

**NETAŞ TELEKOMÜNİKASYON A.Ş.
AND ITS' SUBSIDIARIES**

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2015**

**(CONVENIENCE TRANSLATION OF
THE REPORT AND THE FINANCIAL
STATEMENTS ORIGINALLY ISSUED IN TURKISH)**

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NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2015

(Unless otherwise stated the amounts are in TL).

	Note	Unaudited 31 March 2015	Unaudited 31 December 2014
ASSETS			
Current Assets		784.702.031	774.185.477
Cash and Cash Equivalents	5	105.641.226	84.325.174
Trade Receivables		450.117.374	504.265.195
<i>Due from related parties</i>	17	19.040.493	17.595.491
<i>Other trade receivables</i>	7	431.076.881	486.669.704
Other Receivables		479.180	1.654.284
<i>Other receivables from third parties</i>		479.180	1.654.284
Derivative Assets	18	27.564	-
Inventories	8	57.630.852	54.923.946
Deferred Costs		121.130.681	88.852.528
Prepaid Expenses		11.447.456	8.410.332
Other Current Assets		38.227.698	31.754.018
Non-Current Assets		140.668.328	126.920.624
Trade Receivables	7	52.794	52.794
Tangible Fixed Assets	9	41.188.357	38.123.931
Financial Investments		339.326	301.458
Intangibles	10	83.197.044	75.387.142
<i>Goodwill</i>		47.840.028	42.501.050
<i>Other intangibles</i>		35.357.016	32.886.092
Associates	3	2.092.419	1.980.222
Other Non-Current Assets		4.258.011	3.878.995
Deferred Tax Asset	15	9.540.377	7.196.082
TOTAL ASSETS		925.370.359	901.106.101

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

NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2015

(Unless otherwise stated the amounts are in TL).

	Note	Unaudited 31 March 2015	Unaudited 31 December 2014
LIABILITIES			
Short Term Liabilities		523.212.575	552.723.442
Financial Liabilities	6	266.019.144	215.874.487
Trade Payables		132.929.196	199.226.502
<i>Due to related parties</i>	17	1.827.099	53.131
<i>Other trade payables</i>	7	131.102.097	199.173.371
Other Payables		4.122.740	11.717.184
<i>Other payables to third parties</i>		4.122.740	11.717.184
Derivative Liabilities	18	8.704	-
Payables Arising from Employee Benefits		20.438.293	4.892.554
Deferred Revenues		62.019.755	56.906.075
Short Term Provisions		10.336.735	19.388.779
<i>Provision for Employee Benefits</i>		8.157.908	15.704.207
<i>Other Short Term Provisions</i>		2.178.827	3.684.572
Advances Received		25.691.051	42.883.536
Current Tax Liabilities		1.646.957	1.834.325
Long Term Liabilities		33.579.586	25.484.643
Trade Payables	7	2.898.046	2.481.648
Long Term Provisions		18.777.696	18.242.410
<i>Provision for Employee Benefits</i>		18.777.696	18.242.410
Deferred Tax Liability	15	11.903.844	4.760.585
SHAREHOLDERS' EQUITY		368.578.198	322.898.016
Capital		64.864.800	64.864.800
Capital Reserves		41.612.160	41.612.160
Other comprehensive income to be reclassified in profit and loss		7.956.632	5.315.561
<i>Currency Translation Reserves</i>		7.956.632	5.315.561
Other comprehensive income not to be reclassified in profit and loss		90.975.703	67.682.699
<i>Actuarial Loss</i>		(8.053.531)	(8.053.531)
<i>Currency Translation Reserves</i>		99.029.234	75.736.230
Restricted Reserves Appropriated From Profit		32.809.042	32.809.042
Net Profit for the Year		4.775.030	11.845.089
Retained Earnings		125.584.831	98.768.665
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		925.370.359	901.106.101

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

NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2015

(Unless otherwise stated the amounts are in TL).

		Unaudited	
	Note	For the Period Ended 31 March 2015	For the Period Ended 31 March 2014
INCOME FROM OPERATIONS			
Revenue	14	158.894.613	159.928.133
Cost of Sales (-)	14	(145.428.050)	(147.870.580)
GROSS PROFIT		13.466.563	12.057.553
Sales and Marketing Expenses (-)		(11.699.402)	(9.187.949)
General and Administrative Expenses (-)		(3.761.728)	(4.407.455)
Research and Development Expenses (-)		(304.761)	(338.856)
Income from Operating Activities		1.426.772	335.755
Expense from Operating Activities (-)		(10.416.869)	(6.854.268)
OPERATING PROFIT		(11.289.425)	(8.395.220)
Income from Investment Activities		661.289	100.144
Expense from Investment Activities (-)		(274.905)	(1.323.136)
OPERATING PROFIT BEFORE FINANCE (EXPENSES)/INCOME		(10.903.041)	(9.618.212)
Financial Income		27.046.719	5.414.561
Financial Expenses (-)		(6.721.477)	(4.652.660)
PROFIT BEFORE TAX		9.422.201	(8.856.311)
Tax Income/(Expense)		(4.647.171)	2.471.779
- Current Tax Expense	15	(50.432)	-
- Deferred Tax Income / (Expense)	15	(4.596.739)	2.471.779
PROFIT AFTER TAX		4.775.030	(6.384.532)
OTHER COMPREHENSIVE INCOME			
Other comprehensive income or expenses that will not be reclassified subsequently to profit of loss		23.293.004	3.566.404
Currency translation reserves		23.293.004	3.566.404
Other comprehensive income or expenses that may be reclassified subsequently to profit or loss		17.612.148	(427.039)
Currency translation reserves		17.612.148	(427.039)
OTHER COMPREHENSIVE INCOME NET OF TAX		40.905.152	3.139.365
TOTAL COMPREHENSIVE INCOME		45.680.182	(3.245.167)
Earnings per share	16	0,0736	(0,0984)

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

NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2015

(Unless otherwise stated the amounts are in TL).

			Other comprehensive income or expenses that may be reclassified subsequently to profit or loss	Other comprehensive income or expenses that will not be reclassified subsequently to profit or loss		Restricted Reserves	Retained Earnings		TOTAL
	Capital	Capital Reserves	Currency Translation Reserves	Currency Translation Reserves	Actuarial Loss		Appropriated from Profit	Retained Earnings	
Balance as at 1 January 2014	64.864.800	41.612.160	4.963.386	60.653.018	(6.229.966)	30.924.042	90.078.773	2.196.864	289.063.077
Currency translation differences	-	-	(999.243)	4.138.608	-	-	2.099.035	-	5.238.400
Net loss for the period	-	-	-	-	-	-	-	(6.384.532)	(6.384.532)
Total comprehensive income	-	-	(999.243)	4.138.608	-	-	2.099.035	(6.384.532)	(1.146.132)
Transfer	-	-	-	-	-	-	2.196.864	(2.196.864)	-
Balance as at 31 March 2014	64.864.800	41.612.160	3.964.143	64.791.626	(6.229.966)	30.924.042	94.374.672	(6.384.532)	287.916.945
Balance as at 1 January 2015	64.864.800	41.612.160	5.315.561	75.736.230	(8.053.531)	32.809.042	98.768.665	11.845.089	322.898.016
Currency translation differences	-	-	2.641.071	23.293.004	-	-	14.971.077	-	40.905.152
Net profit for the period	-	-	-	-	-	-	-	4.775.030	4.775.030
Total comprehensive income	-	-	2.641.071	23.293.004	-	-	14.971.077	4.775.030	45.680.182
Transfer	-	-	-	-	-	-	11.845.089	(11.845.089)	-
Balance as at 31 March 2015	64.864.800	41.612.160	7.956.632	99.029.234	(8.053.531)	32.809.042	125.584.831	4.775.030	368.578.198

Retained earnings contains extraordinary reserves.

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

NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2015

(Unless otherwise stated the amounts are in TL).

