TURKCELL ILETISIM HIZMETLERI A S
Form 6-K
February 25, 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 February 25, 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 x Form 40-F o

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

Yes o No x

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

Yes o No x

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

Yes o No x

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

Enclosure: A press release dated February 24, 2011 announcing Turkcell's Fourth Quarter and Full Year 2010 results and IFRS Report for Q4 2010.

PRESS RELEASE

Fourth Quarter and Full Year 2010 Results

TURKCELL ILETISIM HIZMETLERI A.S.
FULL YEAR 2010 RESULTS

Leading The New Mobile Internet Era
With Superior Network

Istanbul, Turkey, February23, 2011 – Turkcell (NYSE:TKC, ISE:TCELL), the leading communications and technology company in Turkey, today announced results for thefourth quarter and year ended December 31, 2010.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 Turkcell IletisimHizmetleri A.S., (the “Company”, or “Turkcell”) and its subsidiaries and associates (together referred to as the “Group”). All non-financial data is unconsolidated and comprises Turkcell only. The terms “we”, “us”, and “our” in this press release refer only to the Company, except in discussions of financial data, where such terms refer to the Group, and where context otherwise requires.

Fourth Quarter and Full Year 2010 Results

Highlights of the Fourth Quarter and Full Year 2010

Full Year 2010

- Group revenue slightly improved to TRY9.0 billion (TRY8.9 billion) mainly due to increasing mobile internet revenues and the higher contribution of Group companies despite the negative impact of regulatory decisions in Turkey.

- Turkcell Turkey's revenue wasTRY8.0 billion (TRY8.0 billion), which included highermobile internet revenues, up 74% to TRY454 million (TRY261 million) and a higher postpaid subscriber base,despite the negative impact of significant regulatory changes.

- The contribution of subsidiaries to Group revenuessignificantly improved in 2010:

- Top line contribution increased to 11.1% in 2010 (10.2%)mainly due to strong revenue growth of 32.8% to TRY335.1 million (TRY252.4 million)at Superonline.
- EBITDA contribution improved to 9% in 2010 from 5% in 2009 mainly as Superonline and Astelit significantly improved their operational performance.

- Despite challenging market conditions and regulatory changes, Group EBITDA margin was maintained at32.7% (33.3%) while the Group EBITDA was at TRY2.9 billion (TRY3.0 billion).

- Group net income increased by 3.7% toTRY1.8 billion (TRY1.7 billion).

Fourth Quarter 2010

- Group revenue in the fourth quarter of 2010 was TRY2.19 billion (TRY2.26 billion), a declineof3.3% compared to a year agodue to the negative impact of regulatory decisions in Turkey,which waspartially offset by the higher contribution of Group subsidiaries driven by strong performance at Superonline and growth in mobile internet and services revenues.
- The Group EBITDA margin was at 29.7% (30.2%) while the Group EBITDA* was at TRY649.0 million (TRY681.9 million). Turkcell Turkey's rising general administrative and selling and marketing expenses, were largely offset bythe increasing contribution of subsidiaries', particularly by Astelit,to Group EBITDA.

- Net income increased by 45.6% to TRY368.1 million (TRY252.8 million) in Q4 2010 mostly due to the absence of one off items recorded in the fourth quarter of 2009(e.g. charges related to fixed asset write offs andlegal developments) and decrease in goodwill impairment costs,despite the increasing cost base in Turkey.

*EBITDA is a non-GAAPfinancial measure. See page 14-15for the reconciliation of EBITDA to net cash from operating activities.
**In this press release, a year on year comparison of our key indicators is provided and figures in parentheses following the operational and financial results for the year end 2010 refer to the same item in the year end of 2009 and figures in parentheses following the operational and financial results for the fourth quarter 2010 refer to the same item in the fourth quarter of 2009. For further details, please refer to our consolidated financial statements and notes as at

and for the year ended December 31, 2010 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.

Fourth Quarter and Full Year 2010 Results

Comments from the CEO, SureyyaCiliv

"In 2010, Turkcell recorded revenues of TRY9.0 billion, EBITDA of TRY2.9 billion and net income of TRY1.8 billion.

During 2010, the Turkish mobile market experienced the most radical regulatory changes of recent years. Interconnection rates and maximum price cap levels decreased significantly in Turkey, negatively affecting our revenues. However, throughout 2010 we offered even more affordable prices for our customers, thereby increasingboth usage and customer satisfaction.

During the year, we made major investments in our 3G and fiber network. Consequently, we have established one of the world's leading 3G networks. We believe that these investments position us very strongly against the competition and will ensure sustainable growth for us in Turkey.

We are also pleased with the performance of our Group Companies as the profitability of both Superonline in Turkey and Astelit in Ukraine significantly improved in 2010. We expect their contribution to continue to increase going forward.

In a strong macroeconomic environment in Turkey, we believe that we are very well positioned for the future as we have proactively driven the new 3G era. Our investments are well underway and we are very focused on ensuring growth through mobile internet, services and applications tailored to our customers' needs and expectations.

I would like to thank all our employees, customers, business partners and shareholders for their continued confidence in, and contribution to, Turkcell Group throughout the year. We look forward to a still better year overall in 2011."

OVERVIEW

In 2010, mobile line penetration decreased by 4pp to 84% mainly due to the continuing decline in multiple SIM card usage. In 2011, we expect the number of mobile lines to grow inparallel to population growth, and mobile line penetration to remain in-line with the year-end 2010 level.

Furthermore, the Turkish mobile market witnessed some radical changes in 2010. The significant decrease in interconnection rates and maximum prices negatively impacted the market and put further pressure on per minute revenue and profitability. Additionally, we have seen some regulatory changes such as the introduction of an upper limit for calls up to 60 seconds, transition to TRY from unit based pricing, and the change in the definition of active subscribers.

The competitive offers in the market remained aggressive. All operators focused on increasing their postpaid subscriber base by providing high minute incentive port-in offers,launchinglower priced voice packages andcontinuing to offer flat rate minute packages for all directions.The focus on segmented offers continued throughout the year while3G and terminal bundled offers gained pace towards the yearend.

Fourth Quarter and Full Year 2010 Results

During the year, we maintained our leadership in the Turkish market, continuing to grow our postpaid subscriber base and usage volumes in a healthy manner. We successfully differentiated ourselves through our unique mobile services and applications and marked a first in Turkcell's history, by introducing the Android-type Turkcell-branded smartphone, the T10.The number of smartphones on our network reached2 million;representing 6% of total subscribers compared to 3% a year ago. We continued to seeencouraging application and data usage trends by smartphone customers operating onour network.

Consequently, in 2010, mobile internet revenues rose by 74% and comprised 28.0% of overall mobile Internet and service revenues in Turkey, up from 20.4% a year ago. The share of mobile internet and service revenues in Turkcell Turkey revenues increased by 4.3pp to 20.3% (16.0%). The share of our consolidated mobile Internet and service revenues roseby 3.9pp to 19.4% (15.5%).

Particularly in the fourth quarter of 2010, aggressive port-in offers for postpaid subscribers continued with intense communication, tailor-made corporate offers, and increasing usage advantages for the youth segment. Terminal bundled offers, data bundled packages and roaming offers accelerated as part of the year end campaigns. We invested in our brand for positive long term returns and started to communicate our new "Get more out of life, with Turkcell" motto. We further strengthened our sales channel to ensure the growth and retention of our postpaid subscriber base in 2011 and beyond.

In 2011, we expect high single-digit top line growth and a similar EBITDA margin compared to 2010. This growth will mainly be driven by higher voice and mobile internet revenues, as well as growing contributions from our subsidiaries.

However, it is important to note that the reduction in termination rates by 52% and the maximum price cap by 38% imposed by the Authority negatively affected the pricing environment in our market starting from April 1, 2010. Consequently, since second quarter of 2010; we havelower MTR and price cap structure; which is expected to negatively impact our revenue and EBITDAin the first quarter of 2011 compared to a year ago.

Additionally, marketing initiatives by the competition, which focus on increasing market share at the expense of profitability seem to continue intothe first quarter of 2011. As a result, we are incurring higher operational expenses to further differentiate Turkcell in the intensely competitive Turkish market.

Accordingly, we expect first quarter of 2011 financial results to reflect the negative impact of such regulatory and competitive dynamics. However, we are confident that we will see a gradual improvement in our financials starting from the second quarter of 2011.

