TURKCELL ILETISIM HIZMETLERI A S
Form 6-K
February 24, 2012

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16 UNDER
THE SECURITIES EXCHANGE ACT OF 1934

Report on Form 6-K dated February 24, 2012

Commission File Number: 001-15092

TURKCELL ILETISIM HIZMETLERI A.S.
(Translation of registrant's name in English)

Turkcell Plaza
Mesrutiyet Caddesi No. 153
34430 Tepebasi
Istanbul, Turkey

(Address of Principal Executive Offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F x Form 40-F o

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Yes o No x

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Yes o No x

Indicate by check mark whether the registrant by furnishing the information contained in this form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes o No x

If “Yes” is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-__________

Enclosure: A press release dated February 22, 2012 announcing Turkcell’s Fourth Quarter and Full Year 2011 results and IFRS Report for Q4 2011.

Fourth Quarter and Full Year 2011 Results

TURKCELL ILETISIM HIZMETLERI A.S.

FOURTH QUARTER AND FULL YEAR

2011 RESULTS

ACCELERATING GROWTH IN KEY BUSINESSES

Istanbul, Turkey, February 22, 2011 – Turkcell (NYSE:TKC, ISE: TCELL), the leading communications and technology company in Turkey, today announced its results for the fourth quarter and year ended December 31, 2011. All financial results in this press release are unaudited, prepared in accordance with International Financial Reporting Standards ("IFRS") and expressed in Turkish liras and dollars unless otherwise stated.

Please note that all financial data is consolidated and comprises that of Turkcell IletisimHizmetleri A.S., (the "Company", or "Turkcell") and its subsidiaries and associates (together referred to as the "Group"). All non-financial data is unconsolidated and comprises Turkcell only figures. The terms "we", "us", and "our" in this press release refer only to the Company, except in discussions of financial data, where such terms refer to the Group, and where context otherwise requires

Fourth Quarter and Full Year 2011 Results

HIGHLIGHTS OF THE FOURTH QUARTER and FULL YEAR 2011

FULL YEAR 2011

Group revenue grew by 4.1% YoY to TRY9,370million (TRY9,004 million).

Group EBITDA1remained stable at TRY2,913 million (TRY2,948 million), whileGroup EBITDA margin was at 31.1% (32.7%).

Turkcell Turkey recorded net subscriber additions of 1.1 million for the full year, marking the lowest annual churn rate since 2008

Turkcell Turkey's mobile internet and services revenues rose 20.1% to TRY1,944 million (TRY1,619 million)

—Mobile internet revenues rose 60% to TRY724 million (TRY454 million)

—The share of mobile internet and service revenues in Turkcell Turkey rose 3.9pp to 24.2% YoY (20.3%)

The contribution of subsidiaries to the Group significantly improved in 2011

—Revenues of subsidiaries2 grew by 32.3% to TRY1,340 million (TRY1,012 million), while their contribution to the top line rose to 14.3% from 11.1% YoY.

—EBITDA of subsidiaries2 improved by 49.1% to TRY399 million (TRY268 million), while their contribution to Group EBITDA rose to 13.7% (9.1%) YoY.

Turkcell Group registered a net income of TRY1,178 million (TRY1,764 million), mainly due to one-off items mostly stemming from Belarusian operations. Excluding one-off items and currency devaluation in Belarus, Group net income would have been TRY1,913 million in 2011.

FOURTH QUARTER 2011

Group revenue grew 11.9% YoY to TRY2,446 million (TRY2,186 million).

Group EBITDA improved by 7.0% to TRY695 million YoY (TRY649 million), while EBITDA margin was at 28.4% (29.7%).

Turkcell Turkey's mobile internet and services revenues rose 25.8% to TRY531 million (TRY422 million), while mobile internet revenues rose 48.9% to TRY200 million(TRY134 million).

Subsidiaries increased contribution to Group revenues by 48.9% to TRY404 million (TRY271 million), while contribution to Group EBITDA rose to 15.4% (10.6%).

Turkcell Group net income was at TRY332 million (TRY368 million). Excluding one-off items mainly relating to Belarusian operations and currency devaluation in Belarus, net income would have been TRY437 million in Q4 2011.

(1)EBITDA is a non-GAAP financial measurement. See page15 for the reconciliation of EBITDA to net cash from operating activities.
(2)Including eliminations
* In this press release, a year on year comparison of our key indicators is provided and figures in parentheses following the operational and financial results for the year end 2011 refer to the same item in the year end of 2010 and figures in parentheses following the operational and financial results for the fourth quarter 2011 refer to the same item in the fourth quarter of 2010. For further details, please refer to our consolidated financial statements and notes as at and for the year ended December 31, 2011 which can be accessed via our web site in the investor relations section (www.turkcell.com.tr).
**Please note that the Information and Communication Technologies Authority in Turkey is referred to as “the Telecommunications Authority” herein.

Comments from CEO, SureyyaCiliv

"In 2011, Turkcell Group revenues reached TRY 9.4 billion, while we recorded EBITDA of TRY 2.9 billion thereby delivering on our guidance. Consolidated net income of TRY 1.2 billion was recorded due to the effects of high devaluation and hyperinflation in Belarus, where our subsidiaries operate.

The growth momentum that we achieved in the second quarter of the year in the fields of voice and mobile internet, and also at our subsidiaries, was accelerated in the third and fourth quarters.

Turkcell continued to maintain its leader status as the company of choice by ensuring customer satisfaction and strengthening brand recognition, while the competition in contrast remained market share focused through aggressive pricing. Consequently, we were able to grow our customer base to 34.5 million with a net addition of 1.1 million subscribers.

Throughout 2011, our ongoing investments in 3G and our fiber network ranked Turkey's communication and technology infrastructure foremost in the world league. Turkcell branded T series smartphones, which provide the best customer experience at affordable prices were the best-selling Android smartphone of 2011. With these differences that we bring to the market, we doubled the penetration of smartphones and saw a two and a half times jump in mobile internet usage on our network. As a result of our superior value propositions, as well as our investments, we boosted our mobile internet revenues by 60%.

We are delighted by the rising performance of our Group companies and their contributions in 2011. At home, Turkcell Superonline's revenue and EBITDA rose 37% and 148% in TRY terms, respectively. Moreover, the Company recorded positive EBIT over the full year for the first time in its history. Meanwhile, on our international front, Astelit increased its revenues by 9% in USD terms, lifting its EBITDA margin to 26% from 19% a year ago. Ultimately, our subsidiaries' contribution to consolidated revenues and EBITDA rose by 32% and 49%, respectively.

Following a tough, but successful year for us, I am confident that we will give pace to our growth momentum in the year 2012.

I would like to thank all our customers, employees, business partners and shareholders for their continued support."

OVERVIEW

In 2011, the mobile market grew by 3.6 million subscribers compared to the previous year, mainly due to increased data subscriptions and population growth. In consequence, mobile line penetration rose to 87% from 84% in 2010.

During the first nine months of 2011, the Turkish mobile market was very aggressive, which continued during the last quarter. In 2011, all operators focused on increasing the postpaid subscriber base through bundled and contracting offers. On the prepaid front, some rational moves were observed in the first nine months; however during the last quarter competition became more aggressive with bundled offers similar tothe postpaid front, as well as increased communication in the market. In summary, the competition remained market share focused at the cost of profitability, which continued to pressure prices during the year.

On the terminal front, the market adapted quickly to the fast growing mobile internet era thru a wider portfolio of devices and segmented offers available for contracted smartphones. During the year, in line with the decline in smartphone prices, smartphone sales ramped up, whereby its share inhandset sales reached 27% in 2011.

Under the circumstances, we strengthened our leadership and continued to position Turkcell as a premium offering with a greater focus on customer retention and satisfaction. Accordingly, we registered 1.1 million net additions, marking the lowest churn since 2008. For the postpaid segment, we focused more on encouraging switches and increasing contracted subscribers, thereby recording 1.5 million net postpaid additions, 637,000 of which relate to the last quarter. On the prepaid front, we improved our churn rate by 7.6 pp, mainly through boosting package penetration by upsell thru bundled offers. Overall, we maintained our 53% subscriber market share in the last consecutive 3 quarters.

On the data and terminals front, we have enriched our device portfolio and offers in order to increase smartphone penetration as well as data usage. In 2011, we focused on bundled offers at affordable prices, mostly attached to Turkcell branded smartphones, T10, T20 and very recently T11. This strategy provided our subscribers the experience of high quality mobile internet. Indeed, these offers were welcomed by our subscribers, whereby T20 became the best-selling Android smartphone of 2011. Overall, the number of smartphones in our network grew by 90% to 3.8 million (2.0 million).

For the full year of 2012, we expect consolidated revenue in the range of TRY9,900 million – TRY10,100 million, to be mainly driven by mobile internet revenues and increased contribution from our subsidiaries. Meanwhile, we aim at consolidated EBITDA of TRY3,000 million – TRY3,200 million, and expect operational group capex as a percentage of revenues at around 17%, similar to the previous year.

When we look at the projected quarterly trend for 2012, we estimate the first quarter to be the lowest in terms of profitability. This is due to necessary investments to position ourselves strongly against the competition,thru which we plan to strengthen our leadership and reach our 2012 targets.

Fourth Quarter and Full Year 2011 Results

FINANCIAL AND OPERATIONAL REVIEW OF THE FOURTH QUARTER 2011 AND FULL YEAR 2011

The following discussion focuses principally on the developments and trends in our business in the fourth quarter and full year 2011 in TRY terms. Selected financial information for the fourth quarter of 2010, third quarter of 2011 and full year 2010 both in TRY and US$ prepared in accordance with IFRS, and in TRY prepared in accordance with the Capital Markets Board of Turkey's standards isalso included at the end of this press release.

FINANCIAL REVIEW OF TURKCELL GROUP

Profit & Loss Statement (million TRY)	Quarter Q410	Quarter Q411	Quarter y/y % chg	Year 2010	Year 2011	Year y/y % chg
Total Revenue	2,186.2	2,445.5	11.9 %	9,003.6	9,370.1	4.1 %
Direct cost of revenues1	(1,268.6)	(1,791.8)	41.2 %	(5,039.2)	(5,954.3)	18.2 %
Depreciation and amortization	(297.3)	(596.4)	100.6 %	(1,139.7)	(1,592.9)	39.8 %
Gross Margin	42.0 %	26.7 %	(15.3pp)	44.0 %	36.5 %	(7.5pp)
Administrative expenses	(139.3)	(103.8)	(25.5 %)	(521.9)	(410.9)	(21.3 %)
Selling and marketing expenses	(426.6)	(451.6)	5.9 %	(1,633.9)	(1,684.9)	3.1 %
EBITDA2	649.0	694.7	7.0 %	2,948.3	2,912.9	(1.2 %)
EBITDA Margin	29.7 %	28.4 %	(1.3pp)	32.7 %	31.1 %	(1.6pp)
Net finance income / (expense)	87.7	27.8	(68.3 %)	264.0	17.3	(93.4 %)
Finance expense	(5.4)	(111.8)	-	(153.4)	(528.3)	244.4 %
Finance income	93.1	139.6	49.9 %	417.4	545.6	30.7 %
Share of profit of associates	40.8	55.0	34.8 %	184.7	227.1	23.0 %
Other income / (expense)	(7.3)	(4.6)	-	(9.5)	(175.2)	-
Monetary gains / (losses)	-	273.5	-	-	273.5	-
Income tax expense	(104.8)	(118.3)	12.9 %	(483.5)	(485.0)	0.3 %
Net Income	368.1	331.7	(9.9 %)	1,764.3	1,177.7	(33.2 %)

(1) including depreciation and amortization expenses.
(2) EBITDA is a non-GAAP financial measurement. See page 15 for the reconciliation of EBITDA to net cash from operating activities.

