TURKCELL ILETISIM HIZMETLERI A S
Form 6-K
February 22, 2013

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 22, 2013

Commission File Number: 001-15092

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

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

(Address of Principal Executive Offices)

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

Form 20-F Q Form 40-F £

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

Yes £ No Q

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

Yes £ No Q

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

Yes £ No Q

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

Enclosure: A press release dated February 21, 2013 announcing Turkcell's Fourth Quarter and Full Year 2012 results and IFRS Report for Q4 2012.

Fourth Quarter and Full Year 2012 Results

Content

- Please note that all financial data is consolidated and comprises that of Turkcell Iletisim Hizmetleri A.S., (the "Company", or "Turkcell") and its subsidiaries and associates (together referred to as the "Group"). All non-financial data is unconsolidated and comprises Turkcell only figures. The terms "we", "us", and "our" in this press release refer only to the Company, except in discussions of financial data, where such terms refer to the Group, and where context otherwise requires.
- 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 2012 refer to the same item in the year end of 2011 and figures in parentheses following the operational and financial results for the fourth quarter 2012 refer to the same item in the fourth quarter of 2011. For further details, please refer to our consolidated financial statements and notes as at and

for the year ended December 31, 2012 which can be accessed via our web site in the investor relations section (www.turkcell.com.tr).

Fourth Quarter and Full Year 2012 Results

HIGHLIGHTS

FULL YEAR 2012

- Turkcell Group accelerated its growth for the full year posting a 12% revenue increase to TRY10,507 million (TRY9,370 million) and 11% EBITDA1 rise to TRY3,242 million (TRY2,913 million). Group EBITDA margin stood at 30.9% (31.1%)

- Turkcell Turkey registered revenues of TRY8,724 million (TRY8,030 million) on growth of 9% mainly due to:

  - 6% growth in voice revenues2 to TRY6,442 million (TRY6,086 million)

  - 44% growth in mobile broadband revenues to TRY1,040 million (TRY724 million)

- Revenues of subsidiaries3 rose by 33% to TRY1,783 million (TRY1,340 million) while their contribution to the top line climbed 3pp to 17% (14%)

  - EBITDA of subsidiaries3 improved by 33% to TRY532 million (TRY399 million), while their contribution to Group EBITDA rose by 2pp to 16% (14%)

- Group net income increased by 77% to TRY2,079 million (TRY1,178 million). Excluding one-off items, net income would have increased by 20% to TRY2,291 million (TRY1,913 million)

FOURTH QUARTER 2012

- Turkcell Group posted a record quarterly revenue of TRY2,807 million (TRY2,446 million) on 15% year-on-year growth and EBITDA1 of TRY848 million (TRY695 million) marking a 22% year-on-year increase. Group EBITDA margin rose to 30.2% (28.4%)

- Turkcell Turkey posted revenues of TRY2,290 million (TRY2,042 million) on growth of 12% mainly due to:

  - 11% rise in voice revenues2 to TRY1,675 million (TRY1,511 million), on a continuing growth trend for the fifth consecutive quarter

  - 47% growth in mobile broadband revenues to TRY295 million (TRY200 million)

- Revenues of subsidiaries3 increased 28% to TRY517 million (TRY404 million) while their contribution to the top line rose by 1pp to 18% (17%)

  - EBITDA of subsidiaries3 improved by 37% to TRY146 million (TRY107 million), while their contribution to Group EBITDA grew by 2pp to 17% (15%)

- Group net income rose by 38% to TRY459 million (TRY332 million). Excluding one off items, net income would have increased by 29% to TRY565 million (TRY437 million)

(1) EBITDA is a non-GAAP financial measure. See page 15 for the reconciliation of EBITDA to net cash from operating activities.
(2) Voice revenues include outgoing, incoming, roaming and other (comprising almost 2% of Turkcell Turkey) revenues.
(3) Including eliminations.
(*) For details, please refer to our consolidated financial statements and notes as at and for the year ended December 31, 2012 which can be accessed via our web site.

Fourth Quarter and Full Year 2012 Results

COMMENTS FROM CEO, SUREYYA CILIV

"In 2012, Turkcell Group continued to grow at an accelerated pace. Revenues rose by 12% year-on-year to TRY 10.5 billion, while EBITDA increased by 11% to TRY 3.2 billion and net profit reached TRY 2.1 billion.

Turkcell Turkey's revenues rose by 9% compared to last year, while voice revenues grew by 6% and mobile broadband revenues increased by 44%. Turkey's fiber broadband provider, Turkcell Superonline posted a year on year rise of 49% while our Ukraine operation increased its revenues by 10% in USD terms. Consequently, the revenue and EBITDA contribution of our subsidiaries to the Group both rose by 33%.

We took further steps this year in our transformation from a GSM operator to a communications and technology company initiated in 2007. With our nationwide mobile broadband speed of 43.2 Mbps, and fiber broadband speed of 1,000 Mbps, we eased access to information and served as a global example on several fronts. With our network investments and cutting edge telecommunication and technology solutions such as Turkcell Smart Cloud, Turkcell Wallet, Turkcell TV and Turkcell Smart Health, we contributed more value to both the economy and our customers. Day by day we continue to increase this value, which combines superior customer experience through innovative solutions and affordable Turkcell branded smartphones and tablets.

I am confident that in 2013 Turkcell Group will deliver even more value to our customers, employees, business partners and shareholders without compromising our focus on innovation and operational excellence. We would like to thank all of our stakeholders for sharing our success story with us."

OVERVIEW OF TURKCELL TURKEY

The mobile market grew by 2.3 million subscribers in 2012 compared to the previous year, mainly driven by increased data subscriptions and growth in population. Accordingly, mobile line penetration increased to 89% from 87% in 2011.

In 2012 the mobile market remained highly competitive. The market continued to focus on price accompanied by all direction minutes which continued to result in increasing interconnect costs. Although we witnessed some upward price movements in the second half, RPM levels for the full year further declined by around 7% compared to 2011.

In this environment we continued to focus on generating value for our customers and offering superior customer experience. Throughout the year, we maintained our leader position in the market with 590 thousand net subscriber additions as well as achieved the lowest annual churn rate of 27.1% since 2008. In the meantime, we achieved the highest postpaid net additions of 1.5 million in the market. This increase in our postpaid subscriber base, along with higher voice and data usage, was the main contributor to our 10% rise in ARPU for the quarter and 6% for the full year.

On the terminal front, the overall smartphone market continued to grow. We led the market in 2012 with our wide device portfolio and variety of offers, as well as through our expertise in sales & service channels. In accordance with our vision of increasing smartphone penetration and promoting mobile broadband usage, in 2012 we launched our "Smartphone Festival" campaign through our collaboration with device vendors and added two new models to the Turkcell branded T-series smartphones. Through the "Smartphone Festival" we offered our customers smartphones at affordable prices, while the T-Series became the most preferred smartphone of the campaign for its affordability and local content developed in-house by Turkcell. With these efforts we increased the number of smartphones by 2.4 million to 6.2 million while penetration on our network reached 19% in 2012. Moreover on the strength of the success that we achieved with our T-Series, we recently launched our first “Turkcell Tablet” in the growing tablet market. We designed the “Turkcell Tablet” to further widen access to mobile broadband and offer a superior customer experience with preloaded Turkcell applications at affordable price. During the quarter, on the mobile broadband side we also differentiated our offers through speed based and data sharing plans.

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In 2012, we continued investments in our superior mobile and fiber networks and cutting edge technology to provide the best customer experience and maintain the “Turkcell is the one” perception with our innovative solutions. Accordingly in 2012 we launched our new products “Turkcell Smart Cloud” providing cloud computing services, “Turkcell TV” enabling online TV services and “Mobile Wallet” providing mobile banking, payment and loyalty services. Furthermore we continued to invest in our M2M business with Turkcell Smart Health solutions.

For 2013 we believe that voice, mobile broadband and increased contribution of our subsidiaries should continue to be key growth drivers. We are expecting consolidated revenues in the range of TRY11,200 million –TRY11,400 million and consolidated EBITDA in the range of TRY3,300 million –TRY3,500 million. We expect operational group capex as a percentage of revenues to be around 15%.

Fourth Quarter and Full Year 2012 Results

FINANCIAL AND OPERATIONAL REVIEW

The following discussion focuses principally on the developments and trends in our business in the fourth quarter and full year 2012 in TRY terms. Selected financial information for the fourth quarter of 2011, third quarter of 2012 and full year 2011, both in TRY and US$ prepared in accordance with IFRS, and in TRY prepared in accordance with the Capital Markets Board of Turkey’s standards is also included at the end of this press release.

