TURKCELL ILETISIM HIZMETLERI A S
Form 6-K
April 29, 2011

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 April 29, 2011

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 Q Form 40-F £

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 £ No Q

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 £ No Q

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 £ No Q

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 April 27, 2011 announcing Turkcell's First Quarter 2011 results and Q1 2011 IFRS report.

First Quarter 2011 Results

TURKCELL ILETISIM HIZMETLERI A.S.

FIRST QUARTER 2011 RESULTS

Continued Commitment to the Longer View

Istanbul, Turkey, April27, 2011 – Turkcell (NYSE:TKC, ISE:TCELL), the leading communications and technology company in Turkey, today announced results for the first quarter ended March 31, 2011.All financial results in this press release are unaudited, prepared in accordance with International Financial ReportingStandards ("IFRS") and expressed in Turkish liras and dollars unless otherwise stated.

Please note that all financial data is consolidated and comprises TurkcellIletisimHizmetleri 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. 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.

First Quarter 2011 Results

Highlights of the Quarter

- Group revenue registered at TRY2,118.4 million (TRY2,249.0 million)down by 5.8% year-on-year.

- Turkcell Turkey's revenues of TRY1,839.8 million (TRY2,016.3 million) fell 8.8% year-on-year. This was mainly due to the negative impactof regulatory changes effective as of April 1, 2010.It was also coupledwith intensified mobile market competition.

- Mobile internet revenues of TurkcellTurkey continued to grow by 64.4% to TRY151.4 million (TRY92.1 million).

- The contribution of Group subsidiaries to the top line improved to 13.2% (10.3%). Specifically, Superonline revenues rose27.9% to TRY91.1million (TRY71.2 million).

- Group EBITDA1declined by 12.0% to TRY625.8 million (TRY711.3 million) and EBITDA margindecreased by 2.1pp to 29.5% (31.6%), mainly due to increasing selling and marketing expenses in Turkey.

    - However, the EBITDA contribution of Group subsidiariesimproved to 13.7% (6.1%) mainly as:

        Superonline's EBITDA grew by 145.8% to TRY 14.5 million (TRY5.9 million).

        Astelitin Ukraine recorded EBITDA of US$18.8 million in Q1 2011, a three-fold increase.

- Group net income decreased by 21.0% to TRY330.1 million (TRY417.6 million), mainly due to lower EBITDA and was adversely impacted byanadditional provision of TRY55.8 million regarding the tax amnesty application.

- Turkcell's 2010 Annual General Assembly was held on April 21, 2011, however the Group's audited consolidated financial statements for fiscal year 2010, previously approved by the statutory auditors, the audit committee, and the Board of Directors, and also audited by an independent auditing company, were not approved. Consequently, the proposed 75% dividend distribution from 2010 profits could also not be approved.2

(1)EBITDA is a non-GAAP financial measure. See pages13-14for the reconciliation of EBITDA to net cash from operating activities.
(2) Please refer to page 12 for further details.
*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 March 31, 2011 refer to the same item as at March 31, 2010. For further details, please refer to our consolidated financial statements and notes as at and for March 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.

Page 2 of 15

First Quarter 2011 Results

Comments from the CEO, SureyyaCiliv

"In the first quarter of 2011, Turkcell Group recorded revenues of TRY2.1 billion, EBITDA of TRY626 million and net income of TRY330 million.Intensified price-focused competition, as well as the reduction in termination rates by 52% and the maximum price cap by 38%, negatively impacted our financial results compared to the same period of last year.

In order to ensure the sustainability ofincreasing investments in mobile internet, boost customer confidence in the sector and enable market growth, we believe that more rational competition is required.

We differentiate ourselves with investments in our brand, in technology and in customer satisfaction to further sharpen our customer focus and provide new technology solutions.
We will continue to strengthen our leadership through our growing mobile internet business, rising group synergy, in particular through TurkcellSuperonline, and the contribution of our other consolidated subsidiaries. We expect to resume a growth trend starting from the second quarter of this year by defending our valuable subscriber base.

As always, our people remain central to our continued success. I would like to thank all of our customers, employees, business partners, and shareholders for their continued support."

OVERVIEW

Competition in the Turkish mobile market intensified in the first quarter of 2011. Mobile line penetration remained flat at 85% along with the addition of new data lines, while multiple SIM card usage further decreased.

During the quarter, the aggressive pricing environment continued. Unlimited voice offers were replaced by packages priced at TRY20-30 that featured generous voice, data and SMS incentives from our competitors. This led to a decline in average prices. On the terminal front, contracted handset-bundled offers were available for a negligible additional monthly fee.Furthermore, the competition's emphasis on port-in offers, specifically aimed at post-paid, necessitated increased dealer incentives and aggressive advertising spending. All in all, campaigns and tariffs mostly focused on gaining subscriber market shareand growing the topline, once again, at the expense of longer term profitability.

In this intensifying competitive environment, we continued to position Turkcell as a premium offering. We redesigned our tariff structure, launched new services designed to address specific needs of target customer segments and provided additional incentives to strengthen loyalty of our customers. Similarly, we increased our efforts to migrate our customers to contract based offers to ensure long term retention of our valuable customer base. We also continued to strengthen both our brand and our bond with customers, emphasizing our strong value propositions and sales channel. As a result, despite the highly aggressive pricing environment, we managed to decrease churn rate quarter-on-quarter and record 20% less churn when compared with 2010.

On the data front, our efforts to increase mobile internet users continued, and the number of contracted smartphone sales through our sales channel increased by 211% year-on-year.

First Quarter 2011 Results

This resulted in an increased proportion of smartphones and 3G enabled handsets in our network, together with higher application downloads by 6 times year-on-year to 12 million.

During the quarter, Turkcell Turkey's mobile internet revenues rose by 64.4% year-on-year to TRY151.4 million. Consequently, the share of mobile internet and service revenues in Turkcell Turkey revenues rose by 4.0 percentage points to 23.0% (19.0%). The share of our consolidated mobile internet and service revenues rose by 3.6pp to 22.0% (18.4%), a key contributor to portfolio diversification.

In late January 2011, unforeseen intense price competition started in the Turkish mobile market. Our competitors increased their attacks, we believe seeking market share at the expense of profitability. In order to defend our subscriber base and further differentiate Turkcell, we had to lower prices and incur higher operational expenses in an intensely competitive domestic market. We believe that such expenses were justified by our pursuit of longer term returns.

Accordingly, we now expect comparatively lower growth in Group financial results, mainly due to Turkcell Turkey. In this context, we revise our 2011 target for consolidated revenue toa range of TRY9,300 million - TRY9,600 million, while we aim to achieve EBITDA of TRY2,900 million - TRY3,050 million. For the group capex, we now expect to spend less compared to 2010, at the figure of around TRY1.5 billion. These targets are based on our current expectations regarding the market dynamics and other factors.1

Overview of the Macroeconomic Environment

The foreign exchange rates which have been used in our financial reporting and certain macroeconomic indicators are set out below.

	Q110	Q410	Q111	y/y % chg	q/q % chg
TRY / US$ rate					
Closing Rate	1.5215	1.5460	1.5483	1.8 %	0.1 %
Average Rate	1.5109	1.4717	1.5737	4.2 %	6.9 %
Consumer Price Index	3.9 %	1.6 %	1.6 %	-	-
GDP Growth	11.7 %	9.2 %	n.a.	-	-
UAH/ US$ rate					
Closing Rate	7.93	7.96	7.96	0.4 %	-
Average Rate	7.98	7.93	7.94	(0.5 %)	0.1 %

(1) For a further discussion of factors that may affect market dynamics and our ability to achieve these targets, see "Forward Looking Statements" below and 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.

First Quarter 2011 Results

Financial and Operational Review of the First Quarter 2011

The following discussion focuses principally on the developments and trends in our business in the first quarter of 2011 in TRY terms. Selected financial information for the first and fourth quarters of 2010, and the first quarter of 2011, 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,are also included at the end of this press release.

Financial Review of Turkcell Group

Profit & Loss Statement (million TRY)	Q110		Q410		Q111		y/y % chg		q/q % chg	
Total Revenue	2,249.0		2,186.2		2,118.4		(5.8	%)	(3.1	%)
Direct cost of revenues1	(1,277.5	)	(1,268.6	)	(1,249.2	)	(2.2	%)	(1.5	%)
Depreciation and amortization	(255.9	)	(297.3	)	(278.0	)	8.6	%	(6.5	%)
Gross Margin	43.2	%	42.0	%	41.0	%	(2.2pp	)	(1.0pp	)
Administrative expenses	(124.4	)	(139.3	)	(110.3	)	(11.3	%)	(20.8	%)
Selling and marketing expenses	(391.7	)	(426.6	)	(411.1	)	5.0	%	(3.6	%)
EBITDA2	711.3		649.0		625.8		(12.0	%)	(3.6	%)
EBITDA Margin	31.6	%	29.7	%	29.5	%	(2.1pp)		(0.2pp)	
Net finance income / (expense)	66.1		87.7		37.0		(44.0	%)	(57.8	%)
Finance expense	(50.2	)	(5.4	)	(71.6	)	42.6	%	1,225.9	%
Finance income	116.3		93.1		108.6		(6.6	%)	16.6	%
Share of profit of associates	46.1		40.8		56.7		23.0	%	39.0	%
Other income / (expense)	(40.3	)	(25.7	)	(27.9	)	(30.8	%)	8.6	%
Income tax expense	(126.7	)	(104.8	)	(99.0	)	(21.9	%)	(5.5	%)
Net Income	417.6		368.1		330.1		(21.0	%)	(10.3	%)

(1)including depreciation and amortization expenses.
(2) EBITDA is a non-GAAP financial measure. See pages 13-14 for the reconciliation of EBITDA to net cash from operating activities.

Revenue: In Q1 2011, revenues contracted by 5.8% year-on-year to TRY2,118.4million (TRY2,249.0 million). This decline mainlystemmed from the decrease in Turkcell Turkey's mobile voice revenues,resulting from the sharp decline in interconnection rates and maximum price cap,together with the adverse effects of aggressive competition in Turkey. This was partially compensated by 10.5%growth in the mobile internet & services revenues of Turkcell Turkey, and 19.7% growth in contribution from subsidiaries.

Compared to the previous quarter; consolidated revenues decreased by 3.1%, mainly due to the declining mobile voice revenues of Turkcell Turkey;this was despite the 12.7% increase in Turkcell Turkey's mobile internet revenues to TRY151.4 million from TRY134.3 million in Q4 2010, and 2.7% growth in contribution from subsidiaries.

Turkcell Turkey's interconnection revenues decreased to TRY160.9 million from TRY220.9 million in Q1 2010, mainly due to MTR cuts, which led to a decline in the share of interconnection revenues in Turkcell Turkey's revenues to 8.7% (11.0%).

Direct cost of revenues: including depreciation and amortization decreased by 2.2% to TRY1,249.2 million in Q1 2011 (TRY1,277.5 million). Meanwhile, direct cost of revenues as a percentage of total revenueroseto 59.0% (56.8%). This mainly arose from the increases in depreciation and amortization (up 1.7pp), network-related expenses (up 1.0pp), wages and

First Quarter 2011 Results

salaries (up 0.9pp) and other items (up 0.4pp), which were partially offset by the decrease in interconnection costs (down 1.8pp).

Quarter-on-quarter, direct cost of revenues, including depreciation and amortization as a percentage of total revenue, increased by 1.0 pp from 58.0% in Q4 2010. This was mainly a result of higher interconnection costs (up 1.0 pp), wages and salaries (up 0.4pp) and other items (up 0.1 pp); which were partially compensated by lower depreciation and amortization (down 0.5 pp).

In Q1 2011, Turkcell Turkey's interconnection costs decreased to TRY180.2million from TRY217.2 million in Q1 2010 which resulted in a decline in Turkcell Turkey's interconnection costs as a percentage of revenue to 9.8% (10.8%).

Administrative expenses: as a percentage of revenue slightly declined to 5.2% in Q1 2011 (5.5%), mainly due to a decline in bad debt expenses. Compared to the previous quarter, general and administrative expenses as a percentage of revenue fell 1.2 pp from 6.4% in Q4 2010, which mostly resulted from 1.2 pp lower bad debt expenses.

Selling and marketing expenses:as a percentage of revenue increased by 2.0 pp to 19.4% in Q1 2011 (17.4%), resulting mainly from intensified marketing expenses(up 1.0 pp),together with increased wages and salaries (up 0.5pp) and other items (up 0.5 pp).

Quarter-on-quarter, selling and marketing expenses as a percentage of revenue remained almost stable at around 19.4%.

EBITDA: In Q1 2011, EBITDA in nominal terms was at TRY625.8 million (TRY711.3 million), while the EBITDA margin decreased by 2.1 pp to 29.5% (31.6%), mainly due to 2.0 pp higher selling and marketing expenses and 0.4 pp higher direct cost of revenues (excluding depreciation and amortization), which were partially offset by the 0.3 pp lower general and administrative expenses.

Quarter-on-quarter, the EBITDA margin slightly decreased from 29.7% in Q4 2010 to 29.5%. The 1.4 pphigher direct cost of revenues was partially offset by 1.2 pp lower general and administrative expenses.

Net finance income/(expense): decreased to TRY37.0 million in Q1 2011 from TRY66.1 million in Q1 2010, mainly due to additional interest expense regarding tax amnesty application, lower interest income and higher translation loss.

Compared to the previous quarter, net finance income declined from TRY87.7 million in Q4 2010, which mainly stems from a translation loss of TRY24.0 million in Q1 2011, as opposed to a translation gain of TRY24.2 million in Q4 2010. This mainly results from 0.15% depreciation of TRY against US$ in Q1 2011, as opposed to 6.5% depreciation in Q4 2010 which resultedin atranslation gain in Turkcell Turkey in Q4 2010 that was partially offset by a translation loss in subsidiaries.

(1) EBITDA is a non-GAAP financial measure. See pages 13-14 for the reconciliation of EBITDA to net cash from operating activities

First Quarter 2011 Results

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 and A-Tel, rose by 23.0% to TRY56.7 million (TRY46.1 million in Q1 2010),and by 39.0% from TRY40.8 million in Q4 2010, mainly due to the higher net income contribution from Fintur.

The results of our 50%-owned subsidiary A-Tel particularly impacted two items in our financial statements:

- A-Tel's revenue generated from Turkcell, amounting to TRY10.2 million in Q1 2011, is netted out from the selling and marketing expenses in our consolidated financial statements in proportion to our ownership.
- The difference between the total net impact of A-Tel and the amount netted out from selling and marketing expenses amounted to TRY9.1 million in Q1 2011 and is recorded in the 'share of profit of equity accounted investees' line of our financial statements.

Income tax expense: The total taxation charge in Q1 2011 decreased to TRY99.0 million (TRY126.7 million). The total tax charge of TRY50.9million was related to current tax charges, while deferred tax expenseof TRY48.1 million was recorded.

	Q110	Q410	Q111	y/y % chg	q/q % chg
Current tax expense	(66.3)	(141.5)	(50.9)	(23.2%)	(64.0%)
Deferred Tax income / (expense)	(60.4)	36.7	(48.1)	(20.4%)	(231.1%)
Income Tax expense	(126.7)	(104.8)	(99.0)	(21.9%)	(5.5%)

Net income: in Q1 2011 was at TRY330.1 million (TRY417.6 million) and was negatively impacted by a TRY55.8 million additional provision regarding the tax amnestyapplication for the special communication tax imposition pertaining to years 2005 and 2006. This was partially compensated by the reversal of the TRY19.9 million fine paid in Q4 2010 with regards to one of our tariffs.

Quarter-on-quarter, net income decreased by 10.3% to TRY330.1 million from TRY368.1 million in Q4 2010.

Total Debt: Consolidated debt amounted to TRY2,790.8 million as of March 31, 2011. TRY878.3 million of this was related to Turkcell's Ukrainian operations. TRY1,903.4 million of our consolidated debt is at a floating rate and TRY580.5 million will mature within less than a year. During Q1 2011, our debt/annual EBITDA ratio increased to 97.5%.