Revenue:

In Q4 2011, Group revenues grew by 11.9% YoY to TRY2,445.5 million (TRY2,186.2 million), which was mainly achieved through 25.8% growth in the mobile internet and services revenues of Turkcell Turkey and 48.9% rise in the consolidated revenue of subsidiaries to TRY403.9 million (TRY271.3 million).

For the full year 2011, consolidated revenue improved to TRY9,370.1 million (TRY9,003.6 million), mainly due to the 20.1% increase in mobile internet and services revenues of Turkcell Turkey to TRY1,944 million (TRY1,619 million), as well as the 32.3% higher contribution from subsidiaries year-on-year (particularly through Superonline and Astelit).

Despite aggressive pricing levels in the market in 2011, Turkcell Turkey's revenues rose by 6.6% to TRY2,041.6 million in Q4 2011 (TRY1,914.9 million),resulting from25.8% growth in mobile internet and services.

In FY11, Turkcell Turkey's interconnect revenues rose by 23.2% to TRY786.5 million (TRY638.4 million), mainly due to increased incoming minutes, which led to a rise in the share of interconnection revenues in Turkcell Turkey's revenues to 9.8% (8.0%).

Direct cost of revenues(including depreciation and amortization):

Direct cost of revenues increased by 41.2%YoY to TRY1,791.8 million in Q4 2011 (TRY1,268.6 million). Meanwhile, direct cost of revenues as a percentage of total revenues increased to 73.3% (58.0%) in Q4 2011. This mainly stemmed from the rise in depreciation expenses (up 10.8 pp), interconnection costs (up 2.6 pp), network related costs (up 0.7 pp), and other items (up 1.2 pp).

During the quarter, depreciation expenses increased to TRY596.4 million (TRY297.3 million), mainly due to one-time impact of inflation accounting amounting to TRY240 million and the impairment impact in Belarusian operations.

For the full year, direct cost of revenues rose by 18.2% to TRY5,954.3 million (TRY5,039.2 million). As a percentage of revenue, direct costs increased from 56.0% to 63.5%, mainly due to increases in depreciation and amortization (up 4.3pp), interconnect costs (up 1.6 pp), wages and salaries (up 0.5 pp), as well as network related costs (up 0.4 pp) and other items (up 0.7 pp).

In FY11, Turkcell Turkey's interconnect costs rose to TRY851.9 million (TRY690.8 million), resulting in a rise in Turkcell Turkey's interconnect costs as a percentage of revenues to 10.6% (8.6%).

Administrative expenses:

Expenses as a percentage of revenues declined by 2.2 pp to 4.2% in Q4 2011 (6.4%), mainly due to 2.1 pp drop in bad debt expenses as a percentage of revenues resulting mainly from improved collection performance for the receivables coming from one year and earlier. At the same time, expenses as a percentage of revenues decreased by 1.4 pp in 2011 YoY, which was mainly related to a 1.6 pp fall in bad debt expenses as a percentage of revenues.

Selling and marketing expenses:

Expenses as a percentage of revenues decreased 1.0 pp YoY to 18.5% (19.5%) in Q4 2011. As a percentage of revenues, frequency usage fees fell 2.7 pp,while selling and marketing expenses rose by 0.4 pp YoY, wages and salaries increased by 0.3 pp and other items (up 1.0 pp). For the full year, selling and marketing expenses as a percentage of revenue was almost stable at 18.0% (18.1%), mainly due to lower frequency usage fees paid for prepaid subscribers, which were partially offset by higher marketing and selling expenses.

EBITDA:

In Q4 2011, EBITDA in nominal terms rose 7.0% to TRY694.7 million (TRY649.0 million), while the EBITDA margin was at 28.4% (29.7%). Although selling and marketing expenses decreased by 1.0 pp and general and administrative expenses declined by 2.2 pp (as a percentage of revenues), direct cost of revenues, excluding depreciation and amortization,increased by 4.5 pp as a percentage of revenues.

In FY11, EBITDA was at TRY2,912.9 million (TRY2,948.3 million), while the EBITDA margin was at 31.1% (32.7%). As a percentage of revenues, 1.4 pp lower general and administrative expenses together with 0.1 pp lower selling and marketing expenses were compensated by a 3.1 pp higher direct cost of revenues.

Net finance income / (expense):

In Q4 2011, net finance income registered at TRY27.8 million (TRY87.7 million), mainly due to a TRY92 million translation loss as opposed to a TRY24 million translation gain in Q4 2010. This is partially netted off by the TRY57 million increase in net interest income YoY.

TRY116 million YoY change in net translation loss mainly relates to BeST, which recorded TRY95 million translation loss in Q4 2011 mainly stemming from 49.1% devaluation of BYR against US$ during the quarter (TRY4 million translation loss in Q4 2010).

On the other hand, net interest income increased by TRY57 million to TRY120 million in Q4 2011 (TRY63 million) mainly due to increase in interest income from deposits as a result of increase in interest rates on TL deposits as well as increase in cash and cash equivalents including time deposits with maturity of more than 3 months.

For the full year, we recorded net finance income of TRY17.3 million (TRY264.0 million) mainly due to TRY438 million translation loss recorded by BeSTin FY11 resulting from 178% devaluation in BYR/ US$ rate in Belarus. This is partially offset by TRY227 million translation gain in Turkcell Turkey due to TRY/US$ depreciation of 22.2% in 2011 as well as TRY122 million increase in interest income on time deposits due to increase in cash balance including time deposits with maturity of more than 3 months.

Share of profit of equity accounted investees:

Our share in the net income of unconsolidated investees, consisting of the net income/(expense) impact of Fintur (income of TRY65.3 million) and A-Tel (expense of TRY10.3 million), rose by 34.8% to TRY55.0 million (TRY40.8 million) YoY in Q4 2011. In FY11, our share in the net income of unconsolidated investees rose by 23.0% from TRY184.7 million to TRY227.1 million.

Income tax expense:

The total taxation charge in Q4 2011 was at TRY118.3 million (TRY104.8 million). A total tax charge of TRY122.9 million was related to current tax charges, while a deferred tax income of TRY4.6 million was recorded in the quarter. In FY11, the total taxation charge was at TRY485.0 million (TRY483.5 million). Of the total tax charge, TRY512.2 million was related to current tax charges, while a deferred tax income totaled TRY27.2 million.

	Quarter			Year		
million TRY	Q410	Q411	y/y % chg	2010	2011	y/y % chg
Current tax expense	(141.5)	(122.9)	(13.1%)	(508.1)	(512.2)	0.8%
Deferred Tax income / (expense)	36.7	4.6	(87.5%)	24.6	27.2	10.6%
Income tax expense	(104.8)	(118.3)	12.9%	(483.5)	(485.0)	0.3%

Net income:

The economic environment in Belarus deteriorated significantly starting from the second quarter of 2011. The cumulative inflation in the last three years exceeded 100%. As a result, Belarus was considered as a hyperinflationary economy in Q4 2011. In consequence, "Financial Reporting in hyperinflationary economies" was applied for BeST for the year ending 31 December 2011.

In Q4 2011, the financial impact of inflationary accounting on consolidated net income amounted to TRY45 million. Moreover, the net effects of inflation adjustments on the non-monetary items in balance sheet and income statement were recorded as "monetary gains" of TRY274 million in the income statement. "Monetary gains" of TRY274 million was netted off with "depreciation expense" of TRY240 million arising mainly from inflation adjustment. Impairment charges related to the operations in Belarus amounts to TRY16 million excluding the impact of inflation adjustment.

In addition, in BeST translation losses were converted to the reporting currency with the period-end rate on the balance sheet date, rather than the average exchange rate. Translation loss was amounting to TRY95 million in Q4 2011 mainly stemming from fx denominated net liabilities of BeST in the amount of US$411 million.

Overall, in Q4 2011, Turkcell Group registered a net income of TRY332 million (TRY368 million), mainly due to one-off items mostly stemming from Belarusian operations. Excluding the one-off items and currency devaluation in Belarus, Group net income would have been TRY437 million in Q4 2011.

For the full year, net income decreased to TRY1,178 million (TRY1,764 million), mainly on total translation losses recorded at BeST in the amount of TRY438 million, as well as the total impairment charges of TRY204 million in BeST due to 178% devaluation of BYR against US$. Excluding one-off items below the EBITDA line, currency devaluation in Belarus and legal penalties of TRY98 million, Group net income would have been TRY1,913 million.

Net income impacts (million TRY)	Q411	FY11
Net income excluding one-offs	437	1,913
Inflation accounting impact in BeST	45	45
Depreciation impact	(240)	(240)
Monetary gains / (losses)	274	274
Tax impact	11	11
Translation loss in BeST	(95)	(438)
Impairment in BeST	(16)	(204)
Other impairment charges	(34)	(40)
Other provisions	(5)	(98)
Net income reported	332	1,178

Total Debt:

Consolidated debt amounted to TRY3,529 million (US$1,868 million) as of December 31, 2011. TRY982 million (US$520 million) of this was related toTurkcell's Ukrainian operations. TRY2,550 million (US$1,350 million) of our consolidated debt is at a floating rate, while TRY1,531million (US$811 million) will mature within less than a year. In Q4 2011, the debt/annual EBITDA ratio rose to 121% in TRY terms.

Cash Flow Analysis:

Capital expenditures in Q4 2011 amounted to TRY716 million, of which TRY361 million was related to Turkcell Turkey, TRY52 million to our Ukrainian operations, TRY172 million to Turkcell Superonline and TRY78 million to BeST.

For the full year of 2011, major cash outflows included capital expenditures. 2011 capital expenditures amounted to TRY1,636 million, of which TRY894 million related to Turkcell Turkey, TRY123 million to our Ukrainian operations, TRY393million to Superonline and TRY104 million to BeST. In FY11 operational group capex as a percentage of revenues was at approximately 17%, and we expect a similarratio of 17% for 2012.

In accordance with IFRS, time deposits whose maturity is longer than 3 months are classified as financial assets. Therefore, cash balance in the balance sheet is shown net of time deposits whose maturity is longer than three months (TRY1,596.1 million).

	Quarter		Year	
Consolidated Cash Flow (million TRY)	Q410	Q411	2010	2011
EBITDA1	649.0	694.7	2,948.3	2,912.9
LESS:				
Capex and License	(630.3)	(716.2)	(1,667.5)	(1,635.8)
Turkcell	(234.9)	(361.3)	(782.4)	(894.3)
Ukraine2	(37.3)	(51.9)	(102.7)	(122.9)
Investment & Marketable Securities	(154.0)	(1,596.1)	(64.3)	(1,596.1)
Net Interest Income/Expense	63.4	120.2	283.8	403.0
Other	492.2	87.1	(662.6)	(508.7)
Net Change in Debt	62.4	(14.2)	465.9	58.0
Dividends paid	-	-	(859.3)	-
Cash Generated	482.7	(1,424.5)	444.3	(366.7)
Cash Balance	5,105.1	4,738.4	5,105.1	4,738.4

(1) EBITDA is a non-GAAP financial measurement. See page 15 for the reconciliation of EBITDA to net cash from operating activities.
(2) The appreciation of reporting currency (TRY) against US$ is included in this line.

