TURKCELL ILETISIM HIZMETLERI A S
Form 6-K
February 21, 2014

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

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

Report on Form 6-K dated February 21, 2014

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-
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Enclosure: A press release dated February 19, 2014 announcing Turkcell's Fourth Quarter and Full Year 2013 results and IFRS Report for Q4 2013.

Fourth Quarter and Full Year 2013 Results

Content

- Please note that all financial data is consolidated and comprises that of Turkcell Iletisim Hizmetleri A.S., (the “Company”, or “Turkcell”) and its subsidiaries and associates (together referred to as the “Group”). All non-financial data is unconsolidated and comprises Turkcell only figures. The terms “we”, “us”, and “our” in this press release refer only to the Company, except in discussions of financial data, where such terms refer to the Group, and where context otherwise requires.

- In this press release, a year on year comparison of our key indicators is provided and figures in parentheses following the operational and financial results for the year end 2013 refer to the same item at the year end of 2012 and figures in parentheses following the operational and financial results for the fourth quarter of 2013 refer to the same item in the fourth quarter of 2012. For further details, please refer to our consolidated financial statements and notes as at and for the year ended December 31, 2013, which can be accessed via our website in the investor relations section (www.turkcell.com.tr).

- Please note that selected financial information presented in this press release for the fourth quarters and year end of 2013 and 2012, both in TRY and US$ is based on IFRS figures.

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In the tables used in this press release totals may not foot due to rounding differences. The same applies for the calculations in the text.

Fourth Quarter and Full Year 2013 Results

HIGHLIGHTS

FULL YEAR 2013

- Turkcell Group delivered a solid performance in 2013. The Group, excluding the MTR cut and one-off impacts, reached revenues of TRY11,637 million and EBITDA of TRY3,585 million, both rising by 11%.

- On a reported basis, Turkcell Group, registering 9% growth, posted revenues of TRY11,408 million (TRY10,507 million). Group EBITDA1 rose by 9% to TRY3,544 million (TRY3,242 million), while the Group EBITDA margin rose slightly to 31.1% (30.9%).

- Turkcell's mobile business in Turkey recorded 5% revenue and EBITDA growth, reaching TRY9,123 million (TRY8,724 million) and TRY2,832 million (TRY2,710 million), respectively, while the EBITDA margin was at 31.0% (31.1%).

  - o Mobile broadband revenues grew by 38% to TRY1,437 million (TRY1,040 million).

  - o Voice revenues2 were slightly up by 0.3% to TRY6,460 million (TRY6,442 million).

- Subsidiaries3 grew their revenues by 28% to TRY2,285 million (TRY1,783 million) and EBITDA by 34% to TRY712 million (TRY532 million), increasing their profitability.

- Group net income increased by 12% to TRY2,326 million (TRY2,079 million).

Excluding MTR cut and one-off impacts4:

· Turkcell Group revenues would be TRY11,637 million on 11% growth.

· Turkcell's mobile business in Turkey would be TRY9,352 million on 7% growth, including 4% growth of voice revenues.

· EBITDA would be TRY3,585 million on 11% growth.

· Net income would increase by 9% to TRY2,495 million.

FOURTH QUARTER 2013

- Turkcell Group recorded revenues of TRY2,884 million (TRY2,807 million) on a 3% rise with EBITDA1 at TRY851 million (TRY848 million) and an EBITDA margin of 29.5% (30.2%).

- Revenues of Turkcell's mobile business in Turkey were down 2% to TRY2,240 million (TRY2,290 million), while EBITDA declined by 4% to TRY670 million (TRY702 million):

  - o Mobile broadband revenues rose by 34% to TRY394 million (TRY295 million).

  - o Voice revenues declined by 8% to TRY1,547 million (TRY1,675 million).

· Revenues of subsidiaries3 ramped up by 25% to TRY644 million (TRY517 million), while EBITDA increased by 24% to TRY181 million (TRY146 million).

- Group net income rose by 10% to TRY505 million (TRY459 million).

Excluding MTR cut and one-off impacts4:

- Turkcell Group revenues would be TRY3,012 million on 7% growth.
- Turkcell's mobile business in Turkey would be TRY2,367 million on 3% growth with flat voice revenues.
- EBITDA would be TRY872 million on 3% growth.
- Net income would increase by 11% to TRY626 million.

(1) EBITDA is a non-GAAP financial measure. See page 15 for the reconciliation of EBITDA to net cash from operating activities.
(2) Voice revenues include outgoing, incoming, roaming and other (comprising almost 1% of Turkcell Turkey) revenues.
(3) Including eliminations.
(4) The adjusted figures are non-IFRS measures. For further details on the factors for which adjustments have been made and on the calculation of the adjustments, please see page 7 and 9.
(*) For details, please refer to our consolidated financial statements and notes as at, and for the year ended December 31, 2013 which can be accessed via our web site.

Fourth Quarter and Full Year 2013 Results

COMMENTS FROM CEO, SUREYYA CILIV

“For the year of 2013 Turkcell Group accomplished its targets. Group consolidated revenues rose 9% to 11.4 billion TL, while EBITDA grew 9% to 3.5 billion TL. Meanwhile, EBIT grew by 7% to 1.95 billion TL and net income climbed 12% to 2.3 billion TL.

Turkcell’s mobile business revenues in Turkey grew by 5% on 38% growth in mobile broadband. Meanwhile, subsidiaries’ contribution continued to increase, where Turkcell Superonline grew by 35% year on year, while our Ukrainian business rose by 11% in USD terms registering its first ever positive EBIT on a full year basis.

We continue to ease and enrich our customers’ lives by providing a unique experience through technology and innovation. In 2013, with our vision of widening access to mobile broadband, we introduced Turkey’s first domestically designed and produced smartphone, the “T40”, at half the average market price of a smartphone. We believe that the T40 plays a key role in reaching the goals of higher smartphone penetration, equal access to information, contribution to the economy, and the promotion of locally developed software.

In 2013, as Turkcell Group, we invested 1.8 billion TL to further boost mobile and fiber network quality in Turkey. Today, with Turkcell’s superior network infrastructure, information is accessible anytime and anywhere by our customers. With our emphasis on equal access to information, we recently digitized Turkcell Academy in cooperation with the world’s leading educational institutions to make digital learning available to the public with over 2000 items of content.

In 2014, and in line with our growth strategy, we aim to create value for our stakeholders by increasing our investments in mobile and fiber infrastructure, including network modernization.

We thank all of our customers, employees, business partners and shareholders for their contribution to our success.”

OVERVIEW OF TURKCELL TURKEY

In 2013, the total number of mobile subscribers in the market rose by 1.9 million on the back of population growth and increased mobile data subscriptions, resulting in a 91% market penetration.

2013 was a challenging year in terms of competition and regulation. Pressure on price levels, coupled with the implementation of the Information and Communication Technologies Authority's (ICTA) decisions in the second half, had a negative impact on market growth.

On the competitive front, competitors' pursuit of market share continued throughout the year. Specifically in the fourth quarter, increased data incentives at lower prices led to higher mobile number portability (MNP) activity, compared to the prior quarter. Thus far, in 2014, this trend has continued at an increasing pace with further increase in incentives offered.

On the regulatory front, the ICTA's voice and SMS MTR cut decisions negatively impacted total market revenue growth by an amount that we estimate at nearly three percent, which also negatively impacted our revenue growth. Yet, we met our targets through growth in mobile broadband and the increased contribution of our subsidiaries.

In this challenging environment, our subscriber base continued to grow. Our postpaid subscriber base growth remained strong with 849 thousand yearly net additions, driven mainly by our initiatives aimed at superior customer experience. Blended full year ARPU rose by 4% yearly, driven mainly by continued strong growth in data usage and the increased postpaid subscriber base, despite the MTR cut impact.

As an extension of our mobile broadband growth strategy, we added 3.3 million smartphones to our base throughout the year. As a result, the number of smartphones on our network reached 9.6 million with 30% penetration, up from 19% penetration a year ago. Thus, we sustained our leadership in the smartphone market by offering a wide product portfolio including Turkey's first domestically designed and produced smartphone, the T40.

We continued to differentiate ourselves through our innovative products and services aimed at various customer segments. These diverse services range from technology initiatives for corporates to facilitate initiating and doing business, to services that make consumers' lives easier, like Turkcell Security service that keeps our customers and their children safely connected, particularly in an emergency. Moreover, Turkcell Academy, launched on the digital platform, and covering many topics from entrepreneurship to innovation, provides equal opportunity in information access and brings us closer to our customers.

Regarding the 2014 outlook, macroeconomic challenges may continue in our countries of operation and globally. Meanwhile, we foresee the continuation of the prevailing competitive environment. Yet, we have positioned ourselves accordingly and target further growth, primarily through our mobile broadband business and the increased contribution of our subsidiaries. Consequently, we expect consolidated revenues in the range of TRY12,000 million - TR12,200 million and consolidated EBITDA in the range of TRY 3,700 million - TRY3,800 million. Parallel to our growth targets, we expect an operational group capex to sales ratio of around 17%, having planned to increase our mobile and fiber investments, including network modernization for future technologies*.

(*)Please note that this paragraph contains forward looking statements based on our current estimates and expectations. Actual results may differ. For a discussion of factors that may affect our results, see our Annual Report on Form 20-F for 2012 filed with U.S. Securities and Exchange Commission, and in particular the risk factor section therein.

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FINANCIAL AND OPERATIONAL REVIEW

The following discussion focuses principally on the developments and trends in our business in the fourth quarter and full year 2013 in TRY and US$ terms where applicable. Selected financial information presented in this press release for the fourth quarter and for the full year 2013 and 2012, both in TRY and US$, is based on IFRS figures. Selected financial information for the fourth quarter of 2012, third quarter of 2013 and full year 2012, both in TRY and US$ prepared in accordance with IFRS, and in TRY prepared in accordance with the Capital Markets Board of Turkey's standards is also included at the end of this press release.

Financial Review of Turkcell Group

Profit & Loss Statement (million TRY)	Quarter Q412	Q413	y/y%	Year FY12	FY13	y/y%
Total Revenue	2,807.3	2,883.6	2.7%	10,507.0	11,407.9	8.6%
Direct cost of revenues1	(1,760.1)	(1,851.3)	5.2%	(6,487.3)	(7,063.9)	8.9%
Direct cost of revenues1/Revenues	(62.7%)	(64.2%)	(1.5pp)	(61.7%)	(61.9%)	(0.2pp)
Depreciation and amortization	(395.5)	(481.6)	21.8%	(1,411.7)	(1,594.4)	12.9%
Gross Margin	37.3%	35.8%	(1.5pp)	38.3%	38.1%	(0.2pp)
Administrative expenses	(125.9)	(152.0)	20.7%	(484.2)	(550.3)	13.7%
Administrative expenses/Revenues	(4.5%)	(5.3%)	(0.8pp)	(4.6%)	(4.8%)	(0.2pp)
Selling and marketing expenses	(469.0)	(510.4)	8.8%	(1,705.7)	(1,843.6)	8.1%
Selling and marketing expenses/Revenues	(16.7%)	(17.7%)	(1.0pp)	(16.2%)	(16.2%)	-
EBITDA2	847.8	851.5	0.4%	3,241.5	3,544.5	9.3%
EBITDA Margin	30.2%	29.5%	(0.7pp)	30.9%	31.1%	0.2pp
EBIT	452.3	369.9	(18.2%)	1,829.7	1,950.1	6.6%
Net finance income / (expense)	79.4	149.7	88.5%	467.5	555.3	18.8%
Finance expense	(79.5)	(89.7)	12.8%	(224.2)	(204.6)	(8.7%)
Finance income	158.9	239.4	50.7%	691.7	759.9	9.9%
Share of profit of associates	42.5	75.8	78.4%	218.5	297.3	36.1%
Other income / (expense)	(23.9)	(35.6)	49.0%	(105.2)	(58.9)	(44.0%)
Monetary gains / (losses)	42.6	72.5	70.2%	169.9	176.9	4.1%
Non-controlling interests	3.2	(7.9)	(346.9%)	21.0	(3.4)	(116.2%)
Income tax expense	(136.9)	(119.5)	(12.7%)	(522.5)	(591.4)	13.2%
Net Income	459.2	504.9	10.0%	2,079.0	2,325.9	11.9%

(1) Including depreciation and amortization expenses.

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

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Fourth Quarter and Full Year 2013 Results

Turkcell Group - Summary of MTR cuts* and one-off** impacts (million TRY)	Quarter			Year		
	Q412	Q413	y/y%	FY12	FY13	y/y%
Revenue (reported)	2,807	2,884	3%	10,507	11,408	9%
MTR cut*	-	(101)	-	-	(202)	-
One-off (1)	-	(27)	-	-	(27)	-
Revenue without impacts	2,807	3,012	7%	10,507	11,637	11%
EBITDA (reported)	848	851	0.4%	3,242	3,544	9%
MTR cut*	-	6	-	-	20	-
One-off (1,2)	-	(27)	-	-	(61)	-
EBITDA without impacts	848	872	3%	3,242	3,585	11%
Net Income (reported)	459	505	10%	2,079	2,326	12%
MTR cut*	-	4	-	-	16	-
One-off (1,2,3)	(106)	(125)	-	(212)	(185)	-
Net Income without impacts	565	626	11%	2,291	2,495	9%

* Calculated by multiplying actual traffic by MTR rates prior to the cut
** Although we expect that the specific items represented in this adjustment are non-recurring, no assurance can be given that this will be the case and that we will not be affected by similar items in the future.
(1) One-off item regarding ICTA's decision on a tariff. For details, please refer to consolidated financial statements and notes as at, and for the year ended December 31, 2013 under note 34, which can be accessed via our website.
(2) Tax expense in relation to ICTA decision explained in direct cost of revenues section below.
(3) Please refer to net income section below.

Revenue in Q413 grew by 2.7% year-on-year to TRY2,883.6 million (TRY2,807.3 million) mainly through mobile broadband business and subsidiaries.

- Turkcell Turkey revenues declined by 2.2%.

  - o Voice revenues fell by 8% (nearly flat excl. MTR cut and one-off impact) to TRY1,547 million (TRY1,675 million).

  - o Mobile broadband and services revenues increased by 12% to TRY692 million (TRY615 million), constituting 31% (27%) of Turkcell Turkey revenues.

- The revenues of subsidiaries ramped up by 25%, reaching 22% (18%) of Group revenues. In particular, Turkcell Superonline's revenues increased by 38% to TRY262 million (TRY190 million), while Astelit's revenues grew by 11% to US$114 million (US$103 million).

For the full year, revenues grew by 9% to TRY11,407.9 million (TRY10,507.0 million), driven by Turkcell Turkey and subsidiaries.

- Turkcell Turkey registered revenue growth of 5%.

- o Voice revenues slightly rose by 0.3% (3.8% excl. MTR cut and one-off impact) to TRY6,460 milllion (TRY6,442 million).

- o Mobile broadband and services revenues rose by 17% to TRY2,663 million (TRY2,282 million), comprising 29% (26%) of Turkcell Turkey revenues.

- The revenues of subsidiaries rose by 28%, comprising 20% (17%) of Group revenues. Turkcell Superonline's revenues increased by 35% to TRY925 million (TRY684 million), while Astelit's revenues increased by 11% to US$450 million (US$405 million).

Direct cost of revenues rose by 5.2% to TRY1,851.3 million (TRY1,760.1 million) and as a percentage of revenues increased to 64.2% (62.7%). This was due to a higher depreciation and amortization expense (2.6pp) and other cost items (1.4pp), as opposed to the decrease in interconnect costs (2.5pp).

For the full year, direct cost of revenues rose by 8.9% to TRY7,063.9 million (TRY6,487.3 million). As a percentage of revenues, direct costs increased to 61.9% (61.7%), by increased depreciation and amortization expenses (0.6pp) and other cost items (0.3pp) as opposed to the decrease in interconnect costs (0.7pp).

Fourth Quarter and Full Year 2013 Results

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

Million TRY	Quarter Q412	Q413	y/y%	Year FY12	FY13	y/y%
Interconnect revenues	314.1	253.2	(19.4%)	1,098.1	1,171.3	6.7%
as a % of revenues	13.7%	11.3%	(2.4pp)	12.6%	12.8%	0.2pp
Interconnect costs	(308.6)	(238.6)	(22.7%)	(1,125.5)	(1,118.3)	(0.6%)
as a % of revenues	(13.5%)	(10.7%)	2.8pp	(12.9%)	(12.3%)	0.6pp

Specific to this year, direct cost of revenues included a total tax expense of TRY34 million regarding the ICTA decision dated September 26, 2012 enabling users of mobile lines without subscription to register those lines under their names at no charge.