Financial Review of Turkcell Group

Profit & Loss Statement (million TRY)	Quarter Q411	Quarter Q412	Quarter y/y%	Year FY11	Year FY12	Year y/y%
Total Revenue	2,445.5	2,807.3	14.8%	9,370.1	10,507.0	12.1%
Direct cost of revenues1	(1,791.8)	(1,760.1)	(1.8%)	(5,954.3)	(6,487.3)	9.0%
Direct cost of revenues1/revenues	(73.3%)	(62.7%)	10.6pp	(63.5%)	(61.7%)	1.8pp
Depreciation and amortization	(596.4)	(395.5)	(33.7%)	(1,592.9)	(1,411.7)	(11.4%)
Gross Margin	26.7%	37.3%	10.6pp	36.5%	38.3%	1.8pp
Administrative expenses	(103.8)	(125.9)	21.3%	(410.9)	(484.2)	17.8%
Administrative expenses/revenues	(4.2%)	(4.5%)	(0.3pp)	(4.4%)	(4.6%)	(0.2pp
Selling and marketing expenses	(451.6)	(469.0)	3.9%	(1,684.9)	(1,705.7)	1.2%
Selling and marketing expenses/revenues	(18.5%)	(16.7%)	1.8pp	(18.0%)	(16.2%)	1.8pp
EBITDA2	694.7	847.8	22.0%	2,912.9	3,241.5	11.3%
EBITDA Margin	28.4%	30.2%	1.8pp	31.1%	30.9%	(0.2pp)
Net finance income / (expense)	27.8	79.4	185.6%	17.3	467.5	2602.3%
Finance expense	(111.8)	(79.5)	(28.9%)	(528.3)	(224.2)	(57.6%)
Finance income	139.6	158.9	13.8%	545.6	691.7	26.8%
Share of profit of associates	55.0	42.5	(22.7%)	227.1	218.5	(3.8%)
Other income / (expense)	(10.4)	(23.9)	129.8%	(218.5)	(105.2)	(51.9%)
Monetary gains / (losses)	273.5	42.6	(84.4%)	273.5	169.9	(37.9%)
Non-controlling interests	5.8	3.2	(44.8%)	43.3	21.0	(51.5%)
Income tax expense	(118.3)	(136.9)	15.7%	(485.0)	(522.5)	7.7%
Net Income	331.7	459.2	38.4%	1,177.7	2,079.0	76.5%

(1) Including depreciation and amortization expenses.

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

Revenue in Q412 rose by 15% year-on-year to TRY2,807.3 million (TRY2,445.5 million), mainly due to 12% growth in Turkcell Turkey's revenues and a 28% rise in the contribution of subsidiaries.

- Turkcell Turkey registered voice revenue growth of 11% to TRY1,675 million (TRY1,511 million), while mobile broadband and services revenues grew 16% to TRY615 million (TRY531 million).
  - Mobile broadband revenues reached TRY295 million (TRY200 million) on 47% growth.
  - Mobile broadband and services revenues constituted 27% (26%) of Turkcell Turkey revenues.
- The contribution of subsidiaries to the topline increased to 18% (17%). In particular, Turkcell Superonline grew its revenues by 35% to TRY190 million (TRY141 million), while Astelit's revenues rose by 5% to US$103 million (US$98 million).

For the full year of 2012, revenues grew by 12% to TRY10,507.0 million (TRY9,370.1 million) driven by a 9% increase in Turkcell Turkey's revenues, and 33% increase in the contribution of subsidiaries.

Fourth Quarter and Full Year 2012 Results

- Turkcell Turkey posted voice revenue growth of 6% to TRY6,442 million (TRY6,086 million) while mobile broadband and services revenues rose by 17% to TRY2,282 million (TRY1,944 million).
  - o Mobile broadband revenues increased 44% to TRY1,040 million (TRY724 million).
  - o Mobile broadband and services revenues share in Turkcell Turkey's revenues grew 2pp to 26% (24%).
- Subsidiaries contribution to Group revenues reached 17% (14%), in particular due to Turkcell Superonline's 49% revenue growth to TRY684 million (TRY460 million) and Astelit's revenue increase of 10% to US$405 million (US$369 million).

Direct cost of revenues dropped by 1.8% in Q412 to TRY1,760.1 million (TRY1,791.8 million) while as a percentage of revenues declined to 62.7% (73.3%). This was mainly driven by the decrease in depreciation and amortization (10.3pp), network related expenses (1.0pp) and other cost items (0.9pp) as opposed to the increase in interconnect costs (1.6pp) as a percentage of revenues.

In Q412 depreciation and amortization decreased by 34% to TRY395.5 million (TRY596.4 million). Depreciation expenses in Q411 were relatively higher due to the one-time impact of inflation accounting amounting to TRY240 million and the impairment impact in Belarusian operations.

For the full year 2012, direct cost of revenues rose by 9.0% to TRY6,487.3 million (TRY5,954.3 million). As a percentage of revenues, direct costs declined to 61.7% (63.5%) mainly due to the decrease in depreciation and amortization (3.6pp) and other cost items (0.5pp) as opposed to the increase in interconnect costs (1.8pp) and wages and salaries (0.5pp).

The table below presents the interconnect revenues and costs of Turkcell Turkey:

Million TRY		Quarter			Year	
	Q411	Q412	y/y%	FY11	FY12	y/y%
Interconnect revenues	215.6	314.1	45.7%	786.5	1,098.1	39.6%
as a % of revenues	10.6%	13.7%	3.1pp	9.8%	12.6%	2.8pp
Interconnect costs	(227.4)	(308.6)	35.7%	(851.9)	(1,125.5)	32.1%
as a % of revenues	(11.1%)	(13.5%)	(2.4pp)	(10.6%)	(12.9%)	(2.3pp)

Administrative expenses as a percentage of revenues increased by 0.3pp to 4.5% (4.2%) in Q412, mainly due to the increase in bad debt expenses (0.8pp) as opposed to the decrease in wages and salaries (0.2pp) and other cost items (0.3pp) as a percentage of revenues. Bad debt expenses were higher in Q412 mainly due to the increase in the postpaid subscriber base and increased handset bundled offers. Please also note that in Q411 bad debt expenses were positively impacted by improved collections during the period. For the full year of 2012, administrative expenses as a percentage of revenues increased by 0.2pp to 4.6% (4.4%) mainly due to the increase in bad debt expenses (0.5pp) as opposed to the decrease in wages and salaries (0.1pp) and other cost items (0.2pp).

Selling and marketing expenses as a percentage of revenues fell by 1.8pp to 16.7% (18.5%) in Q412 mainly driven by the decrease in selling expenses (0.6pp), marketing expenses (0.7pp) and other cost items (0.5p). For the full year selling and marketing expenses as a percentage of revenues decreased by 1.8pp to 16.2% (18.0%) mostly due to the decrease in prepaid frequency usage fee (0.8pp), selling expenses (0.4pp), marketing expenses (0.4pp) and other cost items (0.2pp).

EBITDA in Q412 rose 22% to TRY847.8 million from TRY694.7 million in Q411, while the EBITDA margin improved 1.8pp to 30.2% (28.4%). The margin increase was mainly driven by the decrease in direct cost of revenues (excluding depreciation and amortization) of 0.3pp and selling and marketing expenses of 1.8pp as opposed to the increase in administrative expenses of 0.3pp as a percentage of revenues.

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

Fourth Quarter and Full Year 2012 Results

For the full year, EBITDA reached TRY3,241.5 million (TRY2,912.9 million) on an increase of 11% while the margin decreased by 0.2pp from 31.1% to 30.9%. This decrease was mainly due to the increase in direct costs (excluding depreciation and amortization) of 1.8pp and administrative expenses of 0.2pp as opposed to the decline in selling and marketing expenses of 1.8pp as a percentage of revenues.

The contribution of subsidiaries to Group EBITDA improved by 37% to TRY146 million (TRY107 million) with the improved EBITDA of Turkcell Superonline and Astelit in Q412. In the full year contribution of subsidiaries to Group EBITDA increased by 33% to TRY532 million (TRY399 million).

Net finance income in Q412 rose by 185.6% to TRY79.4 million compared to TRY27.8 million in Q411. The increase in net finance income mainly relates to the lower translation loss of TRY6 million (TRY92 million) in Q412. In Q411 net finance income was negatively impacted by the TRY95 million translation loss stemming from Belarusian operations due to the 49.1% devaluation in the BYR/$US rate in Belarus.

For the full year we recorded net finance income of TRY467.5 million (TRY17.3 million) mainly driven by the lower translation loss of TRY5 million (TRY386 million) and a higher interest income on bank deposits. In FY11 net finance income was adversely impacted by the translation loss of TRY438 million recorded by BeST in consequence of the 178% devaluation in the BYR/$US rate in Belarus.

Share of profit of equity accounted investees, comprising our share in the net income of unconsolidated investees Fintur and A-Tel decreased 22.7% to TRY42.5 million (TRY55.0 million) in Q412. For the full year of 2012, our share in the net income of unconsolidated investees decreased 3.8% to TRY218.5 million (TRY227.1 million).

Income tax expense was at TRY136.9 million in Q412 (TRY118.3 million) on a rise of 15.7% compared to Q411. TRY172.3 million of the total tax charge comprised current tax charges, while deferred tax income of TRY35.4 million was recorded. In FY12 the total taxation charge rose by 7.7% to TRY522.5 million (TRY485.0 million). Of the total tax charge, TRY564.3 million was related to current tax charge while a deferred tax income of TRY41.8 million was recorded.

Million TRY	Quarter			Year		
	Q411	Q412	y/y%	FY11	FY12	y/y%
Current Tax expense	(122.9)	(172.3)	40.2%	(512.2)	(564.3)	10.2%
Deferred Tax Income/expense	4.6	35.4	669.6%	27.2	41.8	53.7%
Income Tax expense	(118.3)	(136.9)	15.7%	(485.0)	(522.5)	7.7%

Net income increased by 38% to TRY459 million (TRY332 million) in Q412 mainly due to higher EBITDA. In Q411 and Q412 net income was impacted by several one off items. Excluding the one-off impacts net income would have increased by 29% to TRY565 million in Q412 from TRY437 million in Q411.

