TURKCELL ILETISIM HIZMETLERI A S
Form 6-K
March 13, 2009

FORM 6-K

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Report of Foreign Issuer
Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934

For the month of **March 2008**

Commission File Number **001-15092**

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

Turkcell Plaza
Mesrutiyet Caddesi No. 153
34430 Tepebasi
Istanbul, Turkey
(Address of principal executive offices)

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

Form 20-F: x Form 40-F: o

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

> **Note:** Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

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): ______

> **Note:** Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submitted to furnish a report or other document that the registrant foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant's "home country"), or under the rules of the home country exchange on which the registrant's securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant's security holders, and, if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

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

Yes: o **No:** x

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

EXHIBIT INDEX

EXHIBIT 1

PRESS RELEASE

TURKCELL ILETISIM HIZMETLERI A.S.

FULL YEAR 2008 RESULTS

"Solid Performance Despite Challenging Operational Environment"

Istanbul, Turkey, February 25, 2009 – Turkcell (NYSE:TKC, ISE:TCELL), the leading provider of mobile communications services in Turkey, today announced results for the fourth quarter and year ended December 31, 2008. All financial results in this press release are unaudited, prepared in accordance with International Financial Reporting Standards ("IFRS") and expressed in US$.

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

Fourth Quarter and Full Year 2008 Results

Turkcell Iletisim Hizmetleri A.S. Results for the Full Year 2008

Highlights of the 2008

Full Year

- § The Group recorded solid financial results despite the volatile global markets, which resulted in a sharp 25% devaluation of TRY against USD in the fourth quarter of 2008, and adversely impacted our results for the full year 2008
- § Revenue increased by 10.1% to US$7.0 billion (US$6.3 billion) due to higher usage, subscriber growth, tariff increases and the positive contribution of our consolidated subsidiaries
- § EBITDA* decreased by 1.8% to US$2.6 billion (US$2.6 billion) on an annual basis. EBITDA margin was 37.0% (41.5%)
- § Net income grew to US$1.8 billion (US$1.4 billion), up by 36.0% on an annual basis
- § Turkcell's subscriber base grew by 4.5% on an annual basis to 37.0 million (35.4 million) as of December 31, 2008
- § Average revenue per user ("ARPU") remained flat at US$14.5 (US$14.3)
- § Blended minutes of usage per subscriber ("MoU") increased by 25.7% to 95.9 minutes (76.3 minutes)
- § Turkcell's Ukrainian subsidiary, Astelit successfully increased its revenue by 71.4% to US$439 million (US$256 million) and recorded a positive full year EBITDA for the first time.

**EBITDA is a non-GAAP financial measure. See pages 13-14 for the reconciliation of EBITDA to net cash from operating activities.*

† In this press release, a year on year comparison of our key indicators is provided and figures in parentheses following the operational and financial results for the fourth quarter 2008 refer to the same item in the fourth quarter of 2007 and figures in parentheses following the operational and financial results for the year end 2008 refer to the same item in the year end of 2007. For further details, please refer to our consolidated financial statements and notes as at and for the year ended December 31, 2008 which can be accessed via our web site in the investor relations section (www.turkcell.com.tr).

Comments from the CEO, Sureyya Ciliv

We are pleased with our 2008 performance in one of the most challenging environments in business history. The global crisis had an impact on our key markets where GDP growth has slowed down significantly, consumer confidence declined and the currencies were sharply devalued. Despite these challenges and serious competition, we achieved solid results: Turkcell Group recorded revenue of U$7.0 billion (10% increase yoy), EBITDA of US$2.6 billion (2% decrease yoy), and net income of US$1.8 billion (36% increase yoy). The number of Turkcell Group subscribers reached 62 million.

In Turkey, we maintained our market leadership, growing our subscriber base as well as share of traffic and revenue in an increasingly competitive environment. Thanks to our strong value propositions, we completed the year with net additions during the Mobile Number Portability implementation process. I am particularly pleased with the progress we made in Value Added Services where revenue increased by 27%. We are also very happy and proud about winning 2009 GSMA award in Best Mobile Advertising Services area..

We have continued to contribute to Turkey's future, economy, and social welfare as a leading player in corporate social responsibility initiatives. We are particularly proud to support educational programs for youth and to have opened call centers in the Eastern part of Turkey, creating employment opportunities.

Fourth Quarter and Full Year 2008 Results

Looking ahead, with our healthy net cash position and cash generation ability, we believe we are well positioned as the leading communications and technology company in the area to evaluate new growth opportunities in Turkey and international markets.

Once more, we have completed a challenging year, successfully meeting our major goals and objectives. This was definitely a great team effort! Therefore, I would like to thank all of our employees, customers, business partners, and shareholders for their contributions and continuing confidence in Turkcell."

OVERVIEW OF 2008

In 2008 our competitors have continued with their aggressive subscriber acquisition initiatives, dealer activities and campaigns to manage subscribers' price perception. This situation was intensified by the introduction of Mobile Number Portability (MNP) in November. The mobile line penetration rate in Turkey rose to 92% as at year end 2008.

At the beginning of 2008, certain regulatory developments led to a setback in our campaigns and activities until the end of February, when we regained our marketing flexibility to launch new campaigns and offers. Starting from the second quarter of 2008, there was a recovery in our operational performance thanks to strong value propositions. Our actions resulted in growth in the postpaid subscriber base as a proportion of total subscribers and sustained prepaid acquisitions along with increased availability of Turkcell brand. We increased community advantages for various segments including the corporate segment resulting in increased customer loyalty.

We effectively communicated our advantageous offers and benefits with a new communication theme throughout the year, achieving much better perception of Turkcell products and services. .

Our co-branding offers for youth and corporate club members expanded during year. We led the market with smart phones particulary achieving great customer perception during the launch of Blackberry Bold, and IPhone 3G.

On November 9th 2008 MNP was launched in Turkey. Thanks to our strong value propositions and on-going marketing an sales activities, we have faced competition successfully and we have closed year with net subscriber additions related to this process.

Our continued focus on Value Added Services has helped us to stand out against the competition. Subscriptions to data lines and mobile internet packages led to higher revenue. Our VAS revenue constituted 14% of our Group's consolidated revenue.

Macro environment Information

	Q4 2007	Q3 2008	Q4 2008	Q4 2008-Q4 2007 % Chg	Q4 2008-Q3 2008 % Chg	YE 2007	YE 2008	YE 2008-YE 2007 % Chg
TRY / US$ rate								
Closing Rate	1.1647	1.2316	1.5123	29.8%	22.8%	1.1647	1.5123	29.8%
Average Rate	1.1851	1.1959	1.4769	24.6%	23.5%	1.3031	1.2768	(2.0%)
INFLATION								
Consumer Price Index	4.0%	0.8%	3.0%	(1.0)pp	2.2pp	8.4%	10.1%	1.7pp
GDP Growth	3.6%	0.5%	n/a	-	-	4.6%	3.0*	-

* GDP growth nine months

Fourth Quarter and Full Year 2008 Results

Turkey was adversely impacted by the global financial market turmoil in 2008. The GDP growth rate dropped to 0.5% in the third quarter of 2008. As noted above, TRY deteriorated sharply by 25% against USD in the fourth quarter of the year, impacting our USD financial results for the fourth quarter and year end. The consumer confidence index declined significantly in 2008 from 93.89 to 69.90.

In 2009, the GDP growth rate in Turkey is expected to weaken further in line with the global economy, which may have some impact on our operational performance.

Even though it is hard to quantify, we believe that the developments in the macroeconomic environment and consumer confidence as well as geopolitical, regulatory and competitive dynamics in Turkey may adversely affect our results of operations, business and financial performance in 2009. Consequently, in determining our business plans we will continue to closely monitor developments in these areas and take into consideration the potential impact of global volatility on the Turkish economy.

Financial and Operational Review of the Fourth Quarter and Full Year 2008

The following discussion focuses principally on the developments and trends in our business in the fourth quarter and full year 2008. Selected financial information for the fourth quarter of 2007, third quarter of 2008, and full year 2007 is also included at the end of this press release.

For your convenience, selected financial information in TRY prepared in line with the Capital Markets Board of Turkey's standards is also included at the end of this press release.

