

TURKCELL ILETISIM HIZMETLERI A S
Form 6-K
May 02, 2016

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 May 2, 2016

Commission File Number: 001-15092

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

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(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 E

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 E

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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

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

Enclosure: A press release dated April 28, 2016 announcing Turkcell's First Quarter 2016 results and Q1 2016 IFRS Report.

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• 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”), unless otherwise stated.

- As previously announced, starting from Q115, we now have three reporting segments:

o “Turkcell Turkey” which comprises all of our telecom related businesses in Turkey (as used in our previous releases, this term covered only mobile businesses). All non-financial data presented in this press release is unconsolidated and comprises Turkcell Turkey only figures, unless otherwise stated. The terms “we”, “us”, and “our” in this press release refer only to Turkcell Turkey, except in discussions of financial data, where such terms refer to the Group, and except where context otherwise requires.

- o “Turkcell International” which comprises all of our telecom related businesses outside of Turkey.

o

“Other subsidiaries” which is mainly comprised of our information and entertainment services, call center business revenues, financial services revenues and inter-business eliminations. Call centers were previously included in Turkcell Turkey but are, with effect from the fourth quarter of 2015, now included in “Other subsidiaries”. We have made this change because we believe that our third party call center revenues are not telecom related. All figures presented in this document for prior periods have been restated to reflect this change.

- 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 March 31, 2016 refer to the same item as at March 31, 2015. For further details, please refer to our consolidated financial statements and notes as at and for March 31, 2016, which can be accessed via our website in the investor relations section (www.turkcell.com.tr).
- With effect from Q4 2015, our financial statements are presented in TRY only, the currency in which we recognize the majority of our revenues and expenses. We will no longer present financial statements in USD. This change allows us align our Turkish and US reporting.
- 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.
- Year-on-year and quarter-on-quarter percentage comparisons appearing in this press release reflect mathematical calculation.

First Quarter 2016 Results

FIRST QUARTER SUMMARY

- Another all-time-high first quarter revenue and EBITDA¹ performance from Turkcell Turkey and the Group
- Turkcell Turkey's revenues and EBITDA up 10.0% and 10.6%, respectively with an EBITDA margin of 31.3%; data and services revenues, comprising 42% of Turkcell Turkey revenues, up 31.1%
 - Group revenues and EBITDA up 8.3% and 8.1%, respectively with an EBITDA margin of 31.1%
- Group net income as per IFRS up 298.8% to TRY563 million. Group proforma net income² up 15.1% to TRY544 million
- Turkcell International revenues up 2.1%, with positive growth after 7 quarters of decline, on an EBITDA margin of 27.2%
 - 4.5G launch on April 1st with over 70% population coverage in 81 cities; around 5.0 million³ customers
 - First real converged offers in Turkey; single invoice, single call center and uninterrupted connection
- Full year guidance⁴ maintained; Turkcell Turkey and Group revenue growth targeted at 8% - 10%, Group EBITDA margin targeted at 31% - 33% and Group operational capex over sales targeted at ~20%

FINANCIAL HIGHLIGHTS

| TRY million | Q115 | Q4155 | Q116 | y/y % | q/q % |
|----------------------------------|---------|---------|---------|--------|---------|
| Revenue | 2,978.2 | 3,334.5 | 3,225.4 | 8.3% | (3.3%) |
| Turkcell Turkey | 2,662.2 | 2,997.8 | 2,927.5 | 10.0% | (2.3%) |
| EBITDA ¹ | 926.8 | 1,058.2 | 1,001.5 | 8.1% | (5.4%) |
| Turkcell Turkey | 828.2 | 955.8 | 916.1 | 10.6% | (4.2%) |
| EBITDA Margin | 31.1% | 31.7% | 31.1% | - | (0.6pp) |
| Net Income | 141.1 | 584.2 | 562.7 | 298.8% | (3.7%) |
| Proforma Net Income ² | 472.5 | 567.1 | 543.7 | 15.1% | (4.1%) |

(1) EBITDA is a non-GAAP financial measure. See page 13 for the reconciliation and the explanation of how we calculate Adjusted EBITDA to net income.

(2) We use "proforma net income" as a means of presenting our net income net of certain non-operating items and items that we believe are non-recurring. We define "proforma net income" in this document as net Income excluding FX gain / (loss) (including tax and minority impact), interest Income on time deposits of Turkcell Iletisim Hizmetleri, share of profit of equity accounted investees (Fintur), and one-off items. Please note that this is a non-GAAP measure and that we may in future presentations change the scope of items that we deduct from net income to arrive at "proforma net income."

(3) Customers with 4.5G compatible devices and SIM cards

(4) Please note that this paragraph contains forward looking statements based on our current estimates and expectations regarding market conditions for each of our different businesses. No assurance can be given that actual results will be consistent with such estimates and expectations. For a discussion of factors that may affect our results, see our Annual Report on Form 20-F for 2015 filed with U.S. Securities and Exchange Commission, and in particular, the risk factor section therein.

For further details, please refer to our consolidated financial statements and notes as at and for March 31, 2016 which can be accessed via our web site in the investor relations section (www.turkcell.com.tr).

(5) For our full Q4 15 results, please find our Q4 15 press release, which is available at <http://www.turkcell.com.tr/en/aboutus/investor-relations/key-financial-and-operational-data/investor-kit> and is incorporated herein by reference (without update from the original release date).

First Quarter 2016 Results

COMMENTS BY KAAAN TERZIOGLU, CEO

Turkcell had a solid start to 2016, focused on data and digital services, following a customer centric approach with differentiation through 4.5G

We made a strong start to 2016, in line with our plans. We registered all-time-high first quarter revenue and EBITDA, both at the Turkcell Turkey and Turkcell Group level. Turkcell Turkey, comprising 91% of Group revenues, continued its double-digit growth at 10.0% year-on-year, recording an EBITDA margin of 31.3%. Group revenues rose 8.3% to TRY3.2 billion, while EBITDA increased 8.1% to TRY1.0 billion, achieving a 31.1% EBITDA margin. Proforma Group net income¹ rose by 15.1% to TRY544 million, while net income as per IFRS increased 298.8% to TRY563 million.

In the first quarter of 2016, our key agenda item was the launch of 4.5G services on April 1st, which will underpin Turkey's digital transformation. The Turkcell team has established a strong 4.5G network and made mobile broadband with 4.5G speed available in 81 cities with a population coverage of over 70%, within a short period of time. And since the launch, Turkcell customers have registered high demand for 4.5G. As of today 4.5G customers have reached 5.0 million², while 4.5G data traffic on our network reached 22%.

We have started to implement our action plans across the dealer network, at our call center and on digital channels to meet all our customers' needs through a single point of service with offers that bolster Turkcell's positioning as a converged communications and technology services company. We are working to provide our customers a unique convergence experience on the back of our strength in mobile and fixed services. In this regard, having declared a list of ten principles, we are using every means to ensure customer satisfaction.

Turkcell Turkey: Continued growth in Postpaid, Fiber and TV

In the first quarter of 2016, the total number of subscribers in the five countries where we have direct operations reached 50.8 million, of which 35.2 million³ were in Turkey. Turkcell continued to gain postpaid, fiber and TV subscribers in the quarter. Postpaid customers rose by 1.2 million year on year, reaching 50% of our subscriber base. Fiber subscribers rose by 159 thousand year-on-year to 935 thousand, while total fixed subscribers amounted to 1.6 million. Turkcell TV+, which continues its rapid growth with 514 thousand yearly increase, reached 679 thousand total subscribers.

In accordance with our convergence strategy, the mobile triple play ratio, which includes voice, data and service users reached 17%⁴ while multiplay with TV service users increased to 30% of fiber residential customers.

Mobile ARPU rose by 8.8% to TRY24.7 and fixed residential ARPU rose 6.8% to TRY50.3 in the first quarter of 2016 due to a larger postpaid subscriber base, and increased data and services revenues.

Turkcell Consumer Financing solution to our customers' technology needs

In March, our consumer financing company commenced operations across Turkey to facilitate the financing of our customers' technology needs, and to improve the Group balance sheet, which is among our strategic priorities. Within a short period of time, Turkcell Consumer Financing Company has provided more than 400 thousand loans of approximately TRY500 million worth and supported the penetration of smart devices. Indeed, smartphone penetration on our network rose by 13 percentage points to 55% year-on-year. With the increase in the number of

smartphones, our data and service revenues grew 31% to TRY1.2 billion year-on-year, and accounted for 42% of Turkcell Turkey revenues.

First Quarter 2016 Results

Additionally, through our mobile payment platform, named Paycell, we provide our customers various alternative means of payment, including via Turkcell invoice. Over the past 12 months, this platform has seen 16 million transactions amounting to TRY440 million. Paycell, redefined with advanced technological capabilities, will serve both Turkcell and non-Turkcell customers.

We are opening services to all-access, providing globally competitive services

Our innovative services continued to expand rapidly during this quarter as well. We opened BiP, Turkcell TV+, Smart Storage, Goals on Your Mobile and our renamed music service fizy, to all-access.

Our new generation communication platform BiP has been downloaded 7.5 million times to date, and in 192 countries. BiP is one of the world's most innovative applications with 39% of its users being from other operators.

Smart Storage, the most widely used personal cloud service in Turkey, has been downloaded 2.6 million times, while downloads on Turkey's most popular music platform, fizy, have reached 5.7 million. Meanwhile, Goals on Your Mobile services has been downloaded 2.1 million times. As a result, our service revenues increased 57.2% year-on-year.

We are advancing in line with our plans in 2016

Having seen a solid start to the year, we believe that we can achieve our 2016 targets by providing a strong 4.5G network, along with our converged services. We would like to congratulate the Turkcell team and all of our stakeholders for their contribution to our success, and to thank our Board of Directors for their continued support. We would also like to express our gratitude towards our customers, who have shown their trust in us throughout our success story.

(1) We use "proforma net income" as a means of presenting our net income net of certain non-operating items and items that we believe are non-recurring. We define "proforma net income" in this document as net Income excluding FX gain / (loss) (including tax and minority impact), interest Income on time deposits of Turkcell Iletisim Hizmetleri, share of profit of equity accounted investees (Fintur), and one-off items. Please note that this is a non-GAAP measure and that we may in future presentations change the scope of items that we deduct from net income to arrive at "proforma net income."

(2) Customers with 4.5G compatible devices and SIM cards

(3) Total of mobile, fixed and IPTV subscribers

(4) Breakdown among mobile voice users which excludes subscribers who do not use their line in the last 3 months

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FINANCIAL AND OPERATIONAL REVIEW OF THE FIRST QUARTER 2016

The following discussion focuses principally on the developments and trends in our business in the first quarter of 2016 in TRY terms. Selected financial information presented in this press release for the first and fourth quarters of 2015, and the first quarter of 2016 is based on IFRS figures.

Selected financial information for the first and fourth quarters of 2015, and the first quarter of 2016 prepared in accordance with IFRS and Turkish Accounting standards, is also included at the end of this press release.

Financial Review of Turkcell Group

| Profit & Loss Statement (million TRY) | Q115 | Q415 | Q116 | y/y % | q/q % |
|--|-----------|-----------|-----------|----------|---------|
| Total Revenue | 2,978.2 | 3,334.5 | 3,225.4 | 8.3% | (3.3%) |
| Direct cost of revenues ¹ | (1,828.6) | (2,054.8) | (2,018.8) | 10.4% | (1.8%) |
| Direct cost of revenues ¹ /revenues | (61.4%) | (61.6%) | (62.6%) | (1.2pp) | (1.0pp) |
| Depreciation and amortization | (394.3) | (437.0) | (454.8) | 15.3% | 4.1% |
| Gross Margin | 38.6% | 38.4% | 37.4% | (1.2pp) | (1.0pp) |
| Administrative expenses | (140.8) | (165.9) | (178.7) | 26.9% | 7.7% |
| Administrative expenses/revenues | (4.7%) | (5.0%) | (5.5%) | (0.8pp) | (0.5pp) |
| Selling and marketing expenses | (476.3) | (492.6) | (481.2) | 1.0% | (2.3%) |
| Selling and marketing expenses/revenues | (16.0%) | (14.8%) | (14.9%) | 1.1pp | (0.1pp) |
| EBITDA ² | 926.8 | 1,058.2 | 1,001.5 | 8.1% | (5.4%) |
| EBITDA Margin | 31.1% | 31.7% | 31.1% | - | (0.6pp) |
| EBIT ³ | 532.5 | 621.2 | 546.7 | 2.7% | (12.0%) |
| Net finance income / (expense) | (483.4) | 12.5 | 166.2 | n.m. | n.m. |
| Finance expense | (735.7) | (141.0) | (55.0) | (92.5%) | (61.0%) |
| Finance income | 252.3 | 153.5 | 221.2 | (12.3%) | 44.1% |
| Share of profit of associates | 94.8 | 98.4 | 15.2 | (84.0%) | (84.6%) |
| Other income / (expense) | (53.0) | (31.1) | (11.1) | (79.1%) | (64.3%) |
| Non-controlling interests | 284.4 | (7.6) | (10.9) | (103.8%) | 43.4% |
| Income tax expense | (234.2) | (109.2) | (143.4) | (38.8%) | 31.3% |
| Net Income | 141.1 | 584.2 | 562.7 | 298.8% | (3.7%) |
| Proforma Net Income ⁴ | 472.5 | 567.1 | 543.7 | 15.1% | (4.1%) |

(1) Including depreciation and amortization expenses.

(2) EBITDA is a non-GAAP financial measure. See page 13 for the reconciliation and an explanation of how we calculate Adjusted EBITDA to net income.

(3) EBIT is a non-GAAP financial measure and is equal to EBITDA minus depreciation and amortization expenses.

(4) We use “proforma net income” as a means of presenting our net income net of certain non-operating items and items that we believe are non-recurring. We define “proforma net income” in this document as net Income excluding FX gain / (loss) (including tax and minority impact), interest Income on time deposits of Turkcell Iletisim Hizmetleri, share of profit of equity accounted investees (Fintur), and one-off items. Please note that this is a non-GAAP measure and that we may in future presentations change the scope of items that we deduct from net income to arrive at “proforma net income.”

Revenues of the Group rose by 8.3% year-on-year.

Turkcell Turkey revenues, comprising 91% of Group revenues, grew by 10.0% to TRY2,928 million (TRY2,662 million) due to a 10.0% rise in consumer segment revenues to TRY2,338 million (TRY2,124 million) and an 8.7% increase in corporate segment revenues to TRY525 million (TRY483 million).

- Consumer and corporate segment revenues of Turkcell Turkey in total rose by 9.8%:

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-Voice revenues fell 4.1% to TRY1,398 million (TRY1,459 million) in line with the global trend.

-Data & services revenues, at 42% of Turkcell Turkey revenues, rose by 31.1% to TRY1,229 million (TRY937 million).

Data revenues grew by 26.4% to TRY1,003 million (TRY794 million). This was driven by a 25.8% rise in mobile broadband and 28.4% increase in fixed broadband revenues with higher smartphone penetration, more data users and a rise in data consumption.

Services and solutions revenues rose by 57.2% to TRY226 million (TRY144 million) mainly due to increased usage of Turkcell TV and fizy, along with other mobile services.

-SMS revenues fell 2.9% to TRY132 million (TRY136 million). The slowdown in SMS revenue decline was driven by higher bundle offer penetration.

-Other revenues comprising mainly hardware and software sales rose by 37.0% to TRY103 million (TRY75 million).

- Wholesale revenues grew by 13.9% to TRY81 million (TRY71 million).

Turkcell International revenues, constituting 6% of Group revenues, rose by 2.1% to TRY197 million (TRY193 million), turning to positive growth after 7 quarters of year-on-year decline.

Other subsidiaries' revenues, comprising 3% of Group revenues, which includes information and entertainment services in Turkey and Azerbaijan, call center revenues and revenues from financial services declined by 18.0% to TRY101 million (TRY123 million), due to lower revenues from Azerbaijan, partly driven by currency devaluation.

Direct cost of revenues rose to 62.6% (61.4%) as a percentage of revenues, mainly due to the rise in depreciation and amortization expenses (0.9pp) along with increase in various other cost items (0.3pp).

Administrative expenses rose to 5.5% (4.7%) as a percentage of revenues, mainly due to various cost items including new headquarters rental expense and performance related payments to personnel.

