TURKCELL ILETISIM HIZMETLERI A S
Form 6-K
August 12, 2008

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 **August 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: ý 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:** ý

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

EXHIBIT INDEX

1 Press Release dated August 6, 2008 ***"TURKCELL ILETISIM HIZMETLERI A.S. REPORTS RESULTS FOR THE SECOND QUARTER OF 2008"***

2 Consolidated Interim Financial Statements for the Period Ended 30 June 2008

EXHIBIT 1

TURKCELL ILETISIM HIZMETLERI A.S.

REPORTS RESULTS

FOR THE SECOND QUARTER OF 2008

Improved performance started with strong execution

Istanbul, Turkey, August 6, 2008 Turkcell (NYSE:TKC, ISE:TCELL), the leading provider of mobile communications services in Turkey, today announced results for the second quarter ended June 30, 2008. All financial results in this press release are unaudited, prepared in accordance with International Financial Reporting Standards (IFRS) and expressed in US$ unless otherwise stated.

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.

Second Quarter 2008 Results

Turkcell Iletisim Hizmetleri A.S. Reports Results for the Second Quarter 2008

Highlights for the Second Quarter 2008

§ Revenue increased by 16.7% to US$1,755.0 million compared to Q2 2007 (US$1,503.5 million)
§ EBITDA* increased by 7.4% to US$641.0 million compared to Q2 2007 (US$596.9 million)
§ Net income increased by 55.8% to US$426.4 million compared to Q2 2007 (US$273.6 million)
§ Turkcell s subscriber base grew by 4.7% to 35.4 million compared to Q2 2007 (33.8 million) as of June 30, 2008. The postpaid subscriber base grew by 13.1% to 6.9 million (6.1 million)
§ On an annual basis, blended minutes of usage per subscriber (MoU) increased by 3.6% to 92.6 minutes (89.4 minutes), and 25.8% on a quarterly basis.
§ Blended average revenue per user (ARPU) increased by 5.7% to US$14.9 compared to Q2 2007 (US$ 14.1), while the prepaid ARPU grew by 8.0% to US$9.5 (US$8.8)
§ Astelit increased its revenues by 100.9% to US$110.1 million compared to Q2 2007 (US$54.8 million) and continued to build on positive EBITDA generation

**EBITDA is a non-GAAP financial measure. See pages 12 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 bracketes following the operational and financial results for the second quarter 2008 refer to the same item in the second quarter of 2007. For further details, please refer to our consolidated financial statements and notes as at and for the quarter ended June 30, 2008 which can be accessed via our web site in the investor relations section (www.turkcell.com.tr).

Comments from the CEO, Sureyya Ciliv

I am pleased to see that Turkcell improved its performance and financial results during the second quarter of 2008. We increased our consolidated revenue by 17% to US$1.8 billion and recorded US$641 million EBITDA and US$426 million net income in the second quarter of 2008. I am also satisfied with the recovery in our subscriber additions and the consumption increase as a result of our actions and new offers during the quarter.

We quickly differentiated ourselves from competition during the second quarter. This was primarily achieved through our well designed pricing offers for various segments supported by our new communication campaign. Combined with our new pricing initiatives, we believe our overall value propositions continued to stand out against competition. As a result, we have ensured the momentum we seek for the remainder of 2008.

We believe we are well positioned and focused to handle the competitive challenges coming up in second half of 2008 and remain committed to attaining our year end targets.

On the international front, we acquired an 80% stake in Belarusian Telecommunications Network (BeST). I believe the acquisition of BeST represents an opportunity for Turkcell to gain access to a market with growth potential. We believe we can use our complimentary skills and experience gained in Ukraine and CIS effectively in Belarus to start differentiating BeST against the competition as soon as possible.

I thank to all the Turkcell employees and business partners for their continued hard work during this period.

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Second Quarter 2008 Results

Overview of the Second Quarter

During the second quarter, we continued operating in a difficult environment. This can be attributed to the weakening global macro environment, uncertainties in the local market as well as growing competition. We improved operational performance and as a result recorded better operational results in our subscriber base, ARPU and MoU in the second quarter as we have regained our marketing flexibility to launch new campaigns and offers and take necessary pricing actions at the end of February.

