

TURKCELL ILETISIM HIZMETLERI A S
Form 6-K
August 01, 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 July 27, 2016

Commission File Number: 001-15092

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

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Küçükyalı Ofispark
34854 Maltepe
Istanbul, Turkey

(Address of Principal Executive Offices)

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

Form 20-F

Form 40-F

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

Yes

No

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

Yes

No

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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 July 27, 2016 announcing Turkcell's Second Quarter 2016 results and Q2 2016 IFRS Report.

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Second Quarter 2016 Results

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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 June 30, 2016 refer to the same item as at June 30, 2015. For

further details, please refer to our consolidated financial statements and notes as at and for June 30, 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 US\$. 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.

Second Quarter 2016 Results

HALF YEAR SUMMARY

- All-time-high first half revenue and EBITDA1, both at the Turkcell Turkey and Turkcell Group level
- Turkcell Turkey revenues and EBITDA up 8.9% and 5.5%, respectively with an EBITDA margin of 31.0%
 - Group revenues and EBITDA up 8.4% and 5.7%, respectively with an EBITDA margin of 30.8%
- Group net income as per IFRS up 14.7% to TRY979 million and proforma net income2 up 5.3% to TRY1,118 million
- Full year guidance3 maintained for revenue growth and EBITDA margin; Turkcell Turkey and Group revenue growth targeted at 8% - 10%, Group EBITDA margin targeted at 31% - 33%
 - Capex over sales outlook revised to ~25% (previous ~20%), reflecting accelerated 4.5G investments3

SECOND QUARTER SUMMARY

- Turkcell Turkey's revenues and EBITDA1 up 8.0% and 0.9%, respectively with an EBITDA margin of 30.7%; data and services revenues, comprising 46% of Turkcell Turkey revenues, up 39.3%
 - Group revenues and EBITDA up 8.6% and 3.5%, respectively with an EBITDA margin of 30.7%
- Group net income as per IFRS at TRY416 million (TRY712 million). Group proforma net income2 at TRY542 million (TRY569 million)
 - Turkcell International revenues at TRY204 million (TRY205 million) with an EBITDA margin of 26.0%
- Close to a US\$1 billion open credit line utilization at favorable terms (LIBOR /EURIBOR +2.0%), to further strengthen our liquidity In June
- Participating cross currency swap transactions in June and July 2016 to hedge against approximately EUR650 million of our loan portfolio to mitigate against any future macroeconomic volatility

FINANCIAL HIGHLIGHTS

| TRY million | Q215 | Q216 | y/y % | H115 | H116 | y/y % |
|-----------------|---------|---------|-------|---------|---------|-------|
| Revenue | 3,092.9 | 3,358.1 | 8.6% | 6,071.1 | 6,583.5 | 8.4% |
| Turkcell Turkey | 2,786.3 | 3,008.2 | 8.0% | 5,448.5 | 5,935.7 | 8.9% |
| EBITDA1 | 994.8 | 1,029.3 | 3.5% | 1,921.7 | 2,030.8 | 5.7% |

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| | | | | | | |
|----------------------------------|-------|-------|---------|---------|---------|---------|
| Turkcell Turkey | 915.0 | 923.1 | 0.9% | 1,743.2 | 1,839.2 | 5.5% |
| EBITDA Margin | 32.2% | 30.7% | (1.5pp) | 31.7% | 30.8% | (0.9pp) |
| Net Income | 712.0 | 416.1 | (41.6%) | 853.1 | 978.8 | 14.7% |
| Proforma Net Income ² | 568.6 | 541.7 | (4.7%) | 1,061.6 | 1,118.1 | 5.3% |

(1) EBITDA is a non-GAAP financial measure. See page 14 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, interest expense on loans & borrowings, share of profit of equity accounted investees (Fintur), 4.5G license amortization 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) 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 June 30, 2016 which can be accessed via our web site in the investor relations section (www.turkcell.com.tr).

Second Quarter 2016 Results

COMMENTS BY KAAN TERZIOGLU, CEO

We believe in Turkey, and the increased demand of our customers for 4.5G motivates us to boldly continue our investments.

We registered all-time-high first half revenue and EBITDA, both at the Turkcell Turkey and Turkcell Group level in the first half of 2016. In the second quarter, Turkcell Group achieved the highest level of growth of the past 3 years at 8.6% with a performance that improved every quarter.

In the first half of the year, Turkcell Turkey, comprising 90% of Group revenues, continued its growth at 8.9%, recording an EBITDA margin of 31.0%. Group revenues rose 8.4% to TRY6.6 billion, while EBITDA increased 5.7% to TRY2.0 billion, achieving a 30.8% EBITDA margin. Proforma Group net income¹ is at TRY1.1 billion, while net income as per IFRS is at TRY979 million. With these results, which are in line with our plans, we maintain our guidance of 8%-10% revenue growth and a 31% - 33% EBITDA margin for 2016².

In the first half of 2016, we focused on investing in 4.5G, which has reshaped the telecommunication market in Turkey. Given the strong interest from our customers, we have accelerated our 4.5G investments and achieved a population coverage of around 82% in 81 cities across Turkey. As of today, our 4.5G customers have reached 16 million³, while 23% of total data traffic has derived from our 4.5G network.

We registered an operational capex to sales ratio of 23% for the first half of the year with our accelerated investment in 4.5G. We will continue to invest at full speed in the second half of the year. Accordingly, we are revising our Group operational capex to sales ratio target to 25% for 2016 from the previously announced 20%².

We have marked a milestone in the telecommunication sector, which also serves Turkey's broader 2023 targets. With a view to utilizing and further improving existing communication infrastructures, and for an efficient use of our resources while establishing a fair and competitive environment, we have taken significant steps towards forming an infrastructure company together with Vodafone, Turksat and TELKODER⁴ members.

With these investments, we serve our part in Turkey's objective of becoming a "country that produces technology, rather than just consuming", once again declaring our belief in our country.

Turkcell Turkey: Continued growth

Turkcell continued to gain postpaid, fiber and digital service subscribers in the quarter. Postpaid customers rose by 956 thousand year-on-year to 52% of our subscriber base. Fiber subscribers rose by 148 thousand year-on-year to 965 thousand, with total fixed subscribers exceeding 1.6 million.

The notable demand for digital services has continued in this quarter. The number of customers who downloaded BiP, Turkcell TV+, Smart Storage, Goals on Your Mobile, fizy, My Account, Digital Media and Turkcell Academy applications has reached 31 million from 12.5 million a year ago. Those to have accepted our services have reached 16.7 million from 5.6 million.

Second Quarter 2016 Results

In accordance with our convergence strategy, the mobile triple play ratio, which includes voice, data and service users reached 20%5, increasing by 3 percentage points in a quarter, while multiplay with TV service users increased by 3 percentage points to 33% in the fixed segment.

Turkcell Consumer Finance Company reached approximately one million customers

Turkcell Consumer Finance Company, which commenced operations in March, has contributed to the smartphone penetration increase by providing over TRY1.2 billion loans to approximately one million customers for the financing of smartphones. Smartphone penetration on our network rose to 60% year-on-year. Also with the increase in the number of smartphones, our data revenue grew 36.2% and our service revenue grew 56.1% year-on-year.

In this quarter, interest in our payment platform, Paycell has increased, where we have launched numerous campaigns and signed collaborations with brands including Shell, Zubizu and Google. Over 11 million transactions with a value of TRY375 million passed through this platform in the first six months of this year. In the upcoming periods, more institutions will be able to offer a seamless mobile payment experience to their customers via Paycell.

We inaugurated Turkey's largest data center

In June, we inaugurated Turkey's largest data center in Gebze on a total area of 33 thousand square meters. We are determined to become one of the strongest data storage companies in our region. We plan to open new data centers in Izmir and Ankara, and with their opening, we will have a total data center area of 107 thousand square meters.

We will move forward in line with our plans

The recent events in our country have yet again demonstrated the importance of uninterrupted communication. During this challenging period, we have remained committed to providing accurate information on a timely basis by maintaining our infrastructure intact and fully operational.

We wholeheartedly believe that the future is bright, both for Turkey and our industry. We trust that the markets will remain strong, despite short-term volatility. As Turkcell, we have entered this period with previously taken precautionary measures. Having funds for investment and expansion that we believe are adequate for the next 3 years, having already taken various actions against currency risk and operating our business on the basis of disciplined financial policies at all times, we are able to perform soundly during this period. Furthermore, we so far observe no negative impact on demand for our services. Turkey's swift recovery from the terrorist attacks staged by a group of terrorists in collaboration with certain elements within the Turkish Armed Forces strongly encourages us regarding the stability of Turkey. In this context, we continue to move firmly towards our targets.

We would like to take this opportunity to once again thank our Board of Directors and the Turkcell team for their outstanding performance, dedication and compassion during this difficult period, which fully embodies the Turkcell spirit.

(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, interest expense on loans & borrowings, share of profit of equity accounted investees (Fintur), 4.5G license amortization 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) 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.

Second Quarter 2016 Results

- (3) Customers registered to 4.5G services through SMS confirmation
(4) Turkish Competitive Telco Operators Association
(5) Multiplay customers with TV: Internet + TV users & internet + TV + voice users

FINANCIAL AND OPERATIONAL REVIEW OF THE SECOND QUARTER 2016

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

Selected financial information for the second quarter of 2015, for the first and second quarters of 2016, half year 2015 and 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) | Quarter | | | Half Year | | |
|--|-----------|-----------|----------|-----------|-----------|----------|
| | Q215 | Q216 | y/y % | H115 | H116 | y/y % |
| Total Revenue | 3,092.9 | 3,358.1 | 8.6% | 6,071.1 | 6,583.5 | 8.4% |
| Direct cost of revenues ¹ | (1,898.3) | (2,236.9) | 17.8% | (3,726.9) | (4,255.7) | 14.2% |
| Direct cost of revenues ¹ /revenues | (61.4%) | (66.6%) | (5.2pp) | (61.4%) | (64.6%) | (3.2pp) |
| Depreciation and amortization | (409.5) | (567.1) | 38.5% | (803.9) | (1,021.9) | 27.1% |
| Gross Margin | 38.6% | 33.4% | (5.2pp) | 38.6% | 35.4% | (3.2pp) |
| Administrative expenses | (150.4) | (175.8) | 16.9% | (291.2) | (354.5) | 21.7% |
| Administrative expenses/revenues | (4.9%) | (5.2%) | (0.3pp) | (4.8%) | (5.4%) | (0.6pp) |
| Selling and marketing expenses | (458.9) | (483.2) | 5.3% | (935.2) | (964.4) | 3.1% |
| Selling and marketing expenses/revenues | (14.8%) | (14.4%) | 0.4pp | (15.4%) | (14.6%) | 0.8pp |
| EBITDA ² | 994.8 | 1,029.3 | 3.5% | 1,921.7 | 2,030.8 | 5.7% |
| EBITDA Margin | 32.2% | 30.7% | (1.5pp) | 31.7% | 30.8% | (0.9pp) |
| EBIT ³ | 585.3 | 462.2 | (21.0%) | 1,117.8 | 1,008.9 | (9.7%) |
| Net finance income / (expense) | 397.1 | 21.8 | (94.5%) | (86.3) | 188.0 | n.m. |
| Finance expense | 221.9 | (140.7) | (163.4%) | (513.8) | (195.7) | (61.9%) |
| Finance income | 175.2 | 162.5 | (7.2%) | 427.5 | 383.7 | (10.2%) |
| Share of profit of associates | 94.0 | (7.9) | (108.4%) | 188.8 | 7.3 | (96.1%) |
| Other income / (expense) | (123.4) | 13.8 | n.m. | (176.4) | 2.7 | n.m. |
| Non-controlling interests | (100.5) | (11.6) | (88.5%) | 183.9 | (22.5) | (112.2%) |
| Income tax expense | (140.5) | (62.2) | (55.7%) | (374.7) | (205.6) | (45.1%) |
| Net Income | 712.0 | 416.1 | (41.6%) | 853.1 | 978.8 | 14.7% |
| Proforma Net Income ⁴ | 568.6 | 541.7 | (4.7%) | 1,061.6 | 1,118.1 | 5.3% |

(1) Including depreciation and amortization expenses.

(2) EBITDA is a non-GAAP financial measure. See page 14 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, interest expense on loans & borrowings, share of profit of equity accounted investees (Fintur), 4.5G license amortization 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.”

Second Quarter 2016 Results

Revenues of the Group grew by 8.6% year-on-year in Q216.