Selling and marketing expenses fell by 1.1pp to 14.9% (16.0%) as a percentage of revenues, driven by the decline in selling expenses (0.9pp) with our value focused customer acquisition strategy and other costs items (1.1pp). This was despite the rise in marketing expenses (0.9pp), mainly due to 4.5G launch costs.

EBITDA*rose by 8.1% year-on-year, while the EBITDA margin was at 31.1% (31.1%). The decline in selling and marketing expenses of 1.1pp was offset by the increase in direct cost of revenues (excluding depreciation and amortization) of 0.3pp and administrative expenses of 0.8pp.

- Turkcell Turkey's EBITDA rose by 10.6% to TRY916 million (TRY828 million), while the EBITDA margin improved by 0.2pp to 31.3% (31.1%).

- Turkcell International EBITDA grew 0.9% to TRY54 million (TRY53 million), despite the impact of year-on-year devaluation in Ukraine and Belarus, while the EBITDA margin was at 27.2% (27.5%).

-

The EBITDA of other subsidiaries declined by 30.0% to TRY32 million (TRY46 million), mainly on lower revenues in Azerbaijan.

Net finance income of TRY166 million (net finance expense of TRY483 million) was recorded in Q116. This was mainly driven by lower translation losses of TRY5 million (TRY698 million) registered in Q116. This positive impact more than offset the decline in interest income from time deposits, due to a lower cash balance, and the rise in interest expense in relation to loans and 4.5G payables. Please see Appendix A for translation gain and loss details.

Income tax expense declined 38.8% year-on-year. Please see Appendix A for details.

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(*)EBITDA is a non-GAAP financial measure. See page 13 for the reconciliation of an explanation of how we calculate Adjusted EBITDA to net income.

Net income of the Group as per IFRS rose 298.8% to TRY563 million (TRY141 million) in Q116 year-on-year. This was mainly driven by higher EBITDA, lower translation losses and tax expense, despite the decline in interest income on time deposits, a lower contribution from Fintur and increased interest expense on loans and 4.5G payables. Proforma net income* rose 15.1% to TRY544 million (TRY473 million) in Q116. Please see Appendix A for a reconciliation of Group proforma net income to net income per IFRS.

Total debt as of March 31, 2016 declined to TRY4,028 million from TRY4,214 million as of December 31, 2015, in consolidated terms. The decrease in debt balance was mainly due to Turkcell Turkey's loan payments.

- Turkcell Turkey's debt balance was TRY3,630 million, of which TRY1,610 million (US\$568 million) was denominated in US\$, TRY1,651 (EUR515 million) in EUR and the remaining TRY369 million in TRY.
 - The debt balance of lifecell was TRY393 million, denominated in UAH.
 - BeST had a debt balance of TRY5 million, denominated in BYR.

TRY1,795 million of our consolidated debt is set at a floating rate, while TRY655 million will mature within less than a year. (Please note that the figures in parentheses refer to US\$ or EUR equivalents).

Cash flow analysis: Capital expenditures, including non-operational items, amounted to TRY738 million in Q116. The net change in debt mainly relates to Turkcell Turkey loan payments. The cash flow item noted as "other" includes regulatory fee payments (TRY491 million) and the negative impact of the change in working capital (TRY195 million).

In Q116, operational capital expenditures at the Group level stood at 20%** of total revenues.

| Consolidated Cash Flow (million TRY) | Q115 | Q415 | Q116 |
|--------------------------------------|-----------|-----------|---------|
| EBITDA1 | 926.8 | 1,058.2 | 1,001.5 |
| LESS: | | | |
| Capex and License | (755.5) | (6,188.9) | (738.4) |
| Turkcell Turkey | (343.9) | (6,218.1) | (675.4) |
| Turkcell International2 | (408.4) | 28.1 | (61.7) |
| Other Subsidiaries2 | (3.2) | 1.1 | (1.3) |
| Net interest Income/ (expense) | 214.9 | (32.8) | 171.5 |
| Other | (1,290.6) | 3,220.9 | (685.8) |
| Net Change in Debt | 46.3 | 958.9 | (145.2) |
| Cash generated | (858.0) | (983.7) | (396.4) |
| Cash balance | 8,173.8 | 2,918.8 | 2,522.4 |

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(1) EBITDA is a non-GAAP financial measure. See page 13 for the reconciliation of an explanation of how we calculate Adjusted EBITDA to net income.

(2) The impact from the movement of reporting currency (TRY) against local currencies of subsidiaries in other countries is included in these lines.

(*)We use “proforma net income” as a means of presenting our net income net of certain non-operating items and items that we believe are non-recurring. We define “proforma net income” in this document as net Income excluding FX gain / (loss) (including tax and minority impact), interest Income on time deposits of Turkcell Iletisim Hizmetleri, share of profit of equity accounted investees (Fintur), and one-off items. Please note that this is a non-GAAP measure and that we may in future presentations change the scope of items that we deduct from net income to arrive at “proforma net income.”

(**) Excluding license fees

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Operational Review in Turkey

| Summary of Operational data | Q115 | Q415 | Q116 | y/y % | q/q % |
|---|-------|-------|-------|---------|---------|
| Number of subscribers | 35.6 | 35.8 | 35.2 | (1.1%) | (1.7%) |
| Mobile Postpaid (million) | 15.5 | 16.6 | 16.7 | 7.7% | 0.6% |
| Mobile M2M (million) | 1.6 | 1.9 | 2.0 | 25.0% | 5.3% |
| Mobile Prepaid (million) | 18.7 | 17.4 | 16.6 | (11.2%) | (4.6%) |
| Fiber (thousand) | 776.1 | 899.4 | 935.4 | 20.5% | 4.0% |
| ADSL (thousand) | 495.5 | 620.8 | 646.2 | 30.4% | 4.1% |
| IPTV (thousand) | 98.7 | 223.7 | 268.1 | 171.6% | 19.8% |
| Churn (%) | | | | | |
| Mobile Churn (%) ¹ | 7.7% | 7.9% | 7.5% | (0.2pp) | (0.4pp) |
| Fixed churn (%) | 4.0% | 5.2% | 5.0% | 1.0pp | (0.2pp) |
| ARPU (Average Monthly Revenue per User) | | | | | |
| Mobile ARPU, blended (TRY) | 22.7 | 25.1 | 24.7 | 8.8% | (1.6%) |
| Postpaid | 36.9 | 38.5 | 37.3 | 1.1% | (3.1%) |
| Postpaid (excluding M2M) | 40.8 | 42.8 | 41.7 | 2.2% | (2.6%) |
| Prepaid | 11.3 | 12.8 | 12.4 | 9.7% | (3.1%) |
| Fixed Residential ARPU, blended (TRY) | 47.1 | 50.3 | 50.3 | 6.8% | - |
| Mobile MOU (Avg. Monthly Minutes of usage per subs) blended | 275.7 | 299.3 | 298.1 | 8.1% | (0.4%) |

(1) As per our churn policy, prepaid subscribers are disconnected from the system if they do not top-up above TRY10 during a nine month period. Additionally, in the first quarter of 2016, 196 thousand subscriptions which had not topped-up at all within the stipulated period were also disconnected.

Mobile customers in Turkey declined by 673 thousand during the quarter to 33.3 million in total, mainly on losses in the more price-sensitive prepaid segment. We continued to disconnect subscriptions that had not topped-up at all within the stipulated period, which amounted to 196 thousand during the first quarter and reached 575 thousand in total in the last two quarters. Meanwhile, the postpaid customer base continued to expand by 124 thousand quarterly net additions to 16.7 million, to 50.1% (45.3%) of the total.

The fixed customer base reached 1.6 million supported by a strong fiber network, dedicated sales force and customer care. We recorded 61 thousand quarterly net additions, of which 36 thousand were fiber and 25 thousand were ADSL subscribers. The Turkcell TV platform reached 268 thousand customers on 44 thousand quarterly net additions. Including mobile TV and web TV users, Turkcell TV customers amounted to 679 thousand.

Mobile churn improved by 0.2pp year-on-year on the back of value focused customer acquisitions and targeted retention actions.

Mobile ARPU rose by 8.8% year-on-year with the continued favorable change in subscriber mix, our upsell strategy and a focus on high value customer groups, as well as increased package penetration. Fixed ARPU increased by 6.8% year-on-year with growth of multiplay customers with TV1, comprising 30% of total residential fiber customers.

Mobile MoU rose by 8.1% driven by our increased postpaid base and upsell strategy.

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Smartphone penetration on our network reached 55% as we registered 5142 thousand quarterly net additions. Accordingly, there were 16.6 million smartphones on our network at the end of the quarter, where 42% are 4.5G enabled.

(1) Multiplay customers with TV: Internet + TV users & internet + TV + voice users

(2) Approximately 80 thousand of these smartphone net additions were due to an adjustment in relation to devices which were not previously classified as smartphones.

TURKCELL INTERNATIONAL

| lifecell* | Q115 | Q415 | Q116 | y/y% | q/q % |
|--|-----------|---------|---------|---------|---------|
| Number of subscribers (million) ¹ | 13.7 | 13.5 | 13.3 | (2.9%) | (1.5%) |
| Active (3 months) ² | 10.3 | 10.6 | 10.4 | 1.0% | (1.9%) |
| MOU (minutes) (12 months) | 155.9 | 146.0 | 141.4 | (9.3%) | (3.2%) |
| ARPU (Average Monthly Revenue per User), blended (UAH) | 25.5 | 28.4 | 28.2 | 10.6% | (0.7%) |
| Active (3 months) (UAH) | 34.3 | 36.2 | 36.1 | 5.2% | (0.3%) |
| Revenue (million UAH) | 1,059.0 | 1,158.9 | 1,132.6 | 6.9% | (2.3%) |
| EBITDA (million UAH) | 327.5 | 421.0 | 356.1 | 8.7% | (15.4%) |
| EBITDA margin (UAH) | 30.9% | 36.3% | 31.4% | 0.5pp | (4.9pp) |
| Net loss (million UAH) | (5,630.0) | (130.2) | (67.6) | n.m | n.m |
| Capex (million UAH) | 3,621.6 | 490.3 | 456.9 | (87.4%) | (6.8%) |
| Revenue (million TRY) | 126.1 | 146.9 | 128.5 | 1.9% | (12.5%) |
| EBITDA (million TRY) | 39.0 | 53.3 | 40.4 | 3.6% | (24.2%) |
| EBITDA margin (TRY) | 31.0% | 36.3% | 31.4% | 0.4pp | (4.9pp) |
| Net loss (million TRY) | (675.2) | (16.8) | (8.4) | n.m | n.m |

(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.

(*) Since July 10, 2015, we hold a 100% stake in lifecell.

lifecell revenues grew by 6.9% in local currency terms reflecting rising mobile broadband revenues on the back of 3G+ services and increased smartphone tariff subscriptions with higher ARPU. lifecell's EBITDA rose by 8.7% in local currency terms leading to an EBITDA margin improvement of 0.5pp to 31.4%, driven by effective cost management efforts and an increased share of mobile broadband in the revenue mix of lifecell. Meanwhile, the 4.9pp quarter-on-quarter decline in EBITDA margin was due to increased network related costs and marketing expenses.

In Q116, lifecell's revenues in TRY terms rose by 1.9% year-on-year turning to positive growth following a series of quarters of declining revenue trend. Meanwhile, lifecell's EBITDA in TRY terms grew by 3.6%.

lifecell has continued its 3G+ network roll-out, reaching 16 regional cities and smaller towns in 49 districts. 3G+ adoption momentum continued, reaching 2.3 million three-month active data users. Meanwhile, with a smartphone penetration of 48%, lifecell has almost doubled data usage per user post introduction of 3G+. lifecell's investment in

3-carrier technology allows it to provide the fastest 3G speed of 63.3 Mbps in Ukraine

In Q116, lifecell's three-month active subscriber base declined to 10.4 million on 199 thousand quarterly net losses. This was mainly due to increased competition and tension in the eastern part of the country, which led to temporary interruptions to the lifecell network.

Blended ARPU (3-month active) rose by 5.2% driven by increased mobile broadband usage. MoU (12-month active) fell by 9.3% due to changing consumer behavior.

First Quarter 2016 Results

| BeST* | Q115 | Q415 | Q116 | y/y% | q/q % |
|--|-----------|---------|--------|--------|---------|
| Number of subscribers (million) ¹ | 1.5 | 1.5 | 1.6 | 6.7% | 6.7% |
| Active (3 months) | 1.0 | 1.1 | 1.1 | 10.0% | - |
| Revenue (billion BYR) | 176.6 | 232.3 | 230.9 | 30.7% | (0.6%) |
| EBITDA (billion BYR) | 0.4 | 8.7 | 3.9 | 875.0% | (55.2%) |
| EBITDA margin (BYR) | 0.2% | 3.7% | 1.7% | 1.5pp | (2.0pp) |
| Net loss (billion BYR) | (2,163.5) | (123.7) | (97.2) | n.m | n.m |
| Capex (billion BYR) | 20.2 | 53.4 | 33.9 | 67.8% | (36.5%) |
| Revenue (million TRY) | 30.0 | 38.1 | 32.8 | 9.3% | (13.9%) |
| EBITDA (million TRY) | 0.1 | 1.4 | 0.5 | 400.0% | (64.3%) |
| EBITDA margin (TRY) | 0.3% | 3.7% | 1.7% | 1.4pp | (2.0pp) |
| Net loss (million TRY) | (378.5) | (20.3) | (13.7) | n.m | n.m |
| Capex (million TRY) | 3.6 | 7.3 | 4.8 | 33.3% | (34.2%) |

(1) Starting from Q116, subscriber figure for BeST includes suspended subscriptions whose contracts are still in place. All figures presented in this document for prior periods have been restated to reflect this change.

(*)BeST, in which we hold an 80% stake, has operated in Belarus since July 2008.

BeST registered solid year-on-year revenue growth of 30.7% in Q116 in local currency terms with the increasing active subscriber base and increased voice and terminal revenues. EBITDA margin improved by 1.5pp to 1.7% (0.2%), mainly driven by top-line growth and strict cost management.

In TRY terms, its performance remained impacted by yearly devaluation of the local currency. Revenues rose by 9.3% to TRY33 million (TRY30 million), while EBITDA improved to TRY0.5 million (TRY0.1 million).

| KKTCELL (million TRY)* | Q115 | Q415 | Q116 | y/y% | q/q% |
|--|-------|-------|-------|---------|---------|
| Number of subscribers (million) ¹ | 0.5 | 0.5 | 0.5 | - | - |
| Revenue | 31.4 | 33.4 | 32.4 | 3.2% | (3.0%) |
| EBITDA | 12.2 | 12.4 | 11.3 | (7.4%) | (8.9%) |
| EBITDA margin | 38.9% | 37.1% | 34.8% | (4.1pp) | (2.3pp) |
| Net income | 6.8 | 7.9 | 6.1 | (10.3%) | (22.8%) |
| Capex | 1.2 | 14.1 | 2.8 | 133.3% | (80.1%) |

(1) Starting from Q116, subscriber figure for KKTCELL includes M2M subscriptions as well. All figures presented in this document for prior periods have been restated to reflect this change.

(*) KKTCELL, in which we hold a 100% stake, has operated in Northern Cyprus since 1999.

KKTCELL's revenues increased by 3.2% year-on-year to TRY32 million (TRY31 million), reflecting strong mobile broadband growth driven by higher data demand. EBITDA declined by 7.4% to TRY11 million (TRY12 million) leading to an EBITDA margin of 34.8% (38.9%). This was driven by regulatory amendment regarding the termination rates and additional frequency fees.

Fintur's consolidated revenues declined by 50.1% year-on-year, mainly due to tough competitive environment especially in Kazakhstan and pressure on currencies due to macroeconomic challenges.