OPERATIONAL REVIEW IN TURKEY

Summary of Operational Data	Quarter Q410	Quarter Q411	y/y % chg	Year 2010	Year 2011	y/y % chg
Number of total subscribers (million)	33.5	34.5	3.0%	33.5	34.5	3.0%
Number of postpaid subscribers (million)	10.1	11.7	15.8%	10.1	11.7	15.8%
Number of prepaid subscribers (million)	23.3	22.9	(1.7%)	23.3	22.9	(1.7%)
ARPU (Average Monthly Revenue per User), blended (US$)	12.9	10.8	(16.3%)	13.0	11.9	(8.5%)
ARPU, postpaid (US$)	26.0	20.6	(20.8%)	26.6	23.1	(13.2%)
ARPU, prepaid (US$)	7.3	6.0	(17.8%)	7.6	6.6	(13.2%)
ARPU, blended (TRY)	18.9	19.7	4.2%	19.5	19.8	1.5%
ARPU, postpaid (TRY)	38.2	37.5	(1.8%)	40.0	38.5	(3.8%)
ARPU, prepaid (TRY)	10.8	11.0	1.9%	11.4	11.0	(3.5%)
Churn (%)*	9.4%	7.7%	(1.7 pp)	33.9%	27.9%	(6.0 pp)
MOU (Average Monthly Minutes of usage per subscriber), blended	194.9	220.4	13.1%	179.1	213.8	19.4%

(*): including the impact of the regulatory change in the definition of prepaid life cycle.

Subscribers: Turkcell Turkey's subscriber base totaled 34.5 million (33.5 million) in 2011, up by 3.0% YoY. We managed a highly price competitive environment and recorded positive net subscriber additions of 1.1 million in FY11, which reflects the positive result of investment in our brand and sales channel as well as our greater focus during the year on customer retention and satisfaction.

The share of postpaid subscriber base rose to 33.8% (30.1%) and postpaid subscriber base improved by 15.8% YoY to 11.7 million (10.1 million) in line with our value focus. In FY11 we registered a 1.5 million postpaid subscriber addition, of which 637,000 were achieved in the fourth quarter (highest net postpaid additions since Q2 2009). In the meantime, we saw a slowdown in the contraction of the prepaid subscriber base, declining by 1.7% to 22.9 million (23.3 million).

Churn Rate: refers to voluntarily and involuntarily disconnected subscribers. In Q4 2011,our churn rate improved to 7.7%, down from 9.4% a year ago, which reflects the lowest figure since Q4 2008 (excluding the impact of the change in prepaid churn periods in Q2 2011).Our annual churn rate decreased 6 pp to 27.9% (33.9%), marking the lowest annual churn rate since 2008.

MoU: Our blended minutes of usage per subscriber ("MoU") rose by 13.1% to 220.4 minutes (194.9 minutes) in Q4 2011. In the meantime, MoU increased by 19.4% to 213.8 minutes (179.1) in 2011, as a result of the effective and successful communication of our campaigns and tariffs focused at consumer needs and aimed at all segments.

Fourth Quarter and Full Year 2011 Results

ARPU: Blended average revenue per user ("ARPU") in TRY terms increasedby 4.2% to TRY19.7. Postpaid ARPU in TRY terms fell by 1.8% to TRY37.5 (TRY38.2) YoY, despite the rise in incoming and mobile internet revenues, due to intense competition as well as the dilutive impact of switches from the prepaid segment. Meanwhile, prepaid ARPU in TRY terms rose to TRY11.0 (TRY10.8) in Q4 2011 YoY, mainly due to incoming and mobile internet revenues as well as upsell and packaging activities.

For the full year 2011, blended ARPU improved by 1.5% YoY to TRY19.8 (TRY19.5).

OTHER DOMESTIC AND INTERNATIONAL OPERATIONS

Turkcell Superonline:

Turkcell Superonline, our wholly-owned subsidiary, provides fixed broadband services by investing in the build-up of a fiber-optic network.

Summary data for Turkcell Superonline	Quarter Q410	Q411	y/y % chg	2010	Year 2011	y/y % chg
Revenue (TRY million)	92.0	140.7	52.9 %	335.1	460.5	37.4 %
EBITDA1 (TRY million)	5.4	31.1	475.9 %	32.9	81.6	148.0 %
EBITDA margin	5.8 %	22.1 %	16.3 pp	9.8 %	17.7 %	7.9 pp
Capex (TRY million)	227.7	172.4	(24.3 %)	480.3	392.7	(18.2 %)

(1) EBITDA is a non-GAAP financial measurement. See page 15 for the reconciliation of Turkcell Superonline's EBITDA to net cash from operating activities.

In line with our continued investments in the fiber-optic infrastructure, Turkcell Superonline's network reached approximately 1 million home passes (HP) in Q4 2011. In the meantime, the number of FTTX subscribers reached approximately 261 thousand, while fiber roll-out reached around 30,000 kmduring the quarter.

Turkcell Superonline's contribution to Group financials continued to improve, recording 52.9% YoY revenue growth to TRY140.7 million (TRY92.0 million) in Q4 2011. This mainly stemmed from continued focus on residential segment growth of 93.1% andcorporate segment growth of 29.5%, mainly driven by improving synergy with Turkcell Turkey.

In the meantime, EBITDA margin increased by 16.3 pp to 22.1% (5.8%) during the quarter, mainly due to the 52.9% revenue growth as well as the growth in higher margin data revenues.

For the full year, Turkcell Superonline's contribution to Group financials continued to improve with 37.4% revenue growth and an EBITDA margin of 17.7% (9.8%). Meanwhile, Turkcell Superonlinefor the first time recorded positive full year EBIT in FY11.

With the rising synergy of our subsidiary Turkcell Superonline, its share in Turkcell's transmission costs reached 58% in 2011. Overall, the share of non-group revenues at Turkcell Superonline was around 61%.

Astelit:

Astelit, in which we hold a 55% stake through Euroasia, has operated in Ukraine since February 2005 under the brand "life:)".

In line with our turnaround strategy, Astelit's revenues increased by 19.9% YoY to US$98.1 million (US$81.8 million) in Q4 2011 mainly stemming from the growth in subscriber base and blended ARPU as well as growth in mobile internetusage and roaming revenues. Meanwhile, in Q4 2011 Astelit continued to improve its operational profitability, which was up by 4.8 pp to 25.4% (20.6%).

For the full year, Astelit returned to top line growth of 8.7% YoY to US$368.8 million (US$339.3 million) mainly driven by the growth of subscriber base, mobile internet & services and roaming revenues. At the same time we sustained EBITDA margin improvement:Astelit's EBITDA improved by 46.0% YoY to US$94.2 million (US$64.5 million), while EBITDA margin increased 6.5 pp to 25.5% (19.0%) in 2011. Improvement resulted from an efficient approach to marketing and selling expenses, as well as other cost-control measures conducted by the company during the year.

In 2011, Astelit's number of registered subscribers increased by 0.6 million YoY to 9.7 million, while three-month active subscribers rose by 0.9 million to 7.0 million (6.1 million) mainly driven by positive returns of the regional growth strategy aimed at new acquisitions and expansion of subscriber base.The 3-month active ARPU increased by 6.8% in Q4 2011 and 20.5% in 2011, mainly due to the launch of new tariff plans, increased revenue from international calls and roaming activities throughout the year. MoU climbed by 5.0% in Q4 2011 and by 22.0% in 2011 YoY.

	Quarter			Year		
Summary Data for Astelit	Q410	Q411	y/y % chg	2010	2011	y/y % chg
Number of subscribers (million)1						
Total	9.1	9.7	6.6 %	9.1	9.7	6.6 %
Active (3 months)2	6.1	7.0	14.8 %	6.1	7.0	14.8 %
MoU (minutes)3	185.5	194.7	5.0 %	162.3	198.0	22.0 %
Average Revenue per User (ARPU) in US$						
Total	2.9	3.4	17.2 %	2.6	3.4	30.8 %
Active (3 months)	4.4	4.7	6.8 %	3.9	4.7	20.5 %
Revenue (UAH million)	648.3	783.0	20.8 %	2,691.0	2,938.8	9.2 %
Revenue (US$ million)	81.8	98.1	19.9 %	339.3	368.8	8.7 %
EBITDA(US$ million)4	16.9	24.9	47.3 %	64.5	94.2	46.0 %
EBITDA margin	20.6 %	25.4 %	4.8pp	19.0 %	25.5 %	6.5pp
Net Loss (US$ million)	(30.9)	(16.4)	(46.9 %)	(101.0)	(75.8)	(25.0 %)
Capex (US$ million)	21.4	26.6	24.3 %	66.5	65.1	(2.1 %)

(1) We may occasionally offer campaigns and tariff schemes that have an active subscriber life differing from the one that we normally use to deactivate subscribers and calculate churn.
(2) Active subscribers are those who in the past three months made a transaction which brought revenue to the Company.
(3)Astelith as changed its calculation methodology for minute of usage per customer starting from Q3 2011. The minutes of are now be calculated based on the actual call duration of subscribers. Previously, minutes were calculated on the basis of charging units consumed. This change will have the effect of decreasing Astelit's average minutes of usage (no impact on revenue). For purposes of comparability, figures published for recent periods will be restated to give effect to this change.
(4) EBITDA is a non-GAAP financial measurement. See page 15 for the reconciliation of Euroasia's EBITDA to net cash from operating activities. Euroasia holds a 100% stake in Astelit.

Fourth Quarter and Full Year 2011 Results

Fintur:

Turkcell holds a 41.45% stake in Fintur, through which it has interests in mobile operations in Kazakhstan, Azerbaijan, Moldova, and Georgia.

	Quarter				Year			
FINTUR	Q410	Q411	y/y % chg		2010	2011	y/y % chg	
Subscriber (million)								
Kazakhstan	8.9	10.8	21.3	%	8.9	10.8	21.3	%
Azerbaijan	4.0	4.2	5.0	%	4.0	4.2	5.0	%
Moldova	0.9	1.1	22.2	%	0.9	1.1	22.2	%
Georgia	2.0	2.1	5.0	%	2.0	2.1	5.0	%
TOTAL	15.9	18.2	14.5	%	15.9	18.2	14.5	%
Revenue (US$ million)*								
Kazakhstan	288	317	10	%	1,034	1,211	17	%
Azerbaijan	138	137	(1	%)	531	526	(1	%)
Moldova	19	21	11	%	68	79	16	%
Georgia	36	36	-		157	142	(10	%)
Other1	-	-	-		2	-	-	
TOTAL	481	511	6	%	1,792	1,958	9	%

(1) Includes intersegment eliminations

(US$ million)	Q410	Q411	y/y % chg		2010	2011	y/y % chg	
Fintur's contribution to Turkcell Group's net income	36.7	36.0	(2	%)	153.0	165.3	8	%

(*): A reclassification between Revenues and Selling and Marketing Expenses has been made in the financial statements of Fintur regarding distributors' commissions.

In Q4 2011, Fintur continued to improve its market position, adding approximately 0.9 million net new subscribers, whereby its total subscriber base reached 18.2 million, mainly on growth in Kazakhstan. Fintur's consolidated revenue increased by 6% year-on-year to US$511 million (US$481 million) in Q4 2011 while revenues grew by 9% to US$1,958 million (US$1,792 million) in FY11 mainly driven by a 17% increase in revenues of our operation in Kazakhstan along with strong subscriber acquisitions.

We account for our investment in Fintur using the equity method. Fintur's contribution to net income increased from TRY53.9 million (US$36.7 million) in Q4 2010 to TRY65.3 million (US$36.0 million) in Q4 2011. Fintur's contribution to income was US$165.3 million in 2011 ($153.0 million).