		Unaudited	
	Note	For the Period Ended 31 March 2015	For the Period Ended 31 March 2014
A. Cash flows from operating activities			
Profit for the year		4.775.030	(6.384.532)
Adjustments related to depreciation		4.430.808	4.231.502
Adjustments related to loss from the sale of tangible assets		(270.648)	(47.304)
Adjustments related to unused vacation provision		189.673	554.340
Adjustments related to severance indemnity and special retirement		826.956	665.715
Adjustments related to in premium provision		2.968.798	3.312.094
Adjustments related to provisions		(1.489.748)	(523.652)
Adjustments related to provision for inventories		-	-
Adjustments related to doubtful receivable write off	7	1.177.612	-
Adjustments related to interest income		(76.648)	(123.367)
Adjustments related to interest expense		6.112.966	4.338.714
Adjustments related to tax (income) / expense	15	4.647.171	(2.471.779)
Adjustments to reconcile loss for the period		18.516.940	9.936.263
Change in trade receivables	7	54.415.211	79.241.087
Change in inventory	8	(2.706.907)	9.251.276
Change in short and long term deferred costs		(32.278.153)	(22.526.001)
Change in due from related parties	17	(1.445.002)	(878.008)
Change in prepaid expenses		(3.037.124)	1.298.763
Change in other receivables and assets		(5.298.577)	(5.305.317)
Change in other tangible fixed assets		(379.016)	(237.154)
Change in trade payables	7	(66.484.827)	(17.268.798)
Change in advances received		(17.192.485)	(1.424.935)
Change in deferred revenues		5.113.680	12.446.300
Change in payables arising from employee benefits		15.545.739	1.297.745
Change in short and long term other payables		(7.594.444)	(3.379.848)
Change in due to related parties		603.920	(151.418)
Movements in working capital		(60.737.985)	52.363.692
Cash generated/(used in) from operations		(37.446.015)	55.915.423
Taxes paid		(187.368)	(2.057.141)
Payment for employee premiums		(10.334.386)	(9.064.565)
Payment for unused vacation day accruals		(288.913)	(309.368)
Retirement benefits paid		(373.141)	(1.007.382)
		(48.629.823)	43.476.967
B. Cash flows from investing activities			
Interest received		76.645	123.366
Acquisition of property, plant and equipment		(1.019.690)	(2.048.136)
Acquisition of subsidiary		-	-
Financial investments		(150.065)	47.750
Proceeds from sale of property, plant and equipment		821.912	171.670
		(271.198)	(1.705.350)
C. Cash flows from financing activities			
Cash inflow/outflow due to the financial liabilities		47.500.194	(9.124.264)
Interest paid		(3.468.504)	(2.395.192)
Dividend paid		-	-
		44.031.690	(11.519.456)
Net increase/(decrease) in cash and cash equivalents before the effect of exchange rate changes (A+B+C)		(4.869.331)	30.252.161
D. Effects of exchange rate changes on cash and cash equivalents		26.185.383	4.852.032
Net increase/(decrease) in cash and cash equivalents (A+B+C+D)		21.316.052	35.104.193
E. Cash and cash equivalents at the beginning of the period	5	84.325.174	40.870.012
Cash and cash equivalents at the end of the period (A+B+C+D+E)	5	105.641.226	75.974.205

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

NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2015

(Unless otherwise stated the amounts are in TL).

1. ORGANIZATION AND OPERATIONS OF THE GROUP

Netaş Telekomünikasyon A.Ş. (the “Company”) and its’ subsidiaries (the “Group”) is an incorporated company, registered in Istanbul. The Company is engaged in the manufacture and trade of telecommunication equipment, project installation services, technical support, repair and maintenance services, IT services, strategic outsourcing services, implementation activities, and associated services. The shares of the Company are quoted on the Borsa İstanbul (“BIST”). The headquarter of the Group was located at Alemdağ Caddesi No:171 Ümraniye / İstanbul and then the headquarter is registered as Yenişehir Mah. Osmanlı Bulvarı No:11 34912 Kurtköy-Pendik/İstanbul at Istanbul Trade Registry Office as at 23 July 2013.

The Group works with major clients such as Aselsan, Türk Telekom, Vodafone, Avea, and Turkish Football Association service providers, corporate and governmental institutions in Turkey, to provide communications solutions and the infrastructure needed for modern communication systems. The Company is also engaged in research and development and provides design and development services to the customers of Kapsch and Genband as well as to local customers.

Probil Bilgi İşlem Destek ve Danışmanlık San.ve Tic.A.Ş. (“Probil”), offers industrial solutions, system integration, outsourcing, support services, network solutions and consultancy services to its domestic customers. Founded in 1989, Probil also provides value added solutions to international customers in CIS region, mainly in Asia Pasific (Nepal), Kazakhstan, Azerbaijan, Algeria and Uzbekistan with strategic business partnerships like Cisco and Microsoft. Specialized in all IT services, BDH Bilişim Destek Hizmetleri San. Tic.A.Ş. (“BDH”) was founded in April 2006 in order to provide consultancy, strategic outsourcing, data center and support services.

According to Board of Directors resolution as at 11 April 2012, foundation of a “Limited Liability Partnership” (Netas Telecom Limited Liability Partnership) was completed in Kazakhstan Almaty. The amount of capital which solely belongs to Netaş is 161.800 Tenge (approximately 1.100 American USD). Registration was made on 25 June 2012 and it will be valid starting from 4 July 2012.

As at 28 November 2013, an agreement is signed between Kron Telekomünikasyon Hizmetleri A.Ş.'nin (“KRON”) and the Company for the acquisition of 10 % of A group shares from Lütfi Yenel for TL 1.700.000.

The Company has established organization (Netas Telecommunications Malta Ltd.) in Maltha and which hold all of share capital (100%) have belong to the Company which amounted 1.200 EUR. Registration processes are completed in date of 4 November 2014.

As at 31 March 2015, the Company has no blue collar employee (31 December 2014: None) Average white collar head count is 2.155 (31 December 2014: 2.107).

Approval of Condensed Consolidated Financial Statements

Group’s condensed consolidated financial statements as of 31 March 2015 have been approved by the Board of Directors on 30 April 2015.

NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2015

(Unless otherwise stated the amounts are in TL).

2. BASIS OF PRESENTATION OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

a) Statement of Compliance

The Company maintains its books of account in accordance with accounting principles set by Turkish Commercial Code ("TCC") and tax legislation.

The subsidiaries in foreign countries prepares their accounting and financial tables in their currency and according to the laws and regulations of their countries.

The condensed consolidated financial statements and disclosures have been prepared in accordance with the communique numbered II-14,1 "Communique on the Principles of Financial Reporting in Capital Markets" ("the Communique") announced by the Capital Markets Board (CMB) (hereinafter will be referred to as "the CMB Accounting Standards") on 13 June 2013 which is published on Official Gazette numbered 28676.

The accompanying condensed consolidated financial statements and disclosures are presented in accordance with the formats and by including the compulsory information announced by the CMB dated 7 June 2013.

The accompanying condensed consolidated financial statements for the period ended 31 March 2015 have been prepared in accordance with IAS 34 "Interim Financial Statements" and in consistency with the accounting policies applied in preparation of condensed consolidated financial statements as of 31 December 2014. Accordingly, the accompanying condensed consolidated financial statements should be assessed together with the consolidated financial statements as of 31 December 2014.

b) Basis of presentation of condensed consolidated financial statements:

The details of the Company's subsidiaries as of 31 March 2015 are as follows:

NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2015

(Unless otherwise stated the amounts are in TL).

	Place of establishment of operation	Group's shares in capital and voting rights	Main operating activity
Probil Bilgi İşlem Destek ve Danışmanlık San.ve Tic.A.Ş.	Turkey	100%	Consultancy of project installment and network solution
BDH Bilişim Destek Hizmetleri Sanayi ve Ticaret A.Ş.	Turkey	100%	Technical support and maintenance services
Netaş Telecom Limited Liability Partnership	Republic of Kazakhstan	100%	Consultancy of project installment, design and technical support services
Netaş Telecommunications Malta Ltd	Malta	100%	Supply of telecommunication equipment

NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2015

(Unless otherwise stated the amounts are in TL).

2. BASIS OF PRESENTATION OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(cont'd)

2.1 Basis of Presentation (cont'd)

b) Basis of presentation of condensed consolidated financial statements (cont'd):

The condensed consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2015

(Unless otherwise stated the amounts are in TL).

2. BASIS OF PRESENTATION OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.1 Basis of Presentation (cont'd)

b) Basis of presentation of condensed consolidated financial statements (cont'd):

As at 31 March 2015 and 31 December 2014 the details of associate of the Group is given below:

	Main operating activity	Acquisition date	Acquired share of capital	Acquisition amount
Kron Telekomünikasyon Hizmetleri A.Ş.	Information technology	28.11.2013	10%	1.700.000

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates or joint ventures are incorporated in these condensed consolidated financial statements using the equity method of accounting. Under the equity method, an investment in associate or a joint venture is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate or a joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or a joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or a joint venture), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or a joint venture.

c) Functional Currency and Reporting Currency

US Dollar (US \$) is the currency that the Group's operations are denominated and has a significant impact on the Group's operations. US \$ reflects the economic basis of events and situations that are important to the Group. In accordance with the analysis done by the Group's management and current economical and operational conditions, the management has concluded that US \$ is the functional currency and TL is the reporting currency of the Group in accordance with Turkish Accounting Standard ("TAS") No:21 - The Effects of Changes in Foreign Exchange Rates ("TAS 21").

