TURKCELL ILETISIM HIZMETLERI A S
Form 6-K
July 26, 2012

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

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

Report on Form 6-K dated July 26, 2012

Commission File Number: 001-15092

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

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

(Address of Principal Executive Offices)

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

Form 20-F x Form 40-F o

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

Yes o No x

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

Yes o No x

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

Yes o No x

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

Enclosure: A press release dated July 25, 2012 announcing Turkcell's Second Quarter 2012 results and Q2 2012 IFRS report.

TURKCELL ILETISIM HIZMETLERI

SECOND QUARTER 2012 RESULTS

"GROWTH MOMENTUM CONTINUES"

Content

Please note that all financial data is consolidated and comprises that of Turkcell IletisimHizmetleri A.S., (the "Company", or "Turkcell") and its subsidiaries and associates (together referred to as the "Group"). All non-financial data is unconsolidated and comprises Turkcell only figures. The terms "we", "us", and "our" in this press release refer only to the Company, except in discussions of financial data, where such terms refer to the Group, and where context otherwise requires.
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 June 30, 2012 refer to the same item as at June 30, 2011. For further details, please refer to our consolidated financial statements and notes as at and for June 30, 2012 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.

HIGLIGHTS OF THE SECOND QUARTER OF 2012

- Turkcell Group continued its growth momentum in the second quarter of 2012, posting double-digit growth for the third consecutive quarter, as well as high single-digit EBITDA growth
  - Group revenues rose by 12.5% to TRY2,565 million (TRY2,279 million) achieving the historically highest second quarter revenue
  - Group EBITDA1 increased by 8.0% to TRY779 million (TRY721 million), while the Group EBITDA margin was at 30.4% (31.6%)
- Turkcell Turkey's revenues grew by 9% to TRY2,149 million (TRY1,975 million)
  - Turkcell Turkey registered growth in voice revenues2 of 6%, maintaining growth trend for the third consecutive quarter
  - Mobile broadband & services revenues rose 18% to TRY546 million (TRY462 million)
    - In particular, mobile broadband revenues rose 44% to TRY240 million (TRY166 million)
    - Overall, the share of mobile broadband and service revenues rose 2pp to 25% (23%)
- Revenues of subsidiaries3 grew by 37% to TRY416 million (TRY304 million), while their contribution to the top line rose to 16% (13%)
- EBITDA of subsidiaries3 improved by 55% to TRY136 million (TRY88 million), while their contribution to Group EBITDA rose to 18% (12%)
- Group net income improved to TRY534 million from a net loss of TRY21 million in the second quarter of 2011 mainly due to one-off items, mostly due to fx loss and impairment charges in Belarus. (If we exclude one-off items, net income would be TRY472 million in Q211 while YoY growth would be 13%).

(1) EBITDA is a non-GAAP financial measure. See page 12 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.

COMMENTS FROM CEO, SUREYYA CILIV

"Turkcell Group continued its double digit growth in the second quarter following a strong start to the year. Consolidated revenues rose by 13% year-on-year to TRY 2.6 billion, while EBITDA increased by 8% to TRY 779 million and net profit reached TRY 534 million. With this outstanding quarterly performance, Turkcell Group generated its historic highest second quarter and first half revenue.

Despite intense competition in the Turkish mobile communication market, our commitment to defending the subscriber base, plus successful initiatives to increase customer satisfaction led to net additions of 192 thousand subscribers in total to reach 34.7 million. In this quarter, our postpaid base increased by 536 thousand new subscribers. Meanwhile, Turkcell Turkey has increased the pace of overall growth, posting a year-on-year growth of 9%. This was driven by voice revenue growth of 6%, and by 44% rise in mobile broadband revenues.

Our investments for the quarter in our 3G and fiber broadband infrastructures paved the way for a higher-quality and enriched communication experience. And as part of our vision of spreading mobile broadband in Turkey, we continued to change the usage habits of our subscribers together with our Turkcell branded smartphones that form an important part of our rich smartphone portfolio. Recently, we have introduced the new Turkcell MaxiPLUS5 as part of the Turkcell branded smartphone portfolio, and will soon launch the Turkcell MaxiPro5, designed for professional use.

Group companies continued to significantly support overall growth with their successful results. Turkcell Superonline, which introduced fiber broadband to Turkey, grew by 55% year-on-year. Meanwhile, our Ukraine operation managed to increase its EBITDA margin to over 30%, growing 13% in USD terms, while recording its first positive EBIT.

As Turkcell, we strive to offer the best experience, to sustain the highest overall level of satisfaction and be ever closer to our subscribers. With this vision, we will continue our efforts to carry Turkey and other markets that we operate in forward. We would like to thank all of our customers, employees, business partners and shareholders for sharing our success story with us."

OVERVIEW OF TURKCELL TURKEY

During the quarter, the total number of subscribers in the market rose by 0.4 million to 66.1 million, while mobile line penetration remained almost stable at around 88%.

The market share focused competitive environment dominated the Turkish mobile market in the second quarter of 2012, with increased all direction minutes and bundled offers. This environment triggered record high minutes of usage, due to increasing offnet usage, which in turn led to higher interconnect costs. Meanwhile, price per minute figures continued to decline. Consequently, profitability levels in the market remained under pressure.

In this environment, as Turkcell Turkey, we increased our subscriber base by 192 thousand during the quarter to 34.7 million. We achieved this through our tariff structure, simplified in the first quarter of the year, plus attractive offers and our continued focus on customer satisfaction. Meanwhile, as a result of our contracting and customer retention efforts, we registered 536 thousand net postpaid subscribers in the second quarter. In addition, we grew our blended ARPU by 5.6% with the 4.9pp rise in the share of postpaid in our subscriber mix, and the 44% rise in mobile broadband revenues on a year-on-year basis.

On the terminal front, momentum in the market has continued with the increasing share of smartphones in total handset sales, up from 34% in December 2011 to 39% in the second quarter. As Turkcell Turkey, we continued to lead the smartphone market in accordance with our vision of promoting mobile broadband usage. Accordingly, the number of smartphones in our network grew by 2 million to 4.8 million with the contribution of our wide device portfolio. In consequence, our smartphone penetration rate reached 15%, indicating the considerable potential in our subscriber base. As part of our focus on maximizing this potential, we launched our Turkcell branded T-series smartphones in November 2010, which have sold approximately half a million units since then. Recently, we added a new smartphone, Turkcell MaxiPLUS5, to our T-series, and will continue to introduce new models, including Turkcell MaxiPro5, which is designed for professionals. Overall, we expect a continued rise in the smartphone penetration of our base up to around 20% by year-end 2012.

As Turkcell Group, wesaw a solid performance in the first half. For the full year, with the success of Turkcell Turkey and subsidiaries, we believe that we may deliver better results for the Group compared to our initial guidance. Thus, we revise our guidance for the full year 2012. Assuming that market conditions do not change significantly, we now expect Group revenues in the range of TRY10,100 -10,300 million with Group EBITDA in the range of TRY3,050-3,200 million. Meanwhile, with a higher revenue expectation, we revise our guidance for operational Group capex as a percentage of revenues from 17% to around 16%.

FINANCIAL AND OPERATIONAL REVIEW OF THE SECOND QUARTER 2012

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

Financial Review of Turkcell Group

Profit & Loss Statement (million TRY)	Q211	Q112	Q212	y/y %	q/q %
Total Revenue	2,279.2	2,381.8	2,565.1	12.5%	7.7%
Direct cost of revenues1	(1,436.3)	(1,491.3)	(1,572.3)	9.5%	5.4%
Depreciation and amortization	(381.1)	(333.1)	(343.1)	(10.0%)	3.0%
Gross Margin	37.0%	37.4%	38.7%	1.7pp	1.3pp
Administrative expenses	(102.0)	(118.1)	(122.6)	20.2%	3.8%
Selling and marketing expenses	(400.9)	(402.8)	(434.3)	8.3%	7.8%
EBITDA2	721.1	702.7	779.0	8.0%	10.9%
EBITDA Margin	31.6%	29.5%	30.4%	(1.2pp)	0.9pp
Net finance income / (expense)	(128.7)	161.8	105.0	-	(35.1%)
Finance expense	(283.9)	(58.3)	(44.5)	(84.3%)	(23.7%)
Finance income	155.2	220.1	149.5	(3.7%)	(32.1%)
Share of profit of associates	55.8	49.5	65.6	17.6%	32.5%
Other income / (expense)	(195.1)	(6.5)	3.9	-	-
Monetary gains / (losses)	-	40.5	39.3	-	(3.0%)
Non-controlling interests	12.0	4.7	7.4	(38.3%)	57.4%
Income tax expense	(105.5)	(104.8)	(122.9)	16.5%	17.3%
Net Income	(21.4)	514.8	534.2	-	3.8%

(1) Including depreciation and amortization expenses.
(2) EBITDA is a non-GAAP financial measure. See page 12 for the reconciliation of EBITDA to net cash from operating activities.

Revenue rose by 12.5% year-on-year to TRY2,565.1 million (TRY2,279.2 million) on the back of 9% growth in Turkcell Turkey's revenues and the 37% increased contribution of group companies:

- The increase in Turkcell Turkey's revenues was driven by 18% growth in mobile broadband & services revenues, mainly on the 44% growth in broadband revenues, together with the 6% rise in voice revenues.

- The contribution of Group companies to the top line rose to 16% (13%). Turkcell Superonline revenues climbed 54.9% to TRY162.2 million (TRY104.7 million), while Astelit's revenues grew by 13.4% to US$100.1 million (US$88.3 million).

Compared to the previous quarter, revenues grew by 7.7%, mainly due to the 10% increase in voice revenues of Turkcell Turkey together with 5% growth in the contribution of subsidiaries.

Direct cost of revenues increased by 9.5% to TRY1,572.3 million (TRY1,436.3 million), while as a percentage of revenues dropping to 61.3% (63.0%). This mainly stemmed from the decrease in depreciation and amortization

(3.4pp) as opposed to the increase in interconnection costs (1.4pp), and other cost items (0.3pp) as a percentage of revenues.