Turkcell Turkey revenues, constituting 90% of Group revenues, rose by 8.0% to TRY3,008 million (TRY2,786 million). This was driven by 8% growth, both in consumer and corporate segment revenues to TRY2,385 million (TRY2,208 million) and to TRY540 million (TRY501 million), respectively. Our data, services and solutions revenues, comprising 46% of Turkcell Turkey revenues, have been the key growth driver, up by 39.3% to TRY1,389 million (TRY997 million).

On April 1, 2016, we began to offer 4.5G technology to our subscribers, launching a new era in Turkey's telecommunications sector. The launch of 4.5G has precipitated a shift in market dynamics in Turkey. Today's consumer consumption trend is in favor of data, while traditional voice and SMS services have a lesser impact on consumer decision making. Our investments mirror this trend. Duly, as of Q216, our revenue discussion of Turkey business focuses on data and services.

Our subscribers have enjoyed the 4.5G experience with the new high quota data packages we have launched, while we doubled the data quota of their existing packages for three months. Accordingly, in Q216 21% of our data traffic (23% as of July), which quarterly rose by 33%, was through our 4.5G network. Our 4.5G subscribers consumed 2.4 times more data per month as compared to a non 4.5G user. Coupled with higher smartphone penetration of 60% and more data users overall, data revenues rose by 36.2% to TRY1,141 million (TRY838 million), while services and solutions revenues grew by 56.1% driven mainly by increased usage of Turkcell TV+, fizy, Smart Storage and other mobile services.

Meanwhile, wholesale revenues grew by 11.2% to TRY102 million (TRY92 million) with the increase in carrier traffic.

Turkcell International revenues, comprising 6% of Group revenues, were at TRY204 million (TRY205 million) driven by currency devaluation in Ukraine and Belarus as lifecell and BeST grew by 7.1% and 25.1%, respectively in local currency terms.

Other subsidiaries' revenues, at 4% of Group revenues, which includes information and entertainment services, call center revenues and revenues from financial services rose by 43.3% to TRY146 million (TRY102 million). This was mainly driven by the contribution of revenues of our Consumer Finance Company, which commenced operations nationwide in March 2016.

Direct cost of revenues rose to 66.6% (61.4%) as a percentage of revenues in Q216, mainly due to the rise in depreciation and amortization expenses (3.6pp) reflecting the 4.5G license and investments and various other cost items mainly related with our network (1.6pp).

Administrative expenses rose to 5.2% (4.9%) as a percentage of revenues in Q216.

Selling and marketing expenses declined to 14.4% (14.8%) as a percentage of revenues in Q216, driven by the decline in selling expenses (0.8pp) with our value focused customer acquisition strategy and fall in various other cost items (0.5pp), more than offsetting the rise in marketing expenses (0.9pp) related to the 4.5G launch.

EBITDA*rose by 3.5% year-on-year in Q216 with an EBITDA margin at 30.7% (32.2%). Direct cost of revenues (excluding depreciation and amortization) increased by 1.6pp and administrative expenses rose by 0.3pp, while selling

and marketing expenses declined by 0.4pp.

- Turkcell Turkey's EBITDA grew by 0.9% to TRY923 million (TRY915 million), while the EBITDA margin was at 30.7% (32.8%).
- Turkcell International EBITDA was at TRY53 million (TRY56 million) adversely impacted by the year-on-year devaluation in Ukraine and Belarus while the EBITDA margin was at 26.0% (27.2%).

Second Quarter 2016 Results

- The EBITDA of other subsidiaries rose by 120% to TRY53 million (TRY24 million) with the contribution of the financial services business.

(*)EBITDA is a non-GAAP financial measure. See page 14 for the reconciliation and an explanation of how we calculate Adjusted EBITDA to net income.

Net finance income of TRY22 million (TRY397 million) was recorded in Q216. In contrast to the translation loss of TRY24 million in Q216, in Q215 a translation gain of TRY261 million was registered with positive currency movements in Ukraine. Moreover, the decline in interest income from time deposits due to a lower cash balance, the rise in interest expenses in relation to loans and 4.5G payables led to a lower net finance income in Q216. Please see Appendix A for translation gain and loss details.

Income tax expense declined 55.7% year-on-year in Q216. Please see Appendix A for details.

Net income of the Group as per IFRS declined to TRY416 million (TRY712 million) in Q216. This was mainly due to a translation loss in Q216 in contrast to a translation gain in Q215, the negative contribution of Fintur, lower interest income from time deposits due to a lower cash balance, increased interest expense on loans and 4.5G payables and a higher amortization expense due to the 4.5G license. Proforma net income¹ was at TRY542 million (TRY569 million) in Q216.

The net income of Turkcell Turkey as per IFRS declined to TRY413 million (TRY586 million) in Q216 mainly due to the reasons explained above for Group net income decline. Proforma net income¹ was at TRY513 million (TRY567 million) in Q216.

Please see Appendix A for a reconciliation of Group and Turkcell Turkey proforma net income to net income per IFRS.

Total debt as of June 30, 2016 rose to TRY7,307 million from TRY4,028 million as of March 31, 2016, as we utilized the club loan line for EUR445 million and US\$500 million (c. US\$1 billion).

- Turkcell Turkey's debt balance was TRY6,499 million, of which TRY3,063 million (US\$1,059 million) was denominated in US\$, TRY3,061 (EUR955 million) in EUR and the remaining TRY375 million in TRY.
 - The debt balance of lifecell was TRY336 million, denominated in UAH.
- Consumer Finance Company had a debt balance of TRY467 million denominated in TRY.

TRY4,648 million of our consolidated debt is set at a floating rate, while TRY1,098 million will mature within less than a year. (Please note that the figures in parentheses refer to US\$ or EUR equivalents).

In order to hedge against approximately EUR650 million of our loan portfolio, we have engaged in participating cross currency swap transactions:

- In June, EUR500 million China Development Bank loan with 10 years final maturity and EURIBOR +2.2% annual interest rate has been swapped to TRY denominated liability.
- Recently in July, US\$150 million of Club Loan with 4 years final maturity and LIBOR + 2.0% annual interest rate has been swapped to TRY denominated liability.
 - Foreign currency call and put options are embedded in the transactions mentioned above.

Second Quarter 2016 Results

(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, interest expense on loans & borrowings, share of profit of equity accounted investees (Fintur), 4.5G license amortization 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.”

Cash flow analysis: Capital expenditures, including non-operational items amounted to TRY879.6 million in Q216. The net change in debt mainly relates to an approximately US\$1 billion equivalent club loan utilization. The cash flow item noted as “other” included the payment of the second installment of the 4.5G license (TRY1,323 million), advance payments for fixed asset purchases (TRY915 million) and the negative impact of the change in other working capital (TRY2 million).

Capital expenditures, including non-operational items amounted to TRY1,618.0 million in H116. The cash flow item noted as “other” includes the payment of the second installment of the 4.5G license (TRY1,323 million), advance payments for fixed asset purchases (TRY915 million), regulatory fee payments (TRY491 million) and the negative impact of the change in other working capital (TRY197 million).

In Q216 and H116, operational capital expenditures* at the Group level were at 25% and 23% of total revenues, respectively.

| Consolidated Cash Flow (million TRY) | Quarter | | Half Year | |
|--------------------------------------|-----------|-----------|-----------|-----------|
| | Q215 | Q216 | H115 | H116 |
| EBITDA1 | 994.8 | 1,029.3 | 1,921.7 | 2,030.8 |
| LESS: | | | | |
| Capex and License | (957.4) | (879.6) | (1,712.9) | (1,618.0) |
| Turkcell Turkey | (683.3) | (801.6) | (1,027.2) | (1,477.0) |
| Turkcell International2 | (263.8) | (71.0) | (672.2) | (132.7) |
| Other Subsidiaries2 | (10.3) | (7.0) | (13.5) | (8.3) |
| Net interest Income/ (expense) | 136.0 | 45.9 | 350.9 | 217.4 |
| Other | 114.6 | (2,240.1) | (1,176.0) | (2,925.9) |
| Net Change in Debt | (239.0) | 3,291.5 | (192.7) | 3,146.3 |
| Cash generated / (used) | 49.0 | 1,247.0 | (809.0) | 850.6 |
| Cash balance before dividend payment | 8,222.8 | 3,769.4 | 8,222.8 | 3,769.4 |
| Dividend paid | (3,925.0) | - | (3,925.0) | - |
| Cash balance after dividend payment | 4,297.8 | 3,769.4 | 4,297.8 | 3,769.4 |

(1) EBITDA is a non-GAAP financial measure. See page 14 for the reconciliation and 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.

(*) Excluding license fees

Second Quarter 2016 Results

Operational Review in Turkey

| Summary of Operational data | Q215 | Q216 | y/y % |
|---|-------|-------|---------|
| Number of subscribers | 35.5 | 34.5 | (2.8%) |
| Mobile Postpaid (million) | 15.9 | 16.8 | 5.7% |
| Mobile M2M (million) | 1.7 | 2.0 | 17.6% |
| Mobile Prepaid (million) | 18.1 | 15.8 | (12.7%) |
| Fiber (thousand) | 817.6 | 965.4 | 18.1% |
| ADSL (thousand) | 528.0 | 675.2 | 27.9% |
| IPTV (thousand) | 139.0 | 303.0 | 118.0% |
| Churn (%) | | | |
| Mobile Churn (%) | 8.0% | 8.0% | - |
| Fixed churn (%) | 4.2% | 5.1% | 0.9% |
| ARPU (Average Monthly Revenue per User) | | | |
| Mobile ARPU, blended (TRY) | 24.0 | 25.7 | 7.1% |
| Postpaid | 38.0 | 37.7 | (0.8%) |
| Postpaid (excluding M2M) | 42.1 | 42.3 | 0.5% |
| Prepaid | 12.2 | 13.3 | 9.0% |
| Fixed Residential ARPU, blended (TRY) | 47.9 | 51.3 | 7.1% |
| Mobile MOU (Avg. Monthly Minutes of usage per subs) blended | 302.0 | 323.5 | 7.1% |

In Q216, we continued to focus our efforts on expanding the value generating customer base and enriching user experience through the upsell and cross-sell of our products and services.

On the mobile front, our postpaid customer base grew by 122 thousand quarterly and 956 thousand annual additions to 16.8 million, amounting to 51.6% (46.7%) of the total. Meanwhile, lower value generating customers mainly from the more price sensitive prepaid segment declined in parallel to our expectations, which led the overall mobile customer base to fall by 763 thousand to 32.6 million.

The fixed customer base has exceeded 1.6 million with 59 thousand quarterly net additions, of which 30 thousand were fiber and 29 thousand were ADSL subscribers. On an annual basis, we recorded 295 thousand fixed customers; 148 thousand were fiber and 147 thousand were ADSL customers. IPTV customers reached 303 thousand on 35 thousand quarterly net additions. Annually IPTV customers increased by 164 thousand. In total, mobile TV has been downloaded by 1.8 million users to date.

Mobile churn remained at 8.0% (8.0%) year-on-year, while fixed churn was slightly higher at 5.1% (4.2%).

Mobile blended ARPU rose by 7.1% with our upsell strategy, focus on high value customer groups, as well as increased package penetration. Triple play ratio, which includes voice, data and services users, reached 20%1 and

contributed to the ARPU uplift. Meanwhile, consumer segment ARPU rose by 11% reflecting our value focused customer acquisitions and inflationary pricing strategy.

Fixed ARPU rose 7.1% on increased multiplay customers with TV2 to 33% of total residential fiber customers in addition to implementation of inflationary pricing strategy.

Second Quarter 2016 Results

Mobile MoU rose by 7.1% driven by our increased postpaid base and upsell efforts.

Smartphone penetration on our network reached 60% with 904 thousand quarterly net additions. Accordingly, there were 17.5 million smartphones on our network at quarter end, with 46% being 4.5G enabled.