For the purpose of the preparation of the condensed consolidated financial statements and the notes in accordance with TAS 21, monetary balance sheet items in the statutory standalone financial statements of the Group are translated to US \$ by using rates as at the balance sheet date. Consequently, non-monetary balance sheet items, income, expenses and cash flows are translated to US \$ by using rates at the date of transactions (historical rates). Translation gain or losses that are generated from the translation of foreign currency based transactions are recognized in the consolidated statement of profit or loss as net foreign exchange gain or loss.

NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2015

(Unless otherwise stated the amounts are in TL).

2. BASIS OF PRESENTATION OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(cont'd)

2.2 Basis of Presentation (cont'd)

c) Functional Currency and Reporting Currency (cont'd)

On 17 March 2005, CMB has announced that the Turkey is no longer hyperinflationary economy and Financial Reporting under Hyperinflationary Economy is not applicable effective from 1 January 2005. Accordingly in the accompanying condensed consolidated financial statements TL is treated as a currency for non-hyperinflationary economy. For the purpose of presentation of the USD financial statements in TL (as explained in the paragraph above), balance sheet (except for some equity accounts) have been translated to TL by using USD rate as at 31 March 2015 (Turkish Central Bank USD Buying rate: 1 USD: 2,6102 TL), statements of income and statements of cash flows have been translated to TL by using three months average exchange rate (1 USD: 2,4578 TL) for the period ended 31 March 2015 (for the period ended 31 March 2014 1 USD: 2,2159 TL) in accordance with TAS 21. In the accompanying condensed consolidated financial statements capital and legal reserves are carried with their values in statutory accounts.

Translation differences for capital and legal reserves due to preparation of the financial statements in accordance with TAS are presented as currency translation reserves and retained earnings respectively in the accompanying consolidated financial statements. Comparative consolidated financial statements are translated by using USD rates as at 31 December 2014 (31 December 2014 1 USD: 2,3189 TL).

2.2 Comparative Information and Restatement of Prior Period Consolidated Financial Statements

Group's condensed consolidated financial statements have been prepared comparatively with the prior period for allow the determination of financial position and performance trend. Comparative information is reclassified when necessary and important differences are explained, in order to conform to the current period financial statement's presentation.

As at 31 March 2014, "Loss from sale of tangibles" amount to TL 100.144 accounted under "Expenses from operating activities" is reclassified to "Expenses from investment activities".

2.3 Change in Accounting Policies

Significant changes in accounting policies are applied retrospectively and prior period financial statements are adjusted accordingly. Due to the effects of changes in standards the Company has made a number of changes in accounting policies in the current year.

2.4 Change in Accounting Estimates and Errors

Any error is applied retroactively and the financial statements for the prior years are adjusted accordingly. If changes in accounting policies are for only one period, changes are applied on the current year but if the changes affect the future periods, changes are applied both on the current period and future periods prospectively.

2.5 Accounting Estimates and Assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2015

(Unless otherwise stated the amounts are in TL).

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

2. BASIS OF PRESENTATION OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.5 Accounting Estimates and Assumptions (cont'd)

In particular, information about significant areas at estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the condensed consolidated financial statements is included in the following notes:

Note 7 Trade receivables and payables: Estimations and accounting judgments regarding to collectability of receivables

Note 8 Inventories: Estimations regarding to inventory provision

Note 9 and 10 Tangible and intangible assets: Estimations regarding to useful lives

Note 10 Goodwill: Estimations regarding to impairment of goodwill

Note 12 Provisions: Estimations regarding to provision amounts

Note 15 Tax Assets and liabilities: Estimations regarding to recoverability of deferred tax assets

Note 14 Revenue and cost of sales: Estimation of revenue and cost based on project based analysis

Note 19 Financial instruments and risk management: Estimations and accounting judgments regarding to collectability of receivables

2.6 New and Revised Turkish Financial Reporting Standards

(a) Amendments to TFRSs affecting amounts reported and the disclosures in the financial statements

None.

(b) New and Revised TFRSs applied in 2014 with no material effect on the consolidated financial statements

Amendments to TFRS 10, 12, TAS 27	<i>Investment Entities¹</i>
Amendments to TAS 32	<i>Offsetting Financial Assets and Financial Liabilities¹</i>
Amendments to TAS 36	<i>Recoverable Amount Disclosures for Non-Financial Assets¹</i>
Amendments to TAS 39	<i>Novation of Derivatives and Continuation of Hedge Accounting¹</i>
IFRIC 21	<i>Levies¹</i>

¹ Effective for annual periods beginning on or after 1 January 2014.

Amendments to TFRS 10, 12, TAS 27 *Investment Entities*

This amendment with the additional provisions of TFRS 10 provide 'investment entities' (as defined) an exemption from the consolidation of particular subsidiaries and instead require that an investment entity measure the investment in each eligible subsidiary at fair value through profit or loss.

Amendments to TAS 32 *Offsetting Financial Assets and Financial Liabilities*

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The amendments to TAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of ‘currently has a legally enforceable right of set-off’ and ‘simultaneous realization and settlement’.

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2. BASIS OF PRESENTATION OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(cont'd)

2.6 New and Revised Turkish Financial Reporting Standards (cont'd)

(b) New and Revised TFRSs applied in 2014 with no material effect on the consolidated financial statements (cont'd)

Amendments to TAS 36 Recoverable Amount Disclosures for Non-Financial Assets

As a consequence of TFRS 13 Fair Value Measurements, there are amendments in the explanations about the measurement of the recoverable amount of an impaired asset. This amendment is limited to non-financial assets and paragraphs 130 and 134 of TAS 36 has been changed.

Amendments to TAS 39 Novation of Derivatives and Continuation of Hedge Accounting

This amendment to TAS 39 makes it clear that there is no need to discontinue hedge accounting if a hedging derivative is novated, provided certain criteria are met.

IFRIC 21 identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation.

(c) New and revised TFRSs in issue but not yet effective

Group has not applied yet the following new and revised TFRSs in issue but not yet effective:

TFRS 9 Financial Instruments

TFRS 9, issued in November 2009, introduces new requirements for the classification and measurement of financial assets. TFRS 9 was amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition.

Amendments to TFRS 9 and TFRS 7 Mandatory Effective Date of TFRS 9 and Transition Disclosures

On November 2013, it is tentatively decided that the mandatory effective date of TFRS 9 will be no earlier than annual periods beginning on or after 1 January 2017.

The Group evaluates the effects of these standards on the consolidated financial position and consolidated performance.

Amendments to TAS 19 Defined Benefit Plans: Employee Contributions

This amendment clarifies the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service, in that contributions, can, but are not required, to be recognised as a reduction in the service cost in the period in which the related service is rendered.

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2. BASIS OF PRESENTATION OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(cont'd)

2.6 New and Revised Turkish Financial Reporting Standards (cont'd)

(c) New and revised TFRSs in issue but not yet effective (cont'd)

Annual Improvements to 2010-2012 Cycle

TFRS 2: Amends the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition'

TFRS 3: Require contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting date.

TFRS 8: Requires disclosure of the judgements made by management in applying the aggregation criteria to operating segments, clarify reconciliations of segment assets only required if segment assets are reported regularly.

TFRS 13: Clarify that issuing TFRS 13 and amending TFRS 9 and TAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis (amends basis for conclusions only).

TAS 16 and TAS 38: Clarify that the gross amount of property, plant and equipment is adjusted in a manner consistent with a revaluation of the carrying amount.

TAS 24: Clarify how payments to entities providing management services are to be disclosed.

Annual Improvements to 2011-2013 Cycle

TFRS 3: Clarify that TFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.

TFRS 13: Clarify the scope of the portfolio exception in paragraph 52.

TAS 40: Clarifying the interrelationship of TFRS 3 and TAS 40 when classifying property as investment property or owner-occupied property.

Amendments to TAS 16 and TAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*

This amendment clarifies that that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment, and introduces a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated. The amendment also adds guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the

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expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

3. SHARES IN ASSOCIATES

Associates

Details of Important associates

As at 31 March 2015, the details of important associates are as in the following;

	Main operating activity	Acquisition date	Acquired share of capital	Acquisition amount
Kron Telekomünikasyon Hizmetleri A.Ş.	Information technology	28.11.2013	10%	1.700.000

On 28 November 2013, the Company made a new investment and came to an agreement on acquisition of 10% of the shares of Kron Telekomünikasyon Hiz. A.Ş. for TL 1.700.000. Furthermore, the Company acquired the right to be represented with three members in the Board of Directors at Kron and to be active in taking strategic growth decisions of the company.

Equity method is used in the accounting of Kron Telekomünikasyon Hiz. A.Ş. figures in the accompanying condensed consolidated financial statements.