TURKCELL GROUP SUBSCRIBERS

We had approximately 64.8 million subscribers as of December 31, 2011. This figure is calculated by taking the number of subscribers in Turkcell and each of our subsidiaries and unconsolidated investees. It includes the total number of mobile subscribers in Astelit and BeST, as well as in our operations in the Turkish Republic of Northern Cyprus ("Northern Cyprus"), Fintur and Turkcell Europe. Turkcell Group subscribers rose by 4.4 million in 2011 compared to the previous year, thanks to the increased subscriber base of Turkcell Turkey and Fintur, as well as the contribution of Astelit.

Fourth Quarter and Full Year 2011 Results

Turkcell Group Subscribers (million)	2010	2011	y/y % chg
Turkcell	33.5	34.5	3.0 %
Ukraine	9.1	9.7	6.6 %
Fintur	15.9	18.2	14.5 %
Northern Cyprus	0.4	0.4	-
Belarus	1.5	1.8	20 %
Turkcell Europe	-	0.2	-
TURKCELL GROUP	60.4	64.8	7.3 %

OVERVIEW OF THE MACROECONOMIC ENVIRONMENT

The foreign exchange rates that have been used in our financial reporting, along with certain macroeconomic indicators, are set out below.

	Quarter			Year		
	Q410	Q411	y/y % chg	2010	2011	y/y % chg
TRY / US$ rate						
Closing Rate	1.5460	1.8889	22.2 %	1.5460	1.8889	22.2 %
Average Rate	1.4717	1.8209	23.7 %	1.5050	1.6698	11.0 %
Consumer Price Index	1.6 %	5.7 %	4.1pp	6.4 %	10.4 %	4.0pp
GDP Growth	9.2 %	n.a.	n.a.	8.9 %	n.a.	n.a.
UAH/ US$ rate						
Closing Rate	7.96	7.99	0.4 %	7.96	7.99	0.4 %
Average Rate	7.93	7.98	0.6 %	7.93	7.97	0.5 %
BYR/ US$ rate						
Closing Rate	3.000	8.350	178.3 %	3.000	8.350	178.3 %
Average Rate	3.016	8.025	166.1 %	2.979	5.038	69.1 %

RECONCILIATION OF NON-GAAP FINANCIAL MEASUREMENTS

We believe that EBITDA is a measurement commonly used by companies, analysts and investors in the telecommunications industry that enhances the understanding of our cash generation ability and liquidity position, and assists in the evaluation of our capacity to meet our financial obligations. We also use EBITDA as an internal measurement tool, and accordingly, we believe that its presentation provides useful and relevant information to analysts and investors.

Our EBITDA definition includes Revenue, Direct Cost of Revenue excluding depreciation and amortization, Selling and Marketing expenses and Administrative expenses, but excludes translation gain/(loss), finance income, share of profit of equity accounted investees, gain on sale of investments, income/(loss) from related parties, minority interest and other income/(expense). EBITDA is not a measure of financial performance under IFRS, and should not be construed as a substitute for net earnings (loss) as a measure of performance, or cash flow from operations as a measure of liquidity. The following table provides a reconciliation of EBITDA, which is a non-GAAP financial measurement, to net cash from operating activities, which we believe is the most directly comparable financial measurement calculated and presented in accordance with IFRS.

Fourth Quarter and Full Year 2011 Results

TURKCELL* US$ million	Quarter Q410	Q411	y/y % chg	Year 2010	2011	y/y % chg
EBITDA	441.9	383.5	(13.2%)	1,957.4	1,748.1	(10.7%)
Income tax expense	(71.3)	(67.1)	(5.9%)	(320.8)	(292.2)	(8.9%)
Other operating income/(expense)	(17.4)	1.9	(110.9%)	(49.4)	(57.9)	17.2%
Financial income	1.5	7.5	400.0%	0.5	29.0	-
Financial expense	(35.9)	(13.9)	(61.3%)	(100.4)	(81.5)	(18.8%)
Net increase/(decrease) in assets and liabilities	181.2	(29.6)	(116.3%)	(224.7)	(419.7)	86.8%
Net cash from operating activities	500.0	282.3	(43.5%)	1,262.6	925.8	(26.7%)

Turkcell Superonline TRY million	Quarter Q410	Q411	y/y % chg	Year 2010	2011	y/y % chg
EBITDA	5.4	31.1	475.9%	32.9	81.6	148.0%
Other operating income/(expense)	0.2	0.3	50.0%	0.4	0.9	125.0%
Finance income	(28.1)	1.0	(103.6%)	(9.5)	6.6	(169.5%)
Finance expense	22.1	(15.0)	(167.9%)	(18.5)	(49.1)	165.4%
Net increase/(decrease) in assets and liabilities	26.6	47.5	78.6%	(2.6)	(40.6)	-
Net cash from operating activities	26.2	64.8	147.3%	2.7	(0.6)	(122.2%)

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EUROASIA (Astelit) US$ million	Quarter Q410	Q411	y/y % chg	Year 2010	2011	y/y % chg
EBITDA	16.9	24.9	47.3%	64.5	94.2	46.0%
Other operating income/(expense)	(1.6)	1.9	(218.8%)	(1.3)	2.1	(261.5%)
Finance income	0.1	0.3	200.0%	0.8	0.7	(12.5%)
Finance expense	(13.7)	(14.8)	8.0%	(45.6)	(54.2)	18.9%
Net increase/(decrease) in assets and liabilities	33.2	13.4	(59.6%)	48.3	26.5	(45.1%)
Net cash from operating activities	34.9	25.7	(26.4%)	66.7	69.3	3.9%

(*): The Company for December 30, 2010 revised the manner in which it accounts for the impact of changes in foreign exchange rates in its statement of cash flows, and revised its presentation of prior periods, resulting in a change in the allocation of the impact of foreign exchange rate changes among “Operating activities”, “Effects of foreign exchange on statement of financial position items” and “Effect of foreign exchange rate changes on cash” in the statement of cash flows. For further information on such changes, please refer to our consolidated financial statements and notes as at and for December 30, 2011, which can be accessed in the investor relations section of our web site (www.turkcell.com.tr).

Forward-Looking Statements: This release includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934 and the Safe Harbor provisions of the US Private Securities Litigation Reform Act of 1995. All statements other than statements of historical facts included in this press release, including, without limitation, certain statements regarding our operations, financial position and business strategy may constitute forward-looking statements. In addition, forward-looking statements generally can be identified by the use of forward-looking terminology such as, among others, "will," "expect," "intend," "estimate," "believ or "continue."

Although Turkcell believes that the expectations reflected in such forward-looking statements are reasonable at this time, it can give no assurance that such expectations will prove to be correct. All subsequent written and oral forward-looking statements attributable to us are expressly qualified in their entirety by reference to these cautionary statements. For a discussion of certain factors that may affect the outcome of such forward looking statements, see our Annual Report on Form 20-F for 2010 filed with the U.S. Securities and Exchange Commission, and in particular the risk factor section therein. We undertake no duty to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

ABOUT TURKCELL

Turkcell is the leading communications and technology company in Turkey, with 34.5 million subscribers and a market share of approximately 53% as of December 31, 2011 (Source: Operator's announcements as of December 31). Turkcell is a leading regional player, with market leadership in five of the nine countries in which it operates with its approximately 64.8 million subscribers as of December 31, 2011. The company covers approximately 88% of the Turkish population through its 3G and 99.13% through its 2G technology supported network. It has become one of the first among the global operators to have implemented HSDPA+ and achieved a 43.2 Mbps speed using the HSPA multi carrier solution. Turkcell reported a TRY9.4 billion (US$5.6 billion) net revenue with total assets of TRY17.2 billion (US$9.1 billion) as of December 31, 2011. It has been listed on the NYSE and the ISE since July 2000, and is the only NYSE-listed company in Turkey. Read more at www.turkcell.com.tr

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TURKCELL ILETISIM HIZMETLERI A.S.
IFRS SELECTED FINANCIALS (TRY Million)

	Quarter Ended December 31, 2010	Quarter Ended September 30, 2011	Quarter Ended December 31, 2011	12 Months Ended December 31, 2010	12 Months Ended December 31, 2011
Consolidated Statement of Operations Data					
Revenues					
Communication fees	2,042.6	2,372.6	2,252.8	8,535.3	8,724.7
Commission fees on betting business	15.9	17.8	31.5	46.7	86.5
Monthly fixed fees	31.0	26.0	24.7	113.5	104.5
Simcard sales	6.3	11.5	8.2	34.4	35.3
Call center revenues and other revenues	90.4	99.1	128.3	273.7	419.1
Total revenues	2,186.2	2,527.0	2,445.5	9,003.6	9,370.1
Direct cost of revenues	(1,268.6)	(1,477.0)	(1,791.8)	(5,039.2)	(5,954.3)
Gross profit	917.6	1,050.0	653.7	3,964.4	3,415.8
Administrative expenses	(139.3)	(94.8)	(103.8)	(521.9)	(410.9)
Selling & marketing expenses	(426.6)	(421.3)	(451.6)	(1,633.9)	(1,684.9)
Other Operating Income / (Expense)	(25.7)	14.9	(10.4)	(74.4)	(218.5)
Operating profit before financing costs	326.0	548.8	87.9	1,734.2	1,101.5
Finance costs	(5.4)	(61.0)	(111.8)	(153.4)	(528.3)
Finance income	93.1	142.2	139.6	417.4	545.6
Monetary gain/(loss)	-	-	273.5	-	273.5
Share of profit of equity accounted investees	40.8	59.5	55.0	184.7	227.1
Income before taxes and minority interest	454.5	689.5	444.2	2,182.9	1,619.4
Income tax expense	(104.8)	(162.3)	(118.3)	(483.5)	(485.0)
Income before minority interest	349.7	527.2	325.9	1,699.4	1,134.4
Non-controlling interests	18.4	10.0	5.8	64.9	43.3
Net income	368.1	537.2	331.7	1,764.3	1,177.7
Net income per share	0.17	0.24	0.15	0.80	0.54
Other Financial Data					
Gross margin	42%	42%	27%	44%	36%
EBITDA(*)	649.0	871.3	694.7	2,948.3	2,912.9
Capital expenditures	630.3	401.5	716.2	1,667.5	1,635.8

Consolidated Balance Sheet Data (at period end)					
Cash and cash equivalents	5,105.1	6,162.9	4,738.4	5,105.1	4,738.4
Total assets	15,142.4	16,645.9	17,186.7	15,142.4	17,186.7
Long term debt	2,175.7	2,231.9	1,997.3	2,175.7	1,997.3
Total debt	2,840.8	3,450.5	3,528.6	2,840.8	3,528.6
Total liabilities	5,505.3	6,120.5	6,360.3	5,505.3	6,360.3
Total shareholders' equity / Net Assets	9,637.1	10,525.4	10,826.4	9,637.1	10,826.4

** For further details, please refer to our consolidated financial statements and notes as at 31 December 2011 on our web site.