Administrative expenses as a percentage of revenues increased by 0.8pp to 5.3% (4.5%) in Q413, mainly due to increased bad debt expenses (0.4pp), wages and salaries (0.3pp) and other cost items (0.1pp) as a percentage of revenues. For the full year, administrative expenses as a percentage of revenues increased by 0.2pp to 4.8% (4.6%), mainly due to increased bad debt expenses (0.2pp).

Selling and marketing expenses as a percentage of revenues rose by 1.0pp to 17.7% (16.7%) in Q413, mainly driven by increased selling expenses (0.6pp) and wages and salaries (0.5pp), as opposed to the decrease in marketing expenses (0.1pp). For the full year, selling and marketing expenses as a percentage of revenues were flat at 16.2% (16.2%) as the increase in wages and salaries (0.3pp) and other cost items (0.1pp) were offset by decreased marketing expenses (0.4pp).

EBITDA* in Q413 rose by 0.4% to TRY851.5 million (TRY847.8 million), while the EBITDA margin declined by 0.7pp to 29.5% (30.2%). The margin decrease was driven by the 1.0pp increase in selling and marketing expenses and 0.8pp increase in administrative expenses, as opposed to the decrease in direct cost of revenues (excluding depreciation and amortization) of 1.1pp as a percentage of revenues.
For the full year, EBITDA increased to TRY3,544.5 million (TRY3,241.5 million) on an increase of 9% along with a margin rise of 0.2pp to 31.1% (30.9%). The increase in margin was due to the 0.4 pp decrease in direct cost of revenues (excluding depreciation and amortization) through lower interconnection costs resulting from MTR cuts, as opposed to the 0.2pp higher administrative expense.

The EBITDA of subsidiaries improved by 24% to TRY181 million (TRY146 million) with the higher EBITDA of Turkcell Superonline and Astelit in Q413. In the full year, the total EBITDA of subsidiaries increased by 34% to TRY712 million (TRY532 million).

Net finance income in Q413 increased by 88.5% to TRY149.7 million (TRY79.4 million), driven mainly by higher interest earned on time deposits and contracted receivables and lower interest payments for legal cases, as opposed to the increase in translation losses to TRY59 million (TRY6 million). In Q413, BeST recorded a TRY59 million, Turkcell Superonline recorded TRY18 million and other group companies recorded TRY4 million in translation losses, while Turkcell Turkey recorded a translation gain of TRY22 million stemming from local currency devaluation against the US$ as summarized in the table on page 14.

For the full year, net finance income rose by 18.8% to TRY555.3 million (TRY467.5 million), mainly driven by the higher interest earned on time deposits and lower interest payments for legal cases, as opposed to the increase in translation losses to TRY76 million (TRY5 million). For the full year, BeST recorded TRY124 million, Turkcell Superonline recorded TRY59 million and other group companies recoded TRY32 million in translation losses, while Turkcell Turkey recorded a translation gain of TRY139 million stemming from local currency devaluation against the US$ as summarized in the table on page 14.

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

The share of profit of equity accounted investees, comprising our share in the net income of unconsolidated investees Fintur and A-Tel, rose by 78.4% to TRY75.8 million (TRY42.5 million) in Q413, mainly driven by the increase in the net income of Fintur. For the full year, our share in the net income of unconsolidated investees increased by 36.1% to TRY297.3 million (TRY218.5 million) due to the increase in net income of Fintur as well as the annulment of the A-Tel agreement in 2012.

Income tax expense decreased by 12.7% to TRY119.5 million (TRY136.9 million) year-on-year. Of the total tax charge, TRY166.7 million comprised current tax charges, while TRY47.2 million was the deferred tax income recorded. For the full year, the income tax expense rose by 13.2% to TRY591.4 million (TRY522.5 million), of which TRY650.5 million comprised current tax charges and TRY59.1 million was the deferred tax income recorded.

Million TRY	Quarter Q412	Q413	y/y%	Year FY12	FY13	y/y%
Current Tax expense	(172.3)	(166.7)	(3.3%)	(564.3)	(650.5)	15.3%
Deferred Tax Income/expense	35.4	47.2	33.3%	41.8	59.1	41.4%
Income Tax expense	(136.9)	(119.5)	(12.7%)	(522.5)	(591.4)	13.2%

Net income rose by 10% to TRY505 million (TRY459 million) in Q413, mainly due to higher net finance income, monetary gains and the contribution of equity accounted investees. Both in Q412 and Q413, net income was impacted by several one-off items. Excluding one-off items, net income in Q413 would be TRY626 million (TRY565 million in Q412).

For the full year, net income rose by 12% to TRY2,326 million (TRY2,079 million) due to higher EBITDA, net finance income and the contribution of equity accounted investees, along with a lower other expense item. Excluding one-off items, net income in FY13 would be TRY2,495 million (TRY2,291 million in FY12).

Net income impacts (million TRY)	Q412	FY12
Net income excluding one-offs*	565	2,291
A-Tel**	(28)	(100)
Useful Life Revision of assets	(31)	(31)
Other impacts	(47)	(81)
Net income reported	459	2,079

Net income impacts (million TRY)	Q413	FY13
Net income excluding one-offs*	626	2,495
BeST Impairment	(61)	(61)
ICTA Decision Regarding a Tariff***	(41)	(41)
Other impacts	(23)	(83)
MTR impact (net of tax) above EBITDA	4	16
Net income reported	505	2,326

* Net income excluding one-off impacts is a presentation of our net income, adjusted to exclude certain items that we consider to be exceptional. However, it should not be relied upon as comparable to reported net income prepared in accordance with the IFRS that we apply. Although we expect that the specific items represented in this adjustment are non-recurring, no assurance can be given that this will be the case and that we will not be affected by similar items in

the future.

** For details, please refer to consolidated financial statements and notes as at and for the year ended December 31, 2012 under the note 9 which can be accessed via our website.

*** For details, please refer to consolidated financial statements and notes as at and for the year ended December 31, 2013 under the note 34 which can be accessed via our website.

Other impacts in Q412 and FY12 mainly comprised provision for legal disputes and the BeST impairment. In Q413 and FY13, other impacts mainly included impairment charges, regulatory penalties and the tax expense regarding the ICTA decision as discussed under direct cost of revenues section.

Total debt as of December 31, 2013 was TRY3,332.5 million (US$1,561.4 million) in consolidated terms. The debt balance of Ukraine (including intra-group debt) was TRY1,386.2 million (US$649.5 million), Belarus was TRY1,274.2 million (US$597.0 million) and Turkcell Superonline was TRY655.3 million (US$307.1 million).

Fourth Quarter and Full Year 2013 Results

TRY2,470 million (US$1,157 million) of our consolidated debt is at a floating rate, while TRY1,804 million (US$845 million) will mature within less than a year. As of December 31, 2013, our debt/annual EBITDA ratio in TRY terms was 94%. (Please note that the figures in parentheses refer to US$ equivalents).

Cash flow analysis: Capital expenditures including non-operational items in Q413 amounted to TRY818.5 million, of which TRY500.2 million was related to Turkcell Turkey, TRY172.1 million to Turkcell Superonline, TRY61.2 million to Astelit and TRY36.6 million to BeST. The cash flow item noted as "other" mainly relates to corporate tax payment and change in net working capital.

For the full year, capital expenditures including non-operational items stood at TRY1,822.3 million, of which TRY1,057.8 million was related to Turkcell Turkey, TRY399.1 million to Turkcell Superonline, TRY144.6 million to Astelit and TRY101.5 million to BeST. The cash flow item noted as "other" mainly relates to corporate tax payment and change in net working capital.

In 2013, operational capex as a percentage of revenues resulted at around 15%.

Consolidated Cash Flow (million TRY)	Quarter		Year	
	Q412	Q413	FY12	FY13
EBITDA1	847.8	851.5	3,241.5	3,544.5
LESS:				
Capex and License	(713.4)	(818.5)	(1,738.8)	(1,822.3)
Turkcell	(399.8)	(500.2)	(947.3)	(1,057.8)
Ukraine2	(60.6)	(61.2)	(138.6)	(144.6)
Investment & Marketable Securities	(32.6)	1.7	1,556.5	(17.1)
Net interest Income/ (expense)	85.5	208.7	472.1	630.9
Other	391.2	197.7	(977.5)	(978.1)
Net Change in Debt	(90.4)	(15.2)	(293.3)	(227.9)
Cash generated / (used)	488.1	425.6	2,260.5	1,130.0
Cash balance	6,998.9	8,128.9	6,998.9	8,128.9

(1) EBITDA is a non-GAAP financial measurement. See page 15 for the reconciliation of EBITDA to net cash from operating activities.
(2) The appreciation of reporting currency (TRY) against US$ is included in this line.
(*) For details, please refer to consolidated financial statements and notes as at, and for the year ended December 31, 2013 which can be accessed via our website.

Operational Review in Turkey

Summary of Operational Data	Quarter			Year		
	Q412	Q413	y/y%	FY12	FY13	y/y%
Number of total subscribers (million)	35.1	35.2	0.3%	35.1	35.2	0.3%
Postpaid	13.2	14.0	6.1%	13.2	14.0	6.1%
Prepaid	21.9	21.2	(3.2%)	21.9	21.2	(3.2%)
ARPU(Average Monthly Revenue per User), blended	21.7	21.3	(1.8%)	20.9	21.7	3.8%

(TRY)												
Postpaid	38.1		36.5		(4.2	%)	37.7		37.3		(1.1	%)
Prepaid	12.1		11.3		(6.6	%)	11.5		11.8		2.6	%
ARPU, blended (US$)	12.2		10.5		(13.9	%)	11.6		11.4		(1.7	%)
Postpaid	21.3		18.0		(15.5	%)	21.0		19.6		(6.7	%)
Prepaid	6.8		5.6		(17.6	%)	6.4		6.2		(3.1	%)
Churn (%)	7.2	%	6.7	%	(0.5	pp)	27.1	%	27.4	%	0.3	pp
MOU (Average Monthly Minutes of Usage per Subscriber), blended	244.1		257.5		5.5	%	243.3		259.3		6.6	%

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Subscribers of Turkcell Turkey rose by 75 thousand to 35.2 million in 2013 in a challenging competitive environment. Our postpaid subscriber base had expanded during the year with 849 thousand net additions through our value creation focus, and innovative products and services. Accordingly, our postpaid subscriber share in total subscriber base has further improved to 39.8% (37.5%).

Churn Rate refers to voluntarily and involuntarily disconnected subscribers. In Q413, our churn rate decreased 0.5pp to 6.7%, mainly on the back of superior customer experience and our improved customer retention practices. For the full year our churn rate increased to 27.4%, primarily with the impact of compliance with the ICTA decision discussed on page 8. Accordingly, each mobile line registered had to be recorded as a churn and also as an acquisition in operators' records. Excluding the impact of this decision, our churn rate would have been 26.4%.

MoU increased by 5.5% to 257.5 minutes and by 6.6% to 259.3 minutes in Q413 and in 2013, respectively. This increase in MoU was led by higher incentives and higher package utilization.

ARPU (blended) in TRY terms declined by 1.8% to TRY21.3 (TRY21.7) in Q413, impacted by the MTR cuts, despite higher data usage. For the full year, blended ARPU rose by 3.8% to TRY21.7 (TRY20.9) driven mainly by continued strong growth in data usage and the increased postpaid subscriber base, despite the MTR cut impact.

OTHER DOMESTIC AND INTERNATIONAL OPERATIONS

Astelit maintained its solid performance in Q413 recording double digit revenue and EBITDA growth. Revenues rose by 10.9% to US$114.2 million (US$103.0 million), driven by the increased subscriber base and higher mobile data and other value-added services revenues. EBITDA grew by 27.5% to US$35.2 million (US$27.6 million), while the EBITDA margin improved by 4.0pp to 30.8% (26.8%) with the continued focus on business efficiency and operational profitability.

For the full year, Astelit achieved topline growth of 11.0% to US$449.8 million (US$405.4 million) driven by the increased subscriber base and ability to generate additional revenues through mobile data and other value-added services. Furthermore, Astelit's EBITDA increased by 19.8% to US$137.1 million (US$114.4 million) and its EBITDA margin improved by 2.3pp to 30.5% (28.2%). Astelit marked a new milestone with its first positive full year EBIT, demonstrating the improved efficiency in its operational practices.

Astelit's strong execution also led to sustained growth in its subscriber base. Its registered subscribers increased to 12.6 million (11.1 million), and its three-month active subscribers reached 9.2 million (8.0 million). MoU declined by 6.8% to 172.0 minutes (184.5 minutes) in Q413 and 5.4% to 179.0 minutes (189.3 minutes) in 2013, driven by the changes in consumer behavior. ARPU (3 months active) fell 4.7% to US$4.1 (US$4.3) in Q413 and 4.4% to US$4.3 (US$4.5), mainly with the dilutive impact of a growing subscriber base and pressure from the aggressive competitive environment.

Astelit*	Quarter Q412	Q413	y/y%	Year FY12	FY13	y/y%
Number of subscribers (million)1	11.1	12.6	13.5%	11.1	12.6	13.5%
Active (3 months)2	8.0	9.2	15.0%	8.0	9.2	15.0%
MOU (minutes)	184.5	172.0	(6.8%)	189.3	179.0	(5.4%)
ARPU (Average Monthly Revenue per User), blended (US$)	3.1	3.1	-	3.3	3.2	(3.0%)
Active (3 months)	4.3	4.1	(4.7%)	4.5	4.3	(4.4%)
Revenue (million UAH)	823.4	912.8	10.9%	3,239.8	3,595.2	11.0%
Revenue (million US$)	103.0	114.2	10.9%	405.4	449.8	11.0%
EBITDA (million US$)3	27.6	35.2	27.5%	114.4	137.1	19.8%
EBITDA margin	26.8%	30.8%	4.0pp	28.2%	30.5%	2.3pp
Net profit/(loss) (million US$)	(18.5)	(2.4)	(87.0%)	(56.1)	(32.7)	(41.7%)
Capex (million US$)	34.1	26.8	(21.4%)	77.8	67.8	(12.9%)

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

Turkcell Superonline continued its growth momentum in Q413 with 37.7% higher revenue and an EBITDA rise of 63.5%. The EBITDA margin rose by 3.8pp to 24.4% (20.6%), reflecting the increasing scale of the overall business and rising share of more profitable residential and corporate business segments. Accordingly, the share of residential and corporate segment revenues in total revenues reached 64% (62%).

Residential segment revenues grew by 44%, mainly driven by the 34% increase in the FTTH subscriber base in Q413. Meanwhile, corporate segment revenues rose by 43% on rising synergies at the group level. In the meantime, the share of non-group revenues remained at 74% (74%).

For the full year, Turkcell Superonline achieved a revenue increase of 35.2% and EBITDA rise of 66.9%. The EBITDA margin improved 4.9pp to 25.7% (20.8%) driven by scale increase and the more profitable residential and corporate businesses. The share of residential and corporate business in total revenues increased to 63% (58%). Residential segment revenues grew by 56%, while the corporate segment grew by 36%. The share of non-group revenues at Turkcell Superonline increased to 74% (71%).

Turkcell Superonline continued its fiber investments, increasing home passes to 1.7 million and FTTH subscribers to 570 thousand by the end of 2013 with 145 thousand net additions for the year. In 2014, by adding two new cities the in city coverage of Turkcell Superonline will include 14 cities.

Having doubled its revenues over the past three years along with an 8.0pp improvement in EBITDA margin, Turkcell Superonline has proven the strength of its business model as a niche fiber player.

Turkcell Superonline* (million TRY)	Quarter Q412	Q413	y/y%	Year FY12	FY13	y/y%
Revenue	190.3	262.1	37.7%	684.1	925.2	35.2%
Residential	65.7	94.4	43.7%	211.7	329.6	55.7%
% of revenues	34.5%	36.0%	1.5pp	30.9%	35.6%	4.7pp
Corporate	51.4	73.7	43.4%	186.0	253.4	36.2%
% of revenues	27.0%	28.1%	1.1pp	27.2%	27.4%	0.2pp
Wholesale	73.2	94.0	28.4%	286.4	342.3	19.5%
% of revenues	38.5%	35.9%	(2.6pp)	41.9%	37.0%	(4.9pp)
EBITDA 1	39.2	64.1	63.5%	142.5	237.8	66.9%
EBITDA Margin	20.6%	24.4%	3.8pp	20.8%	25.7%	4.9pp
Capex	159.6	172.1	7.8%	451.7	399.1	(11.6%)
FTTH subscribers	425.0	570.0	34.1%	425.0	570.0	34.1%

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

Fintur subscriber base grew by 0.3 million during the year, driven mainly by 0.8 million subscriber growth in Kazakhstan. In Q413, Fintur's consolidated revenues declined by 3% to US$527 million (US$541 million), while, for the full year, revenues grew by 0.4% to US$2,036 million (US$2,027 million).