Since the end of February, we have been continuously rolling out strong offers while improving our subscribers price perception. Improved price perception helped increase customer satisfaction, enhance customer retention and strengthen brand image while stimulating usage during the quarter.

We relaunched our successful Pomegranate campaign at the end of first quarter, which provided free on-net usage in return for airtime top ups, having an immediate positive impact on usage starting from March that continued into the second quarter of 2008. In the second quarter of 2008, we recorded better subscriber growth, with a focus on postpaid, corporate and premium customers. Additionally, we achieved higher customer satisfaction and retention rates through our segmented retention activities which we were limited to do during the previous quarter.

Among the new offers, our homezone offer, which remains unique in our market, and our prepaid campaigns were well perceived and as a result led to improved customer satisfaction.

In line with our focus on the youth segment, we continued to cater to the youth segment and have introduced new offers particularly addressing the needs and expectations of all the students and people below the age 25 during the quarter.

We continued to focus on ensuring retention of our customers especially in the premium and corporate segments. We focused on improving our value perception of our corporate customers through the launch of a new tariff, customized complete communication solutions along with co-branding campaigns, and the minute packages aimed at the corporate segment.

As part of our ongoing efforts, recently in July, we introduced the most attractive offer for the largest community for both the prepaid and postpaid subscriers. Prepaid subscribers are granted incentives based on higher unit top ups and the postpaid subcribes upon the purchase of minute packages.

Our VAS revenues constituted 12% of the group s consolidated revenue in the second quarter of 2008. During this period, we recorded high usage levels in corparate messaging, mobile internet usage as well as increased subscriptions to data lines. On the consumer segment, we have seen the positive impact of the SMS campaigns.

All in all, we can state that we have addressed all major segments with improved offers and supported by strong communication campaigns. We believe we will continue to see the benefits of our actions during the second half of 2008.

Financial and Operational Review of Second Quarter 2008

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

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.

Second Quarter 2008 Results

Macro environment Information

	Q2 2007	Q1 2008	Q2 2008	Q2 2008-Q2 2007 % Chg	Q2 2008-Q1 2008 % Chg
TRY / US$ rate					
Closing Rate	1.3046	1.2765	1.2237	(6.2%)	(4.1%)
Average Rate	1.3317	1.1898	1.2448	(6.5%)	4.6%
INFLATION					
Consumer Price Index	1.5%	3.1%	2.8%	-	-

The uncertainty in the global markets continued into the second quarter of 2008. This, coupled with the rising political tension in Turkey, resulted in the depreciation of the TRY against USD during the first half of the year. The government raised its inflation target for the year and the consumer confidence index continued its downward trend. As for our operating environment, we believe that these developments in and out of Turkey although not quantifiable have, to some extent, impacted our operational, business and financial performance for the last two quarters.

As for the potential impact of increasing inflation on our financial results, so far we have not seen a material impact. However, we will continue to carefully monitor the global and local developments that may have an impact on our operating environment and our results of operations.

Financial Review

Profit & Loss Statement

(million US$)	**Q2 2007**	**Q1 2008**	**Q2 2008**	**Q2 2008-Q2 2007 % Chg**	**Q2 2008-Q1 2008 % Chg**
Total revenue	**1,503.5**	**1,574.4**	**1,755.0**	**16.7%**	**11.5%**
Direct cost of revenue	(768.4)	(825.1)	(847.0)	10.2%	2.7%
Depreciation and amortization	(197.8)	(192.5)	(172.5)	(12.8%)	(10.4%)
Administrative expenses	(54.4)	(72.2)	(73.4)	34.9%	1.7%

