TURKCELL ILETISIM HIZMETLERI A S
Form 6-K
November 03, 2011

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

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

Report on Form 6-K dated November 3, 2011

Commission File Number: 001-15092

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

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

(Address of Principal Executive Offices)

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

Form 20-F Q Form 40-F £

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

Yes £ No Q

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

Yes £ No Q

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

Yes £ No Q

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

- Enclosure: Turkcell’s Q3 2011 Report

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 September 2011
(Amounts expressed in thousands of US Dollars unless otherwise indicated except share amounts)

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

	Note	30 September2011	31 December 2010
Assets			
Property, plant and equipment	10	2,595,526	3,068,021
Intangible assets	11	1,241,404	1,709,311
GSM and other telecommunication operating licenses		731,402	955,703
Computer software		454,119	547,607
Other intangible assets		55,883	206,001
Investments in equity accounted investees	12	472,539	399,622
Other investments	13	25,054	33,849
Due from related parties	23	773	1,044
Other non-current assets		94,374	107,277
Trade receivables	14	42,277	35,024
Deferred tax assets		5,524	2,876
Total non-current assets		4,477,471	5,357,024
Inventories		21,506	24,386
Other investments	13	457	8,201
Due from related parties	23	59,617	88,897
Trade receivables and accrued income	14	868,641	816,151
Other current assets		253,233	197,740
Cash and cash equivalents	15	3,339,773	3,302,163
Total current assets		4,543,227	4,437,538
Total assets		9,020,698	9,794,562
Equity			
Share capital		1,636,204	1,636,204
Share premium		434	434
Capital contributions		22,772	22,772
Reserves		(1,667,253)	(660,121)
Retained earnings		5,768,612	5,258,327
Total equity attributable to equity holders of Turkcell Iletisim Hizmetleri AS		5,760,769	6,257,616
Non-controlling interests		(56,855)	(24,019)

Total equity		5,703,914	6,233,597
Liabilities			
Loans and borrowings	19	1,209,530	1,407,316
Employee benefits		27,018	29,742
Provisions		51,796	57,055
Other non-current liabilities	18	96,069	160,832
Deferred tax liabilities		62,890	93,105
Total non-current liabilities		1,447,303	1,748,050
Bank overdraft	15	5,680	5,896
Loans and borrowings	19	661,182	430,205
Income taxes payable		104,204	96,080
Trade and other payables		802,725	951,976
Due to related parties	23	21,678	10,760
Deferred income		138,372	164,186
Provisions		135,640	153,812
Total current liabilities		1,869,481	1,812,915
Total liabilities		3,316,784	3,560,965
Total equity and liabilities		9,020,698	9,794,562

The notes on page 7 to 69 are an integral part of these condensed interim consolidated financial statements.

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TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONDENSED INTERIM CONSOLIDATED STATEMENT OF INCOME
For the nine and three months ended 30 September 2011
(Amounts expressed in thousands of US Dollars unless otherwise indicated except share amounts)

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

	Note	Nine months ended 30 September 2011	Nine months ended 30 September 2010	Three months ended 30 September 2011	Three months ended 30 September 2010
Revenue	5	4,273,740	4,495,528	1,472,227	1,539,600
Direct cost of revenue		(2,568,113)	(2,487,082)	(858,800)	(842,855)
Gross profit		1,705,627	2,008,446	613,427	696,745
Other income	7	25,543	12,310	1,821	2,660
Selling and marketing expenses		(763,949)	(796,289)	(245,754)	(251,010)
Administrative expenses		(190,397)	(252,104)	(55,148)	(79,809)
Other expenses	7	(159,089)	(44,399)	5,157	(3,978)
Results from operating activities		617,735	927,964	319,503	364,608
Finance income	8	248,135	214,052	82,047	67,334
Finance costs	8	(261,118)	(98,092)	(34,004)	(19,991)
Net finance income / (costs)		(12,983)	115,960	48,043	47,343
Share of profit of equity accounted investees	12	106,609	95,002	34,983	34,962
Profit before income tax		711,361	1,138,926	402,529	446,913
Income tax expense	9	(225,089)	(249,516)	(94,749)	(91,447)
Profit for the period		486,272	889,410	307,780	355,466
Profit/(loss) attributable to:					
Owners of Turkcell Iletisim Hizmetleri AS		509,652	920,235	313,582	366,998
Non-controlling interests		(23,380)	(30,825)	(5,802)	(11,532)
Profit for the period		486,272	889,410	307,780	355,466
Basic and diluted earnings per share (in USD)	17	0.23	0.42	0.14	0.17

The notes on page 7 to 69 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 nine and three months ended 30 September 2011
(Amounts expressed in thousands of US Dollars unless otherwise indicated except share amounts)

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	Nine months ended		Three months ended	
	30 September 2011	30 September 2010	30 September 2011	30 September 2010
Profit for the period	486,272	889,410	307,780	355,466
Other comprehensive income / (expense):				
Foreign currency translation differences	(1,038,860)	228,242	(720,181)	516,136
Net change in fair value of available-for-sale securities	-	(1,318)	-	-
Income tax on other comprehensive (expense) / income	(4,284)	1,512	(2,519)	1,283
Other comprehensive income / (expense) for the period, net of income tax	(1,043,144)	228,436	(722,700)	517,419
Total comprehensive income / (expense) for the period	(556,872)	1,117,846	(414,920)	872,885
Total comprehensive income / (expense) attributable to:				
Owners of Turkcell Iletisim Hizmetleri AS	(527,714)	1,147,429	(405,033)	882,491
Non-controlling interests	(29,158)	(29,583)	(9,887)	(9,606)
Total comprehensive income / (expense) for the period	(556,872)	1,117,846	(414,920)	872,885

The notes on page 7 to 69 are an integral part of these condensed interim consolidated financial statements.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the nine months ended 30 September 2011
(Amounts expressed in thousands of US Dollars unless otherwise indicated except share amounts)

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	Attributable to equity holder					
	Share Capital	Capital Contribution	Share Premium	Legal Reserves	Fair Value Reserve	Rese for N Contro Inter Pu Opti
Balance as at 1 January 2010	1,636,204	22,772	434	484,291	1,318	(250,
Total comprehensive income						
Profit for the period	-	-	-	-	-	-
Other comprehensive income / (expense)						
Foreign currency translation differences, net of tax	-	-	-	-	-	-
Net change in fair value of available-for-sale securities, net of tax	-	-	-	-	(1,318)	-
Total other comprehensive income / (expense)	-	-	-	-	(1,318)	-
Total comprehensive income / (expense)	-	-	-	-	(1,318)	-
Change in non-controlling interest	-		-	-	-	-
Dividends paid	-	-	-	-	-	-
Increase in legal reserves	-	-	-	49,236	-	-
Balance as at 30 September 2010	1,636,204	22,772	434	533,527	-	(250,
Total comprehensive income						
Profit for the period	-	-	-	-	-	-
Other comprehensive income / (expense)						
Foreign currency translation differences, net of tax	-	-	-	-	-	(461
Net change in fair value of available-for-sale securities, net of tax	-	-	-	-	-	-
Total other comprehensive income / (expense)	-	-	-	-	-	(461
Total comprehensive income / (expense)	-	-	-	-	-	(461
Increase in legal reserves	-	-	-	1,416	-	-
Change in non-controlling interest	-	-	-	-	-	-
Change in reserve for non-controlling interest put option	-	-	-	-	-	(12,6
Balance as at 31 December 2010	1,636,204	22,772	434	534,943	-	(263,
Balance as at 1 January 2011	1,636,204	22,772	434	534,943	-	(263,
Total comprehensive income						
Profit for the period	-	-	-	-	-	-
Other comprehensive income / (expense)						
Foreign currency translation differences, net of tax	-	-	-	-	-	(5,25