First Quarter 2016 Results

Fintur's subscribers declined to 16.8 million during the quarter driven by the decrease in Kcell subscribers due to the competitive environment. The contribution of Fintur to Group's net income decreased to US\$5 million (US\$38 million) year-on-year mainly driven by significant negative currency effects in reported figures and lower earnings impacted by negative revenue development in the several markets.

| Fintur* | Q115 | Q415 | Q116 | y/y % | q/q % |
|--|------|------|------|---------|---------|
| Subscribers (million) 1 | 17.8 | 17.3 | 16.8 | (5.6%) | (2.9%) |
| Kazakhstan | 10.8 | 10.4 | 9.9 | (8.3%) | (4.8%) |
| Azerbaijan | 4.2 | 4.1 | 4.1 | (2.4%) | - |
| Moldova | 0.9 | 0.9 | 0.9 | - | - |
| Georgia | 1.9 | 1.9 | 1.9 | - | - |
| Revenue (million US\$) | 387 | 219 | 193 | (50.1%) | (11.9%) |
| Kazakhstan | 233 | 92 | 100 | (57.1%) | 8.7% |
| Azerbaijan | 113 | 90 | 59 | (47.8%) | (34.4%) |
| Moldova | 15 | 15 | 14 | (6.7%) | (6.7%) |
| Georgia | 25 | 22 | 21 | (16.0%) | (4.5%) |
| Fintur's contribution to Group's net income (million US\$) | 38 | 34 | 5 | (86.8%) | (85.3%) |

(1) Telia Company disclosed a change to the definition of prepaid mobile subscription for all countries of operations in its Q115 results announcement on April 21, 2015. Prepaid subscriptions are counted if the subscriber has been active during the last three months. In line with Telia Company's reporting, we disclose Fintur operations' subscriber numbers as three-month active. Prior periods are restated accordingly.

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

Turkcell Group Subscribers

Turkcell Group subscribers amounted to approximately 67.6 million as of March 31, 2016. This figure is calculated by taking the number of subscribers of Turkcell Turkey and each of our subsidiaries and unconsolidated investees. It includes the total number of mobile, fiber, ADSL and IPTV subscribers of Turkcell Turkey, the mobile subscribers of lifecell and BeST, as well as KKTCELL, Turkcell Europe and Fintur.

| Turkcell Group Subscribers | Q115 | Q415 | Q116 | y/y % | q/q % |
|--|-------|-------|-------|---------|--------|
| Mobile Postpaid (million) | 15.5 | 16.6 | 16.7 | 7.7% | 0.6% |
| Mobile Prepaid (million) | 18.7 | 17.4 | 16.6 | (11.2%) | (4.6%) |
| Fiber (thousand) | 776.1 | 899.4 | 935.4 | 20.5% | 4.0% |
| ADSL (thousand) | 495.5 | 620.8 | 646.2 | 30.4% | 4.1% |
| IPTV (thousand) | 98.7 | 223.7 | 268.1 | 171.6% | 19.8% |
| Turkcell Turkey subscribers (million)1 | 35.6 | 35.8 | 35.2 | (1.1%) | (1.7%) |
| Ukraine | 13.7 | 13.5 | 13.3 | (2.9%) | (1.5%) |
| Belarus2 | 1.5 | 1.5 | 1.6 | 6.7% | 6.7% |
| KKTCELL3 | 0.5 | 0.5 | 0.5 | - | - |
| Turkcell Europe4 | 0.3 | 0.3 | 0.3 | - | - |
| Consolidated Subscribers (million) | 51.6 | 51.6 | 50.8 | (1.6%) | (1.6%) |
| Fintur5 | 17.8 | 17.3 | 16.8 | (5.6%) | (2.9%) |
| Turkcell Group Subscribers* (million) | 69.5 | 68.9 | 67.6 | (2.7%) | (1.9%) |

(*) Turkcell Group subscribers figure includes the subscriber figures of our non-consolidated subsidiaries.
(1) Subscribers to more than one service are counted separately for each service.

First Quarter 2016 Results

(2) Starting from Q116, subscriber figure for BeST includes suspended subscriptions whose contracts are still in place. All figures presented in this document for prior periods have been restated to reflect this change.

(3) Starting from Q116, subscriber figure for KKTCELL includes M2M subscriptions as well. All figures presented in this document for prior periods have been restated to reflect this change.

(4) The “wholesale traffic purchase” agreement, signed between Turkcell Europe GmbH operating in Germany and Deutsche Telekom for five years in 2010, had been modified to reflect the shift in business model to a “marketing partnership”. The new agreement between Turkcell and a subsidiary of Deutsche Telekom was signed on August 27, 2014. The transfer of Turkcell Europe operations to Deutsche Telekom’s subsidiary was completed on January 15, 2015. Subscribers are still included in the Turkcell Group Subscriber figure.

(5) Telia Company disclosed a change to the definition of prepaid mobile subscription for all countries of operations in its Q115 results announcement on April 21, 2015. Prepaid subscriptions are counted if the subscriber has been active during the last three months. In line with Telia Company’s reporting, we disclose Fintur operations’ subscriber numbers as three-month active. Prior periods are restated accordingly.

OVERVIEW OF THE MACROECONOMIC ENVIRONMENT

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

| | Q115 | Q415 | Q116 | y/y % | q/q % |
|-------------------------------|--------|--------|--------|---------|---------|
| US\$ / TRY rate | | | | | |
| Closing Rate | 2.6102 | 2.9076 | 2.8334 | 8.6% | (2.6%) |
| Average Rate | 2.4633 | 2.9366 | 2.9202 | 18.5% | (0.6%) |
| EUR / TRY rate | | | | | |
| Closing Rate | 2.8309 | 3.1776 | 3.2081 | 13.3% | 1.0% |
| Average Rate | 2.7934 | 3.2000 | 3.2172 | 15.2% | 0.5% |
| Consumer Price Index (Turkey) | 3.0% | 2.5% | 1.8% | (1.2pp) | (0.7pp) |
| GDP Growth (Turkey) | 2.5% | 5.7% | n.a | n.a | n.a |
| US\$ / UAH rate | | | | | |
| Closing Rate | 23.44 | 24.00 | 26.22 | 11.9% | 9.3% |
| Average Rate | 21.18 | 23.18 | 25.77 | 21.7% | 11.2% |
| US\$ / BYR rate | | | | | |
| Closing Rate | 14,740 | 18,569 | 20,133 | 36.6% | 8.4% |
| Average Rate | 14,528 | 17,909 | 20,552 | 41.5% | 14.8% |

RECONCILIATION OF NON-GAAP FINANCIAL MEASUREMENTS: We believe Adjusted EBITDA, among other measures, facilitates performance comparisons from period to period and management decision making. It also facilitates performance comparisons from company to company. Adjusted EBITDA as a performance measure eliminates potential differences caused by variations in capital structures (affecting interest expense), tax positions (such as the impact of changes in effective tax rates on periods or companies) and the age and book depreciation of tangible assets (affecting relative depreciation expense). We also present Adjusted EBITDA because we believe it is frequently used by securities analysts, investors and other interested parties in evaluating the performance of other mobile operators in the telecommunications industry in Europe, many of which present Adjusted EBITDA when reporting their results.

Our Adjusted 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).

Nevertheless, Adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for analysis of, our results of operations, as reported under IFRS. The following table provides a reconciliation of Adjusted EBITDA, as calculated using financial data prepared in accordance with IFRS as issued by the IASB, to net profit, which we believe is the most directly comparable financial measure calculated and presented in accordance with IFRS as issued by the IASB.

| Turkcell Group (million TRY) | Q115 | Q415 | Q116 | y/y % | q/q % |
|---|---------|---------|---------|---------|---------|
| Adjusted EBITDA | 926.8 | 1,058.2 | 1,001.5 | 8.1% | (5.4%) |
| Finance income | 252.3 | 153.5 | 221.2 | (12.3%) | 44.1% |
| Finance costs | (735.7) | (141.0) | (55.0) | (92.5%) | (61.0%) |
| Other income / (expense) | (53.0) | (31.1) | (11.1) | (79.1%) | (64.3%) |
| Share of profit of equity accounted investees | 94.8 | 98.4 | 15.2 | (84.0%) | (84.6%) |
| Depreciation and amortization | (394.3) | (437.0) | (454.8) | 15.3% | 4.1% |
| Consolidated profit before income tax & minority interest | 90.9 | 701.0 | 717.0 | 688.8% | 2.3% |
| Income tax expense | (234.2) | (109.2) | (143.4) | (38.8%) | 31.3% |
| Consolidated profit before minority interest | (143.3) | 591.8 | 573.6 | n.m. | (3.1%) |

First Quarter 2016 Results

FORWARD-LOOKING STATEMENTS: This release includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934 and the Safe Harbor provisions of the US Private Securities Litigation Reform Act of 1995. This includes, in particular, our targets for revenue, EBITDA and capex in 2016 and our 4.5G development in Turkey. 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 expectations reflected in such forward-looking statements are reasonable at this time, it can give no assurance that such expectations will prove to be correct. All subsequent written and oral forward-looking statements attributable to us are expressly qualified in their entirety by reference to these cautionary statements. For a discussion of certain factors that may affect the outcome of such forward looking statements, see our Annual Report on Form 20-F for 2015 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 a converged telecommunication and technology services provider, founded and headquartered in Turkey. It serves its customers with voice, data, TV and value-added consumer and enterprise services on mobile and fixed networks. Turkcell launched LTE services in its home country on April 1st, 2016, employing LTE-Advanced and 3 carrier aggregation technologies in 81 cities. In 2G and 3G, Turkcell’s population coverage is at 99.85% and 95.05%, respectively, as of March 2016. It offers up to 1 Gbps fiber internet speed with its FTTH services. Turkcell Group companies serve 67.6 million subscribers in 9 countries – Turkey, Ukraine, Belarus, Northern Cyprus, Germany, Azerbaijan, Kazakhstan, Georgia, Moldova – as of March 31, 2016. Turkcell Group reported a TRY3.2 billion revenue with total assets of TRY26.2 billion as of March 31, 2016. It has been listed on the NYSE and the BIST since July 2000, and is the only NYSE-listed company in Turkey. Read more at www.turkcell.com.tr

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This press release can also be viewed using the Turkcell Investor Relation app, which can be downloaded here for iOS, and here for Android mobile devices.

Appendix A – Tables

Table: Translation gain and loss details

| Million TRY | Q115 | Q415 | Q116 |
|------------------------|-----------|-------|-------|
| Turkcell Turkey | 308.2 | 45.9 | (6.9) |
| Turkcell International | (1,008.2) | 2.2 | 3.2 |
| Other Subsidiaries | 1.7 | (2.9) | (1.6) |
| Turkcell Group | (698.3) | 45.2 | (5.3) |

Table: Income tax expense details

| Million TRY | Q115 | Q415 | Q116 | y/y % | q/q % |
|-----------------------------|---------|---------|---------|----------|---------|
| Current Tax expense | (251.9) | (46.3) | (113.6) | (54.9%) | 145.4% |
| Deferred Tax income/expense | 17.7 | (62.9) | (29.8) | (268.4%) | (52.6%) |
| Income Tax expense | (234.2) | (109.2) | (143.4) | (38.8%) | 31.3% |

Table: Reconciliation of Group proforma net income to net income per IFRS

| Net income impacts (million TRY) | Q115 | Net income impacts (million TRY) | Q116 |
|-------------------------------------|-------|----------------------------------|------|
| Proforma net income | 473 | Proforma net income | 544 |
| FX impact | (467) | FX impact | (3) |
| Interest income (net off tax) | 106 | Interest income (net off tax) | 14 |
| One-off impacts | | One-off impacts | |
| Provision for commercial agreements | (46) | | |
| Fintur contribution | 95 | Fintur contribution | 15 |
| Other impacts | (20) | Other impacts | (7) |
| Net income - IFRS | 141 | Net income -IFRS | 563 |

TURKCELL DAHILI

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

| | Quarter Ended March 31, 2015 | Quarter Ended December 31, 2015 | Year Ended December 31, 2015 | Quarter Ended March 31, 2016 |
|--|------------------------------------|---------------------------------------|------------------------------------|------------------------------------|
| Consolidated Statement of Operations Data | | | | |
| Turkcell Turkey | 2,662.2 | 2,997.8 | 11,480.9 | 2,927.5 |
| Consumer | 2,124.4 | 2,391.0 | 9,127.3 | 2,337.9 |
| Corporate | 482.7 | 529.2 | 2,031.7 | 524.5 |
| Other | 55.1 | 77.6 | 321.9 | 65.1 |
| Turkcell International | 192.9 | 223.8 | 856.1 | 196.9 |
| Other | 123.1 | 112.9 | 432.4 | 101.0 |
| Total revenues | 2,978.2 | 3,334.5 | 12,769.4 | 3,225.4 |
| Direct cost of revenues | (1,828.6) | (2,054.8) | (7,769.5) | (2,018.8) |
| Gross profit | 1,149.6 | 1,279.7 | 4,999.9 | 1,206.6 |
| Administrative expenses | (140.8) | (165.9) | (625.3) | (178.7) |
| Selling & marketing expenses | (476.3) | (492.6) | (1,901.9) | (481.2) |
| Other Operating Income / (Expense) | (53.0) | (31.1) | (225.9) | (11.1) |
| Operating profit before financing costs | 479.5 | 590.1 | 2,246.8 | 535.6 |
| Finance costs | (735.7) | (141.0) | (799.5) | (55.0) |
| Finance income | 252.3 | 153.5 | 756.1 | 221.2 |
| Share of profit of equity accounted investees | 94.8 | 98.4 | 367.3 | 15.2 |
| Income before taxes and minority interest | 90.9 | 701.0 | 2,570.7 | 717.0 |
| Income tax expense | (234.2) | (109.2) | (667.1) | (143.4) |
| Income before minority interest | (143.3) | 591.8 | 1,903.6 | 573.6 |
| Non-controlling interests | 284.4 | (7.6) | 164.1 | (10.9) |
| Net income | 141.1 | 584.2 | 2,067.7 | 562.7 |
| Net income per share | 0.06 | 0.27 | 0.94 | 0.26 |
| Other Financial Data | | | | |
| Gross margin | 38.6 % | 38.4 % | 39.2 % | 37.4 % |
| EBITDA(*) | 926.8 | 1,058.2 | 4,140.5 | 1,001.5 |
| Capital expenditures | 755.5 | 6,188.9 | 8,536.2 | 738.4 |

Consolidated Balance

Sheet Data (at period end)

| | | | | |
|----------------------------|----------|----------|----------|----------|
| Cash and cash equivalents | 8,173.8 | 2,918.8 | 2,918.8 | 2,522.4 |
| Total assets | 23,977.7 | 26,207.3 | 26,207.3 | 26,175.2 |
| Long term debt | 549.7 | 3,487.8 | 3,487.8 | 3,373.2 |
| Total debt | 4,127.3 | 4,214.2 | 4,214.2 | 4,028.3 |
| Total liabilities | 11,050.4 | 11,788.4 | 11,788.4 | 11,273.4 |
| Total shareholders' equity | | | | |
| / Net Assets | 12,927.3 | 14,418.9 | 14,418.9 | 14,901.8 |

TURKCELL SIR

TURKCELL ILETISIM HIZMETLERI A.S.
TURKISH ACCOUNTING STANDARDS SELECTED FINANCIALS (TRY Million)

| | Quarter Ended March 31, 2015 | Quarter Ended December 31, 2015 | Year Ended December 31, 2015 | Quarter Ended March 31, 2016 |
|---|------------------------------------|---------------------------------------|------------------------------------|------------------------------------|
| Consolidated Statement of Operations Data | | | | |
| Turkcell Turkey | 2,662.2 | 2,997.8 | 11,480.9 | 2,927.5 |
| Consumer | 2,124.4 | 2,391.0 | 9,127.3 | 2,337.9 |
| Corporate | 482.7 | 529.2 | 2,031.7 | 524.5 |
| Other | 55.1 | 77.6 | 321.9 | 65.1 |
| Turkcell International | 192.9 | 223.8 | 856.1 | 196.9 |
| Other | 123.1 | 112.9 | 432.4 | 101.0 |
| Total revenues | 2,978.2 | 3,334.5 | 12,769.4 | 3,225.4 |
| Direct cost of revenues | (1,828.0) | (2,054.2) | (7,766.5) | (2,018.3) |
| Gross profit | 1,150.2 | 1,280.3 | 5,002.9 | 1,207.1 |
| Administrative expenses | (140.8) | (165.9) | (625.3) | (178.7) |
| Selling & marketing expenses | (476.3) | (492.6) | (1,901.9) | (481.2) |
| Other Operating Income / (Expense) | 569.9 | (15.9) | 925.0 | 220.4 |
| Operating profit before financing and investing costs | 1,103.0 | 605.9 | 3,400.7 | 767.6 |
| Income from investing activities | 3.6 | 6.2 | 14.9 | 9.3 |
| Expense from investing activities | (22.4) | (27.5) | (74.3) | (7.0) |
| Share of profit of equity accounted investees | 94.8 | 98.4 | 367.3 | 15.2 |
| Income before financing costs | 1,179.0 | 683.0 | 3,708.6 | 785.1 |
| Finance expense | (1,087.5) | 18.6 | (1,135.1) | (67.6) |
| Income before tax and non-controlling interest | 91.5 | 701.6 | 2,573.5 | 717.5 |
| Income tax expense | (234.3) | (109.4) | (667.7) | (143.5) |
| Income before non-controlling interest | (142.8) | 592.2 | 1,905.8 | 574.0 |
| Non-controlling interest | 284.4 | (7.6) | 164.1 | (10.9) |
| Net income | 141.6 | 584.6 | 2,069.9 | 563.1 |
| Net income per share | 0.06 | 0.27 | 0.94 | 0.26 |