Financial Review

Profit & Loss Statement	**Q4**	**Q3**	**Q4**	**Q4 2008-Q4 2007**	**Q4 2008-Q3 2008**	**YE**	**YE**	**YE 2008-YE 2007**
(million US$)	**2007**	**2008**	**2008**	**% Chg**	**% Chg**	**2007**	**2008**	**% Chg**
Total Revenue	**1,807.6**	**2,055.9**	**1,585.0**	**(12.3%)**	**(22.9%)**	**6,328.6**	**6,970.4**	**10.1%**
Direct cost of revenue	(849.2)	(935.5)	(801.4)	(5.6%)	(14.3%)	(3,103.4)	(3,409.0)	9.8%
Depreciation and amortization	(204.2)	(172.0)	(142.9)	(30.0%)	(16.9%)	(793.0)	(679.9)	(14.3%)
Administrative expenses	(89.1)	(87.9)	(75.8)	(14.9%)	(13.8%)	(252.8)	(309.3)	22.3%
Selling and marketing expenses	(328.0)	(366.8)	(326.2)	(0.5%)	(11.1%)	(1,138.2)	(1,351.7)	18.8%
EBITDA	**745.4**	**837.8**	**524.5**	**(29.6%)**	**(37.4%)**	**2,627.1**	**2,580.3**	**(1.8%)**
EBITDA Margin	**41.2%**	**40.8%**	**33.1%**	**(8.1 p.p.)**	**(7.7 p.p.)**	**41.5%**	**37.0%**	**(4.5 p.p.)**

Net financial income / expense)	(10.8)	67.0	(41.5)	284.3%	(161.9%)	(242.7)	305.3	(225.8%)
Financial expense	(105.7)	(16.7)	(88.8)	(16.0%)	431.7%	(551.1)	(136.8)	(75.2%)
Financial income	94.9	83.7	47.3	(50.2%)	(43.5%)	308.4	442.1	43.4%
Share of profit of associates	21.5	25.1	28.6	33.0%	13.9%	64.9	103.0	58.7%
Income tax expense	(125.2)	(160.3)	(144.3)	15.3%	(10.0%)	(322.4)	(549.8)	70.5%
Net Income	**403.2**	**603.8**	**319.8**	**(20.7%)**	**(47.0%)**	**1,350.2**	**1,836.8**	**36.0%**

Revenue: In the fourth quarter and full year 2008, the increase in our subscriber base, the partial effect of the increase in usage, upward price adjustments, and the impact of our consolidated subsidiaries contributed positively to our revenue compared to a year ago, despite the sharp decrease in interconnection rates. During the fourth quarter, Turkcell recorded revenue of US$1,585.0 million, down 12.3% due mainly to the TRY depreciation against USD.

For the full year, our revenue increased by 10.1% to US$6,970.4 million.

In TRY terms, revenue in the fourth quarter of 2008 increased by 8.9% to TRY 2,331.7 million.

In 2008, TRY based revenue increased by 8.0% to TRY 8,844.6 million. In 2009, we will aim to achieve revenue growth in TRY terms.

Direct cost of revenue: In the fourth quarter of 2008, direct cost of revenue, including depreciation and amortization, decreased by 5.6% year on year in nominal terms. The proportion of direct cost of revenue to total revenue increased by 3.6 percentage points to 50.6% despite the 2.3 percentage point decrease of depreciation and amortization expenses as a proportion of revenue. The increase in the cost base was mainly due to increasing network-related expenses and handset costs offered as part of our loyalty programs coupled with the absence of the one-off positive Treasury share impact recorded in the fourth quarter 2007 in regards to sales discounts in 2006.

In 2008, direct cost of revenue including depreciation and amortization increased 9.8% in nominal terms compared to a year ago. However, as a percentage of revenue it remained flat at 48.9%, mainly due to the decrease in depreciation and amortization expenses as a percentage of revenue, offset by an increase in network related expenses, handset costs and wages and salaries.

Selling and marketing expenses: In the fourth quarter of 2008, selling and marketing expenses remained almost flat and increased by 18.8% in nominal terms to US$1,351.7 million for the full year. As a percentage of revenue, selling and marketing expenses increased by 2.5 percentage points to 20.6% in the fourth quarter and 1.4 percentage points to 19.4% in 2008. The primary reasons for this trend were higher selling expenses stemming from higher acquisitions, and restructuring in the sales channel, and a higher prepaid usage fee payment.

Administrative expenses: General and administrative expense as a percentage of revenue remained almost flat at 4.8% in the fourth quarter of 2008 compared to a year ago. For the full year, it increased by just 0.4 percentage points compared to 2007 to 4.4%, mainly due to an increase in bad debt expense following the increase in our postpaid subscriber base.

Share of profit of equity accounted investees: In the fourth quarter of 2008, our share in net income of unconsolidated investees, consisting of the net income/(expense) impact of Fintur and A-Tel, increased by 33.0% to US$28.6 million including the negative effect of exchange rate fluctuations.

For 2008, our share in net income of unconsolidated investees increased by 58.7% to US$103.0 million compared to US$64.9 million in 2007 mainly due to Fintur's successful performance in 2008.

The results of our 50% owned subsidiary A-Tel impacted two items in our financial statements. A-Tel's revenue generated from Turkcell, amounting to US$49.1 million in 2008, is netted off from the selling and marketing expenses in our consolidated financial statements. The difference between the total net impact of A-Tel and the amount netted off from selling and marketing expenses amounted to US$48.1 million and is recorded in the 'share of profit of equity accounted investees' line of our financial statements.

Net finance income/(expense): In the fourth quarter of 2008, we recorded net financial expense of US$41.5 million compared to US$10.8 million in the same quarter of 2007. Even though Turkcell recorded a translation gain from exchange rate fluctuations between the TRY versus USD and Euro on its f/x long position during the fourth quarter of 2008, foreign exchange losses of Astelit resulting from the 58% depreciation of the local currency against USD as of December 31, 2008 compared to September 30, 2008 in Ukraine and the translation loss recognized on the deferred payment for the BeST acquisition led to a higher net finance expense.

In 2008, we recorded net financial income of US$305.3 as opposed to a net financial expense of US$242.7 million in 2007. The net financial income in 2008 was a result of absence of high foreign exchange losses incurred on structured forward contracts and translation losses on foreign currency long position recognized in 2007 as well as our increasing cash balance.

Income tax expense: The total taxation charge in the fourth quarter of 2008 increased to US$144.3 million from US$125.2 million in the fourth quarter of 2007.

Out of the total tax charge during the fourth quarter of 2008, US$135.2 million related to current tax charges and a deferred tax expense of US$9.1 million was realized during the quarter.

For 2008 the total taxation charge increased to US$549.8 million from US$322.4 million in 2007.

Out of the total tax charge during 2008, US$567.2 million related to current tax charges and deferred tax income totalled US$17.4 million.

	Q4	**Q3**	**Q4**	**Q4 2008-Q4 2007**	**Q4 2008-Q3 2008**	**YE**	**YE**	**YE 2008-YE 2007**
	2007	**2008**	**2008**	**% Chg**	**% Chg**	**2007**	**2008**	**% Chg**
Current tax expense	(114.7)	(172.5)	(135.2)	17.9%	(21.6%)	(412.5)	(567.2)	37.5%
Deferred Tax income / (expense)	(10.5)	12.2	(9.1)	(13.3%)	(174.6%)	90.1	17.4	(80.7%)
Income Tax expense	**(125.2)**	**(160.3)**	**(144.3)**	**15.3%**	**(10.0%)**	**(322.4)**	**(549.8)**	**70.5%**

EBITDA*: In the fourth quarter of 2008, nominal EBITDA declined by 29.6% to US$524.5 million while the EBITDA margin was 33.1%, a decrease of 8.1 percentage points. In 2008, nominal EBITDA decreased by 1.8% to US$2,580.3 million while the EBITDA margin decreased from 41.5% in 2007 to 37.0%.

The decrease in EBITDA in TRY terms was 12.8% in the fourth quarter of 2008 and 4.1% in 2008 compared to a year ago. This was due to lower revenue growth compared to increase in direct cost of revenue, resulting from network-related expenses, handset costs offered as part of our loyalty programs, selling and marketing expenses.

In 2009, there are challenges in our operating environment notably we expect the macro environment to remain volatile and competition to increase, which may lead to further pressure on our margins.

**EBITDA is a non-GAAP financial measure. See pages 13-14 for the reconciliation of EBITDA to net cash from operating activities.*

Net income: Net income in the fourth quarter of 2008 decreased 20.7% year on year to US$319.8 million. The decrease was mainly attributable to the proportionally lower revenue growth compared to the cost base. Net income margin was 20.2%.

In 2008, net income increased by 36.0% to US$1,836.8 million compared to US$1.350.2 million in 2007. This was mainly due to the positive effect of the decrease in the translation loss in 2008 to US$44.5 million from US$460.8 million in 2007 and higher interest income of US$442.1 million compared to US$308.4 in 2007. Net income margin increased to 26.4% in 2008 from 21.3% compared to that in 2007.

Total Debt: Consolidated debt amounted to US$785.9 million as of December 31, 2008. US$541.8 million of this was related to Turkcell's Ukrainian operations. All of our consolidated debt is at a floating rate and US$655.9 million will mature in less than a year. Despite having a strong balance sheet with solid cash position and debt/annual EBITDA of 30.5% as of December 31, 2008, we may consider a roll-over of Astelit's $390 million debt in 2009.

Fourth Quarter and Full Year 2008 Results

Consolidated Cash Flow (million US$)	**Q4 2007**	**Q3 2008**	**Q4 2008**	**YE 2007**	**YE 2008**
EBITDA	745.4	837.8	524.5	2,627.1	2,580.3
LESS:					
Capex and Licence	(274.3)	(175.7)	(210.6)	(783.1)	(808.2)
Turkcell	(144.2)	(80.8)	(111.0)	(444.3)	(388.4)
Ukraine*	(76.8)	(47.7)	5.2	(206.0)	(155.8)
Investment&Marketable Securities	-	(300.0)	46.6	27.1	(285.5)
Net Interest Income/Expense	67.2	101.6	74.7	218.0	349.8
Other	31.9	(256.3)	(369.9)	(244.7)	(1,281.1)
Net Change in Debt	10.6	73.2	37.7	64.2	111.5
Dividend paid by Turkcell	-	-	-	(411.9)	(502.3)
Cash Generated	580.8	280.6	103.0	1,496.7	164.5
Cash Balance	3,095.3	3,156.8	3,259.8	3,095.3	3,259.8

(*)The devaluation of local currency against USD is included in this line.