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Please note that the decrease in depreciation and amortization expenses mainly relates to the one-time impact of a TRY188.1 million impairment charge relating to BeST, of which TRY 95.5 million was recorded under depreciation and amortization expenses in Q211.

Quarter-on-quarter, direct costs as a percentage of revenue declined 1.3pp to 61.3% (62.6%). This was mainly driven by decreased wages & salaries (0.8pp), depreciation and amortization (0.6pp), network related costs (0.4pp) and other cost items (0.1pp) as opposed to the increase in interconnect costs (0.6pp) as a percentage of revenues.

In Q212, Turkcell Turkey's interconnection costs rose to TRY273.5 million (TRY215.2 million) YoY increasing Turkcell Turkey's interconnection costs as a percentage of revenue by 1.8pp to 12.7% (10.9%). In the meantime, Turkcell Turkey's interconnection revenues rose 30.6% to TRY254.6 million (TRY194.9 million), driven mostly by higher incentives including all direction minutes in the market. This led to an increased share of interconnection revenues in Turkcell Turkey's revenues to 11.8% (9.9%).

Administrative expenses as a percentage of revenues increased 0.3pp to 4.8% (4.5%) in Q212, mainly due to higher bad debt expenses (0.4pp) as a percentage of revenues. Compared to the previous quarter, administrative expenses as a percentage of revenues decreased 0.2pp to 4.8% mainly driven by the decrease in bad debt expenses (0.2pp) as a percentage of revenues.

Selling and marketing expenses as a percentage of revenues fell by 0.7pp to 16.9% (17.6%) in Q212 due to the decrease in marketing expenses (0.6pp), prepaid frequency fees (0.5pp) and other items (0.1pp) as opposed to the increase in selling expenses (0.5pp). On a quarter-on-quarter basis, selling and marketing expenses as a percentage of revenues remained unchanged at 16.9%. The increase in selling expenses (0.3pp) was offset by the decrease in wages&salaries (0.2pp) and marketing expenses (0.1pp) as a percentage of revenues.

EBITDA increased 8.0% to TRY779.0 million in Q212 from TRY721.1 million in Q211, while the EBITDA margin was at 30.4% (31.6%). This mainly arose from the increase in direct cost of revenues (excluding depreciation and amortization) of 1.6pp and administrative expenses of 0.3pp as opposed to the decrease in selling and marketing expenses of 0.7pp as a percentage of revenues.

The EBITDA margin improved by 0.9pp to 30.4% compared to the previous quarter due to the decline in direct cost of revenues (excluding depreciation and amortization) of 0.7pp and administrative expenses of 0.2pp as a percentage of revenues.

Net finance income amounted to TRY105.0 million in Q212 as opposed to the net finance expense of TRY128.7 million in Q211. This was mainly due to a translation loss of TRY298 million in Q211 recorded by Group companies, of which TRY255 million was related to BeST due to the devaluation in Belarus.

Compared to the previous quarter, net finance income decreased from TRY161.8 million to TRY105.0 million. This was mainly due to a net translation loss of TRY17.5 million in Q212, as opposed to the net translation gain of TRY36.5 million in Q112.

Share of profit of equity accounted investees, comprising our share in the net income of unconsolidated investees Fintur and A-Tel, grew by 17.6% YoY to TRY65.6 million (TRY55.8 million) mainly due to the depreciation of TRY against US$ by 14.4% on average.

Compared to the previous quarter, our share in the net income of unconsolidated investees increased 32.5% to TRY65.6 million (TRY49.5 million) mainly driven by increase in profitability in Kazakhstan operation and improving revenue trend in Georgia operation.

Income tax expense amounted to TRY122.9 million in Q212 compared to the TRY105.5 million of Q211. The taxation charge rose by 17.3% compared to Q112. TRY138.1 million of the total tax charge comprised current tax charges, while deferred tax income of TRY15.2 million was recorded.

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Million TRY	Q211	Q112	Q212	y/y %	q/q %
Current Tax expense	(126.8)	(119.1)	(138.1)	8.9%	16.0%
Deferred Tax Income/expense	21.3	14.3	15.2	(28.6%)	6.3%
Income Tax expense	(105.5)	(104.8)	(122.9)	16.5%	17.3%

Net income amounted to TRY534.2 million as opposed to the net loss of TRY 21.4 million. This was mainly due to one off items below the EBITDA line, mostly arising from the impact of devaluation in Belarus (TRY255.0 million) and goodwill impairment recorded for BeST (TRY188.1 million), as well as a provision regarding the Competition Board fine (TRY68.2 million) in Q211. If we exclude one-off items in Q211, net income would be TRY472 million in Q211 while YoY growth would be 13%. Please also note that TRY68.2 million provisions in Q211 concerning the Competition Board fine were reversed in Q311 as a result of the management opinion together with the assessment of legal counsels.

Quarter-on-quarter, net income increased by 3.8% to TRY534.2 million (TRY 514.8 million), mainly driven by higher EBITDA QoQ, partially netted off with the decrease in net finance income.

Total debt as of June 30, 2012 in consolidated terms amounted to TRY3,129 million (US$1,732 million). TRY588.0 million (US$325.5 million) of this was related to Turkcell's Ukraine operations. In addition, debt related to operations in Belarus amounted to TRY745.6 million (US$ 412.7 million), and outstanding debt amount related to Turkcell Superonline was TRY608.3 million (US$ 336.7 million) as of June 30, 2012. With respect to financial statements of Euroasia (which owns 100% of Turkcell's Ukraine operations, Astelit), total outstanding debt amount was US$651.5 million which included its guaranteed loan amounting to US$150 million that Turkcell Turkey paid in Q212. TRY2,313 million (US$1,280 million) of our consolidated debt is at a floating rate, while TRY2,433 million (US$1,347 million) will mature within less than a year. Our debt/annual EBITDA ratio in TRY terms decreased to 103% in Q212. (Please note that the figures in parentheses refer to the US$ equivalents).

Cash flow analysis: Capital expenditures amounted to TRY326.9 million in Q212, of which TRY166.5 million was related to Turkcell Turkey, TRY15.4 million to Astelit, TRY109.0 million to Turkcell Superonline and TRY8.9 million to BeST. The other cash flow item mainly includes corporate tax payment. Please also note that Turkcell Turkey paid the guaranteed loan of Euroasia (55% owned subsidiary) in the amount of US$150 million in Q212.

Consolidated Cash Flow (million TRY)	Q211	Q112	Q212
EBITDA1	721.1	702.7	779.0
LESS:			
Capex and License	(336.3)	(252.9)	(326.9)
Turkcell	(200.1)	(160.0)	(166.5)
Ukraine2	(19.7)	(9.3)	(15.4)
Investment & Marketable Securities	-	1,585.8	10.3
Net interest Income/ (expense)	117.2	125.3	122.4
Other	(88.3)	(905.6)	(307.0)
Net Change in Debt	116.1	53.8	(284.0)
Cash generated / (used)	529.8	1,309.1	(6.2)
Cash balance	5,445.8	6,047.5	6,041.3

(1) EBITDA is a non-GAAP financial measurement. See page 12 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.
(*) Capex includes both operational and non-operational capex.

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Operational Review in Turkey

Summary of Operational data	Q211	Q112	Q212	y/y %	q/q %
Number of total subscribers (million)	34.1	34.5	34.7	1.8%	0.6%
Postpaid	10.7	12.0	12.6	17.8%	5.0%
Prepaid	23.3	22.5	22.2	(4.7%)	(1.3%)
ARPU, blended (TRY)	19.6	19.2	20.7	5.6%	7.8%
Postpaid	38.2	36.5	37.7	(1.3%)	3.3%
Prepaid	11.2	10.1	11.3	0.9%	11.9%
ARPU (Average Monthly Revenue per User), blended (US$)	12.5	10.7	11.5	(8.0%)	7.5%
Postpaid	24.4	20.4	21.0	(13.9%)	2.9%
Prepaid	7.1	5.7	6.3	(11.3%)	10.5%
Churn (%)	6.1%	7.8%	8.2%	2.1pp	0.4pp
MOU (Average Monthly Minutes of usage per subscriber), blended	219.9	221.5	250.4	13.9%	13.0%

Subscribers of Turkcell Turkey rose 192 thousand to 34.7 million during the quarter. Despite intensified competition, we registered 536 thousand net postpaid subscribers in second quarter, through our simplified and attractive tariff structure, customer loyalty focus, segmented offers, plus switches from prepaid to postpaid. As a result, the subscriber base composition improved in favor of the postpaid to 36.3% (31.4%). In the meantime, we improved our prepaid acquisitions quarter-on-quarter mainly through our attractive offers and seasonality. At the same time, we reinforced their loyalty with packages that meet customer needs, segmented offers and additional benefits.

Churn Rate refers to voluntarily and involuntarily disconnected subscribers. During the quarter, our churn rate was at 8.2% (6.1%). Please note that there was a one-time impact of the new "active subscriber" definition of the Telecommunications Authority on prepaid subscribers in Q211. Excluding this impact, our net additions rose to 192 thousand in Q212 from 165 thousand in Q211, while the churn rate excluding this impact decreased from 8.6% in Q211 to 8.2% in Q212.

MoU increased to 250.4 minutes on a rise of 13.9% year-on-year. Higher all direction minute offers due to intensified competition and higher package utilizations due to seasonality led to an increase in MOU.

ARPU in TRY terms climbed 5.6% to TRY20.7 compared to Q211, with the rise in the share of postpaid subscribers to 36.3% (31.4%). Despite the rise in incoming and mobile broadband & services revenues, postpaid ARPU fell by 1.3% to TRY37.7 (TRY38.2) as a result of intense competition as well as the dilutive impact of switches from the prepaid segment. Meanwhile, prepaid ARPU increased to TRY11.3 (TRY11.2) in Q212, mainly due to increased incoming and mobile broadband revenues.