Goodwill arises from the acquisition of Kron Telekomünikasyon Hiz. A.Ş.. Additionally, the cost includes synergy, the benefits arising from the rising market share and also the labour force of Kron Telekomünikasyon Hiz. A.Ş.. As these benefits are not separable, they are not recognized in the accompanying condensed consolidated financial statements.

Goodwill

	Kron Telekomünikasyon Hizmetleri A.Ş.
Amount transferred	1.700.000
Fair value of the net assets of the acquired company	(1.098.805)
Goodwill	601.195

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3. SHARES IN ASSOCIATES

Associates (cont'd)

The summary of the financial information of Kron Telekomünikasyon Hiz. A.Ş. is explained below. This financial information is prepared according to TAS.

	31 March 2015	31 December 2014
Current assets	14.344.622	14.794.261
Non-current assets	7.787.588	9.142.342
Sort term liabilities	6.603.683	9.548.946
Long term liabilities	614.752	631.240
Net assets	14.913.775	13.756.417
Share of the Group in net assets	1.491.378	1.375.642
	1 January 2015 -31 March 2015	1 January 2014 -31 December 2014
Net profit/loss	1.062.429	2.784.124
Other comprehensive income	94.929	(66.673)
Total comprehensive income	1.157.358	2.717.451
Share of the Group in total comprehensive income	115.736	271.745

The movement of acquisition balance arising from Kron Telekomünikasyon Hiz. A.Ş. is given below;

	31 March 2015	31 December 2014
As at 1 January	1.804.909	1.804.909
Share from the profit of the year	115.736	271.745
Currency translation reserves	171.774	(96.432)
Closing balance	2.092.419	1.980.222

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4. SEGMENT REPORTING

The Group evaluates the performance of five segments to decide resource allocation. The following table shows the information about each segment. The operational profit and details below should be considered together in evaluating the performance of segments.

For the period ended 31 March 2015	Enterprise	Public International	Technology	BDH	Unallocated	Total
Revenue	99.310.759	23.220.853	11.347.417	18.393.286	6.622.298	158.894.613
Cost of sales	(91.202.702)	(21.535.099)	(6.981.358)	(15.423.466)	(8.096.978)	(145.428.050)
Gross margin	8.108.057	1.685.754	4.366.059	2.969.820	(1.474.680)	13.466.563
Sales and marketing expenses	(5.513.768)	(4.375.644)	(1.809.990)	-	-	(11.699.402)
General administrative expenses	-	-	-	-	(3.761.728)	(3.761.728)
Research and development expenses	-	-	-	(304.761)	-	(304.761)
Operating (loss)/profit of segment	2.594.289	(2.689.890)	2.556.069	2.665.059	(1.474.680)	(2.299.328)
For the period ended 31 March 2014	Enterprise	Public International	Technology	BDH	Unallocated	Total
Revenue	79.049.148	58.484.242	906.682	17.572.792	3.915.269	159.928.133
Cost of sales	(74.883.982)	(49.875.692)	(1.149.649)	(13.924.377)	(4.130.469)	(147.870.580)
Gross margin	4.165.166	8.608.550	(242.967)	3.648.415	(215.200)	12.057.553
Sales and marketing expenses	(5.761.340)	(2.983.428)	(443.181)	-	-	(9.187.949)
General administrative expenses	-	-	-	-	(4.407.455)	(4.407.455)
Research and development expenses	-	-	-	(338.856)	-	(338.856)
Operating (loss)/profit of segment	(1.596.174)	5.625.122	(686.148)	3.309.559	(215.200)	(1.876.707)

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4. SEGMENT REPORTING (cont'd)

31 March 2015	Enterprise	Public	International	Technology	BDH	Unallocated(*)	Total
Trade receivables	66.685.467	195.206.532	113.109.234	4.024.319	7.368.197	44.735.926	431.129.675
Due from related parties	-	-	-	19.040.493	-	-	19.040.493
Inventories	15.040.993	40.759.935	660.071	-	-	1.169.853	57.630.852
Deferred costs	48.309.284	54.058.140	7.316.960	-	10.661.666	784.631	121.130.681
Segments assets	130.035.744	290.024.607	121.086.265	23.064.812	18.029.863	46.690.410	628.931.701
Trade payables (*)	83.381.189	14.915.201	18.963.974	8.914.422	4.653.561	3.171.796	134.000.143
Due to related parties	-	-	-	1.827.099	-	-	1.827.099
Deferred revenues	23.068.544	24.012.918	14.789.124	-	-	149.169	62.019.755
Advances received	3.414.867	19.437.315	2.488.140	-	315.178	35.551	25.691.051
Segment liabilities	109.864.600	58.365.434	36.241.238	10.741.521	4.968.739	3.356.516	223.538.048
31 December 2014	Enterprise	Public	International	Technology	BDH	Unallocated(*)	Total
Trade receivables	127.013.855	213.278.723	97.226.241	3.089.277	6.516.496	39.597.906	486.722.498
Due from related parties	-	-	-	17.595.491	-	-	17.595.491
Inventories	13.831.890	40.898.384	193.672	-	-	-	54.923.946
Deferred costs	40.081.226	39.072.027	227.458	-	9.471.817	-	88.852.528
Segments assets	180.926.971	293.249.134	97.647.371	20.684.768	15.988.313	39.597.906	648.094.463
Trade payables (*)	71.134.451	44.832.581	49.626.555	906.191	3.317.023	31.838.218	201.655.019
Due to related parties	-	-	-	53.131	-	-	53.131
Deferred revenues	37.163.157	19.618.632	124.286	-	-	-	56.906.075
Advances received	4.864.666	21.866.661	15.822.603	-	329.606	-	42.883.536
Segment liabilities	113.162.274	86.317.874	65.573.444	959.322	3.646.629	31.838.218	301.497.761

(*) Unallocated trade payables are shown as insurance, custom, consultancy, transportation and accommodation expenses.

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4. SEGMENT REPORTING (cont'd)

Reconciliation of profit before tax, operating loss, assets, liabilities and other material items:

	For the Period Ended 31 March 2015	For the Period Ended 31 March 2014
Operating loss		
Operating profit of segment	(2.299.328)	(1.876.707)
(Loss)/income from operations (net)	(8.990.097)	(6.518.513)
Other income/(expense) from investments	386.384	(1.222.992)
Finance (expenses)/income (net)	20.325.242	761.901
Profit before tax	9.422.201	(8.856.311)

	31 March 2015	31 December 2014
Assets		
Segment assets	628.931.701	648.094.463
Other assets	296.438.658	253.011.638
Total assets	925.370.359	901.106.101

	31 March 2015	31 December 2014
Liabilities		
Segment liabilities	223.538.048	301.497.761
Other liabilities	333.254.113	276.710.324
Total liabilities	556.792.161	578.208.085

5. CASH AND CASH EQUIVALENTS

	31 March 2015	31 December 2014
Bank- demand deposits	31.338.611	8.297.909
Bank- time deposits	74.038.677	75.893.218
Other cash and cash equivalents	263.938	134.047
	105.641.226	84.325.174

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5. CASH AND CASH EQUIVALENTS (cont'd)

Time deposits:

Currency	Original Currency		Interest Rate %	Maturity	31 March 2015
	Amount				
US\$	27.443.266		0,5-1,5	Apr 15	71.632.412
EURO	850.000		0,75	Apr 15	2.406.265
					74.038.677

Currency	Original Currency		Interest Rate %	Maturity	31 December 2014
	Amount				
US\$	28.526.531		0,15-1,75	Jan.15	66.150.173
EURO	379.000		0,15	Jan.15	1.069.045
TL	8.674.000		7,5-9,5	Jan.15	8.674.000
					75.893.218

The credit risk, foreign currency and sensitivity risks of financial assets and liabilities are disclosed in Note 19.

As at 31 March 2015 and 31 December 2014, there is no restriction / blockage on bank accounts.

6. FINANCIAL LIABILITIES

Short term financial liabilities	31 March 2015	31 December 2014
Short term unsecured loans	263.210.440	213.036.774
Non interest bearing unsecured spot loans	2.808.704	2.837.713
	266.019.144	215.874.487

As at 31 March 2015, the average interest rate for TL loans is 10,46% and USD loans is 2,75 % (2014: for TL loans is 10,13 % and for USD loans is 2,75 %).

The details of loans of the Group are given below;

Currency	Original Currency		Effective interest rate %	Maturity	31 March 2015
	Amount				
US\$	10.061.875		2,75	Oct 15	26.263.506
TL	236.946.934		9,90-13,65	Nov 15	236.946.934
					263.210.440

Currency	Original Currency		Effective interest rate %	Maturity	31 December 2014
	Amount				
US\$	10.063.403		2,75	Oct 15	23.336.025
AVRO	189.700.749		10,13	Nov 15	189.700.749
TL					213.036.774

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The Group had no collaterals given for bank loans as at 31 March 2015 and 31 December 2014.