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

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

TURKCELL INTERNATIONAL

| lifecell* Financial Data | Quarter | | | Half Year | | |
|---------------------------------|---------|---------|---------|-----------|---------|---------|
| | Q215 | Q216 | y/y% | H115 | H116 | y/y% |
| Revenue (million UAH) | 1,075.6 | 1,152.2 | 7.1% | 2,134.7 | 2,284.8 | 7.0% |
| EBITDA (million UAH) | 324.3 | 304.1 | (6.2%) | 651.8 | 660.2 | 1.3% |
| EBITDA margin (UAH) | 30.2% | 26.4% | (3.8pp) | 30.5% | 28.9% | (1.6pp) |
| Net income / loss (million UAH) | 1,776.7 | 1,178.3 | (33.7%) | (3,853.3) | 1,110.7 | n.m. |
| Capex (million UAH) | 1,530.1 | 562.5 | (63.2%) | 5,151.7 | 1,019.4 | (80.2%) |
| Revenue (million TRY) | 133.5 | 131.0 | (1.9%) | 259.5 | 259.5 | - |
| EBITDA (million TRY) | 40.3 | 34.5 | (14.4%) | 79.3 | 74.9 | (5.5%) |
| EBITDA margin (TRY) | 30.2% | 26.4% | (3.8pp) | 30.6% | 28.9% | (1.7pp) |
| Net income / loss (million TRY) | 209.6 | 128.6 | (38.6%) | (465.6) | 120.2 | n.m. |

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

lifecell revenues grew by 7.1% in local currency terms, almost doubling mobile broadband revenues on the back of 3G+ services. As a new revenue line, lifecell has started to offer its subscribers a portfolio of terminals that includes data packages. lifecell's EBITDA fell 6.2% in local currency terms with an EBITDA margin of 26.4% (30.2%), due to higher network related costs of the 3G+ roll-out and operational leasing expense post the tower related sale and leaseback transaction in April 2016, and higher marketing expenses driven by rebranding activities.

Although UAH appreciated during the quarter, devaluation on a year-on-year basis led to a 1.9% year-on-year decline in lifecell's revenues in TRY terms, while EBITDA declined by 14.4%.

lifecell has continued its 3G+ network roll-out, leading the market by the number of districts covered. By providing the fastest 3G speed of 63.3 Mbps in Ukraine with 3-carrier technology, lifecell subscribers' 3G+ adoption has continued, reaching 2.7 million (three-month active). Further, with 52% smartphone penetration, data usage per subscriber has more than doubled post introduction of 3G+.

| lifecell* Operational Data | Q215 | Q216 | y/y% |
|--|-------|-------|--------|
| Number of subscribers (million) ¹ | 14.0 | 12.9 | (7.9%) |
| Active (3 months) ² | 10.6 | 9.7 | (8.5%) |
| MOU (minutes) (12 months) | 152.8 | 138.9 | (9.1%) |

| | | | |
|---|------|------|-------|
| ARPU (Average Monthly Revenue per User), blended (UAH) | 26.0 | 29.3 | 12.7% |
| Active (3 months) (UAH) | 34.5 | 38.2 | 10.7% |

(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.

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

In Q216, lifecell's three-month active subscriber base declined to 9.7 million on 678 thousand quarterly net losses. This was mainly due to decreasing multiple SIM card usage.

Blended ARPU (3-month active) rose by 10.7% driven by increased mobile broadband usage. MoU (12-month active) fell by 9.1% due to changing consumer behavior.

| BeST* | Quarter | | | Half Year | | |
|--|---------|---------|---------|-----------|---------|--------|
| | Q215 | Q216 | y/y% | H115 | H116 | y/y% |
| Number of subscribers (million) ¹ | 1.4 | 1.6 | 14.3% | 1.4 | 1.6 | 14.3% |
| Active (3 months) | 1.1 | 1.1 | - | 1.1 | 1.1 | - |
| Revenue (billion BYR) | 190.3 | 238.1 | 25.1% | 366.8 | 469.0 | 27.9% |
| EBITDA (billion BYR) | 4.2 | 7.6 | 81.0% | 4.6 | 11.4 | 147.8% |
| EBITDA margin (BYR) | 2.2% | 3.2% | 1.0pp | 1.3% | 2.4% | 1.1pp |
| Net loss (billion BYR) | (643.4) | (127.5) | n.m. | (2,806.9) | (224.7) | n.m. |
| Capex (billion BYR) | 22.3 | 17.3 | (22.4%) | 42.5 | 51.2 | 20.5% |
| Revenue (million TRY) | 34.1 | 34.8 | 2.1% | 64.1 | 67.5 | 5.3% |
| EBITDA (million TRY) | 0.8 | 1.1 | 37.5% | 0.8 | 1.7 | 112.5% |
| EBITDA margin (TRY) | 2.2% | 3.2% | 1.0pp | 1.3% | 2.5% | 1.2pp |
| Net loss (million TRY) | (115.0) | (18.6) | n.m. | (493.4) | (32.3) | n.m. |
| Capex (million TRY) | 3.9 | 2.6 | (33.3%) | 7.5 | 7.4 | (1.3%) |

(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 25.1% in Q216 in local currency terms mainly with increased voice revenues and terminal revenues on the back of higher smartphone sales. The EBITDA margin improved by 1.0pp to 3.2% (2.2%), mainly driven by top-line growth and better operational expense management.

In TRY terms, performance remained impacted by yearly local currency devaluation. Revenues rose by 2.1% to TRY35 million (TRY34 million), while EBITDA improved to TRY1.1 million (TRY0.8 million).

| KKTCELL (million TRY)* | Quarter | | | Half Year | | |
|--|---------|-------|---------|-----------|-------|---------|
| | Q215 | Q216 | y/y% | H115 | H116 | y/y% |
| Number of subscribers (million) ¹ | 0.5 | 0.5 | - | 0.5 | 0.5 | - |
| Revenue | 32.8 | 33.7 | 2.7% | 64.2 | 66.1 | 3.0% |
| EBITDA | 13.0 | 12.8 | (1.5%) | 25.3 | 24.1 | (4.7%) |
| EBITDA margin | 39.8% | 38.0% | (1.8pp) | 39.4% | 36.4% | (3.0pp) |
| Net income | 7.9 | 10.9 | 38.0% | 14.7 | 17.0 | 15.6% |

| | | | | | | |
|-------|-----|-----|---------|-----|-----|------|
| Capex | 5.5 | 4.4 | (20.0%) | 6.7 | 7.3 | 9.0% |
|-------|-----|-----|---------|-----|-----|------|

(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 grew by 2.7% year-on-year reflecting strong mobile broadband growth driven by higher data demand. EBITDA declined 1.5% leading to an EBITDA margin of 38.0% (39.8%). This was mainly due to regulatory amendment regarding the termination rates and additional frequency fees.

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Fintur's consolidated revenues declined by 43.4% in Q216. Ongoing competitive pressure in Kazakhstan led to decreased Kcell revenues. Year-on-year currency devaluation also impacted Kcell and Azercell revenues negatively. Fintur subscribers declined by 100 thousand during Q216 to 16.7 million mainly due to Kcell subscriber decline. Fintur had a negative contribution of US\$3 million (US\$35 million positive contribution) to Group net income in Q216. This was mainly due to the year-on-year devaluation impact on reported figures, revenue pressure in Kazakhstan and Azerbaijan and higher operational tax costs in the region.

| Fintur* | Quarter | | | Half Year | | |
|---|---------|------|----------|-----------|------|---------|
| | Q215 | Q216 | y/y% | H115 | H116 | y/y% |
| Subscribers (million) ¹ | 17.8 | 16.7 | (6.2%) | 17.8 | 16.7 | (6.2%) |
| Kazakhstan | 10.8 | 9.7 | (10.2%) | 10.8 | 9.7 | (10.2%) |
| Azerbaijan | 4.2 | 4.1 | (2.4%) | 4.2 | 4.1 | (2.4%) |
| Moldova | 0.9 | 0.9 | - | 0.9 | 0.9 | - |
| Georgia | 2.0 | 1.9 | (5.0%) | 2.0 | 1.9 | (5.0%) |
| Revenue (million US\$) | 373 | 211 | (43.4%) | 760 | 404 | (46.8%) |
| Kazakhstan | 231 | 109 | (52.8%) | 464 | 209 | (55.0%) |
| Azerbaijan | 101 | 64 | (36.6%) | 214 | 123 | (42.5%) |
| Moldova | 18 | 15 | (16.7%) | 33 | 28 | (15.2%) |
| Georgia | 23 | 23 | - | 48 | 44 | (8.3%) |
| Fintur's contribution to Group's net income | 35 | (3) | (108.6%) | 74 | 3 | (95.9%) |

(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 66.5 million as of June 30, 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 | Q215 | Q216 | y/y % |
|--|-------|-------|---------|
| Mobile Postpaid (million) | 15.9 | 16.8 | 5.7% |
| Mobile Prepaid (million) | 18.1 | 15.8 | (12.7%) |
| Fiber (thousand) | 817.6 | 965.4 | 18.1% |
| ADSL (thousand) | 528.0 | 675.2 | 27.9% |
| IPTV (thousand) | 139.0 | 303.0 | 118.0% |
| Turkcell Turkey subscribers (million) ¹ | 35.5 | 34.5 | (2.8%) |
| Ukraine | 14.0 | 12.9 | (7.9%) |

| | | | |
|---------------------------------------|------|------|--------|
| Belarus2 | 1.5 | 1.6 | 6.7% |
| KKTCELL3 | 0.5 | 0.5 | - |
| Turkcell Europe4 | 0.3 | 0.3 | - |
| Consolidated Subscribers (million) | 51.7 | 49.8 | (3.7%) |
| Fintur5 | 17.8 | 16.7 | (6.2%) |
| Turkcell Group Subscribers* (million) | 69.5 | 66.5 | (4.3%) |

(*) 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.

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(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.

| | Quarter | | | Half Year | | | | |
|-------------------------------|---------|--------|--------|-----------|--------|--------|--------|---------|
| | Q215 | Q116 | Q216 | y/y% | q/q% | H115 | H116 | y/y% |
| US\$ / TRY rate | | | | | | | | |
| Closing Rate | 2.6863 | 2.8334 | 2.8936 | 7.7% | 2.1% | 2.6863 | 2.8936 | 7.7% |
| Average Rate | 2.6571 | 2.9202 | 2.8736 | 8.1% | (1.6%) | 2.5602 | 2.8969 | 13.2% |
| EUR / TRY rate | | | | | | | | |
| Closing Rate | 2.9822 | 3.2081 | 3.2044 | 7.5% | (0.1%) | 2.9822 | 3.2044 | 7.5% |
| Average Rate | 2.9171 | 3.2172 | 3.2292 | 10.7% | 0.4% | 2.8553 | 3.2232 | 12.9% |
| Consumer Price Index (Turkey) | 1.7% | 1.8% | 1.8% | 0.1pp | - | 4.8% | 3.6% | (1.2pp) |
| GDP Growth (Turkey) | 3.7% | 4.8% | n.a | n.a | n.a | 3.1% | n.a | n.a |
| US\$ / UAH rate | | | | | | | | |
| Closing Rate | 21.02 | 26.22 | 24.85 | 18.2% | (5.2%) | 21.02 | 24.85 | 18.2% |
| Average Rate | 21.44 | 25.77 | 25.30 | 18.0% | (1.8%) | 21.31 | 25.53 | 19.8% |
| US\$ / BYR rate | | | | | | | | |
| Closing Rate | 15,346 | 20,133 | 20,053 | 30.7% | (0.4%) | 15,346 | 20,053 | 30.7% |
| Average Rate | 14,801 | 20,552 | 19,698 | 33.1% | (4.2%) | 14,665 | 20,125 | 37.2% |

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.

Second Quarter 2016 Results

| Turkcell Group (million TRY) | Quarter | | | Half Year | | |
|---|---------|---------|----------|-----------|-----------|---------|
| | Q215 | Q216 | y/y% | H115 | H116 | y/y% |
| Adjusted EBITDA | 994.8 | 1,029.3 | 3.5% | 1,921.7 | 2,030.8 | 5.7% |
| Finance income | 175.2 | 162.5 | (7.2%) | 427.5 | 383.7 | (10.2%) |
| Finance costs | 221.9 | (140.7) | (163.4%) | (513.8) | (195.7) | (61.9%) |
| Other income / (expense) | (123.4) | 13.8 | n.m. | (176.4) | 2.7 | n.m. |
| Share of profit of equity accounted investees | 94.0 | (7.9) | (108.4%) | 188.8 | 7.3 | (96.1%) |
| Depreciation and amortization | (409.5) | (567.1) | 38.5% | (803.9) | (1,021.9) | 27.1% |
| Consolidated profit before income tax & minority interest | 953.0 | 489.9 | (48.6%) | 1,043.9 | 1,206.9 | 15.6% |
| Income tax expense | (140.5) | (62.2) | (55.7%) | (374.7) | (205.6) | (45.1%) |
| Consolidated profit before minority interest | 812.5 | 427.7 | (47.4%) | 669.2 | 1,001.3 | 49.6% |

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 and our three year outlook regarding adequacy of funding. 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 99.80% and 95.14%, respectively, as of June 2016. It offers up to 1 Gbps fiber internet speed with its FTTH services. Turkcell Group companies serve 66.5 million subscribers in 9 countries – Turkey, Ukraine, Belarus, Northern Cyprus, Germany, Azerbaijan, Kazakhstan, Georgia, Moldova – as of June 30, 2016. Turkcell Group reported a TRY3.4 billion revenue with total assets of TRY28.6 billion as of June 30, 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.