First Quarter 2011 Results

Consolidated Cash Flow (million TRY)	Q110	Q410	Q111
EBITDA1	711.3	649.0	625.8
LESS:			
Capex and License	(366.6)	(630.3)	(181.8)
Turkcell	(180.4)	(234.9)	(94.4)
Ukraine2	(41.3)	(37.3)	(11.4)
Investment & Marketable Securities	42.4	(154.0)	-
Net Interest Income/Expense	74.6	63.4	60.9
Other	(705.6)	492.2	(643.5)
Net Change in Debt	(36.4)	62.4	(50.7)
Dividends paid	-	-	-
Cash Generated	(280.3)	482.7	(189.3)
Cash Balance	4,380.6	5,105.1	4,915.8

(1) EBITDA is a non-GAAP financial measure. See pages13-14for the reconciliation of EBITDA to net cash from operating activities.

(2)The appreciation of reporting currency (TRY) against US$ is included in this line.

Cash Flow Analysis:Capital expenditures in Q1 2011 amounted to TRY181.8million, of which TRY94.4 millionwas related to Turkcell Turkey, TRY11.4million to our Ukrainian operations, TRY43.0 million to Superonline and TRY8.1 million toBeST.

The other item in cash flow mainly includes the corporate tax payment of TRY133 million for Turkcell Turkey and frequency usage fee payment of TRY230 millionfor the following months in 2011.

Operational Review in Turkey

Summary of Operational Data	Q110	Q410	Q111	y/y % chg	q/q % chg
Number of total subscribers (million)	34.3	33.5	33.1	(3.5%)	(1.2%)
Number of postpaid subscribers (million)	9.3	10.1	10.4	11.8%	3.0%
Number of prepaid subscribers (million)	24.9	23.3	22.7	(8.8%)	(2.6%)
ARPU (Average Monthly Revenue per User), blended (US$)	12.8	12.9	11.7	(8.6%)	(9.3%)
ARPU, postpaid (US$)	26.5	26.0	24.1	(9.1%)	(7.3%)
ARPU, prepaid (US$)	7.7	7.3	6.2	(19.5%)	(15.1%)
ARPU, blended (TRY)	19.4	18.9	18.4	(5.2%)	(2.6%)
ARPU, postpaid (TRY)	40.4	38.2	37.9	(6.2%)	(0.8%)
ARPU, prepaid (TRY)	11.6	10.8	9.8	(15.5%)	(9.3%)
Churn (%)	11.1%	9.4%	9.3%	(1.8 pp)	(0.1pp)

MOU (Average Monthly Minutes of usage per subscriber), blended	153.3	194.9	192.5	25.6 %	(1.2 %)

Subscribers: As of March 31, 2011, our subscriber base for Turkcell Turkey totaled 33.1 million (34.3 million), down by 3.5% year-on-year. The composition of the subscriber base improved in favor of the postpaid component to 31.4% (27.1%), in line with our value focus, and was positively affected by switches from the prepaid to the postpaid segment and net

First Quarter 2011 Results

additions on data cards. We registered 227,500 net new postpaid subscribers in Q1 2011, due to the redesign of postpaid packages and attractive acquisition offers.

In 2011, we intend to maintain our high value subscriber base with a focus on further growth of our postpaid subscriber base.

Churn Rate: Churn refers to voluntarily and involuntarily disconnected subscribers. In the first quarter of 2011, our churn rate decreased to 9.3% from 11.1% a year ago, mainly due to our focus on retention campaigns.

MoU:Our blended minutes of usage per subscriber (“MoU”) increased to 192.5 minutes.This was up by 25.6% compared to Q1 2010, and driven by the effective and successful communication of our campaigns and tariffs aimed at all segments.

In 2011, we intend to continue to pursue healthy growth in usage as our successful incentives and loyalty programs continue.

ARPU: Blended average revenue per user (“ARPU”) in TRY terms decreased by 5.2% to TRY18.4 compared to Q1 2010. This was mostly due to the negative impact of declining MTRs, the reduction of the maximum price capand other regulatory decisions, as well as to the dilutive impact of prepaid to postpaid switches. Aggressive offers in all segments ofthe market also impacted ARPU negatively.

Postpaid ARPU in TRY terms fell by 6.2% to TRY37.9due to the negative impact of regulatory decisions. We minimized this negative effect through new tariff launches and redesigns.Prepaid ARPU shed 15.5% to TRY9.8 in Q1 2011 due to increased usage of lower TRY cards.

Other Domestic and International Operations

Superonline

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

Summary data for Superonline	Q110	Q410	Q111	y/y % chg	q/q % chg
Revenue (TRY million)	71.2	92.0	91.1	27.9 %	(1.0 %)
EBITDA1 (TRY million)	5.9	5.4	14.5	145.8 %	168.5 %
EBITDA margin	8.3 %	5.8 %	16.0 %	7.7pp	10.2pp
Capex (TRY million)	74.4	227.7	43.0	(42.2 %)	(81.1 %)

(1)EBITDA is a non-GAAP financial measure. See pages 13-14 for the reconciliation of Superonline’s EBITDA to net cash from operating activities.

In Q1 2011, Superonline’s fiber-optic network reached 637,000 home passes (HP).

Superonline’s share in Turkcell’s transmission costs reached 51% in Q1 2011, while the share of non-group revenues was 61% with 36.0% growth year-on-year.

Superonline's contribution to Turkcell's financials continued to improve, recording 27.9% year-on-year revenue growth in Q1 2011, which mainly arose from the increasing share in Turkcell's transmission cost.

First Quarter 2011 Results

In Q1 2011, Superonline continued to focus on the higher-margin residential segment, lifting its related revenues by 102.7% year-on-year. Corporate segment revenues grew by 14%, leveraging the strengths of the Turkcell Group.

In the meantime, EBITDA climbed 145.8% year-on-year and the EBITDA margin improved by 7.7pp, mainly due to the increasing share of revenues generated from Superonline'sinfrastructure,which has reached 55% as of Q1 2011, as well as effective cost management.

Astelit

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

Summary Data for Astelit	Q110		Q410		Q111		y/y % chg		q/q % chg	
Number of subscribers (million)										
Total	11.9		9.1		8.7		(26.9	%)	(4.4	%)
Active (3 months)1	8.0		6.1		6.1		(23.8	%)	-	
MoU (minutes)	156.2		206.8		218.6		39.9	%	5.7	%
Average Revenue per User (ARPU) in US$										
Total	2.3		2.9		2.9		26.1	%	-	
Active (3 months)	3.5		4.4		4.3		22.9	%	(2.3	%)
Revenue (UAH million)	662.8		648.3		621.5		(6.2	%)	(4.1	%)
Revenue (US$ million)	83.0		81.8		78.2		(5.8	%)	(4.4	%)
EBITDA2(US$ million)	5.8		16.9		18.8		224.1	%	11.2	%
EBITDA margin	7.0	%	20.6	%	24.0	%	17.0pp		3.4pp	
Net Loss (US$ million)	(26.5	)	(30.9	)	(24.4	)	(7.9	%)	(21.0	%)
Capex (US$ million)	27.1		21.4		7.4		(72.7	%)	(65.4	%)

(1)Active subscribers are those who in the past three months made a transaction which brought revenue to the Company.

(2)EBITDA is a non-GAAPfinancial measure. See pages 13-14 for the reconciliation of Euroasia's EBITDA to net cash from operating activities. Euroasia holds 100% stake in Astelit.

Astelit's revenue decreased by 5.8% to US$78.2 million compared to Q1 2010. In local currency terms, revenues decreased by 6.2% year-on-year. This decrease chiefly resulted from the closure of our non-profitable carrier business together with the lower interconnect revenues due to decline in MTRs.

Astelit recorded EBITDA of US$18.8 million in Q1 2011 indicating a three-fold increase compared to a year ago. The EBITDA margin climbed 17.0pp to 24.0% from 7.0% in Q1 2010, mostly due to lower selling and marketing expenses, together with tariff redesigns which resulted in lower interconnection costs.

Astelit's subscribers declined to 8.7 million for the period from 11.9 million a year ago, mainly because of the change in subscriber definition and churn in 2010, aimed at closer monitoring of value adding subscriber behavior. The 3 month active subscriber base was flat at 6.1 million compared to year end 2010.

Three month active ARPU increased by 22.9% year-on-year. MoU increased by 39.9% to 218.6minutes.

First Quarter 2011 Results

Fintur

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

FINTUR	Q110	Q410	Q111	y/y % chg		q/q % chg	
Subscriber (million)							
Kazakhstan	7.5	8.9	9.4	25.3	%	5.6	%
Azerbaijan	4.0	4.0	4.0	-		-	
Moldova	0.7	0.9	1.0	42.9	%	11.1	%
Georgia	1.9	2.0	2.1	10.5	%	5.0	%
TOTAL	14.1	15.9	16.5	17.0	%	3.8	%
Revenue (US$ million)							
Kazakhstan	208	283	274	31.7	%	(3.2	%)
Azerbaijan	117	131	123	5.1	%	(6.1	%)
Moldova	14	19	16	14.3	%	(15.8	%)
Georgia	39	34	33	(15.4	%)	(2.9	%)
Other1	1	2	2	100.0	%	-	
TOTAL	378	470	448	18.5	%	(4.7	%)

(1)Includes intersegment eliminations

(US$ million)	Q110	Q410	Q111	y/y % chg		q/q % chg	
Fintur's contribution to Turkcell Group's net income	36.6	36.7	42.2	15.3	%	15.0	%

In Q1 2011, Fintur generally maintained its market positions and added approximately 600,000 net new subscribers with its total subscriber base reaching 16.5 million. Fintur's consolidated revenue increased by 18.4% year-on-year to US$448 million in Q1 2011.

We account for our investment in Fintur using the equity method. Fintur's contribution to net income increased to TRY66.5 million (US$42.2 million) in Q1 2011 from TRY55.4 million (US$36.6 million) a year ago.

First Quarter 2011 Results

Turkcell Annual General Assembly Dated April 21, 2011

Turkcell's 2010 Annual General Assembly was held on April 21, 2011 at the Company headquarters. At the meeting, the Balance Sheet and Profit/Loss Statements of fiscal year 2010, previously approved by the statutory auditors, the audit committee, and the Board of Directors, as well as audited by an independent audit firm, in addition, the proposed 75% dividend distribution from 2010 profits were not approved. The entire Board of Directors and the statutory auditors were not released, and statutory auditors whose term had expired were not replaced.

At the General Assembly, the proposal of Sonera Holding B.V., which represents 13.07% of the Company, to add a new clause to the agenda pertaining to the removal of the Chairman, and the election of a new candidate, was rejected by Government Commissioners under the provisions of Turkish Commercial Law Article 369 (items not appearing on a previously announced General Assembly agenda cannot be discussed). Consequently, the representative of Turkcell Holding A.Ş., which holds a 51% stake in the Company, decided to abstain from voting on all agenda items due to the rejection of adding the additional agenda item. Turkcell Holding A.Ş.' representative noted that this rejection would violate the minority shareholder's rights, and therefore the representative duly abstained from voting on all agenda items.

Sonera Holding B.V. which holds 13.07% direct shares in Turkcell and additionally holds a 47.09% stake in Turkcell Holding A.Ş., voted against approval of the Balance Sheet and Profit/Loss Statements for the fiscal year of 2010, against the release of the statutory auditors, and against their replacement, against the Board of Directors' dividend distribution proposal.

Because each of the items on the agenda requires approval by a simple majority of the shareholders present under Turkish law, none of the items on the agenda, excluding establishment of the presidency board and authorizing the presidency board for the signature of minutes of meeting, were approved.

In particular, the Balance Sheet and Profit/Loss Statements for fiscal year 2010, previously approved by the statutory auditors, the audit committee, and the Board of Directors, and also audited by an independent auditing company, were not approved. Consequently, the proposed 75% dividend distribution from 2010 profits could also not be approved. For this reason, and as made public at the dividend proposal of the Board of Directors, the proposed dividend payment scheduled for May 16 will not be made. The above-mentioned situation is of direct importance for all our shareholders, not least the minority shareholders who hold 34.69% stake.

Our Company Chairman has submitted the requisite application to legally appoint the statutory auditors not appointed at the General Assembly. Separately, our Company Chairman and CEO have initiated the necessary discussions to resolve the disputes. Meanwhile, our Board of Directors and Company management remain in office, and continue to execute operations.

First Quarter 2011 Results

As the sole Turkish company dually listed on the NYSE and ISE, we will continue to execute the corporate governance principles in line with national and international best-practice standards and regulations through our maximized transparency.

Reconciliation of Non-GAAP Financial Measures

We believe that EBITDA is a measure commonly used by companies, analysts and investors in the telecommunications industry, which 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 the presentation of EBITDA 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 measure, to net cash from operating activities, which we believe is the most directly comparable financial measure calculated and presented in accordance with IFRS.

TURKCELL* US$ million	Q110	Q410	Q111	y/y % chg	q/q % chg
EBITDA	470.7	441.9	397.7	(15.5%)	(10.0%)
Income tax expense	(83.9)	(71.3)	(62.9)	(25.0%)	(11.8%)
Other operating income/(expense)	(26.5)	(17.4)	(17.6)	(33.6%)	1.1%
Financial income	3.5	1.5	0.6	(82.9%)	(60.0%)
Financial expense	(26.1)	(35.8)	(29.9)	14.6%	(16.5%)
Net increase/(decrease) in assets and liabilities	(394.3)	124.5	(339.1)	(14.0%)	(372.4%)
Net cash from operating activities	(56.6)	443.4	(51.2)	(9.5%)	(111.5%)

Superonline TRY million	Q110	Q410	Q111	y/y % chg	q/q % chg
EBITDA	5.9	5.4	14.5	145.8%	168.5%
Other operating income/(expense)	(0.8)	0.2	0.1	(112.5%)	(50.0%)
Finance income	1.2	(28.1)	0.8	(33.3%)	(102.8%)
Finance expense	(6.2)	22.1	(9.4)	51.6%	(142.5%)
Net increase/(decrease) in assets and liabilities	(43.9)	26.6	(83.8)	90.9%	(415.0%)

Net cash from operating activities	(43.8)	26.2	(77.8)	77.6%	(396.9%)

First Quarter 2011 Results

EUROASIA (Astelit) US$ million	Q110	Q410	Q111	y/y % chg	q/q % chg
EBITDA	5.8	16.9	18.8	224.1%	11.2%
Other operating income/(expense)	-	(1.6)	0.1	-	(106.3%)
Finance income	0.2	0.1	0.2	-	100.0%
Finance expense	(14.3)	(13.7)	(14.2)	(0.7%)	3.6%
Net increase/(decrease) in assets and liabilities	26.3	33.2	2.9	(89.0%)	(91.3%)
Net cash from operating activities	18.0	34.9	7.8	(56.7%)	(77.7%)

(*): The Company for March 31, 2010 has revised the manner in which it accounts for the impact of changes in foreign exchange rates in its statement of cash flows and has 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 March 31, 2011 which can be accessed via our web site in the investor relations section (www.turkcell.com.tr).

Turkcell Group Subscribers

We had approximately 60.4 million subscribers as of March 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") and Fintur. In the past, when presenting our total group subscribers, we have given this figure on a proportional basis, adjusted to reflect our ownership interest in each subsidiary. We believe that presenting total subscribers is a good indicator of our Group's reach, and intend to use this new calculation method going forward.

Turkcell Group subscribers declined by 1.6 million for the period compared to the previous year, mainly due to the subscriber decline in Astelit and Turkcell Turkey.

Turkcell Group Subscribers (million)	Q110	Q410	Q111	y/y % chg	q/q % chg
Turkcell	34.3	33.5	33.1	(3.5%)	(1.2%)
Ukraine	11.9	9.1	8.7	(26.9%)	(4.4%)
Fintur	14.1	15.9	16.5	17.0%	3.8%
Northern Cyprus	0.3	0.4	0.4	33.3%	-
Belarus	1.4	1.5	1.7	21.4%	13.3%
TURKCELL GROUP	62.0	60.4	60.4	(2.6%)	-

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," "believe" or "continue."