We account for our investment in Fintur using the equity method. Fintur's contribution to net income increased from US$27 million to US$37 million in Q413. Fintur's contribution to Turkcell's net income was US$156 million in 2013 (US$143 million).

Fintur*	Quarter Q412	Q413	y/y%	Year FY12	FY13	y/y%
Subscribers (million)	21.2	21.5	1.4%	21.2	21.5	1.4%
Kazakhstan	13.5	14.3	5.9%	13.5	14.3	5.9%
Azerbaijan	4.4	4.4	-	4.4	4.4	-
Moldova	1.3	1.0	(23.1%)	1.3	1.0	(23.1%)
Georgia	2.1	1.8	(14.3%)	2.1	1.8	(14.3%)
Revenue (million US$)	541	527	(2.6%)	2,027	2,036	0.4%
Kazakhstan	331	322	(2.7%)	1,221	1,233	1.0%
Azerbaijan	151	151	-	579	584	0.9%
Moldova	21	20	(4.8%)	79	79	-
Georgia	38	35	(7.9%)	148	140	(5.4%)
	27	37	37.0%	143	156	9.1%

Fintur’s contribution to Group’s net income (million US$)	

(*) 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 71.3 million as of December 31, 2013. This figure is calculated by taking the number of subscribers of Turkcell and each of our subsidiaries and unconsolidated investees. It includes the total number of mobile subscribers of Turkcell Turkey, Astelit and BeST, as well as of our operations in the Turkish Republic of Northern Cyprus ("Northern Cyprus"), Fintur and Turkcell Europe. Turkcell Group subscribers rose by 2.1 million year-on-year as a result of Astelit's increased subscriber base, and the contribution of Fintur and BeST.

Turkcell Group Subscribers (million)	2012	2013	y/y%
Turkcell Turkey	35.1	35.2	0.3%
Ukraine	11.1	12.6	13.5%
Fintur	21.2	21.5	1.4%
Northern Cyprus	0.4	0.4	0.0%
Belarus	1.1	1.2	9.1%
Turkcell Europe	0.3	0.4	33.3%
TURKCELL GROUP	69.2	71.3	3.0%

OVERVIEW OF THE MACROECONOMIC ENVIRONMENT

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

	Quarter			Year		
	Q412	Q413	y/y%	FY12	FY13	y/y%
TRY / US$ rate						
Closing Rate	1.7826	2.1343	19.7%	1.7826	2.1343	19.7%
Average Rate	1.7854	2.0302	13.7%	1.7913	1.9094	6.6%
Consumer Price Index (Turkey)	2.7%	2.3%	(0.4pp)	6.2%	7.4%	1.2pp
GDP Growth (Turkey)	1.4%	n.a.	n.a.	2.2%	n.a.	n.a.
UAH/ US$ rate						
Closing Rate	7.99	7.99	-	7.99	7.99	-
Average Rate	7.99	7.99	-	7.99	7.99	-
BYR/ US$ rate						
Closing Rate	8,570	9,510	11.0%	8,570	9,510	11.0%
Average Rate	8,548	9,282	8.6%	8,326	8,883	6.7%

Fourth Quarter and Full Year 2013 Results

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

Turkcell Group (million US$)	Quarter Q412	Q413	y/y%	Year FY12	FY13	y/y%
EBITDA	474.8	420.4	(11.5%)	1,808.4	1,858.0	2.7%
Income tax expense	(76.6)	(59.4)	(22.5%)	(291.5)	(310.7)	6.6%
Other operating income / (expense)	25.0	(16.9)	(167.6%)	17.5	(29.2)	(266.9%)
Financial income	(2.6)	117.3	(4611.5%)	5.0	395.4	7808.0%
Financial expense	(44.3)	(39.1)	(11.7%)	(125.3)	(95.5)	(23.8%)
Net increase / (decrease) in assets and liabilities	274	26.5	(90.3%)	(225.8)	(824.0)	264.9%
Net cash from operating activities	650.3	448.8	(31.0%)	1,188.3	994.0	(16.4%)

Turkcell Superonline (million TRY)	Quarter Q412	Q413	y/y%	Year FY12	FY13	y/y%
EBITDA	39.2	64.1	63.5%	142.5	237.8	66.9%
Income tax expense	-	35.3	-	-	38.4	-
Other operating income / (expense)	2.4	2.7	12.5%	4.6	0.6	(87.0%)
Financial income	(0.3)	3.4	(1233.3%)	10.5	8.7	(17.1%)
Financial expense	(14.6)	(21.8)	49.3%	(42.6)	(72.4)	70.0%
Net increase / (decrease) in assets and liabilities	(37.7)	15.2	(140.3%)	(74.8)	(106.0)	41.7%
Net cash from operating activities	(11.0)	98.9	(999.1%)	40.2	107.1	166.4%

Euroasia (million US$)	Quarter Q412	Q413	y/y%	Year FY12	FY13	y/y%
EBITDA	27.6	35.2	27.5%	114.4	137.1	19.8%
Other operating income / (expense)	0.5	(0.2)	(140.0%)	0.7	1.1	57.1%

Financial income	1.2	0.4	(66.7%)	2.5	2.7	8.0%
Financial expense	(16.1)	(9.4)	(41.6%)	(56.3)		(53.6)	(4.8%)
Net increase / (decrease) in assets and liabilities	45.7	(27.4)	(160.0%)	55.6	1	(10.9)	(119.6%)
Net cash from operating activities	58.9	(1.4)	(102.4%)	116.9	1	76.4	(34.6%)

1: Modified from our prior press release for fourth quarter and full year 2012 results.

FORWARD-LOOKING STATEMENTS: This release includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934 and the Safe Harbor provisions of the US Private Securities Litigation Reform Act of 1995. This includes in particular our assessment of guidance, our targets for revenue, EBITDA and capex in 2014. More generally, all statements other than statements of historical facts included in this press release, including, without limitation, certain statements regarding our operations, financial position and business strategy may constitute forward-looking statements. In addition, forward-looking statements generally can be identified by the use of forward-looking terminology such as, among others, “will,” “expect,” “intend,” “estimate,” “believe”, “continue” and “guidance”. Although Turkcell believes that the expec 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 2012 filed with the U.S. Securities and Exchange Commission, and in particular the risk factor section therein. We undertake no duty to update or revise any forward looking statements, whether as a result of new information, future events or otherwise.

ABOUT TURKCELL: Turkcell is the leading communications and technology company in Turkey, with 35.2 million subscribers as of December 31, 2013. Turkcell is a leading regional player, with market leadership in five of the nine countries in which it operates with its approximately 71.3 million subscribers as of December 31, 2013. 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. Turkcell Superonline, a wholly owned subsidiary of Turkcell, is the first telecom operator to offer households fiber broadband connection at speeds of up to 1,000 Mbps in Turkey. As of December 2013, Turkcell’s population coverage is at 99.49% in 2G and 86.17% in 3G. Turkcell reported a TRY11.4 billion (US$6.0 billion) revenue with total assets of TRY21.3 billion (US$10.0 billion) as of December 31, 2013. 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 December 31, 2012	Quarter Ended September 30, 2013	Quarter Ended December 31, 2013	12 Months Ended December 31, 2012	12 Months Ended December 31, 2013
Consolidated Statement of Operations Data					
Revenues					
Communication fees	2,534.5	2,681.8	2,545.3	9,626.7	10,242.8
Commission fees on betting business	63.0	52.1	73.1	159.1	230.4
Monthly fixed fees	21.7	18.2	18.2	90.7	75.9
Simcard sales	6.4	8.9	7.2	32.9	29.8
Call center revenues and other revenues	181.7	219.7	239.8	597.6	829.0
Total revenues	2,807.3	2,980.7	2,883.6	10,507.0	11,407.9
Direct cost of revenues	(1,759.5)	(1,754.5)	(1,848.9)	(6,482.1)	(7,058.9)
Gross profit	1,047.8	1,226.2	1,034.7	4,024.9	4,349.0
Administrative expenses	(125.9)	(140.4)	(152.0)	(484.2)	(550.3)
Selling & marketing expenses	(469.0)	(455.7)	(510.4)	(1,705.7)	(1,843.6)
Other Operating Income / (Expense)	228.5	262.5	35.3	425.5	907.9
Operating profit before financing and investing costs	681.4	892.6	407.6	2,260.5	2,863.0
Income from investing activities	2.4	6.1	8.9	44.8	30.2
Expense from investing activities	(7.2)	(10.2)	(15.3)	(40.0)	(58.1)
Share of profit of equity accounted investees	42.5	92.9	75.8	218.5	297.3
Income before financing costs	719.1	981.4	477.0	2,483.8	3,132.4
Finance income	(133.9)	-	-	63.9	-
Finance expense	(34.0)	(123.1)	85.1	(132.0)	(383.2)
Monetary gain/(loss)	42.6	30.6	72.5	169.9	176.9
Income before tax and non-controlling interest	593.8	888.9	634.6	2,585.6	2,926.1
Income tax expense	(136.8)	(188.9)	(120.0)	(523.6)	(592.4)
Income before non-controlling interest	457.0	700.0	514.6	2,062.0	2,333.7
Non-controlling interest	3.2	(1.4)	(7.9)	21.0	(3.4)
Net income	460.2	698.6	506.7	2,083.0	2,330.3
Net income per share	0.21	0.32	0.23	0.95	1.06
Other Financial Data					
Gross margin	37.3%	41.1%	35.9%	38.3%	-42.4%
EBITDA(*)	847.8	1,016.2	851.5	3,241.5	3,544.5
Capital expenditures	713.4	449.0	818.5	1,738.8	1,822.3

Consolidated Balance Sheet Data (at period end)					
Cash and cash equivalents	6,998.9	7,703.3	8,128.9	6,998.9	8,128.9
Total assets	18,653.0	20,433.4	21,255.6	18,653.0	21,255.6
Long term debt	1,103.8	1,437.5	1,528.5	1,103.8	1,528.5
Total debt	3,039.6	3,205.4	3,332.5	3,039.6	3,332.5
Total liabilities	5,918.1	6,028.5	6,544.8	5,918.1	6,544.8
Total shareholders' equity / Net Assets	12,734.9	14,404.9	14,710.8	12,734.9	14,710.8

** For further details, please refer to our consolidated financial statements and notes as at 31 Decemeber 2013 on our web site.

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

	Quarter Ended December 31, 2012	Quarter Ended September 30, 2013	Quarter Ended December 31, 2013	12 Months Ended December 31, 2012	12 Months Ended December 31, 2013
Consolidated Statement of Operations Data					
Revenues					
Communication fees	2,534.5	2,681.8	2,545.3	9,626.7	10,242.8
Commission fees on betting business	63.0	52.1	73.1	159.1	230.4
Monthly fixed fees	21.7	18.2	18.2	90.7	75.9
Simcard sales	6.4	8.9	7.2	32.9	29.8
Call center revenues and other revenues	181.7	219.7	239.8	597.6	829.0
Total revenues	2,807.3	2,980.7	2,883.6	10,507.0	11,407.9
Direct cost of revenues	(1,760.1)	(1,754.0)	(1,851.3)	(6,487.3)	(7,063.9)
Gross profit	1,047.2	1,226.7	1,032.3	4,019.7	4,344.0
Administrative expenses	(125.9)	(140.4)	(152.0)	(484.2)	(550.3)
Selling & marketing expenses	(469.0)	(455.7)	(510.4)	(1,705.7)	(1,843.6)
Other Operating Income / (Expense)	(23.9)	(2.2)	(35.6)	(105.2)	(58.9)
Operating profit before financing costs	428.4	628.4	334.3	1,724.6	1,891.2
Finance costs	(79.5)	(46.9)	(89.7)	(224.2)	(204.6)
Finance income	158.9	184.4	239.4	691.7	759.9
Monetary gain	42.6	30.6	72.5	169.9	176.9
Share of profit of equity accounted investees	42.5	92.9	75.8	218.5	297.3
Income before tax and non-controlling interest	592.9	889.4	632.3	2,580.5	2,920.7
Income tax expense	(136.9)	(188.9)	(119.5)	(522.5)	(591.4)
Income before non-controlling interest	456.0	700.5	512.8	2,058.0	2,329.3
Non-controlling interest	3.2	(1.4)	(7.9)	21.0	(3.4)
Net income	459.2	699.1	504.9	2,079.0	2,325.9
Net income per share	0.21	0.32	0.23	0.95	1.06
Other Financial Data					
Gross margin	37.3 %	41.2 %	35.8 %	38.3 %	38.1 %
EBITDA(*)	847.8	1,016.2	851.5	3,241.5	3,544.5
Capital expenditures	713.4	449.0	818.5	1,738.8	1,822.3
Consolidated Balance Sheet Data (at period end)					
Cash and cash equivalents	6,998.9	7,703.3	8,128.9	6,998.9	8,128.9

Total assets	18,687.4	20,464.7	21,284.6	18,687.4	21,284.6
Long term debt	1,103.8	1,437.5	1,528.5	1,103.8	1,528.5
Total debt	3,039.6	3,205.4	3,332.5	3,039.6	3,332.5
Total liabilities	5,923.7	6,033.7	6,549.5	5,923.7	6,549.5
Total shareholders' equity / Net Assets	12,763.7	14,431.0	14,735.1	12,763.7	14,735.1

** For further details, please refer to our consolidated financial statements and notes as at 31 December 2013 on our web site.

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

	Quarter Ended December 31, 2012	Quarter Ended September 30, 2013	Quarter Ended December 31, 2013	12 Months Ended December 31, 2012	12 Months Ended December 31, 2013
Consolidated Statement of Operations Data					
Revenues					
Communication fees	1,419.6	1,355.2	1,252.0	5,374.0	5,369.0
Commission fees on betting business	35.3	26.2	36.0	89.0	120.4
Monthly fixed fees	12.1	9.2	9.0	50.6	40.0
Simcard sales	3.6	4.4	3.6	18.3	15.6
Call center revenues and other revenues	101.9	110.4	117.0	333.9	430.4
Total revenues	1,572.5	1,505.4	1,417.6	5,865.8	5,975.4
Direct cost of revenues	(986.1)	(884.2)	(905.6)	(3,622.3)	(3,693.3)
Gross profit	586.4	621.2	512.0	2,243.5	2,282.1
Administrative expenses	(70.5)	(70.6)	(74.3)	(270.5)	(286.8)
Selling & marketing expenses	(262.8)	(230.2)	(250.7)	(953.2)	(964.1)
Other Operating Income / (Expense)	(13.4)	(1.2)	(16.9)	(58.8)	(29.2)
Operating profit before financing costs	239.7	319.2	170.1	961.0	1,002.0
Finance costs	(44.4)	(20.2)	(39.1)	(125.5)	(95.5)
Finance income	88.7	92.2	117.3	386.1	395.4
Monetary gain	24.0	13.0	31.6	95.3	82.9
Share of profit of equity accounted investees	23.7	47.3	37.4	121.7	155.4
Income before tax and non-controlling interest	331.7	451.5	317.3	1,438.6	1,540.2
Income tax expense	(76.6)	(95.4)	(59.4)	(291.5)	(310.7)
Income before non-controlling interest	255.1	356.1	257.9	1,147.1	1,229.5
Non-controlling interest	1.8	(0.7)	(3.9)	11.7	(1.3)
Net income	256.9	355.4	254.0	1,158.8	1,228.2
Net income per share	0.12	0.16	0.12	0.53	0.56
Other Financial Data					
Gross margin	37.3 %	41.3 %	36.1 %	38.2 %	38.2 %
EBITDA(*)	474.8	514.0	420.4	1,808.4	1,858.0
Capital expenditures	401.0	205.3	360.3	975.5	853.8
Consolidated Balance Sheet Data (at period end)					

Cash and cash equivalents	3,926.2	3,786.9	3,808.7	3,926.2	3,808.7
Total assets	10,483.2	10,060.3	9,972.6	10,483.2	9,972.6
Long term debt	619.2	706.7	716.2	619.2	716.2
Total debt	1,705.2	1,575.7	1,561.4	1,705.2	1,561.4
Total liabilities	3,323.1	2,966.1	3,068.7	3,323.1	3,068.7
Total shareholders' equity / Net Assets	7,160.1	7,094.2	6,903.9	7,160.1	6,903.9

* Please refer to the notes on reconciliation of Non-GAAP Financial measures on page 15
** For further details, please refer to our consolidated financial statements and notes as at 31 December 2013 on our web site.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2013
(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, 2011 and 2012 were approved by the Audit Committee and the Board of Directors (Board Resolution dated 23 February 2011 and numbered 797, dated 22 February 2012 and numbered 908 and dated 21 February 2013 and numbered 1019, 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 Assemblies on 29 June 2012, 22 May 2013 and 24 June 2013 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, 2011 and 2012 could not be presented for approval.)