Second Quarter 2016 Results

Appendix A – Tables

Table: Translation gain and loss details

| Million TRY | Quarter | | | Half Year | | |
|------------------------|---------|--------|----------|-----------|--------|----------|
| | Q215 | Q216 | y/y % | H115 | H116 | y/y % |
| Turkcell Turkey | 96.6 | (20.2) | (120.9%) | 404.8 | (27.1) | (106.7%) |
| Turkcell International | 164.3 | (4.0) | (102.4%) | (843.9) | (0.8) | (99.9%) |
| Other Subsidiaries | 0.2 | 0.1 | (50.0%) | 1.9 | (1.5) | (178.9%) |
| Turkcell Group | 261.1 | (24.1) | (109.2%) | (437.2) | (29.4) | (93.3%) |

Table: Income tax expense details

| Million TRY | Quarter | | | Half Year | | |
|-----------------------------|---------|--------|----------|-----------|---------|----------|
| | Q215 | Q216 | y/y % | H115 | H116 | y/y % |
| Current Tax expense | (145.2) | (37.0) | (74.5%) | (397.1) | (150.6) | (62.1%) |
| Deferred Tax Income/expense | 4.7 | (25.2) | (636.2%) | 22.4 | (55.0) | (345.5%) |
| Income Tax expense | (140.5) | (62.2) | (55.7%) | (374.7) | (205.6) | (45.1%) |

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

Group net income:

| Net income impacts (million TRY) | Q215 | Net income impacts (million TRY) | Q216 |
|---|-------|----------------------------------|------|
| Proforma net income | 569 | Proforma net income | 542 |
| FX impact (net off tax and minority interest) | 132 | FX impact (net off tax) | (20) |
| Interest income (net off tax) | 34 | Interest income (net off tax) | 6 |
| Interest expense (net off tax) | (22) | Interest expense (net off tax) | (55) |
| One-off impacts (net off tax) | | One-off impacts (net off tax) | |
| Commercial agreement terminations | (112) | 4.5G license depreciation | (81) |
| Fintur contribution | 89 | Fintur contribution | (7) |
| Other impacts | 22 | Other impacts | 31 |
| Net income - IFRS | 712 | Net income -IFRS | 416 |

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| Net income impacts (million TRY) | H115 | Net income impacts (million TRY) | H116 |
|---|-------|----------------------------------|-------|
| Proforma net income | 1,062 | Proforma net income | 1,118 |
| FX impact (net off tax and minority interest) | (334) | FX impact (net off tax) | (24) |
| Interest income (net off tax) | 141 | Interest income (net off tax) | 20 |
| Interest expense (net off tax) | (43) | Interest expense (net off tax) | (88) |
| One-off impacts (net off tax) | | One-off impacts (net off tax) | |
| Commercial agreement terminations | (112) | 4.5G license depreciation | (99) |
| Fintur contribution | 179 | Fintur contribution | 7 |
| Other impacts | (40) | Other impacts | 45 |
| Net income - IFRS | 853 | Net income - IFRS | 979 |

Turkcell Turkey net income:

| Net income impacts (million TRY) | Q215 | Net income impacts (million TRY) | Q216 |
|-----------------------------------|-------|----------------------------------|------|
| Proforma net income | 567 | Proforma net income | 513 |
| FX impact (net off tax) | 77 | FX impact (net off tax) | (16) |
| Interest income (net off tax) | 34 | Interest income (net off tax) | 6 |
| Interest expense (net off tax) | (6) | Interest expense (net off tax) | (43) |
| One-off impacts (net off tax) | | One-off impacts (net off tax) | |
| Commercial agreement terminations | (112) | 4.5G license amortization | (81) |
| Other impacts | 26 | Other impacts | 34 |
| Net income - IFRS | 586 | Net income -IFRS | 413 |

| Net income impacts (million TRY) | H115 | Net income impacts (million TRY) | H116 |
|----------------------------------|-------|----------------------------------|-------|
| Proforma net income | 1,058 | Proforma net income | 1,074 |
| FX impact (net off tax) | 324 | FX impact (net off tax) | (22) |

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| | | | |
|-----------------------------------|-------|--------------------------------|------|
| Interest income (net off tax) | 141 | Interest income (net off tax) | 20 |
| Interest expense (net off tax) | (15) | Interest expense (net off tax) | (66) |
| One-off impacts (net off tax) | | One-off impacts (net off tax) | |
| Commercial agreement terminations | (112) | 4.5G license amortization | (99) |
| Other impacts | (34) | Other impacts | 42 |
| Net income - IFRS | 1,362 | Net income - IFRS | 949 |

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

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

| | Note | 30 June 2016 | 31 December 2015 |
|--|------|--------------|------------------|
| Assets | | | |
| Property, plant and equipment | 8 | 7,535,381 | 6,821,494 |
| Intangible assets | 9 | 8,071,491 | 8,232,637 |
| GSM and other telecommunication operating licenses | | 6,338,998 | 2,520,785 |
| 4.5G license not yet available for use | | - | 3,984,954 |
| Computer software | | 1,535,996 | 1,570,346 |
| Other intangible assets | | 196,497 | 156,552 |
| Investment properties | | 45,290 | 49,572 |
| Investments in equity accounted investees | 10 | 987,681 | 981,939 |
| Other non-current assets | 14 | 1,020,250 | 441,940 |
| Trade receivables | 11 | 490,457 | 836,256 |
| Receivables from financial services | | 437,104 | - |
| Deferred tax assets | | 55,746 | 48,615 |
| Total non-current assets | | 18,643,400 | 17,412,453 |
| Inventories | | 112,175 | 75,471 |
| Due from related parties | 20 | 6,633 | 11,760 |
| Trade receivables and accrued income | 11 | 3,959,789 | 4,098,928 |
| Receivables from financial services | | 565,879 | - |
| Other current assets | 12 | 1,537,990 | 1,689,902 |
| Cash and cash equivalents | 13 | 3,769,416 | 2,918,796 |
| Total current assets | | 9,951,882 | 8,794,857 |
| Total assets | | 28,595,282 | 26,207,310 |
| Equity | | | |
| Share capital | | 2,200,000 | 2,200,000 |
| Share premium | | 269 | 269 |
| Capital contributions | | 35,026 | 35,026 |
| Reserves | | 818,259 | 861,111 |
| Actuarial gain/ (loss) from employee termination benefit | | (15,077) | (14,320) |
| Retained earnings | | 12,269,454 | 11,272,731 |
| Total equity attributable to equity holders of Turkcell Iletisim Hizmetleri AS | | 15,307,931 | 14,354,817 |
| Non-controlling interests | | 41,875 | 64,085 |

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| | | | |
|-------------------------------|----|------------|------------|
| Total equity | | 15,349,806 | 14,418,902 |
| Liabilities | | | |
| Loans and borrowings | 16 | 6,209,149 | 3,487,786 |
| Employee benefits | | 131,776 | 114,869 |
| Provisions | | 132,249 | 130,619 |
| Other non-current liabilities | | 386,913 | 366,670 |
| Trade and other payables | | - | 1,270,610 |
| Deferred tax liabilities | | 282,205 | 113,437 |
| Total non-current liabilities | | 7,142,292 | 5,483,991 |
| Current Liabilities | | | |
| Loans and borrowings | 16 | 1,136,694 | 728,744 |
| Income taxes payable | 7 | 46,721 | 12,855 |
| Trade and other payables | | 4,695,541 | 5,283,070 |
| Due to related parties | 20 | 6,423 | 6,555 |
| Deferred income | | 118,655 | 121,078 |
| Provisions | | 99,150 | 152,115 |
| Total current liabilities | | 6,103,184 | 6,304,417 |
| Total liabilities | | 13,245,476 | 11,788,408 |
| Total equity and liabilities | | 28,595,282 | 26,207,310 |

The accompanying notes on page 7 to 40 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 six months ended 30 June 2016

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

| | Note | Six months ended | | Three months ended | |
|--|------|------------------|-----------------|--------------------|-----------------|
| | | 30 June 2016 | 30 June 2015 | 30 June 2016 | 30 June 2015 |
| Revenue | | 6,551,595 | 6,071,133 | 3,328,560 | 3,092,970 |
| Direct costs of revenue | | (4,250,570) | (3,726,886) | (2,232,144) | (1,898,335) |
| Gross profit from business operations | | 2,301,025 | 2,344,247 | 1,096,416 | 1,194,635 |
| Revenue from financial services | | 31,877 | - | 29,530 | - |
| Direct cost of revenue from financial services | | (5,090) | - | (4,746) | - |
| Gross profit from financial operations | | 26,787 | - | 24,784 | - |
| Gross profit | | 2,327,812 | 2,344,247 | 1,121,200 | 1,194,635 |
| Other income | | 45,352 | 22,023 | 39,347 | 5,678 |
| Selling and marketing expenses | | (964,412) | (935,194) | (483,164) | (458,927) |
| Administrative expenses | | (354,475) | (291,188) | (175,803) | (150,392) |
| Other expenses | | (42,668) | (198,442) | (25,559) | (129,062) |
| Results from operating activities | | 1,011,609 | 941,446 | 476,021 | 461,932 |
| Finance income | 6 | 383,706 | 427,364 | 162,459 | 175,103 |
| Finance costs | 6 | (195,671) | (513,766) | (140,671) | 221,924 |
| Net finance income / (expense) | | 188,035 | (86,402) | 21,788 | 397,027 |
| Share of profit of equity accounted investees | 10 | 7,301 | 188,830 | (7,879) | 94,000 |
| Profit before income tax | | 1,206,945 | 1,043,874 | 489,930 | 952,959 |
| Income tax expense | 7 | (205,685) | (374,707) | (62,251) | (140,502) |
| Profit for the period | | 1,001,260 | 669,167 | 427,679 | 812,457 |
| Profit / (loss) attributable to: | | | | | |
| Owners of Turkcell Iletisim Hizmetleri AS | | 978,804 | 853,086 | 416,086 | 711,969 |
| Non-controlling interest | | 22,456 | (183,919) | 11,593 | 100,488 |
| Profit for the period | | 1,001,260 | 669,167 | 427,679 | 812,457 |

| | | | | |
|---|------|------|------|------|
| Basic and diluted earnings per share (in full TL) | 0.44 | 0.39 | 0.19 | 0.32 |
|---|------|------|------|------|

The accompanying notes on page 7 to 40 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 six months ended 30 June 2016

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

| | Six months ended | | Three months ended | |
|---|------------------|-----------------|--------------------|-----------------|
| | 30 June 2016 | 30 June 2015 | 30 June 2016 | 30 June 2015 |
| Profit for the period | 1,001,260 | 669,167 | 427,679 | 812,457 |
| Other comprehensive income / (expense): | | | | |
| Items that will not be reclassified to profit or loss: | | | | |
| Actuarial gain / (loss) arising from employee termination benefit | (973) | (584) | (86) | 408 |
| Tax effect of actuarial gain / (loss) from employee termination benefits | 216 | 95 | 33 | (62) |
| | (757) | (489) | (53) | 346 |
| Items that will or may be reclassified subsequently to profit or loss: | | | | |
| Change in cash flow hedge reserve | - | 719 | - | 260 |
| Foreign currency translation differences | (20,335) | 266,352 | 34,446 | (172,334) |
| Share of foreign currency translation differences of the equity accounted investees | 8,244 | (379,013) | 20,115 | 8,379 |
| Tax effect of foreign currency translation differences | (3,018) | 7,305 | (1,418) | (587) |
| | (15,109) | (104,637) | 53,143 | (164,282) |
| Other comprehensive income / (expense) for the period, net of income tax | (15,866) | (105,126) | 53,090 | (163,936) |
| Total comprehensive income / (expense) for the period | 985,394 | 564,041 | 480,769 | 648,521 |
| Total comprehensive income / (expense) attributable to: | | | | |
| Owners of Turkcell Iletisim Hizmetleri AS | 962,921 | 697,335 | 470,751 | 638,078 |
| Non-controlling interests | 22,473 | (133,294) | 10,018 | 10,443 |
| Total comprehensive income / (expense) for the period | 985,394 | 564,041 | 480,769 | 648,521 |