First Quarter 2011 Results

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.

www.turkcell.com.tr

ABOUT TURKCELL

Turkcell is the leading communications and technology company in Turkey with 33.1 million subscribers and a market share of approximately 54% as of March 31, 2011 (Source: Our estimations, operators' and Authority's announcements). Turkcell is a leading regional player, with market leadership in five of the nine countries in which it operates with its approximately 60.4 million subscribers as of March 31, 2011. Turkcell reported a TRY2.1 billion (US$1.3 billion) net revenue with total assets of TRY15.2 billion (US$9.8 billion) as of March 31, 2011. Turkcell covers approximately 83% of the Turkish population through its 3G and 99.07% through its 2G technology supported network. It has become one of the first among the global operators to have implemented HSDPA+ and achieved a 42.2 Mbps speed using the HSPA multi carrier solution. Turkcell has been listed on the NYSE and the ISE since July 2000, and is the only NYSE-listed company in Turkey. 51.00% of Turkcell's share capital is held by Turkcell Holding, 0.05% by Cukurova Holding, 13.07% by Sonera Holding and 1.19% by others, while the remaining 34.69% is free float. Read more at http://www.turkcell.com.tr/en

For further information please contact Turkcell

Corporate Affairs
KorayÖztürkler, Chief Corporate Affairs Officer
Tel: +90-212-313-1500
Email: koray.ozturkler@turkcell.com.tr

Investors:
NihatNarin, Investor and International
Media Relations
Tel: + 90-212-313-1244
Email: nihat.narin@turkcell.com.tr
investor.relations@turkcell.com.tr

Media:
FilizKaragulTuzun,
Corporate Communications
Tel: + 90-212-313-2304
Email: filiz.karagul@turkcell.com.tr

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 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), but not approved by the General Assembly on 21 April 2011.)

	Note	31 March 2011	31 December 2010
Assets			
Property, plant and equipment	12	3,034,108	3,068,021
Intangible assets	13	1,668,491	1,709,311
GSM and other telecommunication operating licenses		936,176	955,703
Computer software		533,922	547,607
Other intangible assets		198,393	206,001
Investments in equity accounted investees	14	443,145	399,622
Other investments	15	33,799	33,849
Due from related parties	33	656	1,044
Other non-current assets	16	98,243	107,277
Trade receivables	18	41,077	35,024
Deferred tax assets	17	3,755	2,876
Total non-current assets		5,323,274	5,357,024
Inventories		22,842	24,386
Other investments	15	1,878	8,201
Due from related parties	33	62,305	88,897
Trade receivables and accrued income	18	827,149	816,151
Other current assets	19	373,067	197,740
Cash and cash equivalents	20	3,175,041	3,302,163
Total current assets		4,462,282	4,437,538
Total assets		9,785,556	9,794,562
Equity			
Share capital	21	1,636,204	1,636,204
Share premium	21	434	434
Capital contributions	21	22,772	22,772
Reserves	21	(657,462)	(660,121)
Retained earnings	21	5,467,180	5,258,327
Total equity attributable to equity holders of Turkcell Iletisim Hizmetleri AS		6,469,128	6,257,616
Non-controlling interests	21	(33,900)	(24,019)
Total equity		6,435,228	6,233,597

Liabilities			
Loans and borrowings	24	1,427,575	1,407,316
Employee benefits	25	31,773	29,742
Provisions	27	58,377	57,055
Other non-current liabilities	23	155,972	160,832
Deferred tax liabilities	17	124,742	93,105
Total non-current liabilities		1,798,439	1,748,050
Bank overdraft	20	6,473	5,896
Loans and borrowings	24	374,935	430,205
Income taxes payable	11	40,319	96,080
Trade and other payables	28	797,748	951,976
Due to related parties	33	11,325	10,760
Deferred income	26	162,534	164,186
Provisions	27	158,555	153,812
Total current liabilities		1,551,889	1,812,915
Total liabilities		3,350,328	3,560,965
Total equity and liabilities		9,785,556	9,794,562

The notes on page 7 to 111 are an integral part of these consolidated financial statements.
1

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 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), but not approved by the General Assembly on 21 April 2011.)

		Three months ended 31 March	
	Note	2011	2010
Revenue	7	1,346,398	1,488,182
Direct costs of revenue		(793,910)	(845,209)
Gross profit		552,488	642,973
Other income		18,392	6,242
Selling and marketing expenses		(261,287)	(259,231)
Administrative expenses		(70,120)	(82,295)
Other expenses	8	(36,123)	(32,570)
Results from operating activities		203,350	275,119
Finance income	10	68,915	77,054
Finance costs	10	(45,597)	(33,340)
Net finance income		23,318	43,714
Share of profit of equity accounted investees	14	36,025	30,494
Profit before income tax		262,693	349,327
Income tax expense	11	(62,928)	(83,866)
Profit for the period		199,765	265,461
Profit attributable to:			
Owners of Turkcell Iletisim Hizmetleri AS		209,616	276,746
Non-controlling interest		(9,851)	(11,285)
Profit for the period		199,765	265,461
Basic and diluted earnings per share (in full USD)	22	0.10	0.13

The notes on page 7 to 111 are an integral part of these consolidated financial statements.

2

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 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), but not approved by the General Assembly on 21 April 2011.)

	Three months ended 31 March	
	2011	2010
Profit for the period	199,765	265,461
Other comprehensive income/(expense):		
Foreign currency translation differences	2,404	(62,556)
Net change in fair value of available-for-sale securities	-	(816)
Income tax on other comprehensive (expense)/income	(538)	91
Other comprehensive income/(expense) for the period, net of income tax	1,866	(63,281)
Total comprehensive income for the period	201,631	202,180
Total comprehensive income/(expense) attributable to:		
Owners of Turkcell Iletisim Hizmetleri AS	211,512	213,550
Non-controlling interest	(9,881)	(11,370)
Total comprehensive income for the period	201,631	202,180

The notes on page 7 to 111 are an integral part of these consolidated financial statements.
3

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 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), but not approved by the General Assembly on 21 April 2011.)

	Attributable to equity holders of					
	Share Capital	Capital Contribution	Share Premium	Legal Reserves	Fair Value Reserve	Reserve for Non-Controll Interest Put Option
Balance at 1 January 2010	1,636,204	22,772	434	484,291	1,318	(250,834
Total comprehensive income						
Profit for the period	-	-	-	-	-	-
Other comprehensive income/(expense)						
Foreign currency translation differences, net of tax	-	-	-	-	-	-
Net change in fair value of available-for-sale securities, net of tax	-	-	-	-	(816)	-
Total other comprehensive income/(expense)	-	-	-	-	(816)	-
Total comprehensive income/(expense)	-	-	-	-	(816)	-
Change in non-controlling interest	-	-	-	-	-	-
Balance at 31 March 2010	1,636,204	22,772	434	484,291	502	(250,834
Total comprehensive income						
Profit for the period	-	-	-	-	-	-
Other comprehensive income/(expense)						
Foreign currency translation differences, net of tax	-	-	-	-	-	(461
Net change in fair value of available-for-sale securities, net of tax	-	-	-	-	(502)	-
Total other comprehensive income/(expense)	-	-	-	-	(502)	(461
Total comprehensive income/(expense)	-	-	-	-	(502)	(461
Increase in legal reserves	-	-	-	50,652	-	-
Dividends paid	-	-	-	-	-	-
Change in non-controlling interest	-	-	-	-	-	-
Change in reserve for non-controlling interest put option	-	-	-	-	-	(12,689
Balance at 31 December 2010	1,636,204	22,772	434	534,943	-	(263,984
Balance at 1 January 2011	1,636,204	22,772	434	534,943	-	(263,984
Total comprehensive income						
Profit for the period	-	-	-	-	-	-
Other comprehensive income/(expense)						
Foreign currency translation differences, net of tax	-	-	-	-	-	(48
Total other comprehensive income/(expense)	-	-	-	-	-	(48
Total comprehensive income/(expense)	-	-	-	-	-	(48

Increase in legal reserves	-	-	-	763	-	-
Balance at 31 March 2011	1,636,204	22,772	434	535,706	-	(264,032

The notes on page 7 to 111 are an integral part of these consolidated financial statements.
4

TURKCELL DAHİLİ

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 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), but not approved by the General Assembly on 21 April 2011.)

		Three months 31 March	
	Note	2011	2010
Cash flows from operating activities			
Profit for the period		199,765	265,461
Adjustments for:			
Depreciation and impairment of fixed assets	12	119,293	111,440
Amortization of intangible assets	13	57,335	57,814
Net finance (income)	10	(42,944)	(54,742)
Income tax expense	11	62,928	83,866
Share of profit of equity accounted investees		(42,517)	(38,152)
(Gain)/loss on sale of property, plant and equipment		94	(72)
Unrealised foreign exchange gain and loss on operating assets		15,806	1,778
Provision for impairment of trade receivables	18	15,865	25,988
Deferred income	27	(1,408)	(51,488)
		384,217	401,893
Change in trade receivables	18	(34,079)	(83,857)
Change in due from related parties	33	26,783	14,210
Change in inventories		1,508	2,804
Change in other current assets	19	(173,520)	(169,346)
Change in other non-current assets	16	7,817	(24,125)
Change in due to related parties	33	579	1,638
Change in trade and other payables		(142,871)	(82,888)
Change in other current liabilities		(14,758)	(32,562)
Change in other non-current liabilities	23	(11,980)	(767)
Change in employee benefits	25	2,075	2,306
Change in provisions	27	5,656	12,368
		51,427	41,674
Interest paid		(13,549)	(13,559)
Income tax paid		(89,107)	(84,728)
Net cash used in operating activities		(51,229)	(56,613)
Cash flows from investing activities			
Acquisition of property, plant and equipment		(90,759)	(165,427)
Acquisition of intangible assets	12	(25,354)	(73,064)
Proceeds from sale of property, plant and equipment	13	-	848
Proceeds from currency option contracts		1,859	5,562

Payment of currency option contracts premium		(615)	(3,895)
Proceeds from sale of available-for-sale securities		7,999	27,860
Acquisition of available-for-sale securities		(1,721)	-
Interest received		65,540	70,043
Net cash used in investing activities		(43,051)	(138,073)
Cash flows from financing activities			
Proceeds from issuance of loans and borrowings		93,316	165,508
Repayment of borrowings		(126,452)	(169,816)
Change in non-controlling interest		-	(476)
Net cash used in financing activities		(33,136)	(4,784)
Net decrease in cash and cash equivalents		(127,416)	(199,470)
Cash and cash equivalents at 1 January	20	3,296,267	3,090,242
Effects of foreign exchange rate fluctuations on cash and cash equivalents		(283)	(17,980)
Cash and cash equivalents at 31 March	20	3,168,568	2,872,792

The notes on page 7 to 111 are an integral part of these consolidated financial statements.
5

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 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), but not approved by the General Assembly on 21 April 2011.)

Notes to the consolidated interim financial statements

	Page
1. Reporting entity	7
2. Basis of preparation	8
3. Significant accounting policies	13
4. Determination of fair values	30
5. Financial risk management	32
6. Operating segments	34
7. Revenue	39
8. Other expenses	39
9. Personnel expenses	39
10. Finance income and costs	40
11. Income tax expense	41
12. Property, plant and equipment	43
13. Intangible assets	46
14. Investments in equity accounted investees	51
15. Other investments	52
16. Other non-current assets	53
17. Deferred tax assets and liabilities	54
18. Trade receivables and accrued income	57
19. Other current assets	57
20. Cash and cash equivalents	58
21. Share capital and reserves	59
22. Earnings per share	61
23. Other non-current liabilities	61
24. Loans and borrowings	62
25. Employee benefits	64
26. Deferred income	64

27. Provisions	64
28. Trade and other payables	66
29. Financial instruments	67
30. Operating leases	76
31. Guarantees and purchase obligations	76
32. Commitments and Contingencies	77
33. Related parties	105
34. Group entities	110
35. Subsequent events	111

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 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), but not approved by the General Assembly on 21 April 2011.)

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 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 March 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. On the basis of publicly available information, Alfa Group, which previously held, indirectly through Cukurova Telecom Holdings Limited and Turkcell Holding AS, 13.2% of the Company's shares, has reduced its stake to 4.99% following litigation with Telenor ASA ("Telenor Group"). On the basis of publicly available information, it is understood that Alfa Group sold 62.2% of its holdings in Alfa Telecom Turkey Limited ("ATTL") to Visor Group affiliate Nadash International Holdings Inc. ("Nadash") and Alexander Mamut's Henri Services Limited ("HSL") and in July 2010, repurchased these shares.

The consolidated interim financial statements of the Company as at and for the three months ended 31 March 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 34. The Company's and each of its subsidiaries', associate's and joint venture's interim financial statements are prepared as at and for the three months ended 31 March 2011.

2. Basis of preparation

(a) Statement of compliance

The consolidated interim 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 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), but not approved by the General Assembly on 21 April 2011.

The Group's consolidated interim financial statements as at and for the period ended 31 March 2011 were approved by the Board of Directors on 27 April 2011.

(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 period lasted by 31 December 2005, 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.

(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 GmbH ("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 Roubles ("BYR"). The functional currency of Azerinteltek QSC ("AzerInteltek") is Azerbaijan Manat.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 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), but not approved by the General Assembly on 21 April 2011.)

2. Basis of preparation (continued)

(d)Use of estimates and judgments

The preparation of interim financial statements in conformity with IAS 34 "Interim Financial Reporting" 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 32 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:

Key sources of estimation uncertainty

In Note 29, detailed analysis is provided for the foreign exchange exposure of the Group and risks in relation to foreign exchange movements.

Critical accounting judgments in applying the Group's accounting policies

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

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.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 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), but not approved by the General Assembly on 21 April 2011.)

2. Basis of preparation (continued)

(d) Use of estimates and judgments (continued)

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

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".

Commission fees

Commission fees relate to services performed in relation to betting games 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 fulfilment 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.

10

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 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), but not approved by the General Assembly on 21 April 2011.)

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 changes to accounting policies during the current period.

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.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 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), but not approved by the General Assembly on 21 April 2011.)

2. Basis of preparation (continued)

(d) Use of estimates and judgments (continued)

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.

The Company for 31 March 2010 revised the manner in which it accounted 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. The change relates to the impact of re-translation of the underlying functional currency cash flows into the presentation currency, the US Dollar. The Company believes that changes to prior periods are immaterial. The change in the statement of cash flows will not impact the Company's previously reported statement of income, statement of comprehensive income, statement of financial positions or "Cash and cash equivalents" at the end of any period. The effect of the change on the statement of cash flows is as follows:

	For the three months period ended 31 March 2010		
	As previously reported	Revisions	As Revised
Net cash from operating activities	(35,613)	(21,000)	(56,613)
Effects of foreign exchange on statement of financial position items	(38,980)	38,980	-
Effects of foreign exchange rate changes on cash	-	(17,980)	(17,980)
Cash and cash equivalents	2,872,792	-	2,872,792

12

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 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), but not approved by the General Assembly on 21 April 2011.)

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)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.

(ii)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).

(iii)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.

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 March 2011 are Fintur Holdings BV ("Fintur") and A-Tel Pazarlama ve Servis Hizmetleri AS ("A-Tel").

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 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), but not approved by the General Assembly on 21 April 2011.)

3. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(iv)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.

(v)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.

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.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 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), but not approved by the General Assembly on 21 April 2011.)

3. Significant accounting policies (continued)

(b)Foreign currency (continued)

(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.

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.

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

(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.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 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), but not approved by the General Assembly on 21 April 2011.)

3. Significant accounting policies (continued)

(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.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 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), but not approved by the General Assembly on 21 April 2011.)

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 fulfil 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.

Derivatives are recognized initially at fair value; attributable transaction costs are recognized in the statement of income when incurred. Subsequent to initial recognition, derivatives are measured at fair value and changes therein are recognized in the statement of income.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 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), but not approved by the General Assembly on 21 April 2011.)

3. Significant accounting policies (continued)

(d)Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are stated at cost adjusted for the effects of inflation during the hyperinflationary period lasted by 31 December 2005 less accumulated depreciation (see below) and accumulated impairment losses (see note 3(h)(ii)).

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.

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.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 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), but not approved by the General Assembly on 21 April 2011.)