Other Financial Data

| | | | | | | | | |
|----------------------|-------|---|---------|---|---------|---|---------|---|
| Gross margin | 38.6 | % | 38.4 | % | 39.2 | % | 37.4 | % |
| EBITDA(*) | 926.8 | | 1,058.2 | | 4,140.5 | | 1,001.5 | |
| Capital expenditures | 755.5 | | 6,188.9 | | 8,536.2 | | 738.4 | |

Consolidated Balance

Sheet Data (at period end)

| | | | | | | | | |
|--|----------|--|----------|--|----------|--|----------|--|
| Cash and cash equivalents | 8,173.8 | | 2,918.8 | | 2,918.8 | | 2,522.4 | |
| Total assets | 23,952.5 | | 26,184.2 | | 26,184.2 | | 26,152.6 | |
| Long term debt | 549.7 | | 3,487.8 | | 3,487.8 | | 3,373.2 | |
| Total debt | 4,127.3 | | 4,214.2 | | 4,214.2 | | 4,028.3 | |
| Total liabilities | 11,046.5 | | 11,784.9 | | 11,784.9 | | 11,270.1 | |
| Total shareholders' equity / Net Assets | 12,906.0 | | 14,399.3 | | 14,399.3 | | 14,882.5 | |

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2016

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

| | Note | 31 March 2016 | 31 December 2015 |
|---|------|-------------------|-------------------|
| Assets | | | |
| Property, plant and equipment | 8 | 7,073,495 | 6,821,494 |
| Intangible assets | 9 | 8,150,841 | 8,232,637 |
| GSM and other telecommunication operating licenses | | 2,425,071 | 2,520,785 |
| 4.5G license not yet available for use | | 4,018,270 | 3,984,954 |
| Computer software | | 1,526,039 | 1,570,346 |
| Other intangible assets | | 181,461 | 156,552 |
| Investment properties | | 47,451 | 49,572 |
| Investments in equity accounted investees | 10 | 974,390 | 981,939 |
| Other non-current assets | | 371,054 | 441,940 |
| Trade receivables | 11 | 750,938 | 836,256 |
| Receivables from financial services | | 129,339 | - |
| Deferred tax assets | | 32,487 | 48,615 |
| Total non-current assets | | 17,529,995 | 17,412,453 |
| Inventories | | 82,862 | 75,471 |
| Due from related parties | 19 | 10,529 | 11,760 |
| Trade receivables and accrued income | 11 | 4,071,300 | 4,098,928 |
| Receivables from financial services | | 139,864 | - |
| Other current assets | 12 | 1,818,200 | 1,689,902 |
| Cash and cash equivalents | 13 | 2,522,412 | 2,918,796 |
| Total current assets | | 8,645,167 | 8,794,857 |
| Total assets | | 26,175,162 | 26,207,310 |
| Equity | | | |
| Share capital | | 2,200,000 | 2,200,000 |
| Share premium | | 269 | 269 |
| Capital contributions | | 35,026 | 35,026 |
| Reserves | | 781,915 | 861,111 |
| Retained earnings | | 11,818,533 | 11,258,411 |
| Total equity attributable to equity holders of Turkcell Iletisim Hizmetleri AS | | 14,835,743 | 14,354,817 |
| Non-controlling interests | | 66,014 | 64,085 |
| Total equity | | 14,901,757 | 14,418,902 |
| Liabilities | | | |
| Loans and borrowings | 15 | 3,373,229 | 3,487,786 |
| Employee benefits | | 122,628 | 114,869 |

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| | | | |
|-------------------------------|----|------------|------------|
| Provisions | | 124,942 | 130,619 |
| Other non-current liabilities | | 372,202 | 366,670 |
| Trade and other payables | | 1,291,143 | 1,270,610 |
| Deferred tax liabilities | | 230,318 | 113,437 |
| Total non-current liabilities | | 5,514,462 | 5,483,991 |
| Loans and borrowings | 15 | 658,155 | 728,744 |
| Income taxes payable | 7 | 18,748 | 12,855 |
| Trade and other payables | | 4,901,959 | 5,283,070 |
| Due to related parties | 19 | 4,632 | 6,555 |
| Deferred income | | 115,226 | 121,078 |
| Provisions | | 60,223 | 152,115 |
| Total current liabilities | | 5,758,943 | 6,304,417 |
| Total liabilities | | 11,273,405 | 11,788,408 |
| Total equity and liabilities | | 26,175,162 | 26,207,310 |

The accompanying notes on page 7 to 38 are an integral part of these condensed interim consolidated financial statements.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three months ended 31 March 2016

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

| | Note | Three months ended | |
|--|------|--------------------|--------------|
| | | 2016 | 2015 |
| Revenue | | 3,223,035 | 2,978,163 |
| Direct costs of revenue | | (2,018,426) | (1,828,551) |
| Gross profit from business operations | | 1,204,609 | 1,149,612 |
| Revenue from financial services | | 2,347 | - |
| Direct cost of revenue from financial services | | (344) | - |
| Gross profit from financial operations | | 2,003 | - |
| Gross profit | | 1,206,612 | 1,149,612 |
| Other income | | 6,005 | 16,345 |
| Selling and marketing expenses | | (481,248) | (476,267) |
| Administrative expenses | | (178,672) | (140,796) |
| Other expenses | | (17,109) | (69,380) |
| Results from operating activities | | 535,588 | 479,514 |
| Finance income | 6 | 221,247 | 252,261 |
| Finance costs | 6 | (55,000) | (735,690) |
| Net finance (costs) / income | | 166,247 | (483,429) |
| Share of profit of equity accounted investees | 10 | 15,180 | 94,830 |
| Profit before income tax | | 717,015 | 90,915 |
| Income tax expense | 7 | (143,434) | (234,205) |
| Profit for the year | | 573,581 | (143,290) |
| Profit / (loss) attributable to: | | | |
| Owners of Turkcell Iletisim Hizmetleri AS | | 562,718 | 141,117 |
| Non-controlling interests | | 10,863 | (284,407) |
| Profit / (Loss) for the period | | 573,581 | (143,290) |
| Basic and diluted earnings per share (in full TL) | | 0.26 | 0.06 |

The accompanying notes on page 7 to 38 are an integral part of these condensed interim consolidated financial statements.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 31 March 2016

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

| | Three months ended 31 March | |
|---|-----------------------------|------------|
| | 2016 | 2015 |
| Profit / (Loss) for the period | 573,581 | (143,290) |
| Other comprehensive income / (expense): | | |
| Items that will not be reclassified to profit or loss: | | |
| Actuarial (loss) / gain arising from employee benefits | (887) | (992) |
| Tax effect of actuarial gain / (loss) from employee benefits | 183 | 157 |
| | (704) | (835) |
| Items that will or may be reclassified subsequently to profit or loss: | | |
| Change in cash flow hedge reserve | - | 459 |
| Foreign currency translation differences | (54,781) | 438,686 |
| Share of foreign currency translation differences of the equity accounted investees | (11,871) | (387,392) |
| Tax effect of foreign currency translation differences | (1,600) | 7,892 |
| | (68,252) | 59,645 |
| Other comprehensive (expense) / income for the year, net of income tax | (68,956) | 58,810 |
| Total comprehensive income for the year | 504,625 | (84,480) |
| Total comprehensive income attributable to: | | |
| Owners of Turkcell Iletisim Hizmetleri AS | 492,170 | 59,257 |
| Non-controlling interests | 12,455 | (143,737) |
| Total comprehensive income for the year | 504,625 | (84,480) |

The accompanying notes on page 7 to 38 are an integral part of these condensed interim consolidated financial statements.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2016

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

| | Attributable to equity holders of the Company | | | | | | | | | Non-Controlling Interests |
|---|---|-----------------------|---------------|----------------|--------------------------|---|---------------------|-------------------|-------------|---------------------------|
| | Share Capital | Capital Contributions | Share Premium | Legal Reserves | Cash Flow Hedge Reserves | Reserve for Non-Controlling Interest Put Option | Translation Reserve | Retained Earnings | Total | |
| Balance at 1 January 2015 | 2,200,000 | 35,026 | 269 | 839,284 | (719) | (758,432) | 350,254 | 14,427,741 | 17,093,423 | (382) |
| Total comprehensive income/(expense) Profit/(loss) for the period | - | - | - | - | - | - | - | 141,117 | 141,117 | (284) |
| Other comprehensive income/(expense) Foreign currency translation differences, net of tax | - | - | - | - | - | (113,399) | 31,915 | | (81,484) | 140, |
| Defined benefit plan actuarial losses | - | - | - | - | - | - | - | (835) | (835) | - |
| Change in cash flow hedge reserve | - | - | - | - | 459 | - | - | - | 459 | - |
| Total other comprehensive income/(expense) | - | - | - | - | 459 | (113,399) | 31,915 | (835) | (81,860) | 140, |
| Total comprehensive income/(expense) | - | - | - | - | 459 | (113,399) | 31,915 | 140,282 | 59,257 | (143) |
| Increase in legal reserves | - | - | - | 337,500 | - | - | - | (337,500) | - | - |
| Dividend paid | - | - | - | - | - | - | - | (3,925,000) | (3,925,000) | (3,3 |
| Change in fair value of minority put option | - | - | - | - | - | 229,548 | - | - | 229,548 | - |
| Change in non-controlling interests | - | - | - | - | - | - | - | - | - | - |

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| | | | | | | | | | | |
|---|-----------|--------|-----|-----------|-------|-----------|-----------|------------|------------|-----------|
| Balance at 31 March 2015 | 2,200,000 | 35,026 | 269 | 1,176,784 | (260) | (642,283) | 382,169 | 10,305,523 | 13,457,228 | (529,000) |
| Total comprehensive income/(expense) | | | | | | | | | | |
| Profit / (loss) for the period | - | - | - | - | - | - | - | 1,926,537 | 1,926,537 | 120,000 |
| Other comprehensive income/(expense) | | | | | | | | | | |
| Foreign currency translation differences, net of tax | - | - | - | - | - | (115,774) | (243,345) | - | (359,119) | (90,000) |
| Defined benefit plan actuarial losses | - | - | - | - | - | - | - | (10,068) | (10,068) | - |
| Change in cash flow hedge reserve | - | - | - | - | 260 | - | - | - | 260 | - |
| Total other comprehensive income/(expense), net of tax | - | - | - | - | 260 | (115,774) | (243,345) | (10,068) | (368,927) | (90,000) |
| Total comprehensive income/(expense) | - | - | - | - | 260 | (115,774) | (243,345) | 1,916,469 | 1,557,610 | 30,000 |
| Increase in legal reserves | - | - | - | 34,568 | - | - | - | (34,568) | - | - |
| Dividend paid | - | - | - | - | - | - | - | - | - | (97,000) |
| Change in fair value of minority put option | - | - | - | - | - | 268,992 | - | - | 268,992 | - |
| Change in non-controlling interest | - | - | - | - | - | - | - | - | - | - |
| Acquisition of non-controlling interest | - | - | - | - | - | - | - | (929,013) | (929,013) | 661,000 |
| Balance at 31 December 2015 | 2,200,000 | 35,026 | 269 | 1,211,352 | - | (489,065) | 138,824 | 11,258,411 | 14,354,817 | 64,000 |
| Balance at 1 January 2016 | 2,200,000 | 35,026 | 269 | 1,211,352 | - | (489,065) | 138,824 | 11,258,411 | 14,354,817 | 64,000 |
| Total comprehensive income/(expense) | | | | | | | | | | |
| Profit/(loss) for the period | - | - | - | - | - | - | - | 562,718 | 562,718 | 10,800 |
| Other comprehensive income/(expense) | | | | | | | | | | |

| | | | | | | | | | | |
|--|-----------|--------|-----|-----------|---|-----------|-----------|------------|------------|-------|
| Foreign currency translation differences, net of tax | - | - | - | - | - | 16,163 | (86,007) | - | (69,844) | 1,59 |
| Defined benefit plan actuarial losses | - | - | - | - | - | - | - | (704) | (704) | - |
| Total other comprehensive income/(expense) | - | - | - | - | - | 16,163 | (86,007) | (704) | (70,548) | 1,59 |
| Total comprehensive income/(expense) | - | - | - | - | - | 16,163 | (86,007) | 562,014 | 492,170 | 12,4 |
| Transfer to legal reserves | - | - | - | 1,892 | - | - | - | (1,892) | - | - |
| Net change in fair value of minority put option | - | - | - | - | - | (11,244) | - | - | (11,244) | - |
| Change in non-controlling interests | - | - | - | - | - | - | - | - | - | (10,5 |
| Balance at 31 March 2016 | 2,200,000 | 35,026 | 269 | 1,213,244 | - | (484,146) | 52,817 | 11,818,533 | 14,835,743 | 66,0 |

The accompanying notes on page 7 to 38 are an integral part of these condensed interim consolidated financial statements.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the three months ended 31 March 2016

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

| | Note | Three months ended 31 March | |
|---|-------|-----------------------------|------------|
| | | 2016 | 2015 |
| Cash flows from operating activities | | | |
| Profit for the year | | 573,581 | (143,290) |
| Adjustments for: | | | |
| Depreciation and impairment of fixed assets and investment property | 8 | 289,193 | 269,155 |
| Amortization of intangible assets | 9 | 165,622 | 125,144 |
| Net finance (income) | 6 | (102,358) | (214,135) |
| Income tax expense | 7 | 143,434 | 234,205 |
| Share of profit of equity accounted investees | 10 | (15,180) | (94,830) |
| (Gain)/loss on sale of property, plant and equipment | | (3,862) | (2,090) |
| Unrealized foreign exchange and monetary (loss)/ gain on operating assets | | (148,540) | 571,240 |
| Allowance for trade receivables and due from related parties | 11,19 | 52,941 | 95,246 |
| Deferred income | | (1,065) | 928 |
| | | 953,766 | 841,573 |
| Change in trade receivables | 11 | 67,788 | (408,805) |
| Change in due from related parties | 19 | 974 | (15,293) |
| Change in receivables from financial operations | | (269,203) | - |
| Change in inventories | | (7,474) | 125 |
| Change in other current assets | 12 | (308,382) | (436,569) |
| Change in other non-current assets | | 69,039 | 95,862 |
| Change in due to related parties | 19 | (1,904) | (3,934) |
| Change in trade and other payables | | (371,529) | (356,613) |
| Change in other non-current liabilities | | 3,411 | 2,571 |
| Change in employee benefits | | 6,872 | 5,607 |
| Change in provisions | | (90,549) | (82,658) |
| | | 52,809 | (358,134) |
| Interest paid | | (10,399) | (13,536) |
| Income tax paid | | (13,223) | (181,294) |
| Net cash generated by operating activities | | 29,187 | (552,964) |
| Cash flows from investing activities | | | |
| Acquisition of property, plant and equipment | 8 | (585,740) | (284,682) |
| Acquisition of intangible assets | 9 | (109,790) | (464,851) |
| Proceeds from sale of property, plant and equipment | | 12,914 | 3,410 |
| Proceeds from currency option contracts | | 1,144 | 596 |
| Proceeds from sale of financial asset | | - | 12,620 |

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| | | | |
|--|------------|--------------|-----------|
| Change in property, plant and equipment advances | 1,718 | (21,664) | |
| Interest received | 171,683 | 240,727 | |
| Net cash provided/(used in) investing activities | (508,071) | (513,844) | |
| Cash flows from financing activities | | | |
| Proceeds from issuance of loans and borrowings | 117,721 | 1,571,427 | |
| Repayment of borrowings | (262,938) | (1,525,095) | |
| Dividends paid | - | (3,313) | |
| Decrease/(increase) in cash collateral related to loans | 160,722 | (130,510) | |
| Net cash generated (used in) by financing activities | 15,505 | (87,491) | |
| Net increase/ (decrease) in cash and cash equivalents | (463,379) | (1,154,299) | |
| Cash and cash equivalents at 1 January | 2,918,796 | 9,031,881 | |
| Effects of foreign exchange rate fluctuations on cash and cash equivalents | 66,883 | 296,251 | |
| Cash and cash equivalents at 31 March | 13 | 2,522,300 | 8,173,833 |

The accompanying notes on page 7 to 38 are an integral part of these condensed interim consolidated financial statements.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three months ended 31 March 2016

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

Notes to the consolidated financial statements

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TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three months ended 31 March 2016

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

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 Maltepe Aydınevler Mahallesi İnönü Caddesi No: 20, Kucukyali Ofispark / Istanbul. It is engaged in establishing and operating a Global System for Mobile Communications (“GSM”) network in Turkey and regional states.