(1)

The accompanying notes on page 7 to 40 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 six months ended 30 June 2016

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

Attributable to equity holders of the Company

| | Share Capital | Capital Contribution | Share Premium | Legal Reserves | Cash Flow Hedge Reserves | Reserve for Non-Controlling Interest Put Option | Actuarial Gain/ (Loss) from Employee Termination Benefit | Translatio Reserve |
|---|------------------|-------------------------|------------------|-------------------|-----------------------------------|--|---|-----------------------|
| Balance at 1 January 2015 | 2,200,000 | 35,026 | 269 | 839,284 | (719) | (758,432) | (3,417) | 350,254 |
| Total comprehensive income/(expense) Profit/(loss) for the period | - | - | - | - | - | - | - | - |
| Other comprehensive income/(expense) Foreign currency translation differences, net of tax | - | - | - | - | - | (143,023) | - | (12,958) |
| Employee termination benefit actuarial losses | - | - | - | - | - | - | (489) | - |
| Change in cash flow hedge reserve | - | - | - | - | 719 | - | - | - |
| Total other comprehensive income/(expense) | - | - | - | - | 719 | (143,023) | (489) | (12,958) |
| Total comprehensive income/(expense) | - | - | - | - | 719 | (143,023) | (489) | (12,958) |
| Transfer to legal reserves | - | - | - | 346,167 | - | - | - | - |
| Dividend paid | - | - | - | - | - | - | - | - |
| Change in fair value of minority put option | - | - | - | - | - | 232,911 | - | - |
| Change in non-controlling | - | - | - | - | - | - | - | - |

| | | | | | | | | | |
|---|-----------|--------|-----|-----------|---|----------|-----------|------------|---|
| interests | | | | | | | | | |
| Balance at 30 June 2015 | 2,200,000 | 35,026 | 269 | 1,185,451 | - | (668,544 |) (3,906 |) 337,296 | |
| Total comprehensive income/(expense) Profit / (loss) for the period | - | - | - | - | - | - | - | - | - |
| Other comprehensive income/(expense) Foreign currency translation differences, net of tax | - | - | - | - | - | (86,150 |) - | (198,472 | |
| Employee termination benefit actuarial losses | - | - | - | - | - | - | (10,414 |) - | |
| Change in cash flow hedge reserve | - | - | - | - | - | - | - | - | |
| Total other comprehensive income/(expense), net of tax | - | - | - | - | - | (86,150 |) (10,414 |) (198,472 | |
| Total comprehensive income/(expense) | - | - | - | - | - | (86,150 |) (10,414 |) (198,472 | |
| Transfer to legal reserves | - | - | - | 25,901 | - | - | - | - | |
| Dividend paid | - | - | - | - | - | - | - | - | |
| Change in fair value of minority put option | - | - | - | - | - | 265,629 | - | - | |
| Change in non-controlling interest | - | - | - | - | - | - | - | - | |
| Acquisition of non-controlling interest | - | - | - | - | - | - | - | - | |
| Balance at 31 December 2015 | 2,200,000 | 35,026 | 269 | 1,211,352 | - | (489,065 |) (14,320 |) 138,824 | |
| Balance at 1 January 2016 | 2,200,000 | 35,026 | 269 | 1,211,352 | - | (489,065 |) (14,320 |) 138,824 | |
| Total comprehensive income/(expense) Profit/(loss) for the period | - | - | - | - | - | - | - | - | |
| Other comprehensive | | | | | | | | | |

| | | | | | | | | | |
|--|-----------|--------|-----|-----------|-----|----------|-----------|-----------|--|
| income/(expense) | | | | | | | | | |
| Foreign currency translation differences, net of tax | - | - | - | - | - | 3,050 | - | (18,176 | |
| Employee termination benefit actuarial losses | - | - | - | - | - | - | (757 |) - | |
| Total other comprehensive income/(expense) | - | - | - | - | - | 3,050 | (757 |) (18,176 | |
| Total comprehensive income/(expense) | - | - | - | - | - | 3,050 | (757 |) (18,176 | |
| Transfer from legal reserves | - | - | - | (17,919 |) - | - | - | - | |
| Dividends paid | - | - | - | - | - | - | - | - | |
| Net change in fair value of minority put option | - | - | - | - | - | (9,807 |) - | - | |
| Change in non-controlling interests | - | - | - | - | - | - | - | - | |
| Balance at 30 June 2016 | 2,200,000 | 35,026 | 269 | 1,193,433 | - | (495,822 |) (15,077 |) 120,648 | |

The accompanying notes on page 7 to 40 are an integral part of these condensed interim consolidated financial statements.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2016

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

| | Note | Six months ended 30 June 2016 | 2015 |
|--|------|----------------------------------|------------|
| Cash flows from operating activities | | | |
| Profit for the year | | 1,001,260 | 669,167 |
| Adjustments for: | | | |
| Depreciation and impairment of fixed assets and investment property | 8 | 606,817 | 542,095 |
| Amortization of intangible assets | 9 | 415,081 | 261,734 |
| Net finance (income) | 6 | (98,867) | (353,345) |
| Income tax expense | 7 | 205,685 | 374,707 |
| Share of profit of equity accounted investees | 10 | (7,301) | (188,830) |
| (Gain)/loss on sale of property, plant and equipment | | (8,224) | (4,493) |
| Unrealized foreign exchange and monetary (loss)/gain on operating assets | | (44,292) | 415,576 |
| Provisions | | 72,775 | 110,722 |
| Deferred income | | 8,355 | (16,050) |
| | | 2,151,289 | 1,811,283 |
| Change in trade receivables | 11 | 382,380 | (524,449) |
| Change in due from related parties | 20 | 5,083 | (22,768) |
| Change in receivables from financial operations | | (1,002,983) | - |
| Change in inventories | | (38,518) | (828) |
| Change in other current assets | 12 | (86,931) | (317,367) |
| Change in other non-current assets | 14 | 74,985 | 41,668 |
| Change in due to related parties | 20 | (132) | (5,857) |
| Change in trade and other payables | | (1,891,907) | (315,640) |
| Change in other non-current liabilities | | (88) | 3,867 |
| Change in employee benefits | | 15,934 | 2,741 |
| Change in other working capital | | (51,076) | (39,736) |
| | | (441,964) | 632,914 |
| Interest paid | | (95,161) | (27,817) |
| Income tax paid | | (18,905) | (430,562) |
| Net cash generated by operating activities | | (556,030) | 174,535 |
| Cash flows from investing activities | | | |
| Acquisition of property, plant and equipment | 8 | (1,323,160) | (986,741) |
| Acquisition of intangible assets | 9 | (247,518) | (708,931) |
| Proceeds from sale of property, plant and equipment | | 19,518 | 10,409 |
| Proceeds from currency option contracts | | 1,144 | 780 |

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| | | |
|--|--------------|--------------|
| Change in property, plant and equipment advances | (652,893) | 110,092 |
| Change in financial assets | - | 14,870 |
| Interest received | 321,029 | 429,755 |
| Capital decrease in subsidiaries | (9,000) | - |
| Net cash provided/(used in) investing activities | (1,890,880) | (1,129,766) |
| Cash flows from financing activities | | |
| Proceeds from issuance of loans and borrowings | 3,502,645 | 1,651,557 |
| Repayment of borrowings | (356,312) | (1,844,204) |
| Dividends paid | (35,683) | (3,931,157) |
| Decrease/(increase) in cash collateral related to loans | 240,775 | (134,315) |
| Net cash generated (used in) by financing activities | 3,351,425 | (4,258,119) |
| Net increase/ (decrease) in cash and cash equivalents | 904,515 | (5,213,350) |
| Cash and cash equivalents at 1 January | 2,918,796 | 9,031,881 |
| Effects of foreign exchange rate fluctuations on cash and cash equivalents | (53,895) | 479,242 |
| Cash and cash equivalents at 30 June | 14 | 3,769,416 |
| | | 4,297,773 |

The accompanying notes on page 7 to 40 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 six months ended 30 June 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 six months ended 30 June 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 Inonu 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 six months ended 30 June 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 Inonu 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 and Note 3b).

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

The condensed interim consolidated financial statements are presented in Turkish Lira (“TL”), rounded to the nearest thousand. The Company and its Turkish subsidiaries maintain their books of accounts and prepare their statutory financial statements in accordance with the Turkish Commercial Code (“TCC”), tax legislation, the Uniform Chart of Accounts issued by the Ministry of Finance, principles issued by the CMB, and the regulations, interpretations and communiqués published by BRSA (together “BRSA Accounting and Reporting Regulations”). The foreign subsidiaries maintain their books of account in accordance with the laws and regulations in force in the countries in which they are registered. These consolidated financial statements have been prepared under historical cost conventions except for derivative financial instruments which are carried at fair value. The consolidated financial statements are based on the statutory records, which are maintained under historical cost conventions, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with International Financial Reporting Standards (“IFRS”).

The condensed interim consolidated financial statements have been prepared in accordance with 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 30 June 2016 were approved by the Board of Directors on 27 July 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 six months ended 30 June 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. The impairment loss recognized of TL 71 for the six months ended 30 June 2016 relates to its estimate of incurred losses in respect of trade receivables.

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) Employee benefits

Termination benefits paid to key executive officers are classified in other expenses.

The Company provides a cash-settled share-based payment plan for selected employees in return for their services. For cash-settled share-based payment plan, the Company measures the services received and the liability incurred at the fair value of the liability. Until the liability is settled, the Company remeasures the fair value of the liability at each reporting date and at the settlement date, with any changes in fair value recognised in profit or loss for the period. Cash-settled share-based payments are conditional upon meeting specified vesting conditions. As of 30 June 2016, taking into account the probability of meeting vesting conditions, the Company has not recognized any liability in the condensed interim consolidated financial statements regarding the cash-settled share-based payments.

c) 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.

d) 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 30 June 2016

- Amendment to IFRS 11, ‘Joint arrangements’ on acquisition of an interest in a joint operation, 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.

-Amendment to IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets', on depreciation and amortisation, 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.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

As at and for the six months ended 30 June 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 30 June 2016

-IFRS 14 'Regulatory deferral accounts', 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.

-Amendments to IAS 27, 'Separate financial statements' on the equity method, 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.

-Amendment to IFRS 10 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures', 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.

-Annual improvements 2014, 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, 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.

iii) Standards, amendments and interpretations effective after 30 June 2016

-Amendments to IAS 7 'Statement of cash flows' on disclosure initiative, effective from annual periods beginning on or after 1 January 2017. These amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is part of the IASB's Disclosure Initiative, which continues to explore how financial statement disclosure can be improved.

-Amendments IAS 12 'Income Taxes', 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.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

As at and for the six months ended 30 June 2016

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

3. Significant accounting policies

iii) Standards, amendments and interpretations effective after 30 June 2016 (continued)

-Amendments to IFRS 2, 'Share based payments' on clarifying how to account for certain types of share-based payment transactions, effective from annual periods beginning on or after 1 January 2018. This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority.

-IFRS 15 'Revenue from contracts with customers', 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.

-Amendment to IFRS 15, 'Revenue from contracts with customers', effective from annual periods beginning on or after 1 January 2018. These amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). New and amended illustrative examples have been added for each of those areas of guidance. The IASB has also included additional practical expedients related to transition to the new revenue standard.