Fourth Quarter and Full Year 2010 Results

Overview of the Macroeconomic Environment

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

	Q409	Quarter Q410	y/y % chg	2009	Year 2010	y/y % chg
TRY / $ rate						
Closing Rate	1.5057	1.5460	2.7 %	1.5057	1.5460	2.7 %
Average Rate	1.4863	1.4717	(1.0 %)	1.5495	1.5050	(2.9 %)
Consumer Price Index	4.3 %	1.6 %	(2.7pp)	6.5 %	6.4 %	(0.1pp)
GDP Growth	6.0 %	n.a.	n.a.	(4.7 %)	n.a.	n.a.
UAH/$						
Closing Rate	7.99	7.96	(0.4 %)	7.99	7.96	(0.4 %)
Average Rate	7.99	7.93	(0.8 %)	7.80	7.93	1.7 %

Financial and Operational Review of the Fourth Quarter 2010 and Full Year 2010

The following discussion focuses principally on the developments and trends in our business in the fourth quarter of and full year 2010 in TRY terms. Selected financial information for the fourth quarter of 2009, third quarter of 2010 and full year 2009both in TRY and US$ prepared in accordance with IFRS, andin 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)	Q409	Quarter Q410	y/y % chg	2009	Year 2010	y/y % chg
Total Revenue	2,260.6	2,186.2	(3.3 %)	8,936.4	9,003.6	0.8 %
Direct cost of revenues	(1,321.2)	(1,268.6)	(4.0 %)	(4,769.3)	(5,039.2)	5.7 %
Depreciation and amortization	(281.3)	(297.3)	5.7 %	(908.7)	(1,139.7)	25.4 %
Gross Margin	41.6 %	42.0 %	0.4pp	46.6 %	44.0 %	(2.6pp)
Administrative expenses	(122.0)	(139.3)	14.2 %	(421.2)	(521.9)	23.9 %
Selling and marketing expenses	(416.8)	(426.6)	2.4 %	(1,676.2)	(1,633.9)	(2.5 %)
EBITDA	681.9	649.0	(4.8 %)	2,978.4	2,948.3	(1.0 %)
EBITDA Margin	30.2 %	29.7 %	(0.5pp)	33.3 %	32.7 %	(0.6pp)
Net finance income / (expense)	108.4	87.7	(19.1 %)	223.8	264.0	18.0 %

Finance expense	(21.5)	(5.4)	(74.9%)	(287.1)	(153.4)	(46.6%)
Finance income	129.9	93.1	(28.3%)	510.9	417.4	(18.3%)
Share of profit of associates	39.3	40.8	3.8%	118.8	184.7	55.5%
Income tax expense	(117.0)	(104.8)	(10.4%)	(529.1)	(483.5)	(8.6%)
Net Income	252.8	368.1	45.6%	1,701.6	1,764.3	3.7%

(*): including depreciation and amortization expenses.

(**): EBITDA is a non-GAAP financial measure. See page 14-15 for the reconciliation of EBITDA to net cash from operating activities.

Fourth Quarter and Full Year 2010 Results

Revenue: In Q4 2010, revenue contracted by 3.3% year-on-year to TRY2,186.2million (TRY2,260.6 million). This decline resulted mainly from the decrease in Turkcell Turkey's mobile voice revenues as a result of thesharp decline in interconnect rates which was partially compensated by the 23.7%growth in mobile internet & services revenues of Turkcell Turkey and 3.1% growth in contribution from subsidiaries.

For the full year, consolidated revenueslightly improved to TRY9,003.6million (TRY8,936.4 million),mainly due to the 26.4% increase in mobile internet and services revenues of Turkcell Turkey to TRY1,619.1 million (TRY1,280.6 million), as well as the11.1% higher contribution from subsidiariesyear-on-year(particularly, through Superonline, which increased revenues by 32.8% to TRY335.1 million from TRY252.4 million) despite the adverse effects of MTR and price cap cuts.

At the same time, Turkcell Turkey's revenues remained almost flat in FY10, ataround TRY7,991.2 million (TRY8,025.0 million),despite the regulatory decisions which were partially offset by the 26.4% growth in mobile internet and services revenues, as well as the increasing postpaid subscriber base.

In FY10, Turkcell Turkey's interconnect revenues decreased to TRY638.4 million (TRY808.1 million) mainly due to the MTR cuts, which led to a decline in the share of interconnection revenues in Turkcell Turkey's revenues from 10.1% in FY09 to 8.0% in FY10.

Direct cost of revenues: Direct cost of revenues including depreciation and amortization decreased by 4.0% to TRY1,268.6 million in Q4 2010 (TRY1,321.2 million). Meanwhile, direct cost of revenues as a percentage of total revenues decreased to 58.0% (58.4%) in Q4 2010. This mainly arose from the lower interconnect costs (down 3.1 pp), which were partially offset by the increase in depreciation and amortization expenses (up 1.2pp), wages and salaries (up 0.8 pp), network-related expenses (up 0.2pp) and other items (up 0.5pp).

In FY10, direct cost of revenues including depreciation and amortization increased by 5.7% to TRY5,039.2 million (TRY4,769.3 million). As a percentage of revenue, direct costs increased from 53.4% to 56.0%, mainly due to increases in depreciation and amortization (up 2.5pp), network-related expenses (up 0.4pp), and other items (up 0.7pp); which were partially offset by the decrease in interconnect costs (down 1.0pp).

For the full year, Turkcell Turkey's interconnect costs decreased to TRY690.8 million (TRY699.7 million) which resulted in a decline in Turkcell Turkey's interconnect costs as a percentage of revenues to 8.6% (8.7%). At the same time, Turkcell Group's interconnect costs declined to TRY802.6million (TRY881.7 million), while as a percentage of consolidated group revenues they decreased to 8.9% (9.9%).

Administrative expenses: General and administrative expenses as a percentage of revenue increased by 1.0pp to 6.4% in Q4 2010 (5.4%) and by 1.1 pp to 5.8% in FY10 (4.7%). This was mainly due to higher bad debt expenses arising from the increase in the postpaid subscriber base together with higher wages and salaries.

Selling and marketing expenses:Selling and marketing expenses as a percentage of revenue increased by 1.1pp to 19.5% in Q4 2010 (18.4%), resulting mainly from intensified marketing campaigns.

Fourth Quarter and Full Year 2010 Results

For the full year, selling and marketing expenses as a percentage of revenue decreased by 0.7ppto 18.1% (18.8%) mainly due to lower selling expensesand frequency usage fees paid for prepaid subscribers as a result of the decline in the prepaid subscriber base, which were partially offset by the higher wages and salaries.

EBITDA1: In Q4 2010,EBITDA in nominal terms was atTRY649.0 million (TRY681.9 million), while the EBITDA margin was at 29.7% (30.2%).1.1pp higher selling and marketing expenses and 1.0pp higher general and administrative expenses were largelyoffset by the 1.6pp decrease in the direct cost of revenues (excluding depreciation and amortization).

In FY10, nominal EBITDA was at TRY2,948.3 million (TRY2,978.4 million), while the EBITDA margin was at 32.7% (33.3%). 1.1 pphigher general and administrative expenses together with 0.2pp higher direct cost of revenues were partially compensated by the 0.7pp lower selling and marketing expenses.

Net finance income/(expense): In Q4 2010, we recorded net finance income of TRY87.7 million (TRY108.4 million). The decrease in net finance income mainly stems fromthe decline in translation gain to TRY24.2 million in Q4 2010 (TRY63.5 million) as a result of a translation loss recognized by the Group companies, particularly Astelit and Superonline, due to their long position partially netted off by the translation gain of Turkcell Turkey arising from TRY/US$ depreciation of 6.5% in Q4 2010, despite higher net interest income to TRY63.5 million in Q4 2010 (TRY44.9 million).

For the full year, we recorded net finance income of TRY264.0 million (TRY223.8 million) mainly due to an increase in interest income in FY10 arising from the absence of legal provisions in FY09, partially netted off by the decrease in interest income on deposits due to lower interest rates and the increase in interest expense on loans as a result of the increase in outstanding debt balance.

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, increased by 3.8% to TRY40.8 million (TRY39.3 million) in Q4 2010and by 55.5% to TRY184.7 million (118.8 million) for the full year, mainly due to the higher net income contribution from Fintur (particularly from the operations in Kazakhstan).

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

- A-Tel’s revenue generated from Turkcell, amounting to TRY11.4 million in Q4 2010 and TRY47.1 million for FY10, 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 TRY11.6 million in Q4 2010 and TRY39.5 million in FY10 and is recorded in the ‘share of profit of equity accounted investees’ line of our financial statements.

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(1): EBITDA is a non-GAAP financial measure. See page 14-15 for the reconciliation of EBITDA to net cash from operating activities

Fourth Quarter and Full Year 2010 Results

Income tax expense: The total taxation charge in Q4 2010 decreased to TRY104.8 million (TRY117.0 million).The total tax charge of TRY141.5million was related to current tax charges, while deferred tax income of TRY36.7 million was recorded.

For FY10, the total taxation charge decreased by 8.6% to TRY483.5million as a result of a decrease in profit before tax. Of the total tax charge for FY10, TRY508.1 million is related to current tax charges while the deferred tax income totaled TRY24.6 million.

	Quarter			Year		
(million TRY)	Q409	Q410	y/y % chg	2009	2010	y/y % chg
Current tax expense	(133.5)	(141.5)	6.0%	(544.9)	(508.1)	(6.8%)
Deferred Tax income / (expense)	16.5	36.7	122.4%	15.8	24.6	55.7%
Income Tax expense	(117.0)	(104.8)	(10.4%)	(529.1)	(483.5)	(8.6%)

Net income: In Q4 2010, net income increased by 45.6% year-on-year to TRY368.1 million (TRY252.8 million), mainly due to the weak base year effect.