The condensed interim consolidated financial statements of the Company as at and for the three months ended 31 March 2016 comprise the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interest in one associate.

The consolidated financial statements of the Company as at and for the year ended 31 December 2015 are available upon request from the Company’s registered office at Maltepe Aydınevler Mahallesi İnönü Caddesi No: 20, Kucukyali Ofispark / Istanbul or at www.turkcell.com.tr.

2. Basis of preparation

The same accounting policies, presentation and methods of computation have been followed in these condensed interim consolidated financial statements as were applied in the preparation of the Group’s consolidated financial statements as at and for the year ended 31 December 2015 other than the adoption of the following new standards or amendments to the standards which are effective for the annual periods on or after 1 January 2016 and accounting policies for new transactions (Note 3a).

The effects of the new standards or amendments to the standards adopted are explained in Note 3c.

The condensed interim consolidated financial statements are presented in Turkish Lira (“TL”), rounded to the nearest thousand. Moreover, all financial information expressed in US Dollars (“USD” or “\$”), Euro (“EUR”) and Ukrainian 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 lifecell LLC (“lifecell”), LLC Global Bilgi (“Global LLC”) and UkrTower LLC (“UkrTower”) is UAH. The functional currency of Belarusian Telecommunication Network (“Belarusian Telecom”) and LLC Lifetech is BYR. The functional currency of Azerinteltek QSC (“Azerinteltek”) is Azerbaijan Manat (“AZN”).

The condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and in accordance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting”. They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2015.

The Group's condensed interim consolidated financial statements as at and for the period ended 31 March 2016 were approved by the Board of Directors on 28 April 2016.

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".

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three months ended 31 March 2016

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

3. Significant accounting policies

a) Receivables and revenue from financial services

Receivables from financial operations comprise of contracted receivables from subscribers, related to consumer financing activities of Turkcell Finansman A.S (“TFS”). These receivables are measured at amortized cost, using effective interest rate method.

Revenue from financial operations comprise of interest income generated from consumer financing activities. Interest income is recognized as it accrues, using the effective interest method.

b) Comparative Information and Revision of Prior Period Financial Statements

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

(c) New standards and interpretations

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

None.

(ii) Standards, amendments and interpretations applicable as at 31 March 2016

-Amendment to IFRS 11, “Joint arrangements” on acquisition of an interest in a joint operation is effective from annual periods beginning on or after 1 January 2016. This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions.

-Amendments to IAS 16, “Property, plant and equipment”, and IAS 41, “Agriculture”, regarding bearer plants are effective from annual periods beginning on or after 1 January 2016. These amendments change the financial reporting for bearer plants, such as grape vines, rubber trees and oil palms. It has been decided that bearer plants should be accounted for in the same way as property, plant and equipment because their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of IAS 16, instead of IAS 41. The produce growing on bearer plants will remain within the scope of IAS 41.

-Amendment to IAS 16, “Property, plant and equipment” and IAS 38, “Intangible assets”, on depreciation and amortization are effective from annual periods beginning on or after 1 January 2016. In this amendment, it has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the

consumption of the economic benefits embodied in the asset. It is also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.

-IFRS 14 “Regulatory deferral accounts” is effective from annual periods beginning on or after 1 January 2016. IFRS 14, “Regulatory deferral accounts” permits first-time adopters to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS. However, to enhance comparability with entities that already apply IFRS and do not recognise such amounts, the standard requires that the effect of rate regulation must be presented separately from other items.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three months ended 31 March 2016

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

3. Significant accounting policies (continued)

(ii) Standards, amendments and interpretations applicable as at 31 March 2016 (continued)

-Amendments to IAS 27, "Separate financial statements" on the equity method is effective from annual periods beginning on or after 1 January 2016. These amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

-Amendments to IFRS 10, "Consolidated financial statements" and IAS 28, "Investments in associates and joint ventures" are effective from annual periods beginning on or after 1 January 2016. These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

-Annual improvements 2014 are effective from annual periods beginning on or after 1 January 2016. These set of amendments impacts 4 standards:

- IFRS 5, "Non-current assets held for sale and discontinued operations" regarding methods of disposal.
- IFRS 7, "Financial instruments: Disclosures", (with consequential amendments to IFRS 1) regarding servicing contracts.
- IAS 19, "Employee benefits" regarding discount rates.
- IAS 34, "Interim financial reporting" regarding disclosure of information.

-Amendment to IAS 1, "Presentation of financial statements" on the disclosure initiative is effective from annual periods beginning on or after 1 January 2016, these amendments are as part of the IASB initiative to improve presentation and disclosure in financial reports

-Amendment to IFRS 10 "Consolidated financial statements" and IAS 28, "Investments in associates and joint ventures" are effective from annual periods beginning on or after 1 January 2016. These amendments clarify the application of the consolidation exception for investment entities and their subsidiaries.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three months ended 31 March 2016

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

3. Significant accounting policies (continued)

(iii) Standards, amendments and interpretations effective after 31 March 2016:

-IAS 7 “Statement of Cash flows” is effective from annual periods beginning on or after 1 January 2017. The improvements are part of the Board’s Disclosure Initiative. The amendments require companies to provide information about changes in their financing liabilities and come as a response to requests from investors for information that helps them better understand changes in a company’s debt. The amendments will help to evaluate changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes (such as foreign exchange gains or losses).

-IAS 12 “Income Taxes” is effective from annual periods beginning on or after 1 January 2017. The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset’s tax base. It also clarify certain other aspects of accounting for deferred tax assets.

-IFRS 15 “Revenue from contracts with customers” is effective from annual periods beginning on or after 1 January 2018. IFRS 15, “Revenue from contracts with customers” is a converged standard from the IASB and FASB on revenue recognition. The standard will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally.

-IFRS 9 “Financial instruments” is effective from annual periods beginning on or after 1 January 2018. This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.

-IFRS 16 “Leases” is effective from annual periods beginning on or after 1 January 2019, with earlier application permitted if IFRS 15, “Revenue from Contracts with Customers”, is also applied. New standard requires lessees to recognise a lease liability reflecting future lease payments and a ‘right-of-use asset’ for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same.

The Group is evaluating the effects of these standards on the condensed interim consolidated financial statements.

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4. Operating Segments

The Group has two main reportable segments in accordance with its integrated communication and technology services strategy as Turkcell Turkey and Turkcell International. Some of 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.

Turkcell Turkey reportable segment includes the operations of Turkcell, Superonline İletişim Hizmetleri A.S. (“Turkcell Superonline”), Turkcell Satis ve Dagitim Hizmetleri A.S. (“Turkcell Satis”), group call center operations of Global Bilgi Pazarlama Danisma ve Cagri Servisi Hizmetleri A.S. (“Turkcell Global Bilgi”), Turkcell Bilisim Servisleri A.S. (“Turktell”), Turkcell Teknoloji Arastirma ve Gelistirme A.S. (“Turkcell Teknoloji”), Turkcell Interaktif Dijital Platform ve Icerik Hizmetleri A.S. (“Turktell Interaktif”), Kule Hizmet ve Isletmecilik A.S. (“Global Tower”), Rehberlik Hizmetleri Servisi A.S. (“Rehberlik”), Turkcell Odeme Hizmetleri A.S. (“Turkcell Odeme”), Turkcell Gayrimenkul Hizmetleri A.S. (“Turkcell Gayrimenkul”). Turkcell International reportable segment includes the operations of Kibris Mobile Telekomunikasyon Limited Sirketi (“Kibris Telekom”), Eastasia, Euroasia, lifecell, Beltur, Beltel, Belarusian Telecom, UkrTower, Global LLC, Turkcell Europe, Lifetech LLC and Fintur Holdings B.V. (“Fintur”). The operations of these legal entities aggregated into one reportable segment as the nature of services are similar and most of them share similar economic characteristics. Other reportable segment mainly comprises the information and entertainment services in Turkey and Azerbaijan, non-group call center operations of Turkcell Global Bilgi and Turkcell Finansman AS (“TFS”).

In first, second and third quarter of the year 2015, the operations of Turkcell Global Bilgi were included in Turkcell Turkey reportable segment. Since the Group changed its reportable segments which are the dominant source of information to evaluate the performance and to allocate resources in the fourth quarter of 2015, group call center operations of Global Bilgi were included in Turkcell Turkey reportable segment whereas non-group call center operations of Global Bilgi were included in other reportable segment. Corresponding information for prior years have been also restated in the current period according to the new reportable segments. Since the assets and liabilities of Turkcell Global Bilgi could not be allocated to group and non-group operations and are mainly related to group operations, total assets and liabilities of Turkcell Global Bilgi are reported under Turkcell Turkey reportable segment except trade receivables.

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. Reconciliation of Adjusted EBITDA to consolidated profit before income tax and profit for the period in the accompanying notes.

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| | 4. Operating segments (continued) | | | | | | | | | |
|---------------------------------------|-----------------------------------|-----------|------------------------|-------------|---------|----------|---------------------------|----------|--------------|-----------|
| | Three months ended 31 March | | | | | | | | | |
| | Turkcell Turkey | | Turkcell International | | Other | | Intersegment Eliminations | | Consolidated | |
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| Consumer segment revenue | 2,337,864 | 2,124,452 | - | - | - | - | - | - | 2,337,864 | 2,124,452 |
| Corporate segment revenue | 524,534 | 482,661 | - | - | - | - | - | - | 524,534 | 482,661 |
| Other Turkcell Turkey revenue | 65,117 | 55,081 | - | - | - | - | - | - | 65,117 | 55,081 |
| Turkcell International revenue | - | - | 196,897 | 192,873 | - | - | - | - | 196,897 | 192,873 |
| Other revenue | - | - | - | - | 107,085 | 129,155 | - | - | 107,085 | 129,155 |
| Eliminations | - | - | - | - | - | - | (6,115) | (6,059) | (6,115) | (6,059) |
| Total Revenue | 2,927,515 | 2,662,194 | 196,897 | 192,873 | 107,085 | 129,155 | (6,115) | (6,059) | 3,225,382 | 2,978,000 |
| Contribution to consolidated revenue* | 2,924,468 | 2,658,585 | 193,833 | 190,428 | 107,081 | 129,150 | - | - | 3,225,382 | 2,978,000 |
| Reportable segment adjusted EBITDA | 916,096 | 828,192 | 53,555 | 53,078 | 31,305 | 45,485 | 551 | 93 | 1,001,507 | 926,800 |
| Finance income | 207,332 | 250,815 | 3,633 | 5,077 | 10,282 | 35,432 | - | (39,063) | 221,247 | 252,277 |
| Finance cost | (40,362) | 294,074 | (15,960) | (1,069,678) | 44 | (15,057) | 1,278 | 54,971 | (55,000) | (735,000) |
| Depreciation and amortization | (407,350) | (350,186) | (44,356) | (41,841) | (3,152) | (2,327) | 43 | 55 | (454,815) | (394,678) |
| Share of profit of equity | - | - | 15,180 | 94,830 | - | - | - | - | 15,180 | 94,830 |

| | | | | | | | | | | | |
|------------------------|-----------|-----------|----------|----------|-------|-------|---|-------|-----------|-------|--|
| accounted investees | | | | | | | | | | | |
| Capital expenditure | 675,393 | 343,895 | 61,712 | 408,442 | 1,298 | 3,167 | - | (33) | 738,403 | 755,4 | |
| Bad debt expense | (51,052) | (44,728) | (1,937) | (2,478) | 48 | - | - | - | (52,941) | (47,2 | |

(*)“Contribution to the consolidated revenue” represents operating segments’ revenues from companies other than those included in the consolidated financial statements. Group management monitors financial performance of the segments based on their separate financial statements. Contribution of operating segments on the Group’s revenue is presented to give additional information to the reader of the financial statements.

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| | 4. Operating segments (continued) | | | | | | | | | |
|--------------------------------|--|------------|------------------------|-----------|---------|---------|---------------------------|----------|------------|------------|
| | As at 31 March 2016 and 31 December 2015 | | | | | | | | | |
| | Turkcell Turkey | | Turkcell International | | Other | | Intersegment Eliminations | | Total | |
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | |
| Reportable segment assets | 20,892,188 | 20,701,617 | 1,364,750 | 1,460,983 | 364,534 | 85,884 | (13,652) | (10,921) | 22,607,820 | 22,607,820 |
| Investment in associates | - | - | 974,390 | 981,939 | - | - | - | - | 974,390 | 981,939 |
| Reportable segment liabilities | 6,325,114 | 6,868,877 | 477,493 | 481,338 | 203,580 | 105,460 | (13,235) | (10,089) | 6,992,952 | 7,461,712 |

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| 4. | Operating segments (continued) | Three months ended 31 March | |
|----|---|-----------------------------|------------|
| | | 2016 | 2015 |
| | Turkcell Turkey adjusted EBITDA | 916,096 | 828,192 |
| | Turkcell International adjusted EBITDA | 53,555 | 53,078 |
| | Other | 31,305 | 45,485 |
| | Intersegment eliminations | 551 | 93 |
| | Consolidated adjusted EBITDA | 1,001,507 | 926,848 |
| | Finance income | 221,247 | 252,261 |
| | Finance costs | (55,000) | (735,690) |
| | Other income | 6,005 | 16,345 |
| | Other expenses | (17,109) | (69,380) |
| | Share of profit of equity accounted investees | 15,180 | 94,830 |
| | Depreciation and amortization | (454,815) | (394,299) |
| | Consolidated profit before income tax | 717,015 | 90,915 |
| | Income tax expense | (143,434) | (234,205) |
| | Profit for the period | 573,581 | (143,290) |

| | 31 March 2015 | 31 December 2015 |
|---|------------------|---------------------|
| Assets | | |
| Total assets for reportable segments | 22,256,938 | 22,162,600 |
| Other assets | 364,534 | 85,884 |
| Intersegment eliminations | (13,652) | (10,921) |
| Investments in equity accounted investees | 974,390 | 981,939 |
| Other unallocated assets | 2,592,952 | 2,987,808 |
| Consolidated total assets | 26,175,162 | 26,207,310 |

| | 31 March 2016 | 31 December 2015 |
|---|------------------|---------------------|
| Liabilities | | |
| Total liabilities for reportable segments | 6,802,607 | 7,350,215 |
| Other liabilities | 203,580 | 105,460 |
| Intersegment eliminations | (13,235) | (10,089) |
| Other unallocated liabilities | 4,280,453 | 4,342,822 |
| Consolidated total liabilities | 11,273,405 | 11,788,408 |

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4. 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.

| | Three months ended 31 March | |
|-------------------------------------|-----------------------------|-----------|
| | 2016 | 2015 |
| Revenues | | |
| Turkey | 3,012,481 | 2,743,540 |
| Ukraine | 129,475 | 127,099 |
| Belarus | 32,695 | 29,909 |
| Turkish Republic of Northern Cyprus | 30,941 | 30,398 |
| Azerbaijan | 19,068 | 44,195 |
| Germany | 722 | 3,022 |
| | 3,225,382 | 2,978,163 |

| | 31 March | 31 December |
|-------------------------------------|------------|-------------|
| | 2016 | 2015 |
| Non-current assets | | |
| Turkey | 15,171,463 | 15,032,659 |
| Ukraine | 918,863 | 993,546 |
| Belarus | 303,901 | 224,784 |
| Turkish Republic of Northern Cyprus | 114,556 | 116,127 |
| Azerbaijan | 14,630 | 14,727 |
| Unallocated non-current assets | 1,006,582 | 1,030,610 |
| | 17,529,995 | 17,412,453 |

5. Seasonality of operations

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

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6. Finance income and costs

Net finance income or expense amounts to TL 166,247 and TL (483,429) for the three months ended 31 March 2016 and 2015, respectively.

The foreign exchange income amounting to TL 9,863 and TL 349,546 have been presented on net basis with foreign exchange losses for the three months ended 31 March 2016 and 2015, respectively.