OTHER DOMESTIC AND INTERNATIONAL OPERATIONS

Astelit sustained its strong execution with another quarter of double-digit revenue growth of 13.4%, registering revenues of US$100.1 million in Q212 (US$88.3 million). This was mainly due to a 1.4 million increase in the registered subscriber base on a year-on-year basis as a result of Astelit's regional focus, as well as increased international calls and mobile broadband&services revenues.

With a focus on business efficiency and operational profitability, Astelit continued its operational success during the quarter, recording its all time highest EBITDA margin of 30.3% (26.8%), registering a positive EBIT for the first time, while continuing to generate positive free cash flow margin of 21.9%.

Astelit's registered subscribers rose by 1.4 million to 10.1 million (8.7 million), while three month active subscribers rose by 1.0 million to 7.4 million (6.4 million) year-on-year. This was achieved through the regional growth strategy aimed at new acquisitions.

Astelit	Q211	Q112	Q212	y/y %	q/q %
Number of subscribers (million)1	8.7	9.9	10.1	16.1%	2.0%
Active (3 months)2	6.4	7.1	7.4	15.6%	4.2%
MOU (minutes)3	204.1	195.6	192.8	(5.5%)	(1.4%)
ARPU (Average Monthly Revenue per User), blended (US$)	3.4	3.1	3.4	-	9.7%
Active (3 months)	4.7	4.3	4.6	(2.1%)	7.0%
Revenue (million UAH)	703.9	729.9	799.5	13.6%	9.5%
Revenue (million US$)	88.3	91.4	100.1	13.4%	9.5%
EBITDA (million US$)4	23.7	24.9	30.3	27.8%	21.7%
EBITDA margin	26.8%	27.2%	30.3%	3.5pp	3.1pp
Net loss (million US$)	(19.8)	(15.7)	(10.6)	(46.5%)	(32.5%)
Capex (million US$)	11.7	5.3	8.4	(28.2%)	58.5%

(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) Astelit has changed its calculation methodology for minute of usage per customer starting from Q3 2011. The minutes are now calculated based on the actual call duration of subscribers. Previously, minutes were calculated on the basis of charging units consumed. This change will have the effect of decreasing Astelit's average minutes of usage (no impact on revenue). For purposes of comparability, figures published for recent periods will be restated to give effect to this change.
(4) EBITDA is a non-GAAP financial measurement. See page 12 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 to deliver strong results in all segments with year-on-year revenue growth of 54.9% to TRY162.2 million (TRY104.7 million) in the second quarter.

During the quarter, the residential segment grew by 92%YoY, mainly due to 80% growth in our FTTX subscribers, reaching approximately 342 thousand. Meanwhile, the corporate segment rose 87%, mainly on improving Group synergies for integrated solutions.

Turkcell Superonline continued to improve its operational profitability. EBITDA margin rose by 6.8pp to 20.1% (13.3%), mainly on the rising share of revenues generated from its infrastructure and growth in higher margin data revenues.

On the other hand, Turkcell's share in total Turkcell Superonline revenues declined, while the share of non-group revenues rose to 68% of total revenues in Q212 (around 60% in Q211).

Turkcell Superonline (million TRY)	Q211	Q112	Q212	y/y %	q/q %
Revenue	104.7	145.0	162.2	54.9%	11.9%
EBITDA 1	14.0	29.1	32.6	132.9%	12.0%
EBITDA Margin	13.3%	20.1%	20.1%	6.8pp	-
Capex	90.8	63.7	109.0	20.0%	71.1%

(1)EBITDA is a non-GAAP financial measure. See page 12 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 market position in Q212, adding approximately 0.5 million net subscribers, thereby increasing its total subscriber base to 19.1 million, driven by growth in Kazakhstan. Fintur's consolidated revenue increased by 4.1% YoY to US$505 million (US$485 million) in Q212.

We account for our investment in Fintur using the equity method. Fintur's contribution to net income increased from TRY68 million (US$44 million) in Q211 to TRY77 million (US$43 million) in Q212, mainly as a result of USD appreciation against TRY.

Fintur	Q211	Q112	Q212	y/y %	q/q %
Subscribers (million)	16.9	18.6	19.1	13.0%	2.7%
Kazakhstan	9.7	11.2	11.7	20.6%	4.5%
Azerbaijan	4.1	4.2	4.3	4.9%	2.4%
Moldova	1.0	1.1	1.1	10.0%	-
Georgia	2.1	2.1	2.0	(4.8%)	(4.8%)
Revenue (million US$)	485	467	505	4.1%	8.1%
Kazakhstan	300	280	299	(0.3%)	6.8%
Azerbaijan	134	137	149	11.2%	8.8%
Moldova	20	17	20	-	17.6%
Georgia	36	33	37	2.8%	12.1%
Other1	(5)	-	-	-	-
Fintur's contribution to Group's net income (million US$)	44	30	43	(2.3%)	43.3%

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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Turkcell Group Subscribers amounted to approximately 65.8 million as of June 30, 2012. 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 Turkcell Turkey, Astelit and BeST, as well as in our operations in the Turkish Republic of Northern Cyprus ("Northern Cyprus"), Fintur and Turkcell Europe. Turkcell Group subscribers rose by 0.5 million during the quarter, thanks to the increased subscriber base of Fintur, Astelit and Turkcell Turkey, despite the decline in BeST's subscriber base to 1.2 million due to involuntary churn in line with BeST's churn policy and value focus approach.

Turkcell Group Subscribers (million)	Q211	Q112	Q212	y/y %	q/q %
Turkcell Turkey	34.1	34.5	34.7	1.8%	0.6%
Ukraine	8.7	9.9	10.1	16.1%	2.0%
Fintur	16.9	18.6	19.1	13.0%	2.7%
Northern Cyprus	0.4	0.4	0.4	-	-
Belarus	1.6	1.7	1.2	(25.0%)	(29.4%)
Turkcell Europe	-	0.2	0.3	-	50.0%
TURKCELL GROUP	61.7	65.3	65.8	6.6%	0.8%

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.

	Q211	Q112	Q212	y/y %	q/q %
TRY / US$ rate					
Closing Rate	1.6302	1.7729	1.8065	10.8%	1.9%
Average Rate	1.5658	1.7871	1.7913	14.4%	0.2%
Consumer Price Index	1.8%	1.5%	0.4%	-	-
GDP Growth	11.6%	3.2%	n.a.	-	-
UAH/ US$ rate					
Closing Rate	7.97	7.99	7.99	0.3%	-
Average Rate	7.94	7.99	7.99	0.6%	-
BYR/ US$ rate					
Closing Rate	4,964	8,020	8,320	67.6%	3.7%
Average Rate	3,998	8,208	8,190	104.9%	(0.2%)

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 (million US$)	Q211	Q112	Q212	y/y %	q/q %
EBITDA	459.3	393.1	434.3	(5.4%)	10.5%
Income tax expense	(67.4)	(58.7)	(68.5)	1.6%	16.7%
Other operating income / (expense)	(48.5)	(4.9)	1.6	-	-
Financial income	18.4	3.8	0.4	(97.8%)	(89.5%)
Financial expense	(21.4)	(33.0)	(24.2)	13.1%	(26.7%)
Net increase / (decrease) in assets and liabilities	(55.4)	(404.5)	(111.3)	100.9%	(72.5%)
Net cash from operating activities	285.0	(104.2)	232.3	(18.5%)	-

Turkcell Superonline (million TRY)	Q211	Q112	Q212	y/y %	q/q %
EBITDA	14.0	29.1	32.6	132.9%	12.0%
Other operating income / (expense)	0.2	0.1	0.9	350.0%	800.0%
Financial income	6.2	40.1	(31.5)	-	-
Financial expense	(8.7)	(41.0)	28.8	-	-
Net increase / (decrease) in assets and liabilities	(2.0)	(35.4)	(30.7)	-	(13.3%)
Net cash from operating activities	9.7	(7.1)	0.1	(99.0%)	-

Euroasia (million US$)	Q211	Q112	Q212	y/y %	q/q %
EBITDA	22.5	24.9	30.3	34.7%	21.7%
Other operating income / (expense)	0.3	0.2	(0.1)	-	-
Financial income	0.1	0.2	0.3	200.0%	50.0%
Financial expense	(12.6)	(12.1)	(13.4)	6.3%	10.7%
Net increase / (decrease) in assets and liabilities	(0.5)	15.8	1.7	-	(89.2%)
Net cash from operating activities	9.8	29.0	18.8	91.8%	(35.2%)

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 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 34.7 million subscribers and a market share of approximately 53% based on June 30, 2012 results. Turkcell is a leading regional player, with market leadership in five of the nine countries in which it operates with its approximately 65.8 million subscribers as of June 30, 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 reported a TRY2.6 billion (US$1.4 billion) net revenue with total assets of TRY17.4 billion (US$9.6 billion) as of June 30, 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