-IFRS 9 'Financial instruments', 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', effective from annual periods beginning on or after 1 January 2019, This standard replaces the current guidance in IAS 17 and is a farreaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now 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. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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”), Turktell 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) | | | | | | | | | |
|---|-----------------------------------|-----------|------------------------|-----------|---------|----------|---------------------------|----------|--------------|-----------|
| | Six months ended 30 June | | | | | | | | | |
| | Turkcell Turkey | | Turkcell International | | Other | | Intersegment Eliminations | | Consolidated | |
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| Consumer segment revenue | 4,722,951 | 4,332,483 | - | - | - | - | - | - | 4,722,951 | 4,332,483 |
| Corporate segment revenue | 1,063,970 | 983,881 | - | - | - | - | - | - | 1,063,970 | 983,881 |
| Other Turkcell Turkey revenue | 148,799 | 132,061 | - | - | - | - | - | - | 148,799 | 132,061 |
| Turkcell International revenue | - | - | 400,658 | 397,648 | - | - | - | - | 400,658 | 397,648 |
| Other revenue | - | - | - | - | 262,896 | 237,127 | - | - | 262,896 | 237,127 |
| Eliminations | - | - | - | - | - | - | (15,802) | (12,067) | (15,802) | (12,067) |
| Total Revenue | 5,935,720 | 5,448,425 | 400,658 | 397,648 | 262,896 | 237,127 | (15,802) | (12,067) | 6,583,472 | 6,071,000 |
| Contribution to consolidated revenue(*) | 5,927,907 | 5,441,720 | 392,775 | 392,296 | 262,790 | 237,117 | - | - | 6,583,472 | 6,071,000 |
| Reportable segment adjusted EBITDA | 1,839,233 | 1,743,162 | 106,580 | 108,777 | 84,449 | 69,302 | 561 | 453 | 2,030,823 | 1,922,814 |
| Finance income | 352,879 | 426,363 | 12,248 | 10,597 | 18,579 | 71,950 | - | (81,546) | 383,706 | 427,367 |
| Finance cost | (154,341) | 370,614 | (43,512) | (971,324) | (941) | (53,553) | 3,123 | 140,497 | (195,671) | (513,253) |
| Depreciation and amortization | (920,478) | (706,023) | (95,007) | (93,099) | (6,501) | (4,816) | 88 | 109 | (1,021,898) | (803,536) |
| Share of profit of | - | - | 7,301 | 188,830 | - | - | - | - | 7,301 | 188,830 |

| | | | | | | | | | | | |
|----------------------------------|------------|-----------|----------|----------|-------|--------|-------|-------|------------|-----------|--|
| equity accounted investees | | | | | | | | | | | |
| Capital expenditure | 1,476,970 | 1,027,234 | 132,731 | 672,256 | 8,360 | 13,462 | (88) | (88) | 1,617,973 | 1,711,000 | |
| Bad debt expense | (100,734) | (91,841) | (3,618) | (4,218) | 54 | - | - | - | (104,298) | (96,000) | |

(*)“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)

| | Three months ended 30 June | | | | | | | | | |
|--|----------------------------|-----------|------------------------|----------|---------|----------|---------------------------|----------|--------------|-----------|
| | Turkcell Turkey | | Turkcell International | | Other | | Intersegment Eliminations | | Consolidated | |
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| Consumer segment revenue | 2,385,087 | 2,208,031 | - | - | - | - | - | - | 2,385,087 | 2,208,031 |
| Corporate segment revenue | 539,436 | 501,220 | - | - | - | - | - | - | 539,436 | 501,220 |
| Other Turkcell Turkey revenue | 83,682 | 76,980 | - | - | - | - | - | - | 83,682 | 76,980 |
| Turkcell International revenue | - | - | 203,761 | 204,775 | - | - | - | - | 203,761 | 204,775 |
| Other revenue | - | - | - | - | 155,811 | 107,972 | - | - | 155,811 | 107,972 |
| Eliminations | - | - | - | - | - | - | (9,687) | (6,008) | (9,687) | (6,008) |
| Total Revenue | 3,008,205 | 2,786,231 | 203,761 | 204,775 | 155,811 | 107,972 | (9,687) | (6,008) | 3,358,090 | 3,092,975 |
| Contribution to consolidated revenue (*) | 3,003,439 | 2,783,135 | 198,942 | 201,868 | 155,709 | 107,967 | - | - | 3,358,090 | 3,092,975 |
| Reportable segment adjusted EBITDA | 923,137 | 914,970 | 53,025 | 55,699 | 53,144 | 23,817 | 10 | 360 | 1,029,316 | 994,846 |
| Finance income | 145,547 | 175,548 | 8,615 | 5,520 | 8,297 | 36,518 | - | (42,483) | 162,459 | 175,103 |
| Finance cost | (113,979) | 76,540 | (27,552) | 98,354 | (985) | (38,496) | 1,845 | 85,526 | (140,671) | 221,924 |
| Depreciation and amortization | (513,128) | (355,837) | (50,651) | (51,258) | (3,349) | (2,489) | 45 | 54 | (567,083) | (409,530) |
| Share of profit of equity | - | - | (7,879) | 94,000 | - | - | - | - | (7,879) | 94,000 |

accounted
investees

Capital

| | | | | | | | | | | |
|---------------------|-----------|-----------|----------|----------|-------|--------|-------|-------|-----------|---------|
| expenditure | 801,577 | 683,339 | 71,019 | 263,814 | 7,062 | 10,295 | (88) | (55) | 879,570 | 957,393 |
| Bad debt expense | (49,682) | (47,113) | (1,681) | (1,740) | 6 | - | - | - | (51,357) | (48,853 |

(*)“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 30 June 2016 and 31 December 2015

| | Turkcell Turkey | | Turkcell International | | Other | | Intersegment Eliminations | | Total 2016 |
|--------------------------------------|-----------------|------------|------------------------|-----------|-----------|---------|------------------------------|----------|---------------|
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | |
| Reportable segment assets | 21,207,009 | 20,701,617 | 1,495,792 | 1,460,983 | 1,096,581 | 85,884 | (23,266) | (10,921) | 23,776,116 |
| Investment in associates | - | - | 987,681 | 981,939 | - | - | - | - | 987,681 |
| Reportable segment liabilities | 5,001,010 | 6,868,877 | 441,702 | 481,338 | 142,306 | 105,460 | (14,312) | (10,089) | 5,570,706 |

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4. Operating segments (continued)

| | Six months ended | | Three months ended | |
|---|------------------|-----------------|--------------------|-----------------|
| | 30 June 2016 | 30 June 2015 | 30 June 2016 | 30 June 2015 |
| Turkcell Turkey adjusted EBITDA | 1,839,233 | 1,743,162 | 923,137 | 914,970 |
| Turkcell International adjusted EBITDA | 106,580 | 108,777 | 53,025 | 55,699 |
| Other | 84,449 | 69,302 | 53,144 | 23,817 |
| Intersegment eliminations | 561 | 453 | 10 | 360 |
| Consolidated adjusted EBITDA | 2,030,823 | 1,921,694 | 1,029,316 | 994,846 |
| Finance income | 383,706 | 427,364 | 162,459 | 175,103 |
| Finance costs | (195,671) | (513,766) | (140,671) | 221,924 |
| Other income | 45,352 | 22,023 | 39,347 | 5,678 |
| Other expenses | (42,668) | (198,442) | (25,559) | (129,062) |
| Share of profit of equity accounted investees | 7,301 | 188,830 | (7,879) | 94,000 |
| Depreciation and amortization | (1,021,898) | (803,829) | (567,083) | (409,530) |
| Consolidated profit before income tax | 1,206,945 | 1,043,874 | 489,930 | 952,959 |
| Income tax expense | (205,685) | (374,707) | (62,251) | (140,502) |
| Profit for the period | 1,001,260 | 669,167 | 427,679 | 812,457 |

| | 30 June 2016 | 31 December 2015 |
|---|-----------------|---------------------|
| Assets | | |
| Total assets for reportable segments | 22,702,801 | 22,162,600 |
| Other assets | 1,096,581 | 85,884 |
| Intersegment eliminations | (23,266) | (10,921) |
| Investments in equity accounted investees | 987,681 | 981,939 |
| Other unallocated assets | 3,831,485 | 2,987,808 |
| Consolidated total assets | 28,595,282 | 26,207,310 |

| | 30 June 2016 | 31 December 2015 |
|---|-----------------|---------------------|
| Liabilities | | |
| Total liabilities for reportable segments | 5,442,712 | 7,350,215 |
| Other liabilities | 142,306 | 105,460 |
| Intersegment eliminations | (14,312) | (10,089) |
| Other unallocated liabilities | 7,674,770 | 4,342,822 |

| | | |
|--------------------------------|------------|------------|
| Consolidated total liabilities | 13,245,476 | 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.

| | Six months ended | | Three months ended | |
|-------------------------------------|------------------|-----------------|--------------------|-----------------|
| | 30 June 2016 | 30 June 2015 | 30 June 2016 | 30 June 2015 |
| Revenues | | | | |
| Turkey | 6,144,832 | 5,604,022 | 3,132,351 | 2,860,482 |
| Ukraine | 261,597 | 261,944 | 132,122 | 134,845 |
| Belarus | 66,796 | 63,992 | 34,101 | 34,083 |
| Turkish Republic of Northern Cyprus | 62,961 | 61,933 | 32,020 | 31,535 |
| Azerbaijan | 45,865 | 74,815 | 26,797 | 30,620 |
| Germany | 1,421 | 4,427 | 699 | 1,405 |
| | 6,583,472 | 6,071,133 | 3,358,090 | 3,092,970 |

| | 30 June 2016 | 31 December 2015 |
|-------------------------------------|-----------------|---------------------|
| Non-current assets | | |
| Turkey | 16,112,184 | 15,032,659 |
| Ukraine | 1,051,368 | 993,546 |
| Belarus | 288,713 | 224,784 |
| Turkish Republic of Northern Cyprus | 117,446 | 116,127 |
| Azerbaijan | 14,325 | 14,727 |
| Unallocated non-current assets | 1,059,364 | 1,030,610 |
| | 18,643,400 | 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 188,035, TL (86,402), TL 21,788 and TL 397,027 for the six and three months ended 30 June 2016 and 2015, respectively.

Net finance income for the six months ended 30 June 2016 and 2015 are mainly attributable to interest income from contracted handset sales.

Net finance expense for the six months ended 30 June 2016 is mainly attributable to financing cost of loans and borrowings and 4.5G license spectrum fee payable.

Net finance expense for the six months ended 30 June 2015 is mainly attributable to foreign exchange losses arising from loans and borrowings.

7. Income tax expense

Effective tax rates are 17%, 36%, 13% and 15% for the six and three months ended 30 June 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.

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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 30 June 2016 |
|---|------------------------------|------------------|------------------|-----------------|----------------------------------|--|----------------------------|
| Network infrastructure (All operational) | 11,302,326 | 176,422 | (83,153) | 980,012 | - | (95,990) | 12,279,617 |
| Land and buildings | 389,366 | 7,875 | - | 18 | - | (810) | 396,449 |
| Equipment, fixtures and fittings | 586,463 | 15,152 | (2,051) | 977 | - | (1,502) | 599,039 |
| Motor vehicles | 33,676 | 2,573 | (1,920) | - | - | (302) | 34,027 |
| Leasehold improvements | 306,176 | 3,132 | - | 6 | - | (124) | 309,190 |
| Construction in progress | 1,005,358 | 1,141,001 | - | (982,827) | - | (4,677) | 1,158,855 |
| Total | 13,623,365 | 1,346,155 | (87,124) | (1,814) | - | (103,405) | 14,777,177 |
| Accumulated depreciation | | | | | | | |
| Network infrastructure (All operational) | 5,976,699 | 541,378 | (72,529) | 201 | 16,509 | (82,166) | 6,380,092 |
| Land and buildings | 140,627 | 6,223 | - | - | 244 | (398) | 146,696 |
| Equipment, fixtures and fittings | 462,618 | 22,804 | (2,051) | - | 17 | (3,268) | 480,120 |
| Motor vehicles | 29,704 | 1,200 | (1,920) | - | - | (297) | 28,687 |
| Leasehold improvements | 192,223 | 14,160 | - | - | - | (182) | 206,201 |
| Total | 6,801,871 | 585,765 | (76,500) | 201 | 16,770 | (86,311) | 7,241,796 |
| Total property, plant and equipment | 6,821,494 | 760,390 | (10,624) | (2,015) | (16,770) | (17,094) | 7,535,381 |

Depreciation expenses for the six and three months ended 30 June 2016 and 2015 are TL 602,535, TL 541,828, TL 315,464 and TL 272,498 respectively including impairment losses and recognized in direct cost of revenues.