In Q4 2009, charges related to goodwill impairment, fixed asset write offs, and legal developmentstotaling TRY256 million resulted in a decline in our net income. On the other hand, in Q4 2010 we recorded a goodwill impairment of TRY36 million for Belarusian operation which led to a net income decrease.

For the full year, net income increased by 3.7% to TRY1,764.3 million (TRY1,701.6 million).

Total Debt: Consolidated debt amounted to TRY2,841 million as of December 31, 2010. TRY941 million of this was related to Turkcell's Ukrainian operations. TRY1,878million of our consolidated debt is at a floating rate and TRY665 million will mature in less than a year. During FY10, our debt/annual EBITDA ratio increased to 96.4%.

Consolidated Cash Flow	Quarter		Year	
(million TRY)	Q409	Q410	2009	2010
EBITDA*	681.9	649.0	2,978.4	2,948.3
LESS:				
Capex and License	(637.2)	(630.3)	(2,664.0)	(1,667.5)
Turkcell	(268.8)	(234.9)	(1,823.1)	(782.4)
Ukraine**	(163.4)	(37.3)	(325.2)	(102.7)
Investment & Marketable Securities	(150.5)	(154.0)	(232.1)	(64.3)
Net Interest Income/Expense	44.9	63.4	223.5	283.8
Other	287.5	492.2	(595.7)	(662.6)
Net Change in Debt	518.4	62.4	1,119.0	465.9
Dividends paid	0.0	0.0	(1,098.0)	(859.3)
Cash Generated	745.0	482.7	(268.9)	444.3

Cash Balance	4,660.9	5,105.1	4,660.9	5,105.1

(*) EBITDA is a non-GAAP financial measure. See page 14-15for the reconciliation of EBITDA to net cash from operating activities.
(**)The appreciation of reporting currency (TRY) against USD is included in this line.

Fourth Quarter and Full Year 2010 Results

Cash Flow Analysis:Capital expenditures in Q4 2010 amounted to TRY630.3 million, of which TRY234.9 millionwas related to Turkcell Turkey, TRY37.3million to our Ukrainian operations, TRY227.7million to Superonline and TRY74.2 million to our Belarusian operations.
In 2010, major cash outflows included capital expenditures and the dividend payment. In FY10, our capital expenditures totaled TRY1,667.5million, of which TRY782.4 million was related to Turkcell Turkey, TRY102.7million to our Ukrainian operations, TRY480.3million to Superonline and TRY185.4 million to our Belarusian operations. In FY10 we also paid a cash dividend of TRY859.3 million to our shareholders.

Group capex for FY11 is expected to be in line with FY10 (TRY1.7 billion).

Operational Review in Turkey

Summary of Operational Data (Turkcell Turkey)	Quarter			Year		
	Q409	Q410	y/y % chg	2009	2010	y/y % chg
Number of total subscribers (million)	35.4	33.5	(5.4%)	35.4	33.5	(5.4%)
Number of postpaid subscribers (million)	9.4	10.1	7.4%	9.4	10.1	7.4%
Number of prepaid subscribers (million)	26.0	23.3	(10.4%)	26.0	23.3	(10.4%)
ARPU (Average Monthly Revenue per User), blended (US$)	12.5	12.9	3.2%	12.0	13.0	8.3%
ARPU, postpaid (US$)	26.3	26.0	(1.1%)	26.6	26.6	0.0%
ARPU, prepaid (US$)	7.7	7.3	(5.2%)	7.5	7.6	1.3%
ARPU, blended (TRY)	18.6	18.9	1.6%	18.5	19.5	5.4%
ARPU, postpaid (TRY)	39.0	38.2	(2.1%)	41.0	40.0	(2.4%)
ARPU, prepaid (TRY)	11.5	10.8	(6.1%)	11.6	11.4	(1.7%)
Churn (%)	9.7%	9.4%	(0.3pp)	32.6%	33.9%	1.3pp
MOU (Average Monthly Minutes of usage per subscriber), blended	153.6	194.9	26.9%	134.3	179.1	33.4%

Subscribers: Our subscriber base in Turkey totaled 33.5 million as of December 31, 2010, down by 5.4% year-on-year. In 2010, we maintained our focus on the postpaid segment with newly launched campaigns and offers, increased data lines and promoted switches from the prepaid to the postpaid segment. This resulted in a 7.4% increase in our postpaid subscriber base to 10.1 million, from 9.4 million a year earlier. Demonstrating the success of our value

focused subscriber acquisition approach; in 2010 we registered 734,000 net new postpaid subscribers, of which 264,000 were added in the fourth quarter. Accordingly, the postpaidsubscriber base made up 30.1% of our overall subscriber base, up from 26.6% in the

same period of last year. At the same time, we saw a slowdown in the contraction of the prepaid subscriber base which declined by 10.4% to 23.3 million, from 26.0 million a year earlier.

In FY11, we expect to maintain ourhigh value subscriber base with a focus on growing our postpaid subscriber base further.

Churn Rate: Churn refers to voluntarily and involuntarily disconnected subscribers. In Q4 2010, our churn rate slightly improved to 9.4%, down from 9.7% a year ago. Our annual churn rate increased by 1.3pp to 33.9% (32.6%)mainly due to declining multiple SIM card usage. The majority of the churners comprised of the low ARPU generating prepaid subscribers.

MoU: MoUdeclined slightly by 1.1% compared to Q3 2010 to 194.9 minutes in Q4 2010, mainly due to seasonal trends.

MoU increased by 33.4% to 179.1 minutes in FY10, up from 134.3 minutes in FY09,driven by attractive tariffs and campaign offers.

In FY11, we expect healthy growth in usage as our successful incentives and loyalty programs continue.

ARPU: In Q42010 and in FY10 as a whole, blended average revenue per user (“ARPU”) in TRY terms increased by 1.6% and 5.4% to TRY18.9 and TRY19.5, respectively, despite decreasing interconnection rates. The increase was mainly attributable to rising mobile internet revenues and postpaid subscriber base.

Postpaid ARPU in TRY terms fell by 2.1% to TRY38.2 in Q4 2010 and by 2.4% to TRY40.0 in FY10, while prepaid ARPU decreased by 6.1% to TRY10.8 in Q4 2010 and slightly by 1.7% to TRY11.4 in FY10 year-on-year. This wasmainly due to the negative impact of declining MTRs and the reduction of the maximum price cap, as well as the dilutive impact of prepaid to postpaid switches.

In FY11, we expect higher TRY ARPU than in 2010.

Fourth Quarter and Full Year 2010 Results

Other Domestic and International Operations

Superonline

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

	Quarter			Year		
Summary data for Superonline	Q409	Q410	y/y % chg	2009	2010	y/y % chg
Revenue (TRY million)	74.9	92.0	22.8%	252.4	335.1	32.8%
EBITDA1 (TRY million)	5.7	5.4	(5.3%)	3.6	32.9	813.9%
EBITDA margin	7.6%	5.8%	(1.8pp)	1.4%	9.8%	8.4pp
Capex (TRY million)	125.6	227.7	81.3%	259.5	480.3	85.1%

1 EBITDA is a non-GAAP financial measure. See page 14-15 for the reconciliation of Superonline's EBITDA to net cash from operating activities.

- InQ4 2010, Superonline's fiber-optic network reached580,000 home passes (HP) and 22,400 km.
- Superonline's share in Turkcell's transmission costsreached 46% in Q4 2010, while the share of non-group revenues was 62%.
- Superonline recorded 22.8% year-on-year revenue growth in Q4 2010 which mainly arose from the increasing share in Turkcell's transmission coststogether with the 104.5% growth in residential and 27.1% in corporate segments. In the meantime, EBITDA decreased by 5.3% year-on-year,mainly due to increasing marketing activities in Q4 2010.
- For the full year,Superonline's contribution to Turkcell's financialscontinued to improve with32.8% revenue growth and anEBITDA margin of 9.8% (1.4%).
- In FY10, focus on the higher-margin residential segment increased resulting inyear-on-year top line growth of 70%. Corporate segment revenues grew by 30%, leveraging the strengths of the Turkcell Group, while wholesale revenues grew by 26% in line with increasing Group synergies.
- Topline growth in FY11 is expected to be at a higher rate compared to FY10, while EBITDA margin is expected to improve compared to 2010.

