.000 debt into EUR debt with this transaction.

The Company has also entered into four-part USD cross currency transactions on 21 April- 9 July 2015 with maturity dates on 19 June 2019 with a total notional amount of USD 500.000. The company converted USD 500.000 debt into TL debt with this transaction.

The Company has also entered into three-part USD cross currency transactions on 10 March – 17 March 2016 with maturity dates between 20 November 2018 and 20 November 2020 with a total notional amount of USD 380.000. The company converted USD 380.000 debt into EUR debt with this transaction.

The Company has also entered into transactions with maturity dates between 31 March 2016 – 13 April 2016 and 19 June 2024 with a total notional amount of USD 350.000. The company converted USD 350.000 debt into TL debt with this transaction.

The Company (TT International Telekomünikasyon Sanayi ve Ticaret Limited Şirketi), has also entered into transactions on 16 June 2016 with maturity dates between 20 June 2019 and 22 June 2026 with a total notional amount of USD 50.000. The company converted USD 50.000 debt into EUR with this transaction.

The currency swap transaction that Company has as of 31 December 2016 with a total notional amount of USD 250.000 is totally expired. The Company has also entered into currency swap transactions on 20 June – 21 June 2017 with a total notional amount of USD 150.000 and on 29 June 2017 with a total notional amount of EUR 50.000.

As of 30 June 2017, fair value of derivative transactions amounting to TL 510.865 (31 December 2016: TL 601.401) is recognized under short term financial assets. Unrealized loss of these derivatives amounting to TL 90.536 (30 June 2016: TL 15.992 gain) is recognized in profit or loss.

As of 30 June 2017, fair value of derivative transactions amounting to TL 16.916 (31 December 2016: TL 49.157) is recognized under short term financial liabilities. Unrealized gain of these derivatives amounting to TL 32.241 (30 June 2016: TL 8.334 loss) is recognized in profit or loss.

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16. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

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

Company	Notional Amount (USD Dollar)	Trade Date	Terms	Fair Value Amount as at 30 June 2017 (TL)
Türk Telekom	500.000	21 April 2015 - 9 July 2015	Pay TL and receive USD at maturity date ²	448.084
Türk Telekom	380.000	10 March 2016 - 17 March 2016	Pay EUR and receive USD at maturity date ³	14.938
Türk Telekom	350.000	31 March 2016 - 13 April 2016	Pay TL and receive USD at maturity date ⁴	42.646
Türk Telekom	150.000	20 June - 21 June 2017	Pay USD and receive TL at maturity date	5.197
				510.865
Türk Telekom	175.000	30 April 2015	Pay EUR and receive USD at a maturity date ¹	(14.400)
TTINT				
Türkiye	50.000	16 June 2016	Pay EUR and receive USD at maturity date ⁵	(1.919)
				(16.319)

Company	Notional Amount (EUR)	Trade Date	Terms	Fair Value Amount as at 30 June 2017 (TL)
Türk Telekom	50.000	29 June 2017	Pay EUR and receive TL at maturity date	(597)
				(597)

Company	Notional Amount (USD Dollar)	Trade Date	Terms	Fair Value Amount as at 31 December 2016 (TL)
Türk Telekom	175.000	30 April 2015	Pay EUR and receive USD at a maturity date ¹	28.196
Türk Telekom	500.000	21 April 2015 - 9 July 2015	Pay TL and receive USD at maturity date ²	410.946
Türk Telekom	380.000	10 March 2016 - 17 March 2016	Pay EUR and receive USD at maturity date ³	121.448
Türk Telekom	350.000	31 March 2016 - 13 April 2016	Pay TL and receive USD at maturity date ⁴	30.033
TTINT				
Türkiye	50.000	16 June 2016	Pay EUR and receive USD at maturity date ⁵	10.778
				601.401
Türk Telekom	250.000	9 November 2016 - 18 November 2016	Pay USD and receive TL at maturity date	(49.157)
				(49.157)

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16. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

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

The Company has also entered into foreign exchange option transactions on 6 January and 18 June 2015 with maturity dates on 18 June 2019 and 2024 with a total notional amount of EUR 893.439.

In addition, The Company has also entered into foreign exchange option transactions on 10 March and 17 March 2016 with maturity dates on 20 November 2018 and 2020 with a total notional amount of EUR 338.235.

As of 30 June 2017, fair value of derivative transactions amounting to TL 53.492 (31 December 2016: TL 184.403) is recognized under short term financial liabilities. Unrealized gain on these derivatives amounting to TL 130.911 (30 June 2016: TL 36.385 loss) is recognized in profit or loss.

Company	Notional Amount (EUR)	Trade Date	Terms	Fair Value Amount as at 30 June 2017 (TL)
Türk Telekom	893.439	6 January 2015-18 June 2015	Foreign exchange option transactions	(42.462)
Türk Telekom	338.235	10 March 2016-17 March 2016	Foreign exchange option transactions	(11.030)
				(53.492)

Company	Notional Amount (EUR)	Trade Date	Terms	Fair Value Amount as at 31 December 2016 (TL)
Türk Telekom	897.725	6 January 2015-18 June 2015	Foreign exchange option transactions	(138.915)
Türk Telekom	338.235	10 March 2016-17 March 2016	Foreign exchange option transactions	(45.488)
				(184.403)

17. SUPPLEMENTARY CASH FLOW INFORMATION

“Other outflows of cash” in net cash used in operating activities represents change in restricted cash. Restricted cash amount is disclosed in Note 6. “Other outflows of cash, net” in net cash used in financial activities represents change in other financial payment. “Other adjustment for non-cash items” in adjustments to reconcile net profit to cash provided by operating activities represents change in TFRS Interpretation 12.

18. SUBSEQUENT EVENTS

Avea submitted a joint offer together with Vodafone Telekomünikasyon A.Ş. ("Vodafone") for the Tender issued by the Communication General Directorate of the Ministry of Transport, Maritime and Communication ("the Ministry") in relation to the establishment and operation of mobile communication infrastructure in 1.472 locations with no mobile communication infrastructure in 3-year project duration time. The tender was awarded to Avea - Vodafone business partnership that submitted the lowest bid (TL 1.587.046 - excluding VAT).

"Avea-Vodafone Evrensel İş Ortaklığı" has been established between Avea (51%) and Vodafone (49%) in particular to the operations to be carried within the scope of the project. The agreement regarding the tender is signed between "Avea-Vodafone Evrensel İş Ortaklığı" and the Ministry on 5 July 2017.