3.Significant accounting policies (continued)

(d)Property, plant and equipment (continued)

(iii)Depreciation (continued)

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

Buildings	21 – 50 years
Mobile network infrastructure	6 – 8 years
Fixed network infrastructure	3 – 25 years
Call center equipment	5 – 8 years
Equipment, fixtures and fittings	4 – 5 years
Motor vehicles	4 – 5 years
Central betting terminals	10 years
Leasehold improvements	5 years

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

(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 lasted by 31 December 2005 less accumulated amortization (see below).

Amortization

Amortization is recognized in the statement of income on a straight line basis primarily by reference to the unexpired license period. The useful lives for the GSM and other telecommunication operating licenses are as follows:

GSM and other telecommunications licenses	3 – 25 years

(ii)Computer Software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software.

Costs associated with maintaining computer software programmes are recognized as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Costs include the software development employee costs and an appropriate portion of relevant overheads.

Amortization

Amortization is recognized in the statement of income on a straight-line basis over the estimated useful lives from the date the software is available for use. The useful lives for computer software are as follows:

Computer software	3 – 8 years

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 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), but not approved by the General Assembly on 21 April 2011.)

3. Significant accounting policies (continued)

(e) Intangible assets (continued)

(iii) Other intangible assets

Intangible assets that are acquired by the Group which have finite useful lives are measured at cost adjusted for the effects of inflation during the hyperinflationary period lasted by 31 December 2005 less accumulated amortization (see below) and accumulated impairment losses (see note 3(h)(ii)).

Indefeasible Rights of Use ("IRU") correspond to the right to use a portion of the capacity of an asset granted for a fixed period of time. IRUs are recognized as an intangible asset when the Group has specific indefeasible right to use an identified portion of the underlying asset and the duration of the right is the major part of the underlying asset's economic life. IRUs are amortized over the shorter of the expected period of use and the life of the contract.

Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset (that is purchased from independent third parties) to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in the statement of income as incurred. Capitalized costs generally relate to the application of development stage; any other costs incurred during the pre and post-implementation stages, such as repair, maintenance or training, are expensed as incurred.

Amortization

Amortization is recognized in the statement of income on a straight line basis over the estimated useful lives of intangible assets unless such useful lives are indefinite from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

Transmission lines	10 years
Central betting system operating right	10 years
Customer base	2 – 8 years
Brand name	10 years
Customs duty and VAT exemption right	4.4 years

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

Goodwill

From 1 January 2010 the Group has applied IFRS 3 (2008) "Business Combinations" in accounting for business combinations. The change in accounting policy has been applied prospectively and had no effect as there is no business combination in the current period.

For acquisitions on or after 1 January 2010, the Group measures goodwill as the fair value of the consideration transferred (including the fair value of any previously-held equity interest in the acquiree) and the recognized amount of any non-controlling interests in the acquiree, less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

When the excess is negative, a bargain purchase gain is recognized immediately in the statement of income.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 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), but not approved by the General Assembly on 21 April 2011.)

3. Significant accounting policies (continued)

(e) Intangible assets (continued)

(iii) Other intangible assets

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset including goodwill, that forms part of the carrying amount of the equity accounted investees.

(iv)Internally generated intangible assets – research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally generated intangible assets is the sum of expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is charged to the statement of income in the period in which it is incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets acquired separately.

(f) Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value or the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and the leased assets are not recognized on the Group's statement of financial position.

(g)Inventories

Inventories are measured at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less selling expenses. The cost of inventory is determined using the weighted average method and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. As at 31 March 2011, inventories mainly consist of simcards, scratch cards, handsets and modems.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 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), but not approved by the General Assembly on 21 April 2011.)

3. Significant accounting policies (continued)

(h)Impairment

(i)Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in the statement of income. Any cumulative loss in respect of an available-for-sale financial asset recognized previously in equity is transferred to the statement of income.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost and available-for-sale financial assets that are debt securities, the reversal is recognized in the statement of income. For available-for-sale financial assets that are equity securities, the reversal is recognized directly in other comprehensive income.

(ii)Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories, and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated each year at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets (the "cash-generating unit"). The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate adjusted for the effects of tax cash outflows that reflects current market assessments of the time value of money and the risks specific to the asset. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined from the cash-generating unit to which corporate asset belongs.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 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), but not approved by the General Assembly on 21 April 2011.)

3. Significant accounting policies (continued)

(h)Impairment(continued)

(ii)Non-financial assets (continued)

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in the statement of income. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Goodwill that forms part of the carrying amount of an investment in an associate is not recognized separately, therefore, is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

(i)Employee benefits

(i)Retirement pay liability

In accordance with existing labor law in Turkey, the Company and its subsidiaries in Turkey are required to make lump-sum payments to employees who have completed one year of service and whose employment is terminated without cause or who retire, are called up for military service or die. Such payments are calculated on the basis of 30 days' pay maximum full TL 2,623 as at 31 March 2011 (equivalent to full $1,694 as at 31 March 2011), which is effective from 1 January 2011, per year of employment at the rate of pay applicable at the date of retirement or termination. Reserve for retirement pay is computed and reflected in the consolidated financial statements on a current basis. The reserve has been calculated by estimating the present value of future probable obligation of the Company and its subsidiaries in Turkey arising from the retirement of the employees.

(ii)Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in the statement of income when they are due.

The assets of the plan are held separately from the consolidated financial statements of the Group. The Company and other consolidated companies that initiated defined contribution retirement plan are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement plan is to make the specified contributions.

3. Significant accounting policies (continued)

(j)Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

Onerous contracts

Present obligations arising under onerous contracts are recognized and measured as a provision. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The Group did not recognize any provision for onerous contracts as at 31 March 2011 (31 December 2010: nil).

Dismantling, removal and restoring sites obligation

The Group is required to incur certain costs in respect of a liability to dismantle and remove assets and to restore sites on which the assets were located. The dismantling costs are calculated according to best estimate of future expected payments discounted at a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Bonus

Provision for bonus is provided when the bonus is a legal obligation, or past practice would make the bonus a constructive obligation and the Group makes a reliable estimate of the obligation.

(k)Revenue

Revenues are recognized as the fair value of the consideration received or receivable, net of returns, trade discounts and rebates. Communication fees include postpaid revenues from incoming and outgoing calls, additional services, prepaid revenues, interconnect revenues and roaming revenues. Communication fees are recognized at the time the services are rendered.

With respect to prepaid revenues, the Group generally collects cash in advance by selling scratch cards to distributors. In such cases, the Group does not recognize revenue until the subscribers use the telecommunications services. Deferred income is recorded under current liabilities.

The Group offers free right of use to its subscribers, and recognizes any unused portion of these free granted right of use as at the balance sheet date as deferred revenue. The Group does not have any other customer loyalty program in the scope of IFRIC 13 “Customer Loyalty Programmes”.

In connection with campaigns, both postpaid and prepaid services may be bundled with handset or other goods/services and these bundled services and products involve consideration in the form of fixed fee or a fixed fee coupled with continuing payment stream. Loyalty programs for both postpaid and prepaid services may be bundled with other services. Total arrangement considerations relating to the bundled contract are 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.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 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), but not approved by the General Assembly on 21 April 2011.)

3. Significant accounting policies (continued)

(k)Revenue (continued)

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 integral part of the remaining components of the transactions.

Revenues allocated to handsets given in connection with campaigns, which is included in other revenue, is recognized when the significant risks and rewards of ownership have been transferred to the buyer, collection is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably.

Monthly fixed fees represent a fixed amount charged to postpaid subscribers on a monthly basis without regard to the level of usage. Fixed fees are recognized on a monthly basis when billed.

Commission fees mainly comprised of net takings earned to a maximum of 1.4% of gross takings, as a head agent of fixed odds betting games starting from 1 March 2009. Commission revenues are recognized at the time all the services related with the games are fully rendered. Under the agreement signed with Spor Toto Teskilat Mudurlugu AS ("Spor Toto"), Inteltek Internet Teknoloji Yatirim ve Danismanlik AS ("Inteltek") is obliged to undertake any excess payout, which is presented on net basis with the commission fees.

Simcard sales are recognized upfront upon delivery to distributors, net of returns, discounts and rebates. Simcard costs are also recognized upfront upon sale of the simcard to the distributors.

Call center revenues are recognized at the time services are rendered.

The revenue recognition policy for other revenues is to recognize revenue as services are provided.

Volume rebates or discounts and other contractual changes in the prices of roaming and other services are anticipated, as both the payer and the recipient, if it is probable that they have been earned or will take effect. Thus, contractual rebates and discounts are anticipated, but discretionary rebates and discounts are not anticipated because the definitions of asset and liability would not be met.

(l) Lease payments

Payments made under operating leases are recognized in the statement of income on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance cost and the reduction of the outstanding liability. The finance cost is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfillment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset. At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 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), but not approved by the General Assembly on 21 April 2011.)

3. Significant accounting policies (continued)

(m)Finance income and costs

Finance income comprises interest income on funds invested (including available-for-sale financial assets), late payment interest income, interest income on contracted receivables, gains on the disposal of available-for-sale financial assets, changes in the fair value of financial assets at fair value through profit or loss and gains on derivative instruments that are recognized in the statement of income. Interest income is recognized as it accrues, using the effective interest method.

Finance costs comprise interest expense on borrowings, litigation late payment interest expense, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or option premium expense.

Foreign currency gains and losses are reported on a net basis.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take considerable time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned by the temporary investment of the part of the borrowing not yet used is deducted against the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in the statement of income in the period in which they are incurred.

(n)Transactions with related parties

A related party is essentially any party that controls or can significantly influence the financial or operating decisions of the Group to the extent that the Group may be prevented from fully pursuing its own interests. For reporting purposes, investee companies and their shareholders, non-controlling shareholders at subsidiaries, key management personnel, shareholders of the Group and the companies that the shareholders have a relationship with are considered to be related parties.

(o)Income taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the statement of income except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 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), but not approved by the General Assembly on 21 April 2011.)

3. Significant accounting policies (continued)

(o)Income taxes (continued)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Interest and penalties assessed on income tax deficiencies are presented based on their nature.

(p)Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is equal to basic EPS because the Group does not have any convertible notes or share options granted to employees.

(q)Operating segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are regularly reviewed by the Group management to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Group identified Turkcell, Euroasia and Belarusian Telecom as operating segments.

(r)Subscriber acquisition costs

The Group capitalizes directly attributable subscriber acquisition costs when the following conditions are met:

- the capitalized costs can be measured reliably;
- there is a contract binding the customer for a specific period of time; and
-

it is probable that the amount of the capitalized costs will be recovered through the revenues generated by the service contract, or, where the customer withdraws from the contract in advance, through the collection of the penalty.

Capitalized subscriber acquisition costs are amortized on a straight-line basis over the minimum period of the underlying contract. In all other cases, subscriber acquisition costs are expensed when incurred.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 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), but not approved by the General Assembly on 21 April 2011.)

3. Significant accounting policies (continued)

(s)Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognized in the statement of income over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the statement of income on a straight-line basis over the expected useful lives of the related assets.

(t) New standards and interpretations

The following new and revised Standards and Interpretations have been adopted in the current period and have affected the amounts reported and disclosures in these financial statements. Details of other standards and interpretations adopted in these financial statements but that have had no material impact on the financial statements are set out in this section.

(a) New and Revised IFRSs do affect presentation and disclosures

IAS 1, "Presentation of Financial Statements (as part of Improvements to IFRSs issued in 2010)"

The amendments to IAS 1 clarify that an entity may choose to present the required analysis of items of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements. The amendments have been applied retrospectively.

(b) New and Revised IFRSs affecting the reported financial performance and / or financial position

None

(c) New and Revised IFRSs applied with no material effect on the consolidated financial statements

IAS 24 (Revised 2009), "Related Party Disclosures"

In November 2009, IAS 24 Related Party Disclosures was revised. The revision to the standard provides government related entities with a partial exemption from the disclosure requirements of IAS 24. The revised standard is mandatory for annual periods beginning on or after 1 January 2011.

IAS 32 (Amendments), “Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements”

The amendments to IAS 32 and IAS 1 are effective for annual periods beginning on or after 1 February 2010. The amendments address the accounting for rights issues (rights, options or warrants) that are denominated in a currency other than the functional currency of the issuer. Previously, such rights issues were accounted for as derivative liabilities. However, the amendment requires that, provided certain conditions are met, such rights issues are classified as equity regardless of the currency in which the exercise price is denominated.

IFRS 1 (amendments), “First-time Adoption of IFRS - Additional Exemptions”

Amendments to IFRS 1 which are effective for annual periods on or after 1 July 2010 provide limited exemption for first time adopters to present comparative IFRS 7 fair value disclosures.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 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), but not approved by the General Assembly on 21 April 2011.)

3. Significant accounting policies (continued)

(t)New standards and interpretations (continued)

(c) New and Revised IFRSs applied with no material effect on the consolidated financial statements (continued)

IFRIC 14 (Amendments), "Pre-payment of a Minimum Funding Requirement"

Amendments to IFRIC 14 are effective for annual periods beginning on or after 1 January 2011. The amendments affect entities that are required to make minimum funding contributions to a defined benefit pension plan and choose to pre-pay those contributions. The amendment requires an asset to be recognized for any surplus arising from voluntary pre-payments made.

IFRIC 19, "Extinguishing Financial Liabilities with Equity Instruments"

IFRIC 19 is effective for annual periods beginning on or after 1 July 2010. IFRIC 19 addresses only the accounting by the entity that issues equity instruments in order to settle, in full or part, a financial liability.

(d) New and Revised IFRSs in issue but not yet effective

IFRS 1 (amendments), "First-time Adoption of IFRS - Additional Exemptions"

On 20 December, IFRS 1 is amended to provide relief for first-time adopters of IFRSs from having to reconstruct transactions that occurred before their date of transition to IFRSs and to provide guidance for entities emerging from severe hyperinflation either to resume presenting IFRS financial statements or to present IFRS financial statements for the first time. These amendments are not relevant to the Group, as it is an existing IFRS preparer.

IFRS 7, "Financial Instruments: Disclosures"

In October 2010, IFRS 7, "Financial Instruments: Disclosures" is amended by IASB as part of its comprehensive review of off balance sheet activities. The amendments will allow users of financial statements to improve their understanding of transfer transactions of financial assets (for example, securitizations), including understanding the possible effects of any risks that may remain with the entity that transferred the assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period. The amendment will be effective for annual periods beginning on or after 1 July 2011. The Group has not yet had an opportunity to consider the potential impact of the adoption of this revised standard.

IFRS 9, "Financial Instruments: Classification and Measurement"

In November 2009, the first part of IFRS 9 relating to the classification and measurement of financial assets was issued. IFRS 9 will ultimately replace IAS 39, "Financial Instruments: Recognition and Measurement". The standard requires an entity to classify its financial assets on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset, and subsequently measure the financial assets as either at amortized cost or at fair value. The new standard is mandatory for annual periods beginning on or after 1 January 2013. The Group has not had an opportunity to consider the potential impact of the adoption of this standard.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 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), but not approved by the General Assembly on 21 April 2011.)

3. Significant accounting policies (continued)

(t)New standards and interpretations (continued)

(d) New and Revised IFRSs in issue but not yet effective (continued)

IAS 12, "Income Taxes"

In December 2010, IAS 12 is amended. IAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model in IAS 40, "Investment Property". The amendment provides a practical solution to the problem by introducing a presumption that recovery of the carrying amount will, normally be , be through sale. The amendment will be effective for annual periods beginning on or after 1 January 2012. The Group has not yet had an opportunity to consider the potential impact of the adoption of this revised standard.

4.Determination of fair values

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

(i)Property, plant and equipment

The fair value of property, plant and equipment recognized as a result of a business combination is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, willingly. The market value of items of plant, equipment, fixtures and fittings is based on the quoted market prices for similar items.

(ii)Intangible assets

The fair value of the brand acquired in the Superonline Uluslararası Elektronik Bilgilendirme Telekomunikasyon ve Haberlesme Hizmetleri AS ("Superonline Uluslararası") business combination is based on the discounted estimated royalty payments that have been avoided as a result of the brand being owned. The fair value of customer base acquired in the above mentioned business combination are valued using the multi-period excess earnings method, whereby the subject asset is valued after deducting a fair return on all other assets that are part of creating the related cash flows.