Cash Flow Analysis: Capital expenditures in the fourth quarter of 2008 amounted to US$210.6 million.

For 2008, capital expenditures totalled US$808.2 million, of which US$155.8 million was related to the Ukrainian operations.

Turkcell generated free cash flow (cash flow from operating activities minus capital expenditure) of US$866.2 million in 2008, a decrease of 37% compared to US$1,373.1 million in 2007.

Other items were mainly composed of corporate tax payments amounting to US$125 million in the fourth quarter of 2008 and US$782 million in 2008.

In 2009, we expect to double our capital expenditures. In Turkey, we plan to spend US$1,300 million for our 2G and 3G related expenses, including 3G license fee, as well as for other consolidated subsidiaries. As for our international subsidiaries, we plan to spend approximately US$300 million.

Operational Review

Summary of Operational Data	**Q4 2007**	**Q3 2008**	**Q4 2008**	**Q4 2008-Q4 2007 % Chg**	**Q4 2008-Q3 2008 % Chg**	**YE 2007**	**YE 2008**	**YE 2008-YE 2007 % Chg**
Number of total subscribers (million)	35.4	36.3	37.0	4.5%	1.9%	35.4	37.0	4.5%
Number of postpaid subscribers (million)	6.4	7.2	7.5	17.2%	4.2%	6.4	7.5	17.2%
Number of prepaid subscribers (million)	29.0	29.1	29.5	1.7%	1.4%	29.0	29.5	1.7%

Page 7 of 15

Fourth Quarter and Full Year 2008 Results

ARPU (Average Monthly Revenue per User), blended (US$)	15.5	17.3	12.6	(18.7%)	(27.2%)	14.3	14.5	1.4%
ARPU, postpaid (US$)	40.3	41.9	30.7	(23.8%)	(26.7%)	37.6	36.8	(2.1%)
ARPU, prepaid (US$)	10.0	11.2	8.1	(19.0%)	(27.7%)	9.2	9.1	(1.1%)
ARPU, blended (TRY)	18.3	20.6	18.6	1.6%	(9.7%)	18.5	18.4	(0.5%)
ARPU, postpaid (TRY)	47.7	50.1	45.2	(5.2%)	(9.8%)	48.7	46.6	(4.3%)
ARPU, prepaid (TRY)	11.9	13.4	11.9	0.0%	(11.2%)	11.8	11.6	(1.7%)
Churn (%)	5.9%	6.2%	6.2%	0.3 p.p.	0.0 p.p.	19.9%	23.8%	3.9 p.p.
MOU (Average Monthly Minutes of usage per subscriber), blended	69.9	109.2	108.2	54.8%	(0.9%)	76.3	95.9	25.7%

Subscribers: Our subscriber base in Turkey reached 37.0 million as of December 31, 2008, increasing 4.5% on annual basis. For the whole year, net additions stood at 1.6 million subscribers in a slower growing market. In 2008, we focused on the postpaid and corporate segment with attractive acquisition and retention campaigns and promoted switches from prepaid to postpaid subscriptions. On the channel front, we made revisions to our existing subdealer network and the premium structure to increase availability of Turkcell brand and concentrate more on prepaid subscribers. Of the gross new subscribers added in 2008, the share of postpaid acquisition improved to 15% from 11% a year ago.

Net additions in the fourth quarter of 2008 increased by 9.9% to 0.7 million compared to a year ago despite the higher competition that resulted from MNP. In the fourth quarter of 2008, 294,000 subscribers ported their numbers to Turkcell due to the implementation of MNP, which started on November 9, 2008. Additionally, the switch from prepaid to postpaid subscriptions contributed to the increase.

In 2009, we expect our subscriber base to remain flat compared to 37.0 million in 2008 in a slowly growing market where mobile line penetration is likely to increase only slightly over 2008.

Churn Rate: Churn refers to voluntarily and involuntarily disconnected subscribers. In the fourth quarter of 2008, our churn rate remained almost flat at 6.2%, despite increasing competition due to MNP. As expected, the annual churn rate increased slightly to 23.8% from 19.9% compared to a year ago due to our large subscriber base as well as intensified competition in the Turkish market throughout the year due to MNP. The majority of the churners were low ARPU generating prepaid subscribers.

In 2009, we expect a higher churn rate than in 2008 due to increasing competition.

MoU: MoU increased by 54.8% year on year to 108.2 minutes in the fourth quarter of 2008. This can be attributed mostly to the positive impact of Super Tariff, Bizbize Kampus tariff, Surprise Campaign, which gives two day on-net usage incentives free of charge, and effective communication to manage our subscribers' price perception, despite the seasonally lower usage.

Consequently, with the positive effects of the successful tariffs and communication themes, MoU increased by 25.7% on an annual basis to 95.9 minutes in 2008 compared to 76.3 minutes in 2007.

In 2009, we believe that usage will increase as our successful incentives and loyalty programs continue.

Fourth Quarter and Full Year 2008 Results

ARPU: In the fourth quarter and full year 2008, TRY based blended ARPU remained at similar levels compared to a year ago at TRY18.6 and TRY18.4 respectively, despite the decreasing interconnect rates and the dilutive impact of prepaid subscribers.

Post paid ARPU in TRY terms decreased slightly by 5.2% to TRY45.2 in the fourth quarter of 2008 and by 4.3% to TRY46.6 in 2008 year on year mainly due to the increase in subscriptions to minute packages and data lines.

Prepaid ARPU remained unchanged at TRY11.9 in the fourth quarter of 2008 and slightly decreased by 1.7% to TRY11.6 in 2008 compared to a year ago, mainly due to the effects of new tariffs and campaigns.

In the fourth quarter of 2008, USD based blended ARPU decreased by 18.7% to US$12.6 mainly due to the depreciation of TRY against USD, while remaining almost flat at US$14.5 in 2008.

Post paid ARPU decreased by 23.8% to US$30.7 in the fourth quarter of 2008 and slightly decreased by 2.1% to US$36.8 in 2008 compared to a year ago, mainly due to depreciation of TRY against USD.

In the fourth quarter of 2008, prepaid ARPU decreased by 19.0% to US$8.1, while declining slightly by 1.1% to US$9.1 compared to a year ago. This was mainly due to the increase in usage along with the ongoing Super Tariff and Bizbize Kampus.

In 2009, we expect ARPU in TRY terms to remain flat which was realized at TRY18.4 in 2008.

Regulatory Environment

In 2008, the Regulator reduced Reference Call Termination Rates by 33%, which adversely affected our financial results for the year 2008.

Currently the mobile call termination rates in Turkey are 57% below the EU average. For this reason we believe the mobile termination rates should not be brought down further. However, there can be no assurance that the Regulator will not make future actions to revise rates downwards.

The tender process was conducted on November 2008 and Turkcell won A type 3G license, for consideration of EUR358 million (excluding VAT). The approval process is still ongoing and the implementation of 3G in the Turkish market is expected by mid-2009.

The Electronic Communications Law prepared by the Turkish Ministry of Transportation with the aim of establishing a similar legislative system to the EU regulatory framework and existing Telecommunications Authority regulations, was approved by Parliament on July 31, 2008 and enacted on November 10, 2008.

Currently, the Regulator is in the process of preparing regulations for MVNOs (Mobile Virtual Network Operators). On the other hand, there is no specific timeline for a potential implementation process.

It is also expected to see issuance of Fixed Telephony Service (FTS) licenses in 2009, before the implementation of Fixed Number Portability in the Turkish Market in May 2009.

International Operations

Fintur

Turkcell holds a 41.45% stake in Fintur and through Fintur has interests in GSM operations in Kazakhstan, Azerbaijan, Moldova, and Georgia.

FINTUR as of December 31, 2008	YE 2007 Subscriber (million)	YE 2008 Subscriber (million)	YE 2008 - YE 2007 %Chg	YE 2007 Revenue (US$ million)	YE 2008 Revenue (US$ million)	YE 2008 - YE 2007 %Chg
Kazakhstan	6.0	7.1	18.3%	825.4	1,011.1	
Azerbaijan	3.0	3.5	16.7%	439.8	537.4	22.2%
Moldova	0.5	0.6	20.0%	53.9	63.0	16.9%
Georgia	1.3	1.6	23.1%	165.1	210.0	27.2%
Other*	-	-	-	2.2	1.6	(27.3%)
TOTAL	10.8	12.8	18.5%	1,486.4	1,823.1	22.7%

(*) includes intersegment eliminations

Fintur further strengthened its position in the markets in which it operates, with consolidated revenue reaching US$472.8 million in the fourth quarter of 2008, recording growth of 12% on an annual basis. Fintur added approximately 0.4 million net new subscribers in the fourth quarter of 2008 and its total subscriber base grew to 12.8 million.

We account for our investment in Fintur using the equity method. Fintur's contribution to income was US$42.4 million in 2008.