In Q411, consolidated net income was impacted by one off items mainly relating to our Belarusian operations, impairment charges and other provisions. One-off items relating to BeST mainly comprised; the inflation accounting impact on depreciation and amortization (negative impact of TRY240 million), inflation adjustments on non-monetary items recorded as monetary gains (positive impact of TRY274 million), translation loss (TRY95 million) relating to devaluation in Belarus and impairment charges (TRY16 million).

In Q412 consolidated net income was impacted by one-off impacts mainly relating provision booked for A-Tel, useful life revision of our fixed assets and other impacts relating to legal disputes and the BeST impairment.

Fourth Quarter and Full Year 2012 Results

For the full year of 2012, net income increased by 77% to TRY2,079 million (TRY1,178 million) due to higher EBITDA and lower impact from one off items. Excluding one-off impacts net income would have risen 20% to TRY2,291 million in FY12 from TRY1,913 million in FY11.

For the full year of 2011, net income was mainly impacted by the translation losses of TRY438 million and impairment charges of TRY204 million recorded at BeST due to devaluation in Belarus.

For the full year of 2012 net income was impacted by impairment recognized and provision booked for A-Tel, useful life revision of our fixed assets and other impacts relating to legal disputes and the BeST impairment.

Net income impacts (million TRY)	Q411	FY11	Net income impacts (million TRY)	Q412	FY12
Net income excluding one-offs*	437	1,913	Net income excluding one-offs*	565	2,291
Best related items	(66)	(597)	A-Tel**	(28)	(100)
Other impairment charges	(34)	(40)	Useful Life Revision of assets	(31)	(31)
Other provisions	(5)	(98)	Other impacts	(47)	(81)
Net income reported	332	1,178	Net income reported	459	2,079

* Net income excluding one-off impacts is a presentation of our net income, adjusted to exclude certain items that we consider to be exceptional. However, it should not be relied upon as comparable to reported net income prepared in accordance with the IFRS that we apply

** For details, please refer to consolidated financial statements and notes as at and for the year ended December 31, 2012 which can be accessed via our web site

Total debt as of December 31, 2012, amounted to TRY3,040 million (US$1,705 million) in consolidated terms. Debt balance of Ukraine was TRY1,214 million (US$681 million), Belarus was TRY851 million (US$478 million) and Turkcell Superonline was TRY648 million (US$364 million).

TRY1,733 million (US$972 million) of our consolidated debt is at a floating rate, while TRY1,936 million (US$1,086 million) will mature within less than a year. In FY12, our debt/annual EBITDA ratio in TRY terms decreased to 94%. (Please note that the figures in parentheses refer to US$ equivalents).

Cash flow analysis: Capital expenditures including non-operational items in Q412 amounted to TRY713.4 million, of which TRY399.8 million was related to Turkcell Turkey, TRY159.6 million to Turkcell Superonline, TRY60.6 million to Astelit and TRY65.4 million to BeST. In addition, the other cash flow item mainly relates to increase in trade payables and dividend received from Fintur.

For the full year, capital expenditures including non-operational items stood at TRY1,738.8 million, of which TRY947.3 million was related to Turkcell Turkey, TRY451.7 million to Turkcell Superonline, TRY138.6 million to Astelit and TRY95.2 million to BeST. The other cash flow item mainly relates to the increase in trade receivables and corporate tax payment.

Please note that in 2012 operational capex as a percentage of revenues was around 15%. We expect a similar ratio of around 15% for 2013.

Fourth Quarter and Full Year 2012 Results

Consolidated Cash Flow (million TRY)	Quarter		Year	
	Q411	Q412	FY11	FY12
EBITDA1	694.7	847.8	2,912.9	3,241.5
LESS:				
Capex and License**	(716.2)	(713.4)	(1,635.8)	(1,738.8)
Turkcell	(361.3)	(399.8)	(894.3)	(947.3)
Ukraine2	(51.9)	(60.6)	(122.9)	(138.6)
Investment & Marketable Securities	(1,596.1)	(32.6)	(1,596.1)	1,556.5
Net interest Income/ (expense)	120.2	85.5	403.0	472.1
Other	87.1	391.2	(508.7)	(977.5)
Net Change in Debt	(14.2)	(90.4)	58.0	(293.3)
Cash generated / (used)	(1,424.5)	488.1	(366.7)	2,260.5
Cash balance	4,738.4	6,998.9	4,738.4	6,998.9

(1) EBITDA is a non-GAAP financial measurement. See page 15 for the reconciliation of EBITDA to net cash from operating activities.
(2) The appreciation of reporting currency (TRY) against US$ is included in this line.
(*) For details, please refer to consolidated financial statements and notes as at and for the year ended December 31, 2012 which can be accessed via our web site
(**) Capex includes both operational and non-operational capex.

Fourth Quarter and Full Year 2012 Results

Operational Review in Turkey

Summary of Operational data	Quarter			Year		
	Q411	Q412	y/y%	FY11	FY12	y/y%
Number of total subscribers (million)	34.5	35.1	1.7%	34.5	35.1	1.7%
Postpaid	11.7	13.2	12.8%	11.7	13.2	12.8%
Prepaid	22.9	21.9	(4.4%)	22.9	21.9	(4.4%)
ARPU, blended (TRY)	19.7	21.7	10.2%	19.8	20.9	5.6%
Postpaid	37.5	38.1	1.6%	38.5	37.7	(2.1%)
Prepaid	11.0	12.1	10.0%	11.0	11.5	4.5%
ARPU (Average Monthly Revenue per User), blended (US$)	10.8	12.2	13.0%	11.9	11.6	(2.5%)
Postpaid	20.6	21.3	3.4%	23.1	21.0	(9.1%)
Prepaid	6.0	6.8	13.3%	6.6	6.4	(3.0%)
Churn (%)*	7.7%	7.2%	(0.5pp)	27.9%	27.1%	(0.8pp)
MOU (Average Monthly Minutes of usage per subscriber), blended	220.4	244.1	10.8%	213.8	243.3	13.8%

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

Subscribers of Turkcell Turkey increased by 590 thousand in 2012 compared to the previous year and reached 35.1 million despite the aggressive competitive environment. During the year we significantly increased our postpaid subscriber base reaching 13.2 million with the addition of 1.5 million subscribers. We achieved this through our mobile broadband focus, switches from prepaid, segmented offers and customer loyalty focus. Accordingly our postpaid subscriber share in total subscriber base has further improved to 37.5% (33.8%).

Churn Rate refers to voluntarily and involuntarily disconnected subscribers. In Q412, our churn rate decreased to 7.2% from 7.7% in Q411 mainly due to our greater focus on customer retention and satisfaction and promoting the contracted offers that meet customer needs. For the full year our churn rate decreased to 27.1%, the lowest level since 2008.

MoU climbed by 10.8% to 244.1 minutes in Q412 while it increased 13.8% to 243.3 minutes for the full year. This increase in MoU was led by flat rate offers with high incentives throughout the year and higher package utilizations.

ARPU in TRY terms increased by 10.2% to TRY21.7 (TRY19.7) in Q412 while rose by 5.6% to TRY20.9 (TRY19.8) in FY12 with the increase in our postpaid subscriber base along with higher voice and data usage.

Despite increased voice and mobile broadband usage, postpaid ARPU for the full year decreased 2.1% to TRY37.7 (TRY38.5) due to intense competition as well as the dilutive impact of switches from the prepaid segment. Meanwhile prepaid ARPU rose by 4.5% to TRY11.5 (TRY11.0) mainly driven by higher package penetration and increasing voice and data usage.

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Fourth Quarter and Full Year 2012 Results

OTHER DOMESTIC AND INTERNATIONAL OPERATIONS

Astelit continued its solid financial performance in Q412, posting a revenue growth of 5.0% to US$103.0 million (US$98.1 million) along with 10.8% growth in EBITDA to US$27.6 million (US$24.9 million). Revenue growth was mainly driven by subscriber base expansion and higher mobile data and other value-added services revenues. Meanwhile Astelit continued to improve its operational profitability, which was up by 1.4pp to 26.8% (25.4%).

For the full year, Astelit delivered topline growth of 10% to US$405.4 million (US$368.8 million) driven by growth of the subscriber base and higher mobile data and other value-added services revenues. Meanwhile Astelit improved its EBITDA by 21.4% to US$114.4 million (US$94.2 million) and EBITDA margin by 2.7pp to 28.2% (25.5%). EBITDA margin improvement resulted from an efficient approach to marketing as well as other cost control measures conducted by the company.

On a year-on-year basis, Astelit recorded 1 million net additions, increasing its 3-month active subscriber base to 8.0 million with the contribution of its regional growth strategy. MoU declined by 5.2% to 184.5 minutes (194.7 minutes) in Q412 and 4.4% to 189.3 minutes (198.0 minutes) in FY12. The decrease in MoU was mainly driven by the lower usage of new subscribers. On the other hand, the ARPU decrease by 8.5% in Q412 to US$4.3 (US$4.7) and by 4.3% in FY12 to US$4.5 (US$4.7) was mainly related to price competition in the market especially on voice offers.