Fourth Quarter and Full Year 2010 Results

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	Quarter			Year		
	Q409	Q410	y/y % chg	2009	2010	y/y % chg
Number of subscribers (million)						
Total	12.2	9.1	(25.4 %)	12.2	9.1	(25.4 %)
Active (3 months)1	7.8	6.1	(21.8 %)	7.8	6.1	(21.8 %)
MoU (minutes)	158.2	206.8	30.7 %	158.7	171.9	8.3 %
Average Revenue per User (ARPU) in US$						
Total	2.6	2.9	11.5 %	2.5	2.6	4.0 %
Active (3 months)	4.0	4.4	10.0 %	3.7	3.9	5.4 %
Revenue (UAH)	741.7	648.3	(12.6 %)	2,740.0	2,691.0	(1.8 %)
Revenue (US$ million)	92.8	81.8	(11.9 %)	351.1	339.3	(3.4 %)
EBITDA2(US$ million)	6.9	16.9	144.9 %	20.2	64.5	219.3 %
EBITDA margin	7.4 %	20.6 %	13.2pp	5.7 %	19.0 %	13.3pp
Net Loss (US$ million)	(25.2)	(30.9)	22.6 %	(111.8)	(101.0)	(9.7 %)
Capex (US$ million)	106.8	21.4	(80.0 %)	216.0	66.5	(69.2 %)

1Active subscribers are those who in the past three months made a transaction which brought revenue to the Company.
2 EBITDA is a non-GAAP financial measure. See page14-15for the reconciliation of Euroasia's EBITDA to net cash from operating activities. Euroasia holds 100% stake in Astelit.

- In Q4 2010, revenues decreased by 11.9% to $81.8 million compared to a year ago mainly due to theclose-down of our non-profitable carrier business line and the reductions in interconnect rates during the year.Meanwhile, in Q4 2010 Astelit continued to improve its operational profitability, which was up by 13.2pp to 20.6% (7.4%).

- For the full year, Astelit's EBITDA tripled compared to FY09within the context of the turnaround strategy and effective cost control initiatives. Astelit's EBITDA margin increased to 19.0% in FY10 from 5.7% in FY09. The main drivers of this increase were the tariff redesigns resulting in a decrease in interconnection costs together with the cost cutting measures.

- In FY10, Astelit's number of registered and three-month active subscriber stood at 9.1 million and 6.1 millon, respectively. Astelit recorded 724,000 net subscriber loss in Q4 2010. This was mainly due to the change in subscriber definition and churn in 2010, aimed at monitoring value adding subscribers and their behavior more closely.

- The 3-month active ARPU increased by 10.0% in Q4 2010 and 5.4% in FY10 mainly due to a decline in the number of active subscribers along with the change in the active subscriber definition.

- MoU increased by 30.7% in Q4 2010 and 8.3% in FY10 year-on-year.

- In FY11, revenue is expected to grow around 20% in US$ terms. In the meantime, EBITDA margin is expected to increase compared to FY10.

Fourth Quarter and Full Year 2010 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	Quarter			Year		
	Q409	Q410	y/y % chg	2009	2010	y/y % chg
Subscriber (million)						
Kazakhstan	7.2	8.9	23.6%	7.2	8.9	23.6%
Azerbaijan	3.8	4.0	5.3%	3.8	4.0	5.3%
Moldova	0.7	0.9	28.6%	0.7	0.9	28.6%
Georgia	1.9	2.0	5.3%	1.9	2.0	5.3%
TOTAL	13.6	15.9	16.9%	13.6	15.9	16.9%
Revenue (US$ million)						
Kazakhstan	231	283	22.5%	863	1,013	17.4%
Azerbaijan	127	131	3.1%	501	504	0.6%
Moldova	17	19	11.8%	63	67	6.3%
Georgia	45	34	(24.4%)	175	152	(13.1%)
Other*	-	2	-	3	1	(66.7%)
TOTAL	420	470	11.9%	1,605	1,737	8.2%

(*)Includes intersegment eliminations

	Quarter			Year		
(US$ million)	Q409	Q410	y/y % chg	2009	2010	y/y % chg
Fintur's contribution to Turkcell Group's net income	32.6	36.7	12.6%	119.6	153.0	27.9%

Fintur's subscriber base continued to grow in Q4 2010. The total number of subscribers increased by 16.9% to 15.9 million (13.6 million), mainly as a result of the strong growth in Kazakhstan.

Fintur's consolidated revenue increased by 11.9%year-on-year to US$470 million in Q4 2010 while revenues grew by 8.2% to US$1,737 million in FY10 mainly driven by a 17.4% increase in revenues of our operation in Kazakhstan along with strong subscriber acquisitions and an improved macroeconomic environment.

We account for our investment in Fintur using the equity method. Fintur's contribution to net income increased to TRY53.9million ($36.7 million) in Q4 2010, from TRY48.0 million ($32.6 million) a year ago.Fintur's contribution to income was $153.0 millionin 2010 ($119.6 million).

Fourth Quarter and Full Year 2010 Results

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	Q409	Q410	y/y % chg	2009	2010	y/y % chg
EBITDA	459.1	441.9	(3.7%)	1,925.4	1,957.4	1.7%
Income tax expense	(78.7)	(71.3)	(9.4%)	(340.1)	(320.8)	(5.7%)
Other operating income/(expense)	(119.6)	(17.4)	(85.5%)	(85.2)	(49.4)	(42.0%)
Financial income	91.3	1.5	(98.4%)	1.0	0.5	(50.0%)
Financial expense	(61.1)	(35.9)	(41.2%)	(188.3)	(100.4)	(46.7%)
Net increase/(decrease) in assets and liabilities	130.6	227.0	73.8%	(84.2)	(205.1)	143.6%
Net cash from operating activities	421.6	545.8	29.5%	1,228.6	1,282.2	4.4%

Superonline TRY million	Q409	Q410	y/y % chg	2009	2010	y/y % chg
EBITDA	5.7	5.4	(5.3%)	3.6	32.9	813.9%
Other operating income/(expense)	(1.4)	0.2	(114.3%)	(1.5)	0.4	(126.7%)
Finance income	8.6	(28.1)	(426.7%)	5.5	(9.5)	(272.7%)
Finance expense	(8.2)	22.1	(369.5%)	(9.7)	(18.5)	90.7%
Net increase/(decrease) in assets and liabilities	-	26.6	-	(21.7)	(2.6)	(88.0%)
	4.7	26.2	457.4%	(23.8)	2.7	(111.3%)

Net cash from operating activities

(*):Translation reserve amounting to $66,325 in 2009 and ($344,346) in 2008 is now disclosed under the "Effects of the foreign Exchange rate fluctuations on statement of financial position items" instead of under "Cash Flows from Operating Activities" starting from 2010. Therefore, the presentation of cash flow in the 2010 audit report for prior years has been revised to reflect this change.

Fourth Quarter and Full Year 2010 Results

EUROASIA (Astelit) US$ million	Q409	Q410	y/y % chg	2009	2010	y/y % chg
EBITDA	6.9	16.9	144.9%	20.2	64.5	219.3%
Other operating income/(expense)	(0.4)	(1.6)	300.0%	1.7	(1.3)	(176.5%)
Financial income	0.8	0.1	(87.5%)	2.0	0.8	(60.0%)
Financial expense	(13.9)	(13.7)	(1.4%)	(32.7)	(45.6)	39.4%
Net increase/(decrease) in assets and liabilities	18.6	33.2	78.5%	75.1	48.3	(35.7%)
Net cash from operating activities	12.0	34.9	190.8%	66.3	66.7	0.6%

Turkcell Group Subscribers

We had approximately 60.4million subscribers as of December 31, 2010. 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, 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.

During 2010, there have beenchanges in subscriber definition at Astelit in Ukraine and BeST in Belarus. For further information please refer to the press release for the period of third quarter 2010.

Turkcell Group subscribers declined by 2.3 million compared to the previous year, mainly due to the subscriber declines in Astelit and Turkcell Turkey.

Turkcell GroupSubscribers

		Year	
(million)	2009	2010	y/y % chg
Turkcell	35.4	33.5	(5.4%)
Ukraine/ Astelit	12.2	9.1	(25.4%)
Fintur	13.6	15.9	16.9%
Northern Cyprus	0.3	0.4	33.3%
Belarus/ BeST	1.2	1.5	25.0%
TURKCELL GROUP	62.7	60.4	(3.7%)

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.”

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

Fourth Quarter and Full Year 2010 Results

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 2009 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 33.5 million subscribers and a market share of approximately 54% as of 2010 (Source: Operator'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 2010. Turkcell reported TRY9.0 billion ($6.0 billion) net revenue and its total assets reached TRY15.1 billion ($9.8 billion) as of 2010. Turkcell covers 82% of the Turkish population through its 3G and covers 99.07% of the Turkish population through its 2G technology supported network. Turkcell has become one of the first operators among the global operators to have implemented HSDPA+ and to reach to 42.2 Mbps speed with 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

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TURKCELL ILETISIM HIZMETLERI A.S.