In 2008, Fintur's consolidated revenue increased by 23% to US$1,823.1 million mainly due to the increase in subscriber base to 12.8 million, with a net addition of 2.0 million in 2008. Fintur's contribution to net income for the year was US$151.1 million.

Astelit

Astelit, in which we hold a 55% stake through Euroasia, has operated in Ukraine since February 2005 under the brand “life:)”.

- Astelit grew its revenue by 34.5% in the fourth quarter of 2008 compared to the same quarter of 2007 and by 71.4% in 2008.
- Astelit recorded a positive EBITDA of US$15.3 million during the fourth quarter of 2008 and completed 2008 with a positive EBITDA of US$32.3 million, marking its first full year of profitability.
- Astelit’s operational indicators have also remained very strong, with subscribers reaching 11.2 million with a market share of more than 20% and growth of 28.4% on an annual basis. In 2008:
  - o 3 month active subscriber base grew 31.5% on an annual basis and reached 63% of the total subscriber base.
  - o 3 month active ARPU increased by 17.3% on an annual basis.

Despite the negative effects of the depreciation of the Hrvnia against the USD, Astelit recorded encouraging financial and operational performance during the year, supporting its first full year of positive EBITDA.

Summary Data for Astelit	Q4 2007	Q3 2008	Q4 2008	Q4 2008- Q4 2007 % Chg	Q4 2008- Q3 2008 % Chg	YE 2007	YE 2008	YE 2008 - YE 2007 %Chg
Number of subscribers (million)								
Total	8.8	10.7	11.2	27.3%	4.7%	8.8	11.2	27.3%
Active (3 months)[1]	*5.4*	*6.3*	*7.1*	31.5%	12.7%	*5.4*	*7.1*	31.5%
Average Revenue per User (ARPU) in US$								
Total	3.3	4.1	3.4	3.0%	(17.1%)	3.2	3.6	12.5%
Active (3 months)	*5.4*	*7.0*	*5.7*	5.6%	(18.6%)	*5.2*	*6.1*	17.3%
Revenue	82.3	127.8	110.7	34.5%	(13.4%)	255.9	438.7	71.4%
EBITDA[2]	2.7	11.3	15.3	466.7%	35.4%	(20.5)	32.3	(257.6%)
Net Loss	(34.8)	(24.2)	(251.2)	621.8%	938.0%	(167.7)	(326.5)	94.7%
Capex	76.8	47.7	(5.2)	(106.8%)	(110.9%)	206.0	155.8	(24.4%)

Along with a worsening economic and political macro-environment in Ukraine, the Hrvinia depreciated around 52% against USD as of December 31, 2008 compared to December 31, 2007. Having observed that this unstable and challenging environment is continuing into 2009, we have cautiously reduced our capital expenditures in the fourth quarter of 2008. In 2008, we spent US$155 million in capital expenditures as opposed to our revised plan of US$250 million in the third quarter of the year.

In 2009, despite the severe macroeconomic challenges in the Ukrainian market, based on our growth projections, we expect to spend higher than 2008 capex. However, we intend to evaluate capex levels

---

[1] Active subscribers are those who in the past three months made a transaction which brought revenue to the Company.

[2] EBITDA is a non-GAAP financial measure. See page 13-14 for the reconciliation of Euroasia's EBITDA to net cash from operating activities. Eurasia holds 100% stake in Astelit.

on ongoing basis, based on developing market conditions. Going forward, we expect operational expenses to increase particularly during Q1 2009 and therefore we may not have similar EBITDA margin trend in the same quarter compared to Q4 2008. In summary, our Ukrainian operation is challenged by economic conditions. However, our focus will continue to be improving operational profitability of the company.

Fourth Quarter and Full Year 2008 Results

Reconciliation of Non-GAAP Financial Measures

We believe that EBITDA is a measure commonly used by companies, analysts and investors in the telecommunications industry, which enhances the understanding of our cash generation ability and liquidity position and assists in the evaluation of our capacity to meet our financial obligations. We also use EBITDA as an internal measurement tool and, accordingly, we believe that the presentation of EBITDA provides useful and relevant information to analysts and investors.

Beginning from the 2006 fiscal year, we have revised the definition of EBITDA which we use and we report EBITDA using this new definition starting from the first quarter of 2006 results announcement to provide a new measure to reflect solely cash flow from operations.

The EBITDA definition used in our previous press releases and announcements had included Revenue, Direct Cost of Revenue excluding depreciation and amortization, Selling and Marketing expenses, Administrative expenses, translation gain/(loss), financial income, share of profit of equity accounted investees, gain on sale of investments, income/(loss) from related parties, minority interest and other income/(expense). Our new EBITDA definition includes Revenue, Direct Cost of Revenue excluding depreciation and amortization, Selling and Marketing expenses and Administrative expenses, but excludes translation gain/(loss), financial income, share of profit of equity accounted investees, gain on sale of investments, income/(loss) from related parties, minority interest and other income/(expense).

EBITDA is not a measure of financial performance under IFRS and should not be construed as a substitute for net earnings (loss) as a measure of performance or cash flow from operations as a measure of liquidity.

The following table provides a reconciliation of EBITDA, which is a non-GAAP financial measure, to net cash from operating activities, which we believe is the most directly comparable financial measure calculated and presented in accordance with IFRS.

TURKCELL	**Q4**	**Q3**	**Q4**	**Q4 2008- Q4 2007**	**Q4 2008- Q3 2008**	**YE**	**YE**	**YE 2008 - YE 2007**
US$ million	**2007**	**2008**	**2008**	**% Chg**	**% Chg**	**2007**	**2008**	**%Chg**
EBITDA	745.4	837.8	524.5	(29.6%)	(37.4%)	2,627.1	2,580.3	**(1.8%)**
Income Tax Expense	(125.2)	(160.3)	(144.3)	15.3%	(10.0%)	(322.4)	(549.8)	**70.5%**
Other operating income/(expense)	(21.3)	3.7	12.6	(159.2%)	240.5%	(14.7)	(3.9)	**(73.5%)**
Financial income	(1.3)	2.0	9.3	(815.4%)	365.0%	1.6	11.2	**600.0%**
Financial expense	(25.5)	(8.4)	(31.7)	24.3%	277.4%	(264.4)	(55.1)	**(79.2%)**
	(14.7)	(20.8)	225.2	(1,632.0%)	(1,182.7%)	129.0	(308.3)	**(339.0%)**

Net increase/(decrease) in assets and liabilities								
Net cash from operating activities	557.4	654.0	595.6	6.9%	(8.9%)	2,156.2	1,674.4	**(22.3%)**

				Q4 2008-	**Q4 2008-**			**YE 2008 -**
EUROASIA (Astelit)	**Q4**	**Q3**	**Q4**	**Q4 2007**	**Q3 2008**	**YE**	**YE**	**YE 2007**
US$ million	**2007**	**2008**	**2008**	**% Chg**	**% Chg**	**2007**	**2008**	**%Chg**
EBITDA	2.7	11.3	15.3	466.7%	35.4%	(20.5)	32.3	257.6%
Other operating income/(expense)	0.2	0.6	(0.4)	(300.0%)	(166.7%)	0.4	0.2	(50.0%)
Financial income	1.2	2.0	1.7	41.7%	(15.0%)	2.7	6.3	133.3%
Financial expense	(15.2)	(8.5)	(12.9)	(15.1%)	51.8%	(63.7)	(43.0)	(32.5%)
Net increase/(decrease) in assets and liabilities	21.1	36.4	(55.9)	(364.9%)	(253.6%)	64.6	44.5	(31.1%)
Net cash from operating activities	10.0	41.8	(52.2)	(622.0%)	(224.9%)	(16.5)	40.3	344.2%

Page 13 of 15

Fourth Quarter and Full Year 2008 Results

Turkcell Group Subscribers

We had approximately 61.5 million GSM subscribers as of December 31, 2008. This figure is calculated by taking the number of GSM subscribers in Turkcell and each of our subsidiaries and unconsolidated investees. This figure includes the total number of GSM subscribers in Astelit, BeST, in our operations in the Turkish Republic of Northern Cyprus ("Northern Cyprus") and Fintur.In the past, when presenting our total group subscribers, we have presented this figure on a proportional basis, adjusted to reflect our ownership interest in each subsidiary. We believe that the method of calculation given above is a good indicator of our Group's reach and intend to use this new method of calculation going forward.

Turkcell Group Subscribers	**Q4**	**Q3**	Q4	**Q4 2008- Q4 2007**	**Q4 2008-Q3 2008**			**YE 2008 - YE 2007**
(million)	**2007**	**2008**	2008	**% Chg**	**% Chg**	**YE 2007**	**YE 2008**	**%Chg**
Turkcell	35.4	36.3	37.0	4.5%	1.9%	35.4	37.0	4.5%
Ukraine	8.8	10.7	11.2	27.3%	4.7%	8.8	11.2	27.3%
Fintur	10.8	12.4	12.8	18.5%	3.2%	10.8	12.8	18.5%
Northern Cyprus	0.3	0.3	0.3	0.0%	0.0%	0.3	0.3	0.0%
Belarus	-	0.2	0.2	-	0.0%	-	0.2	-
TURKCELL GROUP	**55.3**	**59.9**	61.5	**11.2%**	**2.7%**	**55.3**	61.5	**11.2%**

Forward-Looking Statements

This release includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934 and the Safe Harbor provisions of the US Private Securities Litigation Reform Act of 1995. All statements other than statements of historical facts included in this press release, including, without limitation, certain statements regarding our operations, financial position and business strategy may constitute forward-looking statements. In addition, forward-looking statements generally can be identified by the use of forward-looking terminology such as, among others, "may," "will," "expect," "intend," "plan," "estimate," "anticipate," "believe" or "continue."