TURKCELL ILETISIM HIZMETLERI A.S.
CMB SELECTED FINANCIALS (TRY Million)

	Quarter Ended December 31, 2010	Quarter Ended September 30, 2011	Quarter Ended December 31, 2011	12 Months Ended December 31, 2010	12 Months Ended December 31, 2011
Consolidated Statement of Operations Data					
Revenues					
Communication fees	2,042.6	2,372.6	2,252.8	8,535.3	8,724.7
Commission fees on betting business	15.9	17.8	31.5	46.7	86.5
Monthly fixed fees	31.0	26.0	24.7	113.5	104.5
Simcard sales	6.3	11.5	8.2	34.4	35.3
Call center revenues and other revenues	90.4	99.1	128.3	273.7	419.1
Total revenues	2,186.2	2,527.0	2,445.5	9,003.6	9,370.1
Direct cost of revenues	(1,268.8)	(1,476.6)	(1,790.5)	(5,030.2)	(5,948.8)
Gross profit	917.4	1,050.4	655.0	3,973.4	3,421.3
Administrative expenses	(139.3)	(94.8)	(103.8)	(521.9)	(410.9)
Selling & marketing expenses	(426.6)	(421.3)	(451.6)	(1,633.9)	(1,684.9)
Other Operating Income / (Expense)	(24.3)	14.9	(10.4)	(74.2)	(217.3)
Operating profit before financing costs	327.2	549.2	89.2	1,743.4	1,108.2
Finance costs	(5.4)	(61.0)	(111.8)	(153.4)	(528.3)
Finance income	93.1	142.1	139.7	417.4	545.6
Monetary gain/(loss)	-	-	273.5	-	273.5
Share of profit of equity accounted investees	40.8	59.6	55.0	184.7	227.1
Income before taxes and minority interest	455.7	689.9	445.6	2,192.1	1,626.1
Income tax expense	(105.0)	(162.4)	(118.1)	(485.4)	(486.1)
Income before minority interest	350.7	527.5	327.5	1,706.7	1,140.0
Non-controlling interests	18.4	10.0	5.8	64.9	43.3
Net income	369.1	537.5	333.3	1,771.6	1,183.3
Net income per share	0.17	0.24	0.15	0.80	0.54
Other Financial Data					
Gross margin	42%	42%	27%	44%	37%
EBITDA(*)	649.0	871.3	694.7	2,948.3	2,912.9
Capital expenditures	630.3	401.5	716.2	1,667.5	1,635.8

Consolidated Balance Sheet Data (at period end)					
Cash and cash equivalents	5,105.1	6,162.9	4,738.4	5,105.1	4,738.4
Total assets	15,096.0	16,604.8	17,147.0	15,096.0	17,147.0
Long term debt	2,175.7	2,231.9	1,997.3	2,175.7	1,997.3
Total debt	2,840.8	3,452.0	3,528.6	2,840.8	3,528.6
Total liabilities	5,497.4	6,113.9	6,353.5	5,497.4	6,353.5
Total shareholders' equity / Net Assets	9,598.6	10,491.0	10,793.5	9,598.6	10,793.5

** For further details, please refer to our consolidated financial statements and notes as at 31 December 2011 on our web site.

TURKCELL ILETISIM HIZMETLERI A.S.
IFRS SELECTED FINANCIALS (US$ MILLION)

	Quarter Ended December 31, 2010	Quarter Ended September 30, 2011	Quarter Ended December 31, 2011	12 Months Ended December 31, 2010	12 Months Ended December 31, 2011
Consolidated Statement of Operations Data					
Revenues					
Communication fees	1,388.9	1,382.4	1,231.6	5,670.2	5,225.4
Commission fees on betting business	10.8	10.3	17.3	31.2	51.4
Monthly fixed fees	21.1	15.2	13.6	75.4	63.0
Simcard sales	4.3	6.7	4.5	22.9	21.2
Call center revenues and other revenues	61.5	57.7	69.0	182.4	248.7
Total revenues	1,486.6	1,472.3	1,336.0	5,982.1	5,609.7
Direct cost of revenues	(861.9)	(858.8)	(960.8)	(3,349.0)	(3,528.9)
Gross profit	624.7	613.5	375.2	2,633.1	2,080.8
Administrative expenses	(95.2)	(55.2)	(56.1)	(347.3)	(246.5)
Selling & marketing expenses	(289.5)	(245.7)	(246.7)	(1,085.8)	(1,010.6)
Other Operating Income / (Expense)	(17.4)	7.0	4.8	(49.5)	(128.7)
Operating profit before financing costs	222.6	319.6	77.2	1,150.5	695.0
Finance costs	(4.5)	(34.0)	(28.6)	(102.6)	(289.7)
Finance income	63.0	82.0	82.2	277.1	330.3
Monetary gain/(loss)			144.8		144.8
Share of profit of equity accounted investees	27.8	35.0	30.3	122.8	136.9
Income before taxes and minority interest	308.9	402.6	305.9	1,447.8	1,017.3
Income tax expense	(71.3)	(94.8)	(67.1)	(320.8)	(292.2)
Income before minority interest	237.6	307.8	238.8	1,127.0	725.1
Non-controlling interests	12.4	5.8	3.2	43.2	26.6
Net income	250.0	313.6	242.0	1,170.2	751.7
Net income per share	0.11	0.14	0.11	0.53	0.34
Other Financial Data					
Gross margin	42%	42%	28%	44%	37%
EBITDA(*)	441.9	507.6	383.5	1,957.4	1,748.1
Capital expenditures	363.9	180.0	367.7	1,078.6	866.0

Consolidated Balance Sheet Data (at period end)					
Cash and cash equivalents	3,302.2	3,339.8	2,508.5	3,302.2	2,508.5
Total assets	9,794.6	9,020.7	9,098.8	9,794.6	9,098.8
Long term debt	1,407.3	1,209.5	1,057.4	1,407.3	1,057.4
Total debt	1,837.5	1,869.9	1,868.1	1,837.5	1,868.1
Total liabilities	3,561.0	3,316.8	3,367.2	3,561.0	3,367.2
Total equity	6,233.6	5,703.9	5,731.6	6,233.6	5,731.6

* Please refer to the notes on reconciliation of Non-GAAP Financial measures on page 14-15.
** For further details, please refer to our consolidated financial statements and notes as at 31 December 2011 on our web site.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2011
(Amounts expressed in thousands of US Dollars unless otherwise indicated except share amounts)

(The Group's audited consolidated financial statements prepared as at and for the year ended 31 December 2010 were approved by the Audit Committee and the Board of Directors (Board Resolution dated 23 February 2011 and numbered 797), however not approved by the General Assemblies on 21 April 2011, 11 August 2011 and 12 October 2011.)

	Note	2011	2010
Assets			
Property, plant and equipment	13	2,709,600	3,068,021
Intangible assets	14	1,246,308	1,709,311
GSM and other telecommunication operating licenses		691,895	955,703
Computer software		502,974	547,607
Other intangible assets		51,439	206,001
Investments in equity accounted investees	15	414,392	399,622
Other investments	16	22,568	33,849
Due from related parties	34	43	1,044
Other non-current assets	17	125,389	107,277
Trade receivables	19	113,581	35,024
Deferred tax assets	18	3,286	2,876
Total non-current assets		4,635,167	5,357,024
Inventories		26,069	24,386
Other investments	16	844,982	8,201
Due from related parties	34	43,215	88,897
Trade receivables and accrued income	19	842,381	816,151
Other current assets	20	198,458	197,740
Cash and cash equivalents	21	2,508,529	3,302,163
Total current assets		4,463,634	4,437,538
Total assets		9,098,801	9,794,562
Equity			
Share capital	22	1,636,204	1,636,204
Share premium	22	434	434
Capital contributions	22	22,772	22,772
Reserves	22	(1,920,974)	(660,121)
Retained earnings	22	6,053,702	5,258,327
Total equity attributable to equity holders of Turkcell Iletisim Hizmetleri AS		5,792,138	6,257,616
Non-controlling interests	22	(60,533)	(24,019)

Total equity		5,731,605	6,233,597
Liabilities			
Loans and borrowings	25	1,057,380	1,407,316
Employee benefits	26	28,259	29,742
Provisions	28	58,219	57,055
Other non-current liabilities	24	92,669	160,832
Deferred tax liabilities	18	67,374	93,105
Total non-current liabilities		1,303,901	1,748,050
Bank overdraft	21	1,084	5,896
Loans and borrowings	25	811,953	430,205
Income taxes payable	12	61,891	96,080
Trade and other payables	29	929,488	951,976
Due to related parties	34	14,582	10,760
Deferred income	27	118,376	164,186
Provisions	28	125,921	153,812
Total current liabilities		2,063,295	1,812,915
Total liabilities		3,367,196	3,560,965
Total equity and liabilities		9,098,801	9,794,562

The notes on page 7 to 125 are an integral part of these consolidated financial statements.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME
For the year ended 31 December 2011
(Amounts expressed in thousands of US Dollars unless otherwise indicated except share amounts)

(The Group's audited consolidated financial statements prepared as at and for the year ended 31 December 2010 were approved by the Audit Committee and the Board of Directors (Board Resolution dated 23 February 2011 and numbered 797), however not approved by the General Assemblies on 21 April 2011, 11 August 2011 and 12 October 2011.)

	Note	2011	2010	2009
Revenue	8	5,609,679	5,982,093	5,789,972
Direct costs of revenue		(3,528,928)	(3,349,035)	(3,097,097)
Gross profit		2,080,751	2,633,058	2,692,875
Other income		32,600	14,668	978
Selling and marketing expenses		(1,010,615)	(1,085,750)	(1,085,081)
Administrative expenses		(246,543)	(347,290)	(273,139)
Other expenses	9	(161,236)	(64,233)	(111,220)
Results from operating activities		694,957	1,150,453	1,224,413
Finance income	11	330,277	277,130	329,550
Finance costs	11	(289,648)	(102,662)	(187,514)
Net finance income		40,629	174,468	142,036
Monetary gain		144,813	-	-
Share of profit of equity accounted investees	15	136,907	122,839	78,448
Profit before income tax		1,017,306	1,447,760	1,444,897
Income tax expense	12	(292,193)	(320,799)	(340,093)
Profit for the year		725,113	1,126,961	1,104,804
Profit/(loss) attributable to:				
Owners of Turkcell Iletisim Hizmetleri AS		751,709	1,170,176	1,093,992
Non-controlling interests		(26,596)	(43,215)	10,812
Profit for the year		725,113	1,126,961	1,104,804
Basic and diluted earnings per share (in full USD)	23	0.34	0.53	0.50

The notes on page 7 to 125 are an integral part of these consolidated financial statements.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2011
(Amounts expressed in thousands of US Dollars unless otherwise indicated except share amounts)

(The Group's audited consolidated financial statements prepared as at and for the year ended 31 December 2010 were approved by the Audit Committee and the Board of Directors (Board Resolution dated 23 February 2011 and numbered 797), however not approved by the General Assemblies on 21 April 2011, 11 August 2011 and 12 October 2011.)

	2011	2010	2009
Profit for the year	725,113	1,126,961	1,104,804
Other comprehensive income/(expense):			
Foreign currency translation differences	(1,293,917)	(184,352)	53,046
Net change in fair value of available-for-sale securities	-	(1,318)	1,197
Change in cash flow hedge reserve	(459)	-	-
Income tax on other comprehensive (expense)/income	(4,430)	(754)	(1,091)
Other comprehensive income/(expense) for the year, net of income tax	(1,298,806)	(186,424)	53,152
Total comprehensive income for the year	(573,693)	940,537	1,157,956
Total comprehensive income/(expense) attributable to:			
Owners of Turkcell Iletisim Hizmetleri AS	(540,624)	984,187	1,146,681
Non-controlling interest	(33,069)	(43,650)	11,275
Total comprehensive income for the year	(573,693)	940,537	1,157,956

The notes on page 7 to 125 are an integral part of these consolidated financial statements.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2011
(Amounts expressed in thousands of US Dollars unless otherwise indicated except share amounts)

(The Group's audited consolidated financial statements prepared as at and for the year ended 31 December 2010 were approved by the Audit Committee and the Board of Directors (Board Resolution dated 23 February 2011 and numbered 797), however not approved by the General Assemblies on 21 April 2011, 11 August 2011 and 12 October 2011.)