Total other comprehensive income / (expense)	-	-	-	-	-	(5,25
Total comprehensive income / (expense)	-	-	-	-	-	(5,25
Increase in legal reserves	-	-	-	(633)	-	-
Dividend to shareholders	-	-	-	-	-	-
Change in non-controlling interest	-	-	-	-	-	-
Change in reserve for non-controlling interest put option	-	-	-	-	-	30,86
Balance as at 30 September 2011	1,636,204	22,772	434	534,310	-	(238,

The notes on page 7 to 69 are an integral part of these condensed interim consolidated financial statements.

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TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
For the nine and three months ended 30 September 2011
(Amounts expressed in thousands of US Dollars unless otherwise indicated except share amounts)

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		Nine months 30 September	
	Note	2011	2010
Cash flows from operating activities			
Profit for the period		486,272	889,410
Adjustments for:			
Depreciation and impairment of fixed assets	10	427,029	374,847
Amortization of intangible assets	11	186,270	180,590
Net finance income	8	(232,183)	(168,391)
Income tax expense		225,089	249,516
Share of profit of equity accounted investees		(128,223)	(119,335)
(Gain) / loss on sale of property, plant and equipment		(2,252)	101
Unrealized foreign exchange gain and loss on operating assets		97,070	55,674
Provision for impairment of trade receivables	20	26,941	90,088
Deferred income		816	(87,998)
Impairment losses on goodwill	11	72,198	-
Impairment losses on other non-current investments	13	3,742	-
		1,162,769	1,464,502
Change in trade receivables	14	(213,616)	(195,475)
Change in due from related parties	23	17,955	17,770
Change in inventories		(1,075)	8,786
Change in other current assets		(86,792)	(82,268)
Change in other non-current assets		1,978	(21,425)
Change in due to related parties	23	12,410	2,201
Change in trade and other payables		(99,115)	(106,572)
Change in other current liabilities		63,908	(26,664)
Change in other non-current liabilities	18	(13,407)	5,797
Change in employee benefits		2,101	2,958
Change in provisions		(323)	(71,322)
		846,793	998,288
Interest paid		(36,381)	(28,690)
Dividend received		23,483	26,889
Income tax paid		(190,372)	(233,924)
Net cash from operating activities		643,523	762,563
Cash flows from investing activities			
Acquisition of property, plant and equipment	10	(387,130)	(588,009)

Acquisition of intangible assets	11	(106,625)	(94,513)
Proceeds from sale of property, plant and equipment		5,770	5,980
Proceeds from currency option contracts		5,302	10,256
Payment of currency option contracts premium		(1,256)	(4,666)
Proceeds from sale of available-for-sale securities		11,191	74,508
Acquisition of available-for-sale securities		(3,498)	(8,516)
Interest received		215,120	213,252
Net cash used in investing activities		(261,126)	(391,708)
Cash flows from financing activities			
Proceeds from issuance of loans and borrowings		380,147	894,773
Loan transaction costs		-	(12,100)
Repayment of borrowings		(337,292)	(641,216)
Change in non-controlling interest		405	170
Dividends paid		(4,083)	(590,541)
Net cash used in financing activities		39,177	(348,914)
Net decrease in cash and cash equivalents		421,574	21,941
Cash and cash equivalents at 1 January	15	3,296,267	3,090,242
Effects of foreign exchange rate fluctuations on cash and cash equivalents		(383,748)	66,886
Cash and cash equivalents at 30 September	15	3,334,093	3,179,069

The notes on page 7 to 69 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 nine and three months ended 30 September 2011
(Amounts expressed in thousands of US Dollars unless otherwise indicated except share amounts)

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Notes to the condensed interim consolidated financial statements

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TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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1. Reporting entity

Turkcell Iletisim Hizmetleri Anonim Sirketi (the "Company") was incorporated in Turkey on 5 October 1993 and commenced its operations in 1994. The 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 nine and three months ended 30 September 2011 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in one associate and one joint venture.

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

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

The Group's condensed interim consolidated financial statements as at and for the period ended 30 September 2011 were approved by the Board of Directors on 2 November 2011.

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 2010.

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.

The Company for 30 September 2010 revised the manner in which it accounted for the impact of changes in foreign exchange rates in its statement of cash flows and revised its presentation of prior periods, resulting in a change in the allocation of the impact of foreign exchange rate changes among "Operating activities", "Effects of foreign exchange on statement of financial position items" and "Effect of foreign exchange rate changes on cash" in the statement of cash flows. The change relates to the impact of re-translation of the underlying functional currency cash flows into the presentation currency, the US Dollar. The Company believes that changes to prior periods are immaterial. The change in the statement of cash flows will not impact the Company's previously reported statement of income, statement of comprehensive income, statement of financial positions or "Cash and cash equivalents" at the end of any period. The effect of the change on the statement of cash flows is as follows:

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
As at and for the nine and three months ended 30 September 2011
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3. Significant accounting policies (continued)

a) Comparative information and revision of prior period financial statements (continued)

	For the nine months period ended 30 September 2010		
	As previously reported	Revisions	As Revised
Net cash from operating activities	736,432	26,131	762,563
Effects of foreign exchange on statement of financial position items	93,017	(93,017)	-
Effects of foreign exchange rate changes on cash	-	66,886	66,886
Cash and cash equivalents	3,179,069	-	3,179,069

b) Accounting policies for new transactions and events

Derivative financial instruments

The Group enters into derivative financial instruments to manage its exposure to interest rate, including interest rate collar. Further details of derivative financial instruments are disclosed in Note 13, 19 and 20.