	Note	2013	2012
Assets			
Property, plant and equipment	13	2,747,813	3,061,199
Intangible assets	14	1,106,871	1,296,117
GSM and other telecommunication operating licenses		522,065	678,694
Computer software		544,140	568,447
Other intangible assets		40,666	48,976
Investment properties	15	7,639	-
Investments in equity accounted investees	16	250,959	256,931
Other investments	17	3,851	29,069
Other non-current assets	18	117,968	125,299
Trade receivables	20	247,823	216,149
Deferred tax assets	19	34,333	14,823
Total non-current assets		4,517,257	4,999,587
Inventories		32,845	48,903
Other investments		27,028	22,205
Due from related parties	35	10,012	7,414
Trade receivables and accrued income	20	1,294,636	1,209,007
Other current assets	21	282,152	269,905
Cash and cash equivalents	22	3,808,708	3,926,215
Total current assets		5,455,381	5,483,649
Total assets		9,972,638	10,483,236
Equity			
Share capital	23	1,636,204	1,636,204
Share premium	23	434	434
Capital contributions	23	22,772	22,772
Reserves	23	(3,105,434)	(1,628,110)
Retained earnings	23	8,435,045	7,207,563
Total equity attributable to equity holders of Turkcell Iletisim Hizmetleri AS		6,989,021	7,238,863

Non-controlling interests		(85,055)	(78,719)
Total equity		6,903,966	7,160,144
Liabilities			
Loans and borrowings	26	716,150	619,196
Employee benefits	27	38,709	41,452
Provisions	29	135,524	148,894
Other non-current liabilities	25	127,669	117,888
Deferred tax liabilities	19	30,751	44,169
Total non-current liabilities		1,048,803	971,599
Bank overdraft	22	237	-
Loans and borrowings	26	846,245	1,087,447
Income taxes payable	12	65,074	76,533
Trade and other payables	30	891,515	953,601
Due to related parties	35	42,278	55,614
Deferred income	28	92,221	91,166
Provisions	29	82,299	87,132
Total current liabilities		2,019,869	2,351,493
Total liabilities		3,068,672	3,323,092
Total equity and liabilities		9,972,638	10,483,236

The notes on page 7 to 153 are an integral part of these consolidated financial statements.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2013
(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, 2011 and 2012 were approved by the Audit Committee and the Board of Directors (Board Resolution dated 23 February 2011 and numbered 797, dated 22 February 2012 and numbered 908 and dated 21 February 2013 and numbered 1019, 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 Assemblies on 29 June 2012, 22 May 2013 and 24 June 2013 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, 2011 and 2012 could not be presented for approval.)

	Note	2013	2012	2011
Revenue	8	5,975,407	5,865,787	5,609,679
Direct costs of revenue		(3,693,270)	(3,622,309)	(3,528,928)
Gross profit		2,282,137	2,243,478	2,080,751
Other income	9	18,243	18,094	32,600
Selling and marketing expenses		(964,120)	(953,187)	(1,010,615)
Administrative expenses		(286,750)	(270,477)	(246,543)
Other expenses	9	(47,464)	(76,924)	(161,236)
Results from operating activities		1,002,046	960,984	694,957
Finance income	11	395,396	386,088	330,277
Finance costs	11	(95,515)	(125,510)	(289,648)
Net finance income		299,881	260,578	40,629
Monetary gain		82,871	95,325	144,813
Share of profit of equity accounted investees	16	155,362	121,733	136,907
Profit before income tax		1,540,160	1,438,620	1,017,306
Income tax expense	12	(310,696)	(291,491)	(292,193)
Profit for the year		1,229,464	1,147,129	725,113
Profit / (loss) attributable to:				
Owners of Turkcell Iletisim Hizmetleri AS		1,228,188	1,158,835	751,709
Non-controlling interests		1,276	(11,706)	(26,596)
Profit for the year		1,229,464	1,147,129	725,113
Basic and diluted earnings per share (in full USD)	23	0.56	0.53	0.34

The notes on page 7 to 153 are an integral part of these consolidated financial statements.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2013
(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, 2011 and 2012 were approved by the Audit Committee and the Board of Directors (Board Resolution dated 23 February 2011 and numbered 797, dated 22 February 2012 and numbered 908 and dated 21 February 2013 and numbered 1019, 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 Assemblies on 29 June 2012, 22 May 2013 and 24 June 2013 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, 2011 and 2012 could not be presented for approval.)

	2013	2012	2011
Profit for the period	1,229,464	1,147,129	725,113
Other comprehensive income / (expense):			
Items that will not be reclassified to profit or loss:			
Foreign currency translation differences	(1,318,211)	348,980	(1,326,912)
Actuarial gain / (loss) arising from employee benefits	2,478	(4,911)	-
Tax effect of actuarial gain from employee benefits	(482)	960	-
	(1,316,215)	345,029	(1,326,912)
Items that will or may be reclassified subsequently to profit or loss:			
Change in cash flow hedge reserve	471	(860)	(459)
Foreign currency translation differences	(24,176)	6,618	7,321
Share of foreign currency translation differences of the equity accounted investees	(63,405)	(42,890)	25,674
Tax effect of foreign currency translation differences	3,170	2,145	(4,430)
	(83,940)	(34,987)	28,106
Other comprehensive income / (expense) for the period, net of income tax	(1,400,155)	310,042	(1,298,806)
Total comprehensive income / (expense) for the period	(170,691)	1,457,171	(573,693)
Total comprehensive income / (expense) attributable to:			
Owners of Turkcell Iletisim Hizmetleri AS	(164,811)	1,467,154	(540,624)
Non-controlling interests	(5,880)	(9,983)	(33,069)
Total comprehensive income / (expense) for the period	(170,691)	1,457,171	(573,693)

The notes on page 7 to 153 are an integral part of these consolidated financial statements.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2013
(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, 2011 and 2012 were approved by the Audit Committee and the Board of Directors (Board Resolution dated 23 February 2011 and numbered 797, dated 22 February 2012 and numbered 908 and dated 21 February 2013 and numbered 1019, 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 Assemblies on 29 June 2012, 22 May 2013 and 24 June 2013 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, 2011 and 2012 could not be presented for approval.)

(1

	Attributable to equity holders of the Company										
	Share Capital	Capital Contribution	Share Premium	Legal Reserves	Fair Value Reserve	Cash Flow Hedge Reserves	Reserve for Non-Controlling Interest Put Option	Translation Reserve	Retained Earnings	Total	Non- I
Balance at 1 January 2011	1,636,204	22,772	434	534,943	-	-	(263,984)	(931,080)	5,258,327	6,257,616	(
Total comprehensive income											
Profit/ (loss) for the year	-	-	-	-	-	-	-	-	751,709	751,709	(
Other comprehensive income/(expense)											
Foreign currency translation differences, net of tax	-	-	-	-	-	-	(10,717)	(1,281,157)	-	(1,291,874)	(
Change in cash flow hedge reserve	-	-	-	-	-	(459)	-	-	-	(459)	-
Net change in fair value of available-for-sale securities, net of tax	-	-	-	-	-	-			-	-	-
Total other comprehensive	-	-	-	-	-	(459)	(10,717)	(1,281,157)	-	(1,292,333)	(

income/(expense)											
Total comprehensive income/(expense) , net of tax	-	-	-	-	-	(459)	(10,717)	(1,281,157)	751,709	(540,624)	(
Transfer from legal reserves	-	-	-	(1,004)	-	-	-	-	1,004	-	-
Dividends paid (Note 23)	-	-	-	-	-	-	-	-	-	-	(
Effects of inflation accounting	-	-	-	-	-	-	-	-	42,662	42,662	-
Change in non-controlling interest	-	-	-	-	-	-	-	-	-	-	5
Change in reserve for non-controlling interest put option	-	-	-	-	-	-	32,484	-	-	32,484	-
Balance at 31 December 2011	1,636,204	22,772	434	533,939	-	(459)	(242,217)	(2,212,237)	6,053,702	5,792,138	(
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	(
Total comprehensive income											
Profit/ (loss) for the year	-	-	-	-	-	-	-	-	1,158,835	1,158,835	(
Other comprehensive income/(expense)											
Foreign currency translation differences, net of tax	-	-	-	-	-	-	3,951	309,179	-	313,130	1
Actuarial loss arising from employee benefits	-	-	-	-	-	-	-	-	(3,951)	(3,951)	-
Change in cash flow hedge reserve	-	-	-	-	-	(860)	-	-	-	(860)	-
Total other comprehensive income/(expense), net of tax	-	-	-	-	-	(860)	3,951	309,179	(3,951)	308,319	1
Total comprehensive income/(expense)	-	-	-	-	-	(860)	3,951	309,179	1,154,884	1,467,154	(
Transfers to legal reserves	-	-	-	1,023	-	-	-	-	(1,023)	-	-
Dividend paid (Note 23)	-	-	-	-	-	-	-	-	-	-	(
	-	-	-	-	-	-	-	-	-	-	2

Change in non-controlling interest										
Change in reserve for non-controlling interest put option	-	-	-	-	-	-	(20,429)	-	-	(20,429)
Balance at 31 December 2012	1,636,204	22,772	434	534,962	-	(1,319)	(258,695)	(1,903,058)	7,207,563	7,238,863
Balance at 1 January 2013	1,636,204	22,772	434	534,962	-	(1,319)	(258,695)	(1,903,058)	7,207,563	7,238,863
Total comprehensive income										
Profit for the year	-	-	-	-	-	-	-	-	1,228,188	1,228,188
Other comprehensive income/(expense)										
Foreign currency translation differences, net of tax	-	-	-	-	-	-	(13,337)	(1,382,129)	-	(1,395,466)
Actuarial gain arising from employee benefits	-	-	-	-	-	-	-	-	1,996	1,996
Change in cash flow hedge reserve	-	-	-	-	-	471	-	-	-	471
Total other comprehensive income/(expense), net of tax	-	-	-	-	-	471	(13,337)	(1,382,129)	1,996	(1,392,999)
Total comprehensive income/(expense)	-	-	-	-	-	471	(13,337)	(1,382,129)	1,230,184	(164,811)
Transfers to legal reserves	-	-	-	2,702	-	-	-	-	(2,702)	-
Dividend paid (Note 23)	-	-	-	-	-	-	-	-	-	-
Change in non-controlling interest	-	-	-	-	-	-	-	-	-	-
Change in reserve for non-controlling interest put option	-	-	-	-	-	-	(85,031)	-	-	(85,031)
Balance at 31 December 2013	1,636,204	22,772	434	537,664	-	(848)	(357,063)	(3,285,187)	8,435,045	6,989,021

The notes on page 7 to 153 are an integral part of these consolidated financial statements.

4

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2013
(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, 2011 and 2012 were approved by the Audit Committee and the Board of Directors (Board Resolution dated 23 February 2011 and numbered 797, dated 22 February 2012 and numbered 908 and dated 21 February 2013 and numbered 1019, 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 Assemblies on 29 June 2012, 22 May 2013 and 24 June 2013 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, 2011 and 2012 could not be presented for approval.)

	Note	2013	2012	2011
Cash flows from operating activities				
Profit for the year		1,229,464	1,147,129	725,113
Adjustments for:				
Depreciation and impairment of fixed assets	13	589,786	562,788	636,758
Amortization of intangible assets	14	236,994	225,844	287,792
Net finance (income)	11	(369,481)	(317,295)	(300,307)
Income tax expense	12	310,696	291,491	292,193
Share of profit of equity accounted investees	16, 35	(155,362)	(134,995)	(165,408)
(Gain)/loss on sale of property, plant and equipment		(7,566)	(2,599)	(3,771)
Unrealized foreign exchange and monetary gain/loss on operating assets		(248,140)	(40,855)	(159,292)
Impairment losses on goodwill		-	-	52,971
Allowance for trade receivables and due from related parties	30	79,465	62,431	31,361
Negative goodwill		(96)		
Deferred income	27	21,073	(34,269)	(16,005)
Provision for equity accounted investees	9	-	19,299	-
Impairment losses on equity accounted investees and other non-current investments	9	19,242	40,250	21,558
		1,706,075	1,819,219	1,402,963
Change in trade receivables	20	(384,407)	(487,538)	(275,271)
Change in due from related parties	35	(3,442)	37,583	33,984
Change in inventories		7,999	(21,279)	(6,110)
Change in other current assets	21	(47,547)	(45,798)	(35,736)
Change in other non-current assets	18	(13,265)	(21,278)	(22,867)
Change in due to related parties	35	(4,333)	1,669	4,159
Change in trade and other payables		(12,410)	(4,811)	43,853
Change in other current liabilities		58,172	(48)	57,741
Change in other non-current liabilities	25	19,870	(11,840)	(21,185)
Change in employee benefits	27	6,562	6,596	3,917
Change in provisions	29	16,300	40,007	(8,060)
		1,349,574	1,312,482	1,177,388

Interest paid		(59,122)	(56,343)	(46,716)
Income tax paid		(337,805)	(307,262)	(276,176)
Dividends received		41,347	239,377	71,331
Net cash generated by operating activities		993,994	1,188,254	925,827
Cash flows from investing activities				
Acquisition of property, plant and equipment		(631,398)	(758,898)	(660,359)
Acquisition of intangible assets	14	(215,536)	(208,040)	(198,607)
Proceeds from sale of property, plant and equipment		11,027	9,679	8,603
Proceeds from currency option contracts	11	484	2,250	6,081
Payment of currency option contracts premium	11	(106)	(280)	(1,267)
Acquisition of financial assets		(9,739)	(27,360)	(858,667)
Proceeds from sale of financial assets		-	897,057	11,191
Acquisition of subsidiary net-off cash acquired	7	(746)	-	578
Interest received		376,355	390,155	281,965
Net cash used in investing activities		(469,659)	304,563	(1,410,482)
Cash flows from financing activities				
Proceeds from issuance of loans and borrowings		898,106	670,549	552,859
Loan transaction costs		-	-	(938)
Repayment of borrowings		(1,019,250)	(833,552)	(516,901)
Change in non-controlling interest		34	282	544
Dividends paid		(490)	(8,485)	(3,989)
Net cash generated by/(used in) financing activities		(121,600)	(171,206)	31,575
Net (decrease)/increase in cash and cash equivalents		402,735	1,321,611	(453,080)
Cash and cash equivalents at 1 January		3,926,215	2,507,445	3,296,267
Effects of foreign exchange rate fluctuations on cash and cash equivalents		(520,479)	97,159	(335,742)
Cash and cash equivalents at 31 December	22	3,808,471	3,926,215	2,507,445

The notes on page 7 to 153 are an integral part of these consolidated financial statements.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2013
(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, 2011 and 2012 were approved by the Audit Committee and the Board of Directors (Board Resolution dated 23 February 2011 and numbered 797, dated 22 February 2012 and numbered 908 and dated 21 February 2013 and numbered 1019, 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 Assemblies on 29 June 2012, 22 May 2013 and 24 June 2013 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, 2011 and 2012 could not be presented for approval.)

Notes to the consolidated financial statements

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2013
(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, 2011 and 2012 were approved by the Audit Committee and the Board of Directors (Board Resolution dated 23 February 2011 and numbered 797, dated 22 February 2012 and numbered 908 and dated 21 February 2013 and numbered 1019, 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 Assemblies on 29 June 2012, 22 May 2013 and 24 June 2013 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, 2011 and 2012 could not be presented for approval.)