Astelit		Quarter			Year	
	Q411	Q412	y/y%	FY11	FY12	y/y%
Number of subscribers (million)1	9.7	11.1	14.4%	9.7	11.1	14.4%
Active (3 months)2	7.0	8.0	14.3%	7.0	8.0	14.3%
MOU (minutes)	194.7	184.5	(5.2%)	198.0	189.3	(4.4%)
ARPU (Average Monthly Revenue per User), blended (US$)	3.4	3.1	(8.8%)	3.4	3.3	(2.9%)
Active (3 months)	4.7	4.3	(8.5%)	4.7	4.5	(4.3%)
Revenue (million UAH)	783.0	823.4	5.2%	2,938.8	3,239.8	10.2%
Revenue (million US$)	98.1	103.0	5.0%	368.8	405.4	9.9%
EBITDA (million US$)3	24.9	27.6	10.8%	94.2	114.4	21.4%
EBITDA margin	25.4%	26.8%	1.4pp	25.5%	28.2%	2.7pp
Net profit/(loss) (million US$)	(16.4)	(18.5)	12.8%	(75.8)	(56.1)	(26.0%)
Capex (million US$)	26.6	34.1	28.2%	65.1	77.8	19.5%

(1) We may occasionally offer campaigns and tariff schemes that have an active subscriber life differing from the one that we normally use to deactivate subscribers and calculate churn.
(2) Active subscribers are those who in the past three months made a transaction which brought revenue to the Company.

(3) EBITDA is a non-GAAP financial measurement. See page 15 for the reconciliation of Euroasia's EBITDA to net cash from operating activities. Euroasia holds a 100% stake in Astelit.
(*) Astelit, in which we hold a 55% stake through Euroasia, has operated in Ukraine since February 2005.

Turkcell Superonline continued its momentum in the fourth quarter of the year achieving revenue growth of 35.3% while EBITDA margin was at 20.6% (22.1%). Increased marketing activities in the last quarter of the year adversely impacted the EBITDA margin.

In Q412, residential segment revenues grew by 89% mainly driven by the 59% increase in FTTX subscriber base. Continuing our fiber investments, we increased our home passes to around 1.3 million and reached 425 thousand FTTX subscribers. The corporate segment posted a 32% growth in Q412 with the contribution of increasing synergies achieved at the Group level and the integrated solutions offered in consequence. The share of the residential and corporate segment increased to 62% (52%) while the share of non-group revenues increased to 74% (64%).

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Fourth Quarter and Full Year 2012 Results

Meanwhile, our nominal EBITDA increased by 26% due to the rising weight of the more profitable data business.

For the full year, Turkcell Superonline's contribution to group financials continued to improve on 48.6% revenue growth. The EBITDA margin increased 3.1pp to 20.8% (17.7%) driven by the more profitable data business. In the meantime, having recorded a positive full year EBITDA in 2009 and EBIT in 2011, Turkcell Superonline for the first time posted positive full year net income in 2012.

In 2012, residential segment revenues grew by 92% while the corporate segment grew by 65%. The share of the residential and corporate segment increased to 58% (48%) while the share of non-group revenues at Turkcell Superonline was at 71% (61%) in 2012.

Turkcell Superonline (million TRY)		Quarter			Year	
	Q411	Q412	y/y%	FY11	FY12	y/y%
Revenue	140.7	190.3	35.3 %	460.5	684.1	48.6 %
Residential	34.7	65.7	89.3 %	110.3	211.7	91.9 %
Corporate	38.8	51.4	32.5 %	112.9	186.0	64.7 %
Wholesale	67.2	73.2	8.9 %	237.3	286.4	20.7 %
EBITDA 1	31.1	39.2	26.0 %	81.6	142.5	74.6 %
EBITDA Margin	22.1 %	20.6 %	(1.5pp)	17.7 %	20.8 %	3.1pp
Capex	172.4	159.6	(7.4 %)	392.7	451.7	15.0 %

(1)EBITDA is a non-GAAP financial measure. See page 15 for the reconciliation of EBITDA to net cash from operating activities.
(*)Turkcell Superonline is our wholly-owned subsidiary, providing fiber broadband.

Fintur continued to improve its total subscriber base during year to 21.2 million mainly driven by 2.7 million subscriber growth in Kazakhstan. Fintur's consolidated revenue increased by 5.9% to US$541 million in Q412 (US$511 million) while revenues grew by 3.5% to US$2,027 million (US$1,958 million) for the full year.

We account for our investment in Fintur using the equity method. Fintur's contribution to net income decreased from TRY65 million to TRY49 million while its contribution in USD terms decreased from US$36 million to US$27 million in Q412. Fintur's contribution to Turkcell's net income was US$143 million in 2012 (US$165 million).

Fintur		Quarter			Year	
	Q411	Q412	y/y%	FY11	FY12	y/y%
Subscribers (million)	18.2	21.2	16.5 %	18.2	21.2	16.5 %
Kazakhstan	10.8	13.5	25.0 %	10.8	13.5	25.0 %
Azerbaijan	4.2	4.4	4.8 %	4.2	4.4	4.8 %
Moldova	1.1	1.3	18.2 %	1.1	1.3	18.2 %
Georgia	2.1	2.1	-	2.1	2.1	-
Revenue (million US$)	511	541	5.9 %	1,958	2,027	3.5 %
Kazakhstan	317	331	4.4 %	1,211	1,221	0.8 %
Azerbaijan	137	151	10.2 %	526	579	10.1 %
Moldova	21	21	-	79	79	-
Georgia	36	38	5.6 %	142	148	4.2 %
Other1	-	-	-	-	-	-

Fintur's contribution to Group's net income (million US$)	36	27	(25.0 %)	165	143	(13.3 %)

1) Includes intersegment eliminations

(*) We hold a 41.45% stake In Fintur which has interests in Kazakhstan, Azerbaijan, Moldova, and Georgia.

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Fourth Quarter and Full Year 2012 Results

Turkcell Group Subscribers amounted to approximately 69.2 million as of December 31, 2012. This figure is calculated by considering the number of subscribers in Turkcell and each of our subsidiaries and unconsolidated investees. It includes the total number of mobile subscribers in Turkcell Turkey, Astelit, BeST, KKTCell ("Northern Cyprus"), Turkcell Europe and Fintur. Turkcell Group subscribers increased by 4.4 million compared to the previous year, due to the improved subscriber base of Fintur, Astelit and Turkcell Turkey. This was despite the 0.7 million decline in BeST's subscriber base during the year in line with BeST's churn policy and value focus approach.

Turkcell Group Subscribers (million)	2011	2012	y/y%	
Turkcell Turkey	34.5	35.1	1.7	%
Ukraine	9.7	11.1	14.4	%
Fintur	18.2	21.2	16.5	%
Northern Cyprus	0.4	0.4	-	
Belarus	1.8	1.1	(38.9	%)
Turkcell Europe	0.2	0.3	50.0	%
TURKCELL GROUP	64.8	69.2	6.8	%

OVERVIEW OF THE MACROECONOMIC ENVIRONMENT

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

			Quarter						Year			
	Q411		Q412		y/y%		FY11		FY12		y/y%	
TRY / US$ rate												
Closing Rate	1.8889		1.7826		(5.6	%)	1.8889		1.7826		(5.6	%)
Average Rate	1.8209		1.7854		(1.9	%)	1.6698		1.7913		7.3	%
Consumer Price Index (Turkey)	5.7	%	2.7	%	(3.0pp	)	10.4	%	6.2	%	(4.2pp	)
GDP Growth (Turkey)	5.0	%	n.a.		n.a.		8.5	%	n.a.		n.a.	
UAH/ US$ rate												
Closing Rate	7.99		7.99		-		7.99		7.99		-	
Average Rate	7.98		7.99		0.1	%	7.97		7.99		0.3	%
BYR/ US$ rate												
Closing Rate	8.350		8.570		2.6	%	8.350		8.570		2.6	%
Average Rate	8.025		8.548		6.5	%	5.038		8.326		65.3	%

Fourth Quarter and Full Year 2012 Results

RECONCILIATION OF NON-GAAP FINANCIAL MEASUREMENTS: We believe that EBITDA is a measurement commonly used by companies, analysts and investors in the telecommunications industry that enhances the understanding of our cash generation ability and liquidity position, and assists in the evaluation of our capacity to meet our financial obligations. We also use EBITDA as an internal measurement tool, and accordingly, we believe that its presentation provides useful and relevant information to analysts and investors. Our EBITDA definition includes Revenue, Direct Cost of Revenue excluding depreciation and amortization, Selling and Marketing expenses and Administrative expenses, but excludes translation gain/(loss), finance income, share of profit of equity accounted investees, gain on sale of investments, income/(loss) from related parties, minority interest and other income/(expense). EBITDA is not a measure of financial performance under IFRS, and should not be construed as a substitute for net earnings (loss) as a measure of performance, or cash flow from operations as a measure of liquidity. The following table provides a reconciliation of EBITDA, which is a non-GAAP financial measurement, to net cash from operating activities, which we believe is the most directly comparable financial measurement calculated and presented in accordance with IFRS.