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

Hedge Accounting

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

Cash flow hedges

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

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

3. Significant accounting policies (continued)

c) 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

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

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

(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

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

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

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

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

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

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

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

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

IFRIC 19, “Extinguishing Financial Liabilities with Equity Instruments”

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

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
As at and for the nine and three months ended 30 September 2011
(Amounts expressed in thousands of US Dollars unless otherwise indicated except share amounts)

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3. Significant accounting policies (continued)

c)New standards and interpretations (continued)

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

Annual Improvements May 2010

Further to the above amendments and revised standards, the IASB has issued Annual Improvements to IFRSs in May 2010 that cover 7 main standards/interpretations as follow: IFRS 1, "First-time Adoption of International Financial Reporting Standards"; IFRS 3, "Business Combinations"; IAS 27, "Consolidated and Separate Financial Statements"; IAS 34, "Interim Financial Reporting" and IFRIC 13, "Customer Loyalty Programmes". With the exception of amendments to IFRS 3 and IAS 27 which are effective on or after
1 July 2010, all other amendments are effective on or after 1 January 2011.

The application of these new and revised IFRSs has not had any material impact on the amounts reported for the current and prior years.

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

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

On 20 December, IFRS 1 is amended to provide relief for first-time adopters of IFRSs from having to reconstruct transactions that occurred before their date of transition to IFRSs and to provide guidance for entities emerging from severe hyperinflation either to resume presenting IFRS financial statements or to present IFRS financial statements for the first time. The amendment above will be effective for annual periods beginning on or after 1 July 2011.These amendments are not relevant to the Group, as it is an existing IFRS preparer.

IFRS 7, "Financial Instruments: Disclosures"

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

IFRS 9, “Financial Instruments: Classification and Measurement”

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

IAS 12, “Income Taxes”

In December 2010, IAS 12 is amended. IAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
As at and for the nine and three months ended 30 September 2011
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3. Significant accounting policies (continued)

c)New standards and interpretations (continued)

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

IAS 12, "Income Taxes" (continued)

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

IFRS 10, "Consolidated Financial Statements"
IFRS 10 replaces the consolidation guidance in IAS 27, "Consolidated and Separate Financial Statements" and SIC 12, "Consolidation - Special Purpose Entities" by introducing a single consolidation model for all entities based on control, irrespective of the nature of the investee (i.e., whether an entity is controlled through voting rights of investors or through other contractual arrangements as is common in special purpose entities). Under IFRS 10, control is based on whether an investor has 1) power over the investee; 2) exposure, or rights, to variable returns from its involvement with the investee; and 3) the ability to use its power over the investee to affect the amount of the returns. The new standard is mandatory for annual periods beginning on or after 1 January 2013. The Group has not yet had an opportunity to consider the potential impact of the adoption of this revised standard.

IFRS 11, "Joint Arrangements"
IFRS 11 introduces new accounting requirements for joint arrangements, replacing IAS 31, "Interests in Joint Ventures". The option to apply the proportional consolidation method when accounting for jointly controlled entities is removed. Additionally, IFRS 11 eliminates jointly controlled assets to now only differentiate between joint operations and joint ventures. A joint operation is a joint arrangement whereby the parties that have joint control have rights to the assets and obligations for the liabilities. A joint venture is a joint arrangement whereby the parties that have joint control have rights to the net assets. The new standard is mandatory for annual periods beginning on or after 1 January 2013. The Group has not yet had an opportunity to consider the potential impact of the adoption of this revised standard.

IFRS 12, "Disclosure of Interest in Other Entities"
IFRS 12 requires extensive disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. An entity is required to disclose information that helps users of its financial statements evaluate the nature of and risks associated with its interests in other entities and the effects of those

interests on its financial statements. The new standard is mandatory for annual periods beginning on or after 1 January 2013. The Group has not yet had an opportunity to consider the potential impact of the adoption of this revised standard.

IAS 27 (2011), "Separate Financial Statements"

The requirements relating to separate financial statements are unchanged and are included in the amended IAS 27. The other portions of IAS 27 are replaced by IFRS 10.

IAS 28 (2011), "Investments in Associates and Joint Ventures"

IAS 28 is amended for conforming changes based on the issuance of IFRS 10, IFRS 11 and IFRS 12.

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3. Significant accounting policies (continued)

c)New standards and interpretations (continued)

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

IAS 1 (2011), "Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income"

The amendments to IAS 1 provide guidance on the presentation of items contained in other comprehensive income ("OCI") and their classification within OCI. The new standard is mandatory for annual periods beginning on or after 1 July 2012. The Group has not yet had an opportunity to consider the potential impact of the adoption of this revised standard.

IFRS 13, "Fair Value Measurements"

On 12 May 2011, IASB issued IFRS 13, "Fair Value Measurements", which establishes a single source of guidance for fair value measurement under IFRSs. IFRS 13 defines fair value, provides guidance on its determination and introduces consistent requirements for disclosures on fair value measurements. The standard does not include requirements on when fair value measurements is required; it prescribes how fair value is to be measured if another standard requires it. The new standard is mandatory for annual periods beginning on or after 1 January 2013. The Group has not yet had an opportunity to consider the potential impact of the adoption of this revised standard.

IAS 19 (Amendments), "Employee Benefits"

The amendments to IAS 19 change the accounting for defined benefit plans and termination benefits. The new standard is mandatory for annual periods beginning on or after 1 January 2013. The Group has not yet had an opportunity to consider the potential impact of the adoption of this revised standard.

IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine"

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.

4. Critical accounting judgments and key sources of estimation uncertainty

Key sources of estimations uncertainty

In the period from March to June 2011 the National Bank of the Belarusian Republic sequentially increased the refinancing rate from 10.5% to 18%, due to growing inflation rate that came up to 36.2% for the first six months of 2011. Also, starting from March 2011, the foreign trade deficit being faced by the economy and certain limitations imposed by the government on foreign currency market, resulted in highly limited access to foreign currency for the corporate sector and the public on the open market. Effective from 24 May 2011, the National Bank of the Republic of Belarus has announced the decline rate of Belarusian Ruble against the currency basket, divided equally into USD, EUR and Russian Ruble, by approximately 72.6% in comparison to the rate to the currency basket as of 31 December 2010.

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

Key sources of estimations uncertainty (continued)

Besides, in March 2011 international rating agencies Standard & Poor's Rating Services and Moody's each downgraded foreign currency long-term credit rating of the Republic of Belarus from B+ to B (Standard & Poor's). The credit rating of the Republic of Belarus on its national currency has been downgraded from BB to B+ (Standard & Poor's) in March and further to B (Standard & Poor's) in May 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 Belarusian Ruble, there exist the potential for economic uncertainties to continue in the foreseeable future.

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

Consequently, the subsidiaries operating within Belarus may subject to the risks, i.e. foreign currency and interest rate risks related to borrowings and the subscriber's purchasing power and liquidity and increase in corporate and personal insolvencies, that may not necessarily be observable in other markets. The accompanying 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 September 2011, the Group's management believes that their approach is appropriate in taking all the necessary measures to support the sustainability of these subsidiaries' businesses in the current circumstances. Please refer to Note25 for the details of Belarusian Ruble's further devaluation against USD, EUR and Russian Ruble in October 2011.