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

	Quarter Ended June 30, 2011	Quarter Ended March 31, 2012	Quarter Ended June 30, 2012	Half Ended June 30, 2011	Half Ended June 30, 2012
Consolidated Statement of Operations Data					
Revenues					
Communication fees	2,128.5	2,180.9	2,366.5	4,099.3	4,547.4
Commission fees on betting business	18.9	35.2	32.2	37.3	67.4
Monthly fixed fees	25.8	24.5	22.7	53.7	47.2
Simcard sales	8.4	6.1	9.1	15.7	15.2
Call center revenues and other revenues	97.6	135.1	134.6	191.6	269.7
Total revenues	2,279.2	2,381.8	2,565.1	4,397.6	4,946.9
Direct cost of revenues	(1,432.6)	(1,489.8)	(1,570.3)	(2,681.8)	(3,060.1)
Gross profit	846.6	892.0	994.8	1,715.8	1,886.8
Administrative expenses	(102.0)	(118.1)	(122.6)	(212.3)	(240.7)
Selling & marketing expenses	(400.9)	(402.8)	(434.3)	(812.0)	(837.1)
Other Operating Income / (Expense)	(193.9)	(6.5)	3.8	(221.8)	(2.7)
Operating profit before financing costs	149.8	364.6	441.7	469.7	806.3
Finance costs	(283.9)	(58.3)	(44.5)	(355.5)	(102.8)
Finance income	155.2	220.1	149.5	263.8	369.6
Monetary gain	-	40.5	39.3	-	79.8
Share of profit of equity accounted investees	55.8	49.5	65.6	112.5	115.1
Income before taxes and minority interest	77.0	616.4	651.6	490.6	1,268.0
Income tax expense	(106.7)	(105.6)	(123.2)	(205.7)	(228.8)
Income before minority interest	(29.7)	510.8	528.4	284.9	1,039.2
Non-controlling interests	12.0	4.7	7.4	27.5	12.1
Net income	(17.6)	515.5	535.8	312.5	1,051.3
Net income per share	(0.01)	0.23	0.24	0.14	0.48
Other Financial Data					
Gross margin	37.1%	37.5%	38.8%	39.0%	38.1%
EBITDA(*)	721.1	702.7	779.0	1,346.9	1,481.7
Capital expenditures	336.3	252.9	326.9	518.1	579.8
Consolidated Balance Sheet Data (at period end)					
Cash and cash equivalents	5,445.8	6,047.5	6,041.3	5,445.8	6,041.3
Total assets	15,482.3	17,119.0	17,329.8	15,482.3	17,329.8

Long term debt	2,041.8	769.8	696.0	2,041.8	696.0
Total debt	3,046.0	3,359.3	3,128.6	3,046.0	3,128.6
Total liabilities	5,536.4	5,825.9	5,546.6	5,536.4	5,546.6
Total shareholders’ equity / Net Assets	9,946.0	11,293.1	11,783.1	9,946.0	11,783.1

** For further details, please refer to our consolidated financial statements and notes as at 30 June 2012 on our web site.

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

	Quarter Ended June 30, 2011	Quarter Ended March 31, 2012	Quarter Ended June 30, 2012	Half Ended June 30, 2011	Half Ended June 30, 2012
Consolidated Statement of Operations Data					
Revenues					
Communication fees	2,128.5	2,180.9	2,366.5	4,099.3	4,547.4
Commission fees on betting business	18.9	35.2	32.2	37.3	67.4
Monthly fixed fees	25.8	24.5	22.7	53.7	47.2
Simcard sales	8.4	6.1	9.1	15.7	15.2
Call center revenues and other revenues	97.6	135.1	134.6	191.6	269.7
Total revenues	2,279.2	2,381.8	2,565.1	4,397.6	4,946.9
Direct cost of revenues	(1,436.3)	(1,491.3)	(1,572.3)	(2,685.5)	(3,063.6)
Gross profit	842.9	890.5	992.8	1,712.1	1,883.3
Administrative expenses	(102.0)	(118.1)	(122.6)	(212.3)	(240.7)
Selling & marketing expenses	(400.9)	(402.8)	(434.3)	(812.0)	(837.1)
Other Operating Income / (Expense)	(195.1)	(6.5)	3.9	(223.0)	(2.6)
Operating profit before financing costs	144.9	363.1	439.8	464.8	802.9
Finance costs	(283.9)	(58.3)	(44.5)	(355.5)	(102.8)
Finance income	155.2	220.1	149.5	263.8	369.6
Monetary gain	-	40.5	39.3	-	79.8
Share of profit of equity accounted investees	55.8	49.5	65.6	112.5	115.1
Income before taxes and minority interest	72.0	614.9	649.7	485.6	1,264.6
Income tax expense	(105.5)	(104.8)	(122.9)	(204.5)	(227.7)
Income before minority interest	(33.4)	510.1	526.8	281.2	1,036.9
Non-controlling interests	12.0	4.7	7.4	27.5	12.1
Net income	(21.4)	514.8	534.2	308.7	1,049.0
Net income per share	(0.01)	0.23	0.24	0.14	0.48
Other Financial Data					

Gross margin	37.0 %	37.4 %	38.7 %	38.9 %	38.1 %
EBITDA(*)	721.1	702.7	779.0	1,346.9	1,481.7
Capital expenditures	336.3	252.9	326.9	518.1	579.8
Consolidated Balance Sheet Data (at period end)					
Cash and cash equivalents	5,445.8	6,047.5	6,041.3	5,445.8	6,041.3
Total assets	15,523.8	17,157.1	17,365.9	15,523.8	17,365.9
Long term debt	2,041.8	769.8	696.0	2,041.8	696.0
Total debt	3,046.0	3,359.3	3,128.6	3,046.0	3,128.6
Total liabilities	5,543.1	5,832.0	5,552.3	5,543.1	5,552.3
Total shareholders' equity / Net Assets	9,980.7	11,325.1	11,813.6	9,980.7	11,813.6

** For further details, please refer to our consolidated financial statements and notes as at 30 June 2012 on our web site.

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

	Quarter Ended June 30, 2011	Quarter Ended March 31, 2012	Quarter Ended June 30, 2012	Half Ended June 30, 2011	Half Ended June 30, 2012
Consolidated Statement of Operations Data					
Revenues					
Communication fees	1,358.8	1,220.9	1,320.4	2,611.4	2,541.3
Commission fees on betting business	12.1	19.7	18.0	23.8	37.7
Monthly fixed fees	16.4	13.7	12.7	34.2	26.4
Simcard sales	5.3	3.4	5.1	9.9	8.5
Call center revenues and other revenues	62.4	75.6	75.0	122.1	150.6
Total revenues	1,455.0	1,333.3	1,431.2	2,801.4	2,764.5
Direct cost of revenues	(915.4)	(835.0)	(876.9)	(1,709.3)	(1,711.9)
Gross profit	539.6	498.3	554.3	1,092.1	1,052.6
Administrative expenses	(65.1)	(66.2)	(68.4)	(135.2)	(134.6)
Selling & marketing expenses	(256.9)	(225.8)	(242.7)	(518.2)	(468.5)
Other Operating Income / (Expense)	(122.8)	(3.6)	2.0	(140.5)	(1.6)
Operating profit before financing costs	94.8	202.7	245.2	298.2	447.9
Finance costs	(181.5)	(33.0)	(24.5)	(227.1)	(57.5)
Finance income	97.2	123.6	83.2	166.1	206.8
Monetary gain	-	22.9	21.3	-	44.2
Share of profit of equity accounted investees	35.6	27.5	36.6	71.6	64.1
Income before taxes and minority interest	46.1	343.7	361.8	308.8	705.5
Income tax expense	(67.4)	(58.7)	(68.5)	(130.3)	(127.2)
Income before minority interest	(21.3)	285.0	293.3	178.5	578.3
Non-controlling interests	7.8	2.6	4.1	17.6	6.7
Net income	(13.5)	287.6	297.4	196.1	585.0
Net income per share	(0.01)	0.13	0.14	0.09	0.27
Other Financial Data					
Gross margin	37.1%	37.4%	38.7%	39.0%	38.1%
EBITDA(*)	459.3	393.1	434.3	857.0	827.4
Capital expenditures	200.4	142.7	178.3	317.8	321.0
Consolidated Balance Sheet Data (at period end)					
Cash and cash equivalents	3,340.5	3,411.1	3,344.2	3,340.5	3,344.2
Total assets	9,522.6	9,677.4	9,613.0	9,522.6	9,613.0

Long term debt	1,252.5	434.2	385.3	1,252.5	385.3
Total debt	1,868.5	1,894.8	1,731.9	1,868.5	1,731.9
Total liabilities	3,400.3	3,289.5	3,073.5	3,400.3	3,073.5
Total equity	6,122.4	6,387.9	6,539.5	6,122.4	6,539.5

* Please refer to the notes on reconciliation of Non-GAAP Financial measures on page 12
** For further details, please refer to our consolidated financial statements and notes as at 30 June 2012 on our web site.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 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	30 June 2012	31 December 2011
Assets			
Property, plant and equipment	10	2,805,404	2,709,600
Intangible assets	11	1,257,659	1,246,308
GSM and other telecommunication operating licenses		691,856	691,895
Computer software		514,113	502,974
Other intangible assets		51,690	51,439
Investments in equity accounted investees	12	438,330	414,392
Other investments		23,597	22,568
Due from related parties	23	407	43
Other non-current assets		164,457	125,389
Trade receivables	14	145,953	113,581
Deferred tax assets		5,690	3,286
Total non-current assets		4,841,497	4,635,167
Inventories		32,683	26,069
Other investments	13	322	844,982
Due from related parties	23	29,788	43,215
Trade receivables and accrued income	14	1,031,589	842,381
Other current assets	15	332,943	198,458
Cash and cash equivalents	16	3,344,174	2,508,529
Total current assets		4,771,499	4,463,634
Total assets		9,612,996	9,098,801
Equity			
Share capital		1,636,204	1,636,204
Share premium		434	434
Capital contributions		22,772	22,772
Reserves		(1,683,867)	(1,920,974)
Retained earnings		6,638,210	6,053,702
Total equity attributable to equity holders of		6,613,753	5,792,138

Turkcell Iletisim Hizmetleri AS

Non-controlling interests		(74,259)	(60,533)
Total equity		6,539,494	5,731,605
Liabilities			
Loans and borrowings	19	385,277	1,057,380
Employee benefits		32,741	28,259
Provisions		62,769	58,219
Other non-current liabilities		112,011	92,669
Deferred tax liabilities		52,345	67,374
Total non-current liabilities		645,143	1,303,901
Bank overdraft	16	65	1,084
Loans and borrowings	19	1,347,767	811,953
Income taxes payable		76,121	61,891
Trade and other payables		782,129	929,488
Due to related parties	23	16,803	14,582
Deferred income		88,563	118,376
Provisions		116,911	125,921
Total current liabilities		2,428,359	2,063,295
Total liabilities		3,073,502	3,367,196
Total equity and liabilities		9,612,996	9,098,801

The notes on page 7 to 74 are an integral part of these condensed interim consolidated financial statements.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONDENSED INTERIM CONSOLIDATED STATEMENT OF INCOME
For the six and three months ended 30 June 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.)