Turkcell Group (million US$)	Quarter			Year		
	Q411	Q412	y/y%	FY11	FY12	y/y%
EBITDA	383.5	474.8	23.8%	1,748.1	1,808.4	3.4%
Income tax expense	(67.1)	(76.6)	14.2%	(292.2)	(291.5)	(0.2%)
Other operating income / (expense)	1.9	25.0	1215.8%	(57.9)	17.5	-
Financial income	7.5	(2.6)	-	29.0	5.0	(82.8%)
Financial expense	(13.9)	(44.3)	218.7%	(81.5)	(125.3)	53.7%
Net increase / (decrease) in assets and liabilities	(29.6)	274	-	(419.7)	(225.8)	(46.2%)
Net cash from operating activities	282.3	650.3	130.4%	925.8	1,188.3	28.4%

Turkcell Superonline (million TRY)	Quarter			Year		
	Q411	Q412	y/y%	FY11	FY12	y/y%
EBITDA	31.1	39.2	26.0%	81.6	142.5	74.6%
Other operating income / (expense)	0.3	2.4	700.0%	0.9	4.6	411.1%
Financial income	1.0	(0.3)	-	6.6	10.5	59.1%
Financial expense	(15.0)	(14.6)	(2.7%)	(49.1)	(42.6)	(13.2%)
Net increase / (decrease) in assets and liabilities	47.5	(37.7)	-	(40.6)	(74.8)	84.2%
Net cash from operating activities	64.8	(11.0)	-	(0.6)	40.2	-

Euroasia (million US$)	Quarter			Year		

	Q411	Q412	y/y%	FY11	FY12	y/y%
EBITDA	24.9	27.6	10.8 %	94.2	114.4	21.4 %
Other operating income / (expense)	1.9	0.5	(73.7 %)	2.1	0.7	(66.7 %)
Financial income	0.3	1.2	300.0 %	0.7	2.5	257.1 %
Financial expense	(14.8)	(16.1)	8.8 %	(54.2)	(56.3)	3.9 %
Net increase / (decrease) in assets and liabilities	13.4	45.7	241.0 %	26.5	79.9	201.5 %
Net cash from operating activities	25.7	58.9	129.2 %	69.3	141.2	103.8 %

Fourth Quarter and Full Year 2012 Results

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. This includes in particular our targets for revenue, EBITDA and capex in 2013. More generally, 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 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 2011 filed with the U.S. Securities and Exchange Commission, and in particular the risk factor section therein. We undertake no duty to update or revise any forward looking statements, whether as a result of new information, future events or otherwise.

ABOUT TURKCELL: Turkcell is the leading communications and technology company in Turkey, with 35.1 million subscribers as of December 31, 2012. Turkcell is a leading regional player, with market leadership in five of the nine countries in which it operates with its approximately 69.2 million subscribers as of December 31, 2012. It has become one of the first among the global operators to have implemented HSPA+. It has achieved up to 43.2 Mbps speed using the Dual Carrier technology, and is continuously working to provide the latest technology to its customers, e.g. 84 Mbps in the near future. Turkcell Superonline, a wholly owned subsidiary of Turkcell, is the one and only telecom operator to offer households fiber broadband connection at speeds of up to 1,000 Mbps in Turkey. As of December 31, 2012, Turkcell population coverage is at 99.17% in 2G and 84.02% in 3G. Turkcell reported a TRY10.5 billion (US$5.9 billion) revenue with total assets of TRY18.7 billion (US$10.5 billion) as of December 31, 2012. It has been listed on the NYSE and the ISE since July 2000, and is the only NYSE-listed company in Turkey. Read more at www.turkcell.com.tr

For further information please contact Turkcell

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

	Quarter Ended December 31, 2011	Quarter Ended September 30, 2012	Quarter Ended December 31, 2012	12 Months Ended December 31, 2011	12 Months Ended December 31, 2012
Consolidated Statement of Operations Data					
Revenues					
Communication fees	2,252.8	2,544.8	2,534.5	8,724.7	9,626.7
Commission fees and revenue on betting business	31.5	28.7	63.0	86.5	159.1
Monthly fixed fees	24.7	21.8	21.7	104.5	90.7
Simcard sales	8.2	11.3	6.4	35.3	32.9
Call center revenues and other revenues	128.3	146.2	181.7	419.1	597.6
Total revenues	2,445.5	2,752.8	2,807.3	9,370.1	10,507.0
Direct cost of revenues	(1,791.8)	(1,663.6)	(1,760.1)	(5,954.3)	(6,487.3)
Gross profit	653.7	1,089.2	1,047.2	3,415.8	4,019.7
Administrative expenses	(103.8)	(117.6)	(125.9)	(410.9)	(484.2)
Selling & marketing expenses	(451.6)	(399.6)	(469.0)	(1,684.9)	(1,705.7)
Other Operating Income / (Expense)	(10.4)	(78.7)	(23.9)	(218.5)	(105.2)
Operating profit before financing costs	87.9	493.3	428.4	1,101.5	1,724.6
Finance costs	(111.8)	(41.9)	(79.5)	(528.3)	(224.2)
Finance income	139.6	163.2	158.9	545.6	691.7
Monetary gain	273.5	47.5	42.6	273.5	169.9
Share of profit of equity accounted investees	55.0	60.9	42.5	227.1	218.5
Income before taxes and minority interest	444.2	723.0	592.9	1,619.4	2,580.5
Income tax expense	(118.3)	(157.9)	(136.9)	(485.0)	(522.5)
Income before minority interest	325.9	565.1	456.0	1,134.4	2,058.0
Non-controlling interests	5.8	5.7	3.2	43.3	21.0
Net income	331.7	570.8	459.2	1,177.7	2,079.0
Net income per share	0.15	0.26	0.21	0.54	0.95
Other Financial Data					
Gross margin	26.7%	39.6%	37.3%	36.5%	38.3%
EBITDA(*)	694.7	912.0	847.8	2,912.9	3,241.5
Capital expenditures	716.2	445.6	713.4	1,635.8	1,738.8
Consolidated Balance Sheet Data (at period end)					

Cash and cash equivalents	4,738.4	6,510.8	6,998.9	4,738.4	6,998.9
Total assets	17,186.7	18,031.5	18,687.4	17,186.7	18,687.4
Long term debt	1,997.3	1,109.6	1,103.8	1,997.3	1,103.8
Total debt	3,528.6	3,127.4	3,039.6	3,528.6	3,039.6
Total liabilities	6,360.3	5,663.3	5,923.7	6,360.3	5,923.7
Total shareholders' equity / Net Assets	10,826.4	12,368.2	12,763.7	10,826.4	12,763.7

** For further details, please refer to our consolidated financial statements and notes as at 31 December 2012 on our web site.

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

	Quarter Ended December 31, 2011	Quarter Ended September 30, 2012	Quarter Ended December 31, 2012	12 Months Ended December 31, 2011	12 Months Ended December 31, 2012
Consolidated Statement of Operations Data					
Revenues					
Communication fees	2,252.8	2,544.8	2,534.5	8,724.7	9,626.7
Commission fees and revenue on betting business	31.5	28.7	63.0	86.5	159.1
Monthly fixed fees	24.7	21.8	21.7	104.5	90.7
Simcard sales	8.2	11.3	6.4	35.3	32.9
Call center revenues and other revenues	128.3	146.2	181.7	419.1	597.6
Total revenues	2,445.5	2,752.8	2,807.3	9,370.1	10,507.0
Direct cost of revenues	(1,790.5)	(1,662.5)	(1,759.5)	(5,948.8)	(6,482.1)
Gross profit	655.0	1,090.3	1,047.8	3,421.3	4,024.9
Administrative expenses	(103.8)	(117.6)	(125.9)	(410.9)	(484.2)
Selling & marketing expenses	(451.6)	(399.6)	(469.0)	(1,684.9)	(1,705.7)
Other Operating Income / (Expense)	(10.4)	(79.0)	(23.6)	(217.3)	(105.3)
Operating profit before financing costs	89.2	494.1	429.3	1,108.2	1,729.7
Finance costs	(111.8)	(41.9)	(79.5)	(528.3)	(224.2)
Finance income	139.7	163.2	158.9	545.6	691.7
Monetary gain	273.5	47.5	42.6	273.5	169.9
Share of profit of equity accounted investees	55.0	60.9	42.5	227.1	218.5
Income before taxes and minority interest	445.6	723.8	593.8	1,626.1	2,585.6
Income tax expense	(118.1)	(158.0)	(136.8)	(486.1)	(523.6)
Income before minority interest	327.5	565.8	457.0	1,140.0	2,062.0
Non-controlling interests	5.8	5.7	3.2	43.3	21.0
Net income	333.3	571.5	460.2	1,183.3	2,083.0
Net income per share	0.15	0.26	0.21	0.54	0.95
Other Financial Data					
Gross margin	26.8%	39.6%	37.3%	36.5%	38.3%
EBITDA(*)	694.7	912.0	847.8	2,912.9	3,241.5
Capital expenditures	716.2	445.6	713.4	1,635.8	1,738.8
Consolidated Balance Sheet Data (at period end)					

Cash and cash equivalents	4,738.4	6,510.8	6,998.9	4,738.4	6,998.9
Total assets	17,147.0	17,996.1	18,653.0	17,147.0	18,653.0
Long term debt	1,997.3	1,109.6	1,103.8	1,997.3	1,103.8
Total debt	3,528.6	3,127.4	3,039.6	3,528.6	3,039.6
Total liabilities	6,353.5	5,657.8	5,918.1	6,353.5	5,918.1
Total shareholders’ equity / Net Assets	10,793.5	12,338.3	12,734.9	10,793.5	12,734.9

** For further details, please refer to our consolidated financial statements and notes as at 31 December 2012 on our web site.