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1. Reporting entity

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

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

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

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

As at 31 December 2013, two significant founding shareholders, Sonera Holding BV and Cukurova Group, directly and indirectly, own approximately 37.1% and 13.8%, respectively of the Company's share capital and are ultimate counterparties to a number of transactions that are discussed in the related parties footnote. Alfa Group holds 13.2% of the Company's shares indirectly through Cukurova Holdings Limited and Turkcell Holding AS.

The consolidated financial statements of the Company as at and for the year ended 31 December 2013 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in one associate and one joint venture. Subsidiaries of the Company, their locations and their business are given in Note 36. The Company's and each of its subsidiaries', associate's and joint venture's financial statements are prepared as at and for the year ended 31 December 2013.

2. Basis of preparation

(a) Statement of compliance

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

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

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

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

The Group's audited consolidated financial statements prepared as at and for the year ended 31 December 2010, 2011 and 2012 were approved by the Audit Committee and the Board of Directors (Board Resolution dated 23 February 2011 and numbered 797, dated 22 February 2012 and numbered 908 and dated 21 February 2013 and numbered 1019, 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 Assemblies on 29 June 2012, 22 May 2013 and 24 June 2013 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, 2011 and 2012 could not be presented for approval.

The consolidated financial statements as at and for the year ended 31 December 2013 was approved for by the Board of Directors on 19 February 2014.

(b)Basis of measurement

The accompanying consolidated financial statements are based on the statutory records, with adjustments and reclassifications for the purpose of fair presentation in accordance with IFRSs as issued by the IASB. They are prepared on the historical cost basis adjusted for the effects of inflation during the hyperinflationary periods in accordance with International Accounting Standard No 29 “Financial Reporting in Hyperinflationary Economies” (“IAS 29”), where applicable, except that the following assets and liabilities are stated at their fair value: put option liability, derivative financial instruments, consideration payable in relation to acquisition and financial instruments classified as available-for-sale.

2. Basis of preparation (continued)

(b) Basis of measurement (continued)

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 "Share-based payment", leasing transactions that are within the scope of IAS 17 "Leases", and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 "Inventories" or value in use in IAS 36 "Impairment of assets".

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

• Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

• Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

• Level 3 inputs are unobservable inputs for the asset or liability.

Hyperinflationary period lasted by 31 December 2005 in Turkey and commenced on 1 January 2011 in Belarus. In the financial statements of subsidiaries operating in Belarus, restatement adjustments have been made to compensate the effect of changes in the general purchasing power of the Belarusian Ruble in accordance with IAS 29. IAS 29 requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the balance sheet date. One characteristic that necessitates the application of IAS 29 is a cumulative three-year inflation rate approaching or exceeding 100%. Such cumulative rate in Belarus was 196% for the three years ended 31 December 2013 based upon the consumer price index ("CPI") announced by the National Statistical Committee of the Republic of Belarus.

Such index and the conversion factors used to adjust the financial statements of the subsidiaries operating in Belarus for the effect of inflation as at 31 December 2013 are given below:

Dates	Index	Conversion Factor
31 December 2009	1.4907	3.2535
31 December 2010	1.6387	2.9598
31 December 2011	3.4197	1.4183
31 December 2012	4.1645	1.1646
31 December 2013	4.8501	1.0000

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2. Basis of preparation (continued)

(b) Basis of measurement (continued)

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

Years	2011	2012	2013
Currency change USD (%)	178%	3%	11%
Currency change Euro (%)	172%	5%	15%
CPI inflation (%)	109%	22%	16%

As at 31 December 2013 the exchange rate announced by the National Bank of the Republic of Belarus was BYR 9,510 = USD 1, BYR 13,080 = Euro 1 (31 December 2012: BYR 8,570 = USD 1, BYR 11,340 = Euro 1).

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

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

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

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

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

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

(The Group's audited consolidated financial statements prepared as at and for the year ended 31 December 2010, 2011 and 2012 were approved by the Audit Committee and the Board of Directors (Board Resolution dated 23 February 2011 and numbered 797, dated 22 February 2012 and numbered 908 and dated 21 February 2013 and numbered 1019, 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 Assemblies on 29 June 2012, 22 May 2013 and 24 June 2013 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, 2011 and 2012 could not be presented for approval.)

2. Basis of preparation (continued)

(b) Basis of measurement (continued)

The comparative amounts relating to the subsidiaries operating in Belarus in the consolidated financial statements of 2011 and 2012 are not restated. The translation effect of Belarusian Ruble ("BYR") denominated equity accounts determined upon the application of inflation accounting to USD is accounted under translation reserve in the consolidated financial statements as at 31 December 2013.

(c) Functional and presentation currency

The consolidated financial statements are presented in US Dollars ("USD" or "$"), rounded to the nearest thousand. Moreover, all financial information expressed in Turkish Lira ("TL"), Euro ("EUR") and Ukranian Hryvnia ("UAH") and Belarusian Ruble ("BYR") has been rounded to the nearest thousand. The functional currency of the Company and its consolidated subsidiaries located in Turkey and Turkish Republic of Northern Cyprus is TL. The functional currency of Euroasia Telecommunications Holding BV ("Euroasia") and Financell BV ("Financell") is USD. The functional currency of Eastasian Consortium BV ("Eastasia"), Beltur Coöperatief UA, and Turkcell Europe is EUR. The functional currency of LLC Astelit ("Astelit"), LLC Global Bilgi ("Global LLC") and UkrTower LLC ("UkrTower") is UAH. The functional currency of Belarusian Telecommunication Network ("Belarusian Telecom"), LLC Lifetech and FLLC Global Bilgi ("Global FLLC") is BYR . The functional currency of Azerinteltek QSC ("Azerinteltek") is Azerbaijan Manat.

(d) Use of estimates and judgments

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

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

Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are described in Notes 4 and 34 and detailed analysis with respect to accounting estimates and critical judgments of allowance for doubtful receivables, useful lives or expected patterns of consumption of the future economic benefits embodied in depreciable assets, commission fees, revenue recognition, income taxes and impairment testing for cash-generating unit containing goodwill are provided below:

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2. Basis of preparation (continued)

(d) Use of estimates and judgments (continued)

Key sources of estimation uncertainty

Belarus

Following severe balance of payments crisis in 2011, the economic data indicates that the Belarusian economy stabilized. This reflected the authorities' tightening of economic policies in late 2011 that was successful in reducing inflation and stabilizing the foreign exchange market. However, Belarusian economy grew only 1.5% in 2012 as the authorities failed to capitalize on improved competitiveness after the sharp currency depreciation in 2011. On the positive side, inflation fell sharply from over 100% at the end of 2011 to almost 22% in 2012. During 2012, National Bank of the Republic Belarus ("NBRB") has been gradually decreased the refinance rate by 15 percentage points during 2012, from 45% to 30% per annum.

As of December 2013, the inflation rate stood at 16% for the last twelve months. Inflationary pressure remains elevated, despite headline inflation gradually moderating. CPI will stay in double digits (~14%) in 2014 on continued communal tariffs indexation and BYR devaluation. NBRB cut the refinancing rate 1.5 percentage points to 23.5% in June 2013. This was the fourth and last rate cut this year, bringing the total amount of easing to 6.5 percentage points in 2013. Despite a slowdown in inflation, tight monetary policy is set to continue due to concerns about external imbalances and currency stability.

NBRB has stabilized foreign exchange market with the help of a "managed float" exchange policy. As the cumulative inflation in the last three years exceeded 100%, Belarus was considered a hyperinflationary economy. In this context, IAS 29 is applied by subsidiaries operating in Belarus in financial statements starting from their annual financial statements for the year ending 31 December 2011.

Although downside economic risks have been reduced, macroeconomic stability is still fragile. External vulnerability is still a concern and next year's financing picture remains challenging due to heavy debt redemption schedule and strong domestic demand keeping current account deficit wide. Given Belarus' record low level of foreign currency reserves coupled with the high debt repayments due this year and the current account deficit, these factors create devaluation and inflationary pressure.

Ukraine

Ukraine continues to struggle economically. With its key export markets suffering extended weakness, the economy has fallen deeper into recession in 2013. A high likelihood of more rating downgrades in 2014, following downgrades by three main rating agencies in late 2013 due to the fragile external position and no steps towards an IMF deal, more rating downgrades seems likely to be occur in 2014.

Russia agreed to bail out Ukraine by purchasing its sovereign bonds and discounting gas prices by 33% in December after Kiev performed a sharp foreign policy u-turn and refused to sign deals on political association and free trade with the EU in late November 2013. The deal on bailout program will likely improve slightly the foreign currency reserves of Ukraine and decrease the political risk partially.

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2. Basis of preparation (continued)

(d) Use of estimates and judgments (continued)

Key sources of estimation uncertainty (continued)

Ukraine (continued)

In this respect, Ukraine's economy is vulnerable to tighter external financing conditions and foreign reserves have fallen by 36% over the last two years to USD 20.4 million (to less than three months import cover) as the Central Bank has sought to defend its exchange rate peg. A lower level of foreign currency reserves implies a higher vulnerability to shocks and greater risks to market expectations On 7 February 2014, The National Bank of Ukraine (NBU) devalued the official exchange rate to 8.7080 from 7.9930 and has suggested allowing greater exchange rate flexibility. NBU has also announced capital controls in order to continue exerting some degree of control over the currency. The challenging reserve situation may trigger further devaluation, leading to an IMF deal, a weaker and more flexible UAH currency and a return to growth.

Therefore, economic uncertainties are likely to continue in the foreseeable future for these countries. Current and potential future political and economic changes in Belarus and Ukraine could have an adverse effect on the subsidiaries operating in these countries. The economic stability of Belarus and Ukraine depends on the economic measures that will be taken by the governments and the outcomes of the legal, administrative and political processes in these countries. These processes are beyond the control of the subsidiaries established in these countries.

Consequently, the subsidiaries operating within Belarus and Ukraine may subject to the risks, i.e. foreign currency and interest rate risks related to borrowings and the subscriber's purchasing power and liquidity and increase in corporate and personal insolvencies, that may not necessarily be observable in other markets. The accompanying consolidated financial statements contain the Group management's estimations on the economic and financial positions of its subsidiaries operating in Belarus and Ukraine. The future economic situation of Belarus and Ukraine might differ from the Group's expectations. As of 31 December 2013, 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.

Critical accounting judgments in applying the Group's accounting policies

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

Allowance for doubtful receivables

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

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2. Basis of preparation (continued)

(d) Use of estimates and judgments (continued)

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

Useful lives of assets

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

Based on the evaluation performed for the year ended 31 December 2013, expectations did not differ from previous estimate.

Commission fees

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

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

Revenue recognition

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

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

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

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2. Basis of preparation (continued)

(d) Use of estimates and judgments (continued)

Income taxes

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

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

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

Provisions, Contingent Liabilities and Contingent Assets

As detailed and disclosed in Note 34, the Group is involved in a number of investigations and legal proceedings (both as a plaintiff and as a defendant) during the year arising in the ordinary course of business. All of these investigations and litigations are evaluated by the Group Management in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" and disclosed or accounted in the consolidated financial statements. Future results or outcome of these investigations and litigations might differ from Group Management's expectations. As of the reporting date, Group Management believes that appropriate recognition criteria and measurement basis are applied to provisions, contingent liabilities and contingent assets and that sufficient information is disclosed in the notes to enable users to understand their nature, timing and amount by considering current conditions and circumstances.

Impairment testing for cash-generating unit containing goodwill

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in Note 3. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates as discussed in Note 14.

Fair value measurements and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 and 2 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Note 31.

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2. Basis of preparation (continued)

(d) Use of estimates and judgments (continued)

Changes in accounting policies

Other than the adoption of the new and revised standards as explained in Note 3(t) and the change in accounting policy regarding business combinations under common control, the Group did not make any major changes to accounting policies during the current year. The Group's accounting policy was to consolidate the statement of profit or loss starting from the beginning of the financial year in which the business combination under common control was realized and the financial statements of previous financial years were restated in the same manner in order to maintain consistency and comparability before 1 January 2013. However; the decision issued by the Public Accounting and Auditing Oversight Authority of Turkey ("POA") on 21 July 2013 requires that the companies subject to POA regulation should not restate the financial statements of previous financial years when there is business combination under common control. Therefore; the Group changed its accounting policy to comply with POA's decision and applied the accounting policy change retrospectively starting from 1 January 2013. This change in accounting policy does not have an impact on the consolidated financial statements as there is no business combination under common control for the last three years.

Changes in accounting estimates

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

The Group did not have any major changes in the accounting estimates during the current year.

Comparative information and revision of prior period financial statements

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

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3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by the Group entities.

(a) Basis of consolidation

(i) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 "Income Taxes" and IAS 19 "Employee Benefits" respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

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3. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(i) Business combinations (continued)

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39 "Financial Instruments: Recognition and measurement", or IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", as appropriate, with the corresponding gain or loss being recognized in profit or loss.

(ii) Subsidiaries

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

• has power over the investee;
• is exposed, or has rights, to variable returns from its involvement with the investee; and
• has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

3. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(ii) Subsidiaries

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

(iii) Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

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3. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(iii) Changes in the Group's ownership interests in existing subsidiaries(continued)

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

(iv) Acquisition from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are excluded from the scope of IFRS 3 "Business Combinations". In business combinations under common control, assets and liabilities subject to business combination are accounted for at their carrying value in consolidated financial statements. Statements of profit or loss are consolidated starting from the beginning of the financial year in which the business combination is realized. Financial statements of previous financial years are not restated. Any positive or negative goodwill arising from such business combinations is not recognized in the consolidated financial statements. Residual balance calculated by netting off investment in subsidiary and the share acquired in subsidiary's equity accounted for as equity transactions (i.e. transactions with owners acting in their capacity as owners).

(v) Transactions eliminated on consolidation

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee.

Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

(vi) Non-controlling interests

Where a put option is granted by the Group to the non-controlling interests shareholders in existing subsidiaries that provides for settlement in cash or in another financial asset, the Group recognizes a liability for the present value of the estimated exercise price of the option. The interests of the non-controlling shareholders that hold such put options are derecognized when the financial liability is recognized. The corresponding interests attributable to the holder of the puttable non-controlling interests are presented as attributable to the equity holders of the parent and not as attributable to those non-controlling interests' shareholders. The difference between the put option liability recognized and the amount of non-controlling interests' shareholders derecognized is recorded under equity.

3. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(vi) Non-controlling interests (continued)

Subsequent changes in the fair value of the put option liability are recognized in equity for the business combinations before 1 January 2009 other than unwind of discount and associated foreign exchange gains and losses. For the business combinations after 1 January 2009, subsequent changes in the fair value of the put option liability are recognized in profit or loss.

(vii) Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations". Under the equity method, an investment in an associate or a joint venture is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 36 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

3. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(vii) Investments in associates and joint ventures (continued)

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IAS 39. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognized in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Foreign currency differences arising on translation of foreign currency transactions are recognized in the statement of profit or loss. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the period.

3. Significant accounting policies (continued)

(b) Foreign currency (continued)

(i) Foreign currency transactions (continued)

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognized in the statement of profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments, which are recognized directly in equity.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to USD from the functional currency of the foreign operation at foreign exchange rates ruling at the reporting date. The income and expenses of foreign operations are translated to USD at monthly average exchange rates excluding foreign operations in hyperinflationary economies which are translated to USD at exchange rates at the reporting date.

The income and expenses of foreign operations in hyperinflationary economies are translated to USD at the exchange rate at the reporting date. Prior to translating the financial statements of foreign operations in hyperinflationary economies, their financial statements for the current period are restated to account for changes in the general purchasing power of the local currency. The restatement is based on relevant price indices at the reporting date.

Foreign currency differences arising on retranslation are recognized directly in the foreign currency translation reserve, as a separate component of equity. Since 1 January 2005, the Group's date of transition to IFRSs, such differences have been recognized in the foreign currency translation reserve. When a foreign operation is disposed of, partially or fully, the relevant amount in the foreign currency translation reserve is transferred to the statement of profit or loss.

(ii) Foreign operations

Foreign exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognized directly in equity in the foreign currency translation reserve.

(iii) Translation from functional to presentation currency

Items included in the financial statements of each entity are measured using the currency of the primary economic environment in which the entities operate, normally under their local currencies.

The consolidated financial statements are presented in USD, which is the presentation currency of the Group. The Group uses USD as the presentation currency for the convenience of investor and analyst community.