		Six months ended		Three months ended	
	Note	30 June 2012	30 June 2011	30 June 2012	30 June 2011
Revenue		2,764,535	2,801,513	1,431,236	1,455,115
Direct cost of revenue		(1,711,906)	(1,709,313)	(876,927)	(915,403)
Gross profit		1,052,629	1,092,200	554,309	539,712
Other income	7	7,232	23,722	3,865	5,330
Selling and marketing expenses		(468,483)	(518,195)	(242,706)	(256,908)
Administrative expenses		(134,628)	(135,249)	(68,476)	(65,129)
Other expenses	7	(8,820)	(164,246)	(1,789)	(128,123)
Results from operating activities		447,930	298,232	245,203	94,882
Finance income	8	206,826	166,088	83,242	97,173
Finance costs	8	(57,566)	(227,114)	(24,616)	(181,517)
Net finance income / (costs)		149,260	(61,026)	58,626	(84,344)
Monetary gain		44,179	-	21,335	-
Share of profit of equity accounted investees	12	64,133	71,626	36,651	35,601
Profit before income tax		705,502	308,832	361,815	46,139
Income tax expense	9	(127,211)	(130,340)	(68,475)	(67,412)
Profit/(loss) for the period		578,291	178,492	293,340	(21,273)
Profit/(loss) attributable to:					
Owners of Turkcell Iletisim Hizmetleri AS		585,046	196,070	297,467	(13,546)
Non-controlling interests		(6,755)	(17,578)	(4,127)	(7,727)
Profit/(loss) for the period		578,291	178,492	293,340	(21,273)
Basic and diluted earnings per share	18	0.27	0.09	0.14	(0.01)

(in full USD)

The notes on page 7 to 74 are an integral part of these condensed interim consolidated financial statements.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six and three months ended 30 June 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.)

	Six months ended		Three months ended	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011
Profit/(loss) for the period	578,291	178,492	293,340	(21,273)
Other comprehensive income / (expense):				
Foreign currency translation differences	237,110	(318,679)	(132,836)	(321,083)
Change in cash flow hedge reserve	(524)	-	(247)	-
Income tax on other comprehensive income / (expense)	1,330	(1,765)	(330)	(1,227)
Other comprehensive income / (expense) for the period, net of income tax	237,916	(320,444)	(133,413)	(322,310)
Total comprehensive income / (expense) for the period	816,207	(141,952)	159,927	(343,583)
Total comprehensive income / (expense) attributable to:				
Owners of Turkcell Iletisim Hizmetleri AS	821,615	(122,681)	164,677	(334,193)
Non-controlling interests	(5,408)	(19,271)	(4,750)	(9,390)
Total comprehensive income / (expense) for the period	816,207	(141,952)	159,927	(343,583)

The notes on page 7 to 74 are an integral part of these condensed interim consolidated financial statements.

3

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months ended 30 June 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	Cash Flow Hedge Reserves	Reserve for Non-Controlling Interest Put Option	Translation Reserve	Retained Earnings	Total	Non-Contro Interest
Balance at 1 January 2011	1,636,204	22,772	434	534,943	-	(263,984)	(931,080)	5,258,327	6,257,616	(24,019
Total comprehensive income										
Profit for the period	-	-	-	-	-	-	-	196,070	196,070	(17,578
Other comprehensive income/(expense)										
Foreign currency translation differences, net of tax	-	-	-	-	-	(1,673)	(317,078)	-	(318,751)	(1,693
Total other comprehensive income/(expense)	-	-	-	-	-	(1,673)	(317,078)	-	(318,751)	(1,693
Total comprehensive income/(expense)	-	-	-	-	-	(1,673)	(317,078)	196,070	(122,681)	(19,271
Decrease in legal reserves	-	-	-	(634)	-	-	-	634	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	(4,622
Change in non-controlling interest	-	-	-	-	-	-	-	-	-	421

Change in reserve for non-controlling interest put option	-	-	-	-	-	34,941	-	-	34,941	-
Balance at 30 June 2011	1,636,204	22,772	434	534,309	-	(230,716)	(1,248,158)	5,455,031	6,169,876	(47,491
Total comprehensive income										
Profit for the period	-	-	-	-	-	-	-	555,639	555,639	(9,018
Other comprehensive income/(expense)										
Foreign currency translation differences, net of tax	-	-	-	-	-	(9,044)	(964,079)	-	(973,123)	(4,780
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)	(9,044)	(964,079)	-	(973,582)	(4,780
Total comprehensive income/(expense)	-	-	-	-	(459)	(9,044)	(964,079)	555,639	(417,943)	(13,798
Decrease in legal reserves	-	-	-	(370)	-	-	-	370	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	633
Effects of inflation accounting (Note 2b)	-	-	-	-	-	-	-	42,662	42,662	-
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	123
Change in reserve for non-controlling interest put option	-	-	-	-	-	(2,457)	-	-	(2,457)	-
Balance at 31 December 2011	1,636,204	22,772	434	533,939	(459)	(242,217)	(2,212,237)	6,053,702	5,792,138	(60,533
Balance at 1 January 2012	1,636,204	22,772	434	533,939	(459)	(242,217)	(2,212,237)	6,053,702	5,792,138	(60,533

Total comprehensive income/(expense)										
Profit for the period	-	-	-	-	-	-	-	585,046	585,046	(6,755
Other comprehensive income/(expense)										
Foreign currency translation differences, net of tax	-	-	-	-	-	3,022	234,071	-	237,093	1,347
Change in cash flow hedge reserve	-	-	-	-	(524)	-	-	-	(524)	-
Total other comprehensive income/(expense)	-	-	-	-	(524)	3,022	234,071	-	236,569	1,347
Total comprehensive income/(expense)	-	-	-	-	(524)	3,022	234,071	585,046	821,615	(5,408
Increase in legal reserves	-	-	-	538	-	-	-	(538)	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	(8,485
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	167
Balance at 30 June 2012	1,636,204	22,772	434	534,477	(983)	(239,195)	(1,978,166)	6,638,210	6,613,753	(74,259

The notes on page 7 to 74 are an integral part of these condensed interim consolidated financial statements.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 June 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.)

		Six months ended 30 June	
	Note	2012	2011
Cash flows from operating activities			
Profit for the period		578,291	178,492
Adjustments for:			
Depreciation and impairment of fixed assets	10	268,966	285,216
Amortization of intangible assets	11	108,903	132,992
Net finance income		(159,060)	(148,617)
Income tax expense		127,211	130,340
Share of profit of equity accounted investees	12, 23	(75,741)	(85,257)
Gain on sale of property, plant and equipment		(1,695)	(1,589)
Unrealised foreign exchange gain/loss on operating assets		(58,855)	136,654
Provision for impairment of trade receivables	14	27,071	22,440
Deferred income		(35,213)	(4,854)
Impairment losses on goodwill		-	72,198
Impairment losses on other non-current investments		-	3,742
		779,878	721,757
Change in trade receivables	14	(214,929)	(146,452)
Change in due from related parties	23	14,386	19,939
Change in inventories		(5,425)	154
Change in other current assets	15	(150,187)	(135,960)
Change in other non-current assets		(16,377)	6,087
Change in due to related parties	23	1,636	7,971
Change in trade and other payables		(172,335)	(136,494)
Change in other current liabilities		1,950	1,479
Change in other non-current liabilities		4,390	(3,278)
Change in employee benefits		3,192	2,843
Change in provisions		(10,829)	12,844
		235,350	350,890
Interest paid		(27,492)	(24,120)
Income tax paid		(134,875)	(119,603)

Dividends received		55,129	26,581
Net cash provided by operating activities		128,112	233,748
Cash flows from investing activities			
Acquisition of property, plant and equipment	10	(248,626)	(230,499)
Acquisition of intangible assets	11	(71,352)	(84,248)
Proceeds from sale of property, plant and equipment		3,887	3,451
Proceeds from currency option contracts		1,592	3,516
Payment of currency option contracts premium		(109)	(923)
Proceeds from sale of financial assets		897,057	8,201
Acquisition of financial assets		(322)	(3,609)
Interest received		198,762	132,832
Net cash generated by/(used in) investing activities		780,889	(171,279)
Cash flows from financing activities			
Proceeds from issuance of loans and borrowings		178,885	270,549
Repayment of borrowings		(308,319)	(229,911)
Change in non-controlling interest		167	421
Dividends paid		(8,485)	(4,622)
Net cash (used in) /generated by financing activities		(137,752)	36,437
Net increase in cash and cash equivalents		771,249	98,906
Cash and cash equivalents at 1 January	16	2,507,445	3,296,267
Effects of foreign exchange rate fluctuations on cash and cash equivalents		65,415	(106,155)
Cash and cash equivalents at 30 June	16	3,344,109	3,289,018

The notes on page 7 to 74 are an integral part of these condensed interim consolidated financial statements.

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TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
As at and for the six and three months ended 30 June 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 condensed interim consolidated financial statements

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
As at and for the six and three months ended 30 June 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 Company primarily is involved in establishing and operating a Global System for Mobile Communications ("GSM") network in Turkey and regional states.

The condensed interim consolidated financial statements of the Company as at and for the six months ended 30 June 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.

The consolidated financial statements of the Company as at and for the year ended 31 December 2011 are available upon request from the Company's registered office at Turkcell Plaza, Mesrutiyet Caddesi No: 71, 34430 Tepebasi / Istanbul or at www.turkcell.com.tr.

2. Basis of preparation

(a) Statement of compliance

The condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting". They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2011.

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 Group's condensed interim consolidated financial statements as at and for the period ended 30 June 2012 were approved by the Board of Directors on 25 July 2012.