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

	Quarter Ended December 31, 2011	Quarter Ended September 30, 2012	Quarter Ended December 31, 2012	12 Months Ended December 31, 2011	12 Months Ended December 31, 2012
Consolidated Statement of Operations Data					
Revenues					
Communication fees	1,231.6	1,413.1	1,419.6	5,225.4	5,374.0
Commission fees and revenue on betting business	17.3	16.0	35.3	51.4	89.0
Monthly fixed fees	13.6	12.1	12.1	63.0	50.6
Simcard sales	4.5	6.2	3.6	21.2	18.3
Call center revenues and other revenues	69.0	81.4	101.9	248.7	333.9
Total revenues	1,336.0	1,528.8	1,572.5	5,609.7	5,865.8
Direct cost of revenues	(960.8)	(924.3)	(986.1)	(3,528.9)	(3,622.3)
Gross profit	375.2	604.5	586.4	2,080.8	2,243.5
Administrative expenses	(56.1)	(65.4)	(70.5)	(246.5)	(270.5)
Selling & marketing expenses	(246.7)	(221.9)	(262.8)	(1,010.6)	(953.2)
Other Operating Income / (Expense)	4.8	(43.8)	(13.4)	(128.7)	(58.8)
Operating profit before financing costs	77.2	273.4	239.7	695.0	961.0
Finance costs	(28.6)	(23.6)	(44.4)	(289.7)	(125.5)
Finance income	82.2	90.6	88.7	330.3	386.1
Monetary gain	144.8	27.1	24.0	144.8	95.3
Share of profit of equity accounted investees	30.3	33.9	23.7	136.9	121.7
Income before taxes and minority interest	305.9	401.4	331.7	1,017.3	1,438.6
Income tax expense	(67.1)	(87.7)	(76.6)	(292.2)	(291.5)
Income before minority interest	238.8	313.7	255.1	725.1	1,147.1
Non-controlling interests	3.2	3.2	1.8	26.6	11.7
Net income	242.0	316.9	256.9	751.7	1,158.8
Net income per share	0.11	0.14	0.12	0.34	0.53
Other Financial Data					
Gross margin	28.1%	39.5%	37.3%	37.1%	38.2%
EBITDA(*)	383.5	506.2	474.8	1,748.1	1,808.4
Capital expenditures	367.7	253.5	401.0	866.0	975.5
Consolidated Balance Sheet Data (at period end)					

Cash and cash equivalents	2,508.5	3,648.1	3,926.2	2,508.5	3,926.2
Total assets	9,098.8	10,103.4	10,483.2	9,098.8	10,483.2
Long term debt	1,057.4	621.8	619.2	1,057.4	619.2
Total debt	1,868.1	1,752.3	1,705.2	1,868.1	1,705.2
Total liabilities	3,367.2	3,173.3	3,323.1	3,367.2	3,323.1
Total equity	5,731.6	6,930.1	7,160.1	5,731.6	7,160.1

* Please refer to the notes on reconciliation of Non-GAAP Financial measures on page 15
** For further details, please refer to our consolidated financial statements and notes as at 31 December 2012 on our web site.

TURKCELL DAHİLİ

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2012
(Amounts expressed in thousands of US Dollars unless otherwise indicated except share amounts)

(The Group's audited consolidated financial statements prepared as at and for the year ended 31 December 2010 and 31 December 2011 were approved by the Audit Committee and the Board of Directors (Board Resolution dated 23 February 2011 and numbered 797 and dated 22 February 2012 and numbered 908, respectively). However, consolidated financial statements prepared as at and for the year ended 31 December 2010 were not approved by the General Assemblies on 21 April 2011, 11 August 2011 and 12 October 2011. The General Assembly on 29 June 2012 could not convene since the quorum required had not been reached and the consolidated financial statements prepared as at and for the year ended 31 December 2010 and 31 December 2011 could not be presented for approval.)

	Note	2012	2011
Assets			
Property, plant and equipment	13	3,061,199	2,709,600
Intangible assets	14	1,296,117	1,246,308
GSM and other telecommunication operating licenses		678,694	691,895
Computer software		568,447	502,974
Other intangible assets		48,976	51,439
Investments in equity accounted investees	15	256,931	414,392
Other investments	16	29,069	22,568
Due from related parties	34	-	43
Other non-current assets	17	125,299	125,389
Trade receivables	19	216,149	113,581
Deferred tax assets	18	14,823	3,286
Total non-current assets		4,999,587	4,635,167
Inventories		48,903	26,069
Other investments	16	22,205	844,982
Due from related parties	34	7,414	43,215
Trade receivables and accrued income	19	1,209,007	842,381
Other current assets	20	269,905	198,458
Cash and cash equivalents	21	3,926,215	2,508,529
Total current assets		5,483,649	4,463,634
Total assets		10,483,236	9,098,801
Equity			
Share capital	22	1,636,204	1,636,204
Share premium	22	434	434
Capital contributions	22	22,772	22,772
Reserves	22	(1,628,110)	(1,920,974)

Retained earnings	22	7,207,563	6,053,702
Total equity attributable to equity holders of Turkcell Iletisim Hizmetleri AS		7,238,863	5,792,138
Non-controlling interests	22	(78,719)	(60,533)
Total equity		7,160,144	5,731,605
Liabilities			
Loans and borrowings	25	619,196	1,057,380
Employee benefits	26	41,452	28,259
Provisions	28	148,894	58,219
Other non-current liabilities	24	117,888	92,669
Deferred tax liabilities	18	44,169	67,374
Total non-current liabilities		971,599	1,303,901
Bank overdraft	21	-	1,084
Loans and borrowings	25	1,087,447	811,953
Income taxes payable	12	76,533	61,891
Trade and other payables	29	953,601	929,488
Due to related parties	34	55,614	14,582
Deferred income	27	91,166	118,376
Provisions	28	87,132	125,921
Total current liabilities		2,351,493	2,063,295
Total liabilities		3,323,092	3,367,196
Total equity and liabilities		10,483,236	9,098,801

The notes on page 7 to 139 are an integral part of these consolidated financial statements.

TURKCELL DAHİLİ

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME
For the year ended 31 December 2012
(Amounts expressed in thousands of US Dollars unless otherwise indicated except share amounts)

(The Group's audited consolidated financial statements prepared as at and for the year ended 31 December 2010 and 31 December 2011 were approved by the Audit Committee and the Board of Directors (Board Resolution dated 23 February 2011 and numbered 797 and dated 22 February 2012 and numbered 908, respectively). However, consolidated financial statements prepared as at and for the year ended 31 December 2010 were not approved by the General Assemblies on 21 April 2011, 11 August 2011 and 12 October 2011. The General Assembly on 29 June 2012 could not convene since the quorum required had not been reached and the consolidated financial statements prepared as at and for the year ended 31 December 2010 and 31 December 2011 could not be presented for approval.)

	Note	2012	2011	2010
Revenue	8	5,865,787	5,609,679	5,982,093
Direct costs of revenue		(3,622,309)	(3,528,928)	(3,349,035)
Gross profit		2,243,478	2,080,751	2,633,058
Other income		18,094	32,600	14,668
Selling and marketing expenses		(953,187)	(1,010,615)	(1,085,750)
Administrative expenses		(270,477)	(246,543)	(347,290)
Other expenses	9	(76,924)	(161,236)	(64,233)
Results from operating activities		960,984	694,957	1,150,453
Finance income	11	386,088	330,277	277,130
Finance costs	11	(125,510)	(289,648)	(102,662)
Net finance income		260,578	40,629	174,468
Monetary gain		95,325	144,813	-
Share of profit of equity accounted investees	15	121,733	136,907	122,839
Profit before income tax		1,438,620	1,017,306	1,447,760
Income tax expense	12	(291,491)	(292,193)	(320,799)
Profit for the year		1,147,129	725,113	1,126,961
Profit/(loss) attributable to:				
Owners of Turkcell Iletisim Hizmetleri AS		1,158,835	751,709	1,170,176
Non-controlling interests		(11,706)	(26,596)	(43,215)
Profit for the year		1,147,129	725,113	1,126,961
Basic and diluted earnings per share (in full USD)	23	0.53	0.34	0.53

The notes on page 7 to 139 are an integral part of these consolidated financial statements.

TURKCELL DAHİLİ

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2012
(Amounts expressed in thousands of US Dollars unless otherwise indicated except share amounts)

(The Group's audited consolidated financial statements prepared as at and for the year ended 31 December 2010 and 31 December 2011 were approved by the Audit Committee and the Board of Directors (Board Resolution dated 23 February 2011 and numbered 797 and dated 22 February 2012 and numbered 908, respectively). However, consolidated financial statements prepared as at and for the year ended 31 December 2010 were not approved by the General Assemblies on 21 April 2011, 11 August 2011 and 12 October 2011. The General Assembly on 29 June 2012 could not convene since the quorum required had not been reached and the consolidated financial statements prepared as at and for the year ended 31 December 2010 and 31 December 2011 could not be presented for approval.)

	2012	2011	2010
Profit for the year	1,147,129	725,113	1,126,961
Other comprehensive income/(expense), net of tax:			
Foreign currency translation differences	312,708	(1,293,917)	(184,352)
Net change in fair value of available-for-sale securities	-	-	(1,318)
Change in cash flow hedge reserve	(860)	(459)	-
Actuarial loss arising from employee benefits (Note 26)	(4,911)	-	-
Tax effect of foreign currency translation differences	2,145	(4,430)	(754)
Tax effect of actuarial loss from employee benefits	960	-	-
Other comprehensive income/(expense) for the year, net of tax	310,042	(1,298,806)	(186,424)
Total comprehensive income for the year	1,457,171	(573,693)	940,537
Total comprehensive income/(expense) attributable to:			
Owners of Turkcell Iletisim Hizmetleri AS	1,467,154	(540,624)	984,187
Non-controlling interest	(9,983)	(33,069)	(43,650)
Total comprehensive income for the year	1,457,171	(573,693)	940,537

The notes on page 7 to 139 are an integral part of these consolidated financial statements.