	Attributable to equity holders of the Company										
	Share Capital	Capital Contribution	Share Premium	Legal Reserves	Fair Value Reserve	Cash Flow Hedge Reserves	Reserve for Non-Controlling Interest Put Option	Translation Reserve	Retained Earnings	Total	N
Balance at 1 January 2009	1,636,204	18,202	434	378,779	121	-	(286,922)	(798,362)	4,437,071	5,385,527	
Total comprehensive income											
Profit for the year	-	-	-	-	-	-	-	-	1,093,992	1,093,992	
Other comprehensive income/(expense)											
Foreign currency translation differences, net of tax	-	-	-	-	-	-	-	51,492	-	51,492	
Net change in fair value of available-for-sale securities, net of tax	-	-	-	-	1,197	-	-	-	-	1,197	
Total other comprehensive income/(expense)	-	-	-	-	1,197	-	-	51,492	-	52,689	
Total comprehensive income/(expense)	-	-	-	-	1,197	-	-	51,492	1,093,992	1,146,681	
Increase in legal reserves	-	-	-	105,512	-	-	-	-	(105,512)	-	
Dividends paid (Note 22)	-	-	-	-	-	-	-	-	(713,297)	(713,297	
	-	-	-	-	-	-	-	-	-	-	

Change in non-controlling interest										
Change in reserve for non-controlling interest put option	-	-	-	-	-	-	36,088	-	-	36,088
Capital contribution granted	-	4,570	-	-	-	-	-	-	-	4,570
Balance at 31 December 2009	1,636,204	22,772	434	484,291	1,318	-	(250,834)	(746,870)	4,712,254	5,859,569
Balance at 1 January 2010	1,636,204	22,772	434	484,291	1,318	-	(250,834)	(746,870)	4,712,254	5,859,569
Total comprehensive income										
Profit for the year	-	-	-	-	-	-	-	-	1,170,176	1,170,176
Other comprehensive income/(expense)										
Foreign currency translation differences, net of tax	-	-	-	-	-	-	(461)	(184,210)	-	(184,671
Net change in fair value of available-for-sale securities, net of tax	-	-	-	-	(1,318)	-	-	-	-	(1,318
Total other comprehensive income/(expense)	-	-	-	-	(1,318)	-	(461)	(184,210)	-	(185,989
Total comprehensive income/(expense)	-	-	-	-	(1,318)	-	(461)	(184,210)	1,170,176	984,187
Increase in legal reserves	-	-	-	50,652	-	-	-	-	(50,652)	-
Dividends paid (Note 22)	-	-	-	-	-	-	-	-	(573,451)	(573,451
Change in non-controlling interest	-	-	-	-	-	-	-	-	-	-
Change in reserve for non-controlling interest put option	-	-	-	-	-	-	(12,689)	-	-	(12,689
Balance at 31 December 2010	1,636,204	22,772	434	534,943	-	-	(263,984)	(931,080)	5,258,327	6,257,616

Balance at 1 January 2011	1,636,204	22,772	434	534,943	-	-	(263,984)	(931,080)	5,258,327	6,257,616
Total comprehensive income										
Profit for the year	-	-	-	-	-	-	-	-	751,709	751,709
Other comprehensive income/(expense)										
Foreign currency translation differences, net of tax	-	-	-	-	-	-	(10,717)	(1,281,157)	-	(1,291,874
Change in cash flow hedge reserve	-	-	-	-	-	(459)	-	-	-	(459
Net change in fair value of available-for-sale securities, net of tax	-	-	-	-	-	-	-	-	-	-
Total other comprehensive income/(expense)	-	-	-	-	-	(459)	(10,717)	(1,281,157)	-	(1,292,333
Total comprehensive income/(expense)	-	-	-	-	-	(459)	(10,717)	(1,281,157)	751,709	(540,624
Transfers from legal reserves	-	-	-	(1,004)	-	-	-	-	1,004	-
Dividend paid (Note 22)	-	-	-	-	-	-	-	-	-	-
Effects of inflation accounting (Note 2b)	-	-	-	-	-	-	-	-	42,662	42,662
Change in non-controlling interest	-	-	-	-	-	-	-	-	-	-
Change in reserve for non-controlling interest put option (Note 30)	-	-	-	-	-	-	32,484	-	-	32,484
Balance at 31 December 2011	1,636,204	22,772	434	533,939	-	(459)	(242,217)	(2,212,237)	6,053,702	5,792,138

The notes on page 7 to 125 are an integral part of these consolidated financial statements.

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TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2011
(Amounts expressed in thousands of US Dollars unless otherwise indicated except share amounts)

(The Group's audited consolidated financial statements prepared as at and for the year ended 31 December 2010 were approved by the Audit Committee and the Board of Directors (Board Resolution dated 23 February 2011 and numbered 797), however not approved by the General Assemblies on 21 April 2011, 11 August 2011 and 12 October 2011.)

	Note	2011	2010	2009
Cash flows from operating activities				
Profit for the year		725,113	1,126,961	1,104,804
Adjustments for:				
Depreciation and impairment of fixed assets	13	636,758	515,515	384,257
Amortization of intangible assets	14	287,792	241,839	206,421
Net finance (income)	11	(300,307)	(237,628)	(254,582)
Income tax expense	12	292,193	320,799	340,093
Share of profit of equity accounted investees		(165,408)	(154,457)	(115,240)
(Gain)/loss on sale of property, plant and equipment		(3,771)	101	25,150
Unrealized foreign exchange and monetary gain/loss on operating assets		(159,292)	(5,847)	88,572
Impairment losses on goodwill		52,971	23,499	61,835
Provision for impairment of trade receivables	30	31,361	126,257	75,379
Deferred income	27	(16,005)	(77,854)	(2,966)
Impairment losses on equity accounted investee and other non-current investments	9	21,558	-	-
		1,402,963	1,879,185	1,913,723
Change in trade receivables	19	(275,271)	(204,403)	(269,360)
Change in due from related parties	34	33,984	28,752	(20,312)
Change in inventories		(6,110)	3,083	(8,662)
Change in other current assets	20	(35,736)	(29,389)	(37,099)
Change in other non-current assets	17	(22,867)	(29,011)	(21,272)
Change in due to related parties	34	4,159	(3,775)	(6,290)
Change in trade and other payables		43,853	32,541	180,469
Change in other current liabilities		57,741	(96,118)	(115,306)
Change in other non-current liabilities	24	(21,185)	(14,051)	(82,893)
Change in employee benefits	26	3,917	2,690	942
Change in provisions	28	(8,060)	(45,102)	123,644
		1,177,388	1,524,402	1,657,584
Interest paid		(46,716)	(38,829)	(29,497)
Income tax paid		(276,176)	(322,754)	(395,024)
Dividends received		71,331	99,759	83,543
Net cash generated by operating activities		925,827	1,262,578	1,316,606
Cash flows from investing activities				
Acquisition of property, plant and equipment		(660,359)	(912,097)	(1,044,165)

Acquisition of intangible assets	14	(198,607)	(132,827)	(723,507)
Proceeds from sale of property, plant and equipment		8,603	8,506	4,471
Proceeds from currency option contracts		6,081	12,147	10,549
Payment of currency option contracts premium		(1,267)	(4,988)	(1,150)
Acquisition of financial assets		(858,667)	(16,762)	(83,951)
Proceeds from sale of financial assets		11,191	70,528	32,015
Acquisition of subsidiary including cash acquired	7	578	-	-
Interest received		281,965	270,602	320,697
Net cash used in investing activities		(1,410,482)	(704,891)	(1,485,041)
Cash flows from financing activities				
Proceeds from issuance of loans and borrowings		552,859	1,071,777	1,692,866
Loan transaction costs		(938)	(12,100)	(14,357)
Repayment of borrowings		(516,901)	(772,892)	(944,133)
Change in non-controlling interest		544	89	-
Proceeds from capital contribution		-	-	4,570
Dividends paid		(3,989)	(590,541)	(744,380)
Net cash used in financing activities		31,575	(303,667)	(5,434)
Net (decrease)/increase in cash and cash equivalents		(453,080)	254,020	(173,869)
Cash and cash equivalents at 1 January		3,296,267	3,090,242	3,255,420
Effects of foreign exchange rate fluctuations on cash and cash equivalents		(335,742)	(47,995)	8,691
Cash and cash equivalents at 31 December	21	2,507,445	3,296,267	3,090,242

The notes on page 7 to 125 are an integral part of these consolidated financial statements.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2011
(Amounts expressed in thousands of US Dollars unless otherwise indicated except share amounts)

(The Group's audited consolidated financial statements prepared as at and for the year ended 31 December 2010 were approved by the Audit Committee and the Board of Directors (Board Resolution dated 23 February 2011 and numbered 797), however not approved by the General Assemblies on 21 April 2011, 11 August 2011 and 12 October 2011.)

Notes to the consolidated financial statements

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(Amounts expressed in thousands of US Dollars unless otherwise indicated except share amounts)

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1. Reporting entity

Turkcell Iletisim Hizmetleri Anonim Sirketi (the "Company") was incorporated in Turkey on 5 October 1993 and commenced its operations in 1994. The address of the Company's registered office is Turkcell Plaza, Mesrutiyet Caddesi No: 71, 34430 Tepebasi/Istanbul. It is engaged in establishing and operating a Global System for Mobile Communications ("GSM") network in Turkey and regional states.

In April 1998, the Company signed a license agreement (the "2G License") with the Ministry of Transportation and Communications of Turkey (the "Turkish Ministry"), under which it was granted a 25 year GSM license in exchange for a license fee of $500,000. The License permits the Company to operate as a stand-alone GSM operator and releases it from some of the operating constraints in the Revenue Sharing Agreement, which was in effect prior to the 2G License. Under the 2G License, the Company collects all of the revenue generated from the operations of its GSM network and pays the Undersecretariat of Treasury (the "Turkish Treasury") a treasury share equal to 15% of its gross revenue from Turkish GSM operations. The Company continues to build and operate its GSM network and is authorized to, among other things, set its own tariffs within certain limits, charge peak and off-peak rates, offer a variety of service and pricing packages, issue invoices directly to subscribers, collect payments and deal directly with subscribers. Following the 3G tender held by the Information Technologies and Communications Authority ("ICTA") regarding the authorization for providing IMT-2000/UMTS services and infrastructure, the Company has been granted the A-Type license (the "3G License") providing the widest frequency band, at a consideration of EUR 358,000 (excluding Value Added Tax ("VAT")). Payment of the 3G license was made in cash, following the necessary approvals, on 30 April 2009.

On 25 June 2005, the Turkish Government declared that GSM operators are required to pay 10% of their existing monthly treasury share to the Turkish Ministry as a universal service fund contribution in accordance with Law No: 5369. As a result, starting from 30 June 2005, the Company pays 90% of the treasury share to the Turkish Treasury and 10% to the Turkish Ministry as universal service fund.

In July 2000, the Company completed an initial public offering with the listing of its ordinary shares on the Istanbul Stock Exchange and American Depositary Shares, or ADSs, on the New York Stock Exchange.

As at 31 December 2011, two significant founding shareholders, Sonera Holding BV and Cukurova Group, directly and indirectly, own approximately 37.1% and 13.8%, respectively of the Company's share capital and are ultimate counterparties to a number of transactions that are discussed in the related parties footnote. Alfa Group holds 13.2% of the Company's shares indirectly through Cukurova Holdings Limited and Turkcell Holding AS.