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)

	Nine months ended 30 September							
	Turkcell		Euroasia		Belarusian Telecom		Other	
	2011	2010	2011	2010	2011	2010	2011	
Total external revenues	3,687,533	3,994,543	267,898	254,904	46,938	32,811	271,371	2
Intersegment revenue	9,450	12,111	2,851	2,593	68	43	309,335	2
Reportable segment adjusted EBITDA	1,184,415	1,369,776	69,321	47,594	(8,957)	(26,116)	144,947	1
Finance income	212,012	194,511	392	5,751	20,814	586	37,747	5
Finance cost	102,146	(66,952)	(40,835)	(31,912)	(255,276)	(21,238)	(112,163)	(4
Depreciation and amortization	(365,737)	(349,530)	(88,193)	(90,776)	(85,784)	(58,025)	(84,276)	(6
Share of profit of equity accounted investees	-	-	-	-	-	-	106,609	9
Capital expenditure	307,121	400,009	38,541	45,067	14,138	76,673	156,248	2

	Three months ended 30 September						
	Turkcell		Euroasia		Belarusian Telecom		O
	2011	2010	2011	2010	2011	2010	2011
Total external revenues	1,262,981	1,368,271	103,710	83,992	13,629	12,322	91,907
Intersegment revenue	3,624	3,952	469	902	25	19	103,672
Reportable segment adjusted EBITDA	438,615	508,854	26,848	21,472	(1,941)	(9,704)	36,976
Finance income	75,017	62,217	98	(1,461)	530	147	13,381
Finance cost	93,640	(34,417)	(11,618)	(6,188)	(67,575)	(5,244)	(69,095
Depreciation and amortization	(138,075)	(119,171)	(30,292)	(39,125)	(3,182)	(25,621)	(27,279
Share of profit of equity accounted investees	-	-	-	-	-	-	34,983
Capital expenditure	110,446	129,928	19,412	4,876	5,362	23,931	46,941

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5. Operating segments (continued)

	As at 30 September 2011 and 31 December 2010							
	Turkcell		Euroasia		Belarusian Telecom		Other	
	2011	2010	2011	2010	2011	2010	2011	2010
Reportable segment assets	3,465,210	3,860,173	551,731	616,375	154,171	517,312	992,838	1,045,535
Investment in associates	-	-	-	-	-	-	472,539	399,622
Reportable segment liabilities	913,303	1,092,496	124,721	153,927	69,931	83,161	156,628	198,780

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5. Operating segments (continued)

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

	Nine months ended		Three months ended	
	30 September 2011	30 September 2010	30 September 2011	30 September 2010
Revenues				
Total revenue for reportable segments	4,014,738	4,297,005	1,384,438	1,469,458
Other revenue	580,706	499,285	195,579	173,651
Elimination of inter-segment revenue	(321,704)	(300,762)	(107,790)	(103,509)
Consolidated revenue	4,273,740	4,495,528	1,472,227	1,539,600

	Nine months ended		Three months ended	
	30 September 2011	30 September 2010	30 September 2011	30 September 2010
Adjusted EBITDA				
Total adjusted EBITDA for reportable segments	1,244,779	1,391,254	463,522	520,622
Other adjusted EBITDA	144,947	156,803	36,976	58,593
Elimination of inter-segment adjusted EBITDA	(25,146)	(32,567)	7,118	(8,496)
Consolidated adjusted EBITDA	1,364,580	1,515,490	507,616	570,719
Finance income	248,135	214,052	82,047	67,334
Finance costs	(261,118)	(98,092)	(34,004)	(19,991)
Other income	25,543	12,310	1,821	2,660
Other expenses	(159,089)	(44,399)	5,157	(3,978)
Share of profit of equity accounted investees	106,609	95,002	34,983	34,962
Depreciation and amortization	(613,299)	(555,437)	(195,091)	(204,793)
Consolidated profit before income tax	711,361	1,138,926	402,529	446,913

	Nine months ended		Three months ended	
	30 September 2011	30 September 2010	30 September 2011	30 September 2010
Finance income				
Total finance income / (costs) for reportable segments	233,218	200,848	75,645	60,903

Other finance income	37,747	58,339	13,381	28,975
Elimination of inter-segment finance income	(22,830)	(45,135)	(6,979)	(22,544)
Consolidated finance income	248,135	214,052	82,047	67,334

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5. Operating segments (continued)

	Nine months ended		Three months ended	
	30 September 2011	30 September 2010	30 September 2011	30 September 2010
Finance costs				
Total finance cost for reportable segments	193,965	120,102	(14,447)	45,849
Other finance cost	112,163	46,473	69,095	3,043
Elimination of inter-segment finance cost	(45,010)	(68,483)	(20,644)	(28,901)
Consolidated finance cost	261,118	98,092	34,004	19,991

	Nine months ended		Three months ended	
	30 September 2011	30 September 2010	30 September 2011	30 September 2010
Depreciation and amortization				
Total depreciation and amortization for reportable segments	539,714	498,331	171,549	183,917
Other depreciation and amortization	84,276	64,542	27,279	23,682
Elimination of inter-segment depreciation and amortization	(10,691)	(7,436)	(3,737)	(2,806)
Consolidated depreciation and amortization	613,299	555,437	195,091	204,793

	Nine months ended		Three months ended	
	30 September 2011	30 September 2010	30 September 2011	30 September 2010
Capital expenditure				
Total capital expenditure for reportable segments	359,807	521,749	135,227	158,735
Other capital expenditure	156,241	215,429	46,934	101,846
Elimination of inter-segment capital expenditure	(17,700)	(22,477)	(1,614)	(7,627)
Consolidated capital expenditure	498,348	714,701	180,547	252,954

	30 September 2011	31 December 2010
Assets		
Total assets for reportable segments	4,171,112	4,993,860

Other assets	992,838	1,045,535
Investments in equity accounted investees	472,539	399,622
Other unallocated amounts	3,384,209	3,355,545
Consolidated total assets	9,020,698	9,794,562

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5. Operating segments (continued)

	30 September 2011	31 December 2010
Liabilities		
Total liabilities for reportable segments	1,107,955	1,329,584
Other liabilities	156,628	198,780
Other unallocated amounts	2,052,201	2,032,601
Consolidated total liabilities	3,316,784	3,560,965

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.