Assets and liabilities for each statement of financial position presented (including comparatives) are translated to USD at exchange rates at the statement of financial position date. Income and expenses for each statement of profit or loss (including comparatives) are translated to USD at monthly average exchange rates excluding operations in hyperinflationary economies which are translated to USD at exchange rates at the reporting date.

3. Significant accounting policies (continued)

(b) Foreign currency (continued)

(iii) Translation from functional to presentation currency (continued)

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

(iv) Net investment in foreign operations

Foreign currency differences arising from the translation of the net investment in foreign operations are recognized in the foreign currency translation reserve. They are transferred to the statement of profit or loss upon disposal of the foreign operations.

(c) Financial instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments which are not recognized or designated as financial instruments at fair value through profit or loss are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described below:

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Accounting for finance income and costs is discussed in Note 3(m).

•Financial assets at fair value through profit or loss

An instrument is classified as financial asset at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's risk management or investment strategy. Upon initial recognition, attributable transaction costs are recognized in the statement of profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognized in the statement of profit or loss.

•Held-to-maturity financial assets

If the Group has the positive intent and ability to hold debt securities to maturity, then they are classified as held-to-maturity. Held-to-maturity financial assets are recognized initially at fair value plus any directly attributable transaction costs. Held-to-maturity financial assets are held-to-maturity investments that are measured at amortized cost using the effective interest method, less any impairment losses.

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3. Significant accounting policies (continued)

(c) Financial instruments (continued)

(i) Non-derivative financial instruments (continued)

Any sale or reclassification of a more than insignificant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available-for-sale, and prevent the Group from classifying investment securities as held-to-maturity for the current and the following two financial years.

• Available-for-sale financial assets

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

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

• Estimated exercise price of put options

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

As the Group has unconditional obligations to fulfill its liabilities under these agreements, IAS 32 "Financial Instruments: Disclosure and Presentation", requires the value of such put option to be presented as a financial liability on the statement of financial position for the present value of the estimated option redemption amount. The Group accounts for such transactions under the anticipated acquisition method and the interests of non-controlling shareholders that hold such put option are derecognized when the financial liability is recognized. Since the current option relates to the business combinations before 1 January 2009, the Group accounts for the difference between the amounts recognized for the exercise price of the put option and the carrying amount of non-controlling interests in equity other than the unwind of discount and associated foreign exchange gains and losses.

•Other

Other non-derivative financial instruments are measured at amortized cost using the effective interest method, less any impairment losses.

(ii) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency risk exposures arising from operational, financing and investing activities. In accordance with its treasury policy, the Group engages in forward and option contracts. However, these derivatives do not qualify for hedge accounting and are accounted for as trading derivatives.

3. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Derivative financial instruments (continued)

Embedded derivatives are separated from the host contract and accounted for separately if a) the economic characteristics and risks of the host contract and the embedded derivative are not closely related, b) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and c) the combined instrument is not measured at fair value through profit or loss.

Also 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 26 and 31.

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 immediately recognized in statement of profit or loss unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in statement of 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 statement of profit or loss, and is included in the "finance income / costs" 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 statement of profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is immediately recognized in statement of profit or loss.

3. Significant accounting policies (continued)

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are initially stated at cost less accumulated depreciation (see below) and accumulated impairment losses (see note 3(h)(ii)). Property, plant and equipment related to the parent and subsidiaries operating in Turkey are adjusted for the effects of inflation during the hyperinflationary period which ended on 31 December 2005. Since the inflation accounting commenced on 1 January 2011, property, plant and equipment related to the subsidiaries operating in Belarus are adjusted for the effects of inflation.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the asset to a working condition for its intended use and the costs of dismantling and removing the items and restoring the site on which they are located, if any. Borrowing costs related to the acquisition or constructions of qualifying assets are capitalized as part of the cost of that asset.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Gains/losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized net within other income or other expenses in the statement of profit or loss.

Changes in the obligation to dismantle, remove assets on sites and to restore sites on which they are located, other than changes deriving from the passing of time, are added or deducted from the cost of the assets in the period in which they occur. The amount deducted from the cost of the asset shall not exceed the balance of the carrying amount on the date of change, and any excess balance is recognized immediately in the statement of profit or loss.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced item is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in the statement of profit or loss as incurred.

3. Significant accounting policies (continued)

(d) Property, plant and equipment

(iii) Depreciation

Depreciation is recognized in the statement of profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term or their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

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

Buildings	21 – 50 years
Mobile network infrastructure	4 – 12 years
Fixed network infrastructure	3 – 25 years
Call center equipment	4 – 8 years
Equipment, fixtures and fittings	3 – 10 years
Motor vehicles	4 – 6 years
Central betting terminals	5 – 10 years
Leasehold improvements	3 – 5 years

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

(e) Intangible assets

(i) GSM and other telecommunication operating licenses

GSM and other telecommunication operating licenses that are acquired by the Group are measured at cost adjusted for the effects of inflation during the hyperinflationary period, where applicable, less accumulated amortization (see below) and accumulated impairment losses (see note 3(h)(ii)). GSM and other telecommunication operating licenses related to the parent and subsidiaries operating in Turkey are adjusted for the effects of inflation during the hyperinflationary period which ended on 31 December 2005. Since the inflation accounting commenced on 1 January 2011, GSM and other telecommunication operating licenses related to the subsidiaries operating in Belarus are adjusted for the effects of inflation.

Amortization

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

GSM and other telecommunications licenses	3 – 25 years

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3. Significant accounting policies (continued)

(ii) Computer Software

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

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

Amortization

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

Computer software	3 – 8 years

(iii) Other intangible assets

Other intangible assets that are acquired by the Group which have finite useful lives are measured at cost adjusted for the effects of inflation during the hyperinflationary period, where applicable, less accumulated amortization (see below) and accumulated impairment losses (see note 3(h)(ii)). Other intangible related to the parent and subsidiaries operating in Turkey are adjusted for the effects of inflation during the hyperinflationary periods lasted by 31 December 2005. Since the inflation accounting commenced on 1 January 2011, other intangible assets related to the subsidiaries operating in Belarus are adjusted for the effects of inflation.

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

3. Significant accounting policies (continued)

(e) Intangible assets (continued)

Subsequent expenditure

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

Amortization

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

Transmission lines	5 – 10 years
Central betting system operating right	7 – 10 years
Customer base	2 – 15 years
Brand name	9 – 10 years

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

Goodwill

From 1 January 2010 the Group has applied IFRS 3 (2008) "Business Combinations" in accounting for business combinations.

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

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

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Subsequent measurement

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

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3. Significant accounting policies (continued)

(e) Intangible assets (continued)

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

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

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

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

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

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

(f) Leased assets

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

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

(g) Inventories

Inventories are measured at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less selling expenses. The cost of inventory is determined using the weighted average method and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. As at 31 December 2013 and 2012, inventories mainly consist of simcards, scratch cards, handsets and modems.

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3. Significant accounting policies (continued)

(h) Impairment

(i) Financial assets

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

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

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

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

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost and available-for-sale financial assets that are debt securities, the reversal is recognized in the statement of profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognized directly in other comprehensive income. For available-for-sale equity investments carried at cost, the reversal is not permitted.

(ii) Non-financial assets

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

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

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3. Significant accounting policies (continued)

(h) Impairment (continued)

(ii) Non-financial assets (continued)

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

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

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

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

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

(i) Employee benefits

(i) Retirement pay liability

In accordance with existing labor law in Turkey, the Company and its subsidiaries in Turkey are required to make lump-sum payments to employees who have completed one year of service and whose employment is terminated without cause or who retire, are called up for military service or die. Such payments are calculated on the basis of 30 days' pay maximum full TL 3,438 as at 31 December 2013 (equivalent to full $1,611 as at 31 December 2013), which is effective from 1 January 2014, per year of employment at the rate of pay applicable at the date of retirement or termination. Reserve for retirement pay is computed and reflected in the consolidated financial statements on a current basis. The reserve has been calculated by estimating the present value of future probable obligation of the Company and its subsidiaries in Turkey arising from the retirement of the employees.

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3. Significant accounting policies (continued)

(ii) Defined contribution plans

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

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

(j) Provisions

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

Onerous contracts

Present obligations arising under onerous contracts are recognized and measured as a provision. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. Other than the contract signed with Ministry of Transport, Maritime Affairs and Communications regarding the construction and operation of mobile communication infrastructure in rural areas ("Evrensel Project") as explained in Note 34, the Group did not have any significant onerous contracts as at 31 December 2013 (31 December 2012: None).

Dismantling, removal and restoring sites obligation

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

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3. Significant accounting policies (continued)

(j) Provisions (continued)

Bonus

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

(k) Revenue

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

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

The Group has also certain customer loyalty programs whereby customers are awarded credits entitling customers to the right to purchase voice or data services or other third party goods and services. The fair value of the consideration received or receivable in respect of the initial sale is allocated between the credits and the other components of the sale in accordance with IFRIC 13 "Customer Loyalty Programmes". The amount allocated to credits is deferred and revenue is recognized when the credits are redeemed and the Group has fulfilled its obligations to supply the goods or services.

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

- the component has standalone value to the customer; and

- the fair value of the component can be measured reliably.

The arrangement consideration is allocated to each deliverable in proportion to the fair value of the individual deliverables.

If a delivered element of a transaction is not a separately identifiable component, then it is accounted for as an integral part of the remaining components of the transactions.

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

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

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3. Significant accounting policies (continued)

(k) Revenue (continued)

Commission fees mainly comprised of net takings earned to a maximum of 1.4% of gross takings, as a head agent of fixed odds betting games starting from 1 March 2009 and mobile agent revenues comprised of 2.24%-3.62% of mobile agency turnover after deducting VAT and Gaming tax as head agent starting from 23 March 2010. Commission revenues are recognized at the time all the services related with the games are fully rendered. Under the agreement signed with Spor Toto Teskilat Mudurlugu AS ("Spor Toto"), Inteltek Internet Teknoloji Yatirim ve Danismanlik AS ("Inteltek") is obliged to undertake any excess payout, which is presented on net basis with the commission fees.

AzerInteltek received authorization from Azeridmanservis Limited Liability Company set under the Ministry of Youth and Sport of the Republic of Azerbaijan to organize, operate, manage and develop the fixed odds and paramutual sports betting business. Since AzerInteltek acts as principle, total consideration received from the player less payout (distribution to players) and amounts collected from players on behalf of Ministry of Sports is recognized at the time all the services related with the games are fully rendered.

Starting from 1 January 2013, Azerinteltek has been authorized for the Lottery games by Azerlotereya for 3 years. Azerinteltek has been generating commission revenue over Lottery games turnover through its own agencies by applying 15% commission rate according to agreement between Azerinteltek and Azerlotereya. Commission revenues are recognized at the time all the services related with the games are fully rendered.

Simcard sales are recognized upfront upon delivery to distributors, net of returns, discounts and rebates.

Simcard costs are also recognized upfront upon sale of the simcard to the distributors.

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

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

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

(l) Lease payments

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

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

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3. Significant accounting policies (continued)

(l) Lease payments

Determining whether an arrangement contains a lease

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

(m)Finance income and costs

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

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

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

Borrowing costs

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

All other borrowing costs are recognized in the statement of profit or loss in the period in which they are incurred.

(n) Transactions with related parties

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

(o) Income taxes

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

3. Significant accounting policies (continued)

(o) Income taxes (continued)

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

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

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

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

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

(p) Earnings per share

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

In Turkey, companies can raise their share capital by distributing “Bonus Shares” to shareholders from retained earnings. In computing earnings per share, such “bonus share” distributions are treated as issued shares. Accordingly, the retrospective effect for such share distributions is taken into consideration in determining the weighted-average number of shares outstanding used in this computation.

(q) Operating segment

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

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

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3. Significant accounting policies (continued)

(r) Subscriber acquisition costs

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

- the capitalized costs can be measured reliably;
- there is a contract binding the customer for a specific period of time; and
- it is probable that the amount of the capitalized costs will be recovered through the revenues generated by the service contract, or, where the customer withdraws from the contract in advance, through the collection of the penalty.

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

(s) Government grants

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

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

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

(t) New standards and interpretations

(i) Amendments to IFRSs affecting amounts reported and/or disclosures in the consolidated financial statement

The following amendments to IFRSs have been applied in the current year and have affected the amounts reported in these consolidated financial statements.

Amendments to IAS 1 Presentation of Items of Other Comprehensive Income

The amendments to IAS 1 “Presentation of Items of Other Comprehensive Income” are effective for the annual periods beginning on or after 1 July 2012. The amendments introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to IAS 1, the “statement of comprehensive income” is renamed as the “statement of profit or loss and other comprehensive income” and the “statement of income” is renamed as the “statement of profit or loss”. 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 items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may 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 do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively. Other than the above mentioned presentation changes, the application of the amendments to IAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

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3. Significant accounting policies (continued)

(t) New standards and interpretations (continued)

(i) Amendments to IFRSs affecting amounts reported and/or disclosures in the consolidated financial statement (continued)

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In May 2011, a package of five Standards on consolidation, joint arrangements, associates and disclosures was issued, including IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Agreements", IFRS 12 "Disclosure of Interest in Other Entities", IAS 27 "Separate Financial Statements"(as revised in 2011) and IAS 28 "Investments in Associates and Joint Ventures" (as revised in 2011).

New and revised Standards on consolidation, joint arrangements, associates and disclosures (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" will be withdrawn upon the effective date of IFRS 10. Under IFRS 10, there is only one basis for consolidation that 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 return. 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" will be withdrawn upon the effective date 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 proportional consolidation. Since the Company accounted its joint venture A-Tel by applying equity method in accordance with IAS 31 before adoption of IFRS 11, the adoption of IFRS 11 did not have any impact on amounts reported in the consolidated financial statements.

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.

In June 2012, the amendments to IFRS 10, IFRS 11 and IFRS 12 were issued to clarify certain transitional guidance on the application of these IFRSs for the first time.

The application of these five standards did not have significant impact on amounts reported in the consolidated financial statements.

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3. Significant accounting policies (continued)

(t) New standards and interpretations (continued)

(i) Amendments to IFRSs affecting amounts reported and/or disclosures in the consolidated financial statement (continued)

IFRS 13 Fair Value Measurement

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.

The Group included requirements of extended disclosures under the Notes the summary of accounting policies, investment properties and financial instruments. Other than the additional disclosures, the application of IFRS 13 has not had any material impact on the amounts recognized in the consolidated financial statements.

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

Amendments to IAS 1	Clarification of the Requirements for Comparative Information
Amendments to IFRS 7	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to IFRSs IAS 16, IAS 32 and IAS 34	Annual Improvements to IFRSs 2009/2011 Cycle except for the amendment to IAS 1
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine

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3. Significant accounting policies (continued)

(t) New standards and interpretations (continued)

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

Amendments to IAS 1 Clarification of the Requirements for Comparative Information
(as part of the Annual Improvements to IFRSs 2009/2011 Cycle issued in May 2012)

The amendments to IAS 1 as part of the Annual Improvements to IFRSs 2009/2011 Cycle are effective for the annual periods beginning on or after 1 January 2013. IAS 1 requires an entity that changes accounting policies retrospectively, or makes a retrospective restatement or reclassification to present a statement of financial position as at the beginning of the preceding period (third statement of financial position). The amendments to IAS 1 clarify that an entity is required to present a third statement of financial position only when the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position and that related notes are not required to accompany the third statement of financial position. Since no retrospective restatement or reclassification made in the current year, the third statement of financial position is not presented.

Amendments to IFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities

The amendments to IFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

Amendments to IFRS 7 are effective for annual periods beginning on or after 1 January 2013. These amendments should be applied retrospectively to the all financial statements presented. The amendments to IFRS 7 did not have a significant effect on the Group's consolidated financial statements.

Annual Improvements to IFRSs 2009/2011 Cycle issued in May 2012

The Annual Improvements to IFRSs 2009/2011 Cycle include a number of amendments to various IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2013. The Amendments to IFRSs include:

- Amendments to IAS 16 “Property, Plant and Equipment”
- Amendments to IAS 32 “Financial Instruments: Presentation”
- Amendments to IAS 34 “Interim Financial Reporting”

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3. Significant accounting policies (continued)

(t) New standards and interpretations (continued)

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

Annual Improvements to IFRSs 2009/2011 Cycle issued in May 2012 (continued)

Amendments to IAS 16

The amendments to IAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in IAS 16 and as inventory otherwise. The amendments to IAS 16 did not have a significant effect on the Group's consolidated financial statements.