Although Turkcell believes that the expectations reflected in such forward-looking statements are reasonable at this time, it can give no assurance that such expectations will prove to be correct. Given these uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements particularly in the current operating and macro environment. 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 2007 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.

www.turkcell.com.tr

ABOUT TURKCELL

Turkcell is the leading GSM operator in Turkey with 37.0 million postpaid and prepaid customers as of December 31, 2008 operating in a three player market with a market share of approximately 56% as of December 31, 2008 (Source: operators' announcements). In addition to high-quality wireless telephone services, Turkcell currently offers General Packet Radio Service ("GPRS") countrywide and Enhanced Data Rates for GSM Evolution ("EDGE") in dense areas, which provide for both improved data and voice services. Turkcell provides roaming with 607 operators in 202 countries as of February 17, 2009. Serving a large subscriber base in Turkey with its high-quality wireless telephone network, Turkcell reported US$7.0 billion net revenue for the year ended December 31, 2008 as per IFRS financial statements. Turkcell has interests in international GSM operations in Azerbaijan, Belarus, Georgia, Kazakhstan, Moldova, Northern Cyprus and Ukraine. Turkcell has been listed on the NYSE ("New York Stock Exchange") and the ISE ("Istanbul Stock Exchange") since July 2000 and is the only NYSE listed company in Turkey. 51.00% of Turkcell's share capital is held by Turkcell Holding, 0.05% by Cukurova Group, 13.07% by Sonera Holding, 2.32% by M.V. Group and 0.08% by others while the remaining 33.48% is free float.

For further information please contact Turkcell

Corporate Affairs

Koray Öztürkler, Chief Corporate Affairs Officer

Tel: +90-212-313-1500

Email: koray.ozturkler@turkcell.com.tr

Investors:
Nihat Narin, Investor and International Media Relations
Tel: + 90-212-313-1244
Email: nihat.narin@turkcell.com.tr
investor.relations@turkcell.com.tr

Media:
Filiz Karagul Tuzun,
Corporate Communications
Tel: + 90-212-313-2304
Email: filiz.karagul@turkcell.com.tr

EXHIBIT 2

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

As at 31 December

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

	Note	2008	2007
Assets			
Property, plant and equipment	12	2,096,070	2,221,895
Intangible assets	13	1,452,895	1,375,403
Investments in equity accounted investees	14	313,723	664,385
Other investments	15	34,614	42,354
Due from related parties	33	45,349	68,871
Other non-current assets	16	54,007	44,171
Deferred tax assets	17	1,144	2,446
Total non-current assets		**3,997,802**	**4,419,525**
Inventories		19,457	23,424
Other investments	15	689	28,218
Due from related parties	33	64,013	52,482
Trade receivables and accrued income	18	587,385	558,563
Other current assets	19	138,788	291,534
Cash and cash equivalents	20	3,259,792	3,095,300
Total current assets		**4,070,124**	**4,049,521**
Total assets		**8,067,926**	**8,469,046**
Equity			
Share capital	21	1,636,204	1,636,204
Share premium	21	434	434
Capital contributions	21	18,202	-
Reserves	21	(706,384)	931,913
Retained earnings	21	4,437,071	3,224,526
Total equity attributable to equity holders of Turkcell Iletisim Hizmetleri AS		**5,385,527**	**5,793,077**
Minority interest	21	**58,116**	**138,128**
Total equity		**5,443,643**	**5,931,205**
Liabilities			

Loans and borrowings	24	130,020	140,404	
Employee benefits	25	26,717	27,229	
Provisions	27	4,490	-	
Other non-current liabilities	23	227,511	-	
Deferred tax liabilities	17	130,491	132,388	
Total non-current liabilities		**519,229**	**300,021**	
Bank overdraft	20	4,372	2,125	
Loans and borrowings	24	655,909	619,555	
Income taxes payable	11	126,585	443,194	
Trade and other payables	28	964,421	759,019	
Due to related parties	33	21,032	17,978	
Deferred income	26	250,386	324,815	
Provisions	27	82,349	71,134	
Total current liabilities		**2,105,054**	**2,237,820**	
Total liabilities		**2,624,283**	**2,537,841**	
Total equity and liabilities			**8,067,926**	**8,469,046**

The notes on page 6 to 92 are an integral part of these consolidated financial statements.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December

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

	Note	**2008**	**2007**	**2006**
Revenue	8	6,970,408	6,328,580	4,700,307
Direct cost of revenue		(3,409,013)	(3,103,427)	(2,627,890)
Gross profit		**3,561,395**	**3,225,153**	**2,072,417**
Other income		14,136	7,799	8,050
Selling and marketing expenses		(1,351,692)	(1,138,154)	(827,516)
Administrative expenses		(309,349)	(252,841)	(154,917)
Other expenses		(17,990)	(22,423)	(6,467)
Results from operating activities		**1,896,500**	**1,819,534**	**1,091,567**
Finance income	10	442,099	308,368	184,015
Finance expenses	10	(136,769)	(551,142)	(108,038)
Net finance income/(expense)		**305,330**	**(242,774)**	**75,977**
Share of profit of equity accounted investees	14	102,990	64,906	78,616
Profit before income tax		**2,304,820**	**1,641,666**	**1,246,160**
Income tax expense	11	(549,758)	(322,418)	(413,242)
Profit for the period		**1,755,062**	**1,319,248**	**832,918**
Attributable to:				
Equity holders of Turkcell Iletisim Hizmetleri AS		1,836,824	1,350,162	875,491
Minority interest		(81,762)	(30,914)	(42,573)
Profit for the period		**1,755,062**	**1,319,248**	**832,918**
Basic and diluted earnings per share (in full USD)	22	0.834920	0.613710	0.397951

The notes on page 6 to 92 are an integral part of these consolidated financial statements.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF RECOGNIZED INCOME AND EXPENSE

For the year ended 31 December

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

	2008	**2007**	**2006**
Foreign currency translation differences	(1,458,366)	811,302	(135,275)
Net change in fair value of available-for-sale securities	(5,360)	2,666	2,015
Income and expense recognized directly in equity	**(1,463,726)**	**813,968**	**(133,260)**
Profit for the period	1,755,062	1,319,248	832,918
Total recognized income for the period	**291,336**	**2,133,216**	**699,658**
Attributable to:			
Equity holders of Turkcell Iletisim Hizmetleri AS	363,504	2,178,398	741,400
Minority interest	(72,168)	(45,182)	(41,742)
Total recognized income for the period	**291,336**	**2,133,216**	**699,658**

The notes on page 6 to 92 are an integral part of these consolidated financial statements.

3

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December

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

	Note	2008	2007	2006
Cash flows from operating activities				
Profit for the period		**1,755,062**	**1,319,248**	**832,918**
Adjustments for:		**369,540**	**1,264,562**	**1,072,156**
Depreciation	12	433,942	532,915	498,533
Amortization of intangibles	13	245,985	260,062	231,480
Net finance income/(expense)	10	(349,219)	11,784	(67,660)
Income tax expense	11	549,758	322,418	413,242
Share of profit of equity accounted investees		(151,629)	(111,254)	(94,021)
Loss/(gain) on sale of property, plant and equipment		(6,931)	3,869	(1,279)
Translation reserve		(344,346)	137,317	17,530
Amortization of transaction costs of borrowings		-	5,100	7,996
Deferred income		(3,293)	102,351	66,335
Gain on sale of a subsidiary		(4,727)	-	-
		2,124,602	**2,583,810**	**1,905,074**
Change in trade receivables	18	(145,670)	(177,819)	(11,552)
Change in due from related parties	33	2,124	26,698	6,153
Change in inventories		(267)	(10,128)	(2,512)
Change in prepaid expenses	16-19	(16,590)	(9,034)	(19,331)
Change in other current assets	19	(10,618)	24,482	(247)
Change in other non-current assets	16	(10,704)	(24,782)	17,053
Change in due to related parties	33	(6,541)	10,302	945
Change in trade and other payables		66,690	15,285	105,795
Change in other current liabilities		206,537	67,457	(37,823)
Change in other non-current liabilities		52,452	(9,029)	2,267
Change in employee benefits	25	5,773	5,931	1,801
Change in provisions		29,704	23,832	(2,261)
		2,297,492	**2,527,005**	**1,965,362**
Interest paid		(25,050)	(37,024)	(42,879)
Income tax paid		(687,292)	(347,202)	(67,592)
Dividend received	14	89,235	13,397	**-**
Net cash from operating activities		**1,674,385**	**2,156,176**	**1,854,891**
Cash flows from investing activities				
Proceeds from sale of property plant and equipment		16,693	7,657	3,609
Proceeds from currency option contracts		14,655	17,807	-
Proceeds from sale of available-for-sale financial assets		78,542	36,698	20,490
Proceeds from settlement of held-to-maturity investments		-	8,586	9,218
Interest received		354,211	250,423	161,536