(b) Basis of measurement

The accompanying condensed interim 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. 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.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
As at and for the six and three months ended 30 June 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.)

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2. Basis of preparation (continued)

(b) Basis of measurement (continued)

The comparative amounts relating to the subsidiaries operating in Belarus in the 2011 consolidated financial statements are not restated. In this context, the effect on the equity accounts as a result of the inflation accounting for the six months ended 30 June 2012 is presented in translation reserve.

3. Significant accounting policies

The same accounting policies, presentation and methods of computation have been followed in these condensed interim consolidated financial statements as were applied in the preparation of the Group's consolidated financial statements as at and for the year ended 31 December 2011.

a) Comparative information and revision of prior period financial statements

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

b) 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.

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

None.

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

None.

(iii) 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 condensed interim 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.

Amendments to IAS 12, “Deferred Taxes – Recovery of Underlying Assets”

The amendment is effective for annual periods beginning on or after 1 January 2012. 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 Group does not have investment property. The amendment did not have any effect on the condensed interim consolidated financial statements.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
As at and for the six and three months ended 30 June 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.)

3. Significant accounting policies (continued)

b) New standards and interpretations (continued)

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

Amendments to IFRS 7, "Financial Instruments: Disclosures – Transfers of Financial Assets"

The amendments to IFRS 7 increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

These amendments to IFRS 7 did not have a significant effect on the Group's disclosures. However, if the Group enters into other types of transfers of financial assets in the future, disclosures regarding those transfers may be affected.

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

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 7	Financial Instruments: Disclosures - Offsetting of Financial Assets and Financial Liabilities
IFRS 9	Financial Instruments
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
IFRS 13	Fair Value Measurement
IAS 1	Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income
IAS 19 (as revised in 2011)	Employee Benefits
IAS 27 (as revised in 2011)	Separate Financial Statement
IAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine
Amendments to IAS 32	Financial Instruments: Presentation - Offsetting of Financial Assets and Financial Liabilities

The amendments to IFRS 7 require an entity to disclose information about rights of offset and related agreements for financial instruments under an enforceable master netting agreement or similar arrangement. The new disclosures are required for annual or interim periods beginning on or after 1 January 2013.

IFRS 9 issued in November 2009 introduces new requirements for the classification and measurement of financial assets. IFRS 9 amended in October 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
As at and for the six and three months ended 30 June 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.)

3. Significant accounting policies (continued)

b) New standards and interpretations (continued)

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

Key requirements of IFRS 9 are described as follows:

- IFRS 9 requires all recognized financial assets that are within the scope of IAS 39, "Financial Instruments: Recognition and Measurement" to be subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

- The most significant effect of IFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under IFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

IFRS 9 was amended to defer the mandatory effective date of both the 2009 and 2010 versions of IFRS 9 to annual periods beginning on or after 1 January 2015. Prior to the amendments, application of IFRS 9 was mandatory for annual periods beginning on or after 1 January 2013. The amendments continue to permit early application. The amendments modify the existing comparative transition disclosures in IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors" and IFRS 7, "Financial Instruments: Disclosures". Instead of requiring restatement of comparative financial statements, entities are either permitted or required to provide modified disclosures on transition from IAS 39, "Financial Instruments: Recognition and Measurement" to IFRS 9 depending on the entity's date of adoption and whether the entity chooses to restate prior periods.

The Group management anticipates that IFRS 9 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2015 and that the application of IFRS 9 may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

In May 2011, a package of five Standards on consolidation, joint arrangements, associates and disclosures was issued, including IFRS 10, IFRS 11, IFRS 12, IAS 27 (as revised in 2011) and IAS 28 (as revised in 2011).

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
As at and for the six and three months ended 30 June 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.)

3. Significant accounting policies (continued)

b) New standards and interpretations (continued)

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

Key requirements of these five Standards are described below.

IFRS 10 replaces the parts of IAS 27, "Consolidated and Separate Financial Statements" that deal with consolidated financial statements. SIC 12, "Consolidation – Special Purpose Entities" has been withdrawn upon the issuance of IFRS 10. Under IFRS 10, there is only one basis for consolidation, which is control. In addition, IFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in IFRS 10 to deal with complex scenarios.

IFRS 11 replaces IAS 31, "Interests in Joint Ventures". IFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. SIC 13, "Jointly Controlled Entities – Non-monetary Contributions by Venturers" has been withdrawn upon the issuance of IFRS 11. Under IFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under IAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under IFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under IAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

IFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than those in the current standards.

These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

The Group management anticipates that these five standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013. The application of IFRS 10 is expected not to have material impact on consolidated financial statements. Under IFRS 11, a jointly controlled entity may be classified as a joint operation or joint venture, depending on the rights and obligations of the parties to the joint arrangement. However, the Group management have not yet performed a detailed analysis of the impact of the application of these standards and hence have not yet quantified the extent of the impact.

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in IFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under IFRS 7, "Financial Instruments: Disclosures" will be extended by IFRS 13 to cover all assets and liabilities within its scope.

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3. Significant accounting policies (continued)

b) New standards and interpretations (continued)

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

IFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The Group management anticipates that IFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the new standard may affect the amounts reported in the financial statements and result in more extensive disclosures in the financial statements.

The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that will be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

The amendments to IAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognized immediately through other comprehensive income in order for the net pension asset or liability recognized in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus.

The amendments to IAS 19 are effective for annual periods beginning on or after 1 January 2013 and require retrospective application with certain exceptions. The Group management anticipate that the amendments to IAS 19 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the amendments to IAS 19 may have impact on amounts reported in respect of the Group's defined benefit plans. However, the Group management have not yet performed a detailed analysis of the impact of the application of the amendments and hence have not yet quantified the extent of the impact.

On 19 October 2011 the IASB issued an Interpretation, IFRIC 20, "Stripping Costs in the Production Phase of a Surface Mine", clarifying the requirements for accounting for stripping costs in the production phase of a surface mine. The interpretation clarifies when production stripping should lead to the recognition of an asset and how that asset should be measured, both initially and in subsequent periods. The interpretation is effective for annual periods beginning on or after 1 January 2013 with earlier application permitted.

The amendments to IAS 32 are intended to clarify existing application issues relating to the offsetting rules and reduce the level of diversity in current practice. The amendments are effective for annual periods beginning on or after 1 January 2014.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
As at and for the six and three months ended 30 June 2012
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3. Significant accounting policies (continued)

b) New standards and interpretations (continued)

Annual Improvements 2009/2011 Cycle

Further to the above amendments and revised standards, the IASB have issued "Annual Improvements to IFRSs" in May 2012 that cover 5 main standards/interpretations as follows:

- IFRS 1 First-time Adoption of International Financial Standards - Permit the repeated application of IFRS 1, borrowing costs on certain qualifying assets
- IAS 1 Presentation of Financial Statements - Clarification of the requirements for comparative information
- IAS 16 Property, Plant and Equipment - Classification of servicing equipment
- IAS 32 Financial Instruments: Presentation - Clarify that tax effect of a distribution to holders of equity instruments should be accounted for in accordance with IAS 12 Income Taxes
- IAS 34 Interim Financial Reporting - Clarify interim reporting of segment information for total assets in order to enhance consistency with the requirements in IFRS 8 Operating Segments

All amendments are effective on or after 1 January 2013. Early adoptions of these amendments are allowed. The Group has not yet had an opportunity to consider the potential impact of the adoption of these amendments to the standards.

4. Critical accounting judgments and key sources of estimation uncertainty

Key sources of estimations

The economic environment in Belarus has deteriorated significantly since the second quarter of financial year 2011. Interest rates are linked to the prime refinance rate of the National Bank of Belarus, which has been gradually increased during 2011 and prices for goods and services denominated in BYR have been revisited several times in 2011 based on the change of market exchange rates. As of 31 December 2011, cumulative inflation in the last three years exceeded 100% and therefore Belarus was considered a hyperinflationary economy and 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.

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

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

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4. Critical accounting judgments and key sources of estimation uncertainty (continued)

Key sources of estimations (continued)

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 condensed interim 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 30 June 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.

5. 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 economic conditions.

The Group comprises the following main operating segments: Turkcell, Euroasia Telecommunications Holding BV ("Euroasia") and Belarusian Telecommunications Network ("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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5. Operating segments (continued)

	Six months ended 30 June									
	Turkcell		Euroasia		Belarusian Telecom		Other		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Total external revenues	2,302,181	2,424,552	189,234	164,188	24,549	33,309	248,571	179,464	2,764,535	2,801
Intersegment revenue	7,869	5,826	2,195	2,382	33	43	200,261	205,663	210,358	213,9
Reportable segment adjusted EBITDA	683,310	745,800	55,169	42,473	(5,225)	(7,016)	106,997	107,971	840,251	889,2
Finance income	170,506	136,995	755	294	4,142	20,284	53,083	24,366	228,486	181,9
Finance cost	(18,497)	8,506	(25,436)	(29,217)	(26,311)	(187,701)	(23,153)	(43,068)	(93,397)	(251,4
Monetary gain	-	-	-	-	44,179	-	-	-	44,179	-
Depreciation and amortization	(247,665)	(227,662)	(56,867)	(57,901)	(16,827)	(82,602)	(64,784)	(56,997)	(386,143)	(425,1
Share of profit of equity accounted investees	-	-	-	-	-	-	64,133	71,626	64,133	71,62
Capital expenditure	196,569	196,675	13,807	19,129	7,092	8,776	121,997	109,307	339,465	333,8
Bad debt expense	(24,333)	(19,618)	(97)	(657)	(790)	(551)	(1,851)	(1,614)	(27,071)	(22,44