Amendments to IAS 32

The amendments to IAS 32 clarify that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction should be accounted for in accordance with IAS 12. The amendments to IAS 32 did not have a significant effect on the Group's consolidated financial statements.

Amendments to IAS 34

The amendments to IAS 34 clarify that disclosure of the total assets and total liabilities for a particular reportable segment is only required if a measure of total assets or total liabilities (or both) is regularly provided to the chief operating decision maker and there has been a material change in those measures since the last annual financial statements. The amendments to IAS 34 did not have an effect on the Group's consolidated financial statements.

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

IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine" applies to waste removal costs that are incurred in surface mining activity during the production phase of the mine (production stripping costs). Under the Interpretation, the costs from this waste removal activity (stripping) which provide improved access to ore is recognized as a non-current asset (stripping activity asset) when certain criteria are met, whereas the costs of normal on-going operational stripping activities are accounted for in accordance with IAS 2 Inventories. The stripping activity asset is accounted for as an addition to, or as an enhancement of, an existing asset and classified as tangible or intangible according to the nature of the existing asset of which it forms part.

IFRIC 20 is effective for annual periods beginning on or after 1 January 2013. Specific transitional provisions are provided to entities that apply IFRIC 20 for the first time. However, IFRIC 20 must be applied to production stripping costs incurred on or after the beginning of the earliest period presented. IFRIC 20 did not have an effect to the Group's financial statements as the Group does not engage in such activities.

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3. Significant accounting policies (continued)

(t) New standards and interpretations (continued)

(iii) 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 9	Financial Instruments2
Amendments to IFRS 9 and IFRS 7	Mandatory Effective Date of IFRS 9 and Transition Disclosures2
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilitie1
Amendments to IFRS 10, 11, IAS 27	Investment Entities1
Amendments to IAS 36	Recoverable Amount Disclosures for Non-Financial Assets1
Amendments to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting1
IFRIC 21	Levies1
Annual Improvements to 2010-2012 Cycle	IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16 and IAS 38, IAS 24 2
Annual Improvements to 2011-2013 Cycle	IFRS 1, IFRS 3, IFRS 13, IAS 40 2

1 Effective for annual periods beginning on or after 1 January 2014.
2 Effective for annual periods beginning on or after 1 January 2015.

IFRS 9 Financial Instruments

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

Key requirements of IFRS 9:

- 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. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that 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.

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3. Significant accounting policies (continued)

(t) New standards and interpretations (continued)

(iii) New and revised IFRSs in issue but not yet effective (continued)

IFRS 9 Financial Instruments (continued)

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 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 the application of IFRS 9 in the future 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.

Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities
The amendments to IAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realization and settlement'.

Amendments to IFRS 10, 11, IAS 27 Investment Entities
This amendment with the additional provisions of IFRS 10 provide 'investment entities' (as defined) an exemption from the consolidation of particular subsidiaries and instead require that an investment entity measure the investment in each eligible subsidiary at fair value through profit or loss.

Amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets

As a consequence of IFRS 13 Fair Value Measurements, there are amendments in the explanations about the measurement of the recoverable amount of an impaired asset. This amendment is limited to non-financial assets and paragraphs 130 and 134 of IAS 36 have been changed.

Amendments to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting
This amendment to IAS 39 makes it clear that there is no need to discontinue hedge accounting if a hedging derivative is novated provided certain criteria are met.

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3. Significant accounting policies (continued)

(t) New standards and interpretations (continued)

(iii) New and revised IFRSs in issue but not yet effective (continued)

IFRIC 21 Levies
IFRIC 21 identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation.

Annual Improvements to 2010-2012 Cycle

IFRS 2: Amends the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition'

IFRS 3: Require contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting date.

IFRS 8 "Operating Segments": Requires disclosure of the judgments made by management in applying the aggregation criteria to operating segments, clarify reconciliations of segment assets only required if segment assets are reported regularly.

IFRS 13: Clarify that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis (amends basis for conclusions only). The amendmends on IFRS 13 has no effect on Group's consolidated financial statements.

IAS 16 and IAS 38: Clarify that the gross amount of property, plant and equipment is adjusted in a manner consistent with a revaluation of the carrying amount.

IAS 24 "Related Party Disclosures": Clarify how payments to entities providing management services are to be disclosed.

Annual Improvements to 2011-2013 Cycle

IFRS 1: Clarify which versions of IFRSs can be used on initial adoption (amends basis for conclusions only).

IFRS 3: Clarify that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.

IFRS 13: Clarify the scope of the portfolio exception in paragraph 52.

IAS 40 "Investment Property": Clarifying the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property.

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3. Significant accounting policies (continued)

(u) Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciations.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

(i) Depreciation

Depreciation is recognized in the statement of profit or loss on a straight-line basis over the estimated useful lives.

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

Investment Property	45 years

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

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4. Determination of fair values

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

(i) Property, plant and equipment

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

(ii) Intangible assets

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

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

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

The fair value of customer base acquired in business combinations are valued using the cost approach where by the subject asset is valued by using the information on a cost per subscriber basis under current market conditions and rates.

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

(iii) Investments in equity and debt securities

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

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4. Determination of fair values (continued)

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

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

(v) Derivatives

The fair value of forward exchange contracts and option contracts are based on their listed market price, if available. If a listed market price is not available, then fair values are derived from inputs other than quoted prices that are observable for the asset or liability or are derived by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds) or option pricing models.

(vi) Non-derivative financial liabilities

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

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

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

The Group has estimated a value based on multiple approaches in grant to share purchase agreement including income approach (discounted cash flows) and market approach (comparable market multiples). The simple average, in accordance with the agreement between parties, of the values determined as at 31 August 2013, which is the exercise date of the put option, is then discounted back to respective reporting date. On 26 August 2013, the non-controlling interest put option granted to Belarusian Government became exercisable for a three months period. However; the Belarusian Government did not exercise the put option and the put option expired on 26 November 2013. As a result the Group derecognized the financial liability related to the non-controlling put option on 26 November 2013.

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5. Financial risk management

The Group practice is to centrally manage Group's predetermined capital / debt ratios by capital injection or using available credit facilities. Group obtains short and long-term borrowings according to Group's financial needs and market predictions. Debt instruments vary from commercial bank loans to Export Credit Agency loans and different capital market instruments are seldom used in order to maintain diversified source of financing. The Group's financial borrowing ratios are monitored for all transactions in order to prevent any negative effect on the Group's credit ratings.

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

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Please refer to Note 31 for additional information on the Group's exposure to risks.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. Additionally the Company established a Risk Committee in accordance with the new Turkish Commercial Code effective from 1 July 2012.

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

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

As at 31 December 2012, TL appreciated against USD and EUR by 5.6% and 3.8%, respectively, BYR depreciated against USD by 2.6% and HRV depreciated against USD by 0.04% when compared to the exchange rates as at 31 December 2011. As at 31 December 2013, TL depreciated against USD and EUR by 19.7% and 24.9%, respectively, BYR depreciated against USD by 11.0% and HRV remained constant against USD when compared to the exchange rates as at 31 December 2012. Additional information related to Group's exposure to currency risk is disclosed in Note 31.

Credit risk

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

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

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5. Financial risk management (continued)

Credit risk (continued)

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

Investments are preferred to be in liquid securities. The counterparty limits are set depending on their ratings from the most credible rating agencies and the amount of their paid in capital and/or shareholders equity. Policies are in place to review the paid-in capital and rating of counterparties periodically to ensure credit worthiness.

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

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

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

The Group's policy is to provide financial guarantees only to majority-owned subsidiaries. At 31 December 2013, $1,263,477 guarantees were outstanding (31 December 2012: $1,363,291).

Liquidity risk

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

Market risk

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

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

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5. Financial risk management (continued)

Currency risk

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

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

The Group's investments in its equity accounted investee Fintur are not hedged with respect to the currency risk arising from the net assets as those net investments are considered to be long-term in nature.

Interest rate risk

The Group's exposure to interest rate risk is related to its financial assets and liabilities. The Group's financial liabilities mostly consist of floating interest rate borrowings. The use of financial derivatives is governed by the Group's policies approved by the Board of Directors, which provide written principles on the use of financial derivatives consistent with the Group's treasury and risk management strategy. The Group also closely monitored various hedging alternatives to hedge interest risk with a minimum cost. In June 2011, the Group engaged in forward start collar agreements for the half of its debt which are due in 2015 and exposed to interest rate risk. The collars hedge variable interest rate risk for the period between 2013 and 2015.

6. Operating Segments

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

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

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

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

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

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6. Operating segments (continued)

	Turkcell		Euroasia		Belarusian Telecom		Other		Total	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2
Total external revenues	4,759,649	4,844,867	445,394	402,167	70,607	62,162	699,757	556,591	5,975,407	5,8
Intersegment revenue	30,247	24,820	4,402	3,250	87	76	447,919	402,495	482,655	43
Reportable segment adjusted EBITDA	1,485,098	1,511,539	137,119	114,431	(3,253)	(5,392)	268,620	213,712	1,887,584	1,8
Finance income	370,809	369,198	2,730	2,468	6,111	572	65,438	57,591	445,088	42
Finance cost	61,119	(55,669)	(57,425)	(56,723)	(104,607)	(66,162)	(99,044)	(36,572)	(199,957)	(2
Monetary gain	-	-	-	-	82,755	95,322	116	3	82,871	95
Depreciation and amortization	(491,807)	(506,220)	(116,235)	(116,939)	(77,735)	(46,275)	(164,581)	(137,357)	(850,358)	(8
Share of profit of equity accounted investees	-	-	-	-	-	-	155,362	121,733	155,362	12
Capital expenditure	517,323	560,461	67,753	77,911	47,539	53,411	249,532	320,412	882,147	1,0
Impairment on goodwill	-	-	-	-	-	-	-	-	-	-
Bad debt expense	66,521	55,936	512	191	5,525	1,838	6,907	4,466	79,465	62

Impairment on equity accounted investees	-	-	-	-	-	-	-	40,250	-	40

	Turkcell		Euroasia		Belarusian Telecom		Other		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2
Total external revenues	4,844,867	4,805,521	402,167	364,491	62,162	47,893	556,591	391,774	5,865,787	5,6
Inter segment revenue	24,820	13,048	3,250	4,347	76	93	402,495	414,199	430,641	43
Reportable segment adjusted EBITDA	1,511,539	1,507,783	114,431	94,204	(5,392)	(12,151)	213,712	190,887	1,834,290	1,7
Finance income	369,198	283,015	2,468	690	572	15,520	57,591	58,951	429,829	35
Finance cost	(55,669)	108,861	(56,723)	(56,287)	(66,162)	(283,870)	(36,572)	(159,991)	(215,126)	(39
Monetary gain	-	-	-	-	95,322	144,813	3	-	95,325	14
Depreciation and amortization	(506,220)	(485,789)	(116,939)	(116,547)	(46,275)	(224,527)	(137,357)	(111,260)	(806,791)	(9
Share of profit of equity accounted investees	-	-	-	-	-	-	121,733	136,907	121,733	13
Capital expenditure	560,461	501,256	77,911	65,152	53,411	55,026	320,412	273,511	1,012,195	89
Impairment on goodwill	-	-	-	-	-	52,971	-	-	-	52
Bad debt expense	55,936	28,377	191	381	1,838	1,027	4,466	1,576	62,431	31
Impairment on equity accounted investees	-	-	-	-	-	-	40,250	15,844	40,250	15

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6. Operating segments (continued)

	As at 31 December 2013 and 2012									
	Turkcell		Euroasia		Belarusian Telecom		Other		Total	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	20
Reportable segment assets	3,825,648	4,105,790	455,918	500,935	198,722	208,377	1,351,040	1,406,554	5,831,328	6,221,(
Investment in associates	-	-	-	-	-	-	250,959	256,931	250,959	256,93
Reportable segment liabilities	970,443	993,200	97,841	116,222	59,222	82,625	283,702	305,177	1,411,208	1,497,2

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6. Operating segments (continued)

	2013	2012	2011
Revenues			
Total revenue for reportable segments	5,310,386	5,337,342	5,235,393
Other revenue	1,147,676	959,086	805,973
Elimination of inter-segment revenue	(482,655)	(430,641)	(431,687)
Consolidated revenue	5,975,407	5,865,787	5,609,679

	2013	2012	2011
Adjusted EBITDA			
Total adjusted EBITDA for reportable segments	1,618,964	1,620,578	1,589,836
Other adjusted EBITDA	268,620	213,712	190,887
Elimination of inter-segment adjusted EBITDA	(29,537)	(25,844)	(32,580)
Consolidated adjusted EBITDA	1,858,047	1,808,446	1,748,143
Finance income	395,396	386,088	330,277
Finance costs	(95,515)	(125,510)	(289,648)
Monetary gain	82,871	95,325	144,813
Other income	18,243	18,094	32,600
Other expense	(47,464)	(76,924)	(161,236)
Share of profit of equity accounted investees	155,362	121,733	136,907
Depreciation and amortization	(826,780)	(788,632)	(924,550)
Consolidated profit before income tax	1,540,160	1,438,620	1,017,306
Income tax expense	(310,696)	(291,491)	(292,193)
Profit for the period	1,229,464	1,147,129	725,113

	2013	2012	2011
Finance income			
Total finance income for reportable segments	379,650	372,238	299,225
Other finance income	65,438	57,591	58,951
Elimination of inter-segment finance income	(49,692)	(43,741)	(27,899)
Consolidated finance income	395,396	386,088	330,277

	2013	2012	2011
Finance costs			
Total finance costs for reportable segments	100,913	178,554	231,296
Other finance costs	99,044	36,572	159,991
Elimination of inter-segment finance costs	(104,442)	(89,616)	(101,639)
Consolidated finance costs	95,515	125,510	289,648

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6. Operating segments (continued)

	2013	2012	2011
Depreciation and amortization			
Total depreciation and amortization for reportable segments	685,777	669,434	826,863
Other depreciation and amortization	164,581	137,357	111,260
Elimination of inter-segment depreciation and amortization	(23,578)	(18,159)	(13,573)
Consolidated depreciation and amortization	826,780	788,632	924,550

	2013	2012	2011
Capital expenditure			
Total capital expenditure for reportable segments	632,615	691,783	621,434
Other capital expenditure	249,532	320,412	273,511
Elimination of inter-segment capital expenditure	(28,339)	(36,740)	(28,754)
Consolidated capital expenditure	853,808	975,455	866,191

	2013	2012
Assets		
Total assets for reportable segments	4,480,288	4,815,102
Other assets	1,351,040	1,406,554
Investments in equity accounted investees	250,959	256,931
Other unallocated assets	3,890,351	4,004,649
Consolidated total assets	9,972,638	10,483,236

	2013	2012
Liabilities		
Total liabilities for reportable segments	1,127,506	1,192,047
Other liabilities	283,702	305,177
Other unallocated liabilities	1,657,464	1,825,868
Consolidated total liabilities	3,068,672	3,323,092

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6. Operating Segments (continued)

Geographical information

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

Revenues	2013	2012	2011
Turkey	5,286,551	5,267,145	5,106,652
Ukraine	454,692	407,218	365,968
Belarus	70,607	62,162	47,893
Turkish Republic of Northern Cyprus	66,157	64,335	63,857
Azerbaijan	68,162	41,934	12,310
Germany	29,238	22,993	12,999
	5,975,407	5,865,787	5,609,679

	2013	2012
Non-current assets		
Turkey	3,543,214	3,945,280
Ukraine	467,779	511,480
Belarus	161,456	180,072
Turkish Republic of Northern Cyprus	46,176	53,300
Azerbaijan	4,959	4,919
Germany	4,415	5,367
Unallocated non-current assets	289,258	299,169
	4,517,257	4,999,587

7. Acquisition of subsidiaries

Acquisition of Deksarnet Telekominikasyon AS

On 7 March 2013, Superonline Iletisim Hizmetleri AS ("Turkcell Superonline") signed a Share Purchase Agreement ("SPA") to acquire 100% stake in Deksarnet Telekomunikasyon AS ("Deksarnet"), which is specialized in rendering of telecommunications services. On 1 July 2013, the control over Deksarnet is acquired from Vestel Elektronik Sanayi ve Ticaret AS for a nominal consideration of $1,750 and the payment will be made through 12 equal monthly installments.

Subsequent to the acquisition, Deksarnet reported revenue of $1,585 and profit of $74 till Turkcell Superonline merger. Since Deksarnet's statement of profit or loss prepared in accordance with IFRS for the year ended 31 December 2012 is not available, the estimated revenue and profit or loss for the current reporting period if the acquisition had occurred on 1 January 2013 could not be disclosed.