Dividends received		-	18,756	21,558
Acquisition of property, plant and equipment	12	(603,568)	(564,859)	(370,377)
Acquisition of intangibles	13	(193,219)	(206,985)	(234,382)
Acquisition of subsidiaries, net of cash acquired	7	(309,967)	-	-
Acquisition of minority interest		-	-	(17,591)
Payment of currency option contracts premium		(4,970)	(8,501)	-
Acquisition of equity accounted investees and other investments		-	-	(163,432)
Acquisition of available-for-sale financial assets		(47,549)	(119)	(56,718)
Acquisition of held-to-maturity investments		-	-	(6,407)
Net cash used in investing activities		**(695,172)**	**(440,537)**	**(632,496)**
Cash flows from financing activities				
Payment of transaction costs		-	(205)	(51,472)
Dividends paid		(556,973)	(457,625)	(342,166)
Proceeds from issuance of loans and borrowings		601,000	498,666	772,434
Repayment of borrowings		(487,999)	(435,038)	(862,386)
Change in minority interest		72,199	127,220	87,745
Reimbursement of borrowing costs		**-**	11,983	-
Proceeds from capital contribution		18,202	-	-
Net cash used in financing activities		**(353,571)**	**(254,999)**	**(395,845)**
Effects of foreign exchange rate fluctuations on balance sheet items		**(418,945)**	**276,837**	**4,940**
Net increase in cash and cash equivalents		**206,697**	**1,737,477**	**831,490**
Cash and cash equivalents at 1 January		**3,093,175**	**1,598,355**	**808,153**
Effect of exchange rate fluctuations on cash and cash equivalents		(44,452)	(242,657)	(41,288)
Cash and cash equivalents at 31 December		**3,255,420**	**3,093,175**	**1,598,355**

The notes on page 6 to 92 are an integral part of these consolidated financial statements.

4

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December

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

Notes to the consolidated financial statements

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December

(Amounts expressed in thousands of US Dollars 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 Turkcell Plaza, Mesrutiyet caddesi No. 71, 34430 Tepebasi/Istanbul. It is engaged in establishing and operating a Global System for Mobile Communications ("GSM") network in Turkey and regional states.

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

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

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

As at 31 December 2008, two significant founding shareholders, Sonera Holding BV and Cukurova Group, directly and indirectly, own approximately 37.1% and 13.8%, respectively of the Company's share capital and are ultimate counterparties to a number of transactions that are discussed in the related party footnote. On 28 November 2005, upon completion of a series of transactions, Alfa Group acquired 13.2% indirect ownership in the Company through its Altimo subsidiary. On the basis of publicly available information, Alfa Group transferred control over 50% of its previously held shares to Nadash International Holdings Inc. in January 2008.

The consolidated financial statements of the Company as at and for the year ended 31 December 2008 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in one associate and one joint venture. Subsidiaries of the Company, their locations and their business are given in note 34. The Company's and each of its subsidiaries', associate's and joint venture's financial statements are prepared as at and for the year ended 31 December 2008.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December

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

2. Basis of preparation

(a) Statement of compliance

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

The Group's consolidated financial statements were approved by the Board of Directors on 25 February 2009.

(b) Basis of measurement

The accompanying consolidated financial statements are based on the statutory records, with adjustments and reclassifications for the purpose of fair presentation in accordance with IFRSs as issued by the IASB. They are prepared on the historical cost basis adjusted for the effects of inflation during the hyperinflationary period lasted by 31 December 2005, except that the following assets and liabilities are stated at their fair value: derivative financial instruments and financial instruments classified as available-for-sale. The methods used to measure fair value are further discussed in note 4.

(c) Functional and presentation currency

The consolidated financial statements are presented in US Dollars ("USD"), rounded to the nearest thousand. Moreover, all financial information expressed in New Turkish Lira ("TRY"), Euro ("EUR") and Swedish Krona ("SEK") have been rounded to the nearest thousand. The functional currency of the Company and its consolidated subsidiaries located in Turkey and Turkish Republic of Northern Cyprus is TRY. The functional currency of Euroasia Telecommunications Holding BV ("Euroasia") and Financell BV ("Financell") is USD. The functional currency of East Asian Consortium BV ("Eastasia") is EUR. The functional currency of LLC Astelit ("Astelit"), Global Bilgi LLC ("Global LLC") and UkrTower LLC ("UkrTower") is Ukrainian Hryvnia. The functional currency of Belarussian Telecommunications Network ("Belarussian Telecom") is Belarussian Roubles ("BYR").

(d) Use of estimates and judgments

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

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

Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are described in notes 4, 7 and 32 and detailed analysis with respect to accounting estimates and critical judgments of bad debts, useful lives or expected patterns of consumption of the future economic benefits embodied in depreciable assets, income taxes and revenue recognition are provided below:

Key sources of estimation uncertainty

In note 29, detailed analysis is provided for the foreign exchange exposure of the Group and risks in relation to foreign exchange movements.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December

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

2. Basis of preparation (continued)
(d) Use of estimates and judgments (continued)
Critical accounting judgments in applying the Group's accounting policies

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

Allowance for doubtful receivables

The impairment losses in trade and other receivables are based on management's evaluation of the volume of the receivables outstanding, historical collection trends and general economic conditions. Should economic conditions, collection trends or any specific industry trend worsen compared to management estimates, allowance for doubtful receivables recognised in consolidated financial statements may not be sufficient to cover bad debts.

Useful lives of assets

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

The GSM license that is held by Belarussian Telecom, newly acquired consolidated subsidiary, expires in 2015. According to the Share Purchase Agreement signed, the State Committee on Property of the Republic of Belarus committed to grant the license from the acquisition date of 26 August 2008 for a period of 10 years and such license shall be extended for an additional 10 years for an insignificant consideration. In the consolidated financial statements, amortization charge is recorded on the assumption that the license will be extended.

Commission fees

Commission fees relate to services performed in relation to betting games where the Group acts as an agent in the transaction rather than as a principal. In the absence of specific guidance under IFRSs on distinguishing between an agent and a principal, management considered the following factors:

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

Revenue recognition

In arrangements which include multiple elements, the Group considers the elements to be separate units of accounting in the arrangement. Deliverables are accounted separately where a market for each deliverable exists and if the recognition criterion is met individually. The arrangement consideration is allocated to each deliverable in proportion to the fair value of the individual deliverables.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December

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

2. Basis of preparation (continued)
(d) Use of estimates and judgments (continued)
Critical accounting judgments in applying the Company's accounting policies (continued)

Income taxes

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

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

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

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

(a) Basis of consolidation

(i) Subsidiaries
Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries are changed as necessary to align them with the policies adopted by the Group.

Losses that exceed the minority interest in the equity of a subsidiary may create a debit balance on minority interests only if the minority has a binding obligation to fund the losses and is able to make an additional investment to cover the losses. Unless this is the case, the losses are attributed to the Company's majority interest within the profit for the period. If the subsidiary subsequently reports profits then these profits are allocated to the parent until the share of losses absorbed previously by the parent has been recovered.

(ii) Acquisition from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are excluded from the scope of International Financial Reporting Standards No. 3 ("IFRS 3") "*Business Combinations"* and are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established. The assets and liabilities acquired from entities under common control are recognised at the carrying amounts recognised previously in the Group's controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within the Group equity.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December

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

3. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(iii) Associates and jointly controlled entities (equity accounted investees)

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity. Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. Associates and jointly controlled entities (equity accounted investees) are accounted for using the equity method and are initially recognised at cost. The Group's investment includes goodwill identified on acquisition, net of any accumulated impairment loss. The consolidated financial statements include the Group's share of the income and expenses and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee. The Group's equity accounted investees as at 31 December 2008 are Fintur Holdings BV ("Fintur") and A-Tel Pazarlama ve Servis Hizmetleri AS ("A-Tel").

(iv) Transactions eliminated on consolidation

Intragroup balances and transactions, and any unrealised income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(v) Minority interests

Where a put option is granted by the Group to the minority shareholders in existing subsidiaries that provides for settlement in cash or in another financial asset, the Group recognised a liability for the present value of the estimated exercise price of the option. The interests of the minority shareholders that hold such put options are derecognised when the financial liability is recognised. The corresponding interests attributable to the holder of the puttable minority interests are presented as attributable to the equity holders of the parent and not as attributable to those minority shareholders. The difference between the put option liability recognised and the amount of minority interest derecognised is recorded under equity. Subsequent changes in the fair value of the put options granted to the minority shareholders in existing subsidiaries are also recognised in equity, except the imputed interest on the liability is recognised in the consolidated income statement.

(b) Foreign currency

(i) Foreign currency transactions

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

10

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December

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

3. Significant accounting policies (continued)

(b) Foreign currency (continued)

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

(ii) Foreign operations

The assets and liabilities of foreign operations, including fair value adjustments arising on acquisition, are translated to USD at foreign exchange rates ruling at the reporting date. The income and expenses of foreign operations are translated to USD at exchange rates approximating to the exchange rates at the dates of the transactions.

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

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

(iii) Translation from functional to presentation currency

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

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

Assets and liabilities for each balance sheet presented (including comparatives) are translated to USD at exchange rates at the balance sheet date. Income and expenses for each income statement (including comparatives) are translated to USD at monthly average exchange rates.