The impairment losses on property, plant and equipment for the periods ended 30 June 2016 and 2015 are TL 16,770 and TL 5,173 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 | Effects of movements in exchange rates | Balance at 30 June 2016 |
|---|------------------------------|------------------|-----------------|---------------|---------------|--|-------------------------------|
| GSM and other telecommunication | | | | | | | |
| operating licenses | 3,950,729 | 1,366 | (3) | 4,020,803 | - | (19,150) | 7,953,745 |
| Computer software | 5,342,056 | 139,919 | (1,398) | 53,074 | - | (10,891) | 5,522,760 |
| Transmission lines | 71,506 | - | - | - | - | - | 71,506 |
| Central betting system | | | | | | | |
| operating right | 11,907 | 183 | - | - | - | - | 12,090 |
| 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 | 3,808 | (5) | 1,322 | - | - | 34,838 |
| 4.5G license not yet available for use | | | | | | | |
| Construction in progress | 52,597 | 98,357 | - | (55,114) | - | (2,029) | 93,811 |
| Total | 13,540,980 | 280,834 | (1,406) | 1,815 | - | (32,070) | 13,790,153 |
| Accumulated amortization | | | | | | | |
| GSM and other telecommunication | | | | | | | |
| operating licenses | 1,429,944 | 182,615 | (3) | - | - | 2,191 | 1,614,747 |
| Computer software | 3,771,710 | 222,069 | (553) | (270) | - | (6,192) | 3,986,764 |
| Transmission lines | 52,058 | 1,834 | - | - | - | - | 53,892 |
| Central betting system | | | | | | | |
| operating right | 9,663 | 495 | - | - | - | - | 10,158 |
| Indefeasible right of usage | 15,446 | 1,649 | - | - | - | - | 17,095 |
| Brand name | 5,104 | 352 | - | - | - | - | 5,456 |
| Customer base | 10,111 | 273 | - | - | - | - | 10,384 |
| Other | 14,307 | 5,143 | (5) | 70 | 651 | - | 20,166 |
| Total | 5,308,343 | 414,430 | (561) | (200) | 651 | (4,001) | 5,718,662 |
| Total intangible assets | 8,232,637 | (133,596) | (845) | 2,015 | (651) | (28,069) | 8,071,491 |

Amortization expenses on intangible assets other than goodwill for the six and three months ended 30 June 2016 and 2015 are TL 415,081, TL 261,734, TL 249,459 and TL 136,444 respectively including impairment losses and recognized in direct cost of revenues.

The impairment losses on intangible assets for the six months ended 30 June 2016 and 2015 are TL 651 and and nil respectively and recognized in amortization 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 65,169 for the six months ended 30 June 2016 (30 June 2015: TL 56,848).

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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 5,202,215 as at 30 June 2016) (excluding VAT).

IMT authorization period expires on 30 April 2029 and operators started to commence service delivery as at 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 3,959,100 as at 30 June 2016) are in operation as at 1 April 2016 and have been recorded as GSM and other telecommunication licenses. As at 30 June 2016, the carrying amount of 4.5G License is TL 5,132,021 (31 December 2015: TL 5,222,687).

Tender price amounting to EUR 1,623,460 (equivalent to TL 5,202,215 as at 30 June 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 5,304,211 as at 30 June 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 1,326,054 as at 30 June 2016). Last installment will be made on 27 April 2017.

As at 30 June 2016, payables related to 4.5G license amounting to TL 2,612,996 are classified in trade and other payables in current liabilities. (31 December 2015: TL 2,591,235 in current liabilities and TL 1,270,610 in non-current liabilities.)

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 390,642 as at 30 June 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 30 June 2016.

In May 2015, lifecell made the payment amounting to UAH 357,568 (equivalent to TL 41,629 as at 30 June 2016) for the first installment of conversion of spectrum from military use and committed approximately UAH 448,304 (equivalent to TL 52,192 as of 30 June 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 or loss in its equity accounted investees for the six and three months ended 30 June 2016 and 2015 are TL 7,301, TL 188,830, TL (7,879) and TL 94,000 respectively.

The Company's investment in Fintur Holdings BV ("Fintur") amounts to TL 987,681 as at 30 June 2016 (31 December 2015: TL 981,939).

As of 26 February 2016, the Company submitted a binding offer to acquire Telia Company's 58.55% stake in Fintur and its 24% direct stake in Kcell JSC (Kazakhstan). The process has not been finalized yet.

11. Trade receivables and accrued income

| | 30 June 2016 | 31 December 2015 |
|---------------------------------------|-----------------|---------------------|
| Undue assigned contracted receivables | 1,850,488 | 2,216,010 |
| Receivables from subscribers | 1,292,374 | 1,218,126 |
| Accrued income | 436,849 | 393,049 |
| Accounts and checks receivable | 380,078 | 271,743 |
| | 3,959,789 | 4,098,928 |

Trade receivables are shown net of allowance for doubtful debts amounting to TL 919,887 as at 30 June 2016 (31 December 2015: TL 816,071). The change in allowance for trade receivables and due from related parties is disclosed in Note 17.

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 486,943 (31 December 2015: TL 834,833).

The Group's exposure to currency risks and impairment losses related to trade receivables are disclosed in Note 17.

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12. Other current assets

| | 30 June 2016 | 31 December 2015 |
|--|-----------------|---------------------|
| Prepaid expenses | 671,635 | 290,063 |
| VAT receivable | 397,322 | 763,844 |
| Restricted cash | 107,946 | 349,243 |
| Prepayment for subscriber acquisition cost | 101,182 | 98,656 |
| Advances to suppliers | 57,603 | 34,554 |
| Special communication tax to be collected from subscribers | 34,153 | 32,755 |
| Currency swap contracts(*) | 645 | - |
| Currency forward contracts (*) | - | 216 |
| Other | 167,504 | 120,571 |
| | 1,537,990 | 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 30 June 2016, restricted cash amounting to TL 107,946 represents the time deposits at a local bank as guarantees in connection with the loans utilized by lifecell (Note 16) (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.

13. Cash and cash equivalents

| | 30 June 2016 | 31 December 2015 |
|-----------------------------------|-----------------|---------------------|
| Cash in hand | 197 | 453 |
| Cheques received | 3 | 3 |
| Banks | 3,765,403 | 2,912,741 |
| - Demand deposits | 503,281 | 572,895 |
| - Time deposits | 3,262,122 | 2,339,846 |
| Investment funds, bonds and bills | 3,813 | 5,599 |
| Cash and cash equivalents | 3,769,416 | 2,918,796 |

As at 30 June 2016, the average maturity of time deposits is 36 days (31 December 2015: 27 days).

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14. Other non-current assets

| | 30 June 2016 | 31 December 2015 |
|--|-----------------|---------------------|
| Advances given for fixed assets | 660,865 | 7,972 |
| Prepaid expenses | 145,480 | 175,543 |
| Receivables from Public Administration (Note 19) | 72,848 | 72,848 |
| VAT receivable | 67,603 | 121,905 |
| Deposits and guarantees given | 24,212 | 23,671 |
| Others | 49,242 | 40,001 |
| | 1,020,250 | 441,940 |

15. Dividends

Turkcell:

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 \$414,708 as at 30 June 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 30 June 2016) per share. This dividend proposal was discussed and rejected at the Ordinary General Assembly of Shareholders held on 29 March 2016.

Inteltek:

According to resolution of Extraordinary General Assembly Meeting of Inteltek held on 24 March 2016, the shareholders resolved capital decrease amount of TL 20,000 (Including inflation adjustment equivalent to TL 23,391). The payment to the shareholders was executed on 30 June 2016.

Furthermore, according to the resolution of the Extraordinary General Assembly Meeting of Inteltek held on 30 June 2016, Inteltek's Board of Directors decided to pay the dividend accrued in 2015 amounting to TL 53,586 (after deduction of advance dividend paid amount of TL 32,192 on November 2015) and dividend from distributable legal reserves, which was recalculated after capital decrease, amounting to TL 25,710. The dividend payments were completed as at 30 June 2016.

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16. 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 17.

| | 30 June 2016 | 31 December 2015 |
|--|-----------------|---------------------|
| Non-current liabilities | | |
| Unsecured bank loans | 4,815,288 | 2,086,871 |
| Secured bank loans | 3,322 | 4,262 |
| Finance lease liabilities | 35,882 | 36,449 |
| Debt securities issued | 1,354,657 | 1,360,204 |
| | 6,209,149 | 3,487,786 |
| Current liabilities | | |
| Unsecured bank facility | 155,112 | 130,109 |
| Secured bank facility | 180,707 | 311,682 |
| Current portion of unsecured bank loans | 674,873 | 196,385 |
| Current portion of secured bank loans | 1,717 | 1,930 |
| Current portion of finance lease liabilities | 5,113 | 5,389 |
| Debt securities issued | 80,562 | 80,959 |
| Currency swap contracts | - | 2,290 |
| Participating cross currency swap contracts | 37,714 | - |
| Option contracts | 896 | - |
| | 1,136,694 | 728,744 |

The Company signed a loan agreement with BNP Paribas, Citibank, HSBC, ING and Intesa Sanpaolo SpA for an amount of \$500,000 (equivalent to TL 1,446,800 as at 30 June 2016) and EUR 445,315 (equivalent to TL 1,426,967 as at 30 June 2015) with an availability period until 30 June 2016 to be utilized by the Company and its subsidiaries for the purpose of funding infrastructure investments and any other potential investment opportunities. Each respective unsecured loan has 2 years grace period, 5 years maturity, principal repayment every 6 months and an annual interest rate of 3 month LIBOR/EURIBOR+2%. As at 30 June 2016, the Company has utilized \$500,000 and EUR 445,315 under this agreement.

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16. Loans and borrowings (continued)

Terms and conditions of outstanding loans are as follows:

| | 30 June 2016 | | | | 31 December 2015 | | | |
|---------------------------|--------------|--------------------|-------------------------|------------------|------------------|-----------------------|------------------|-----------------|
| | Currency | Interest rate type | Nominal interest rate | Year of maturity | Carrying amount | Nominal interest Rate | Year of maturity | Carrying amount |
| Unsecured bank loans | USD | Floating | Libor+2.0%-Libor+2.6% | 2017-2020 | 1,627,650 | Libor+2.6% | 2017 | 189,542 |
| Unsecured bank loans | EUR | Floating | Libor+2.0%-Euribor+2.2% | 2020-2025 | 3,020,480 | Euribor+2.2% | 2019-2025 | 1,585,939 |
| Unsecured bank loans | TL | Fixed | 10.4%-12.4% | 2017-2018 | 842,031 | 8.3%-10.9% | 2016-2017 | 507,775 |
| Unsecured bank loans | UAH | Fixed | 18.3%-20% | 2016 | 155,112 | 20% | 2016 | 130,109 |
| Secured bank loans* | UAH | Fixed | 19% | 2016 | 180,707 | 25% | 2016 | 311,682 |
| Secured bank loans** | BYR | Fixed | 12%-16% | 2016-2020 | 5,039 | 12%-16% | 2016-2020 | 6,192 |
| Debt securities issued | USD | Fixed | 5.8% | 2025 | 1,435,219 | 5.8% | 2025 | 1,441,163 |
| Finance lease liabilities | EUR | Fixed | 3.4% | 2017-2024 | 40,916 | 3.4% | 2016-2024 | 41,750 |
| Finance lease liabilities | USD | Fixed | 18%-28% | 2016-2018 | 79 | 18%-28% | 2016-2018 | 88 |
| | | | | | 7,307,233 | | | 4,214,240 |

(*) Secured by the blocked time deposits at a local bank amounting to USD 37,305 (equivalent to TL 107,946), in connection with the loans utilized by lifecell.

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

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17. Financial instruments

Credit risk

Impairment losses

The change in allowance for trade receivables, receivables from financial operations and due from related parties as at 30 June 2016 and 31 December 2015 is as follows:

| | 30 June 2016 | 31 December 2015 |
|---|-----------------|---------------------|
| Opening balance | 816,373 | 727,732 |
| Impairment loss recognized | 104,298 | 196,588 |
| Effect of change in foreign exchange rate | (278) | (2,563) |
| Amounts written-off | (132) | (105,384) |
| Closing balance | 920,261 | 816,373 |

The impairment loss recognized of TL 104,298 for the six months ended 30 June 2016 relates to its estimate of incurred losses in respect of trade receivables and due from related parties(30June2015: TL 96,059).