	Three months ended 30 June									
	Turkcell		Euroasia		Belarusian Telecom		Other		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Total external revenues	1,195,267	1,257,980	98,973	87,218	13,884	16,034	123,112	93,883	1,431,236	1,455,
Intersegment revenue	4,066	3,138	1,083	1,121	18	26	100,798	105,384	105,965	109,66
Reportable segment adjusted EBITDA	358,079	403,119	30,314	23,711	(2,338)	(2,838)	53,557	54,699	439,612	478,69
Finance income	105,277	71,295	738	130	(17,475)	20,161	3,954	8,928	92,494	100,51
Finance cost	(7,641)	33,465	(13,362)	(14,062)	(13,598)	(174,707)	(9,309)	(27,554)	(43,910)	(182,8
Monetary gain	-	-	-	-	21,335	-	-	-	21,335	-
Depreciation and amortization	(123,209)	(115,969)	(28,174)	(29,630)	(10,552)	(70,683)	(33,568)	(28,885)	(195,503)	(245,1
Share of profit of equity accounted investees	-	-	-	-	-	-	36,651	35,601	36,651	35,601
Capital expenditure	97,677	128,910	8,412	11,753	4,871	3,516	77,011	65,500	187,971	209,67
Bad debt expense	(11,382)	(4,877)	(69)	(296)	(374)	(256)	(907)	(1,146)	(12,732)	(6,575

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5. Operating segments (continued)

	As at 30 June 2012 and 31 December 2011									
	Turkcell		Euroasia		Belarusian Telecom		Other		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	20
Reportable segment assets	3,850,919	3,493,183	503,002	544,578	178,354	160,277	1,255,040	1,086,949	5,787,315	5,284,9
Investment in associates	-	-	-	-	-	-	438,330	414,392	438,330	414,39
Reportable segment liabilities	813,418	922,418	88,924	116,132	71,512	88,127	239,252	242,085	1,213,106	1,368,7

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5. Operating segments (continued)

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

	Six months ended		Three months ended	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011
Revenues				
Total revenue for reportable segments	2,526,061	2,630,300	1,313,291	1,365,517
Other revenue	448,832	385,127	223,910	199,267
Elimination of inter-segment revenue	(210,358)	(213,914)	(105,965)	(109,669)
Consolidated revenue	2,764,535	2,801,513	1,431,236	1,455,115

	Six months ended		Three months ended	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011
Adjusted EBITDA				
Total adjusted EBITDA for reportable segments	733,254	781,257	386,055	423,992
Other adjusted EBITDA	106,997	107,971	53,557	54,699
Elimination of inter-segment adjusted EBITDA	(12,864)	(32,264)	(5,302)	(19,436)
Consolidated adjusted EBITDA	827,387	856,964	434,310	459,255
Finance income	206,826	166,088	83,242	97,173
Finance costs	(57,566)	(227,114)	(24,616)	(181,517)
Monetary gain	44,179	-	21,335	-
Other income	7,232	23,722	3,865	5,330
Other expenses	(8,820)	(164,246)	(1,789)	(128,123)
Share of profit of equity accounted investees	64,133	71,626	36,651	35,601
Depreciation and amortization	(377,869)	(418,208)	(191,183)	(241,580)
Consolidated profit before income tax	705,502	308,832	361,815	46,139

	Six months ended		Three months ended	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011
Finance income				

Total finance income / (costs) for reportable segments	175,403	157,573	88,540	91,586
Other finance income	53,083	24,366	3,954	8,928
Elimination of inter-segment finance income	(21,660)	(15,851)	(9,252)	(3,341)
Consolidated finance income	206,826	166,088	83,242	97,173

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5. Operating segments (continued)

	Six months ended		Three months ended	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011
Finance costs				
Total finance cost for reportable segments	70,244	208,412	34,601	155,304
Other finance cost	23,153	43,068	9,309	27,554
Elimination of inter-segment finance cost	(35,831)	(24,366)	(19,294)	(1,341)
Consolidated finance cost	57,566	227,114	24,616	181,517

	Six months ended		Three months ended	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011
Depreciation and amortization				
Total depreciation and amortization for reportable segments	321,359	368,165	161,935	216,282
Other depreciation and amortization	64,784	56,997	33,568	28,885
Elimination of inter-segment depreciation and amortization	(8,274)	(6,954)	(4,320)	(3,587)
Consolidated depreciation and amortization	377,869	418,208	191,183	241,580

	Six months ended		Three months ended	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011
Capital expenditure				
Total capital expenditure for reportable segments	217,468	224,580	110,960	144,179
Other capital expenditure	121,997	109,307	77,011	65,500
Elimination of inter-segment capital expenditure	(18,513)	(16,086)	(9,685)	(9,267)
Consolidated capital expenditure	320,952	317,801	178,286	200,412

	30 June 2012	31 December

		2011
Assets		
Total assets for reportable segments	4,532,275	4,198,038
Other assets	1,255,040	1,086,949
Investments in equity accounted investees	438,330	414,392
Other unallocated amounts	3,387,351	3,399,422
Consolidated total assets	9,612,996	9,098,801

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5. Operating Segments (continued)

	30 June 2012	31 December 2011
Liabilities		
Total liabilities for reportable segments	973,854	1,126,677
Other liabilities	239,252	242,085
Other unallocated amounts	1,860,396	1,998,434
Consolidated total liabilities	3,073,502	3,367,196

Geographical information

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

	Six months ended		Three months ended	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011
Revenues				
Turkey	2,493,279	2,564,056	1,288,592	1,330,712
Ukraine	191,352	164,188	100,137	87,218
Belarus	24,549	33,309	13,884	16,034
Turkish Republic of Northern Cyprus	31,056	34,721	15,940	17,774
Azerbaijan	13,894	3,848	6,703	2,065
Germany	10,405	1,391	5,980	1,312
	2,764,535	2,801,513	1,431,236	1,455,115

	30 June 2012	31 December 2011
Non-current assets		
Turkey	3,652,374	3,443,530

Ukraine	507,409	548,746
Belarus	153,185	142,926
Turkish Republic of Northern Cyprus	53,037	51,433
Azerbaijan	4,780	5,043
Germany	4,714	4,855
Unallocated non-current assets	465,998	438,634
	4,841,497	4,635,167

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6.Seasonality of operations

The Turkish mobile communications market is affected by seasonal peaks and troughs. Historically, the effects of seasonality on mobile communications usage had positively influenced the Company's results in the second and third quarters of the fiscal year and negatively influenced the results in the first and fourth quarters of the fiscal year. Recently, however, due to changing market dynamics, such as the ICTA's intervention in tariffs and increasing competition in the Turkish telecommunications market, the effects of seasonality on the Company's subscribers' mobile communications usage has decreased. Local and religious holidays in Turkey also affect the Company's operational results.

7. Other income and expenses

Other income amounts to $7,232, $23,722, $3,865 and $5,330 for the six and three months ended 30 June 2012 and 2011, respectively. Other income for the six months ended 30 June 2011 mainly comprises of penalty amounting to $12,656 received back from ICTA which was imposed in 2010 as a result of investigation of ICTA on tariff plans.

Other expenses amount to $8,820, $164,246, $1,789 and $128,123 for the six and three months ended 30 June 2012 and 2011, respectively. Other expenses for the six months ended 30 June 2012 mainly comprises payment for the penalty imposed by ICTA regarding the Company's compatibility to ICTA's regulations and decisions, as explained in Note 22 to condensed interim consolidated financial statements amounting to $3,419.

Other expenses for the six months ended 30 June 2011 mainly comprises of impairment charge recognized on goodwill arising from the acquisition of Belarusian Telecom amounting to $72,198, impairment recognized on the Group's investment in Aks TV amounting $3,742, provision set for penalty imposed as a result of investigation of the Competition Board regarding applications to the distributors amounting $43,585 and additional provision set for Special Communication Tax ("SCT") on the discounts applied to distributors for prepaid scratch card sales between January 2005 and January 2007 amounting to $30,397.

8. Finance income and costs

Net finance income or cost amounts to $149,260, $(61,026), $58,626 and $(84,344) for the six and three months ended 30 June 2012 and 2011, respectively. Net finance income as of 30 June 2012 is mainly attributable to the interest income on bank deposits.

9. Income tax expense

Effective tax rates are 18%, 42%, 19% and 146% for the six and three months ended 30 June 2012 and 2011, respectively.

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10. Property, plant and equipment

Cost or deemed cost	Balance as at 1 January 2011	Additions	Disposals	Transfers	Impairment	Acquisitions through business combinations	Effect of movements in exchange rates and hyperinflation	Balance as at 31 December 2011
Network infrastructure (All operational)	5,638,149	88,535	(310,323)	546,137	-	8,155	(866,902)	5,103,751
Land and buildings	281,610	5,433	-	6,186	-	-	(48,518)	244,711
Equipment, fixtures and fittings	278,709	11,419	(2,034)	312	-	1,399	(48,081)	241,724
Motor vehicles	16,341	2,752	(884)	-	-	-	(2,676)	15,533
Leasehold improvements	136,506	3,337	(1,376)	212	-	608	(24,415)	114,872
Construction in progress	202,400	564,164	(522)	(492,381)	(36)	44	(47,352)	226,317
Total	6,553,715	675,640	(315,139)	60,466	(36)	10,206	(1,037,944)	5,946,908
Accumulated depreciation								
Network infrastructure (All operational)	2,999,861	468,966	(306,767)	28,468	144,352	2,749	(514,173)	2,823,456
Land and buildings	106,750	9,167	-	6	-	-	(19,484)	96,439
Equipment, fixtures and fittings	252,184	9,106	(1,688)	(265)	12	680	(50,192)	209,837
Motor vehicles	11,827	1,824	(640)	-	22	-	(1,975)	11,058
	115,072	3,266	(1,354)	68	7	395	(20,936)	96,518

Leasehold improvements								
Total	3,485,694	492,329	(310,449)	28,277	144,393	3,824	(606,760)	3,237,308
Total property, plant and equipment	3,068,021	183,311	(4,690)	32,189	(144,429)	6,382	(431,184)	2,709,600

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10. Property, plant and equipment (continued)