Net finance income for the three months ended 31 March 2016 is mainly attributable to interest income from contracted handset sales.

Net finance expense for the three months ended 31 March 2016 is mainly attributable to financing cost of loans and borrowings and payable for 4.5G license.

Net foreign exchange loss for the three months ended 31 March 2015 is mainly attributable to the foreign exchange losses in Belarusian Telecom operating in Belarus amounting to TL 337,768 and foreign exchange loss in lifecell operating in Ukraine amounting to TL 654,081. Foreign exchange losses from Belarusian Telecom and lifecell exclude foreign exchange losses arising in the foreign operations' individual financial statements which have been recognized directly in equity in the foreign currency translation differences in the consolidated financial statements in accordance with accounting policy for net investment in foreign operations.

7. Income tax expense

Effective tax rates are 20% and 258% for the three months ended 31 March 2016 and 2015, respectively.

Since it is not probable that taxable profit will be available against which the unused tax losses or unused tax credits of lifecell and Belarusian Telecom can be utilized, no deferred tax asset is recognized on any loss incurred as a result of Ukraine and Belarus.

When the effects of unused tax losses of lifecell and Belarusian Telecom are excluded, the effective tax rate is 20% for the three months ended 31 March 2015.

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| 8. Property, plant and equipment | | | | | | | |
|--|------------------------------|----------------|------------------|---------------|----------------------------------|--|-----------------------------|
| Cost or deemed cost | Balance as at 1 January 2016 | Additions | Disposals | Transfers | Impairment expenses/ (reversals) | Effects of movements in exchange rates | Balance as at 31 March 2016 |
| Network infrastructure (All operational) | 11,302,326 | 87,046 | (11,789) | 364,540 | - | (194,596) | 11,547,527 |
| Land and buildings | 389,366 | 3,349 | - | - | - | (1,810) | 390,905 |
| Equipment, fixtures and fittings | 586,463 | 3,383 | (1,080) | 69 | - | (2,505) | 586,330 |
| Motor vehicles | 33,676 | 234 | (252) | - | - | (421) | 33,237 |
| Leasehold improvements | 306,176 | 1,895 | - | - | - | (378) | 307,693 |
| Construction in progress | 1,005,358 | 500,797 | - | (365,100) | (467) | (9,792) | 1,130,796 |
| Total | 13,623,365 | 596,704 | (13,121) | (491) | (467) | (209,502) | 13,996,488 |
| Accumulated depreciation | | | | | | | |
| Network infrastructure (All operational) | 5,976,699 | 256,246 | (3,375) | 186 | 8,157 | (157,526) | 6,080,387 |
| Land and buildings | 140,627 | 3,250 | - | - | 122 | (593) | 143,406 |
| Equipment, fixtures and fittings | 462,618 | 11,276 | (776) | - | 11 | (2,221) | 470,908 |
| Motor vehicles | 29,704 | 590 | (246) | - | - | (453) | 29,595 |
| Leasehold improvements | 192,223 | 6,952 | - | - | - | (478) | 198,697 |
| Total | 6,801,871 | 278,314 | (4,397) | 186 | 8,290 | (161,271) | 6,922,993 |
| Total property, plant and equipment | 6,821,494 | 318,390 | (8,724) | (677) | (8,757) | (48,231) | 7,073,495 |

Depreciation expenses for the periods ended 31 March 2016 and 2015 are TL 287,071 and TL 269,330 respectively including impairment losses and recognized in direct costs of revenues.

The impairment losses on property, plant and equipment for the years ended 31 March 2016 and 2015 are TL 8,757 and TL 1,759 respectively and recognized in depreciation expense.

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| 8. Property, plant and equipment (continued) | | | | | | | | |
|--|------------------------------|------------------|------------------|--------------|----------------------------------|------------------------|---|--------------------------------|
| Cost or deemed cost | Balance as at 1 January 2015 | Additions | Disposals | Transfers | Impairment expenses/ (reversals) | Investment to Property | Effects of transfers movements to exchange rates in | Balance as at 31 December 2015 |
| Network infrastructure (All operational) | 10,918,769 | 358,297 | (652,051) | 1,061,692 | - | - | (384,381) | 11,302,326 |
| Land and buildings | 516,724 | 20,167 | - | 310 | - | (144,268) | (3,567) | 389,366 |
| Equipment, fixtures and fittings | 564,429 | 57,204 | (30,632) | 1,467 | - | - | (6,005) | 586,463 |
| Motor vehicles | 35,807 | 883 | (1,609) | - | - | - | (1,405) | 33,676 |
| Leasehold improvements | 228,530 | 30,008 | (23,575) | 72,460 | - | - | (1,247) | 306,176 |
| Construction in progress | 444,200 | 1,715,044 | (877) | (1,136,521) | (2,523) | - | (13,965) | 1,005,358 |
| Total | 12,708,459 | 2,181,603 | (708,744) | (592) | (2,523) | (144,268) | (410,570) | 13,623,365 |
| Accumulated depreciation | | | | | | | | |
| Network infrastructure (All operational) | 5,900,269 | 1,016,762 | (647,280) | - | 17,990 | - | (311,042) | 5,976,699 |
| Land and buildings | 231,044 | 15,950 | - | - | (2,851) | (101,634) | (1,882) | 140,627 |
| Equipment, fixtures and fittings | 456,100 | 42,062 | (29,998) | - | 9 | - | (5,555) | 462,618 |
| Motor vehicles | 29,615 | 2,872 | (1,474) | - | - | - | (1,309) | 29,704 |
| Leasehold improvements | 197,835 | 15,826 | (20,610) | - | 896 | - | (1,724) | 192,223 |
| Total | 6,814,863 | 1,093,472 | (699,362) | - | 16,044 | (101,634) | (321,512) | 6,801,871 |
| Total property, plant and equipment | 5,893,596 | 1,088,131 | (9,382) | (592) | (18,567) | (42,634) | (89,058) | 6,821,494 |

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| 9. Intangible assets | | | | | | | |
|--|------------------------------|-----------|-----------|-----------|------------------|---|--------------------------------|
| Cost | Balance at 1 January 2016 | Additions | Disposals | Transfers | Impairment rates | Effects of movements in exchange | Balance at 31 March 2016 |
| GSM and other telecommunication operating licenses | | | | | | | |
| | 3,950,729 | 785 | (3) | 2,352 | - | (50,962) | 3,902,901 |
| Computer software | | | | | | | |
| | 5,342,056 | 13,928 | (863) | 57,715 | - | (20,035) | 5,392,801 |
| Transmission lines | | | | | | | |
| | 71,506 | - | - | - | - | - | 71,506 |
| Central betting system operating right | | | | | | | |
| | 11,907 | - | - | - | - | - | 11,907 |
| Indefeasible right of usage | | | | | | | |
| | 42,132 | 3,885 | - | - | - | - | 46,017 |
| Brand name | | | | | | | |
| | 7,040 | - | - | - | - | - | 7,040 |
| Customer base | | | | | | | |
| | 15,512 | - | - | - | - | - | 15,512 |
| Goodwill | | | | | | | |
| | 32,834 | - | - | - | - | - | 32,834 |
| Other | | | | | | | |
| | 29,713 | 78 | (4) | 1,534 | - | - | 31,321 |
| 4.5G license not yet available for use | | | | | | | |
| | 3,984,954 | 33,316 | - | - | - | - | 4,018,270 |
| Construction in progress | | | | | | | |
| | 52,597 | 91,114 | - | (61,110) | - | (5,633) | 76,968 |
| Total | | | | | | | |
| | 13,540,980 | 143,106 | (870) | 491 | - | (76,630) | 13,607,077 |
| Accumulated amortization | | | | | | | |
| GSM and other telecommunication operating licenses | | | | | | | |
| | 1,429,944 | 52,701 | (3) | - | - | (4,812) | 1,477,830 |
| Computer software | | | | | | | |
| | 3,771,710 | 108,027 | (522) | (251) | - | (12,202) | 3,866,762 |
| Transmission lines | | | | | | | |
| | 52,058 | 939 | - | - | - | - | 52,997 |
| Central betting system operating right | | | | | | | |
| | 9,663 | 243 | - | - | - | - | 9,906 |
| Indefeasible right of usage | | | | | | | |
| | 15,446 | 804 | - | - | - | - | 16,250 |
| Brand name | | | | | | | |
| | 5,104 | 176 | - | - | - | - | 5,280 |
| Customer base | | | | | | | |
| | 10,111 | 137 | - | - | - | - | 10,248 |
| Other | | | | | | | |
| | 14,307 | 1,944 | (4) | 65 | 651 | - | 16,963 |

| | | | | | | | |
|-------------------------|-----------|-----------|--------|--------|--------|-----------|-----------|
| Total | 5,308,343 | 164,971 | (529) | (186) | 651 | (17,014) | 5,456,236 |
| Total intangible assets | 8,232,637 | (21,865) | (341) | 677 | (651) | (59,616) | 8,150,841 |

Amortization expenses on intangible assets other than goodwill for the three months ended 31 March 2016 and 2015 are TL 165,622 and TL 125,290 respectively including impairment losses and recognized in direct cost of revenues.

The impairment losses on intangible assets for the three months ended 31 March 2016 and 2015 are TL 651 and nil respectively and recognized in depreciation expense.

Computer software includes internally generated capitalized software development costs that meet the definition of an intangible asset. The amount of internally generated capitalized cost is TL 31,890 for the three months ended 31 March 2016 (31 March 2015: TL 28,378).

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| 9. Intangible assets (continued) | | | | | | |
|--|------------------------------|------------------|------------------|--------------|---|--------------------------------------|
| Cost | Balance at 1 January 2015 | Additions | Disposals | Transfers | Effects of movements in exchange rates | Balance at 31 December 2015 |
| GSM and other telecommunication | | | | | | |
| operating licenses | 2,334,822 | 9,092 | (31,263) | 1,653,536 | (15,458) | 3,950,729 |
| Computer software | 4,730,454 | 377,853 | (4,155) | 279,213 | (41,309) | 5,342,056 |
| Transmission lines | 62,789 | 8,717 | - | - | - | 71,506 |
| Central betting system | | | | | | |
| operating right | 11,758 | 149 | - | - | - | 11,907 |
| Indefeasible right of usage | | | | | | |
| | 42,132 | - | - | - | - | 42,132 |
| Brand name | 7,040 | - | - | - | - | 7,040 |
| Customer base | 15,512 | - | - | - | - | 15,512 |
| Goodwill | 32,834 | - | - | - | - | 32,834 |
| Other | 22,370 | 7,111 | - | 232 | - | 29,713 |
| 4.5G license not yet available for use | | | | | | |
| | - | 5,230,471 | - | (1,245,517) | - | 3,984,954 |
| Construction in progress | 3,414 | 736,817 | - | (686,872) | (762) | 52,597 |
| Total | 7,263,125 | 6,370,210 | (35,418) | 592 | (57,529) | 13,540,980 |
| Accumulated amortization | | | | | | |
| GSM and other telecommunication | | | | | | |
| operating licenses | 1,332,732 | 125,258 | (31,263) | - | 3,217 | 1,429,944 |
| Computer software | 3,393,650 | 406,652 | (2,297) | - | (26,295) | 3,771,710 |
| Transmission lines | 48,530 | 3,528 | - | - | - | 52,058 |
| Central betting system | | | | | | |
| operating right | 8,786 | 877 | - | - | - | 9,663 |
| Indefeasible right of usage | | | | | | |
| | 12,552 | 2,894 | - | - | - | 15,446 |
| Brand name | 4,400 | 704 | - | - | - | 5,104 |
| Customer base | 8,690 | 1,421 | - | - | - | 10,111 |
| Other | 6,390 | 7,917 | - | - | - | 14,307 |
| Total | 4,815,730 | 549,251 | (33,560) | - | (23,078) | 5,308,343 |
| Total intangible assets | 2,447,395 | 5,820,959 | (1,858) | 592 | (34,451) | 8,232,637 |

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9. Intangible assets (continued)

Turkcell 4.5G License

On 26 August 2015, "Authorization Tender on IMT Services and Infrastructure" publicly known as 4.5G, license tender, was held by the Information Technologies and Communication Authority. The Company has been awarded for 13 years with; 172.4 MHz frequency band for EUR 1,623,460 (equivalent to TL 5,208,222 as at 31 March 2016) (excluding VAT).

IMT authorization period expires on 30 April 2029 and operators will be able to commence service delivery starting from 1 April 2016. 2x1.4 MHz frequency band in 900MHz spectrum and 2 units of 2x5 MHz frequency band in 2100 MHz spectrum are in operation as at 1 December 2015 and have been recorded as GSM and other telecommunication operating licenses. Remaining packages amounting to EUR 1,235,520 (equivalent to TL 3,963,672 as at 31 March 2016) will be ready to use on 1 April 2016 and have been recorded as 4.5G license not yet available for use. As at 31 March 2016, the carrying amount of 4.5G License is TL 5,232,649 (31 December 2015: TL 5,222,687).

Tender price amounting to EUR 1,623,460 (equivalent to TL 5,208,222 as at 31 March 2016) (excluding VAT of 18%) will be paid semi-annually by four equal installments total of which are amounting to EUR 1,655,290 (equivalent to TL 5,310,336 as at 31 March 2016) including interest and excluding VAT of 18%. On 26 October 2015, the Company made the payment amounting to TL 1,321,873 for the original amount of EUR 413,823 as first installment and total VAT amounting to TL 933,447 for the original amount of EUR 292,223 in cash. Second installment payment was made on 25 April 2016 amounting to EUR 413,823 (equivalent to TL 1,327,586 as at 31 March 2016). Last installment will be paid on 27 April 2017.

lifecell 3G License

3G License tender in Ukraine was held on 23 February 2015. lifecell submitted a bid of UAH 3,355,400 (equivalent to TL 362,620 as at 31 March 2016) and was awarded the first lot for 15 years, which is the 1920-1935 / 2110-2125 MHz frequency band. The license payment was made on 19 March 2015. The cost of 3G license has been presented in GSM and other telecommunication operating licenses as at 31 March 2016.

In May 2015, lifecell made the payment amounting to UAH 357,568 (equivalent to TL 38,643 as at 31 March 2016) for the first installment of conversion of spectrum from military use and committed approximately UAH 428,427 (equivalent to TL 46,300 as of 31 March 2016) for the remaining installments of the conversion. Committed amount will be subject to change according to the inflation rates at the date of the payments.

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10. Investments in equity accounted investees

The Group's share of profit in its equity accounted investees for the three months ended 31 March 2016 and 2015 are TL 15,180 and TL 94,830, respectively.

The Company's investment in Fintur Holdings BV ("Fintur") amounts to TL 974,390 as at 31 March 2016 (31 December 2015: TL 981,939).

As of 26 February 2016, the Company has submitted a binding offer to acquire TeliaSonera's 58.55% stake in Fintur and its 24% direct stake in Kcell JSC (Kazakhstan).

11. Trade receivables and accrued income

| | 31 March 2016 | 31 December 2015 |
|---------------------------------------|------------------|------------------------|
| Undue assigned contracted receivables | 2,178,877 | 2,216,010 |
| Receivables from subscribers | 1,222,656 | 1,218,126 |
| Accrued income | 411,164 | 393,049 |
| Accounts and checks receivable | 258,603 | 271,743 |
| | 4,071,300 | 4,098,928 |

Trade receivables are shown net of allowance for doubtful debts amounting to TL 867,384 as at 31 March 2016 (31 December 2015: TL 816,071). The change in allowance for trade receivables and due from related parties is disclosed in Note 16.

The undue assigned contracted receivables are the remaining portion of the assigned receivables from the distributors related to the handset campaigns which will be collected from subscribers in instalments by the Company. When monthly instalment is invoiced to the subscriber, related portion is transferred to "receivables from subscribers". The Company measures the undue assigned contracted receivables at amortized cost, bears the credit risk and recognizes interest income throughout the contract period.

The accrued income represents revenue accrued for subscriber calls (air-time) which have not been billed and will be billed within one year. Due to the volume of subscribers, there are different billing cycles; accordingly, an accrual is made at each period end to accrue revenue for rendered but not yet billed. Contracted receivables related to handset campaigns, which will be invoiced after one year is presented under non-current trade receivables amounting to TL 749,402 (31 December 2015: TL 834,833).

The Group's exposure to currency risks and impairment losses related to trade receivables are disclosed in Note 16.