IFRS SELECTED FINANCIALS (TRY Million)

	Quarter Ended December 31, 2009	Quarter Ended September 30, 2010	Quarter Ended December 31, 2010	12 Months Ended December 31, 2009	12 Months Ended December 31, 2010
Consolidated Statement of Operations Data					
Revenues					
Communication fees	2,164.2	2,210.3	2,042.6	8,575.7	8,535.3
Commission fees on betting business	23.0	10.3	15.9	66.1	46.7
Monthly fixed fees	16.1	34.8	31.0	66.0	113.5
Simcard sales	6.9	6.1	6.3	35.3	34.4
Call center revenues and other revenues	50.4	65.9	90.4	193.3	273.7
Total revenues	2,260.6	2,327.4	2,186.2	8,936.4	9,003.6
Direct cost of revenues	(1,321.2)	(1,272.5)	(1,268.6)	(4,769.3)	(5,039.2)
Gross profit	939.4	1,054.9	917.6	4,167.1	3,964.4
Administrative expenses	(122.0)	(120.6)	(139.3)	(421.2)	(521.9)
Selling & marketing expenses	(416.8)	(379.3)	(426.6)	(1,676.2)	(1,633.9)
Other Operating Income / (Expense)	(172.5)	(2.0)	(25.7)	(164.6)	(74.4)
Operating profit before financing costs	228.1	553.0	326.0	1,905.1	1,734.2
Finance costs	(21.5)	(29.7)	(5.4)	(287.1)	(153.4)
Finance income	129.9	101.8	93.1	510.9	417.4
Share of profit of equity accounted investees	39.3	52.6	40.8	118.8	184.7
Income before taxes and minority interest	375.8	677.7	454.5	2,247.7	2,182.9
Income tax expense	(117.0)	(138.6)	(104.8)	(529.1)	(483.5)
Income before minority interest	258.8	539.1	349.7	1,718.6	1,699.4
Non-controlling interests	(6.0)	17.2	18.4	(17.0)	64.9
Net income	252.8	556.3	368.1	1,701.6	1,764.3

Net income per share	0.114911	0.252870	0.167318	0.773472	0.801958
Other Financial Data					
Gross margin	42 %	45 %	42 %	47 %	44 %
EBITDA(*)	681.9	863.6	649.0	2,978.4	2,948.3
Capital expenditures	637.2	310.1	630.3	2,664.0	1,667.5
Consolidated Balance Sheet Data (at period end)					
Cash and cash equivalents	4,660.9	4,622.5	5,105.1	4,660.9	5,105.1
Total assets	14,034.3	14,496.4	15,142.4	14,034.3	15,142.4
Long term debt	1,236.4	2,003.9	2,175.7	1,236.4	2,175.7
Total debt	2,276.6	2,609.0	2,840.8	2,276.6	2,840.8
Total liabilities	5,156.4	5,174.4	5,505.3	5,156.4	5,505.3
Total shareholders' equity / Net Assets	8,877.9	9,322.0	9,637.1	8,877.9	9,637.1

** For further details, please refer to our consolidated financial statements and notes as at 31 December 2010 on our web site.

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

	Quarter Ended December 31, 2009	Quarter Ended September 30, 2010	Quarter Ended December 31, 2010	12 Months Ended December 31, 2009	12 Months Ended December 31, 2010
Consolidated Statement of Operations Data					
Revenues					
Communication fees	1,456.1	1,462.0	1,388.9	5,557.3	5,670.2
Commission fees on betting business	15.6	6.8	10.8	42.7	31.2
Monthly fixed fees	10.8	23.0	21.1	42.5	75.4
Simcard sales	4.7	4.0	4.3	22.9	22.9
Call center revenues and other revenues	33.9	43.8	61.5	124.6	182.4
Total revenues	1,521.1	1,539.6	1,486.6	5,790.0	5,982.1
Direct cost of revenues	(888.7)	(842.9)	(861.9)	(3,097.1)	(3,349.0)
Gross profit	632.4	696.7	624.7	2,692.9	2,633.1
Administrative expenses	(82.0)	(79.8)	(95.2)	(273.1)	(347.3)
Selling & marketing expenses	(280.4)	(251.0)	(289.5)	(1,085.1)	(1,085.8)
Other Operating Income / (Expense)	(115.6)	(1.3)	(17.4)	(110.3)	(49.5)
Operating profit before financing costs	154.4	364.6	222.6	1,224.4	1,150.5
Finance costs	(14.4)	(20.0)	(4.5)	(187.5)	(102.6)
Finance income	87.4	67.3	63.0	329.6	277.1
Share of profit of equity accounted investees	26.4	35.0	27.8	78.4	122.8
Income before taxes and minority interest	253.8	446.9	308.9	1,444.9	1,447.8
Income tax expense	(78.7)	(91.4)	(71.3)	(340.1)	(320.8)
Income before minority interest	175.1	355.5	237.6	1,104.8	1,127.0
Non-controlling interests	(4.0)	11.5	12.4	(10.8)	43.2
Net income	171.1	367.0	250.0	1,094.0	1,170.2

Net income per share	0.077754		0.166817		0.113636		0.497269		0.531909	
Other Financial Data										
Gross margin	42	%	45	%	42	%	47	%	44	%
EBITDA(*)	459.1		570.7		441.9		1,925.4		1,957.4	
Capital expenditures	401.7		253.0		363.9		1,769.3		1,078.6	
Consolidated Balance Sheet Data (at period end)										
Cash and cash equivalents	3,095.5		3,185.3		3,302.2		3,095.5		3,302.2	
Total assets	9,320.8		9,989.3		9,794.6		9,320.8		9,794.6	
Long term debt	821.2		1,380.8		1,407.3		821.2		1,407.3	
Total debt	1,512.0		1,797.8		1,837.5		1,512.0		1,837.5	
Total liabilities	3,424.6		3,565.6		3,561.0		3,424.6		3,561.0	
Total equity	5,896.2		6,423.7		6,233.6		5,896.2		6,233.6	

* Please refer to the notes on reconciliation of Non-GAAP Financial measures on page 11
** For further details, please refer to our consolidated financial statements and notes as at 31 December 2010 on our web site.

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

	Quarter Ended December 31, 2009	Quarter Ended September 30, 2010	Quarter Ended December 31, 2010	12 Months Ended December 31, 2009	12 Months Ended December 31, 2010
Consolidated Statement of Operations Data					
Revenues					
Communication fees	2,164.2	2,210.3	2,042.6	8,575.7	8,535.3
Commission fees on betting business	23.0	10.3	15.9	66.1	46.7
Monthly fixed fees	16.1	34.8	31.0	66.0	113.5
Simcard sales	6.9	6.1	6.3	35.3	34.4
Call center revenues and other revenues	50.4	65.9	90.4	193.3	273.7
Total revenues	2,260.6	2,327.4	2,186.2	8,936.4	9,003.6
Direct cost of revenues	(1,316.1)	(1,269.0)	(1,268.8)	(4,752.6)	(5,030.2)
Gross profit	944.5	1,058.4	917.4	4,183.8	3,973.4
Administrative expenses	(122.0)	(120.6)	(139.3)	(421.2)	(521.9)
Selling & marketing expenses	(416.8)	(379.3)	(426.6)	(1,676.2)	(1,633.9)
Other Operating Income / (Expense)	(170.3)	(2.8)	(24.3)	(162.3)	(74.2)
Operating profit before financing costs	235.4	555.7	327.2	1,924.1	1,743.4
Finance costs	(21.5)	(29.7)	(5.4)	(287.1)	(153.4)
Finance income	129.9	101.8	93.1	510.9	417.4
Share of profit of equity accounted investees	39.3	52.6	40.8	118.8	184.7
Income before taxes and minority interest	383.1	680.4	455.7	2,266.7	2,192.1
Income tax expense	(118.4)	(140.1)	(105.0)	(533.0)	(485.4)
Income before minority interest	264.7	540.3	350.7	1,733.7	1,706.7
Non-controlling interests	(5.9)	17.3	18.4	(17.0)	64.9

Net income	258.8		557.6		369.1		1,716.7		1,771.6	
Net income per share	0.117634		0.253450		0.167773		0.780325		0.805271	
Other Financial Data										
Gross margin	42	%	45	%	42.0	%	47	%	44.1	%
EBITDA(*)	681.9		863.6		649.0		2,978.9		2,948.3	
Capital expenditures	637.2		310.1		630.3		2,664.0		1,667.5	
Consolidated Balance Sheet Data (at period end)										
Cash and cash equivalents	4,660.9		4,622.5		5,105.1		4,660.9		5,105.1	
Total assets	13,978.9		14,449.0		15,096.0		13,978.9		15,096.0	
Long term debt	1,236.4		2,003.9		2,175.7		1,236.4		2,175.7	
Total debt	2,276.6		2,609.0		2,840.8		2,276.6		2,840.8	
Total liabilities	5,146.7		5,166.3		5,497.4		5,146.7		5,497.4	
Total shareholders' equity / Net Assets	8,832.2		9,282.7		9,598.6		8,832.2		9,598.6	

** For further details, please refer to our consolidated financial statements and notes as at 31 December 2010 on our web site.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2010
(Amounts expressed in thousands of US Dollars unless otherwise indicated except share amounts)