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(Unless otherwise stated the amounts are in TL).

7. TRADE RECEIVABLES AND PAYABLES

Other trade receivables	31 March 2015	31 December 2014
Trade receivables	260.544.530	326.722.326
Unbilled receivables	187.238.862	173.747.313
Notes receivable	553.196	508.183
Allowances for doubtful receivables	(17.206.913)	(14.255.324)
	431.129.675	486.722.498

Movement of Allowance for Doubtful Receivables	2015	2014
Balance at beginning of the year	(14.255.324)	(9.141.289)
Charge for the year	(1.177.611)	-
Provision reversal	426.480	-
Currency translation differences	(2.200.458)	(235.836)
	(17.206.913)	(9.377.125)

No guarantee has been obtained for trade receivables.

Short term other trade payables	31 March 2015	31 December 2014
Trade payables	128.466.632	195.710.861
Other trade payables	2.635.466	3.462.510
	131.102.098	199.173.371

Long term other trade payables	31 March 2015	31 December 2014
Other trade payables	2.898.046	2.481.648
	2.898.046	2.481.648

Nortel Networks Corporation, the ultimate parent of Nortel Networks International Finance and Holding B.V. ("NNIFH"), which was shareholder of the Company until 22 December 2010, holding 53,13 % of the share capital of the Company, has announced that it, Nortel Networks Limited, which is another indirect parent of the Company, and certain of its other Canadian subsidiaries have obtained an Order from the Ontario Superior Court of Justice (the "Canadian Court") for creditor protection under the Companies' Creditors Arrangement Act ("CCAA") in Canada filed as of January 14, 2009. Under the terms of the Order, Ernst & Young Inc. serves as the Court-appointed Monitor under the CCAA process and assists the Company in formulating its restructuring plan.

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7. TRADE RECEIVABLES AND PAYABLES (cont'd)

Nortel Networks Corporation's certain subsidiaries (Alteon Websystems International Inc., XROS Inc., Sonoma Systems, CoreTek Inc.) by Nortel Network Inc. and its' subsidiaries (QTERA Corporation, Nortel Networks Optical Components Inc., Nortel Networks Capital Corporation, Nortel Networks International Inc., Northern Telecom International Inc., Nortel Networks Cable Solutions, Inc.) also have made similar filings in the United States under Chapter 11 of the U.S: Bankruptcy Code.

The Company offset its payables to Nortel Group Companies by USD 277.820, and made CAD 5.282.370 of payment to Nortel Networks Limited as at 24 April 2013.

The Company management attempted by the insolvent estate regarding the collectability of receivables from Nortel Group companies, the company management has not booked provision for the these mentioned receivables since there is a continuing uncertainty regarding the collectability and collection time table of these receivables due to the bankruptcy process.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015

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7. TRADE RECEIVABLES AND PAYABLES (cont'd)

The details of trade receivables and payables of the Company to and from Nortel companies under bankruptcy protection as at 31 March 2015 and the bankruptcy protection filing date of 14 January 2009 are given below:

Country	Company	14 January 2009			31 March 2015			31 December 2014		
		Trade Receivables	Trade Payables	Net Balance	Trade Receivables	Trade Payables	Net Balance	Trade Receivables	Trade Payables	Net Balance
USA	Nortel Networks Inc.	37.225.558	(6.524.063)	30.701.495	42.743.991	(8.726.229)	34.017.762	37.973.734	(7.753.439)	30.220.295
Ireland	Nortel Networks (Ireland) Limited	1.268.385	-	1.268.385	1.268.385	-	1.268.385	1.126.832	-	1.126.832
Canada	Nortel Networks Technology Corporation	297.301	(40.261)	257.041	-	-	-	-	-	-
Egypt	Nortel Networks Inc. (Egypt Branch)	226.045	-	226.045	229.072	-	229.072	203.508	-	203.508
Europe	Nortel Networks N.V.	116.898	-	116.898	116.898	-	116.898	103.852	-	103.852
India	Nortel Networks (India) Private Limited	35.856	-	35.856	24.957	-	24.957	31.854	-	31.854
Holland	Nortel Networks BV.	70.800	-	70.800	-	-	-	-	-	-
Italy	Nortel Networks S.p.A.	17.532	-	17.532	17.532	-	17.532	15.575	-	15.575
		39.258.375	(6.564.324)	32.694.052	44.400.835	(8.726.229)	35.674.606	39.455.355	(7.753.439)	31.701.916
	Nortel de México, S. de R.L. de									
Mexico	C.V.	-	(12.813)	(12.813)	-	(12.812)	(12.812)	-	(11.383)	(11.383)
Germany	Nortel GmbH	-	(182.339)	(182.339)	-	-	-	-	-	-
France	Nortel Networks S.A.	26.885	(77.764)	(50.879)	160.459	(60.107)	100.352	142.551	(73.469)	69.082
Canada	Nortel Networks Limited	427.073	(1.072.450)	(645.377)	-	-	-	-	-	-
England	Nortel Networks UK Limited	4.569.795	(5.060.098)	(490.303)	-	-	-	-	-	-
Canada	Nortel Networks Limited - EMEA Sales	-	(12.513.326)	(12.513.326)	-	-	-	-	-	-
		44.282.128	(25.483.124)	18.799.004	44.561.294	(8.799.148)	35.762.146	39.597.906	(7.838.291)	31.759.615

The foreign currency risk and liquidity risk of short term trade receivables and payables are disclosed in Note 19.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015

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8. INVENTORIES

	<u>31 March 2015</u>	<u>31 December 2014</u>
Raw materials	16.830.997	15.480.461
Finished goods	29.161.722	28.075.289
Trade goods	19.200.336	18.089.760
Other inventories	557.048	491.573
Allowance for inventory impairment	(8.119.251)	(7.213.137)
	<u>57.630.852</u>	<u>54.923.946</u>
<u>Movement for allowance</u>	<u>2015</u>	<u>2014</u>
1 January - opening balance	(7.213.137)	(6.638.923)
Foreign currency exchange differences	(906.114)	(172.638)
31 March closing balance	<u>(8.119.251)</u>	<u>(6.811.561)</u>

9. TANGIBLE FIXED ASSETS

For the period ended 31 March 2015, the Group purchased TL 991.568, and disposed TL 276.308 of tangible fixed assets (31 March 2014: purchases: TL 2.048.136, disposal: TL 970.425).

10. INTANGIBLE ASSETS

Goodwill

The shares transfer of Probil Bilgi İşlem Destek ve Danışmanlık Sanayi ve Ticaret A.Ş. ("Probil") and its subsidiary BDH Bilişim Destek Hizmetleri Sanayi ve Ticaret A.Ş. ("BDH") to the Company was completed on 11 October 2011.

During the acquisition, fair value of the customer relations have been identified as a separable intangible asset. Further, a write-up is made on the inventory based on the mark-up margin on the inventory. The difference between the net amount transferred and the total fair value of the net assets acquired is recognized as goodwill. As of 31 March 2015, the Company management concluded that there is no impairment on goodwill based on the analysis of Group's future cash flows from operations.

Changes in goodwill between the acquisition date and the balance sheet date is presented below:

	<u>Goodwill TL</u>
Goodwill calculated as of acquisition date	33.820.858
Currency Translation Reserves	799.105
Goodwill as of 31 December 2011	34.619.963
Currency Translation Reserves	(1.948.278)
Goodwill as of 31 December 2012	32.671.685
Currency Translation Reserves	6.445.996
Goodwill as of 31 December 2013	39.117.681
Currency Translation Reserves	3.383.369
Goodwill as of 31 December 2014	42.501.050
Currency Translation Reserves	5.338.978
Goodwill as of 31 March 2015	<u>47.840.028</u>

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10. INTANGIBLE ASSETS (cont'd)

Other Intangible Assets

For the period ended 31 March 2015, the Group purchased TL 28.122 of intangible assets and disposed no intangible assets (31 March 2014: purchases TL 24.221 and no disposal).

11. GOVERNMENT GRANTS

For the period ended 31 March 2015 the Group has received TL 1.201.696 cash incentive from TÜBİTAK for its research and development activities and the amount is accounted under Income From Operating Activities (For the period ended 31 March 2014: None).

The Group is qualified for the incentives and exemptions provided by Support of Research and Development Act, numbered 5746 effective from 24 November 2008.

As at 31 March 2015 the Group has a corporate tax benefit of TL 99.625.897 due to research and development disbursement and TL 12.259.583 of this amount is utilized by the period end (As at 31 December 2014, the benefit is TL 80.800.912 and TL 843.794 of this amount is utilized by the period end).