The consolidated financial statements of the Company as at and for the year ended 31 December 2011 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in one associate and one joint venture. Subsidiaries of the Company, their locations and their business are given in Note 35. The Company's and each of its subsidiaries', associate's and joint venture's financial statements are prepared as at and for the year ended 31

December 2011.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2011
(Amounts expressed in thousands of US Dollars unless otherwise indicated except share amounts)

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2. Basis of preparation

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB").

The Company selected the presentation form of "function of expense" for the statement of comprehensive income in accordance with IAS 1 "Presentation of Financial Statements".

The Company reports cash flows from operating activities by using the indirect method in accordance with IAS 7 "Statement of Cash Flows", whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.

Authority for restatement and approval of consolidated financial statements belongs to the Board of Directors. Consolidated financial statements are approved by the Board of Directors by the recommendation of Audit Committee of the Company.

The Group's audited consolidated financial statements prepared as at and for the year ended 31 December 2010 were approved by the Audit Committee and the Board of Directors (Board Resolution dated 23 February 2011 and numbered 797), however not approved by the General Assembly on 21 April 2011 and the Extraordinary General Assemblies of Shareholders held on 11 August 2011 and 12 October 2011.

The Group's consolidated financial statements as at and for the year ended 31 December 2011 was approved by the Board of Directors on 22 February 2012.

(b) Basis of measurement

The accompanying consolidated financial statements are based on the statutory records, with adjustments and reclassifications for the purpose of fair presentation in accordance with IFRSs as issued by the IASB. They are prepared on the historical cost basis adjusted for the effects of inflation during the hyperinflationary periods in accordance with International Accounting Standard No. 29. ("Financial Reporting in Hyperinflationary Economies") ("IAS 29"), where applicable, except that the following assets and liabilities are stated at their fair value: put option liability, derivative financial instruments and financial instruments classified as available-for-sale. The methods used to measure fair value are further discussed in Note 4. Hyperinflationary period lasted by 31 December 2005 in Turkey and commenced on 1 January 2011 in Belarus. In the financial statements of subsidiaries operating in Belarus, restatement adjustments have been made to compensate the effect of changes in the general purchasing power of the Belarusian Ruble in accordance with IAS 29. IAS 29 requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the balance sheet date. One characteristic that necessitates the application of IAS 29 is a cumulative three-year inflation rate approaching or exceeding 100%. Such cumulative rate in Belarus was 152% for the three years ended 31 December 2011 based upon the consumer price index ("CPI") announced by the National Statistical Committee of the Republic of Belarus. Such index and the conversion factors used to adjust the financial statements of the subsidiaries operating in Belarus for the effect of inflation as at 31 December 2011 are given below:

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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2. Basis of preparation (continued)

(b) Basis of measurement (continued)

Dates	Index	Conversion Factor
31 December 2008	1.3524	2.5221
31 December 2009	1.4856	2.2959
31 December 2010	1.6345	2.0867
31 December 2011	3.4109	1.0000

The annual change in the BYR exchange rate against USD and Euro can be compared with the rates of general price inflation in Belarus according to the CPI as set out below:

Years	2009		2010		2011	
Currency change USD (%)	30	%	5	%	178	%
Currency change Euro (%)	33	%	(3	)%	172	%
CPI inflation (%)	10	%	10	%	109	%

As at 31 December 2011 the exchange rate announced by the National Bank of the Republic of Belarus was BYR 8,350 = USD 1, BYR 10,800 = Euro 1 (31 December 2010: BYR 3,000 = USD 1, BYR 3,973 = Euro 1).

The main guidelines for the IAS 29 restatement are as follows:

– All statement of financial of position items, except for the ones already presented at the current purchasing power level, are restated by applying a general price index.

– Monetary assets and liabilities of the subsidiaries operating in Belarus are not restated because they are already expressed in terms of the current measuring unit at the balance sheet date. Monetary items presents money held and items to be received or paid in money.

– Non-monetary assets and liabilities of the subsidiaries operating in Belarus are restated by applying, to the initial acquisition cost and any accumulated depreciation, the change in the general price index from the date of acquisition or initial recording to the balance sheet date. Hence, property, plant and equipment, investments and similar assets are restated from the date of their purchase, not to exceed their market value. Depreciation is similarly restated. The components of shareholders' equity are restated by applying the applicable general price index from the dates the components were contributed or arose otherwise.

–

All items in the statement of income of the subsidiaries operating in Belarus, except non-monetary items in the statement of financial position that have effect over statement of income, are restated by applying the relevant conversion factors from the dates when the income and expense items were initially recorded in the financial statements.

– The gain or loss on the net monetary position is the result of the effect of general inflation and is the difference resulting from the restatement of non-monetary assets, shareholders' equity and statement of income items. The gain or loss on the net monetary position is included in net income.

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TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2011
(Amounts expressed in thousands of US Dollars unless otherwise indicated except share amounts)

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2. Basis of preparation (continued)

(b) Basis of measurement (continued)

– The comparative amounts relating to the subsidiaries operating in Belarus in the 2010 consolidated financial statements are not restated. Only the current period amounts reported in the consolidated financial statements are affected by the subsidiaries operating in Belarus. Since the carrying value of Belarusian Telecom as of 1 January 2011 is limited by the value in use determined in accordance with the impairment analysis as of the same date, the net effect amounting to $42,662 as a result of the inflation accounting effect on the carrying value of Best as of 1 January 2011 less reassessed corresponding additional impairment charge amounting to $87,341 is presented as "Fffects of Hyperinflation" within the opening balance of retained earnings for the financial year 2011.

(c) Functional and presentation currency

The consolidated financial statements are presented in US Dollars ("USD" or "$"), rounded to the nearest thousand. Moreover, all financial information expressed in Turkish Lira ("TL"), Euro ("EUR"), Ukranian Hryvnia ("HRV") and Swedish Krona ("SEK") has been rounded to the nearest thousand. The functional currency of the Company and its consolidated subsidiaries located in Turkey and Turkish Republic of Northern Cyprus is TL. The functional currency of Euroasia Telecommunications Holding BV ("Euroasia") and Financell BV ("Financell") is USD. The functional currency of East Asian Consortium BV ("Eastasia"), Beltur BV, Surtur BV and Turkcell Europe is EUR. The functional currency of LLC Astelit ("Astelit"), LLC Global Bilgi ("Global LLC") and UkrTower LLC ("UkrTower") is HRV. The functional currency of Belarusian Telecommunications Network ("Belarusian Telecom") and FLLC Global Bilgi ("Global FLLC") is Belarusian Ruble ("BYR"). The functional currency of Azerinteltek QSC ("Azerinteltek") is Azerbaijan Manat.

(d) Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRS 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.

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

Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are described in Notes 4 and 33 and detailed analysis with respect to accounting estimates and critical judgments of allowance for doubtful receivables, useful lives or expected patterns of consumption of the future economic benefits embodied in depreciable assets, commission fees, revenue recognition and income taxes are provided below:

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2. Basis of preparation (continued)

(d) Use of estimates and judgments (continued)

Key sources of estimation uncertainty

The economic environment in Belarus has deteriorated significantly since the second quarter of financial year 2011. Interest rates are linked to the prime refinance rate of the National Bank of Belarus, which has been gradually increased during 2011 and prices for goods and services denominated in BYR have been revisited several times in 2011 based on the change of market exchange rates. As of the balance sheet date cumulative inflation in the last three years exceeds 100% and therefore Belarus is considered a hyperinflationary economy. IAS 29 "Reporting in Hyperinflationary Economies" is applied by subsidiaries operating in Belarus in financial statements for the year ending 31 December 2011 as detailed Note 2(b).

While the National Bank of the Republic of Belarus has taken certain measures aimed at stabilizing the situation and preventing negative trends in the domestic foreign exchange market, including speculative pressure on the BYR, there exist the potential for economic uncertainties to continue in the foreseeable future.

Current and potential future political and economic changes in Belarus could have an adverse effect on the subsidiaries operating in this country. The economic stability of Belarus depends on the economic measures that will be taken by the government and the outcomes of the legal, administrative and political processes in the country. These processes are beyond the control of the subsidiaries established in the country.

Consequently, the subsidiaries operating within Belarus may subject to the risks, i.e. foreign currency and interest rate risks related to borrowings and the subscriber's purchasing power and liquidity and increase in corporate and personal insolvencies, that may not necessarily be observable in other markets. The accompanying consolidated financial statements contain the Group management's estimations on the economic and financial positions of its subsidiaries operating in Belarus. The future economic situation of Belarus might differ from the Group's expectations. As of 31 December 2011, the Group's management believes that their approach is appropriate in taking all the necessary measures to support the sustainability of these subsidiaries' businesses in the current circumstances.

Critical accounting judgments in applying the Group's accounting policies

Certain critical accounting judgments in applying the Group's accounting policies are described below:

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2. Basis of preparation (continued)

(d) Use of estimates and judgments (continued)

Critical accounting judgments in applying the Group's accounting policies (continued)

Allowance for doubtful receivables

The Group maintains an allowance for doubtful receivables for estimated losses resulting from the inability of the Group's subscribers and customers to make required payments. The Group bases the allowance on the likelihood of recoverability of trade and other receivables based on the aging of the balances, historical collection trends and general economic conditions. The allowance is periodically reviewed. The allowance charged to expenses is determined in respect of receivable balances, calculated as a specified percentage of the outstanding balance in each aging group, with the percentage of the allowance increasing as the aging of the receivable becomes longer.

Useful lives of assets

The economic useful lives of the Group's assets are determined by management at the time the asset is acquired and regularly reviewed for appropriateness. The Group defines useful life of its assets in terms of the assets' expected utility to the Group. This judgment is based on the experience of the Group with similar assets. In determining the useful life of an asset, the Group also follows technical and/or commercial obsolescence arising on changes or improvements from a change in the market. The useful lives of the licenses are based on the duration of the license agreements.

In accordance with IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets", the residual value and the useful life of an asset shall be reviewed at least at each financial year-end and, if expectations differ from previous estimates, the change(s) shall be accounted for as a change in an accounting estimate in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". As part of yearly review of useful lives of assets, the Group made necessary evaluation by considering current technological and economic conditions and recent business plans. Based on the evaluation performed, changes in the useful lives caused the following prospective impacts on depreciation and amortization charges.

	Previous accounting estimate	Current accounting estimate	Impact
Depreciation and amortization charge for the year ended 31 December 2011	(893,203)	(924,550)	(30,347)

Due to the impracticability, the Group has not disclosed the effect of the change for the future periods.

Commission fees

Commission fees relate to services performed in relation to betting games in Turkey where the Group acts as an agent in the transaction rather than as a principal. In April 2009, the IASB issued amendments to the illustrative guidance in the appendix to IAS 18 “Revenue” in respect of identifying an agent versus a principal in a revenue-generating transaction. Based on this guidance; management considered the following factors in distinguishing between an agent and a principal:

- The Group does not take the responsibility for fulfillment of the games.
- The Group does not collect the proceeds from the final customer and it does not bear the credit risk.
- The Group earns a pre-determined percentage of the total turnover.

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2. Basis of preparation (continued)

(d) Use of estimates and judgments (continued)

Critical accounting judgments in applying the Group's accounting policies (continued)

Revenue recognition

In arrangements which include multiple elements, the Group considers the elements to be separate units of accounting in the arrangement. Total arrangement consideration relating to the bundled contracts is allocated among the different units according the following criteria:

- the component has standalone value to the customer; and
- the fair value of the component can be measured reliably.

The arrangement consideration is allocated to each deliverable in proportion to the fair value of the individual deliverables. If a delivered element of a transaction is not a separately identifiable component, then it is accounted for as an integrated part of the remaining components of the transaction.

Income taxes

The calculation of income taxes involves a degree of estimation and judgment in respect of certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority or, as appropriate, through formal legal process.