TURKCELL DAHİLİ

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2012
(Amounts expressed in thousands of US Dollars unless otherwise indicated except share amounts)

(The Group's audited consolidated financial statements prepared as at and for the year ended 31 December 2010 and 31 December 2011 were approved by the Audit Committee and the Board of Directors (Board Resolution dated 23 February 2011 and numbered 797 and dated 22 February 2012 and numbered 908, respectively). However, consolidated financial statements prepared as at and for the year ended 31 December 2010 were not approved by the General Assemblies on 21 April 2011, 11 August 2011 and 12 October 2011. The General Assembly on 29 June 2012 could not convene since the quorum required had not been reached and the consolidated financial statements prepared as at and for the year ended 31 December 2010 and 31 December 2011 could not be presented for approval.)

	Attributable to equity holders of the Company									
	Share Capital	Capital Contribution	Share Premium	Legal Reserves	Fair Value Reserve	Cash Flow Hedge Reserves	Reserve for Non-Controlling Interest Put Option	Translation Reserve	Retained Earnings	Total
Balance at 1 January 2010	1,636,204	22,772	434	484,291	1,318	-	(250,834)	(746,870)	4,712,254	5,859,56
Total comprehensive income										
Profit for the year	-	-	-	-	-	-	-	-	1,170,176	1,170,17
Other comprehensive income/(expense)										
Foreign currency translation differences, net of tax	-	-	-	-	-	-	(461)	(184,210)	-	(184,671
Net change in fair value of available-for-sale securities, net of tax	-	-	-	-	(1,318)	-	-	-	-	(1,318
Total other comprehensive income/(expense)	-	-	-	-	(1,318)	-	(461)	(184,210)	-	(185,989
Total comprehensive income/(expense),	-	-	-	-	(1,318)	-	(461)	(184,210)	1,170,176	984,187

net of tax										
Increase in legal reserves	-	-	-	50,652	-	-	-	-	(50,652)	-
Dividends paid (Note 22)	-	-	-	-	-	-	-	-	(573,451)	(573,451
Change in non-controlling interest	-	-	-	-	-	-	-	-	-	-
Change in reserve for non-controlling interest put option	-	-	-	-	-	-	(12,689)	-	-	(12,689
Balance at 31 December 2010	1,636,204	22,772	434	534,943	-	-	(263,984)	(931,080)	5,258,327	6,257,61
					-	-				
Balance at 1 January 2011	1,636,204	22,772	434	534,943	-	-	(263,984)	(931,080)	5,258,327	6,257,61
Total comprehensive income										
Profit for the year	-	-	-	-	-	-	-	-	751,709	751,709
Other comprehensive income/(expense)										
Foreign currency translation differences, net of tax	-	-	-	-	-	-	(10,717)	(1,281,157)	-	(1,291,8
Change in cash flow hedge reserve	-	-	-	-	-	(459)	-	-	-	(459
Net change in fair value of available-for-sale securities, net of tax	-	-	-	-	-	-			-	-
Total other comprehensive income/(expense)	-	-	-	-	-	(459)	(10,717)	(1,281,157)	-	(1,292,3
Total comprehensive income/(expense), net of tax	-	-	-	-	-	(459)	(10,717)	(1,281,157)	751,709	(540,624
Transfer from legal reserves	-	-	-	(1,004)	-	-	-	-	1,004	-
Dividends paid (Note 22)	-	-	-	-	-	-	-	-	-	-
Effects of inflation accounting (Note 2b)	-	-	-	-	-	-	-	-	42,662	42,662
Change in non-controlling interest	-	-	-	-	-	-	-	-	-	-

Change in reserve for non-controlling interest put option	-	-	-	-	-	-	32,484	-	-	32,484
Balance at 31 December 2011	1,636,204	22,772	434	533,939	-	(459)	(242,217)	(2,212,237)	6,053,702	5,792,13
Balance at 1 January 2012	1,636,204	22,772	434	533,939	-	(459)	(242,217)	(2,212,237)	6,053,702	5,792,13
Total comprehensive income										
Profit for the year	-	-	-	-	-	-	-	-	1,158,835	1,158,83
Other comprehensive income/(expense)										
Foreign currency translation differences, net of tax	-	-	-	-	-	-	3,951	309,179	-	313,130
Defined benefit plan actuarial losses	-	-	-	-	-	-	-	-	(3,951)	(3,951
Change in cash flow hedge reserve	-	-	-	-	-	(860)	-	-	-	(860
Total other comprehensive income/(expense), net of tax	-	-	-	-	-	(860)	3,951	309,179	(3,951)	308,319
Total comprehensive income/(expense)	-	-	-	-	-	(860)	3,951	309,179	1,154,884	1,467,15
Transfers from legal reserves	-	-	-	1,023	-	-	-	-	(1,023)	-
Dividend paid (Note 22)	-	-	-	-	-	-	-	-	-	-
Change in non-controlling interest	-	-	-	-	-	-	-	-	-	-
Change in reserve for non-controlling interest put option (Note 30)	-	-	-	-	-	-	(20,429)	-	-	(20,429
Balance at 31 December 2012	1,636,204	22,772	434	534,962	-	(1,319)	(258,695)	(1,903,058)	7,207,563	7,238,86

The notes on page 7 to 139 are an integral part of these consolidated financial statements.

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TURKCELL DAHİLİ

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2012
(Amounts expressed in thousands of US Dollars unless otherwise indicated except share amounts)

(The Group's audited consolidated financial statements prepared as at and for the year ended 31 December 2010 and 31 December 2011 were approved by the Audit Committee and the Board of Directors (Board Resolution dated 23 February 2011 and numbered 797 and dated 22 February 2012 and numbered 908, respectively). However, consolidated financial statements prepared as at and for the year ended 31 December 2010 were not approved by the General Assemblies on 21 April 2011, 11 August 2011 and 12 October 2011. The General Assembly on 29 June 2012 could not convene since the quorum required had not been reached and the consolidated financial statements prepared as at and for the year ended 31 December 2010 and 31 December 2011 could not be presented for approval.)

	Note	2012	2011	2010
Cash flows from operating activities				
Profit for the year		1,147,129	725,113	1,126,961
Adjustments for:				
Depreciation and impairment of fixed assets	13	562,788	636,758	515,515
Amortization of intangible assets	14	225,844	287,792	241,839
Net finance (income)	11	(317,295)	(300,307)	(237,628)
Income tax expense	12	291,491	292,193	320,799
Share of profit of equity accounted investees	15, 34	(134,995)	(165,408)	(154,457)
(Gain)/loss on sale of property, plant and equipment		(2,599)	(3,771)	101
Unrealized foreign exchange and monetary gain/loss on operating assets		(40,855)	(159,292)	(5,847)
Impairment losses on goodwill		-	52,971	23,499
Provision for impairment of trade receivables and due from related parties	30	62,431	31,361	126,257
Deferred income	27	(34,269)	(16,005)	(77,854)
Provision for equity accounted investees	9	19,299	-	-
Impairment losses on equity accounted investees and other non-current investments	9	40,250	21,558	-
		1,819,219	1,402,963	1,879,185
Change in trade receivables	19	(487,538)	(275,271)	(204,403)
Change in due from related parties	34	37,583	33,984	28,752
Change in inventories		(21,279)	(6,110)	3,083
Change in other current assets	20	(45,798)	(35,736)	(29,389)
Change in other non-current assets	17	(21,278)	(22,867)	(29,011)
Change in due to related parties	34	1,669	4,159	(3,775)
Change in trade and other payables		(4,811)	43,853	32,541
Change in other current liabilities		(48)	57,741	(96,118)
Change in other non-current liabilities	24	(11,840)	(21,185)	(14,051)
Change in employee benefits	26	6,596	3,917	2,690
Change in provisions	28	40,007	(8,060)	(45,102)

		1,312,482	1,177,388	1,524,402
Interest paid		(56,343)	(46,716)	(38,829)
Income tax paid		(307,262)	(276,176)	(322,754)
Dividends received		239,377	71,331	99,759
Net cash generated by operating activities		1,188,254	925,827	1,262,578
Cash flows from investing activities				
Acquisition of property, plant and equipment		(758,898)	(660,359)	(912,097)
Acquisition of intangible assets	14	(208,040)	(198,607)	(132,827)
Proceeds from sale of property, plant and equipment		9,679	8,603	8,506
Proceeds from currency option contracts	11	2,250	6,081	12,147
Payment of currency option contracts premium	11	(280)	(1,267)	(4,988)
Acquisition of financial assets		(27,360)	(858,667)	(16,762)
Proceeds from sale of financial assets		897,057	11,191	70,528
Acquisition of subsidiary net-off cash acquired	7	-	578	-
Interest received		390,155	281,965	270,602
Net cash used in investing activities		304,563	(1,410,482)	(704,891)
Cash flows from financing activities				
Proceeds from issuance of loans and borrowings		670,549	552,859	1,071,777
Loan transaction costs		-	(938)	(12,100)
Repayment of borrowings		(833,552)	(516,901)	(772,892)
Change in non-controlling interest		282	544	89
Dividends paid		(8,485)	(3,989)	(590,541)
Net cash generated by/(used in) financing activities		(171,206)	31,575	(303,667)
Net (decrease)/increase in cash and cash equivalents		1,321,611	(453,080)	254,020
Cash and cash equivalents at 1 January		2,507,445	3,296,267	3,090,242
Effects of foreign exchange rate fluctuations on cash and cash equivalents		97,159	(335,742)	(47,995)
Cash and cash equivalents at 31 December	21	3,926,215	2,507,445	3,296,267

The notes on page 7 to 139 are an integral part of these consolidated financial statements.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2012
(Amounts expressed in thousands of US Dollars unless otherwise indicated except share amounts)

(The Group's audited consolidated financial statements prepared as at and for the year ended 31 December 2010 and 31 December 2011 were approved by the Audit Committee and the Board of Directors (Board Resolution dated 23 February 2011 and numbered 797 and dated 22 February 2012 and numbered 908, respectively). However, consolidated financial statements prepared as at and for the year ended 31 December 2010 were not approved by the General Assemblies on 21 April 2011, 11 August 2011 and 12 October 2011. The General Assembly on 29 June 2012 could not convene since the quorum required had not been reached and the consolidated financial statements prepared as at and for the year ended 31 December 2010 and 31 December 2011 could not be presented for approval.)