For the period ended 31 March 2015, the amount of income tax incentive within the scope of Act numbered 5746 is TL 2.149.965 (For the period ended 31 March 2014: TL 948.065) and the total amount of social premium incentive within the scope of Act numbered 5746 and Social Security and General Health Insurance Act numbered 5510 is TL 1.673.567 (For the period ended 31 March 2014: TL 1.253.376).

12. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Other Short Term Provisions	31 March 2015	31 December 2014
Provision for legal cases	1.759.816	1.759.816
Other provisions	419.011	1.924.756
	2.178.827	3.684.572

For the period ended 31 March 2015, the Group had a cash outflow of TL 746.344 for legal cases during the period (For the period ended 31 March 2014: TL 695.075).

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13. COMMITMENTS

The Group's off-balance sheet commitments and contingencies as at 31 March 2015 and 31 December 2014 are as follows:

	<u>31 March 2015</u>	<u>31 December 2014</u>
Guarantee letters given	186.128.585	209.046.195
	<u>186.128.585</u>	<u>209.046.195</u>

The off-balance sheet commitments and contingencies as at 31 March 2015 and 31 December 2014 are as follows:

Commitments, Pledges, Mortgages ("CPM") are given by the Company	<u>31 March 2015</u>	<u>31 December 2014</u>
A. Total amount of CPM is given on behalf of own legal personality	186.128.585	209.046.195
B. Total amount of CPM is given in favor of subsidiaries which are fully consolidated	-	-
C. Total amount of CPM is given for assurance of third party's debts in order to conduct of usual business activities	-	-
D. Total Amount of other CPM	-	-
i. Total amount of CPM is given in favor of parent company	-	-
ii. Total amount of CPM is given in favor of other group companies, which B and C doesn't include	-	-
iii. The amount of CPM is given in favor of third party which C doesn't include	-	-
	<u>186.128.585</u>	<u>209.046.195</u>

The rate of total amount of other "CPM"s to total equity of the Company is 0%.

Rent Agreements

As at 7 June 2012, the Company signed an agreement with ESAS Real Estate Group EAG Turizm İnşaat Sanayi ve Ticaret A.Ş. to rent the real estate ("Esas Aeropark") addressed in İstanbul city, Pendik district, Kurtköy Mahallesi with 15.744 square meters area. The rental period is 5 years beginning from 1 May 2013. The rent for the five years was USD 6.339.816 + VAT at the beginning of the rental period and the agreement has been revised for the remaining four years as USD 5.563.920 + VAT. The rents to be paid quarterly USD 1.046.756 + VAT for the first year, USD 1.339.848 for the second year, USD 1.507.328 for the third year, USD 1.669.988 for the fourth year. The leased real estate is used as the new Head Office and operation building of the Group.

As at 3 October 2012, Probil Bilgi İşlem Destek ve Danışmanlık Sanayi ve Ticaret A.Ş., the subsidiary of the Company, signed an agreement with Ahmet Bülent Koyuncuoğlu to lease the real estate addressed Orhanlı District, İrfan St. No. 28, Tuzla, İstanbul. The rental period is 5 years beginning from 1 October 2012. The rents to be paid in cash are USD 480.000+withholding tax for the first year, USD 504.000+withholding tax for the second year, USD 529.200 +withholding tax for the third year, USD 603.288 +withholding tax for the fourth year and USD 633.442 +withholding tax for the fifth year.

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13. COMMITMENTS (cont'd)

Company signed a rent contract for a period of 5+5 years with Yudo Leon Mizrahi and Salvo Özsarfatı for 15. And 16. floors in C Blok at “Buyaka İş Merkezi” each of which is 845 m2 that make a total of 1.690 m2 in Istanbul, Umraniye, İnkılap (Çakmak) Mahallesi, starting on 11 February 2013. Monthly rental fee of the leased office is USD 22.252 net- for the first lease period (11 February 2013- 31 January 2014) and USD 33.378 net for the rest of the months. 3% will be applied for the increase of next year rental.

Unrevokable Operational Lease Commitments	31 March 2015	31 December 2014
Within one year	7.177.867	6.114.231
Between 1-5 years	15.623.207	15.521.642
	22.801.074	21.635.873

Guarantees Given

According to the System Integration Agreement signed between Probil and Cisco System International B.V. , the Company agrees that all financial obligations will be jointly performed by the Company and Probil.

14. REVENUE AND COST OF SALES

Sales:

	For the Period Ended 31 March 2015	For the Period Ended 31 March 2014
Total domestic	129.157.538	138.992.190
United States	17.786.004	16.303.900
Asia	477.563	3.105.574
Africa	10.620.958	51.811
Europe	852.550	1.474.658
Total export	29.737.075	20.935.943
Total sales	158.894.613	159.928.133

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14. REVENUE AND COST OF SALES (cont'd)

Cost of Sales:

	<u>For the Period Ended 31 March 2015</u>	<u>For the Period Ended 31 March 2014</u>
Equipment expenses	86.624.052	91.275.662
Personnel expenses	32.416.339	30.618.023
Service/ support expenses	21.778.575	19.236.156
Depreciation expenses	1.902.372	2.760.776
Transportation cost	636.335	1.113.855
Rent expenses	1.200.922	896.753
Other	869.455	1.969.355
	<u>145.428.050</u>	<u>147.870.580</u>

15. TAX ASSETS AND LIABILITIES

	<u>For the Period Ended 31 March 2015</u>	<u>For the Period Ended 31 March 2014</u>
Period Tax Expense	(50.432)	-
Deferred Tax Income/(Expense)	(4.596.739)	2.471.779
	<u>(4.647.171)</u>	<u>2.471.779</u>

Movement for deferred taxes is as follows:

	<u>1 January 2015</u>	<u>Charge to Profit or (Loss)</u>	<u>Translation Difference</u>	<u>31 March 2015</u>
Tangible and intangible assets	(7.408.373)	(417.994)	(1.179.701)	(9.006.068)
Trade receivables	(35.874.160)	2.064.013	(4.378.526)	(38.188.673)
Trade payables	(3.268.110)	(87.248)	(415.950)	(3.771.308)
Inventory and deferred costs	11.231.492	(2.815.983)	1.236.289	9.651.798
Advances received	1.298.299	(516.051)	131.094	913.342
Provisions for employee bonuses	2.147.358	(1.641.109)	167.991	674.240
Provision for unused vacation	865.312	(121.043)	101.195	845.464
Severance and retirement provisions	3.776.653	(361.259)	452.022	3.867.416
Deferred revenues	11.381.215	(383.210)	1.405.946	12.403.951
Unused R&D tax exemption	15.991.423	(496.308)	1.978.067	17.473.182
Carryforward tax losses	1.938.391	221.976	257.264	2.417.631
Other	355.997	(42.523)	42.084	355.558
	<u>2.435.497</u>	<u>(4.596.739)</u>	<u>(202.225)</u>	<u>(2.363.467)</u>

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15. TAX ASSETS AND LIABILITIES (cont'd)

	1 January 2014	Charge to Profit or Loss	Translation Difference	31 March 2014
Tangible and intangible assets	(8.176.481)	2.100.465	(262.281)	(6.338.297)
Trade receivables	(27.836.044)	621.948	(793.185)	(28.007.281)
Trade payables	2.344.188	(4.920.314)	118.892	(2.457.234)
Inventory and deferred costs	12.050.651	(2.527.384)	343.095	9.866.362
Advances received	2.488.666	(2.008.563)	88.374	568.477
Provision for sales premium	401.841	(263.412)	13.548	151.977
Provision for unused vacation	1.017.213	22.812	26.182	1.066.207
Severance and retirement provisions	3.489.276	(160.961)	92.628	3.420.943
Accruals for employee bonuses	133.598	(212.848)	5.981	(73.269)
Deferred revenues	4.844.181	2.399.131	97.734	7.341.046
Unused R&D tax exemption	5.234.798	1.929.322	113.475	7.277.595
Carryforward tax losses	-	5.727.293	(67.426)	5.659.867
Income accrual	(1.550.423)	-	-	(1.550.423)
Other	47.333	(235.710)	25.645	(162.732)
	(5.511.203)	2.471.779	(197.338)	(3.236.762)

16. EARNING PER SHARE

	31 March 2015	31 March 2014
Number of shares	64.864.800	64.864.800
Net profit for the year	4.775.030	(6.384.532)
Earning per share	0,0736	(0,0984)

Earnings per share is calculated by dividing profit or loss attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

17. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

David Arthur Walsh and Joseph Patrick Huffsmith were selected as the member of the Board of Directors of the Company as at 22 December 2010. As David Arthur Walsh and Joseph Patrick Huffsmith are also the members of the Board of Directors of Genband US LLC, and its associates (collectively Genband) Genband is accounted as related parties effective from 22 December 2010.