The fair value of the custom duty and VAT exemption agreement in the Belarusian Telecom business combination is based on the incremental cash flows method (cost saving approach) and this was used for the valuation analysis.

The fair value of mobile telephony licenses (GSM&UMTS) in the Belarusian Telecom business combination is based on the Greenfield (build-out) method, which is estimated to be appropriate and commonly used for the valuation of licenses, and this was used for the valuation analysis.

The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 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), but not approved by the General Assembly on 21 April 2011.)

4.Determination of fair values (continued)

(iii)Investments in equity and debt securities

The fair value of financial assets at fair value through profit or loss, held-to-maturity investments and available-for-sale financial assets is determined by reference to their quoted bid price or over the counter market price at the reporting date. The fair value of held-to-maturity investments is determined for disclosure purposes only.

(iv)Trade and other receivables / due from related parties

The fair values of trade and other receivables and due from related parties are estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

(v)Derivatives

The fair value of forward exchange contracts and option contracts are based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds) or option pricing models.

(vi)Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases, the market rate of interest is determined by reference to similar lease agreements.

(vii)Exercise price of financial liability related to non-controlling share put option

The Group measures the estimated exercise price of the financial liability originating from put options granted to non-controlling interests as the present value of estimated option redemption amount. Present value of the estimated option redemption amount is based on the fair value of estimation for the company subject to the put option.

The Group has estimated a value based on multiple approaches in grant to share purchase agreement including income approach (discounted cash flows) and market approach (comparable market multiples). The average of the values determined as at 31 August 2013, which is the exercise date of the put option, is then discounted back to 31 March 2011.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 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), but not approved by the General Assembly on 21 April 2011.)

5.Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by Internal Audit.

As at 31 December 2010, TL depreciated against USD by 2.7% and appreciated against EUR by 5.1%, HRV appreciated against USD by 0.3% and BYR depreciated against USD by 4.8% when compared to the exchange rates as at 31 December 2009. As at 31 March 2011, TL depreciated against USD and EUR by 0.1% and 6.5%, respectively, BYR depreciated against USD by 1.5% and HRV remained stable against USD when compared to the exchange rates as at 31 December 2010. Please refer to Note 29 for additional information on the Group's exposure to risks.

Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The Group may require collateral in respect of financial assets. Also, the Group may demand letters of guarantee from third parties related to certain projects or contracts. The Group may also demand certain pledges from counterparties if necessary in return for the credit support it gives related to certain financings.

In monitoring customer credit risk, customers are grouped according to whether they are an individual or legal entity, aging profile, maturity and existence of previous financial difficulties. Trade receivables and accrued service income are mainly related to the Group's subscribers. The Group's exposure to credit risk on trade receivables is influenced mainly by the individual payment characteristics of postpaid subscribers. The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade receivables.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 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), but not approved by the General Assembly on 21 April 2011.)

5.Financial risk management (continued)

Credit risk (continued)

Investments are preferred to be in liquid securities and mostly with counterparties that have a credit rating equal or better than the Group. Some of the collection banks have credit ratings that are lower than the Group's, or they may not be rated at all, however, policies are in place to review the paid-in capital and rating of counterparties periodically to ensure credit worthiness.

Transactions involving derivatives are with counterparties with whom the Group has signed agreements and which have sound credit ratings.

At the reporting date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

The Group establishes an allowance for doubtful receivables that represents its estimate of incurred losses in respect of trade and other receivables. This allowance includes the specific loss component that relates to individual subscribers exposures, and adjusted for a general provision which is determined based on the age of the balances and historical collection trends.

The Group's policy is to provide financial guarantees only to wholly-owned subsidiaries. At 31 March 2011, $1,327,708 guarantees were outstanding (31 December 2010: $1,324,604).

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Typically, the Group ensures that it has sufficient cash and cash equivalents to meet expected operational expenses, including financial obligations.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

The Group buys and sells derivatives in order to manage market risks. All such transactions are carried at within the guidelines set by the Group treasury management.

Currency risk

The Group is exposed to currency risk on certain revenues such as roaming revenues, purchases and certain operating costs such as roaming expenses and network related costs and resulting receivables and payables, borrowings, deferred payment related to the acquisition of Belarusian Telecom and financial liability in relation to put option for the acquisition of non-controlling shares of Belarusian Telecom that are denominated in a currency other than the respective functional currencies of Group entities, primarily TL for operations conducted in Turkey. The currencies in which these transactions are primarily denominated are EUR, USD and SEK.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 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), but not approved by the General Assembly on 21 April 2011.)

5.Financial risk management (continued)

Market risk (continued)

Currency risk (continued)

Derivative financial instruments such as forward contracts and options are used to hedge exposure to fluctuations in foreign exchange rates. The Group uses forward exchange contracts to hedge its currency risk.

The Group's investments in its equity accounted investee Fintur and its subsidiaries in Ukraine, Republic of Belarus, Azerbaijan and Germany are not hedged with respect to the currency risk arising from the net assets as those net investments are considered to be long-term in nature.

Interest rate risk

The Group's exposure to interest rate risk is related to its financial assets and liabilities. The Group's financial liabilities mostly consist of floating interest rate borrowings. The use of financial derivatives is governed by the Group's policies approved by the Board of Directors, which provide written principles on the use of financial derivatives consistent with the Group's risk management strategy. In this respect, the Group has not entered into any type of derivative instrument in order to hedge interest rate risk as at 31 March 2011.

6.Operating segments

The Group has three reportable segments, as described below, which are based on the dominant source and nature of the Group's risk and returns as well as the Group's internal reporting structure. These strategic segments offer the same types of services, however they are managed separately because they operate in different geographical locations and are affected by different economical conditions.

The Group comprises the following main operating segments: Turkcell, Euroasia and Belarusian Telecom, all of which are GSM operators in their countries.

Other operations mainly include companies operating in telecommunication and betting businesses and companies provide internet and broadband services, call center and value added services.

Information regarding the operations of each reportable segment is included below. Adjusted EBITDA is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Adjusted EBITDA definition includes revenue, direct cost of revenues excluding depreciation and amortization, selling and marketing expenses and administrative expenses. Adjusted EBITDA is not a financial measure defined by IFRS as a measurement of financial performance and may not be comparable to other similarly-titled indicators used by other companies.

The accounting policies of operating segments are the same as those described in the summary of significant accounting policies.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 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), but not approved by the General Assembly on 21 April 2011.)

6. Operating segments (continued)

Three Months ended 31 March	Turkcell		Euroasia		Belarusian Telecom		Other		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	201
Total external revenues	1,166,572	1,329,800	76,970	82,456	17,275	10,416	85,581	65,510	1,346,398	1,488,18
Intersegment revenue	2,688	4,522	1,261	575	17	20	100,279	90,974	104,245	96,091
Reportable segment adjusted EBITDA	342,681	440,398	18,762	5,827	(4,178)	(9,090)	53,272	43,280	410,537	480,415
Finance income	65,700	70,264	164	5,273	123	316	15,438	14,799	81,425	90,652
Finance costs	(24,959)	(15,605)	(15,155)	(14,324)	(12,994)	(6,223)	(15,514)	(19,317)	(68,622)	(55,469
Depreciation and amortization	(111,693)	(111,358)	(28,271)	(23,040)	(11,919)	(16,548)	(28,112)	(21,658)	(179,995)	(172,604
Share of profit of equity accounted investees	-	-	-	-	-	-	36,025	30,494	36,025	30,494
Capital expenditure	67,765	125,644	7,376	27,114	5,260	35,935	43,807	60,150	124,208	248,843

As at 31 March 2011 and 31 December 2010

	Turkcell		Euroasia		Belarusian Telecom		Other		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	20
Reportable segment assets	3,945,692	3,860,173	591,508	616,375	506,712	517,312	1,074,216	1,045,535	6,118,128	6,039,3
	-	-	-	-	-	-	443,145	399,622	443,145	399,62

Investment in associates										
Reportable segment liabilities	995,423	1,092,496	146,165	153,927	84,746	83,161	150,051	198,780	1,376,385	1,528,3

35

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 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), but not approved by the General Assembly on 21 April 2011.)

6. Operating segments (continued)

Reconciliations of reportable segment revenues, adjusted EBITDA, assets and liabilities and other material items:

	Three months ended 31 March 2011	2010
Revenues		
Total revenue for reportable segments	1,264,783	1,427,789
Other revenue	185,860	156,484
Elimination of inter-segment revenue	(104,245)	(96,091)
Consolidated revenue	1,346,398	1,488,182

	Three months ended 31 March 2011	2010
Adjusted EBITDA		
Total adjusted EBITDA for reportable segments	357,265	437,135
Other adjusted EBITDA	53,272	43,280
Elimination of inter-segment adjusted EBITDA	(12,828)	(9,714)
Consolidated adjusted EBITDA	397,709	470,701
Finance income	68,915	77,054
Finance costs	(45,597)	(33,340)
Other income	18,392	6,242
Other expenses	(36,123)	(32,570)
Share of profit of equity accounted investees	36,025	30,494
Depreciation and amortization	(176,628)	(169,254)
Consolidated profit before income tax	262,693	349,327

	Three months ended 31 March 2011	2010
Finance income		
Total finance income for reportable segments	65,987	75,853
Other finance income	15,438	14,799
Elimination of inter-segment finance income	(12,510)	(13,598)
Consolidated finance income	68,915	77,054

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 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), but not approved by the General Assembly on 21 April 2011.)

6. Operating segments (continued)

	Three months ended 31 March 2011	2010
Finance costs		
Total finance cost for reportable segments	53,108	36,152
Other finance cost	15,514	19,317
Elimination of inter-segment finance cost	(23,025)	(22,129)
Consolidated finance cost	45,597	33,340

	Three months ended 31 March 2011	2010
Depreciation and amortization		
Total depreciation and amortization for reportable segments	151,883	150,946
Other depreciation and amortization	28,112	21,658
Elimination of inter-segment depreciation and amortization	(3,367)	(3,350)
Consolidated depreciation and amortisation	176,628	169,254

	Three months ended 31 March 2011	2010
Capital expenditure		
Total capital expenditure for reportable segments	80,401	188,693
Other capital expenditure	43,807	60,150
Elimination of inter-segment capital expenditure	(6,819)	(7,928)
Consolidated capital expenditure	117,389	240,915

	31 March 2011	31 December 2010
Assets		
Total assets for reportable segments	5,043,912	4,993,860
Other assets	1,074,216	1,045,535
Investments in equity accounted investees	443,145	399,622
Other unallocated amounts	3,224,283	3,355,545
Consolidated total assets	9,785,556	9,794,562

	31 March 2011	31 December 2010
Liabilities		
Total liabilities for reportable segments	1,226,334	1,329,584
Other liabilities	150,051	198,780
Other unallocated amounts	1,973,943	2,032,601
Consolidated total liabilities	3,350,328	3,560,965

37

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 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), but not approved by the General Assembly on 21 April 2011.)

6.Operating segments (continued)

Geographical information

In presenting the information on the basis of geographical segments, segment revenue is based on the geographical location of operations and segment assets are based on the geographical location of the assets.

	Three months ended 31 March	
Revenues	2011	2010
Turkey	1,233,344	1,375,559
Ukraine	76,970	82,456
Belarus	17,275	10,416
Turkish Republic of Northern Cyprus	16,947	19,751
Azerbaijan	1,783	-
Germany	79	-
	1,346,398	1,488,182

	31 March 2011	31 December 2010
Non-current assets		
Turkey	3,702,957	3,746,557
Ukraine	580,344	607,704
Belarus	486,460	497,798
Turkish Republic of Northern Cyprus	64,355	65,222
Azerbaijan	4,243	3,379
Germany	4,201	-
Unallocated non-current assets	480,714	436,364
	5,323,274	5,357,024

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 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), but not approved by the General Assembly on 21 April 2011.)

7.Revenue

	Three months ended 31 March	
	2011	2010
Communication fees	1,252,556	1,427,895
Monthly fixed fees	17,763	12,542
Commission fees on betting business	11,707	7,125
Call center revenues	9,125	5,386
Simcard sales	4,617	4,610
Other revenues	50,630	30,624
	1,346,398	1,488,182

8.Other Expenses

Other income amount to $18,392 and $6,242 for the three months ended 31 March 2011 and 2010, respectively. Other income mainly comprises penalty amounting to $12,656 received back from ICTA which was imposed in 2010 as a result of investigation of ICTA on tariff plans.

Other expenses amount to $36,123 and $32,570 for the three months ended 31 March 2011 and 2010, respectively. Other expenses mainly comprises additional provision set for Special Communication Tax ("SCT") on the discounts applied to distributors for prepaid scratch card sales between January 2005 and January 2007, as explained in Note 32 to consolidated financial statements amounting to $30,397 for the three months ended 31 March 2011 and comprises penalty imposed as a result of investigation of ICTA on tariffs above upper ceiling and charging applications of the Company amounting to $25,497 and $2,090, respectively for the three months ended 31 March 2010.

9.Personnel expenses

	Three months ended 31 March	
	2011	2010
Wages and salaries (*)	121,478	115,290
Increase in liability for long-service leave	4,305	4,203
Contributions to defined contribution plans	3,938	1,763
	129,721	121,256

(*) Wages and salaries include compulsory social security contributions and bonuses.

39

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 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), but not approved by the General Assembly on 21 April 2011.)

10.Finance income and costs

Recognised in profit or loss:

	Three months ended 31 March	
	2011	2010
Interest income on bank deposits	51,816	49,076
Late payment interest income	10,886	10,325
Interest income on contracted receivables	3,000	6,855
Premium income on option contracts	1,859	5,562
Interest income on available-for-sale financial assets	133	1,250
Other interest income	1,221	3,986
Finance income	68,915	77,054
Interest expense on financial liabilities measured at amortized cost	(16,929)	(17,608)
Net foreign exchange loss	(15,288)	(5,713)
Litigation late payment interest expense	(5,904)	(1,448)
Option premium expense	(615)	(3,895)
Other	(6,861)	(4,676)
Finance costs	(45,597)	(33,340)
Net finance income	23,318	43,714

Late payment interest income is interest received from subscribers who pay monthly invoices after the due date specified on the invoices.

Interest income on contracted receivables is recognized over the amount related to the handset campaigns throughout the contract period.

Litigation late payment interest expense is recognized in relation to legal disputes. Litigation late payment interest expense comprises additional provision set for Special Communication Tax ("SCT") on the discounts applied to distributors for prepaid scratch card sales between January 2005 and January 2007 amounting to $5,144 for the three months ended 31 March 2011. Detailed explanations are given in Note 32.

Borrowings costs capitalized on fixed assets are $1,276 and $2,424 for the three months ended 31 March 2011 and 2010, respectively. Interest capitalization ratio is 9.1% and 8.1% for the three months ended 31 March 2011 and 2010, respectively.

40

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 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), but not approved by the General Assembly on 21 April 2011.)

11.Income tax expense

	Three months ended 31 March 2011	2010
Current tax expense		
Current period	(32,801)	(44,229)
Deferred tax benefit		
Origination and reversal of temporary differences	(31,118)	(40,361)
Benefit of investment incentive recognized	258	267
Utilisation of previously unrecognized tax losses	733	457
	(30,127)	(39,637)
Total income tax expense	(62,928)	(83,866)

Income tax recognized directly in equity

31 March 2011	Before tax	Tax (expense)/ Benefit	Net of tax
Foreign currency translation differences	2,404	(538)	1,866
Net change in fair value of available-for-sale securities	-	-	-
	2,404	(538)	1,866
31 March 2010			
Foreign currency translation differences	(62,556)	91	(62,465)
Net change in fair value of available-for-sale securities	(816)	-	(816)
	(63,372)	91	(63,281)

Reconciliation of effective tax rate

The reported income tax expense for the three months ended 31 March 2011 and 2010 are different than the amounts computed by applying the statutory tax rate to profit before income tax of the Group, as shown in the following reconciliation:

		2011		2010
Profit for the period		199,765		265,461
Total income tax expense		62,928		83,866
Profit excluding income tax		262,693		349,327
Income tax using the Company's domestic tax rate	20 %	(52,539)	20 %	(69,865)
Effect of tax rates in foreign jurisdictions	(1)%	2,833	(1)%	2,890

Tax exempt income	(1)%	3,028	-	99
Non deductible expenses	5 %	(12,175)	3 %	(9,352)
Tax incentives	-	258	-	267
Utilization of previously unrecognized tax losses	-	733	-	456
Unrecognized deferred tax assets	6 %	(14,759)	3 %	(11,440)
Difference in effective tax rate of equity accounted investees	(2)%	6,338	(2)%	5,503
Other	(1)%	3,355	1 %	(2,424)
Total income tax expense		(62,928)		(83,866)

41

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 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), but not approved by the General Assembly on 21 April 2011.)