	Nine months ended		Three months ended	
	30 September 2011	30 September 2010	30 September 2011	30 September 2010
Revenues				
Turkey	3,895,707	4,149,370	1,331,651	1,424,674
Ukraine	267,898	255,752	103,710	84,840
Belarus	46,938	32,811	13,629	11,212
Turkish Republic of Northern Cyprus	48,933	57,595	14,212	18,874
Azerbaijan	6,762	-	2,914	-
Germany	7,502	-	6,111	-
	4,273,740	4,495,528	1,472,227	1,539,600

	30 September 2011	31 December 2010
Non-current assets		
Turkey	3,228,287	3,746,557
Ukraine	548,475	607,704
Belarus	136,314	497,798
Turkish Republic of Northern Cyprus	52,372	65,222
Azerbaijan	4,779	3,379
Germany	4,122	-
Unallocated non-current assets	503,122	436,364

	4,477,471	5,357,024

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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 $25,543, $12,310, $1,821 and $2,660 for the nine and three months ended 30 September 2011 and 2010, respectively. Other income 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 $159,089, $44,399, $(5,157) and $3,978 for the nine and three months ended 30 September 2011 and 2010, respectively. Other expenses for the nine months ended 30 September 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 to $3,742, impairment recognized for investigation on compatibility of Company's practices regarding the subscription annulment procedures amounting to $5,001, provision set regarding the fine applied for tariffs above upper limits amounting to $23,459, penalty imposed as a result of investigation on breaching confidentiality of personal data and relevant legislation $5,374, provision set for Special Communication Tax ("SCT") on the discounts applied to distributors for prepaid scratch card sales between January 2005 and January 2007, as explained in Note 22 to condensed interim consolidated financial statements amounting to $30,397 and additional provision provided as a result of the investigation upon the complaint of a subscriber regarding the Company's miss charging of data tariffs amounting to $682.

Other expenses for the nine months ended 30 September 2010 comprises penalty imposed as a result of investigation of ICTA on tariffs above upper ceiling and charging applications of the Company amounting to $25,497 and $2,090, respectively, Special Communication Tax ("SCT") and VAT calculated on roaming services that had to be collected from subscribers as a result of tax settlement amounting to $12,900 and provision set for SCT on the discounts applied to distributors for prepaid scratch card sales between January 2005 and January 2007 amounting to $5,825 based on the previous settlement gains. Besides, provision set for the SCT on the discounts applied to distributors for prepaid scratch card sales in 2003 and 2004 was $14,539 as of 31 December 2009. However, it has been settled at $2,765 and the difference is reflected to "other expense" as income.

8. Finance income and costs

Net finance income or cost amounts to $(12,983), $115,960, $48,043 and $47,343 for the nine and three months ended 30 September 2011 and 2010, respectively. Net finance cost as of 30 September 2011 is mainly attributable to the devaluation in Belarus.

9. Income tax expense

Effective tax rates are 32%, 22%, 24% and 20% for the nine and three months ended 30 September 2011 and 2010, respectively.

Since the Belarusian tax regulation does not allow to carry forward tax losses to future periods, no deferred tax asset is recognized on any loss incurred as a result of the negative economic developments in Belarus. Additionally, since the recognition of goodwill and its impairment are not subject to taxation, the impairment recognized on goodwill allocated to Belarusian Telecom is not taken into consideration in the taxation.

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10. Property, plant and equipment

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

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10. Property, plant and equipment (continued)

Cost or deemed cost	Balance as at 1 January 2011	Additions	Disposals	Transfers	Impairment	Effect of movements in exchange rates	Balance a 3 Septemb 201
Network infrastructure (All operational)	5,638,149	47,856	(136,179)	343,982	-	(904,615)	4,989,19
Land and buildings	281,610	2,011	-	-	-	(44,921)	238,700
Equipment, fixtures and fittings	278,709	7,792	(1,609)	820	-	(44,414)	241,298
Motor vehicles	16,341	1,769	(750)	-	-	(3,171)	14,189
Leasehold improvements	136,506	1,515	(1,382)	-	-	(22,195)	114,444
Construction in progress	202,400	332,619	(94)	(290,938)	(200)	(34,314)	209,473
Total	6,553,715	393,562	(140,014)	53,864	(200)	(1,053,630)	5,807,29
Accumulated depreciation							
Network infrastructure (All operational)	2,999,861	340,039	(133,151)	29,118	68,603	(508,601)	2,795,86
Land and buildings	106,750	7,406	-	-	-	(17,794)	96,362
Equipment, fixtures and fittings	252,184	7,112	(1,335)	(271)	-	(45,368)	212,322
Motor vehicles	11,827	1,510	(638)	-	-	(2,456)	10,243
Leasehold improvements	115,072	2,159	(1,372)	70	-	(18,954)	96,975
Total	3,485,694	358,226	(136,496)	28,917	68,603	(593,173)	3,211,77
Total property, plant and equipment	3,068,021	35,336	(3,518)	24,947	(68,803)	(460,457)	2,595,52

Depreciation expenses for the nine and three months ended 30 September 2011 and 2010 are $427,029, $374,847, $141,813 and $146,177, respectively including impairment losses and recognized in direct cost of revenues.

The impairment losses on property, plant and equipment for the nine months ended 30 September 2011 and 2010 are $68,803, $51,837, respectively and recognized in depreciation expense.

As at 30 September 2011, the mortgages on Izmir and Davutpasa buildings were released by Savings Deposit Insurance Fund ("SDIF") respectively on 17 August 2011 and 22 September 2011.

11. Intangible assets

Impairment testing for long-lived assets

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

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

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

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11. Intangible assets (continued)

Cost	Balance as at 1 January 2010	Additions	Disposals	Transfers	Impairment	Effects of movements in exchange rates	Balance Decem 20
GSM and other telecommunication operating licenses	1,465,898	400	-	2,815	-	(47,678)	1,421,4
Computer software	1,951,060	36,831	-	79,617	-	(47,792)	2,019,7
Transmission lines	33,189	284	-	-	-	(858)	32,615
Central betting system operating right	5,527	339	-	-	-	(144)	5,722
Indefeasible right of usage	-	22,531	-	-	-	-	22,531
Brand name	4,676	-	-	-	-	(122)	4,554
Customer base	6,398	-	-	-	-	(167)	6,231
Customs duty and VAT exemption right	51,325	-	-	-	-	(1,338)	49,987
Goodwill	184,356	-	-	-	(23,499)	(19,600)	141,25
Other	2,298	532	-	-	-	(48)	2,782
Construction in progress	5,562	94,441	-	(96,449)	-	(928)	2,626
Total	3,710,289	155,358	-	(14,017)	(23,499)	(118,675)	3,709,4
Accumulated amortization							
GSM and other telecommunication operating licenses	407,800	70,847	-	-	-	(12,915)	465,73
Computer software	1,355,842	155,714	-	(1,307)	-	(38,140)	1,472,1
Transmission lines	26,040	1,734	-	-	-	(767)	27,007
Central betting system operating right	4,016	210	-	-	-	(110)	4,116
Indefeasible right of usage	-	1,543	-	-	-	-	1,543
Brand name	584	468	-	-	-	(28)	1,024
Customer base	1,996	654	-	-	-	(69)	2,581
Customs duty and VAT exemption right	15,553	10,595	-	-	-	(686)	25,462
Other	477	74	-	-	-	20	571
Total	1,812,308	241,839	-	(1,307)	-	(52,695)	2,000,1
Total intangible assets	1,897,981	(86,481)	-	(12,710)	(23,499)	(65,980)	1,709,3