Due from related parties as at 31 March 2015 and 31 December 2014 is as follows:

Due from Related Parties	31 March 2015	31 December 2014
Genband US LLC	18.357.750	17.023.399
Genband Ireland Ltd.	505.292	369.206
Genband Japan GK	23.710	21.064
Genband Telecommunications AUS	-	73.915
Genband Telecommunications (UK)	153.741	107.907
	19.040.493	17.595.491

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17. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (cont'd)

Due to Related Parties	31 March 2015	31 December 2014
Kron Telekomunikasyon A.Ş.	1.170.049	-
Genband Ireland Ltd.	630.948	-
Genband US LLC	26.102	53.131
	1.827.099	53.131

Main transactions with related parties are as follows For the period ended 31 March 2015 and 2014:

Sales	31 March 2015	31 March 2014
Genband US LLC	17.285.908	16.336.288
Genband Ireland Ltd.	634.251	545.866
Genband Telecommunications(UK)	104.456	-
Genband JAPAN GK	-	219.595
Genband Telecommunications	-	119.769
Genband Holdings B.V.	-	18.135
	18.024.615	17.239.653

Purchases	31 March 2015	31 March 2014
Genband Ireland Ltd.	1.421.818	-
Kron Telekomunikasyon A.Ş.	1.129.959	-
Genband US LLC	26.102	91.010
	2.577.879	91.010

For the period ended 31 March 2015, total remuneration for the directors, management, and board members of the Group is TL 1.010.172 (for the period ended 31 March 2014 total remuneration for the directors, management, and board and audit members is TL 1.009.240). As at 31 March 2015 and 31 December 2014 there is no credit granted to the Group's management.

18. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments and hedge accounting

Derivative financial instruments are calculated according to the fair value at the contract date and again are calculated in the following reporting period at fair value base. The effective portion of changes in the fair value of derivatives which are designed as cash flow hedge are recognized in other comprehensive income. Any ineffective portion of the changes in fair value of the derivatives are recognized in profit or loss.

When the hedging instrument expires, is sold, or when a hedge no longer meets the criteria for the hedge than hedge accounting is terminated. Any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the committed or forecasted transaction ultimately is recognized in the statement of income. However, if the hedge transaction is not realized, the cumulative gain or loss that was reported in equity is immediately transferred to the profit or loss of the current period.

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18. DERIVATIVE FINANCIAL INSTRUMENTS (cont'd)

Asymmetric Forward

In order to meet future US\$ needs and to be protected against weakening TL, the Group concluded some asymmetrical forward contracts. In this framework, upon the execution of the contract conditions, the Group has the right to purchase US\$ 33.500.000 at a rate of 2,49-2,57 US\$/TL at various maturities.

As at 31 March 2015, the fair value and the nominal values of asymmetric forward operations are as follows;

	<u>Currency</u>	<u>Nominal Value</u>		<u>Fair Value</u>	
		<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Asymmetric forward	US \$	33.500.000	-	18.860	-

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19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group's financial risk management policies are as follows:

Credit risk

Carrying values of the financial assets represents their maximum exposed credit risk. As at the date of balance sheet maximum credit risks are as follows:

<u>31 March 2015</u>	<u>Receivables</u>		<u>Other</u>	<u>Deposits at</u> <u>Banks</u>
	<u>Trade Receivables</u> <u>Related</u> <u>Parties</u>	<u>Other</u>	<u>Receivables</u> <u>Other (*)</u>	
Maximum credit risks as of balance sheet date				
(A+B+C+D+E)	19.040.493	431.129.675	479.180	105.377.288
Maximum risk guaranteed by collateral	-	-	-	-
(A) Net book value of unexpired or not impaired financial assets	15.166.499	346.169.121	479.180	105.377.288
(B) Net book value of overdue but not impaired financial assets (**)	3.873.994	84.960.554	-	-
Guaranteed by collateral	-	-	-	-
(C) Net book value of impaired assets	-	-	-	-
Overdue (gross book value)	-	17.206.913	-	-
Impairment (-)	-	(17.206.913)	-	-
Guaranteed by collateral	-	-	-	-
Unexpired (gross book value)	-	-	-	-
Impairment (-)	-	-	-	-
Guaranteed by collateral	-	-	-	-
(D) Off balance sheet risks	-	-	-	-

(*)VAT receivable, prepaid taxes are not classified as financial assets and therefore are not included in other receivables and other current assets.

(**)TL 44.561.294 of overdue but not impaired is receivable from Nortel companies and as there is a continuing uncertainty regarding the collectability and collection time table of these receivables, no provision has been made.

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19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd)

Credit risk (cont'd)

<u>31 December 2014</u>	<u>Receivables</u>		<u>Other</u>	<u>Deposits at</u> <u>Banks</u>
	<u>Trade Receivables</u>		<u>Receivables</u>	
	<u>Related</u>	<u>Other</u>	<u>Other (*)</u>	
	<u>Parties</u>			
Maximum credit risks as of balance sheet date				
(A+B+C+D+E)	17.595.491	486.722.498	1.654.284	84.191.127
Maximum risk guaranteed by collateral	-	-	-	-
(A) Net book value of unexpired or not impaired financial assets	11.342.162	411.722.431	1.654.284	84.191.127
(B) Net book value of overdue but not impaired financial assets (**)	6.253.329	75.000.067	-	-
Guaranteed by collateral	-	-	-	-
(C) Net book value of impaired assets	-	-	-	-
Overdue (gross book value)	-	14.255.324	-	-
Impairment (-)	-	(14.255.324)	-	-
Guaranteed by collateral	-	-	-	-
Unexpired (gross book value)	-	-	-	-
Impairment (-)	-	-	-	-
Guaranteed by collateral	-	-	-	-
(D) Off balance sheet risks	-	-	-	-

(*)VAT receivable, prepaid taxes are not classified as financial assets and therefore are not included in other receivables and other current assets.

(**)TL 39.597.906 of overdue but not impaired is receivable from Nortel companies and as there is a continuing uncertainty regarding the collectability and collection time table of these receivables, no provision has been made.

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19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd)

Credit risk (cont'd)

As at the date of balance sheet aging of overdue but not impaired financial assets are as follows:

	Receivables	
	Trade Receivables	Other Receivables
31 March 2015		
1-30 days overdue	19.389.285	-
1-3 months overdue	8.477.385	-
3-12 months overdue	8.953.614	-
1-5 years overdue	7.452.970	-
Overdue more than 5 years	44.561.294	-
Total	88.834.548	-

	Receivables	
	Trade Receivables	Other Receivables
31 December 2014		
1-30 days overdue	15.224.216	-
1-3 months overdue	8.653.697	-
3-12 months overdue	6.990.329	-
1-5 years overdue	50.385.154	-
Total	81.253.396	-

Liquidity risk

The Group holds adequate sources to be able to fulfill its current and future liabilities. As at 31 March 2015 and 31 December 2014 liquidity risk table are as follows;

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19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd)

Liquidity risk (cont'd)

31 March 2015

Maturities due to agreements

	Carrying amount	Cash outflows due to agreements	Up to 3 months	3-12 months	1-5 years
Non- derivative financial liabilities	401.846.386	405.069.073	282.376.234	122.692.839	-
Financial liabilities	266.019.144	269.241.831	149.447.038	119.794.793	-
Due to related parties	1.827.099	1.827.099	1.827.099	-	-
Other trade payables to third parties	134.000.143	134.000.143	131.102.097	2.898.046	-

Expected maturities

	Carrying amount	Cash outflows due to agreements	Up to 3 months	3-12 months	1-5 years
Non- derivative financial liabilities	26.739.860	26.739.860	24.561.033	2.178.827	-
Other short term provisions	2.178.827	2.178.827	-	2.178.827	-
Payables related to employee benefits	20.438.293	20.438.293	20.438.293	-	-
Other payables to third parties (*)	4.122.740	4.122.740	4.122.740	-	-

31 December 2014

Maturities due to agreements

	Carrying amount	Cash outflows due to agreements	Up to 3 months	3-12 months	1-5 years
Non- derivative financial liabilities	417.582.637	429.262.442	329.901.818	99.360.624	-
Financial liabilities	215.874.487	227.554.292	130.675.316	96.878.976	-
Due to related parties	53.131	53.131	53.131	-	-
Other trade payables to third parties	201.655.019	201.655.019	199.173.371	2.481.648	-

Expected maturities

	Carrying amount	Cash outflows due to agreements	Up to 3 months	3-12 months	1-5 years
Non- derivative financial liabilities	20.294.310	20.294.310	16.609.738	3.684.572	-
Other short term provisions	3.684.572	3.684.572	-	3.684.572	-
Payables related to employee benefits	4.892.554	4.892.554	4.892.554	-	-
Other payables to third parties (*)	11.717.184	11.717.184	11.717.184	-	-

The Group management considers that net book value of financial instrument reflects with the fair value.