11.Income tax expense (continued)

The income taxes payable of $40,319 and $96,080 as at 31 March 2011 and 31 December 2010, respectively, represents the amount of income taxes payable in respect of related taxable profit for the period ended 31 March 2011 and 31 December 2010, respectively netted off with advance tax payments.

The Turkish entities within the Group are subject to corporate tax at the rate of 20%. In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns at the end of April following the close of the accounting year to which they relate. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years. Advance tax returns are filed on a quarterly basis.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting tax exempt income.

In Turkey, the transfer pricing provisions have been stated under the Article 13 of Corporate Tax Law with the heading of "disguised profit distribution via transfer pricing". The General Communiqué on disguised profit distribution via Transfer Pricing, dated 18 November 2007 sets details about implementation.

If a taxpayer enters into transactions regarding sale or purchase of goods and services with related parties, where the prices are not set in accordance with arm's length principle, then related profits are considered to be distributed in a disguised manner through transfer pricing. Such disguised profit distributions through transfer pricing are not accepted as tax deductible for corporate income tax purposes.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 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), but not approved by the General Assembly on 21 April 2011.)

12.Property, plant and equipment

Cost or deemed cost	Balance at 1 January 2010	Additions	Disposals	Transfers	Impairment	Effect of movements in exchange rates	Balance at 31 December 2010
Network infrastructure (All Operational)	5,234,540	233,239	(694,108)	986,357	-	(121,879)	5,638,149
Land and buildings	272,744	15,711	-	-	-	(6,845)	281,610
Equipment, fixtures and fittings	311,390	11,626	(2,205)	(35,347)	-	(6,755)	278,709
Motor vehicles	14,905	3,763	(1,901)	-	-	(426)	16,341
Leasehold improvements	134,743	6,167	(968)	-	-	(3,436)	136,506
Construction in progress	451,050	703,191	(3,592)	(936,992)	(1,174)	(10,083)	202,400
Total	6,419,372	973,697	(702,774)	14,018	(1,174)	(149,424)	6,553,715
Accumulated depreciation							
Network infrastructure (All Operational)	3,273,403	420,601	(690,051)	18,229	63,673	(85,994)	2,999,861
Land and buildings	99,405	10,124	-	-	-	(2,779)	106,750
Equipment, fixtures and fittings	266,360	15,196	(1,709)	(16,921)	-	(10,742)	252,184
Motor vehicles	12,027	1,841	(1,686)	-	-	(355)	11,827
Leasehold improvements	115,955	2,906	(721)	-	-	(3,068)	115,072
Total	3,767,150	450,668	(694,167)	1,308	63,673	(102,938)	3,485,694
Total property, plant and equipment equipment	2,652,222	523,029	(8,607)	12,710	(64,847)	(46,486)	3,068,021

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 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), but not approved by the General Assembly on 21 April 2011.)

12.Property, plant and equipment (continued)

Cost or deemed cost	Balance at 1 January 2011	Additions	Disposals	Transfers	Impairment	Effect of movements in exchange rates	Balance at 31 March 2011
Network infrastructure (All operational)	5,638,149	13,046	(44,573)	77,130	-	(11,387)	5,672,365
Land and buildings	281,610	569	-	-	-	(426)	281,753
Equipment, fixtures and fittings	278,709	1,842	(561)	839	-	(449)	280,380
Motor vehicles	16,341	1,107	(300)	-	-	(48)	17,100
Leasehold improvements	136,506	948	(1,526)	-	-	(216)	135,712
Construction in progress	202,400	75,160	-	(76,665)	-	(446)	200,449
Total	6,553,715	92,672	(46,960)	1,304	-	(12,972)	6,587,759

Accumulated depreciation							
Network infrastructure (All operational)	2,999,861	103,058	(44,544)	-	10,658	(3,471)	3,065,562
Land and buildings	106,750	1,092	-	-	-	(141)	107,701
Equipment, fixtures and fittings	252,184	2,968	(512)	-	-	(668)	253,972
Motor vehicles	11,827	575	(293)	-	-	(25)	12,084
Leasehold improvements	115,072	942	(1,517)	-	-	(165)	114,332
Total	3,485,694	108,635	(46,866)	-	10,658	(4,470)	3,553,651
Total property, plant and equipment equipment	3,068,021	(15,963)	(94)	1,304	(10,658)	(8,502)	3,034,108

Depreciation expenses for the three months ended 31 March 2011 and 2010 are $119,293 and $111,440, respectively including impairment losses and recognized in direct cost of revenues.

The impairment losses on property, plant and equipment for the three months ended 31 March 2011 and 2010 are $10,658 and $13,990, respectively and recognized in depreciation expense.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 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), but not approved by the General Assembly on 21 April 2011.)

12.Property, plant and equipment (continued)

Leased assets

The Group leases equipment under a number of finance lease agreements. At the end of each of the lease period, the Group has the option to purchase the equipment at a beneficial price. As at 31 March 2011, net carrying amount of fixed assets acquired under finance leases amounted to $81,881 (31 December 2010: $82,944).

Property, plant and equipment under construction

Construction in progress mainly consisted of capital expenditures in GSM network of the Company, Astelit, Kibris Mobile Telekomunikasyon Limited Sirketi ("Kibris Telekom") and Belarusian Telecom and non-operational items as at 31 March 2011 and 31 December 2010.

As at 31 March 2011, a mortgage is placed on Izmir building in favour of Yapı ve Kredi Bankası A.S., Interbank A.S. and Pamukbank T.A.S founded at 25 August 1992 amounting to $969 (31 December 2010: $970) and also on Davutpasa building in favour of Pamukbank T.A.S founded at 11 December 1997 amounting to $323 (31 December 2010: $323) due to previous debts of BMC Sanayi ve Ticaret A.S. Those buildings were sold to the Company with their mortgages. Since the debts of BMC Sanayi ve Ticaret A.S. were paid and the Company has no liability to Savings Deposit Insurance Fund ("SDIF") related to Interbank A.S. and Pamukbank T.A.S., the Company asked for the release of mortgage on Izmir building on 13 March 2006. However, the mortgage is still valid due to the outstanding debts of Cukurova Group to SDIF.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 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), but not approved by the General Assembly on 21 April 2011.)

13.Intangible assets

In April 1998, the Company signed the License with the Turkish Ministry, under which it was granted a GSM license, which is amortized over 25 years with a carrying amount of $356,383 as at 31 March 2011 (31 December 2010: $364,349). The amortization period of the license will end in 2023.

On 30 April 2009, the Company signed a license agreement with ICTA which provides authorization for providing IMT 2000/UMTS services and infrastructure. The Company acquired the A type license providing the widest frequency band for a consideration of EUR 358,000 (excluding VAT). The license is effective for duration of 20 years starting from 30 April 2009. The carrying amount is $449,331 as at 31 March 2011 (31 December 2010: $456,221).

Impairment testing for long-lived assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Long-lived assets were tested for impairment as at 31 December 2010. As the recoverable amounts of the assets or cash-generating unit are greater than the value in use, no impairment is recognized. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets, cash generating units. As at 31 December 2010, impairment test for long-lived assets of Astelit and A-Tel, was made on the assumption that Astelit and A-Tel are the cash generating unit. As the recoverable amounts based on the value in use of cash generating units was higher than the carrying amount of cash-generating units of Astelit and A-Tel, no impairment was recognized. The assumptions used in value in use calculation of Astelit and A-Tel as at 31 December 2010 are:

Astelit: A 15.7% post-tax WACC rate and a 2.5% terminal growth rate were used to extrapolate cash flows beyond the 5-year forecasts based on the business plans. Independent appraisal is obtained for fair value to determine recoverable amounts for Astelit. The pre-tax rate for disclosure purposes is 18.9%.

A-Tel: A 14.2% post-tax WACC rate and a 4.0% terminal growth rate were used to extrapolate cash flows beyond the 5-year forecasts based on the business plans. Independent appraisal is obtained for fair value to determine recoverable amounts for A-Tel. The pre-tax rate for disclosure purposes is 14.2%.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 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), but not approved by the General Assembly on 21 April 2011.)

13.Intangible assets (continued)

Cost	Balance at 1 January 2010	Additions	Disposals	Transfers	Impairment	Effects of movements in exchange rates	Balance at 31 December 2010
GSM and other telecommunication operating licenses	1,465,898	400	-	2,815	-	(47,678)	1,421,435
Computer software	1,951,060	36,831	-	79,617	-	(47,792)	2,019,716
Transmission lines	33,189	284	-	-	-	(858)	32,615
Central betting system operating right	5,527	339	-	-	-	(144)	5,722
Indefeasible right of usage	-	22,531	-	-	-	-	22,531
Brand name	4,676	-	-	-	-	(122)	4,554
Customer base	6,398	-	-	-	-	(167)	6,231
Customs duty and VAT exemption right	51,325	-	-	-	-	(1,338)	49,987
Goodwill	184,356	-	-	-	(23,499)	(19,600)	141,257
Other	2,298	532	-	-	-	(48)	2,782
Construction in progress	5,562	94,441	-	(96,449)	-	(928)	2,626
Total	3,710,289	155,358	-	(14,017)	(23,499)	(118,675)	3,709,456
Accumulated amortization							
GSM and other telecommunication operating licenses	407,800	70,847	-	-	-	(12,915)	465,732
Computer software	1,355,842	155,714	-	(1,307)	-	(38,140)	1,472,109
Transmission lines	26,040	1,734	-	-	-	(767)	27,007
Central betting system operating right	4,016	210	-	-	-	(110)	4,116
Indefeasible right of usage	-	1,543	-	-	-	-	1,543
Brand name	584	468	-	-	-	(28)	1,024
Customer base	1,996	654	-	-	-	(69)	2,581
Customs duty and VAT exemption right	15,553	10,595	-	-	-	(686)	25,462
Other	477	74	-	-	-	20	571

Total	1,812,308	241,839	-	(1,307)	-	(52,695)	2,000,145
Total intangible assets	1,897,981	(86,481)	-	(12,710)	(23,499)	(65,980)	1,709,311

47

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 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), but not approved by the General Assembly on 21 April 2011.)

13.Intangible assets (continued)

Cost	Balance at 1 January 2011	Additions	Disposals	Transfers	Effects of movements in exchange rates	Balance at 31 March 2011
GSM and other telecommunication operating licenses	1,421,435	1,150	-	551	(4,481)	1,418,655
Computer software	2,019,716	12,118	-	11,186	(2,425)	2,040,595
Transmission lines	32,615	6	-	-	(82)	32,539
Central betting system operating right	5,722	-	-	-	(8)	5,714
Indefeasible right of usage	22,531	-	-	-	(7)	22,524
Brand name	4,554	-	-	-	(7)	4,547
Customer base	6,231	-	-	-	(9)	6,222
Customs duty and VAT exemption right	49,987	-	-	-	(937)	49,050
Goodwill	141,257	-	-	-	(2,446)	138,811
Other	2,782	1,216	-	-	(21)	3,977
Construction in progress	2,626	10,864	-	(13,041)	(2)	447
Total	3,709,456	25,354	-	(1,304)	(10,425)	3,723,081
Accumulated amortization						
GSM and other telecommunication operating licenses	465,732	17,342	-	-	(595)	482,479
Computer software	1,472,109	36,274	-	-	(1,710)	1,506,673
Transmission lines	27,007	349	-	-	(37)	27,319
Central betting system operating right	4,116	50	-	-	-	4,166
Indefeasible right of usage	1,543	369	-	-	-	1,912
Brand name	1,024	112	-	-	-	1,136
Customer base	2,581	156	-	-	-	2,737
Customs duty and VAT exemption right	25,462	2,609	-	-	(548)	27,523
Other	571	74	-	-	-	645
Total	2,000,145	57,335	-	-	(2,890)	2,054,590
Total intangible assets	1,709,311	(31,981)	-	(1,304)	(7,535)	1,668,491

Amortization expenses on intangible assets other than goodwill for the three months ended 31 March 2011 and 2010 are $57,335 and $57,814 respectively including impairment losses and recognized in direct cost of revenues.

Computer software includes internally generated capitalized software development costs that meet the definition of an intangible asset. The amount of internally generated capitalized costs is $6,222 for the three months ended 31 March 2011 (31 March 2010: $5,979).

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 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), but not approved by the General Assembly on 21 April 2011.)

13.Intangible assets (continued)

Superonline Iletisim Hizmetleri AS ("Superonline"), a wholly owned subsidiary of the Group, won the tender of BOTAS for indefeasible right to use the capacity of the fiber optic cables already installed by BOTAS for 15 years, including the right to install additional fiber optic cables and the right to use the capacity of these fiber optic cables for the same period. Superonline will pay EUR 20,900 to BOTAS for the right and this transaction has been considered as a finance lease as the lease term is for the major part of the remaining useful life of the fiber optic cables already installed by BOTAS and Superonline will make significant investment during the initial period of the lease agreement which is an indicator that the transaction is a finance lease. The Group recognized indefeasible right of use amounting to $22,531 as at 31 December 2010 which is calculated as the present value of payments to be made to BOTAS till the year 2024.

Impairment testing for cash-generating unit containing goodwill

Goodwill allocated to cash generating units and carrying values of all cash generating units are annually tested for impairment. The recoverable amounts (that is, higher of value in use and fair value less cost to sell) are normally determined on the basis of value in use, applying discounted cash flow calculation. Independent appraisals were obtained for fair values to determine recoverable amounts for Belarusian Telecom and Superonline as at 31 December 2010.

In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of highly uncertain matters including management's expectations of growth in EBITDA, calculated as results from operating activities before depreciation and amortization and other income/(expenses), timing and quantum of future capital expenditure, long term growth rates, and the selection of discount rates to reflect the risks involved.

Belarusian Telecom

As at 31 December 2010, the aggregate carrying amount of goodwill allocated to Belarusian Telecom is $120,112 and goodwill arising from the acquisition of Belarusian Telecom was impaired by $23,499 following the adverse movements in the discount and growth rates and adverse performance against previous plans. The impairment loss was allocated fully to goodwill and is included in other expense. Value in use was determined by discounting the future cash flows generated from the continuing use of the unit. The calculation of the value in use was based on the following key assumptions:

The projection period for the purposes of goodwill impairment testing is taken as 7 years between 1 January 2011 and 31 December 2017.

Cash flows for further periods (perpetuity) were extrapolated using a constant growth rate of 3.0% which does not exceed the estimated average growth rate for the country.

A post-tax discount rate WACC of 14.4% was applied in determining the recoverable amount of the unit. The post-tax rate was adjusted considering the tax cash outflows and other future tax cash flows and discrepancies between the cost of the assets and their tax bases. The pre-tax rate for disclosure purposes is 17.2%.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 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), but not approved by the General Assembly on 21 April 2011.)

13.Intangible assets (continued)

Impairment testing for cash-generating unit containing goodwill (continued)

Superonline

As at 31 December 2010, the aggregate carrying amount of goodwill allocated to Superonline is $21,145. As the recoverable values based on the value in use of the cash generating units is estimated to be higher than carrying amount, no impairment was required for goodwill arising from the acquisition of Superonline as at 31 December 2010. The calculation of the value in use was based on the following key assumptions:

Values assigned to EBITDA for the periods forecasted include the expected synergies to be achieved from operating as a part of the Group. Values assigned to this key assumption reflect past experience except for efficiency improvements and synergies. Management believes that any reasonably possible change in the key assumptions on which Superonline recoverable amount is based would not cause Superonline's carrying amount to exceed its recoverable amount.