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11. Intangible assets (continued)

Cost	Balance at 1 January 2011	Additions	Disposals	Transfers	Impairment	Effects of movements in exchange rates	Balance Septem 20
GSM and other telecommunication operating licenses	1,421,435	4,749	-	463	-	(247,083)	1,179,5
Computer software	2,019,716	30,041	-	18,181	-	(308,493)	1,759,4
Transmission lines	32,615	86	-	-	-	(5,246)	27,455
Central betting system operating right	5,722	322	-	-	-	(928)	5,116
Indefeasible right of usage	22,531	-	-	-	-	(3,654)	18,877
Brand name	4,554	-	-	-	-	(739)	3,815
Customer base	6,231	-	-	-	-	(1,011)	5,220
Customs duty and VAT exemption right	49,987	-	-	-	-	(22,236)	27,751
Goodwill	141,257	-	-	-	(72,198)	(50,541)	18,518
Other	2,782	1,036	-	-	-	(580)	3,238
Construction in progress	2,626	70,391	-	(72,508)	-	(49)	460
Total	3,709,456	106,625	-	(53,864)	(72,198)	(640,560)	3,049,4
Accumulated amortization							
GSM and other telecommunication operating licenses	465,732	50,260	-	-	13,986	(81,816)	448,16
Computer software	1,472,109	110,239	-	(28,917)	-	(248,105)	1,305,3
Transmission lines	27,007	962	-	-	-	(4,374)	23,595
Central betting system operating right	4,116	162	-	-	-	(815)	3,463
Indefeasible right of usage	1,543	1,072	-	-	-	(372)	2,243
Brand name	1,024	325	-	-	-	(205)	1,144
Customer base	2,581	454	-	-	-	(473)	2,562
Customs duty and VAT exemption right	25,462	5,859	-	-	2,770	(13,283)	20,808
Other	571	181	-	-	-	-	752
Total	2,000,145	169,514	-	(28,917)	16,756	(349,443)	1,808,0
Total intangible assets	1,709,311	(62,889)	-	(24,947)	(88,954)	(291,117)	1,241,4

Amortization expenses on intangible assets other than goodwill for the nine and three months ended 30 September 2011 and 2010 are $186,270, $180,590, $53,278 and $58,616 respectively including impairment losses and recognized in direct cost of revenues. The impairment losses on goodwill for the nine month ended 30 September

2011 is $72,198 (30 September 2010: none).

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 $17,918 for the nine months ended 30 September 2011 (30 September 2010: $19,788).

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11. Intangible assets (continued)

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

Impairment testing for cash-generating unit containing goodwill

Goodwill allocated to cash generating units and carrying values of all cash generating units are annually tested for impairment unless there is a triggering event. 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 as at 30 June 2011 and Turkcell Superonline as at 31 December 2010.

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

Belarusian Telecom

As at 30 June 2011, impairment test was performed for Belarusian Telecom before the end of the year following the devaluation in Belarus in May 2011 and impairment at the amount of $115,379 was calculated for the cash-generating unit. The aggregate carrying amount of goodwill arising from the acquisition of Belarusian Telecom was totally impaired by $72,198 and is included in other expense of statement of comprehensive income. Remaining impairment amounting to $58,575 was allocated to the tangible and intangible assets of the cash-generating unit on a pro-rata basis based on the carrying amount of each asset group of the cash-generating unit and is included in depreciation expense. Tax effect of the long-lived asset impairment of $15,394 was recognized as deferred tax asset. 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 6.5 years between 1 July 2011 and 31 December 2017. Cash flows for further periods (perpetuity) were extrapolated using a constant growth rate of 3.0% which does not exceed the estimated average growth rate for Belarus.

A post-tax discount rate WACC of 15.6% 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 is 18.59%.

11. Intangible assets (continued)

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

Turkcell Superonline

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

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

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

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

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

12. Equity accounted investees

The Group's share of profit in its equity accounted investees for the nine and three months ended 30 September 2011 and 2010 are $106,609, $95,002, $34,983 and $34,962, respectively.

The Company's investment in Fintur Holdings BV ("Fintur") and A-Tel amounts to $400,536 and $72,003 respectively as at 30 September 2011 (31 December 2010: $303,618 and $96,004).

Fintur's parent TeliaSonera Holdings B.V. and Kazakhtelecom signed a memorandum of understanding regarding the sale of GSM Kazakhstan LLP's shares owned by Kazakhtelecom in which Kazakhtelecom will sell its shares in an Initial Public Offering (IPO), apart from 24% plus one share that will be acquired by TeliaSonera (or by TeliaSonera's subsidiary Fintur Holdings). The transactions will be completed at market value. Any sale to TeliaSonera (or to TeliaSonera's subsidiary Fintur Holdings) and IPO of shares are subject to a number of conditions being fulfilled by both parties.

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13. Other investments

Non-current investments:

		30 September 2011		31 December 2010	
	Country of incorporation	Ownership (%)	Carrying amount	Ownership (%)	Carrying amount
Aks Televizyon Reklamcilik ve Filmcilik Sanayi ve Ticaret AS ("Aks TV")	Turkey	4.57	15,047	6.24	21,905
T-Medya Yatirim Sanayi ve Ticaret AS ("T-Medya")	Turkey	4.52	10,007	4.52	11,944
			25,054		33,849

On 2 February 2010, SDIF notified that lien was laid on "priority right to purchase back" regarding the shares of Aks TV of which 6.24% were held by Turktell Bilişim Hizmetleri AS. In case that, those shares are sold to third parties other than Cukurova Group, SDIF has the right to exercise its priority right to purchase back and the purchase price will be determined within the context of the past agreements signed between previous owners and Cukurova Group.On 14 March 2011, at Aks TV's General Assembly Meeting, it has been decided to increase the share capital of Aks TV. However, the Group did not participate in the capital contribution, accordingly the ownership of the Group in Aks TV decreased to 4.57%. Following the change in ownership ratio of the Group by not participating in capital contribution movements, a valuation study was performed by an independent valuation firm. Based on the impairment analysis performed as of 30 June 2011, an impairment loss of $3,742 has been recognized in condensed interim consolidated financial statements for the nine months ended 30 September 2011.

On 19 July 2010, at T-Medya's General Assembly Meeting, it has been decided to increase the share capital of T-Medya. However, the Group did not participate in the capital contribution, accordingly the ownership of the Group in T-Medya decreased to 4.52%. There is no active market available for T-Medya and the Company measures this investment at cost. Based on the valuation study performed by an independent valuation firm, no impairment has been identified for T-Medya as of 31 December 2010.