	Note	2010	2009
Assets			
Property, plant and equipment	12	3,068,021	2,652,222
Intangible assets	13	1,709,311	1,897,981
GSM and other telecommunication operating licenses		955,703	1,058,098
Computer software		547,607	595,218
Other intangible assets		206,001	244,665
Investments in equity accounted investees	14	399,622	383,490
Other investments	15	33,849	34,755
Due from related parties	33	1,044	21,039
Other non-current assets	16	107,277	75,120
Trade receivables	18	35,024	-
Deferred tax assets	17	2,876	2,058
Total non-current assets		5,357,024	5,066,665
Inventories		24,386	28,205
Other investments	15	8,201	62,398
Due from related parties	33	88,897	108,843
Trade receivables and accrued income	18	816,151	783,752
Other current assets	19	197,740	175,417
Cash and cash equivalents	20	3,302,163	3,095,486
Total current assets		4,437,538	4,254,101
Total assets		9,794,562	9,320,766
Equity			
Share capital	21	1,636,204	1,636,204
Share premium	21	434	434
Capital contributions	21	22,772	22,772
Reserves	21	(660,121)	(512,095)
Retained earnings	21	5,258,327	4,712,254
Total equity attributable to equity holders of Turkcell Iletisim Hizmetleri AS		6,257,616	5,859,569
Non-controlling interests	21	(24,019)	36,632
Total equity		6,233,597	5,896,201
Liabilities			
Loans and borrowings	24	1,407,316	821,179
Employee benefits	25	29,742	27,776

Provisions	27	57,055	5,676
Other non-current liabilities	23	160,832	154,991
Deferred tax liabilities	17	93,105	118,432
Total non-current liabilities		1,748,050	1,128,054
Bank overdraft	20	5,896	5,244
Loans and borrowings	24	430,205	690,780
Income taxes payable	11	96,080	93,260
Trade and other payables	28	951,976	1,038,762
Due to related parties	33	10,760	14,780
Deferred income	26	164,186	248,518
Provisions	27	153,812	205,167
Total current liabilities		1,812,915	2,296,511
Total liabilities		3,560,965	3,424,565
Total equity and liabilities		9,794,562	9,320,766

The notes on page 7 to 109 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 December 2010
(Amounts expressed in thousands of US Dollars unless otherwise indicated except share amounts)

	Note	2010	2009	2008
Revenue	7	5,982,093	5,789,972	6,970,408
Direct costs of revenue		(3,349,035)	(3,097,097)	(3,409,013)
Gross profit		2,633,058	2,692,875	3,561,395
Other income		14,668	978	14,136
Selling and marketing expenses		(1,085,750)	(1,085,081)	(1,351,692)
Administrative expenses		(347,290)	(273,139)	(309,349)
Other expenses	8	(64,233)	(111,220)	(17,990)
Results from operating activities		1,150,453	1,224,413	1,896,500
Finance income	10	277,130	329,550	442,099
Finance costs	10	(102,662)	(187,514)	(136,769)
Net finance income		174,468	142,036	305,330
Share of profit of equity accounted investees	14	122,839	78,448	102,990
Profit before income tax		1,447,760	1,444,897	2,304,820
Income tax expense	11	(320,799)	(340,093)	(549,758)
Profit for the year		1,126,961	1,104,804	1,755,062
Profit attributable to:				
Owners of Turkcell Iletisim Hizmetleri AS		1,170,176	1,093,992	1,836,824
Non-controlling interest		(43,215)	10,812	(81,762)
Profit for the year		1,126,961	1,104,804	1,755,062
Basic and diluted earnings per share (in full USD)	22	0.53	0.50	0.83

The notes on page 7 to 109 are an integral part of these consolidated financial statements.

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TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2010
(Amounts expressed in thousands of US Dollars unless otherwise indicated except share amounts)

	2010	2009	2008
Profit for the year	1,126,961	1,104,804	1,755,062
Other comprehensive income/(expense):			
Foreign currency translation differences	(184,352)	53,046	(1,458,709)
Net change in fair value of available-for-sale securities	(1,318)	1,197	(6,385)
Income tax on other comprehensive (expense)/income	(754)	(1,091)	1,368
Other comprehensive income/(expense) for the year, net of income tax	(186,424)	53,152	(1,463,726)
Total comprehensive income for the year	940,537	1,157,956	291,336
Total comprehensive income/(expense) attributable to:			
Owners of Turkcell Iletisim Hizmetleri AS	984,187	1,146,681	363,504
Non-controlling interest	(43,650)	11,275	(72,168)
Total comprehensive income for the year	940,537	1,157,956	291,336

The notes on page 7 to 109 are an integral part of these consolidated financial statements.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2010
(Amounts expressed in thousands of US Dollars unless otherwise indicated except share amounts)

	Attributable to equity holders o					
	Share Capital	Capital Contribution	Share Premium	Legal Reserves	Fair Value Reserve	Reserve for Non-Contro Interest Put Option
Balance at 1 January 2008	1,636,204	-	434	256,834	5,481	-
Total comprehensive income						
Profit for the year	-	-	-	-	-	-
Other comprehensive income/(expense)						
Foreign currency translation differences, net of tax	-	-	-	-	-	-
Net change in fair value of available-for-sale securities, net of tax	-	-	-	-	(5,360)	-
Total other comprehensive income/(expense)	-	-	-	-	(5,360)	-
Total comprehensive income/(expense)	-	-	-	-	(5,360)	-
Increase in legal reserves	-	-	-	121,945	-	-
Dividends paid	-	-	-	-	-	-
Change in non-controlling interest	-	-	-	-	-	-
Change in reserve for non-controlling interest put option	-	-	-	-	-	(286,92
Capital contribution granted	-	18,202	-	-	-	-
Balance at 31 December 2008	1,636,204	18,202	434	378,779	121	(286,92
Balance at 1 January 2009	1,636,204	18,202	434	378,779	121	(286,92
Total comprehensive income						
Profit for the year	-	-	-	-	-	-
Other comprehensive income/(expense)						
Foreign currency translation differences, net of tax	-	-	-	-	-	-
Net change in fair value of available-for-sale securities, net of tax	-	-	-	-	1,197	-
Total other comprehensive income/(expense)	-	-	-	-	1,197	-
Total comprehensive income/(expense)	-	-	-	-	1,197	-
Increase in legal reserves	-	-	-	105,512	-	-
Dividends paid	-	-	-	-	-	-
Change in non-controlling interest	-	-	-	-	-	-
Change in reserve for non-controlling interest put option	-	-	-	-	-	36,088
Capital contribution granted	-	4,570	-	-	-	-
Balance at 31 December 2009	1,636,204	22,772	434	484,291	1,318	(250,83
Balance at 1 January 2010	1,636,204	22,772	434	484,291	1,318	(250,83
Total comprehensive income						
Profit for the year	-	-	-	-	-	-

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	-	-	-	-	(1,318)	-
Total other comprehensive income/(expense)	-	-	-	-	(1,318)	(461
Total comprehensive income/(expense)	-	-	-	-	(1,318)	(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	-	(263,98

The notes on page 7 to 109 are an integral part of these consolidated financial statements.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2010
(Amounts expressed in thousands of US Dollars unless otherwise indicated except share amounts)

	Note	2010	2009	2008
Cash flows from operating activities				
Profit for the year		1,126,961	1,104,804	1,755,062
Adjustments for:				
Depreciation	12	450,668	344,959	426,254
Amortization of intangible assets	13	241,839	206,421	245,985
Net finance (income)	10	(223,850)	(254,006)	(349,219)
Income tax expense	11	320,799	340,093	549,758
Share of profit of equity accounted investees		(154,457)	(115,240)	(151,629)
(Gain)/loss on sale of property, plant and equipment		101	25,150	(6,931)
Gain on sale of subsidiary		-	-	(4,727)
Impairment losses on goodwill		23,499	61,835	-
Impairment of fixed assets		64,847	39,298	7,688
Provision for impairment of trade receivables	18	126,257	75,379	68,550
Provision for employee benefits	25	10,879	7,884	8,083
Provision for personnel bonuses	27	45,564	37,019	45,558
Provision for legal cases	27	61,815	158,580	51,380
		2,094,922	2,032,176	2,645,812
Change in trade receivables	18	(204,403)	(269,360)	(214,220)
Change in due from related parties	33	28,752	(20,312)	2,124
Change in inventories		3,083	(8,662)	(267)
Change in other current assets	19	(29,389)	(37,099)	(27,208)
Change in other non-current assets	16	(29,011)	(21,272)	(10,704)
Change in due to related parties	33	(3,775)	(6,290)	(6,541)
Change in deferred income	26	(77,854)	(2,966)	(3,293)
Change in trade and other payables		32,541	180,469	66,690
Change in other current liabilities		(96,118)	(115,306)	206,537
Change in other non-current liabilities	23	(14,051)	(82,893)	52,452
Change in employee benefits	25	(8,189)	(6,942)	(39,785)
Change in provisions	27	(152,481)	(71,955)	(29,759)
		1,544,027	1,569,588	2,641,838
Interest paid		(38,829)	(29,497)	(25,050)
Income tax paid		(322,754)	(395,024)	(687,292)
Dividends received		99,759	83,543	89,235
Net cash generated by operating activities		1,282,203	1,228,610	2,018,731
Cash flows from investing activities				
		(912,097)	(1,044,165)	(603,568)