(*) Social security premiums, income tax and other taxes payable are included in other liabilities.

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19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd)

Liquidity risk (cont'd)

The fair values of financial assets and financial liabilities are determined and grouped as follows:

- Level 1: the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;
- Level 2: the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions; and
- Level 3: the fair value of the financial assets and financial liabilities where there is no observable market data. The fair value of derivative instruments, are calculated using quoted prices.

In accordance with fair value hierarchy; while cash and cash equivalent are categorized as at Level 1, other financial asset and liabilities in the table are categorized as Level 2.

Interest rate risk

Interest rate sensitive financial assets are placed in short term instruments in order to avoid any possible interest rate fluctuations. The Group has the following interest sensitive liability as at the balance sheet date.

	<u>31 March 2015</u>	<u>31 December 2014</u>
Fixed interest bearing financial instruments	337.249.117	288.929.992
Financial assets (*)	74.038.677	75.893.218
Financial liabilities	263.210.440	213.036.774
Variable rate bearing financial instruments	-	-
Financial assets	-	-
Financial liabilities	-	-

(*) As of 31 March 2015 and 31 December 2014, time deposits and spot loans are included in the fixed interest bearing financial instruments.

Foreign currency risk

The Group's foreign currency risk is mainly associated with change in value of US Dollar against TL and other currencies. In order to avoid possible losses due to fluctuations of foreign exchange rates, the Group places its assets with the same currency for liabilities and bears its contractual expenses in the same currency of contracts if possible.

	<u>31 March 2015</u>	<u>31 March 2014</u>
Export	29.737.075	20.935.943
Import	63.741.040	173.733.219

As at 31 March 2015 and 31 December 2014, the Group's foreign exchange details are as in the following:

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(Unless otherwise stated the amounts are in TL)

19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd)

Foreign currency risk (cont'd)

31 March 2015	TL Equivalent (*)	Original Currency					
		TL	EURO	CAD	GBP	TAKA	Other
Current Assets	114.749.962	100.661.220	2.561.090	-	5.471	24.583.247	390.793.740
Cash and cash equivalents	24.108.472	15.531.319	962.896	-	4.744	15.984.270	359.523.883
Trade receivables	42.249.098	37.842.161	1.243.294	-	602	8.598.977	24.164.000
Other receivables	479.180	479.180	-	-	-	-	-
Prepaid expenses	9.685.513	8.745.691	331.987	-	-	-	-
Other current assets	38.227.699	38.062.869	22.913	-	125	-	7.105.857
TOTAL ASSETS (A)	114.749.962	100.661.220	2.561.090	-	5.471	24.583.247	390.793.740
Short Term Liabilities	304.421.825	299.544.007	1.675.254	3.138	22.472	-	3.007.000
Financial liabilities	239.755.638	239.755.638	-	-	-	-	-
Trade payables	29.768.419	26.954.449	953.546	3.138	20.680	-	2.018.071
Other payables	4.122.740	2.069.163	721.708	-	1.792	-	255.286
Payables from employee benefits	20.438.293	20.428.022	-	-	-	-	733.643
Employee benefits	8.157.908	8.157.908	-	-	-	-	-
Other short term provision	2.178.827	2.178.827	-	-	-	-	-
Long Term Liabilities	18.777.696	18.777.696	-	-	-	-	-
Employee benefits	18.777.696	18.777.696	-	-	-	-	-
TOTAL LIABILITIES (B)	323.199.521	318.321.703	1.675.254	3.138	22.472	-	3.007.000
Net Foreign Currency Asset / (Liability) Position (A-B)	(208.449.559)	(217.660.483)	885.836	(3.138)	(17.001)	24.583.247	387.786.740

(*)Since the functional currency of the Group is USD the currencies other than USD are shown in the table. Foreign currencies are denominated in their original currency amount and TL equivalents are calculated by using yearend rates.

NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015

(Unless otherwise stated the amounts are in TL)

19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd)

Foreign currency risk (cont'd)

31 December 2014	TL Equivalent (*)	Original Currency					
		TL	EURO	CAD	GBP	TAKA	Other
Current Assets	146.757.629	130.536.319	2.233.739	-	2.876	24.888.822	706.618.735
Cash and cash equivalents	17.085.784	11.714.678	462.311	-	2.149	16.289.845	280.344.681
Trade receivables	90.558.741	81.790.958	1.036.174	-	602	8.598.977	425.640.826
Other receivables	1.654.284	1.654.284	-	-	-	-	-
Prepaid expenses	5.704.803	3.863.140	652.910	-	-	-	-
Other current assets	31.754.017	31.513.259	82.344	-	125	-	633.228
TOTAL ASSETS (A)	146.757.629	130.536.319	2.233.739	-	2.876	24.888.822	706.618.735
Short Term Liabilities	271.772.089	261.337.309	2.165.591	3.138	22.473	-	333.797.625
Financial liabilities	192.538.462	192.538.462	-	-	-	-	-
Trade payables	43.235.110	34.859.009	1.474.862	3.138	20.680	-	325.617.074
Other payables	11.717.184	9.658.917	690.729	-	1.793	-	8.148.110
Payables from employee benefits	4.892.554	4.892.142	-	-	-	-	32.441
Employee benefits	15.704.207	15.704.207	-	-	-	-	-
Other short term provision	3.684.572	3.684.572	-	-	-	-	-
Long Term Liabilities	18.242.410	18.242.410	-	-	-	-	-
Employee benefits	18.242.410	18.242.410	-	-	-	-	-
TOTAL LIABILITIES (B)	290.014.499	279.579.719	2.165.591	3.138	22.473	-	333.797.625
Net Foreign Currency Asset / (Liability) Position (A-B)	(143.256.870)	(149.043.400)	68.148	(3.138)	(19.597)	24.888.822	372.821.110

(*)Since the functional currency of Group is USD, the currencies other than USD are shown in the table. Foreign currencies are denominated in their original currency amount and TL equivalents are calculated by using period end rates.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015

(Unless otherwise stated the amounts are in TL)

19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd)

Foreign currency risk (cont'd)

Exchange Rate Sensitivity Table

31 March 2015

	<u>Profit / Loss</u>	
	<u>Appreciation</u>	<u>Devaluation</u>
<i>Effect of 10 % appreciation/devaluation in TL -USD exchange rate :</i>		
Net asset / (liability) in TL	(21.766.048)	21.766.048
Not subjected to TL risk (-)	-	-
(1) Net effect of TL	(21.766.048)	21.766.048
<i>Effect of 10 % appreciation/devaluation in EURO – USD exchange rate :</i>		
Net asset / (liability) in EUR	250.771	(250.771)
Not subjected to EUR risk (-)	-	-
(2) Net effect of EUR	250.771	(250.771)
<i>Effect of 10 % appreciation/devaluation in exchange rate of other foreign currencies:</i>		
Net asset / (liability) in other currencies	670.321	(670.321)
Not subjected to other currency risk (-)	-	-
(3) Net effect of other currencies	670.321	(670.321)
TOTAL (1+2+3)	(20.844.956)	20.844.956

Exchange Rate Sensitivity Table

31 December 2014

	<u>Profit / Loss</u>	
	<u>Appreciation</u>	<u>Devaluation</u>
<i>Effect of 10 % appreciation/devaluation in TL -USD exchange rate :</i>		
Net asset / (liability) in TL	(14.904.340)	14.904.340
Not subjected to TL risk (-)	-	-
(1) Net effect of TL	(14.904.340)	14.904.340
<i>Effect of 10 % appreciation/devaluation in EURO – USD exchange rate :</i>		
Net asset / (liability) in EUR	19.222	(19.222)
Not subjected to EUR risk (-)	-	-
(2) Net effect of EUR	19.222	(19.222)
<i>Effect of 10 % appreciation/devaluation in exchange rate of other foreign currencies:</i>		
Net asset / (liability) in other currencies	559.431	(559.431)
Not subjected to other currency risk (-)	-	-
(3) Net effect of other currencies	559.431	(559.431)
TOTAL (1+2+3)	(14.325.687)	14.325.687

NETAŞ TELEKOMÜNİKASYON A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015

(Unless otherwise stated the amounts are in TL)

20. SUBSEQUENT EVENTS

The Company announced that the Annual General Assembly Meeting will be held on 27 May 2015 at 11:00 at the head office of the Company to review the financial result of the year 2014.

Board of Directors of the Company has resolved on 13 April 2015 to propose not to distribute profit for the year 2014 for the approval of the General Assembly.

21. DISCLOSURE OF OTHER MATTERS THAT MAY AFFECT FINANCIAL STATEMENTS SIGNIFICANTLY OR IS NECESSARY FOR FINANCIAL STATEMENTS TO BE CLEAR, INTERPRETABLE AND COMPREHENSIBLE

None.