Cost or deemed cost	Balance as at 1 January 2012	Additions	Disposals	Transfers	Impairment	Effect of movements in exchange rates and hyperinflation	Balance as at 30 June 2012
Network infrastructure (All operational)	5,103,751	30,719	(79,342)	205,453	-	218,336	5,478,917
Land and buildings	244,711	3,440	-	4	-	10,837	258,992
Equipment, fixtures and fittings	241,724	4,817	(645)	71	-	10,657	256,624
Motor vehicles	15,533	717	(346)	-	-	792	16,696
Leasehold improvements	114,872	801	(51)	50	-	5,162	120,834
Construction in progress	226,317	209,735	(1,087)	(194,419)	(5,393)	9,107	244,260
Total	5,946,908	250,229	(81,471)	11,159	(5,393)	254,891	6,376,323
Accumulated depreciation							
Network infrastructure (All operational)	2,823,456	237,730	(78,330)	6,447	13,946	123,000	3,126,249
Land and buildings	96,439	4,511	-	-	-	4,340	105,290
Equipment, fixtures and fittings	209,837	4,488	(593)	-	-	10,526	224,258
Motor vehicles	11,058	985	(313)	-	-	590	12,320
	96,518	1,913	(43)	-	-	4,414	102,802

Leasehold improvements							
Total	3,237,308	249,627	(79,279)	6,447	13,946	142,870	3,570,919
Total property, plant and equipment	2,709,600	602	(2,192)	4,712	(19,339)	112,021	2,805,404

Depreciation expenses for the six and three months ended 30 June 2012 and 2011 are $268,966, $285,216, $135,831 and $165,923, respectively including impairment losses and recognized in direct cost of revenues.

The impairment losses on property, plant and equipment for the six months ended 30 June 2012 and 2011 are $19,339 and $63,984, respectively and recognized in depreciation expense.

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11. Intangible assets

Goodwill arising from acquisition of Turkcell Superonline in 2008 and Global Iletisim in 2011 amounts to $18,095 (31 December 2011: $17,307) and $75 (31 December 2011: $71) as of 30 June 2012, respectively. Goodwill arising from acquisition of Belarusian Telecom was fully impaired as of 31 December 2011.

Impairment testing for long-lived assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Long-lived assets were tested for impairment as at 31 December 2011. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets, cash generating units. As at 31 December 2011, impairment test for long-lived assets of Astelit and A-Tel, was made on the assumption that Astelit and A-Tel are the cash generating units.

Astelit: As the recoverable amounts based on the value in use of cash generating units was higher than the carrying amount of cash-generating units of Astelit, no impairment was recognized. The assumptions used in value in use calculation of Astelit as at 31 December 2011 were:

A 13.6% post-tax WACC rate for 2012, a 13.7% post-tax WACC rate for 2013, a 13.9% post-tax WACC rate for after 2013 and 2.5% terminal growth rate were used to extrapolate cash flows beyond the 5-year forecasts based on the business plans. Independent appraisal was obtained for fair value to determine recoverable amounts for Astelit. The pre-tax rate for disclosure purposes was 15.5%.

A-Tel: As the recoverable amounts based on the value in use of cash generating units was lower than the carrying amount of cash-generating units of A-Tel, an impairment loss of $15,655 was recognized in consolidated financial statements for the year ended 31 December 2011. The impairment loss was decreased from the carrying value of the asset and was included in other expense of statement of comprehensive income for the year ending 31 December 2011. The assumptions used in value in use calculation of A-Tel as at 31 December 2011 were:

A 14.2% post-tax WACC rate and a 5.0% terminal growth rate were used to extrapolate cash flows beyond the 5-year forecasts based on the business plans. Independent appraisal was obtained for fair value to determine recoverable amounts for A-Tel. The pre-tax rate for disclosure purposes was 14.2%.

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11. Intangible assets (continued)

Cost	Balance at 1 January 2011	Additions	Disposals	Transfers	Impairment	Acquisitions through business combinations	Effects of movements in exchange rates and hyperinflation	Balance at 31 December 2011
GSM and other telecommunication operating licenses	1,421,435	5,553	-	-	-	1,313	(235,276)	1,193,025
Computer software	2,019,716	52,433	(433)	82,719	-	1,660	(338,550)	1,817,545
Transmission lines	32,615	118	-	-	-	-	(5,872)	26,861
Central betting system operating right	5,722	341	-	-	-	-	(1,039)	5,024
Indefeasible right of usage	22,531	-	-	-	-	-	(4,090)	18,441
Brand name	4,554	-	-	-	-	-	(827)	3,727
Customer base	6,231	-	-	-	-	2,600	(1,320)	7,511
Customs duty and VAT exemption right	49,987	-	-	-	-	-	(3,240)	46,747
Goodwill	141,257	-	-	-	(52,971)	81	(70,989)	17,378
Other	2,782	-	-	-	-	-	(292)	2,490
Construction in progress	2,626	140,162	-	(143,185)	-	-	397	-
Total	3,709,456	198,607	(433)	(60,466)	(52,971)	5,654	(661,098)	3,138,749
Accumulated amortization								
GSM and other telecommunication	465,732	65,972	-	-	53,177	15	(83,766)	501,130

operating licenses								
Computer software	1,472,109	145,919	(291)	(28,277)	-	1,468	(276,357)	1,314,571
Transmission lines	27,007	1,229	-	-	-	-	(4,739)	23,497
Central betting system operating right	4,116	219	-	-	-	-	(934)	3,401
Indefeasible right of usage	1,543	1,391	-	-	-	-	(586)	2,348
Brand name	1,024	422	-	-	-	-	(235)	1,211
Customer base	2,581	619	-	-	-	-	(540)	2,660
Customs duty and VAT exemption right	25,462	9,946	-	-	8,669	-	(1,367)	42,710
Other	571	229	-	-	-	-	113	913
Total	2,000,145	225,946	(291)	(28,277)	61,846	1,483	(368,411)	1,892,441
Total intangible assets	1,709,311	(27,339)	(142)	(32,189)	(114,817)	4,171	(292,687)	1,246,308

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11. Intangible assets (continued)

Cost	Balance at 1 January 2012	Additions	Disposals	Transfers	Impairment	Effects of movements in exchange rates and hyperinflation	Balance at 30 June 2012
GSM and other telecommunication operating licenses	1,193,025	639	-	-	-	53,954	1,247,618
Computer software	1,817,545	13,941	-	45,083	-	80,309	1,956,878
Transmission lines	26,861	42	-	-	-	1,204	28,107
Central betting system operating right	5,024	488	-	-	-	229	5,741
Indefeasible right of usage	18,441	-	-	-	-	850	19,291
Brand name	3,727	-	-	-	-	170	3,897
Customer base	7,511	-	-	-	-	343	7,854
Customs duty and VAT exemption right	46,747	-	-	-	-	4,873	51,620
Goodwill	17,378	-	-	-	-	792	18,170
Other	2,490	-	-	-	-	167	2,657
Construction in progress	-	56,242	-	(56,242)		-	-
Total	3,138,749	71,352	-	(11,159)	-	142,891	3,341,833
Accumulated amortization							
GSM and other telecommunication operating licenses	501,130	29,690	-	-	-	24,942	555,762
Computer software	1,314,571	74,949	-	(6,447)	1,357	58,335	1,442,765

Transmission lines	23,497	525	-	-	-	1,014	25,036
Central betting system operating right	3,401	133	-	-	-	211	3,745
Indefeasible right of usage	2,348	649	-	-	-	96	3,093
Brand name	1,211	197	-	-	-	53	1,461
Customer base	2,660	360	-	-	-	118	3,138
Customs duty and VAT exemption right	42,710	963	-	-	-	4,527	48,200
Other	913	80	-	-	-	(19)	974
Total	1,892,441	107,546	-	(6,447)	1,357	89,277	2,084,174
Total intangible assets	1,246,308	(36,194)	-	(4,712)	(1,357)	53,614	1,257,659

Amortization expenses on intangible assets other than goodwill for the six and three months ended 30 June 2012 and 2011 are $108,903, $132,992, $55,352 and $75,657 respectively including impairment losses and recognized in direct cost of revenues.

Computer software includes internally generated capitalized software development costs that meet the definition of an intangible asset. The amount of internally generated capitalized cost is $17,250 for the six months ended 30 June 2012 (30 June 2011: $14,105).

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11. Intangible assets (continued)

Impairment testing for cash-generating unit containing goodwill

Goodwill allocated to cash generating units and carrying values of all cash generating units are annually tested for impairment. The recoverable amounts (that is, higher of value in use and fair value less cost to sell) are normally determined on the basis of value in use, applying discounted cash flow calculation. Independent appraisals were obtained for fair values to determine recoverable amounts for Belarusian Telecom and Turkcell Superonline as at 31 December 2011.

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

Belarusian Telecom

As at 31 December 2011, impairment test was performed for Belarusian Telecom and after tax impairment at the amount of $206,038 was calculated for the cash-generating unit. The aggregate carrying amount of goodwill arising from the acquisition of Belarusian Telecom was totally impaired by $52,971 and is included in other expense of statement of comprehensive income. Remaining impairment amounting to $169,320 was allocated to the fixed assets of the cash-generating unit on a pro-rata basis based on the carrying amount of each asset in the cash-generating unit and is included in depreciation expense. Tax effect of the long-lived asset impairment of $16,253 is included in deferred taxation benefit. Value in use was determined by discounting the expected future cash flows to be generated by the cash-generating unit and the terminal value. The calculation of the value in use was based on the following key assumptions:
The projection period for the purposes of goodwill impairment testing is taken as 5 years between 1 January 2012 and 31 December 2016. Cash flows for further periods (perpetuity) were extrapolated using a constant growth rate of 3.0% which does not exceed the estimated average growth rate for Belarus.
A post-tax discount rate WACC of 15.7% was applied in determining the recoverable amount of the cash-generating unit. The post-tax rate was adjusted considering the tax cash outflows and other future tax cash flows and discrepancies between the cost of the assets and their tax bases. The pre-tax rate for disclosure purposes was 19.0%.

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