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

(iv) Net investment in foreign operations

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

(c) Financial instruments

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

11

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December

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

3. Significant accounting policies (continued)

(c) Financial instruments (continued)

(i) Non-derivative financial instruments (continued)
Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described below:

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

Accounting for finance income and expenses is discussed in note 3(m).

- *Held-to-maturity investments*

If the Group has the positive intent and ability to hold debt securities to maturity, then they are classified as held-to-maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method, less any impairment losses.

- *Available-for-sale financial assets*

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

- *Financial assets at fair value through profit or loss*

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

- *Estimated exercise price of put options*

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

As the Group has unconditional obligation to fulfil its liabilities under these agreements, International Accounting Standards No: 32 ("IAS 32") "*Financial instruments: Disclosure and Presentation*", requires the value of such put option to be presented as a financial liability on the balance sheet for the present value of the estimated option redemption amount. The Group accounted such transactions under the anticipated acquisition method and the interests of minority shareholders that hold such put option are derecognised when the financial liability is recognised. The Group accounted the difference between the amount recognised initially for the exercise price of the put option and the carrying amount of minority in equity.

- *Other*

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

12

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December

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

3. Significant accounting policies (continued)
(c) Financial instruments (continued)

(ii) Derivative financial instruments

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

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

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are stated at cost adjusted for the effects of inflation during the hyperinflationary period lasted by 31 December 2005 less accumulated depreciation (see below) and accumulated impairment losses (see note 3(h)(ii)).

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

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

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

(ii) Subsequent costs

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

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December

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

3. Significant accounting policies (continued)
(d) Property, plant and equipment (continued)

(iii) Depreciation

Depreciation is recognized in the profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term or their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

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

Buildings	21 – 50 years
Network infrastructure	3 – 8 years
Equipment, fixtures and fittings	4 – 5 years
Motor vehicles	4 – 5 years
Central betting terminals	1 – 10 years
Leasehold improvements	5 years

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

(e) Intangible assets

Intangible assets that are acquired by the Group which have finite useful lives are measured at cost adjusted for the effects of inflation during the hyperinflationary period lasted by 31 December 2005 less accumulated amortization (see below) and accumulated impairment losses (see note 3(h)(ii)).

(i) Goodwill
Goodwill or negative goodwill arises on the acquisition of subsidiaries, associates and joint ventures.

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquire. When the excess is negative (negative goodwill), it is recognised immediately in profit or loss.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset (that is purchased from independent third parties) to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred. Capitalized costs generally relate to the application of development stage; any other costs incurred during the pre and post-implementation stages, such as repair, maintenance or training, are expensed as incurred. Subsequent expenditures of the Company do not relate to research and development activities.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December

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

3. Significant accounting policies (continued)

(e) Intangible assets (continued)

iii) Amortization

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

Computer software	3 – 8	years
GSM and other telecommunications license	3 – 25	years
Transmission lines	10	years
Central betting system operating right	1	year
Customer base	2 – 8	years
Brand name	10	years
Customs duty and VAT exemption right	4.4	years

(f) Leased assets

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

Other leases are operating leases and the leased assets are not recognized on the Group's balance sheet.

(g) Inventories

Inventories are measured at the lower of cost or net realizable value. Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses. The cost of inventory is determined using the weighted average method and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. As at 31 December 2008, inventories mainly consist of simcards, scratch cards and handsets.

(h) Impairment

(i) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

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

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

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

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December

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

3. Significant accounting policies (continued)

(h) Impairment (continued)

(i) Financial assets (continued)
An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

(ii) Non-financial assets

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

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

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

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised.

(i) Employee benefits
(i) Retirement pay liability
In accordance with existing labor law in Turkey, the Company and its subsidiaries in Turkey are required to make lump-sum payments to employees who have completed one year of service and whose employment is terminated without cause or who retire, are called up for military service or die. Such payments are calculated on the basis of 30 days' pay maximum full TRY 2,260 as at 31 December 2008 (equivalent to full $1,494 as at 31 December 2008), which is effective from 1 January 2009, (31 December 2007: full TRY 2,030 (equivalent to full $1,342 as at 31 December 2008)) per year of employment at the rate of pay applicable at the date of retirement or termination. Reserve for retirement pay is computed and reflected in the consolidated financial statements on a current basis. The reserve has been calculated by estimating the present value of future probable obligation of the Company and its subsidiaries in Turkey arising from the retirement of the employees.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December

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

3. Significant accounting policies (continued)

(i) Employee benefits (continued)

(ii) Defined contribution plans

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

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

(j) Provisions

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

Onerous contracts

A provision for onerous contracts is recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognizes any impairment loss on the assets associated with that contract. The Company did not recognize any provision for onerous contracts as at 31 December 2008.

Site restoration

In accordance with one of the Group’s subsidiary published environmental policy and applicable legal requirements, a provision for site restoration at base stations’ locations and future dismantling costs of base station equipment is provided.

(k) Revenue

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

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

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December

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

3. Significant accounting policies (continued)
(k) Revenue (continued)

In connection with campaigns, both postpaid and prepaid services may be bundled with handset or other goods / services and these bundled services and products involve consideration in the form of fixed fee or a fixed fee coupled with continuing payment stream. Loyalty programs for both postpaid and prepaid services may be bundled with other services. Deliverables are accounted separately where a market for each deliverable exists and if the recognition criterion is met individually. Costs associated with each deliverable are recognized at the time of revenue recognized. The arrangement consideration is allocated to each deliverable in proportion to the fair value of the individual deliverables. Revenues allocated to handsets given in connection with campaigns are recognized under other revenues.

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

Commission fees mainly comprised of net takings earned to a maximum of 7% of gross takings, as a head agent of fixed odds betting games starting from 15 March 2007 and 4.3% commission recognized based on the para-mutual and fixed odds betting games operated on Central Betting System.

Prior to 15 March 2007, under the former head agency agreement, head agency commission fees were earned to a maximum of 12% of gross takings. In relation to the new contract signed with Spor Toto Teskilat Mudurlugu ("Spor Toto") on 29 August 2008, commission rate applicable will decrease to 1.4% effective from March 2009. Commission revenues are recognized at the time all the services related with the games are fully rendered. Under the head agency agreement, Inteltek Internet Teknoloji Yatirim ve Danismanlik AS ("Inteltek") is obliged to undertake any excess payout, which is presented on net basis with the commission fees.

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

Simcard sales are recognized upfront upon delivery to subscribers, net of returns, discounts and rebates. Simcard costs are also recognized upfront upon sale of the simcard to the subscriber.

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

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

(l) Lease payments

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

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

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December

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

3. Significant accounting policies (continued)

(m) Finance income and expenses

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

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss and impairment losses recognised on financial assets. Borrowing costs that are recognised in profit or loss or capitalized are accounted using the effective interest method.

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

(n) Transactions with related parties

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

(o) Income taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December

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

3. Significant accounting policies (continued)

(p) Earnings per share

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

(q) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment) or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and returns that are different from those of other segments. Segment information is presented in respect of the Group’s business and geographical segments. The Group’s primary format for segment reporting is based on geographical segment and secondary segment reporting is based on business segments.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly investments and related revenue, loans and borrowings and related expenses and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

(r) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective at 31 December 2008, and have not been applied in preparing these consolidated financial statements:

- IFRS 8 "*Operating Segments"* introduces the "management approach" to segment reporting. IFRS 8, which becomes mandatory for the Group’s 2009 consolidated financial statements, will require the disclosure of segment information based on the internal reports regularly reviewed by the Group’s Chief Operating Decision Maker in order to assess each segment’s performance and to allocate resources to them. Currently, the Group presents segment information in respect of its business and geographical segments (see note 6).
- *Revised IAS 23 "Borrowing Costs"* removes the option to expense borrowing costs and requires that an entity capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as a part of the cost of that asset. The revised IAS 23 will become mandatory for the Group’s 2009 consolidated financial statements and will not constitute a change in accounting policy for the Group.
- *IFRIC 13 "Customer Loyalty Programmes"* addresses the accounting by entities that operate, or otherwise participate in, customer loyalty programmes for their customers. It relates to customer loyalty programmes under which the customer can redeem credits for awards such as free or discounted goods or services. IFRIC 13, which becomes mandatory for the Group’s 2009 consolidated financial statements, is not expected to have significant impact on the consolidated financial statements.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December

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

3. Significant accounting policies (continued)

(r) New standards and interpretations not yet adopted (continued)

- *Revised IAS 1 "Presentation of Financial Statements"* (2007) introduces as a financial statement "the statement of comprehensive income", which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. Total comprehensive income may be presented in either a single statement of comprehensive income (effectively combining both the income statement and all non-owner changes in equity in a single statement), or in an income statement and a separate statement of comprehensive income. The revised standard does not change the recognition, measurement or disclosure of transactions and events that are required by other IFRS's. Revised IAS 1, which becomes mandatory for the Group's 2009 consolidated financial statements, is expected to have a limited impact on the presentation of the consolidated financial statements.
- *Revised IFRS 3 "Business Combinations"* (2008) incorporates the following changes that are likely to be relevant to the Group's operations:

- The definition of a business has been broadened, which is likely to result in more acquisitions being treated as business combinations.