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| | | | |
|--|----------------------|-----------|-----------|
| 12. | Other current assets | | 31 |
| | | 31 March | December |
| | | 2016 | 2015 |
| Prepaid expenses | | 770,093 | 290,063 |
| VAT receivable | | 565,581 | 763,844 |
| Restricted cash | | 183,710 | 349,243 |
| Prepayment for subscriber acquisition cost | | 97,441 | 98,656 |
| Advances to suppliers | | 40,591 | 34,554 |
| Special communication tax to be collected from subscribers | | 32,800 | 32,755 |
| Currency swap contracts(*) | | 117 | - |
| Currency forward contracts (*) | | - | 216 |
| Other | | 127,867 | 120,571 |
| | | 1,818,200 | 1,689,902 |

Prepaid expenses mainly comprises prepaid rent expenses and frequency usage fees.

VAT receivable mainly results from 4.5G license VAT payment made as at 26 October 2015 amounting to TL 933,447.

As at 31 March 2016, restricted cash amounting to TL 183,710 represents the time deposits at a local bank as guarantees in connection with the loans utilized by lifecell (Note 15) (31 December 2015: 349,243).

Subscriber acquisition costs are subsidies paid to dealers for engaging a fixed term contract with the subscriber that require a minimum consideration.

(*) Details of currency swap contracts as at and for the period ended 31 March 2016 and details of currency forward contracts as at and for the period ended 31 December 2015 are given below:

| Exchange Rate | Foreign currency | Currency Swap Contracts | | Fair value | Maturity |
|---------------|------------------|-------------------------|------------------|-----------------|----------|
| | | Buy | Sell | | |
| | | Notional Amount | Foreign currency | Notional Amount | |
| 2.8294 | USD | 8,500 | TL | 24,050 | 62 |
| 2.8289 | USD | 12,129 | TL | 34,312 | 55 |
| | | 20,629 | | 58,362 | 117 |

Currency Forward Contracts

| Exchange Rate | Foreign currency | Buy | | |
|---------------|------------------|-----------------|------------|----------|
| | | Notional Amount | Fair value | Maturity |

(TL)

| | | | | |
|--------|-----|--------|-----|----------------|
| 2.9144 | USD | 57,732 | 216 | 4 January 2016 |
|--------|-----|--------|-----|----------------|

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| 13. | Cash and cash equivalents | 31 | |
|-----|--|------------------|------------------|
| | | 31 March 2016 | December 2015 |
| | | 249 | 453 |
| | Cash in hand | 249 | 453 |
| | Cheques received | 3 | 3 |
| | Banks | 2,518,976 | 2,912,741 |
| | - Demand deposits | 626,538 | 572,895 |
| | - Time deposits | 1,892,438 | 2,339,846 |
| | Investment funds, bonds and bills | 3,184 | 5,599 |
| | Cash and cash equivalents | 2,522,412 | 2,918,796 |
| | Bank overdrafts | (112) | - |
| | Cash and cash equivalents in the statement of cash flows | 2,522,300 | 2,918,796 |

As at 31 March 2016, the average maturity of time deposits is 25 days (31 December 2014: 27 days).

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 16.

14. Dividends

Turkcell:

On 25 March 2015, the Company's Board of Directors has proposed a dividend distribution for the year ended 31 December 2010, 2011, 2012, 2013 and 2014 amounting to TL 3,925,000 (equivalent to \$1,535,903 as at 26 March 2015, date of Ordinary General Assembly Meeting), which represented 42.5% of distributable income. This represents a net cash dividend of full TL 1.784091 (equivalent to full \$0.70 as at 26 March 2015, date of Ordinary General Assembly Meeting) per share. This dividend proposal was discussed and approved at the Ordinary General Assembly of Shareholders held on 26 March 2015. The dividend was paid in three installments on 6 April, 8 April and 13 April 2015 to the shareholders. Due to the seizure on all receivables of Cukurova Holding AS. including its dividend receivables dividend payables to Çukurova Holdings AS. was paid to SDIF.

On 23 March 2016, the Company's Board of Directors has proposed a dividend distribution for the year ended 31 December 2015 amounting to TL 1,200,000 (equivalent to \$423,519 as at 31 March 2016), which represented approximately 58% of distributable income. This represents a net cash dividend of full TL 0.5454545 (equivalent to full \$0.19 as at 31 March 2016) per share. This dividend proposal was discussed and rejected at the Ordinary General Assembly of Shareholders held on 29 March 2016.

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15. Loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortized cost. For more information about the Group's exposure to foreign currency for interest bearing loans, see Note 16.

| | 31 March 2016 | 31 December 2015 |
|--|------------------|------------------------|
| Non-current liabilities | | |
| Unsecured bank loans | 1,988,542 | 2,086,871 |
| Secured bank loans | 3,500 | 4,262 |
| Finance lease liabilities | 35,921 | 36,449 |
| Debt securities issued | 1,345,266 | 1,360,204 |
| | 3,373,229 | 3,487,786 |
| Current liabilities | | |
| Unsecured bank facility | 226,209 | 130,109 |
| Secured bank facility | 166,746 | 311,682 |
| Current portion of unsecured bank loans | 175,504 | 196,385 |
| Current portion of secured bank loans | 1,706 | 1,930 |
| Current portion of finance lease liabilities | 4,832 | 5,389 |
| Debt securities issued | 80,070 | 80,959 |
| Currency swap contracts | 3,062 | 2,290 |
| Currency forward contracts | 26 | - |
| | 658,155 | 728,744 |

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15. Loans and borrowings (continued)

Terms and conditions of outstanding loans are as follows:

| | Currency | Interest rate type | Nominal interest rate | Year of maturity | 31 March 2016 | | 31 December 2015 | |
|---------------------------|----------|--------------------|-----------------------|------------------|-----------------|-----------------------|------------------|-----------------|
| | | | | | Carrying amount | Nominal interest rate | Year of maturity | Carrying amount |
| Unsecured bank loans | USD | Floating | Libor+2.6% | 2017 | 184,732 | Libor+2.6% | 2017 | 189,542 |
| Unsecured bank loans | EUR | Floating | Euribor+2.2% | 2019-2025 | 1,610,493 | Euribor+2.2% | 2019-2025 | 1,585,939 |
| Unsecured bank loans | TL | Fixed | 10.4%-10.9% | 2017 | 368,821 | 8.3%-10.9% | 2016-2017 | 507,775 |
| Unsecured bank loans* | TL | - | - | 2016 | 112 | - | - | - |
| Unsecured bank loans | UAH | Fixed | 18.3%-20% | 2016 | 226,097 | 20% | 2016 | 130,109 |
| Secured bank loans** | UAH | Fixed | 19% | 2016 | 166,746 | 25% | 2016 | 311,682 |
| Secured bank loans*** | BYR | Fixed | 12%-16% | 2016-2020 | 5,206 | 12%-16% | 2016-2020 | 6,192 |
| Debt securities issued | USD | Fixed | 5.8% | 2025 | 1,425,336 | 5.8% | 2025 | 1,441,163 |
| Finance lease liabilities | EUR | Fixed | 3.4% | 2017-2024 | 40,679 | 3.4% | 2016-2024 | 41,750 |
| Finance lease liabilities | USD | Fixed | 18%-28% | 2016-2018 | 74 | 18%-28% | 2016-2018 | 88 |
| | | | | | 4,028,296 | | | 4,214,240 |

(*) Interest free spot loan utilized by Superonline.

(**) Secured by the blocked time deposits at a local bank amounting to USD 64,837 (equivalent to TL 183,710), in connection with the loans utilized by lifecell.

(***) Secured by the Government of the Republic of Belarus.

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15. Loans and borrowings (continued)

| Exchange Rate | Foreign currency | Currency Swap Contracts | | Fair value | Maturity |
|---------------|------------------|-------------------------|---|---------------------|--------------|
| | | Buy Notional Amount | Sell Foreign currency Notional Amount | | |
| 3.2110 | EUR | 50,000 | TL 160,551 | (145) | 1 April 2016 |
| 3.2111 | EUR | 50,000 | TL 160,553 | (148) | 1 April 2016 |
| 3.2116 | EUR | 93,458 | TL 300,147 | (324) | 1 April 2016 |
| 3.2124 | EUR | 30,000 | TL 96,371 | (128) | 1 April 2016 |
| 3.2125 | EUR | 27,400 | TL 88,023 | (121) | 1 April 2016 |
| 1.1371 | EUR | 161,000 | USD 183,075 | (2,196) | 1 April 2016 |
| | | 411,858 | | 988,720 (3,062) | |

| Exchange Rate | Foreign currency | Currency Swap Contracts | | Fair value | Maturity |
|---------------|------------------|-------------------------|---|---------------------|----------------|
| | | Buy Notional Amount | Sell Foreign currency Notional Amount | | |
| 1.0942 | EUR | 180,000 | USD 196,961 | (769) | 4 January 2016 |
| 1.0947 | EUR | 277,000 | USD 303,218 | (1,521) | 4 January 2016 |
| | | 457,000 | | 500,179 (2,290) | |

| Currency Forward Contracts | | | | | |
|----------------------------|------------------|-----------------|-----------------|------------|--------------|
| Exchange Rate (TL) | Foreign currency | Buy | | Fair value | Maturity |
| | | Notional Amount | Notional Amount | | |
| 3.2100 | EUR | 15,000 | | (29) | 1 April 2016 |
| 3.2080 | EUR | 25,000 | | 3 | 1 April 2016 |

40,000 (26)

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16. Financial instruments

Credit risk

Impairment losses

The change in allowance for trade receivables and due from related parties as at 31 March 2016 and 31 December 2015 is as follows:

| | 31 March 2016 | 31 December 2015 |
|---|------------------|------------------------|
| Opening balance | 816,373 | 727,732 |
| Impairment loss recognized | 52,941 | 196,588 |
| Effect of change in foreign exchange rate | (1,473) | (2,563) |
| Amounts written-off | (132) | (105,384) |
| Closing balance | 867,709 | 816,373 |

The impairment loss recognized of TL 52,941 for the three months ended 31 March 2016 relates to its estimate of incurred losses in respect of trade receivables and due from related parties(31March2015: TL 47,206).

Trade receivables and due from related parties are reserved in an allowance account until the Group can determine that the amounts are no longer collectible. When this becomes probable the Group reverses the allowance and writes-off the receivable.

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16. Financial instruments (continued)

Exposure to currency risk

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

| | 31 December 2015 | |
|--|------------------|--------------|
| | USD | EUR |
| Foreign currency denominated assets | | |
| Other non-current assets | 2,576 | 2,131 |
| Due from related parties-current | 3,553 | 207 |
| Trade receivables and accrued income | 21,536 | 29,947 |
| Other current assets | 141,385 | 6,200 |
| Cash and cash equivalents | 618,831 | 17,911 |
| | 787,881 | 56,396 |
| Foreign currency denominated liabilities | | |
| Loans and borrowings-non current | (63,152) | (499,911) |
| Debt securities issued-non- current | (467,810) | - |
| Other non-current liabilities | (96,481) | - |
| Loans and borrowings-current | (2,066) | (12,328) |
| Debt securities issued-current | (27,844) | - |
| Trade and other payables-current | (264,091) | (833,791) |
| Trade and other payables-non-current | - | (399,865) |
| Due to related parties | (312) | (141) |
| | (921,756) | (1,746,036) |
| Exposure related to derivative instruments | | |
| Currency swap contracts | (500,179) | 457,000 |
| Buy | - | 457,000 |
| Sell | (500,179) | - |
| Currency forward contracts | 57,732 | - |
| Buy | 57,732 | - |
| Net exposure | (576,322) | (1,232,640) |
| | | |
| | 31 March | |
| | 2016 | |
| | USD | EUR |
| Foreign currency denominated assets | | |
| Other non-current assets | 2,679 | 2,131 |
| Due from related parties-current | 2,856 | 88 |
| Trade receivables and accrued income | 22,255 | 31,146 |
| Other current assets | 78,649 | 1,931 |

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| | | |
|--|------------|--------------|
| Cash and cash equivalents | 410,918 | 8,628 |
| | 517,357 | 43,924 |
| Foreign currency denominated liabilities | | |
| Loans and borrowings-non current | (19,454) | (502,485) |
| Debt securities issued-non- current | (474,788) | - |
| Other non-current liabilities | (99,295) | - |
| Loans and borrowings-current | (45,771) | (12,203) |
| Debt securities issued-current | (28,259) | - |
| Trade and other payables-current | (248,911) | (837,969) |
| Trade and other payables-non-current | - | (402,463) |
| Due to related parties | (213) | (256) |
| | (916,691) | (1,755,376) |
| Exposure related to derivative instruments | | |
| Currency swap contracts | (162,446) | 411,858 |
| Buy | 20,629 | 411,858 |
| Sell | (183,075) | - |
| Currency forward contracts | - | 40,000 |
| Buy | - | 40,000 |
| Net exposure | (561,780) | (1,259,594) |

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16. Financial instruments (continued)

Exposure to currency risk (continued)

The following significant exchange rates are applied during the period:

| | Average Rate | | Closing Rate | |
|---------|------------------|------------------|------------------|------------------------|
| | 31 March 2016 | 31 March 2015 | 31 March 2016 | 31 December 2015 |
| USD/TL | 2.9202 | 2.4633 | 2.8334 | 2.9076 |
| EUR/TL | 3.2172 | 2.7934 | 3.2081 | 3.1776 |
| USD/BYR | 20,552 | 14,528 | 20,133 | 18,569 |
| USD/UAH | 25.7718 | 21.1755 | 26.2181 | 24.0007 |

Sensitivity analysis

The basis for the sensitivity analysis to measure foreign exchange risk is an aggregate corporate-level currency exposure. The aggregate foreign exchange exposure is composed of all assets and liabilities denominated in foreign currencies. The analysis excludes net foreign currency investments.

10% strengthening of the TL, UAH, BYR against the following currencies as at 31 March 2016 and 31 December 2015 would have increased / (decreased) profit or loss before by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

| | Profit or loss | |
|-----|------------------|------------------------|
| | 31 March 2016 | 31 December 2015 |
| USD | 159,175 | 167,572 |
| EUR | 404,090 | 391,683 |

10% weakening of the TL, UAH, BYR against the following currencies as at 31 March 2016 and 31 December 2015 would have increased / (decreased) profit or loss before tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

| | Profit or loss | |
|--|------------------|------------------------|
| | 31 March 2016 | 31 December 2015 |

| | | |
|-----|------------|------------|
| USD | (159,175) | (167,572) |
| EUR | (404,090) | (391,683) |

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16. Financial instruments (continued)

Fair values

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

| | Fair values | | | |
|--|---------------|------------------|----------------------|--|
| | 31 March 2016 | 31 December 2015 | Fair Value hierarchy | Valuation Techniques |
| Consideration payable in relation to acquisition of Belarusian Telecom | (237,306) | (235,281) | Level 3 | Net present value (*) |
| | | | | Pricing models based on discounted cash flow analysis using the applicable yield curve |
| Currency swap contracts | (2,945) | (2,290) | Level 3 | Pricing models based on discounted cash flow analysis using the applicable yield curve |
| Currency forward contracts | (26) | 216 | Level 3 | |

There were no transfers between Level 2 and 3 in the period.

(*)Discount rate of 4.5% was used for the present value calculation for the consideration payable in relation to acquisition of Belarusian Telecom as of 31 March 2016 (31 December 2015: 5.1%). Company management expects consideration payable to be paid during the first quarter of 2020 (31 December 2015: the first quarter of 2020).

Relationship of unobservable inputs to fair value is the higher the discount rate, the lower the fair value.

Consideration payable in relation to acquisition of Belarusian Telecom:

| | 31 March 2016 | 31 December 2015 |
|--|------------------|------------------------|
| Opening balance | 235,281 | 163,234 |
| Total gains or losses: in profit or loss | 2,025 | 72,047 |
| Closing balance | 237,306 | 235,281 |

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17. Guarantees and purchase obligations

As at 31 March 2016, outstanding purchase commitments with respect to the acquisition of property, plant and equipment, inventory and purchase of sponsorship, rent and advertisement services amount to TL 2,326,346 (31 December 2015: TL 2,752,139). Payments for these commitments are going to be made in a 5 year period.

As at 31 March 2016, the Group is contingently liable in respect of bank letters of guarantee obtained from banks given to customs authorities, private companies and other public organizations, provided guarantees to private companies and financial guarantees to subsidiaries totaling to TL 1,874,870 as at 31 March 2016 (31 December 2015: TL 2,058,810).