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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17. 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 |
| Currency forward contracts | 57,732 | - |
| Net exposure | (576,322) | (1,232,640) |

| | 30 June 2016 | |
|--|--------------|------------|
| | USD | EUR |
| Foreign currency denominated assets | | |
| Other non-current assets | 1,176 | 2,131 |
| Due from related parties-current | 2,006 | 246 |
| Trade receivables and accrued income | 28,830 | 36,648 |
| Other current assets | 52,103 | 5,975 |
| Cash and cash equivalents | 502,676 | 469,449 |
| | 586,791 | 514,449 |
| Foreign currency denominated liabilities | | |
| Loans and borrowings-non current | (484,165) | (933,713) |

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| | | |
|---|--------------|--------------|
| Debt securities issued-non- current | (468,156) | - |
| Other non-current liabilities | (101,021) | - |
| Loans and borrowings-current | (78,362) | (21,659) |
| Debt securities issued-current | (27,842) | - |
| Trade and other payables-current | (182,089) | (836,952) |
| Due to related parties | (150) | (193) |
| | (1,341,785) | (1,792,517) |
| Exposure related to derivative instruments | | |
| Currency swap contracts | 54,669 | - |
| Participating cross currency swap contracts | - | 500,000 |
| Net exposure | (700,325) | (778,068) |

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17. Financial instruments (continued)

Exposure to currency risk (continued)

The following significant exchange rates are applied during the period:

| | Average Rate | | Closing Rate | |
|---------|-----------------|-----------------|-----------------|---------------------|
| | 30 June 2016 | 30 June 2015 | 30 June 2016 | 31 December 2015 |
| USD/TL | 2.8969 | 2.5602 | 2.8936 | 2.9076 |
| EUR/TL | 3.2232 | 2.8553 | 3.2044 | 3.1776 |
| USD/BYR | 20,125 | 14,665 | 20,053 | 18,569 |
| USD/UAH | 25.5340 | 21.3084 | 24.8544 | 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 30 June 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 | |
|-----|-----------------|---------------------|
| | 30 June 2016 | 31 December 2015 |
| USD | 202,646 | 167,572 |
| EUR | 249,324 | 391,683 |

10% weakening of the TL, UAH, BYR against the following currencies as at 30 June 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 | |
|-----|-----------------|---------------------|
| | 30 June 2016 | 31 December 2015 |
| USD | (202,646) | (167,572) |

EUR

(249,324)

(391,683)

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17. 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).

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Fair values

| | 30 June 2016 | 31 December 2015 | Fair Value hierarchy | Valuation Techniques |
|---|-----------------|------------------------|-------------------------|--|
| Currency swap contracts | 645 | (2,290) | Level 2 | Pricing models based on discounted cash flow analysis using the applicable yield curve |
| Participating cross currency swap contracts (*) | (37,714) | - | Level 3 | Pricing models based on discounted cash flow analysis using the yield curve |
| Option contracts | (896) | - | Level 2 | Pricing models based on discounted cash flow analysis using the applicable yield curve |
| Currency forward contracts | - | 216 | Level 2 | Pricing models based on period end forward fx rates. |

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

(*)Participating cross currency swap contracts include EUR-TL interest and currency swap contracts, and EUR put and call options, amounting to nominal value of 500,000 EUR in total. Since bid-ask spread is unobservable input; in valuation of participating cross currency swap contracts, prices in bid- ask price range which were considered the most appropriate were used instead of mid prices. If mid prices were used in the valuation the fair value of participating cross currency swap contracts would be lower amounting to TL 37,860 as at 30 June 2016.

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

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17. Financial instruments (continued)

Participating cross currency swap contracts:

| | 30 June 2016 |
|------------------------|-----------------|
| Opening balance | - |
| Total gains or losses: | |
| in profit or loss | 37,714 |
| Closing balance | 37,714 |

18. Guarantees and purchase obligations

As at 30 June 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 1,527,599 (31 December 2015: TL 2,752,139). Payments for these commitments are going to be made in a 5 year period.

As at 30 June 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 2,044,200 as at 30 June 2016 (31 December 2015: TL 2,058,810).

As at 30 June 2016, the amounts the Company has commitments regarding lifecell's 3G license purchases amounted to UAH 448,304 (equivalent to TL 52,192 as of 30 June 2016).

19. Commitments and Contingencies

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

19.1 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.

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19. Commitments and Contingencies (continued)

19.2 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 357,741.

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 30 June 2016 (31 December 2015: None).

19.3 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.

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. The Council of State partially accepted the Company's request for the stay of execution of the First Instance Court's decisions during the appeal process.

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 30 June 2016 (31 December 2015: None).

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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19. Commitments and Contingencies (continued)

19.4 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, and 2012 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 expert report has been notified to the Company, for the case dated 13 October 2014. The expert committee has requested additional information and documents from the parties with this report. The Company submitted its objections and declarations against the expert report. The cases are pending.

On the other hand, as a result of the investigation on the same subject for the period of 2013, ICTA has imposed an administrative fine to the Company in the amount of 2.989 TL and decided that the deficiently paid amount of 21.191 TL should be collected from the Company. The Company accrued provision for the amount TL 2,241 in the consolidated financial statements prepared as at and for the period ended 30 June 2016; since the administrative fine which was issued on 27 June 2016 will be paid within 1 month following the notification of the decision of ICTA, and 25% discount will be applied.

On the other hand, the related investigation on the same subject for the period of 2014 is currently pending and according to the inquiry of investigation which is notified to the Company, it is alleged that the amount of 124 TL have been paid deficiently. Company's written defense was 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 30 June 2016 (31 December 2015: None).

19.5 2010-2014 Stamp Tax Inspection

Fiscal years between 2011 and 2014 were subjected to limited tax inspection on stamp tax by Large Tax Payers Group of Turkish Tax Inspection Board. Simultaneously; similar information for tax investigation was demanded for fiscal year 2010 that was assigned to Tax Assessment Committee. Probable corporate loss including interest is TL 19,663

for those investigations.

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 30 June 2016 (31 December 2015: None).

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TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

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19. Commitments and Contingencies (continued)

19.6 Other ongoing lawsuits

Within brief consolidated financial statements prepared as of 30 June 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 |

20. Related parties

Transactions with key management personnel:

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

As at 30 June 2016 and 31 December 2015, none of the Group's 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 27,999, TL 41,464, TL 16,093 and TL 15,611 for the six and three months ended 30 June 2016 and 2015, respectively.

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

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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20. Related parties (continued)

| | 30 June 2016 | 31 December 2015 |
|---|-----------------|---------------------|
| Due from related parties – short term | | |
| Vimpelcom OJSC (“Vimpelcom”) | 3,885 | 5,223 |
| Azercell Telekom MMC (“Azercell”) | 738 | 633 |
| Krea Icerik Hizmetleri ve Produksiyon AS (“Krea”) | 709 | 83 |
| Megafon OJSC (“Megafon”) | 653 | 1,592 |
| GSM Kazakhstan Ltd (“Kazakcell”) | 28 | 1,662 |
| Millenicom Telekomunikasyon AS (“Millenicom”) (*) | - | 784 |
| Other | 620 | 1,783 |
| | 6,633 | 11,760 |

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

Due from related parties short term is shown net of allowance for doubtful debts amounting to TL 303 as at 30 June 2016 (31 December 2015: TL 302).

Due from Vimpelcom, Azercell , Megafon, 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.

| | 30 June 2016 | 31 December 2015 |
|---|-----------------|---------------------|
| Due to related parties – short term | | |
| Hobim Bilgi Islem Hizmetleri AS (“Hobim”) | 3,273 | 3,491 |
| Kyivstar GSM JSC (“Kyivstar”) | 1,950 | 1,375 |
| Other | 1,200 | 1,689 |
| | 6,423 | 6,555 |

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

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

The Group’s exposure to currency risk related to due from / (due to) related parties is disclosed in Note 17.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

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20. Related parties (continued)

Transactions with related parties

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

| | Six months ended | | Three months ended | |
|---|------------------|-----------------|--------------------|-----------------|
| | 30 June 2016 | 30 June 2015 | 30 June 2016 | 30 June 2015 |
| Revenues from related parties | | | | |
| Sales to Vimpelcom | | | | |
| Telecommunications services | 13,691 | 10,959 | 6,220 | 5,836 |
| Sales to Kyivstar | | | | |
| Telecommunications services | 13,244 | 25,638 | 6,821 | 13,645 |
| Sales to Teliasonera International | | | | |
| Telecommunications services | 7,167 | 9,073 | 4,490 | 3,616 |
| Sales to Megafon | | | | |
| Telecommunications services | 6,273 | 8,132 | 1,595 | 3,717 |
| Sales to Krea | | | | |
| Call center, fixed line services, rent and interest charges | 2,217 | 2,469 | 1,096 | 1,173 |
| Sales to Millenicom Telekomunikasyon AS ("Millenicom") (*) | | | | |
| Telecommunications services | 997 | 3,947 | - | 2,028 |
| Sales to KVK Teknoloji(**) | | | | |
| Simcard and prepaid card sales | - | 215,210 | - | 119,102 |

| | Six months ended | | Three months ended | |
|--|------------------|-----------------|--------------------|-----------------|
| | 30 June 2016 | 30 June 2015 | 30 June 2016 | 30 June 2015 |
| Related party expenses | | | | |
| Charges from Kyivstar | | | | |
| Telecommunications services | 20,278 | 27,658 | 10,488 | 13,212 |
| Charges from Hobim | | | | |
| Invoicing and archiving services | 15,133 | 14,449 | 8,586 | 7,225 |
| Charges from Krea | | | | |
| Digital television broadcasting services | 5,975 | 4,189 | 2,987 | 1,616 |
| Charges from Teliasonera International | | | | |
| Telecommunications services | 1,681 | 2,403 | 306 | 940 |
| Charges from Megafon | | | | |
| Telecommunications services | 1,131 | 2,521 | 508 | 1,064 |
| Charges from Vimpelcom | | | | |

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| | | | | |
|-----------------------------------|-------|--------|-----|--------|
| Telecommunications services | 1,102 | 3,219 | 562 | 1,267 |
| Charges from Millenicom (*) | | | | |
| Telecommunications services | 180 | 2,240 | - | 1,301 |
| Charges from KVK Teknoloji (**) | | | | |
| Dealer activation fees and others | - | 75,709 | - | 40,848 |

(*) 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 income and expenses include the transactions until 6 July 2015.

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20. Related parties (continued)

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 Teliasonera International:

Teliasonera International, one of the shareholders of the Company, 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 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 30 June 2016.

Transactions with Millenicom:

Millenicom shares held by Cukurova Group were acquired by EWE Turkey Holding on 21 January 2016. Millenicom is rendering and receiving telecommunications services such as interconnection and roaming.

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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20. Related parties (continued)

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.

21. Subsidiaries

The Group's ultimate parent company is Turkcell. Subsidiaries of the Company as at 30 June 2016 and 31 December 2015 are as follows:

| Subsidiaries Name | Country of Incorporation | Business | Effective Ownership Interest | |
|----------------------|---|---|------------------------------|-------------------------|
| | | | 30 June 2016 (%) | 31 December 2015 (%) |
| | Turkish Republic of Northern Cyprus | Telecommunications | | |
| Kibris Telekom | | | 100 | 100 |
| Global Bilgi | Turkey | Customer relations management | 100 | 100 |
| Turktell Bilisim | Turkey | Information technology, value added GSM services | 100 | 100 |
| Turkcell Superonline | Turkey | investments | 100 | 100 |
| Turkcell Satis | Turkey | Telecommunications | 100 | 100 |
| Eastasia | Netherlands | Telecommunications 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 investments | 100 | 100 |

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| | | | | |
|-------------------------|---------------------|-----------------------------|-----|-----|
| Turkcell Gayrimenkul | Turkey | Property investments | 100 | 100 |
| | | Customer relations | | |
| Global LLC | Ukraine | management | 100 | 100 |
| | | Telecommunications | | |
| UkrTower | Ukraine | infrastructure business | 100 | 100 |
| Turkcell Europe | Germany | Telecommunications | 100 | 100 |
| Turkcell Odeme | Turkey | GSM services | 100 | 100 |
| Euroasia | Netherlands | Telecommunications | 100 | 100 |
| lifecell (*) | Ukraine | Telecommunications | 100 | 100 |
| Turkcell Finansman (**) | Turkey | Consumer financing services | 100 | 100 |
| | Republic of | | | |
| Belarusian Telecom | Belarus | Telecommunications | 80 | 80 |
| | R e p u b l i c o f | | | |
| Lifetech LLC | Belarus | Research and Development | 78 | 78 |
| | | Information and | | |
| Inteltek | Turkey | Entertainment Services | 55 | 55 |
| | | Information and | | |
| Azerinteltek | Azerbaijan | Entertainment 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.

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21. Subsidiaries

The Company's Board of Directors has decided to authorize management to carry out negotiations for the acquisition of 100% shares of İş Net Elektronik Bilgi Üretim Dağıtım Ticaret ve İletişim Hizmetleri Anonim Şirketi ("İş Net"), a subsidiary of İş Bank Group, and to execute all necessary actions in this respect, including submitting a binding offer.

22. Subsequent events

The Company is evaluating to buy-back its shares which is subject to the approval of the Board of Directors. This is within the framework of the Capital Markets Board's decision announced on 21 July 2016 as a result of recent developments in Turkish capital markets.

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: July 27, 2016

By: /s/ Bedriye Hande Erel
Name: Bedriye Hande Erel
Title: Financial Control Director

TURKCELL ILETISIM HIZMETLERI A.S.

Date: July 27, 2016

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