Current investments

	30 September 2011	31 December 2010
Deposits maturing after 3 months or more		
Time deposits	446	8,201

Derivatives not used for hedging		
Option contracts	11	-
	457	8,201

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14. Trade receivables and accrued income

	30 September 2011	31 December 2010
Accrued service income	424,070	348,135
Receivables from subscribers	371,521	414,606
Accounts and checks receivable	72,122	52,111
Receivables from Turk Telekomunikasyon AS ("Turk Telekom")	928	1,299
	868,641	816,151

Trade receivables are shown net of allowance for doubtful debts amounting to $331,560 as at 30 September 2011 (31 December 2010: $367,913).

The impairment loss recognized for trade receivables and due from related parties for the nine and three months ended 30 September 2011 and 2010 are $26,941, $90,088, $4,501 and $27,200, respectively.

The accrued service income represents revenues accrued for subscriber calls (air-time) and contracted receivables related to handset campaigns, which have not been billed and will be billed within one year. Due to the volume of subscribers, there are different billing cycles; accordingly, an accrual is made at each period end to accrue revenues for rendered but not yet billed. Contracted receivables related to handset campaigns, which will be invoiced after one year is presented under non-current trade receivables amounting to $42,277 (31 December 2010: $35,024).

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

15. Cash and cash equivalents

	30 September 2011	31 December 2010
Cash in hand	97	7,957
Cheques received	21	172
Banks	3,338,857	3,293,257
- Demand deposits	157,679	193,358
- Time deposits	3,181,178	3,099,899
Bonds and bills	798	777
Cash and cash equivalents	3,339,773	3,302,163
Bank overdrafts	(5,680)	(5,896)

Cash and cash equivalents in the statement of cash flows	3,334,093	3,296,267

As at 30 September 2011, cash and cash equivalents deposited in banks that are owned and / or controlled by Cukurova Group, a significant shareholder of the Company is amounting to $30,971 (31 December 2010: $90,000).

As at 30 September 2011, average maturity of time deposits is 68 days (31 December 2010: 60 days).

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16. Dividends

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

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

On 23 March 2011, the Company's Board of Directors has proposed a dividend distribution for the year ended 31 December 2010 amounting to TL 1,328,697 (equivalent to $720,044 as at 30 September 2011), which represented 75% of distributable income. This represents a net cash dividend of full TL 0.6039532 (equivalent to $0.33 as at 30 September 2011) per share. This dividend proposal was discussed but not approved at the Ordinary General Assembly of Shareholders held on 21 April 2011 and the Extraordinary General Assemblies of Shareholders held on 11 August 2011 and 12 October 2011.

On 10 March 2010, the Company's Board of Directors has proposed a dividend distribution for the year ended 31 December 2009 amounting to TL 859,259 (equivalent to $573,451 as at 29 April 2010), which represented 50% of distributable income and distributed to shareholders. This represents a net cash dividend of full TL 0.3905723 (equivalent to $0.25 and $0.26 as at 31 December 2010 and 29 April 2010, respectively) per share.

	2011		2010	
	TL	USD	TL	USD*
Cash dividends	1,328,697	720,044	859,259	573,451

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

In the Ordinary General Assembly of Shareholders Meeting of Inteltek Internet Teknoloji Yatirim ve Danismanlik AS ("Inteltek") held on 6 April 2011, it has been decided to distribute dividends amounting to TL 16,744 (equivalent to $9,074 as at 30 September 2011). The dividend was paid on 2 May 2011.

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17. Earnings per share

The calculations of basic and diluted earnings per share as at 30 September 2011 were based on the profit attributable to ordinary shareholders for the nine and three months ended 30 September 2011 and 2010 of $509,652, $920,235, $313,582 and $366,988 respectively and a weighted average number of shares outstanding during the year ended 30 September 2011 and 2010 of 2,200,000,000 calculated as follows:

	Nine months ended 30 September		Three months ended 30 September	
	2011	2010	2011	2010
Numerator:				
Net profit for the period attributed to owners	509,652	920,235	313,582	366,998
Denominator:				
Weighted average number of shares	2,200,000,000	2,200,000,000	2,200,000,000	2,200,000,000
Basic and diluted earnings per share	0.23	0.42	0.14	0.17

18. Other non-current liabilities

	30 September 2011	31 December 2010
Consideration payable in relation to acquisition of BeST	56,044	78,402
Financial liability in relation to put option	19,533	53,435
Deposits and guarantees taken from agents	16,853	16,310
Payables to other suppliers	236	7,391
Other	3,403	5,294
	96,069	160,832

Consideration payable in relation to acquisition of Belarusian Telecom represents the present value of long-term deferred payment to the seller. Payment of $100,000 is contingent on financial performance of Belarusian Telecom, and based on management's estimations, expected to be paid during the first quarter of 2021 (31 December 2010: first quarter of 2016). The present value of the contingent consideration is $56,044 as at 30 September 2011 (31 December 2010: $78,402).

Non-controlling shareholders in Belarusian Telecom were granted a put option, giving the shareholders the right to sell their entire stake to Beltel Telekomunikasyon Hizmetleri AS ("Beltel") at fair value during a specified period. The

Group accounted for the present value of the estimated option redemption amount as a provision and derecognized the non-controlling interest. The Company has estimated a value based on multiple approaches including income approach (discounted cash flows) and market approach (comparable market multiples). The average of the values determined as at 31 August 2013, which is the exercise date of the put option, is then discounted to 30 September 2011.

The difference between the present value of the estimated option redemption and derecognized non-controlling interests amounting to $57,999 has been presented as reserve for non-controlling interest put option under equity.

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19. Loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortized cost. For more information about the Group's exposure to foreign currency, see Note 20.

	30 September 2011	31 December 2010
Non-current liabilities		
Unsecured bank loans	1,177,403	1,366,207
Secured bank loans	13,591	21,850
Finance lease liabilities	18,536	19,259
	1,209,530	1,407,316
Current liabilities		
Current portion of unsecured bank loans	509,494	357,637
Current portion of secured bank loans	2,803	4,378
Unsecured bank facility	138,198	57,355
Secured bank facility	7,506	6,399
Current portion of finance lease liabilities	2,363	4,436
Option contracts used for hedging	818	-
	661,182	430,205

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19. Loans and borrowings (continued)

Terms and conditions of outstanding loans are as follows:

					30 September 2011			31 December 2010	
	Currency	Year of maturity	Interest rate type	Nominal interest rate	Face value	Carrying amount	Nominal interest rate	Face value	Ca a
Unsecured bank loans	USD	2012-2017	Floating	Libor+2.24%-3.75%	690,589	690,409	Libor+2.24%-3.75%	650,200	648
Unsecured bank loans	USD	2011-2012	Floating	Libor+2.1%	232,875	233,985	Libor+2.1%	263,250	264
Unsecured bank loans	USD	2011-2015	Fixed	2.37%	236,089	228,178	2.37%	184,044	178
Unsecured bank loans	USD	2015	Floating	Libor+2.9%-3.0%	188,500	188,874	Libor+2.9%-3.0%	188,500	188
Unsecured bank loans	USD	2011-2014	Fixed	2.24%	127,479	125,282	2.24%	148,726	144
Unsecured bank loans	USD	2013	Fixed	4.10%-8%	86,442	87,106	4.10%-8%	86,442	86,4
Unsecured bank loans	USD	2011	Floating	Libor+1.75%-2.35%	65,590	65,843	Libor+1.75%	24,500	24,6
Unsecured bank loans	USD	2014	Floating	Libor+1.99%-2.30%	54,075	54,386	-	-	-
Unsecured bank loans	USD	2011-2016	Fixed	2.81%	49,711	47,812	2.81%	59,654	57,5
Unsecured bank loans	USD	2011-2014	Floating	Libor+1.35%	43,059	42,272	Libor+1.35%	50,236	48,6
Unsecured bank loans	USD	2011	Fixed	2.25%	31,693	32,233	2.25%-2.80%	95,193	96,9
Unsecured bank loans	EUR	2013	Floating	Libor+3.465%	13,616	13,775	Libor+3.465%	13,280	13,6
Secured bank loans**	BYR	2020	Floating	RR*+2%	10,636	13,641	RR*+2%	21,389	26,2
Unsecured bank loans	USD	2011-2012	Fixed	2.97%	8,881	8,944	2.97%	17,505	17,7
Secured bank loans	USD	2011	Fixed	5.00%	7,450	6,186	5.00%	6,150	6,21
Unsecured bank loans	USD	2011-2013	Fixed	2.97%	5,973	5,996	2.97%	9,811	9,98
Secured bank loans***	EUR	2013	Floating	Libor+3.465%	2,723	2,753	-	-	-
Secured bank loans	USD	2012	Fixed	5.00%	1,300	1,320	-	-	-
Unsecured bank loans	USD	2011	-	-	-	-	-	744	744
Unsecured bank loans	AZN	2011	Fixed	-	-	-	18.00%	250	316
Secured bank loans	AZN	2011	Fixed	-	-	-	18.00%	150	189
Finance lease liabilities	EUR	2011-2024	Fixed	3.35%	25,111	20,136	3.35%	26,487	20,9
Finance lease liabilities	USD	2011	Fixed	4.64%	780	763	4.64%	2,819	2,73
					1,882,912	1,869,894		1,849,330	1,83

(*) Refinancing rate of the National Bank of the Republic of Belarus.
(**) Secured by Republic of Belarus Government.
(***) Secured by System Capital Management Limited (SCM).

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TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
As at and for the nine and three months ended 30 September 2011
(Amounts expressed in thousands of US Dollars unless otherwise indicated except share amounts)

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

20. Financial instruments

The movement in the allowance for impairment in respect of trade receivables and due from related parties as at 30 September 2011 and 31 December 2010 is as follows:

	30 September 2011	31 December 2010
Opening balance	376,808	268,157
Impairment loss recognized	26,941	126,257
Write-off	(8,465)	(9,976)
Effect of change in foreign exchange rate	(59,053)	(7,630)
Closing balance	336,231	376,808

The impairment loss recognized of $26,941 for the nine months ended 30 September 2011 relates to its estimate of incurred losses in respect of trade receivables and due from related parties.

The allowance accounts in respect of trade receivables and due from related parties is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amount considered irrecoverable and is written off against the trade receivable and due from related parties directly.

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20. Financial instruments (continued)

Exposure to currency risk

The Group's exposure to foreign currency risk based on notional amounts is as follows:

	31 December 2010		
	USD	EUR	SEK
Foreign currency denominated assets			
Due from related parties-non current	-	-	-
Other non-current assets	1	-	-
Other investments	8,000	-	-
Due from related parties-current	17,969	148	-
Trade receivables and accrued income	33,566	20,482	-
Other current assets	4,579	1,086	10
Cash and cash equivalents	1,494,743	52,842	1
	1,558,858	74,558	11
Foreign currency denominated liabilities			
Loans and borrowings-non current	(1,405,907)	(28,132)	-
Other non-current liabilities	(179,865)	-	-
Loans and borrowings-current	(350,172)	(1,872)	-
Trade and other payables	(161,901)	(42,849)	-
Due to related parties	(754)	(808)	-
	(2,098,599)	(73,661)	-
Net exposure	(539,741)	897	11

	30 September 2011		
	USD	EUR	SEK
Foreign currency denominated assets			
Due from related parties-non current	-	-	-
Other non-current assets	26	-	-
Other investments	276	-	-
Due from related parties-current	11,432	3,740	-
Trade receivables and accrued income	47,798	26,601	13
Other current assets	6,827	910	-
Cash and cash equivalents	1,114,048	2,985	1
	1,180,407	34,236	14

Foreign currency denominated liabilities			
Loans and borrowings-non current	(1,210,777)	(28,863)	-
Other non-current liabilities	(137,440)	-	-
Loans and borrowings-current	(588,356)	(1,541)	-
Trade and other payables	(116,693)	(24,847)	(11)
Due to related parties	(1,953)	(619)	-
	(2,055,219)	(55,870)	(11)
Net exposure	(874,812)	(21,634)	3

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20. Financial instruments (continued)

Exposure to currency risk (continued)

The following significant exchange rates are applied during the period:

	Average Rate		Reporting Date	Closing Rate
	30 September 2011	30 September 2010	30 September 2011	31 December 2010
TL/USD	1.6194	1.5162	1.8453	1.5460
TL/EUR	2.2903	1.9964	2.5157	2.0491
TL/SEK	0.2532	0.2051	0.2714	0.2262
BYR/USD	4,042.6	2,966.4	5,599.0	3,000.0
HRV/USD	7.9609	7.9336	7.9727	7.9617

Sensitivity analysis

The basis for the sensitivity analysis to measure foreign exchange risk is an aggregate corporate-level currency exposure. The aggregate foreign exchange exposure is composed of all assets and liabilities denominated in foreign currencies. The analysis excludes net foreign currency investments.
10% strengthening of the TL, HRV, BYR against the following currencies as at 30 September 2011 and 31 December 2010 would have increased/(decreased) profit or loss before tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Profit or loss	
	2011	2010
USD	87,481	53,974
EUR	2,949	(119)
SEK	-	-

10% weakening of the TL, HRV, BYR against the following currencies as at 30 September 2011 and 31 December 2010 would have increased/(decreased) profit or loss before tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Profit or loss	
	2011	2010

USD	(87,481)	(53,974)
EUR	(2,949)	119
SEK	-	-

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20. Financial instruments (continued)

Fair values

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method:

The different levels have been identified as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets and liability, either directly or indirectly.

Level 3: inputs for the asset or liability that are not based on observable market.

	Level 1	Level 2	Level 3	Total
30 September 2011				
Financial Assets				
Option contracts not used for hedging	11	-	-	11
	11			