As at 31 March 2016, the amounts the Company has commitments regarding lifecell's 3G license purchases amounted to UAH 428,427 (equivalent to TL 46,300 as of 31 March 2016).

18. Commitments and Contingencies

The following disclosures comprise of material legal lawsuits, investigations and in-depth investigations against the Company.

18.1 Onerous Contracts

Universal Project, executed from 17 January 2013 by the Company, regarding setting up and operation of mobile communication infrastructure by the Ministry of Transport, Maritime Affairs and Communications in rural areas that are not in the coverage area, has ended as of 3 March 2016.

18.2 Dispute on Treasury Share Amounts

The Company pays Treasury Share to Undersecretariat of Treasury calculated over its telecommunication revenues. Undersecretariat of Treasury time to time claimed that the Company underpaid Treasury Share in the past and requested additional payments. The Company objected to these claims and initiated legal processes which are still pending. The maximum loss, excluding accrued interest, of the company arising from several disputes could be TL 339,385.

Based on the management opinion, the probability of an outflow of resources embodying economic benefits to settle the obligation is uncertain, thus, no provision is recognized in the consolidated financial statements as at and for the period ended 31 March 2016 (31 December 2015: None).

18.3 Dispute on Special Communication Tax

Large Tax Payers Office levied Special Communication Tax and tax penalty on Turkcell in the amount of TL 211,056 principal and TL 316,583 totaling to TL 527,639 based upon the claim, stated on Tax Investigation Reports prepared for the years 2008-2012, that Turkcell should pay Special Communication Tax over the prepaid card sales made by

the distributors. Turkcell filed 60 lawsuits before the Tax Courts for the cancellation of each tax and tax penalty demand.

Respective Courts accepted 24 of the cases filed for the cancellation of the fined tax assessment prepared for the year 2008 and 2009. Large Taxpayer Office appealed the decisions. Turkcell replied this requests.

The Court partially accepted 12 of the cases filed for the cancellation of the fined tax assessment prepared for the year 2011. Turkcell appealed the decisions regarding the parts against Turkcell. The Large Tax Payers Office appealed the decisions regarding the parts against the Large Tax Payers Office. The Council of State rejected the stay of execution requests, made during the appeal process by Turkcell.

The Large Tax Payers Office has collected TL 80,355 (TL 77,480 and TL 2,875 overdue interest) calculated for the parts against Turkcell for the year 2011 by offsetting the receivables of Turkcell from Public Administrations.

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18. Commitments and Contingencies (continued)

18.3 Dispute on Special Communication Tax (continued)

The Court partially accepted 12 of the cases filed for the cancellation of the fined tax assessment prepared for the year 2010 (TL 65,950). The Company appealed the decisions regarding the parts against Turkcell.

The Court rejected the other 12 cases filed for the cancellation of the fined tax assessment (TL 122,802), related to the year 2012. Turkcell appealed the respective decisions.

In the case of payments, Turkcell shall pay the amounts subject to aforementioned lawsuits with their accrued interest. This interest would be calculated as a case by case basis. Accordingly, the interest that may be paid in some or all of the cases, could amount to a significant portion of the tax assessment.

Limited tax investigation has been performed for the year 2013, regarding the aforementioned case and any notification has been received regarding the result of the investigation by Turkcell.

Based on the management opinion, the probability of an outflow of resources embodying economic benefits to settle the obligation is uncertain, thus, no provision is recognized in the consolidated financial statements as at and for the period ended 31 March 2016 (31 December 2015: None).

18.4 Investigation initiated by ICTA on subscription numbers and radio utilization and usage fees

ICTA commenced in-depth investigations, against the GSM operators, on the accuracy of the subscriber numbers report for the terms, 2004-2009, 2010-2011 and 2012 which are the essential for the payment of radio utilization and usage fees. As result of the investigations, ICTA imposed 3 dividual administrative fine to the Company in the total amount of TL 8,251. The administrative fines were paid within 1 month following the notification of the decision of ICTA, with 25% discount. The Company filed lawsuits for the cancellation of aforementioned administrative fines and ICTA's administrative acts implied on the Company for the collection of the radio utilization and usage fees which was claimed to have been paid deficiently. The cases are pending.

ICTA filed 4 lawsuits on 13 October 2014, 23 December 2014, 3 March 2015 and 11 April 2016 for the collection of the total amount of TL 196,383. The amount which was alleged that the Company paid deficiently by the ICTA decision took upon the investigation for the periods 2004 – 2009, 2010 – 2011, 2012 and July – December 2013 on the radio utilization and usage fees, with its accrued interest, which will be calculated. The Courts decided to take expert report for the cases dated 13 October 2014, 23 December 2014 and 3 March 2015. The Courts decided to consolidate the lawsuits filed by ICTA on 13 October 2014 and 23 December 2014. The cases are pending.

On the other hand, the related investigations on the same subjects for periods of 2013 and 2014 are currently pending and according to the inquiry of investigations which are notified to the Company, it is alleged that the amount of 21,315 TL have been paid deficiently. The inquiry of investigation for the period of 2013 was notified to the Company and the Company's written defense was submitted to ICTA within due date. The inquiry of investigation for the period

of 2014 was notified to the Company and Company's written defense will be submitted to ICTA within due date.

Based on the management opinion, the probability of an outflow of resources embodying economic benefits is uncertain, thus, no provision is recognized in the consolidated financial statements as at and for the period ended 31 March 2016 (31 December 2015: None).

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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18. Commitments and Contingencies (continued)

18.5 Other ongoing lawsuits

Within brief consolidated financial statements prepared as of 31 March 2016, obligations which are related to following ongoing disputes have been evaluated.

In the consolidated financial statements regarding the probability of an outflow of resources embodying economic benefits to settle the obligation, provisions amounting to TL 3,517 TL was recognized.

| Subject | Anticipated Maximum Risk (excluding accrued interest) | Provision |
|--|--|-----------|
| Disputes related with Law on the Protection of Competition | 204,026 | - |
| Disputes related with ICTA | 28,725 | 3,517 |
| Other disputes | 5,225 | - |

19. Related parties

Transactions with key management personnel:

Key management personnel comprise the Group's directors and key management executive officers.

As at 31 March 2016 and 31 December 2015, none of the Group's directors and executive officers has outstanding personnel loans from the Group.

In addition to their salaries, the Group also provides non-cash benefits to directors and executive officers and contributes to a post-employment defined plan on their behalf. The Group is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits.

Total compensation provided to key management personnel is TL 11,906 and TL 25,853 for the three months ended 31 March 2016 and 2015, respectively.

The Company has agreements or protocols with several of its shareholders, consolidated subsidiaries and affiliates of the shareholders.

| | |
|---------------------------------------|------------------------|
| | 31 |
| | 31 March December |
| Due from related parties – short term | 2016 2015 |

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| | | |
|---|--------|--------|
| Vimpelcom OJSC (“Vimpelcom”) | 4,207 | 5,223 |
| Megafon OJSC (“Megafon”) | 2,051 | 1,592 |
| Krea Icerik Hizmetleri ve Produksiyon AS (“Krea”) | 1,525 | 83 |
| Azercell Telekom MMC (“Azercell”) | 609 | 633 |
| GSM Kazakhstan Ltd (“Kazakcell”) | 331 | 1,662 |
| Millenicom Telekomunikasyon AS (“Millenicom”) | - | 784 |
| Other | 1,806 | 1,783 |
| | 10,529 | 11,760 |

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

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19. Related parties (continued)

Due from related parties short term is shown net of allowance for doubtful debts amounting to TL 325 as at 31 March 2016 (31 December 2015: TL 302).

Due from Vimpelcom, Megafon, Azercell and Millenicom resulted from telecommunications services such as interconnection and roaming.

Due from Krea resulted from rental circuit system, corporate internet services and data center services.

Due from Kazakcell, mainly resulted from the software services and telecommunications services such as interconnection and roaming.

Millenicom shares held by Cukurova Group were acquired by EWE Turkey Holding on 21 January 2016.

| | 31 March 2016 | 31 December 2015 |
|---|------------------|------------------------|
| Due to related parties – short term | | |
| Kyivstar GSM JSC (“Kyivstar”) | 1,433 | 1,375 |
| Hobim Bilgi Islem Hizmetleri AS (“Hobim”) | 1,253 | 3,491 |
| Other | 1,946 | 1,689 |
| | 4,632 | 6,555 |

Due to Kyivstar mainly resulted from rendering telecommunications services such as interconnection and roaming.

Due to Hobim resulted from invoice printing services and subscription documents services rendered by this company.

The Group’s exposure to currency risk related to due from / (due to) related parties is disclosed in Note 16.

Transactions with related parties

Intragroup transactions that have been eliminated are not recognized as related party transaction in the following table:

| | Three months ended 31 March | |
|-------------------------------|--------------------------------|--------|
| | 2016 | 2015 |
| Revenues from related parties | | |
| Sales to Vimpelcom | | |
| Telecommunications services | 7,471 | 5,123 |
| Sales to Kyivstar | | |
| Telecommunications services | 6,423 | 11,993 |
| Sales to Megafon | | |
| Telecommunications services | 4,678 | 4,415 |

| | | |
|---|-------|--------|
| Sales to Teliasonera International | | |
| Telecommunications services | 2,677 | 5,457 |
| Sales to Krea | | |
| Call center, fixed line services, rent and interest charges | 1,121 | 1,296 |
| Sales to Millenicom Telekomunikasyon AS (“Millenicom”) (*) | | |
| Telecommunications services | 997 | 1,919 |
| Sales to KVK Teknoloji(**) | | |
| Simcard and prepaid card sales | - | 96,108 |

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three months ended 31 March 2016

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

| 19. | Related parties (continued) | Three months ended 31 | |
|-----|--|-----------------------|------------|
| | | 2016 | March 2015 |
| | Related party expenses | | |
| | Charges from Kyivstar | | |
| | Telecommunications services | 9,790 | 14,446 |
| | Charges from Hobim | | |
| | Invoicing and archiving services | 6,547 | 7,224 |
| | Charges from Krea | | |
| | Digital television broadcasting services | 2,988 | 2,573 |
| | Charges from Teliasonera International | | |
| | Telecommunications services | 1,375 | 1,463 |
| | Charges from Megafon | | |
| | Telecommunications services | 623 | 1,457 |
| | Charges from Vimpelcom | | |
| | Telecommunications services | 540 | 1,952 |
| | Charges from Millenicom (*) | | |
| | Telecommunications services | 180 | 939 |
| | Charges from KVK Teknoloji (**) | | |
| | Dealer activation fees and others | - | 34,861 |

(*) Millenicom's shares held by Cukurova Group have been acquired by EWE Turkey Holding on 21 January 2016. Millenicom income and expenses include the transactions until 21 January 2016.

(**) KVK Teknoloji's shares held by Cukurova Group have been acquired by MV Holding on 6 July 2015. KVK Teknoloji expenses include the transactions until 6 July 2015.

The significant agreements are as follows:

Transactions with Vimpelcom:

Vimpelcom, a subsidiary of Alfa Group, is rendering and receiving telecommunications services such as interconnection and roaming.

Transactions with Kyivstar:

Alfa Group, one of the shareholders of the Company, holds the majority shares of Kyivstar. Kyivstar is rendering and receiving telecommunications services such as interconnection and roaming.

Transactions with Megafon:

Megafon, a subsidiary of Sonera Holding, is rendering and receiving telecommunications services such as interconnection and roaming.

Transactions with Teliasonera International:

Teliasonera International, one of the shareholders of the Company, is rendering and receiving telecommunications services such as interconnection and roaming.

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19. Related parties (continued)

Transactions with Krea:

Krea, a direct-to-home digital television service company under the Digiturk brand name, is a subsidiary of one of the Company's shareholders, Cukurova Group. SDIF took over the management of Krea in 2013.

There are no specific agreements between Turkcell and digital channels branded under Digiturk name. Every year, as in every other media channel, standard ad spaces are purchased on a spot basis. Also, Krea provides instant football content related to Spor Toto Super League to the Company to be delivered to mobile phones and tablets.

The Company has agreements for fixed telephone, leased line, corporate internet, and data center services provided by the Company's subsidiary Turkcell Superonline.

The Company's subsidiary Global Bilgi is also providing call center services for Krea.

Çukurova Holding has signed a share purchase agreement with BeIN Media Group related to the sale of their shares in Krea. Share transfer is not finalized as at 31 March 2016.

Transactions with Millenicom:

European Telecommunications Holding AG, a subsidiary of Cukurova Group, holds the majority shares of Millenicom. Millenicom is rendering and receiving telecommunications services such as interconnection and roaming.

Millenicom shares held by Cukurova Group were acquired by EWE Turkey Holding on 21 January 2016.

Transactions with Hobim:

Hobim, one of the leading data processing and application service provider companies in Turkey, is owned by Cukurova Group. The Company has entered into invoice printing and archiving agreements with Hobim under which Hobim provides the Company with monthly invoice printing services, manages archiving of invoices and subscription documents. Prices of the agreements are determined through alternative proposals' evaluation.

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20. Subsidiaries

The Group's ultimate parent company is Turkcell. Subsidiaries of the Company as at 31 March 2016 and 31 December 2015 are as follows:

| Subsidiaries Name | Country of Incorporation | Business | Effective Ownership Interest | |
|----------------------|-----------------------------|--|------------------------------|-------------------------|
| | | | 31 March 2016 (%) | 31 December 2015 (%) |
| Kibris Telekom | Cyprus | Telecommunications | 100 | 100 |
| Global Bilgi | Turkey | Customer relations management Information technology, value added GSM services | 100 | 100 |
| Turktell Bilisim | Turkey | investments | 100 | 100 |
| Turkcell Superonline | Turkey | Telecommunications | 100 | 100 |
| Turkcell Satis | Turkey | Telecommunications | 100 | 100 |
| Eastasia | Netherlands | T e l e c o m m u n i c a t i o n s investments | 100 | 100 |
| Turkcell Teknoloji | Turkey | Research and Development | 100 | 100 |
| Global Tower | Turkey | Telecommunications infrastructure business | 100 | 100 |
| Turkcell Interaktif | Turkey | Radio and television broadcasting | 100 | 100 |
| Financell | Netherlands | Financing business | 100 | 100 |
| Rehberlik | Turkey | Telecommunications | 100 | 100 |
| Beltur | Netherlands | Telecommunications investments | 100 | 100 |
| Beltel | Turkey | Telecommunications | 100 | 100 |
| Turkcell Gayrimenkul | Turkey | investments | 100 | 100 |
| Global LLC | Ukraine | Property investments Customer relations management | 100 | 100 |
| UkrTower | Ukraine | Telecommunications infrastructure business | 100 | 100 |
| Turkcell Europe | Germany | business | 100 | 100 |
| Turkcell Odeme | Turkey | Telecommunications | 100 | 100 |
| Euroasia | Netherlands | GSM services Telecommunications | 100 | 100 |

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| | | | | |
|-----------------------------|------------------------|---|-----|-----|
| lifecell (*) | Ukraine | Telecommunications | 100 | 100 |
| Turkcell Finansman A.Ş (**) | Turkey | Consumer financing services | 100 | 100 |
| Belarusian Telecom | Republic of Belarus | Telecommunications | 80 | 80 |
| Lifetech LLC | Republic of Belarus | Research and Development Information and Entertainment | 78 | 78 |
| Inteltek | Turkey | Services Information and Entertainment | 55 | 55 |
| Azerinteltek | Azerbaijan | Services | 28 | 28 |

(*) The trade name of Astelit has changed as “lifecell LLC” as at 2 February 2016.

(**) As at 22 October 2015, the consumer financing company is incorporated and has received official authorization as at 21 January 2016.

According to resolution of Extraordinary General Assembly Meeting of Inteltek, the shareholders have resolved capital decrease amount of TL 20,000 on 24 March 2016 (Including inflation adjustment equivalent to TL 23,391). The payment to the shareholders is planned to be executed subsequent to completion of capital decrease procedure.

21. Subsequent events

None.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, Turkcell Iletisim Hizmetleri A.S. has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TURKCELL ILETISIM HIZMETLERI A.S.

Date: May 2, 2016

By: /s/Murat Dogan Erden
Name: Murat Dogan Erden
Title: Chief Financial Officer

TURKCELL ILETISIM HIZMETLERI A.S.

Date: May 2, 2016

By: /s/Nihat Narin
Name: Nihat Narin
Title: Investor Relations and Business
Development