Acquisition of property, plant and equipment				
Acquisition of intangible assets	12	(132,827)	(723,507)	(193,219)
Proceeds from sale of property, plant and equipment	13	8,506	4,471	16,693
Proceeds from currency option contracts		12,147	10,549	14,655
Payment of currency option contracts premium		(4,988)	(1,150)	(4,970)
Acquisition of available-for-sale securities		(16,762)	(83,951)	(47,549)
Proceeds from sale of available-for-sale securities		70,528	32,015	78,542
Acquisition of subsidiary, net of cash acquired		-	-	(309,967)
Interest received		270,602	320,697	354,211
Net cash used in investing activities		(704,891)	(1,485,041)	(695,172)
Cash flows from financing activities				
Proceeds from issuance of loans and borrowings		1,071,777	1,692,866	601,000
Loan transaction costs		(12,100)	(14,357)	-
Repayment of borrowings		(772,892)	(944,133)	(487,999)
Change in non-controlling interest		89	-	72,199
Proceeds from capital contribution		-	4,570	18,202
Dividends paid		(590,541)	(744,380)	(556,973)
Net cash used in financing activities		(303,667)	(5,434)	(353,571)
Effects of foreign exchange rate fluctuations on statement of financial position items		(67,620)	96,687	(807,743)
Net decrease/(increase) in cash and cash equivalents		206,025	(165,178)	162,245
Cash and cash equivalents at 1 January	20	3,090,242	3,255,420	3,093,175
Cash and cash equivalents at 31 December	20	3,296,267	3,090,242	3,255,420

The notes on page 7 to 109 are an integral part of these consolidated financial statements.

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TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2010
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Notes to the consolidated financial statements

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TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2010
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1. Reporting entity

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

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

On 25 June 2005, the Turkish Government declared that GSM operators are required to pay 10% of their existing monthly ongoing license fee 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 ongoing license fee to the Turkish Treasury and 10% to the Turkish Ministry as universal service fund.

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

As at 31 December 2010, 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, redeemed these shares.

The consolidated financial statements of the Company as at and for the year ended 31 December 2010 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 financial statements are prepared as at and for the year ended 31 December 2010.

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2. Basis of preparation

(a) Statement of compliance

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

The Company selected the presentation form of "function of expense" for the statement of 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.

The Group's consolidated financial statements were approved by the Board of Directors (the "Board") on 23 February 2011.

Authority for restatement and approval of consolidated financial statements belongs to the same Board. Consolidated financial statements are approved by the Board of Directors by the recommendation of Audit Committee of the Company. Additionally, the General Assembly has the authority to amend and approve these annual consolidated financial statements.

(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 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.

(d)Use of estimates and judgments

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

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

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

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

(d) Use of estimates and judgments (continued)

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

During the current year, the Group has changed its accounting estimates regarding the determination of allowance for doubtful receivables. Formerly, the allowance for doubtful receivables was based on management's evaluation of the volume of the receivables outstanding, historical collection trends and general economic conditions. With the new accounting estimate, 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.

This change is accounted as a change in accounting estimates in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". Based on the evaluation performed, the change in the estimates regarding the determination of allowance for doubtful receivables caused the following impact on bad debt provision expense:

	Previous accounting estimate	Current accounting estimate	Impact
Bad debt expense for the year ended 31 December 2010	127,921	126,257	1,664

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

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.

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TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

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

(d) Use of estimates and judgments (continued)

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

Useful lives of assets (continued)

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

	Previous accounting estimate	Current accounting estimate	Impact
Depreciation and amortization charge for the year ended 31 December 2010	765,280	757,354	7,926

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

Commission fees

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

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.

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TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

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

(d) Use of estimates and judgments (continued)

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

Income taxes

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

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

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

Changes in accounting policies

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

Changes in accounting estimates

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

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

Comparative information and correction of prior period financial statements

Consolidated financial statements of the Group have been prepared comparatively with the prior period in order to give information about financial position and performance. If the presentation or classification of the financial statements is changed, in order to maintain consistency, financial statements of the prior periods are also reclassified in line with the related changes.

“Change in translation reserve” amounting to $66,325 for the year 2009 and ($344,346) for the year 2008 previously presented in “net cash flows from operating activities” and “effect of exchange rate differences on cash and cash equivalents” amounting to ($576) for the year 2009 and ($44,452) for the year 2008 previously presented as a separate line item are included in “effects of foreign exchange rate fluctuations on statement of financial position items”. This classification provides a proper comparability between the financial statements of two years.

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 December 2010 are Fintur Holdings BV ("Fintur") and A-Tel Pazarlama ve Servis Hizmetleri AS ("A-Tel").

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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.

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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.

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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.

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3. Significant accounting policies (continued)

(c) Financial instruments (continued)

(i) Non-derivative financial instruments (continued)

- Available-for-sale financial assets

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

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

- Estimated exercise price of put options

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

As the Group has unconditional obligations to 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.

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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.
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

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3. Significant accounting policies (continued)

(d)Property, plant and equipment (continued)

(iii) Depreciation (continued)

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

In accordance with the new legislation issued by ICTA, the infrastructure operator authorization right of the Company’s subsidiary, Superonline Iletisim Hizmetleri AS (“Superonline”), has become infinite. As a result, Superonline revised the expected useful lives of its operating license and related fixed network equipment from 15 years to 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

(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.

3. Significant accounting policies (continued)

(e) Intangible assets (continued)

(iii) Other intangible assets (continued)

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.

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.

3. Significant accounting policies (continued)

(e) Intangible assets (continued)

(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 December 2010, inventories mainly consist of simcards, scratch cards, handsets and

modems.

(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.

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3. Significant accounting policies (continued)

(h)Impairment (continued)

(i) Financial assets (continued)

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.

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.

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3. Significant accounting policies (continued)

(h)Impairment (continued)

(ii) Non-financial assets (continued)

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 December 2010 (equivalent to full $1,697 as at 31 December 2010), 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.

(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 December 2010 (31 December 2009: nil).

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3. Significant accounting policies (continued)

(j)Provisions (continued)

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.

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.

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3. Significant accounting policies (continued)

(k)Revenue (continued)

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 (between 15 March 2007 and 1 March 2009, commission rate was 7% of gross takings and 4.3% commission was recognized based on the para-mutual and fixed odds betting games operated on Central Betting System).

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.

(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.

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3. Significant accounting policies (continued)

(m)Finance income and costs (continued)

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.

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.

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3.Significant accounting policies (continued)

(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.

(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.

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3. Significant accounting policies (continued)

(t) New standards and interpretations (continued)

(a)New and Revised IFRSs do not affect presentation and disclosures

Amendments to IFRS 5, Non-current Assets Held for Sale and Discontinued Operations (as part of Improvements to IFRSs issued in 2009)

The amendments to IFRS 5 clarify that the disclosure requirements in IFRSs other than IFRS 5 do not apply to non-current assets (or disposal groups) classified as held for sale or discontinued operations unless those IFRSs require

(i)specific disclosures in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations, or

(ii)disclosures about measurement of assets and liabilities within a disposal group that are not within the scope of the measurement requirement of IFRS 5 and the disclosures are not already provided in the consolidated financial statements.

Since the Group does not have any assets in this context, disclosures in these consolidated financial statements have not been modified to reflect the above clarification.

Amendments to IAS 7, Statement of Cash Flows (as part of Improvements to IFRSs issued in 2009)

The amendments to IAS 7 specify that only expenditures that result in a recognized asset in the statement of financial position can be classified as investing activities in the statement of cash flows. The application of the amendments to IAS 7 has resulted in a change in the presentation of cash outflows in respect of development costs that do not meet the criteria in IAS 38, “Intangible Assets” for capitalization as part of an internally generated intangible asset. This change has been applied retrospectively.

Since, the development costs, which do not meet the criteria for capitalization, were included in cash flows from operating activities in the consolidated statement of cash flows of the previous periods, this amendment does not affect the consolidated financial statements.

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

IFRS 3 (revised in 2008), Business Combinations and IAS 27 (revised in 2008), Consolidated and Separate Financial Statements

IFRS 3 (revised), “Business Combinations” and consequential amendments to IAS 27, “Consolidated and Separate Financial Statements”, IAS 28, “Investments in Associates” and IAS 31, “Interests in Joint Ventures” are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. The main impact of the adoption is as follows:

a) to allow a choice on a transaction-by-transaction basis for the measurement of non-controlling interests (previously referred to as "minority interests") either at fair value or at the non-controlling interests' share of the fair value of the identifiable net assets of the acquiree,

b) to change the recognition and subsequent accounting requirements for contingent consideration,

c) to require that acquisition-related costs be accounted for separately from the business combination, generally leading to those costs being recognized as an expense in the statement of income as incurred,

d) in step acquisitions, previously held interests are to be remeasured to fair value at the date of the subsequent acquisition with the value included in goodwill calculation. Gain or loss arising from the re-measurement shall be recognized as part of statement of income.

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3. Significant accounting policies (continued)

(t) New standards and interpretations (continued)

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

IFRS 3 (revised in 2008), Business Combinations and IAS 27 (revised in 2008), Consolidated and Separate Financial Statements (continued)

The application of IAS 27 (2008) has resulted in changes in the Group’s accounting policies for changes in ownership interests in subsidiaries.