Notes to the consolidated financial statements

TURKCELL DAHİLİ

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2012
(Amounts expressed in thousands of US Dollars unless otherwise indicated except share amounts)

(The Group's audited consolidated financial statements prepared as at and for the year ended 31 December 2010 and 31 December 2011 were approved by the Audit Committee and the Board of Directors (Board Resolution dated 23 February 2011 and numbered 797 and dated 22 February 2012 and numbered 908, respectively). However, consolidated financial statements prepared as at and for the year ended 31 December 2010 were not approved by the General Assemblies on 21 April 2011, 11 August 2011 and 12 October 2011. The General Assembly on 29 June 2012 could not convene since the quorum required had not been reached and the consolidated financial statements prepared as at and for the year ended 31 December 2010 and 31 December 2011 could not be presented for approval.)

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

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

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

As at 31 December 2012, two significant founding shareholders, Sonera Holding BV and Cukurova Group, directly and indirectly, own approximately 37.1% and 13.8%, respectively of the Company's share capital and are ultimate counterparties to a number of transactions that are discussed in the related parties footnote. Alfa Group holds 13.2% of the Company's shares indirectly through Cukurova Holdings Limited and Turkcell Holding AS.

The consolidated financial statements of the Company as at and for the year ended 31 December 2012 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in one associate and one joint venture. Subsidiaries of the Company, their locations and their business are given in Note 35. The Company's and each of its subsidiaries', associate's and joint venture's financial statements are prepared as at and for the year ended 31 December 2012.

2. Basis of preparation

(a)Statement of compliance

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

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

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

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

The Group's audited consolidated financial statements prepared as at and for the year ended 31 December 2010 and 31 December 2011 were approved by the Audit Committee and the Board of Directors (Board Resolution dated 23 February 2011 and numbered 797 and dated 22 February 2012 and numbered 908, respectively). However, consolidated financial statements prepared as at and for the year ended 31 December 2010 were not approved by the General Assemblies on 21 April 2011, 11 August 2011 and 12 October 2011. The General Assembly on 29 June 2012 could not convene since the quorum required had not been reached and the consolidated financial statements prepared as at and for the year ended 31 December 2010 and 31 December 2011 could not be presented for approval.

The consolidated financial statements as at and for the year ended 31 December 2012 was approved for by the Board of Directors on 21 February 2013.

(b)Basis of measurement

The accompanying consolidated financial statements are based on the statutory records, with adjustments and reclassifications for the purpose of fair presentation in accordance with IFRSs as issued by the IASB. They are prepared on the historical cost basis adjusted for the effects of inflation during the hyperinflationary periods in accordance with International Accounting Standard No. 29. ("Financial Reporting in Hyperinflationary Economies") ("IAS 29"), where applicable, except that the following assets and liabilities are stated at their fair value: put option liability, derivative financial instruments and financial instruments classified as available-for-sale. The methods used to measure fair value are further discussed in Note 4. Hyperinflationary period lasted by 31 December 2005 in Turkey and commenced on 1 January 2011 in Belarus. In the financial statements of subsidiaries operating in Belarus, restatement adjustments have been made to compensate the effect of changes in the general purchasing power of the Belarusian Ruble in accordance with IAS 29. IAS 29 requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the balance sheet date. One characteristic that necessitates the application of IAS 29 is a cumulative three-year inflation rate approaching or exceeding 100%. Such cumulative rate in Belarus was 179% for the three years ended 31 December 2012 based upon the consumer price index ("CPI") announced by the National Statistical Committee of the Republic of Belarus.

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

2. Basis of preparation (continued)

(b)Basis of measurement (continued)

Such index and the conversion factors used to adjust the financial statements of the subsidiaries operating in Belarus for the effect of inflation as at 31 December 2012 are given below:

Dates	Index	Conversion Factor
31 December 2008	1.3524	3.0692
31 December 2009	1.4856	2.7940
31 December 2010	1.6345	2.5395
31 December 2011	3.4109	1.2169
31 December 2012	4.1508	1.0000

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

Years	2010	2011	2012
Currency change USD (%)	5%	178%	3%
Currency change Euro (%)	(3)%	172%	5%
CPI inflation (%)	10%	109%	22%

As at 31 December 2012 the exchange rate announced by the National Bank of the Republic of Belarus was BYR 8,570 = USD 1, BYR 11,340 = Euro 1 (31 December 2011: BYR 8,350 = USD 1, BYR 10,800 = Euro 1).

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

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

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

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

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

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

2. Basis of preparation (continued)

(b)Basis of measurement (continued)

The comparative amounts relating to the subsidiaries operating in Belarus in the 2011 consolidated financial statements are not restated. The translation effect of Belarusian Ruble ("BYR") denominated equity accounts determined upon the application of inflation accounting to USD is accounted under translation reserve in the consolidated financial statements as at 31 December 2012. Since the carrying value of Belarusian Telecom as of 1 January 2011 is limited by the value in use determined in accordance with the impairment analysis as of the same date, the net effect amounting to $42,662 as a result of the inflation accounting effect on the carrying value of Best as of 1 January 2011 less reassessed corresponding additional impairment charge amounting to $87,341 is presented as "Effects of Hyperinflation" within the opening balance of retained earnings for the financial year 2011.

(c)Functional and presentation currency

The consolidated financial statements are presented in US Dollars ("USD" or "$"), rounded to the nearest thousand. Moreover, all financial information expressed in Turkish Lira ("TL"), Euro ("EUR") and Ukranian Hryvnia ("HRV") 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 Eastasian Consortium BV ("Eastasia"), Beltur Coöperatief UA, 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 Telecommunication Network ("Belarusian Telecom"), LLC Lifetech and FLLC Global Bilgi ("Global FLLC") is Belarusian Ruble ("BYR"). The functional currency of Azerinteltek QSC ("Azerinteltek") is Azerbaijan Manat.

(d)Use of estimates and judgments

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

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

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

2. Basis of preparation (continued)

(d) Use of estimates and judgments (continued)

Key sources of estimation uncertainty

Following severe balance of payments crisis in 2011, the economic data indicates that the Belarusian economy stabilized in 2012. This reflected the authorities' tightening of economic policies in late 2011 that was successful in reducing inflation and stabilizing the foreign exchange market. Inflation fell sharply from over 100% at the end of 2011 to 21.7% in 2012. The National Bank of the Republic of Belarus ("NBRB") has stabilized foreign exchange market with the help of a "managed float" exchange policy. During 2012, NBRB gradually decreased the refinance rate by 15%, from 45% to 30% per annum. As the cumulative inflation in the last three years exceeded 100%, Belarus was considered a hyperinflationary economy. In this context, IAS 29 "Reporting in Hyperinflationary Economies" is applied by subsidiaries operating in Belarus in financial statements starting from their annual financial statements for the year ending 31 December 2011 as detailed in Note 2(b).

Although downside economic risks have been reduced, macroeconomic stability is still fragile. Belarus remains vulnerable to global developments which could trigger renewed weakness on the external account, reserve pressure and BYR depreciation. Further monetary and fiscal easing (via social spending) are the main risks to economic stability in the medium term. Aggressive fiscal and monetary easing could renew pressure on BYR. Therefore, economic uncertainties are likely to continue in the foreseeable future.

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

Consequently, the subsidiaries operating within Belarus may subject to the risks, i.e. foreign currency and interest rate risks related to borrowings and the subscriber's purchasing power and liquidity and increase in corporate and personal insolvencies, that may not necessarily be observable in other markets. The accompanying consolidated financial statements contain the Group management's estimations on the economic and financial positions of its subsidiaries operating in Belarus. The future economic situation of Belarus might differ from the Group's expectations. As of

31 December 2012, the Group's management believes that their approach is appropriate in taking all the necessary measures to support the sustainability of these subsidiaries' businesses in the current circumstances.

2. Basis of preparation (continued)

(d) Use of estimates and judgments (continued)

Critical accounting judgments in applying the Group's accounting policies

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

Allowance for doubtful receivables

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

Useful lives of assets

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

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

	Previous accounting estimate	Current accounting estimate	Impact
Depreciation and amortization charge for the year ended 31 December 2012	771,043	788,632	17,589

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

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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)

Commission fees

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

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

Revenue recognition

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

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

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

Income taxes

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

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

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

2. Basis of preparation (continued)

(d) Use of estimates and judgments (continued)