As part of the process of preparing the consolidated financial statements, the Group is required to estimate the income taxes in each of the jurisdictions and countries in which they operate. This process involves estimating the actual current tax exposure together with assessing temporary differences resulting from differing treatment of items, such as deferred revenue and reserves for tax and accounting purposes. The Group management assesses the likelihood that the deferred tax assets will be recovered from future taxable income and to the extent the recovery is not considered probable the deferred asset is adjusted accordingly.

The recognition of deferred tax assets is based upon whether it is probable that future taxable profits will be available, against which the temporary differences can be utilized. Recognition, therefore, involves judgment regarding the future financial performance of the particular legal entity in which the deferred tax asset has been recognized.

Changes in accounting policies

Changes to the accounting policies are applied retrospectively and the prior period's financial statements are restated accordingly. The Group did not make any major changes to accounting policies during the current year.

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2. Basis of preparation (continued)

(d) Use of estimates and judgments (continued)

Critical accounting judgments in applying the Group's accounting policies (continued)

Changes in accounting estimates

If the application of changes in the accounting estimates affects the financial results of a specific period, the changes in the accounting estimates are applied in that specific period, if they affect the financial results of current and following periods; the accounting estimate is applied prospectively in the period in which such change is made. A change in the measurement basis applied is a change in an accounting policy, and is not a change in an accounting estimate. When it is difficult to distinguish a change in an accounting policy from a change in an accounting estimate, the change is treated as a change in an accounting estimate.

The Group did not have any major changes in the accounting estimates during the current year, except for the useful lives of property, plant and equipment.

Comparative information and revision of prior period financial statements

The consolidated financial statements of the Group have been prepared with the prior periods on a comparable basis in order to give consistent information about the financial position and performance. If the presentation or classification of the financial statements is changed, in order to maintain consistency, the financial statements of the prior periods are also reclassified in line with the related changes.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by the Group entities.

(a) Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognized amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

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3.Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(i) Business combinations (continued)

When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognized in profit or loss.

Transactions costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries are changed as necessary to align them with the policies adopted by the Group.

(iii)Acquisition from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are excluded from the scope of IFRS 3 "Business Combinations". In business combinations under common control, assets and liabilities subject to business combination are accounted for at their carrying value in consolidated financial statements. Statements of income are consolidated starting from the beginning of the financial year in which the business combination is realized. Financial statements of previous financial years are restated in the same manner in order to maintain consistency and comparability. Any positive or negative goodwill arising from such business combinations is not recognized in the consolidated financial statements. Residual balance calculated by netting off investment in subsidiary and the share acquired in subsidiary's equity accounted for as equity transactions (i.e. transactions with owners in their capacity as owners).

(iv)Associates and jointly controlled entities (equity accounted investees)

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating decisions. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity. Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

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3. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(iv)Associates and jointly controlled entities (equity accounted investees) (continued)

Associates and jointly controlled entities (equity accounted investees) are accounted for using the equity method and are initially recognized at cost. The Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Group's share of the income and expenses and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee. The Group's equity accounted investees as at 31 December 2011 are Fintur Holdings BV ("Fintur") and A-Tel Pazarlama ve Servis Hizmetleri AS ("A-Tel").

(v)Transactions eliminated on consolidation

Intragroup balances and transactions and any unrealized income and expenses arising from intragroup transactions are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

(vi)Non-controlling interests

Where a put option is granted by the Group to the non-controlling interests shareholders in existing subsidiaries that provides for settlement in cash or in another financial asset, the Group recognizes a liability for the present value of the estimated exercise price of the option. The interests of the non-controlling shareholders that hold such put options are derecognized when the financial liability is recognized. The corresponding interests attributable to the holder of the puttable non-controlling interests are presented as attributable to the equity holders of the parent and not as attributable to those non-controlling interests' shareholders. The difference between the put option liability recognized and the amount of non-controlling interests' shareholders derecognized is recorded under equity. Subsequent changes in the fair value of the put options granted to the non-controlling shareholders in existing subsidiaries are also recognized in equity, except the imputed interest on the liability is recognized in the consolidated statement of income.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Foreign currency differences arising on translation of foreign currency transactions are recognized in the statement of income. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the period.

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3. Significant accounting policies (continued)

(b) Foreign currency (continued)

(i) Foreign currency transactions (continued)

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognized in the statement of income, except for differences arising on the retranslation of available-for-sale equity instruments, which are recognized directly in equity.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to USD from the functional currency of the foreign operation at foreign exchange rates ruling at the reporting date. The income and expenses of foreign operations are translated to USD at monthly average exchange rates excluding foreign operations in hyperinflationary economies which are translated to USD at exchange rates at the reporting date.

The income and expenses of foreign operations in hyperinflationary economies are translated to USD at the exchange rate at the reporting date. Prior to translating the financial statements of foreign operations in hyperinflationary economies, their financial statements for the current period are restated to account for changes in the general purchasing power of the local currency. The restatement is based on relevant price indices at the reporting date.

Foreign currency differences arising on retranslation are recognized directly in the foreign currency translation reserve, as a separate component of equity. Since 1 January 2005, the Group's date of transition to IFRSs, such differences have been recognized in the foreign currency translation reserve. When a foreign operation is disposed of, partially or fully, the relevant amount in the foreign currency translation reserve is transferred to the statement of income.

Foreign exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognized directly in equity in the foreign currency translation reserve.

(iii) Translation from functional to presentation currency

Items included in the financial statements of each entity are measured using the currency of the primary economic environment in which the entities operate, normally under their local currencies.

The consolidated financial statements are presented in USD, which is the presentation currency of the Group. The Group uses USD as the presentation currency for the convenience of investor and analyst community.

Assets and liabilities for each statement of financial position presented (including comparatives) are translated to USD at exchange rates at the statement of financial position date. Income and expenses for each statement of income (including comparatives) are translated to USD at monthly average exchange rates excluding operations in hyperinflationary economies which are translated to USD at exchange rates at the reporting date.

Foreign currency differences arising on retranslation are recognized directly in a separate component of equity.

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3. Significant accounting policies (continued)

(b) Foreign currency (continued)

(iv)Net investment in foreign operations

Foreign currency differences arising from the translation of the net investment in foreign operations are recognized in the foreign currency translation reserve. They are transferred to the statement of income upon disposal of the foreign operations.

(c) Financial instruments

(i)Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments which are not recognized or designated as financial instruments at fair value through profit or loss are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described below:

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Accounting for finance income and costs is discussed in Note 3(m).

•Financial assets at fair value through profit or loss

An instrument is classified as financial asset at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's risk management or investment strategy. Upon initial recognition, attributable transaction costs are recognized in the statement of income when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognized in the statement of income.

•Held-to-maturity financial assets

If the Group has the positive intent and ability to hold debt securities to maturity, then they are classified as held-to-maturity. Held-to-maturity financial assets are recognized initially at fair value plus any directly attributable transaction costs. Held-to-maturity financial assets are held-to-maturity investments that are measured at amortized cost using the effective interest method, less any impairment losses.

Any sale or reclassification of a more than insignificant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available-for-sale, and prevent the Group from classifying investment securities as held-to-maturity for the current and the following two financial years.

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3. Significant accounting policies (continued)

(c) Financial instruments (continued)

(i) Non-derivative financial instruments (continued)

• Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the previous categories.

The Group's investments in equity securities and certain debt securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (see note 3(h)(i)), and foreign exchange gains and losses on available-for-sale monetary items (see note 3(b)(i)), are recognized directly in equity. When an investment is derecognized, the cumulative gain or loss in equity is transferred to the statement of income.

• Estimated exercise price of put options

Under the terms of certain agreements, the Group is committed to acquire the interests owned by non-controlling shareholders in consolidated subsidiaries, if these non-controlling interests wish to sell their share of interests.

As the Group has unconditional obligations to fulfill its liabilities under these agreements, IAS 32 "Financial instruments: Disclosure and Presentation", requires the value of such put option to be presented as a financial liability on the statement of financial position for the present value of the estimated option redemption amount. The Group accounts for such transactions under the anticipated acquisition method and the interests of non-controlling shareholders that hold such put option are derecognized when the financial liability is recognized. The Group accounts for the difference between the amount recognized for the exercise price of the put option and the carrying amount of non-controlling interests in equity.

• Other

Other non-derivative financial instruments are measured at amortized cost using the effective interest method, less any impairment losses.

(ii) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency risk exposures arising from operational, financing and investing activities. In accordance with its treasury policy, the Group engages in forward and option contracts. However, these derivatives do not qualify for hedge accounting and are accounted for as trading derivatives.

Embedded derivatives are separated from the host contract and accounted for separately if a) the economic characteristics and risks of the host contract and the embedded derivative are not closely related, b) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and c) the combined instrument is not measured at fair value through profit or loss.

Also the Group enters into derivative financial instruments to manage its exposure to interest rate, including interest rate collar. Further details of derivative financial instruments are disclosed in Note 25 and 30.

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3. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Derivative financial instruments (continued)

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is immediately recognized in statement of income unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in statement of income depends on the nature of the hedge relationship.

Hedge Accounting

The Group designates certain hedging instruments which include cash flow hedges. At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognized immediately in statement of income, and is included in the "other gains and losses" line item.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognized in other comprehensive income and accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in statement of income. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is immediately recognized in statement of income.

(d)Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are initially stated at cost less accumulated depreciation (see below) and accumulated impairment losses (see note 3(h)(ii)). Property, plant and equipment related to the parent and subsidiaries operating in Turkey are adjusted for the effects of inflation during the hyperinflationary period lasted by 31 December 2005. Since the inflation accounting commenced on 1 January 2011, property, plant and equipment related to the subsidiaries operating in Belarus are adjusted for the effects of inflation.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the asset to a working condition for its intended use and the costs of dismantling and removing the items and restoring the site on which they are located, if any. Borrowing costs related to the acquisition or constructions of qualifying assets are capitalized as part of the cost of that asset.

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3. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(i) Recognition and measurement (continued)

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Gains/losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized net within other income or other expenses in the statement of income.

Changes in the obligation to dismantle, remove assets on sites and to restore sites on which they are located, other than changes deriving from the passing of time, are added or deducted from the cost of the assets in the period in which they occur. The amount deducted from the cost of the asset shall not exceed the balance of the carrying amount on the date of change, and any excess balance is recognized immediately in the statement of income.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced item is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in the statement of income as incurred.

(iii)Depreciation

Depreciation is recognized in the statement of income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term or their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

Buildings	21 – 50 years

Mobile network infrastructure	4 – 8 years
Fixed network infrastructure	3 – 25 years
Call center equipment	4 – 8 years
Equipment, fixtures and fittings	3 – 10 years
Motor vehicles	4 – 6 years
Central betting terminals	7 – 10 years
Leasehold improvements	3 – 45 years

Depreciation methods, useful lives and residual values are reviewed at least annually unless there is a triggering event.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2011
(Amounts expressed in thousands of US Dollars unless otherwise indicated except share amounts)

(The Group's audited consolidated financial statements prepared as at and for the year ended 31 December 2010 were approved by the Audit Committee and the Board of Directors (Board Resolution dated 23 February 2011 and numbered 797), however not approved by the General Assemblies on 21 April 2011, 11 August 2011 and 12 October 2011.)

3. Significant accounting policies (continued)

(e) Intangible assets

(i) GSM and other telecommunication operating licenses

GSM and other telecommunication operating licenses that are acquired by the Group are measured at cost adjusted for the effects of inflation during the hyperinflationary period, where applicable, less accumulated amort