The projection period for the purposes of goodwill impairment testing is taken as 8 years between 1 January 2011 and 31 December 2018.

Cash flows for further periods (perpetuity) were extrapolated using a constant growth rate of 2.5%. This growth rate does not exceed the long-term average growth rate for the market in which Superonline operates.

A post-tax discount rate WACC of 15.8% was applied in determining the recoverable amount of the unit. Discounting post-tax cash flows at a post-tax discount rate and discounting pre tax cash flows at pre-tax discount rate give same results, since the pre-tax discount rate is the post-tax discount rate adjusted to reflect the specific amount and timing of the future tax cash flows. For disclosure purposes pre-tax discount rate is 18.3%.

After the acquisition of Superonline Uluslararasi in 2008, management merged Superonline Uluslararasi's operations with its wholly owned subsidiary, Tellcom Iletisim Hizmetleri AS ("Tellcom") in May 2009. With the merger, Superonline Uluslararasi and Tellcom seized to be separate cash generating units and merged as one cash generating unit under the brand name of Superonline. Therefore, the business plans used for the purpose of the impairment testing represents the merged entities operations. The registered name of the entity was changed from Tellcom Iletisim Hizmetleri AS to Superonline Iletisim Hizmetleri AS with General Assembly Meeting note dated 20 December 2010.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 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), but not approved by the General Assembly on 21 April 2011.)

14.Equity accounted investees

The Group's share of profit in its equity accounted investees for the three months ended 31 March 2011 and 2010 are $36,025, and $30,494, respectively. Summary financial information for equity accounted investees adjusted for the accounting policy differences for the same events under similar circumstances and not adjusted for the percentage ownership held by the Group is as follows:

	Ownership	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Non-controlling interest	Equity attributable to parent	Total liabilities and equity
31 March 2011									
Fintur (associate)	41.45 %	598,349	1,598,149	2,196,498	378,856	796,407	405,979	615,256	2,196,498
A-Tel (joint venture)*	50.00 %	52,191	178,668	230,859	19,347	35,916	-	175,596	230,859
		650,540	1,776,817	2,427,357	398,203	832,323	405,979	790,852	2,427,357
31 December 2010									
Fintur (associate)	41.45 %	451,598	1,578,669	2,030,267	289,785	811,749	439,495	489,238	2,030,267
A-Tel (joint venture)*	50.00 %	48,888	181,414	230,302	1,078	37,216	-	192,008	230,302
		500,486	1,760,083	2,260,569	290,863	848,965	439,495	681,246	2,260,569

	Revenues	Direct cost of revenues	Profit/Loss
31 March 2011			
Fintur	448,453	(188,413)	101,909
A-Tel	12,999	(12,519)	532
	461,452	(200,932)	102,441
31 March 2010			
Fintur	378,402	(165,185)	88,417
A-Tel	15,597	(11,807)	3,177
	393,999	(176,992)	91,594

* Figures mentioned in the above table includes fair value adjustments that arose during acquisition of A-Tel.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 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), but not approved by the General Assembly on 21 April 2011.)

14.Equity accounted investees (continued)

The Company's investment in Fintur and A-Tel amounts to $355,728 and $87,417 respectively as at 31 March 2011 (31 December 2010: $303,618 and $96,004).

In 2011, Fintur has decided to distribute dividend amounting to $50,000. The Company has received its portion on 7 April 2011.

In 2010, Fintur has decided to distribute two dividends amounting to $70,000 and $190,000. The Company reduced the carrying value of its investments in Fintur by its dividend portion of $29,015 and $78,755 on 5 May 2010 and 7 December 2010, respectively.

In April 2008, the privatization of the Republic of Azerbaijan's 35.7% ownership in Azercell Telecom B.M. ("Azercell"), a 51% owned consolidated subsidiary of Fintur, was completed. The non-controlling shareholders in Azercell acquired the 35.7% shares of Republic of Azerbaijan increasing their effective ownership in Azercell to 49%. One of the non-controlling shareholders was also granted a put option, giving the shareholder the right to sell its 42.2% stake to Fintur at fair value in certain deadlock situations regarding significant decisions at the General Assembly. Fintur has initially accounted for the present value of the estimated option redemption amount as a provision and derecognized the non-controlling interest. The difference between the present value of the estimated option redemption amount and the derecognized non-controlling interest amounting to $715,126 is accounted under equity, in accordance with the Group's accounting policy.

During March 2011 and April 2010 at the General Assembly meeting of A-Tel, it has been decided to distribute dividends amounting to TL 26,982 (equivalent to $17,427 as at 31 March 2011) and TL 2,482 (equivalent to $1,603 as at 31 March 2011), respectively. The Company reduced the carrying value of its investments in A-Tel by its dividend portion of TL 13,491 (equivalent to $8,713 as at 31 March 2011) and TL 1,241 (equivalent to $802 as at 31 March 2011) as at 31 March 2011 and 31 December 2010, respectively.

15.Other investments

Non-current investments:

		31 March 2011		31 December 2010	
	Country of incorporation	Ownership (%)	Carrying Amount	Ownership (%)	Carrying Amount
Aks Televizyon Reklamcilik ve Filmcilik Sanayi ve Ticaret AS ("Aks TV")	Turkey	4.57	21,873	6.24	21,905
	Turkey	4.52	11,926	4.52	11,944

T Medya Yatirim Sanayi ve Ticaret AS ("T-Medya")		
	33,799	33,849

On 2 February 2010, SDIF notified that lien was laid on "priority right to purchase back" regarding the shares of Aks TV of which 6.24% were held by Turktell Bilişim Hizmetleri AS. In case that, those shares are sold to third parties other than Cukurova Group, SDIF has the right to exercise its priority right to purchase back and the purchase price will be determined within the context of the past agreements signed between previous owners and Cukurova Group. On 14 March 2011, at Aks TV's General Assembly Meeting, it has been decided to increase the share capital of Aks TV. However, the Group did not participate in the capital contribution, accordingly the ownership of the Group in Aks TV decreased to 4.57%.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 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), but not approved by the General Assembly on 21 April 2011.)

15.Other investments (continued)

Non-current investments (continued)

On 19 July 2010, at T-Medya's General Assembly Meeting, it has been decided to increase the share capital of T-Medya. However, the Group did not participate in the capital contribution, accordingly the ownership of the Group in T-Medya decreased to 4.52%.

There is no active market available for investments Aks TV and T Medya. The Company measured these investments at cost. Based on the impairment analysis performed by considering the lower end limits of fair value calculations performed by an independent valuation firm, no impairment has been identified as of 31 December 2010.

Current investments:

	31 March 2011	31 December 2010
Deposits maturing after 3 months or more		
Time deposits	1,808	8,201
Derivatives not used for hedging		
Option contracts	70	-
	1,878	8,201

As at 31 March 2011, BYR denominated time deposits maturing after 3 months or more amounting to $113 (31 December 2010: $201) have stated interest rate of 10.5% (31 December 2010: 10.5%) and USD denominated time deposits maturing after 3 months or more amounting to $1,695 (31 December 2010: $8,000) have stated interest rate of 4.0% (31 December 2010: 7.0%).

The Group's exposure to credit, currency and interest rate risks related to other investments is disclosed in Note 29.

16.Other non-current assets

	31 March 2011	31 December 2010
VAT receivable	52,426	62,167
Prepaid expenses	28,616	29,717
Deposits and guarantees given	8,011	9,560
Advances given for fixed assets	4,501	4,654
Others	4,689	1,179
	98,243	107,277

53

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 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), but not approved by the General Assembly on 21 April 2011.)

17.Deferred tax assets and liabilities

Unrecognized deferred tax liabilities

At 31 March 2011, a deferred tax liability of $16,629 (31 December 2010: $15,687) for temporary differences of $83,145 (31 December 2010: $78,433) related to investments in subsidiaries was not recognized because the Company controls whether the liability will be incurred and it is satisfied that it will not be incurred in the foreseeable future.

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	31 March 2011	31 December 2010
Deductible temporary differences	119,413	109,356
Tax losses	114,383	110,506
Total unrecognised deferred tax assets	233,796	219,862

The deductible temporary differences do not expire under current tax legislation. Turkish tax legislation does not allow companies to file tax returns on a consolidated basis. Therefore, deferred tax assets have not been recognized in respect of these items resulting from certain consolidated subsidiaries because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 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), but not approved by the General Assembly on 21 April 2011.)

17.Deferred tax assets and liabilities (continued)

Unrecognized deferred tax assets (continued)

As at 31 March 2011, expiration of tax losses is as follows:

Year Originated	Amount	Expiration Date
2006	3,202	2011
2007	10,769	2012
2008	72,693	2013
2009	38,218	2014
2010	47,891	2015
2011	18,850	2016 thereafter
	191,623	

As at 31 March 2011, tax losses which will be carried indefinitely are amounting to $304,234.

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities as at 31 March 2011 and 31 December 2010 are attributable to the following:

	Assets		Liabilities		Net	
	31 March 2011	31 December 2010	31 March 2011	31 December 2010	31 March 2011	31 December 2010
Property, plant & equipment and intangible assets	343	347	(145,953)	(152,193)	(145,610)	(151,846)
Investment	-	-	(19,114)	(15,096)	(19,114)	(15,096)
Provisions	24,285	28,423	-	-	24,285	28,423
Trade and other payables	29,423	23,460	(7)	(16)	29,416	23,444
Other items	28,104	25,940	(38,068)	(1,094)	(9,964)	24,846
Tax assets / (liabilities)	82,155	78,170	(203,142)	(168,399)	(120,987)	(90,229)
Set off of tax	(78,400)	(75,294)	78,400	75,294	-	-
Net tax assets / (liabilities)	3,755	2,876	(124,742)	(93,105)	(120,987)	(90,229)

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 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), but not approved by the General Assembly on 21 April 2011.)

17.Deferred tax assets and liabilities (continued)

Movement in temporary differences as at 31 March 2011 and 31 December 2010

	Balance at 1 January 2010	Recognized in the statement of income	Recognized in other comprehensive income	Effect of movements in exchange rates	Balance at 31 December 2010
Property, plant & equipment and intangible assets	(170,313)	6,131	-	12,336	(151,846)
Investment	(13,833)	(882)	(754)	373	(15,096)
Provisions	27,474	1,689	-	(740)	28,423
Trade and other payables	39,233	(14,984)	-	(805)	23,444
Other items	1,065	24,161	-	(380)	24,846
Total	(116,374)	16,115	(754)	10,784	(90,229)

	Balance at 1 January 2011	Recognized in the statement of income	Recognized in other comprehensive income	Effect of movements in exchange rates	Balance at 31 March 2011
Property, plant & equipment and intangible assets	(151,846)	5,129	-	1,107	(145,610)
Investment	(15,096)	(3,395)	(538)	(85)	(19,114)
Provisions	28,423	(3,970)	-	(168)	24,285
Trade and other payables	23,444	5,823	-	149	29,416
Other items	24,846	(33,714)	-	(1,096)	(9,964)
Total	(90,229)	(30,127)	(538)	(93)	(120,987)

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 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), but not approved by the General Assembly on 21 April 2011.)

18.Trade receivables and accrued income

	31 March 2011	31 December 2010
Receivables from subscribers	404,274	414,606
Accrued service income	378,237	348,135
Accounts and checks receivable	43,147	52,111
Receivables from Turk Telekomunikasyon AS ("Turk Telekom")	1,491	1,299
	827,149	816,151

Trade receivables are shown net of allowance for doubtful debts amounting to $384,670 as at 31 March 2011 (31 December 2010: $367,913).

The impairment loss recognized for the three months ended 31 March 2011 and 2010 are $15,865 and $25,988, respectively.

Letters of guarantee received with respect to the accounts and checks receivable are amounted to $99,870 and $181,366 as at 31 March 2011 and 31 December 2010, respectively.

The accrued service income represents revenues accrued for subscriber calls (air-time) and contracted receivables related to handset campaigns, which have not been billed and will be billed within one year. Due to the volume of subscribers, there are different billing cycles; accordingly, an accrual is made at each period end to accrue revenues for rendered but not yet billed. Contracted receivables related to handset campaigns, which will be invoiced after one year is presented under non-current trade receivables amounting to $41,077 (31 December 2010: 35,024).

Receivables from Turk Telekom represent net amounts that are due from Turk Telekom under the Interconnection Agreement. The Interconnection Agreement provides that Turk Telekom will pay to the Company for Turk Telekom's fixed-line subscribers' calls to GSM subscribers.

The Group's exposure to credit and currency risks and impairment losses related to trade receivables are disclosed in Note 29.

19.Other current assets

	31 March 2011	31 December 2010
Prepaid expenses	270,014	83,680
VAT receivable	22,876	25,702
Advances to suppliers	17,873	12,131
Receivables from Tax Office	16,259	15,736

Interest income accruals	9,187	8,311
Restricted cash	6,865	6,150
Receivables from personnel	2,109	3,262
Prepayment for subscriber acquisition cost	2,089	1,777
Receivables from ICTA	-	25,938
Other	25,795	15,053
	373,067	197,740

57

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 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), but not approved by the General Assembly on 21 April 2011.)

19.Other current assets (continued)

Prepaid expenses mainly consist of prepaid frequency usage fees amounting to $149,216 as at 31 March 2011 (31 December 2010: nil).

Receivables from ICTA as at 31 December 2010 is related to the fine applied on tariffs above upper limits as a result of Court suspension of the execution decision. ICTA paid the related amount to the Company on 27 January 2011.

As at 31 March 2011, restricted cash represents amounts deposited at banks as guarantees in connection with the loan utilized by Azerinteltek and mature in 9 months.

Subscriber acquisition costs are subsidies paid to dealers for engaging a fixed term contract with the subscriber that require a minimum consideration.

20. Cash and cash equivalents

	31 March 2011	31 December 2010
Cash in hand	1,101	7,957
Cheques received	152	172
Banks	3,173,185	3,293,257
-Demand deposits	189,052	193,358
-Time deposits	2,984,133	3,099,899
Bonds and bills	603	777
Cash and cash equivalents	3,175,041	3,302,163
Bank overdrafts	(6,473)	(5,896)
Cash and cash equivalents in the statement of cash flows	3,168,568	3,296,267

As at 31 March 2011, cash and cash equivalents deposited in banks that are owned and/or controlled by Cukurova Group, a significant shareholder of the Company is amounting to $10,000 (31 December 2010: 90,000).

As at 31 March 2011, average maturity of time deposits is 75 days (31 December 2010: 60 days)

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 29.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 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), but not approved by the General Assembly on 21 April 2011.)

21.Capital and reserves

Share capital

As at 31 March 2011, common stock represented 2,200,000,000 (31 December 2010: 2,200,000,000) authorized, issued and fully paid shares with a par value of TL 1 each. In accordance with the Law No. 5083 with respect to TL, on 9 May 2005, par value of each share is registered to be one TL.

In connection with the redenomination of the TL and as per the related amendments of Turkish Commercial Code, in order to increase the nominal value of the shares to TL 1, 1,000 units of shares, each having a nominal value of TL 0.001 shall be merged and each unit of share having a nominal value of TL 1 shall be issued to represent such shares. The Company is still in the process of merging 1,000 existing ordinary shares, each having a nominal value of TL 0.001 to one ordinary share having a nominal value of TL 1 each. After the share merger which appears as a provisional article in the Articles of Association to convert the value of each share with a nominal value of TL 0.001 to TL 1, all shares will have a value of TL 1. Although the merger process has not been finalized, the practical application is to state each share having a nominal value of TL 1 which is consented by Capital Markets Board of Turkey ("CMB"). Accordingly, number of shares data is adjusted for the effect of this merger.

The holders of shares are entitled to receive dividends as declared and are entitled to one vote per share at meetings of the Company.

As at 31 March 2011, total number of pledged shares hold by various institutions is 137,200 (31 December 2010: 137,200).

Capital contribution

Capital contribution comprises the contributed assets and certain liabilities that the government settled on behalf of the Group that do not meet the definition of a government grant which the government is acting in its capacity as a shareholder.