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7. Acquisition of subsidiaries (continued)

Acquisition of Deksarnet Telekominikasyon AS (continued)

The acquisition of Deksarnet had the following effect on the Group's assets and liabilities on the acquisition date:

	Pre-acquisition carrying amounts	Fair value adjustments	Recognized values on acquisition
Property, plant and equipment	271	330	601
Intangible assets	5	117	122
Other assets	1,183	-	1,183
Cash and cash equivalents	129	-	129
Total liabilities	(126)	(90)	(216)
Net identifiable assets and liabilities	1,462	357	1,819
Present value of the acquisition consideration			1,723
Less: fair value of identifiable net assets acquired			(1,819)
Bargain purchase gain on acquisition			(96)
Nominal amount of total consideration			1,750
Finance cost on deferred consideration			(27)
Total consideration			1,723
Consideration paid in cash			(875)
Add: cash and cash equivalent balances acquired			129
Net cash and cash equivalent effect of the business combination			(746)

Pre-acquisition carrying amounts were determined based on applicable IFRSs immediately before the acquisition. The fair value of intangible assets and liabilities recognized on acquisition has been determined based on independent valuation.

The bargain purchase gain on the acquisition has been included in other income in the Group's consolidated statement of profit or loss.

The Group incurred acquisition-related costs of $41 related to external consultancy costs which are included in administrative expenses in the Group's statement of profit or loss.

After the acquisition of Deksarnet in 2013, management merged the Deksarnet's operations with its wholly owned subsidiary, Turkcell Superonline on 3 December 2013.

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8. Revenue

	2013	2012	2011
Communication fees	5,369,036	5,373,986	5,225,441
Revenue from betting business	68,162	41,934	12,310
Call center revenues	57,779	44,944	38,090
Commission fees on betting business	52,236	47,087	39,066
Monthly fixed fees	39,976	50,649	62,977
Simcard sales	15,605	18,302	21,152
Other revenues*	372,613	288,885	210,643
	5,975,407	5,865,787	5,609,679

*Other revenues consists of handsets, modems, internet subscription revenues, tower rent incomes and other several revenues.

9. Other income and expenses

Other income amounts to $18,243, $18,094 and $32,600 for the years ended 31 December 2013, 2012 and 2011, respectively. Other income for the year ended 31 December 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 $47,464, $76,924 and $161,236 for the years ended 31 December 2013, 2012 and 2011, respectively. Other expenses as of 31 December 2013 mainly consists of payments and provisions for the penalties imposed by ICTA for not complying with relevant regulations as explained in Note 34, to consolidated financial statements amounting to $18,371 and impairment recognized on the Group's investment in T-Medya and Aks TV amounting to $9,256 and $9,986, respectively.

Since the service provider and distribution agreement with A-Tel was annulled via notification dated 31 January 2012 which was effective from 1 August 2012, the carrying amount of A-Tel in the consolidated financial statements is decreased to the Company's share on the net assets of A-Tel as at 31 December 2012 and an impairment loss of $40,250 is recognized in other expenses. Additionally based on the management opinion, the Company accrued a provision before tax effect amounting to $19,299 and recognized in other expenses as explained in Notes 16. Other expense also includes payments and provisions for the penalties imposed by ICTA for not complying with aforementioned and relevant regulations, as explained in Note 34 to consolidated financial statements amounting to $6,384.

Other expenses for the years ended 31 December 2011 mainly comprises of impairment charge recognized on goodwill arising from the acquisition of Belarusian Telecom amounting to $52,971, impairment recognized on the Group's investment in A-Tel and Aks TV amounting to $15,844 and $5,714, respectively. Besides, 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 34 to consolidated financial statements amounting to $31,155, and penalties imposed by ICTA for not complying with aforementioned and relevant regulations, as explained in Note 34 to consolidated financial statements amounting to $38,463.

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10. Personnel expenses

	2013	2012	2011
Wages and salaries (*)	590,637	548,896	496,915
Increase in liability for long-service leave (**)	14,989	16,786	12,697
Contributions to defined contribution plans	3,438	3,737	5,916
	609,064	569,419	515,528

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

(**)The increase in liability for long-service leave for the years ended 31 December 2011 consist of actuarial gain and loss amounting to $182. The actuarial gains and losses for the year ended 31 December 2013 and 2012 are amounting to $(2,478) and $4,911 respectively, reflected to other comprehensive income as a result of early adoption of amendment to IAS 19 as of 31 December 2012.

11. Finance income and costs

Recognized in the statement of profit or loss:

	2013	2012	2011
Interest income on bank deposits	266,372	289,768	248,116
Interest income on late payment and contracted receivables	113,992	91,250	46,922
Premium income on option contracts	484	2,250	6,081
Discount interest income	11,807	1,938	24,607
Other interest income	2,741	882	4,551
Finance income	395,396	386,088	330,277
Interest expense on financial liabilities measured at amortized cost	(54,977)	(93,396)	(47,387)
Litigation late payment interest expense	(1,949)	(18,996)	(8,772)
Net foreign exchange loss	(32,369)	(2,388)	(202,686)
Option premium expense	(106)	(280)	(1,267)
Other	(6,114)	(10,450)	(29,536)

Finance cost	(95,515)	(125,510)	(289,648)
Net finance income	299,881	260,578	40,629

Interest income on late payment and contracted receivables are composed of interest received from subscribers who pay monthly invoices after the due date specified on the invoices and interest income on contracted receivables which are collected on an installment basis throughout the contract period.

Borrowings costs capitalized on fixed assets are $6,771, $8,517 and $6,025 for the years ended 31 December 2013, 2012 and 2011, respectively. Interest capitalization ratio is 11.4%, 11.9% and 11.5% for the year ended 31 December 2013, 2012 and 2011, respectively.

The foreign exchange incomes amounting to $62,634, $28,984 and $123,803 and foreign exchange expenses, mainly attributable to the foreign exchange loss in Belarus operations, amounting to $95,003, $31,373 and $326,489 have been presented on net basis for the years ended 31 December 2013, 2012 and 2011.

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12. Income tax expense

	2013	2012	2011
Current tax expense			
Current period	(340,944)	(314,853)	(303,968)
Deferred tax benefit			
Origination and reversal of temporary differences	10,291	7,731	8,646
Benefit of investment incentives recognized	989	878	942
Utilization of previously unrecognized tax losses	18,968	14,753	2,187
	30,248	23,362	11,775
Total income tax expense	(310,696)	(291,491)	(292,193)

Income tax recognized directly in equity

	Before tax	Tax (expense)/ benefit	Net of tax
2013			
Foreign currency translation differences	(1,405,792)	3,170	(1,402,622)
Change in cash flow hedge reserve	471	-	471
Change in actuarial gain /(loss)	2,478	(482)	1,996
	(1,402,843)	2,688	(1,400,155)
2012			
Foreign currency translation differences	312,708	2,145	314,853
Change in cash flow hedge reserve	(860)	-	(860)
Change in actuarial gain /(loss)	(4,911)	960	(3,951)
	306,937	3,105	310,042
2011			
Foreign currency translation differences	(1,293,917)	(4,430)	(1,298,347)
Change in cash flow hedge reserve	(459)	-	(459)
	(1,294,376)	(4,430)	(1,298,806)

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12. Income tax expense (continued)

Reconciliation of effective tax rate

The reported income tax expense for the years ended 31 December 2013, 2012 and 2011 are different than the amounts computed by applying the statutory tax rate to profit before income tax of the Company, as shown in the following reconciliation:

		2013		2012		2011
Profit for the year		1,229,464		1,147,129		725,113
Total income tax expense		310,696		291,491		292,193
Profit before income tax		1,540,160		1,438,620		1,017,306
Income tax using the Company's domestic tax rate	20 %	(308,032)	20 %	(287,724)	20 %	(203,461)
Effect of tax rates in foreign jurisdictions	1 %	(12,093)	-	(5,854)	(1)%	14,221
Tax exempt income	-	1,161	-	3,340	(1)%	8,050
Non-deductible expenses	1 %	(22,432)	3 %	(43,939)	3 %	(31,806)
Tax incentives	-	989	-	878	-	942
Utilization of previously unrecognized tax losses	(1)%	18,968	(1)%	14,753	-	2,187
Unrecognized deferred tax assets	2 %	(34,349)	1 %	(8,511)	11 %	(112,192)
Difference in effective tax rate of equity accounted investees	(2)%	23,482	(1)%	21,435	(2)%	24,782
Other	(1)%	21,610	(1)%	14,131	-	5,084
Total income tax expense		(310,696)		(291,491)		(292,193)

The income taxes payable amounting to $65,074 of and $76,533 as at 31 December 2013 and 2012, respectively, represents the amount of income taxes payable in respect of related taxable profit for the years ended 31 December 2013 and 2012, respectively netted off with advance tax payments.

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

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

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

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

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13. Property, plant and equipment

Cost or deemed cost	Balance as at 1 January 2013	Additions	Disposals	Transfers	Impairment	Acquisitions through business combinations	Effect of movements in exchange rates and hyperinflation	Transfer to Investment Property	Balance as at 31 December 2013
Network infrastructure (All operational)	5,836,623	96,505	(478,198)	505,108	-	568	(746,171)	-	5,214,435
Land and buildings	267,728	7,156	-	3,628	-	-	(41,380)	-	237,132
Equipment, fixtures and fittings	273,436	19,695	(4,888)	1,761	-	33	(42,231)	-	247,806
Motor vehicles	17,915	1,348	(705)	288	-	-	(2,405)	-	16,441
Leasehold improvements	123,661	9,909	(139)	5,028	-	-	(19,050)	(10,012)	109,397
Construction in progress	281,123	508,050	(1,773)	(516,768)	(1,686)	-	(20,863)	-	248,083
Total	6,800,486	642,663	(485,703)	(955)	(1,686)	601	(872,100)	(10,012)	6,073,294
Accumulated depreciation									
Network infrastructure (All operational)	3,276,644	520,507	(477,241)	-	38,564	-	(444,444)	-	2,914,030
Land and buildings	111,538	9,105	-	-	314	-	(19,100)	-	101,857
	231,696	13,244	(4,848)	-	261	-	(34,443)	-	205,910

Equipment, fixtures and fittings									
Motor vehicles	13,286	1,926	(665)	-	-	-	(1,816)	-	12,731
Leasehold improvements	106,123	4,157	(119)	-	-	-	(17,300)	(1,908)	90,953
Total	3,739,287	548,939	(482,873)	-	39,139	-	(517,103)	(1,908)	3,325,481
Total property, plant and Equipment	3,061,199	93,724	(2,830)	(955)	(40,825)	601	(354,997)	(8,104)	2,747,813

Depreciation expenses for the years ended 31 December 2013, 2012 and 2011 are $589,764, $562,788 and $636,758 respectively including impairment losses and recognized in direct cost of revenues.

The impairment losses on property, plant and equipment for the years ended 31 December 2013, 2012 and 2011 are $40,825, $39,179 and $144,429 respectively and recognized in depreciation expense.

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13. 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 31 December 2012
Network infrastructure (All operational)	5,103,751	93,886	(261,471)	605,789	-	294,668	5,836,623
Land and buildings	244,711	5,568	(453)	3,572	-	14,330	267,728
Equipment, fixtures and fittings	241,724	20,530	(2,671)	146	-	13,707	273,436
Motor vehicles	15,533	1,988	(679)	-	-	1,073	17,915
Leasehold improvements	114,872	2,021	(177)	136	-	6,809	123,661
Construction in progress	226,317	647,792	(1,650)	(598,450)	(6,278)	13,392	281,123
Total	5,946,908	771,785	(267,101)	11,193	(6,278)	343,979	6,800,486
Accumulated depreciation							
Network infrastructure (All operational)	2,823,456	498,182	(256,855)	6,533	32,901	172,427	3,276,644
Land and buildings	96,439	9,285	(53)	-	-	5,867	111,538
Equipment, fixtures and fittings	209,837	10,397	(2,553)	-	-	14,015	231,696

Motor vehicles	11,058	1,920	(505)	-	-	813	13,286
Leasehold improvements	96,518	3,825	(132)	-	-	5,912	106,123
Total	3,237,308	523,609	(260,098)	6,533	32,901	199,034	3,739,287
Total property, plant and Equipment	2,709,600	248,176	(7,003)	4,660	(39,179)	144,945	3,061,199

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13. Property, plant and equipment (continued)

Leased assets

The Group leases equipment under a number of finance lease agreements. At the end of each of the lease period, the Group has the option to purchase the equipment at a beneficial price. As at 31 December 2013, net carrying amount of fixed assets acquired under finance leases amounted to $52,099 (31 December 2012: $62,928).

Property, plant and equipment under construction

Construction in progress mainly consisted of capital expenditures in GSM and fixed-line network of the Company, Astelit, Kibris Mobile Telekomunikasyon Limited Sirketi ("Kibris Telekom"), Belarusian Telecom and Turkcell Superonline and non-operational capital expenditures as at 31 December 2013 and 2012.

14. Intangible assets

In April 1998, the Company signed the License with the Turkish Ministry, under which it was granted a GSM license, which is amortized over 25 years with a carrying amount of $199,286 as at 31 December 2013 (31 December 2012: $264,400). The amortization period of the license will end in 2023.

On 30 April 2009, the Company signed a license agreement with ICTA which provides authorization for providing IMT 2000/UMTS services and infrastructure. The Company acquired the A type license providing the widest frequency band for a consideration of EUR 358,000 (excluding VAT). The license is effective for duration of 20 years starting from 30 April 2009. The carrying amount as at 31 December 2013 is $276,391 and the amortization period of the license will end in 2029.

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 2013. 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 2013, impairment test for long-lived assets of Astelit is made on the assumption that Astelit 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, no impairment was recognized. The assumptions used in value in use calculation of Astelit were:

A 17.0% post-tax WACC rate for 2014 to 2018, a 16.5% post-tax WACC rate for after 2018 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 18.0%.

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 2013.

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14. Intangible assets (continued)

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

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 adjusted 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 2013, impairment test was performed for Belarusian Telecom and after tax impairment at the amount of $28,674 was calculated for the cash-generating unit, 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 included in depreciation expense. Tax effect of the long-lived asset impairment of $1,710 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 impairment testing was taken as 5 years between 1 January 2014 and 31 December 2018. 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 17.1% post-tax WACC rate for 2014 to 2018, a 16.6% post-tax WACC rate for after 2018 were 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 18.4%.

Turkcell Superonline

As at 31 December 2013, the aggregate carrying amount of goodwill allocated to Turkcell Superonline is $15,384 (31 December 2012: 18,419). As the recoverable value based on the value in use of the cash generating units was estimated to be higher than carrying amount, no impairment was required for goodwill arising from the acquisition of

Superonline as at 31 December 2013. The calculation of the value in use was based on the following key assumptions:

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

The projection period for the purposes of goodwill impairment testing was taken as 6 years between 1 January 2014 and 31 December 2019.

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14. Intangible assets (continued)

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

Turkcell Superonline (continued)

Cash flows for further periods (perpetuity) were extrapolated using a constant growth rate of 3.0%. This growth rate does not exceed the long-term average growth rate for the market in which Superonline operates. A 14.7% post-tax WACC rate for 2014 to 2016, a 14.4% post-tax WACC rate for after 2016 were applied in determining the recoverable amount of the cash-generating unit. Discounting post-tax cash flows at a post-tax discount rate and discounting pre-tax cash flows at pre-tax discount rate gave 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 21.4%.

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14. Intangible assets (continued)

Cost	Balance at 1 January 2013	Additions	Disposals	Transfers	Impairment	Acquisitions through business combinations	Effects of movements in exchange rates and hyperinflation	Balance at 31 December 2013
GSM and other telecommunication operating licenses	1,271,274	2,811	-	414	-	-	(162,324)	1,112,175
Computer software	2,113,345	142,891	(4,817)	67,600	-	-	(330,228)	1,988,791
Transmission lines	28,569	526	-	-	-	-	(4,697)	24,398
Central betting system operating right	5,966	280	-	-	-	-	(874)	5,372
Indefeasible right of usage	19,541	2,289	-	-	-	-	(3,342)	18,488
Brand name	3,949	-	-	-	-	-	(651)	3,298
Customer base	7,959	-	-	-	-	117	(1,318)	6,758
Goodwill	18,419	-	-	-	-	-		