Specifically, the revised Standard has brought clarification to the Group’s accounting policies regarding changes in ownership interests in its subsidiaries that do not result in loss of control. Under IAS 27 (2008), all such increases or decreases are dealt with in equity, with no impact on goodwill or profit or loss.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the revised Standard requires the Group to derecognize all assets, liabilities and non-controlling interests at their carrying amount and to recognize the fair value of the consideration received. Any retained interest in the former subsidiary is recognized at its fair value at the date control is lost. The resulting difference is recognized as a gain or loss in profit or loss.

These changes in accounting policies have been applied prospectively from 1 January 2010 in accordance with the relevant transitional provisions.

Since the non-controlling interests have a deficit balance, net loss amounting to $46,705 is accounted in non-controlling interests in accordance with IAS 27 (revised) in the current period. There have been no transactions whereby an interest in an entity is retained after the loss of control of that entity; there have been no transactions with non-controlling interests.

IAS 28 (revised in 2008), “Investments in Associates”

The principle adopted under IAS 27 (2008) that a loss of control is recognized as a disposal and re-acquisition of any retained interest at fair value is extended by consequential amendments to IAS 28. Therefore, when significant influence over an associate is lost, the investor measures any investment retained in the former associate at fair value, with any consequential gain or loss recognized in profit or loss.

As part of Improvements to IFRSs issued in 2010, IAS 28 (2008) has been amended to clarify that the amendments to IAS 28 regarding transactions where the investor loses significant influence over an associate should be applied prospectively. The Group has applied the amendments to IAS 28 (2008) as part of Improvements to IFRSs issued in 2010 in advance of their effective dates (annual periods beginning on or after 1 July 2010).

There have been no transactions whereby an interest in an entity is retained after the loss of significant influence in that entity; there have been no transactions to acquire or dispose of shares in associates.

IFRIC 18, “Transfers of Assets from Customers”, is effective for transfer of assets received on or after 1 July 2009. This interpretation is applied by the Group for the revenue recognition of assets transferred to its customers.

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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

The following new and revised IFRSs have also been adopted in these consolidated financial statements. The application of these new and revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

IFRIC 17, “Distributions of non-cash assets to owners”, is effective for annual periods beginning on or after 1 July 2009. This is not currently applicable to the Group, as it has not made any non-cash distributions.

“Additional exemptions for first-time adopters” (Amendment to IFRS 1) was issued in July 2009. The amendments are required to be applied for annual periods beginning on or after 1 January 2010. This is not relevant to the Group, as it is an existing IFRS preparer.

IFRS 2, “Share-based Payments - Group Cash-settled Share Payment Arrangements” is effective for annual periods beginning on or after 1 January 2010. This is not currently applicable to the Group, as the Group does not have share-based payment plans.

Amendments to IFRS 5, “Non-current Assets Held for Sale and Discontinued Operations” (as part of Improvements to IFRSs issued in 2008) clarify that all the assets and liabilities of a subsidiary should be classified as held for sale when the Group is committed to a sale plan involving loss of control of that subsidiary, regardless of whether the Group will retain a non-controlling interest in the subsidiary after the sale.

Improvements to International Financial Reporting Standards 2009 were issued in April 2009. The improvements cover 12 main standards/interpretations as follows: IFRS 2, “Share-based Payments”, IFRS 5, “Non-current Assets Held for Sale and Discontinued Operations”, IFRS 8, “Operating Segments”, IAS 1, “Presentation of Financial Statements”, IAS 7, “Statement of Cash Flows”, IAS 17, “Leases”, IAS 18, “Revenue”, IAS 36, “Impairment of Assets”, IAS 38, “Intangib Assets”, IAS 39, “Financial Instruments: Recognition and Measurement”, IFRIC 9, “Reassessment of Embedded

Derivatives”, IFRIC 16, “Hedges of Net Investment in a Foreign Operation”. The effective dates vary standard by standard but most are effective 1 January 2010.

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

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.

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.

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3. Significant accounting policies (continued)

(t) New standards and interpretations (continued)

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

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.

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. The Group does not expect any impact of the adoption of this amendment on the financial statements.

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. The Group has not yet had an opportunity to consider the potential impact of the adoption of this amendment to the standard.

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. The Group does not expect any impact of the adoption of this amendment on the financial statements.

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3. Significant accounting policies (continued)

(t) New standards and interpretations (continued)

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

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. The Group has not yet had an opportunity to consider the potential impact of the adoption of this amendment to the standard.

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 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.

Annual Improvements, May 2010

Further to the above amendments and revised standards, the IASB has issued Annual Improvements to IFRSs in May 2010 that cover 7 main standards/interpretations as follow: IFRS 1, "First-time Adoption of International Financial Reporting Standards", IFRS 3, "Business Combinations," IFRS 7, "Financial Instruments: Disclosures", IAS 1, "Presentation of Financial Statements", IAS 27, "Consolidated and Separate Financial Statements", IAS 34, "Interim Financial Reporting" and IFRIC 13, "Customer Loyalty Programmes". With the exception of amendments to IFRS 3 and IAS 27 which are effective on or after 1 July 2010, all other amendments are effective on or after 1 January 2011. Early adoption of these amendments is allowed. The Group has not yet had an opportunity to consider the potential impact of the adoption of these amendments to the standards.

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.

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4.Determination of fair values (continued)

(ii)Intangible assets

The fair value of the brand acquired in the Superonline Uluslararası Elektronik Bilgilendirme Telekomunikasyon ve Haberlesme Hizmetleri AS 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 Superonline 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.

(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 December 2010.

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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.

The exchange rates were very volatile in 2009 but with a generally positive trend due to developments in the global markets as well as Turkish politics. The improved perception of global risk helped emerging market currencies appreciate in the second half of 2009. TL appreciated against USD by 0.4% and depreciated against EUR by 0.9%, HRV depreciated against USD by 3.7% and BYR depreciated against USD by 30.1% as at 31 December 2009 when compared to the exchange rates as at 31 December 2008. 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. Please refer to Note 29 for additional information on the Group's exposure to this turmoil.

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.

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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 December 2010, $1,324,604 guarantees were outstanding (31 December 2009: $1,102,672).

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 payments 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.

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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 December 2010.

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.

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(Amounts expressed in thousands of US Dollars unless otherwise indicated except share amounts)

6.Operating segments (continued)

	Turkcell		Euroasia		Belarusian Telecom		Other		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2
Total external revenues	5,294,104	5,176,105	334,006	350,045	48,918	17,356	305,065	246,466	5,982,093	5,789
Intersegment revenue	14,682	22,784	5,252	1,771	63	76	386,404	303,380	406,401	328,0
Reportable segment adjusted EBITDA	1,751,094	1,819,250	64,455	20,150	(32,564)	(38,318)	213,655	144,989	1,996,640	1,946
Finance income	255,417	304,321	763	2,093	753	1,411	60,213	75,783	317,146	383,6
Finance costs	(34,569)	(162,939)	(43,974)	(54,921)	(28,527)	(12,513)	(66,143)	(32,975)	(173,213)	(263,3
Depreciation and amortization	(474,703)	(396,259)	(120,407)	(79,874)	(80,826)	(52,749)	(92,034)	(67,920)	(767,970)	(596,8
Share of profit of equity accounted investees	-	-	-	-	-	-	122,839	78,448	122,839	78,44
Capital expenditure	538,776	1,239,477	66,727	216,445	120,061	87,938	386,119	291,020	1,111,683	1,834
Other material non-cash items: Impairment on goodwill	-	-	-	-	23,499	61,835	-	-	23,499	61,83

	Turkcell		Euroasia		Belarusian Telecom		Other		Total	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2
Total external revenues	5,176,105	6,170,419	350,045	436,716	17,356	380	246,466	362,893	5,789,972	6,970

Intersegment revenue	22,784	41,944	1,771	1,977	76	2	303,380	292,303	328,011	336,2
Reportable segment adjusted EBITDA	1,819,250	2,383,940	20,150	32,330	(38,318)	(5,827)	144,989	181,671	1,946,071	2,592
Finance income	304,321	667,318	2,093	6,344	1,411	100	75,783	81,423	383,608	755,1
Finance cost	(162,939)	(100,710)	(54,921)	(262,917)	(12,513)	(1,250)	(32,975)	(76,006)	(263,348)	(440,8
Depreciation and amortization	(396,259)	(528,465)	(79,874)	(100,986)	(52,749)	(8,922)	(67,920)	(42,885)	(596,802)	(681,2
Share of profit of equity accounted investees	-	-	-	-	-	-	78,448	102,990	78,448	102,9
Capital expenditure	1,239,477	404,651	216,445	155,762	87,938	550,926	291,020	277,251	1,834,880	1,388
Other material non-cash items:										
Impairment on goodwill	-	-	-	-	61,835	-	-	-	61,835	-

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TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2010
(Amounts expressed in thousands of US Dollars unless otherwise indicated except share amounts)

6. Operating segments (continued)

As at 31 December 2010 and 2009									
Turkcell		Euroasia		Belarusian Telecom		Other		Total	
2010	2009	2010	2009						