- Contingent consideration will be measured at fair value, with subsequent changes therein recognised in profit or loss.

- Transaction costs, other than share and debt issue costs, will be expensed as incurred.
- Any pre-existing interest in the acquiree will be measured at fair value with the gain or loss recognised in profit or loss.

- Any non-controlling (minority) interest will be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of the acquiree, on a transaction-by-transaction basis.

Revised IFRS 3, which becomes mandatory for the Group's 2010 consolidated financial statements, will be applied prospectively and therefore there will be no impact on prior periods in the Group's 2010 consolidated financial statements.

- *Amended IAS 27 "Consolidated and Separate Financial Statements"* (2008) requires accounting for changes in ownership interests by the Group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the Group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The amendments to IAS 27, which become mandatory for the Group's 2010 consolidated financial statements, are not expected to have a significant impact on the consolidated financial statements.
- *Amendment to IFRS 2 "Share-based Payment – Vesting Conditions and Cancellation*s" clarifies the definition of vesting conditions, introduces the concept of non-vesting conditions, requires non-vesting conditions to be reflected in grant-date fair value and provides the accounting treatment for non-vesting conditions and cancellations. The amendments to IFRS 2 will become mandatory for the Group's 2009 consolidated financial statements, with retrospective application and are not expected to have any impact on the consolidated financial statements.
- *Amendments to IAS 32 "Financial Instruments": Presentation and IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation* requires puttable instruments, and instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation, to be classified as equity if certain conditions are met. The amendments, which become mandatory for the Group's 2009 consolidated financial statements, with retrospective application required, are not expected to have any impact on the consolidated financial statements.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December

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

3. Significant accounting policies (continued)

(r) New standards and interpretations not yet adopted (continued)

- The International Financial Reporting Interpretations Committee ("IFRIC") issued on 3 July 2008 an interpretation *IFRIC 16 "Hedges of a Net Investment in a Foreign Operation"*. IFRIC 16 applies to an entity that hedges the foreign currency risk arising from its net investments in foreign operations and wishes to qualify for hedge accounting in accordance with IAS 39. It does not apply to other types of hedge accounting. The interpretation is effective for annual periods beginning on or after 1 October 2008 and is not expected to have any effect on the consolidated financial statements.
- The IFRIC issued on 3 July 2008 an Interpretation, *IFRIC 15 "Agreements for the Construction of Real Estate"*. The Interpretation will standardize accounting practice across jurisdictions for the recognition of revenue among real estate developers for sales of units, such as apartments or houses before construction is complete. The Interpretation is effective for annual periods beginning or after 1 January 2009 and is not expected to have any effect on the consolidated financial statements.
- *Eligible Hedged Items (amendment to IAS 39 "Financial Instruments: Recognition and Measurement")* introduces application guidance to illustrate how the principles underlying hedge accounting should be applied in the designation of i) a one-sided risk in a hedged item and ii) inflation in a financial hedged item. The amendment is effective, with retrospective application, for annual periods beginning on or after 1 July 2009 and is not expected to have any effect on the consolidated financial statements.
- *IFRIC 17, "Distributions of Non-cash Assets to Owners"*, requires entities to recognise certain distributions of non-cash assets at fair value, and to recognise in profit or loss the difference between the fair value of the assets distributed and their carrying amounts. IFRIC 17 provides guidance on when and how a liability for certain distributions of non-cash assets is recognised and measured, and how to account for settlement of that liability. Transactions within its scope will need to be measured at fair value. IFRIC 17 is effective for annual periods beginning on or after July 2009; earlier application is permitted only if IFRS 3 Business Combinations (2008), IAS 27 Consolidated and Separate Financial Statements (2008) and the related amendments to IFRS 5 are applied at the same time.
- *IFRIC 18 "Transfers of Assets from Customers"* provides guidance on transfers of property, plant and equipment (or cash to acquire it) for entities that receive such contributions from their customers. IFRIC 18 applies prospectively to transfers of assets from customers received on or after July 2009; earlier application is permitted provided that the necessary valuations and other information were obtained at the time that those transfers occurred. The interpretation is not expected to have significant effect on the consolidated financial statements.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December

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

4. Determination of fair values

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

(i) Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The market value of items of plant, equipment, fixtures and fittings is based on the quoted market prices for similar items.

(ii) Intangible assets

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

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

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

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

(iii) Investments in equity and debt securities

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

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

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

(v) Derivatives

The fair value of forward exchange contracts and option contracts are based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds) or option pricing models.

23

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December

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

4. Determination of fair values (continued)
(vi) Non-derivative financial liabilities

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

(vii) Exercise price of financial liability related to minority share put option

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

The Company has estimated a value based on multiple approaches including income approach (discounted cash flows) and market approach (comparable market multiples). The average of the values determined as of 31 August 2013, which the exercise date of the put option, is then discounted back to 31 December 2008.

5. Financial risk management
The Group has exposure to the following risks from its use of financial instruments:

- Credit risks
- Liquidity risks
- Market risk

This note presents information about the Group’s exposure to each of the above risks, the Group’s objectives, policies and processes for measuring and managing risk, and the Group’s management of capital.

The Company management has overall responsibility for the establishment and oversight of the Group’s risk management framework.

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

The instant impact of the global turmoil across global financial markets came out to be a sharp increase in foreign currency exchange rates in Turkey. Consequently, the depreciation of TRY against USD and EUR was 29.8% and 25.2%, respectively as at 31 December 2008 when compared to the exchange rates as at 31 December 2007. Please refer to note 29 for additional information on the Group’s exposure to this turmoil.

Credit risk

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

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

24

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December

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

5. Financial risk management (continued)
Credit risk (continued)

In monitoring customer credit risk, customers are grouped according to whether they are an individual or legal entity, ageing profile, maturity and existence of previous financial difficulties. Trade receivables and accrued service income are mainly related to the Group's subscribers. The Group exposure to credit risk on trade receivables is influenced mainly by the individual payment characteristics of postpaid subscribers.

Investments are preferred to be in liquid securities and mostly with counterparties that have a credit rating equal or better than the Group. Some of the collection banks have credit ratings that are lower than the Group's, or they may not be rated at all, however, policies are in place to review the paid-in capital and rating of counterparties periodically to ensure credit worthiness.

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

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

The Group establishes an allowance for doubtful receivables that represents its estimate of incurred losses in respect of receivables from subscribers. This allowance includes the specific loss component that relates to individual subscribers exposures, and adjusted for a general provision which is determined based on historical data of payment statistics. Impairment loss as a percentage of revenues represented 0.9% of revenues for the year ended 31 December 2008. If impairment loss as a percentage of revenues increased to 1.5% of revenues, the impairment loss would have been increased by $38,878, negatively impacting profit for the year ended 31 December 2008.

Liquidity risk

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

Market risk

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

Currency risk

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

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December

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

5. Financial risk management (continued)
Currency risk (continued)

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

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

Interest rate risk

The Group has not entered into any type of derivative instrument in order to hedge interest rate risk as at 31 December 2008.

6. Segment reporting
Geographical segments:

The primary format, geographical segments, is based on the dominant source and nature of the Group's risk and returns as well as the Group's internal reporting structure.

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

The Group comprises the following main geographical segments: Turkey, Ukraine, Republic of Belarus and Turkish Republic of Northern Cyprus.

Business segments:

In presenting information on the basis of business segments, segment revenue is based on the operational activity of the entities. Segment assets are based on the intended use of the assets.

The Group comprises the following main business segments: Telecommunications and betting businesses.

Communication fees, handset revenues, monthly fixed fees, simcard revenues are the main types of product and services included in the telecommunications business.

Commission fees are the type of service only included in the betting business.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December

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

6. Segment reporting (continued)
Geographical segments

	Turkey		**Ukraine**		**Turkish Republic of Northern Cyprus**		**Republic of Belarus**		**Other**		**Eliminations**		**Consolidated**	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Total external revenues	6,456,081	5,991,916	436,716	252,821	77,147	83,843	464	-	-	-	-	-	6,970,408	6,328,580
Inter-segment revenue	4,185	5,275	1,977	1,230	9,099	5,995	2	-	-	-	(15,263)	(12,500)	-	-
Total segment revenue	6,460,266	5,997,191	438,693	254,051	86,246	89,838	466	-	-	-	(15,263)	(12,500)	6,970,408	6,328,580
Segment result	1,959,157	1,928,611	(68,600)	(108,042)	23,424	13,631	(16,133)	-	(156)	(90)	2,662	48	1,900,354	1,834,158
Unallocated expense, net													(3,854)	(14,624)
Results from operating activities													1,896,500	1,819,534
Net finance income/(expense)													305,330	(242,774)
Share of profit/(loss) of equity accounted investees	(48,114)	(44,045)							151,104	108,951			102,990	64,906
Income tax expense													(549,758)	(322,418)
Profit for the period													1,755,062	1,319,248

27

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December

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

6. Segment reporting (continued)
Geographical segments (continued)

	Turkey		**Ukraine**		**Turkish Republic of Northern Cyprus**		**Other**		**Eliminations**		**Consolidated**	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Total external revenues	5,991,916	4,544,493	252,821	87,949	83,843							