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign and domestic operations from their functional currencies to presentation currency of USD.

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognized or the asset is impaired.

Legal reserve

Under the Turkish Commercial Code, Turkish companies are required to set aside first and second level legal reserves out of their profits. First level legal reserves are set aside 5% of the distributable income per statutory accounts each year. The ceiling on the first legal reserves is 20% of the paid-up capital. The reserve requirement ends when the 20% of paid-up capital level has been reached. Second legal reserves correspond to 10% of profits actually distributed after the deduction of the first legal reserves and the minimum obligatory dividend pay-out (5% of the paid-up capital). There is no ceiling for second legal reserves and they are accumulated every year.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 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), but not approved by the General Assembly on 21 April 2011.)

21.Capital and reserves (continued)

Reserve for non-controlling interest put option liability

The reserve for non-controlling interest put option liability includes the difference between the put option liability granted to the non-controlling shareholders in existing subsidiaries recognized and the amount of non-controlling interest derecognized. Subsequent changes in the fair value of the put option liability are also recognized in this reserve.

Dividends

The Company has adopted a dividend policy, which is set out in its corporate governance guidance. As adopted, the Company's general dividend policy is to pay dividends to shareholders with due regard to trends in the Company's operating performance, financial condition and other factors.

The Board of Directors intends to distribute cash dividends in an amount of not less than 50% of the Company's lower of distributable profit based on the financial statements prepared in accordance with the accounting principles accepted by the CMB or statutory records, for each fiscal year starting with profits for fiscal year 2004. However, the payment of dividends will still be subject to cash flow requirements of the Company, compliance with Turkish law and the approval of and amendment by the Board of Directors and the General Assembly of Shareholders.

On 23 March 2011, the Company's Board of Directors has proposed a dividend distribution for the year ended 31 December 2010 amounting to TL 1,328,697 (equivalent to $858,165 as at 31 March 2011), which represented 75% of distributable income. This represents a net cash dividend of full TL 0.6039532 (equivalent to full $0.39 as at 31 March 2011) per share. This dividend proposal was discussed but not approved at the Ordinary General Assembly of Shareholders held on 21 April 2011.

	2011		2010	
	TL	USD	TL	USD*
Cash dividends	1,328,697	858,165	859,259	573,451

* USD equivalents of dividends are computed by using the Central Bank of the Republic of Turkey's TL/USD exchange rate on 29 April 2010 which is the date that the General Assembly of Shareholders approved the dividend distribution.

In the Ordinary General Assembly of Shareholders Meeting of Inteltek held on 6 April 2011, it has been decided to distribute dividends amounting to TL 16,744 (equivalent to $10,814 as at 31 March 2011). The dividend will be paid on 2 May 2011.

60

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 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), but not approved by the General Assembly on 21 April 2011.)

22.Earnings per share

The calculations of basic and diluted earnings per share as at 31 March 2011 were based on the profit attributable to ordinary shareholders for the three months ended 31 March 2011 and 2010 of $209,616 and $276,746 respectively and a weighted average number of shares outstanding during the three months ended 31 March 2011 and 2010 of 2,200,000,000 calculated as follows:

	Three months ended 31 March	
	2011	2010
Numerator:		
Net profit for the period attributed to owners	209,616	276,746
Denominator:		
Weighted average number of shares	2,200,000,000	2,200,000,000
Basic and diluted earnings per share	0.10	0.13

23.Other non-current liabilities

	31 March 2011	31 December 2010
Consideration payable in relation to acquisition of BeST	78,231	78,402
Financial liability in relation to put option	53,894	53,435
Deposits and guarantees taken from agents	16,327	16,310
Payables to other suppliers	2,878	7,391
Other	4,642	5,294
	155,972	160,832

Consideration payable in relation to acquisition of Belarusian Telecom represents the present value of long-term deferred payment to the seller. Payment of $100,000 is contingent on financial performance of Belarusian Telecom, and based on management's estimations, expected to be paid during the first quarter of 2016. The present value of the contingent consideration is $78,231 as at 31 March 2011 (31 December 2010: $78,402).

Non-controlling shareholders in Belarusian Telecom were granted a put option, giving the shareholders the right to sell their entire stake to Beltel Telekomunikasyon Hizmetleri AS ("Beltel") at fair value during a specified period. The Group accounted for the present value of the estimated option redemption amount as a provision and derecognized the non-controlling interest. The Company has estimated a value based on multiple approaches including income approach (discounted cash flows) and market approach (comparable market multiples). The average of the values determined as at 31 August 2013, which is the exercise date of the put option, is then discounted to 31 March 2011.

The difference between the present value of the estimated option redemption and derecognized non-controlling interests amounting to $32,334 has been presented as reserve for non-controlling interest put option under equity.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 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), but not approved by the General Assembly on 21 April 2011.)

24.Loans and borrowings

This note provides information about the contractual terms of the Group’s interest-bearing loans and borrowings, which are measured at amortized cost. For more information about the Group’s exposure to interest rate, foreign currency and liquidity risk and payment schedule for interest bearing loans, see Note 29.

	31 March 2011	31 December 2010
Non-current liabilities		
Unsecured bank loans	1,384,440	1,366,207
Secured bank loans	23,957	21,850
Finance lease liabilities	19,178	19,259
	1,427,575	1,407,316
Current liabilities		
Current portion of unsecured bank loans	302,610	357,637
Current portion of secured bank loans	5,170	4,378
Unsecured bank facility	56,899	57,355
Secured bank facility	6,876	6,399
Current portion of finance lease liabilities	3,380	4,436
	374,935	430,205

Finance lease liabilities are payable as follows:

	31 March 2011			31 December 2010		
	Future minimum lease payments	Interest	Present value of minimum lease payments	Future minimum lease payments	Interest	Present value of minimum lease payments
Less than one year	4,116	736	3,380	5,199	763	4,436
More than one year	23,642	4,464	19,178	24,107	4,848	19,259
	27,758	5,200	22,558	29,306	5,611	23,695

Superonline, a wholly owned subsidiary of the Group, acquired indefeasible right of use with BOTAS and will pay EUR 20,900 to BOTAS for the right. The Group recognized indefeasible right of use amounting to $22,531 in 2010 which is calculated as the present value of payments to be made to BOTAS till the year 2024. As of 31 March 2011, the carrying amount of lease liability related to BOTAS agreement is $20,488.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 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), but not approved by the General Assembly on 21 April 2011.)

24.Loans and borrowings (continued)

Terms and conditions of outstanding loans are as follows:

				31 March 2011			31 December 201	
	Currency	Year of maturity	Interest rate type	Nominal interest rate	Face value	Carrying amount	Nominal interest rate	Face val
Unsecured bank loans	USD	2012-2013	Floating	Libor+2.24%-3.75%	650,200	647,786	Libor+2.24%-3.75%	650,2
Unsecured bank loans	USD	2011-2012	Floating	Libor+2.1%	263,250	264,513	Libor+2.1%	263,2
Unsecured bank loans	USD	2011-2015	Fixed	2.37%	213,627	205,729	2.37%	184,0
Unsecured bank loans	USD	2015	Floating	Libor+2.9%-3.0%	188,500	188,798	Libor+2.9%-3.0%	188,5
Unsecured bank loans	USD	2011-2014	Fixed	2.24%	148,726	145,529	2.24%	148,7
Unsecured bank loans	USD	2013	Fixed	4.10%-8%	86,442	86,494	4.10%-8%	86,4
Unsecured bank loans	USD	2011-2016	Fixed	2.81%	54,682	52,354	2.81%	59,6
Unsecured bank loans	USD	2011-2014	Floating	Libor+%1.35	50,236	49,106	Libor+%1.35	50,2
Unsecured bank loans	USD	2011	Fixed	%2.25	31,694	31,870	%2.25-2.80%	95,1
Secured bank loans**	BYR	2020	Floating	RR*+2%	20,785	26,230	RR*+2%	21,3
	USD	2011	Floating	Libor+1.75%	24,500	24,544	Libor+1.75%	24,5

Unsecured bank loans								
Unsecured bank loans	EUR	2013	Floating	Libor+3.465%	14,090	14,254	Libor+3.465%	13,2
Unsecured bank loans	USD	2011-2012	Fixed	2.97%	13,225	13,315	2.97%	17,5
Unsecured bank loans	USD	2014	Floating	Libor+%1.99	11,275	11,296	Libor+2.0%-3.5%	
Unsecured bank loans	USD	2011-2013	Fixed	2.97%	7,907	7,936	2.97%	9,8
Secured bank loans	USD	2011	Fixed	5.00%	6,850	6,923	5.00%	6,1
Secured bank loans***	EUR	2013	Floating	Libor+3.465%	2,818	2,850	-	
Unsecured bank loans	USD	2011	-	-	425	425	-	7
Unsecured bank loans	AZN	2011	Fixed	-	-	-	18.00%	2
Secured bank loans	AZN	2011	Fixed	-	-	-	18.00%	1
Finance lease liabilities	EUR	2011-2024	Fixed	3.35%	25,631	20,488	3.35%	26,4
Finance lease liabilities	USD	2011	Fixed	4.64%	2,127	2,070	4.64%	2,8
					1,816,990	1,802,510		1,849,3

* Refinancing rate of the National Bank of the Republic of Belarus.

** Secured by Republic of Belarus Government.

*** Secured by System Capital Management Limited (SCM)

63

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 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), but not approved by the General Assembly on 21 April 2011.)

25.Employee benefits

International Accounting Standard No. 19 ("IAS 19") "Employee Benefits" requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. The liability for this retirement pay obligation is recorded in the accompanying consolidated financial statements at its present value using a discount rate of 4.7%.

Movement in the reserve for employee termination benefits as at 31 March 2011 and 31 December 2010 are as follows:

	2011	2010
Opening balance	29,742	27,776
Provision set/reversed during the period	3,901	9,990
Payments made during the period	(2,213)	(8,114)
Unwind of discount	404	889
Effect of change in foreign exchange rate	(61)	(799)
Closing balance	31,773	29,742

Obligations for contributions to defined contribution plans are recognized as an expense in the consolidated statement of income as incurred. The Group incurred $3,938 and $1,763 in relation to defined contribution retirement plan for the three months ended 31 March 2011 and 2010, respectively.

Total charge for the employee termination benefits is included in the statement of income.

The liability is not funded, as there is no funding requirement.

26.Deferred income

Deferred income primarily consists of right of use sold but not used by prepaid subscribers and it is classified as current as at 31 March 2011. The amount of deferred income is $162,534 and $164,186 as at 31 March 2011 and 31 December 2010, respectively.

27.Provisions

Non-current provisions:

	Legal	Obligations for dismantling, removing and	Other	Total

		site restoration		
Balance at 1 January 2010	95	5,114	467	5,676
Provision made/used during the year	627	50,473	223	51,323
Unwind of discount	-	266	-	266
Effect of change in foreign exchange rate	-	(210)	-	(210)
Balance at 31 December 2010	722	55,643	690	57,055

64

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 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), but not approved by the General Assembly on 21 April 2011.)

27.Provisions (continued)

Non-current provisions: (continued)

	Legal	Obligations for dismantling, removing and site restoration	Other	Total
Balance at 1 January 2011	722	55,643	690	57,055
Provision made/used during the year	27	637	100	764
Unwind of discount	-	582	-	582
Effect of change in foreign exchange rate	-	(24)	-	(24)
Balance at 31 March 2011	749	56,838	790	58,377

Legal provisions are set for the probable cash outflows related to legal disputes.

The Group is required to incur certain costs in respect of a liability to dismantle and remove assets and to restore sites on which the assets were located. The dismantling costs are calculated according to best estimate of future expected payments discounted at a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability.

The above mentioned additions to obligations for dismantling, removing and site restoration during the period are non-cash transactions recorded against property, plant and equipment.

Current provisions:

	Legal	Bonus	Total
Balance at 1 January 2010	167,918	37,249	205,167
Provision made/(reversed) during the year	59,303	45,617	104,920
Provisions used during the year	(115,004)	(39,056)	(154,060)
Unwind of discount	1,885	(53)	1,832
Effect of change in foreign exchange rate	(2,949)	(1,098)	(4,047)
Balance at 31 December 2010	111,153	42,659	153,812

	Legal	Bonus	Total
Balance at 1 January 2011	111,153	42,659	153,812
Provision made/(reversed) during the year	36,849	14,013	50,862
Provisions used during the year	(5,074)	(41,553)	(46,627)
Unwind of discount	678	(134)	544

Effect of change in foreign exchange rate	366	(402)	(36)
Balance at 31 March 2011	143,972	14,583	158,555

Legal provisions are set for the probable cash outflows related to legal disputes. In Note 32, under legal proceedings section, detailed explanations are given with respect to legal provisions.

The bonus provision totalling to $14,583 comprises mainly the provision for the three months ended 31 March 2011 and is planned to be paid in March 2012.

65

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 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), but not approved by the General Assembly on 21 April 2011.)

28.Trade and other payables

The breakdown of trade and other payables as at 31 March 2011 and 31 December 2010 is as follows:

	31 March 2011	31 December 2010
Payables to other suppliers	317,310	414,911
Taxes and withholdings payable	183,562	221,872
Payables to Ericsson companies	62,025	98,415
Selling and marketing expense accrual	58,014	61,209
License fee accrual	53,840	53,474
ICTA share accrual	21,393	17,319
Roaming expense accrual	10,546	21,032
Interconnection accrual	6,873	4,415
Interconnection payables	6,364	11,992
Payables to KKTC Tax Office	783	789
Other	77,038	46,548
	797,748	951,976

Balances due to other suppliers are arising in the ordinary course of business.

Taxes and withholdings include VAT payable, special communications tax, frequency usage fees payable to ICTA and personnel income taxes.

Payables to Ericsson companies comprise due to Ericsson Turkey, Ericsson Sweden and Ericsson AB arising from fixed asset purchases, site preparation and other services.

Turkcell is one of parties of two different signed agreements with Ericsson Turkey, namely Supply and Maintenance and Support Service Agreements. In fact, hardware and software responsibility within the scope of Supply Agreement belongs to Ericsson AB. Since, Turkcell signed the agreement with Ericsson Turkey, Ericsson Turkey transfer its supply responsibility to Ericsson AB with the signed protocol between Ericsson Turkey, Turkcell and Ericsson AB. Based on the Supply Agreement, Ericsson Turkey committed Turkcell to provide GSM network in operating condition, spare part, installation, training and documentation. Besides, this agreement provides Turkcell to non-exclusive, untransferable and perpetual software license for GSM software. According to Maintenance and Support Service Agreement, Ericsson Turkey provides Turkcell problem report processing service, consultancy service and emergency state service. Based on these two agreements, Ericsson AB is the guarantor for commitments of Ericsson Turkey to Turkcell. For agreements signed between Turkcell and Ericsson Turkey, of which Ericsson Sweden is the guarantor, parties signed a supplementary agreement on 1 January 2010 and extended the period of GSM service agreement until 31 December 2010. Tender process for the agreement of year 2011 has not been finalized yet.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 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), but not approved by the General Assembly on 21 April 2011.)

28.Trade and other payables (continued)

Selling and marketing expense accrual is mainly resulted from services received from third parties related to marketing activities of the Group which are not yet invoiced.

In accordance with the license agreement, Turkcell pays 90% of the treasury share, which equals 15% of its gross revenue, to the Turkish Treasury and 10% as universal service fund to the Turkish Ministry.

Interconnection accrual represents net balance of uninvoiced call termination services received from other operators and interconnection services rendered to other operators.

Payables to interconnection suppliers arise from voice and SMS termination services rendered by other GSM operators.

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 29.

29. Financial instruments

Credit risk

Exposure to credit risk:

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Note	31 March 2011	31 December 2010
Due from related parties-non current	33	656	1,044
Other non-current assets*	16	10,588	15,258
Due from related parties-current	33	62,305	88,897
Trade receivables and accrued income	18	868,226	851,175
Other current assets*	19	41,975	56,170
Cash and cash equivalents**	20	3,173,940	3,294,206
Option contracts	15	70	-
Time deposits maturing in 3 months or more	15	1,808	8,201