Selling and marketing expenses	(281.6)	(292.7)	(366.1)	30.0%	25.1%
EBITDA	**596.9**	**577.0**	**641.0**	**7.4%**	**11.1%**
EBITDA Margin	**39.7%**	**36.6%**	**36.5%**	**(3.2 p.p)**	**(0.1 p.p)**
Net finance income / (expense)	(110.2)	209.4	70.5	(164.0%)	(66.3%)
Finance expense	(163.5)	(15.9)	(15.3)	(90.6%)	(3.8%)
Finance income	53.3	225.3	85.8	61.0%	(61.9%)
Share of profit of equity accounted investees	8.4	19.9	29.3	248.8%	47.2%
Income tax expense	(46.4)	(126.3)	(118.9)	156.3%	(5.9%)
Net income	**273.6**	**486.8**	**426.4**	**55.8%**	**(12.4%)**

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Second Quarter 2008 Results

Revenue: We increased our revenues 16.7% in the second quarter of 2008 to US$1,755.0 million compared to the same quarter of 2007. This was mainly due to a 4.7% increase in our subscriber base, 6.5% appreciation of TRY against US$, and the price increase in 2007 as well as the contribution of our consolidated subsidiaries.

We increased our revenues in the second quarter of 2008 by 11.5% compared to a quarter ago. This was mainly attributable to the 25.8% increase in usage despite a 4.6% depreciation of TRY against US$ and decrease in interconnection revenue due to the downward revision in interconnection rates as of April 1, 2008.

On June 25th, we introduced an upward price adjustment of 3.66% on a blended basis in line with the trends in the general operating environment as well as customer behavior and trends in our competitive environment. However, the impact of this adjustment is not reflected in the second quarter results, yet.

Direct cost of revenue: Our direct cost of revenues, including depreciation and amortization, was realized at US$847.0 million with a 10.2% year on year increase. However, the share of direct cost of revenues in total revenues decreased to 48.3% from 51.1% a year ago. This was mainly due to lower depreciation and amortization expenses as a percent of revenues.

In the second quarter of 2008, direct cost of revenue including depreciation and amortization increased slightly by 2.7% compared to the previous quarter. The share of direct cost of revenue in total revenues in the second quarter of 2008 decreased to 48.3% from 52.4% in the first quarter of 2008. This was mainly due to the lower depreciation and amortization expenses as a percent of revenues and the decrease in interconnection costs due to the downward revision in interconnection rates as of April 1, 2008.

Selling and marketing expenses: In the second quarter of 2008 selling and marketing expenses increased by 30.0% compared to the same period of last year. The proportion of selling and marketing expenses in total revenue rose to 20.9% in the second quarter of 2008 from 18.7% a year ago. This stemmed from higher marketing expenses due to higher campaign activities and higher selling expenses with increased dealer and distributor activities in an active competitive environment.

Selling and marketing expenses increased 25.1% in the second quarter of 2008 compared to the first quarter of 2008. Selling and marketing expenses in total revenues also increased to 20.9% from 18.6% compared to the previous quarter. This was down to the increase in selling expenses due to higher gross acquisitions as well as the increase in marketing expenses due to higher campaign activities along with new offers introduced since the end of February that continued into this quarter.

General and Administrative expenses: In the second quarter of 2008, general and administrative expenses in nominal terms increased by 34.9% on an annual basis, however remaining flat on a quarterly basis. The increase on an annual basis was mainly due to an increase in wages and salaries as well as an average 6.5% appreciation of TRY against US$.

Share of profit of equity accounted investees: In the second quarter of 2008, our equity in net income of unconsolidated investees increased to US$29.3 million from US$8.4 million in the second quarter of 2007. This was mainly due to the solid operational growth in Fintur s operations.

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Second Quarter 2008 Results

Our 50% owned subsidiary A-Tel impacted two items in the financial statements. A-Tel s revenue generated from Turkcell, amounting to US$12.0 million, is netted 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 from selling and marketing expenses amounted to US$9.8 million and is recorded in the share of profit of equity accounted investees line of our financial statements.

Net finance income/(expense): We recorded a net finance income of US$70.5 million in the second quarter of 2008 compared to a financial loss of US$110.2 million in the second quarter of 2007. This was mainly attributable to the translation loss of US$19.4 million recorded in the second quarter of 2008, compared to a translation loss of US$139.9 million in the second quarter of 2007. The translation loss recorded in the second quarter of 2007 was mainly due to the forward contracts we engaged at the beginning of 2007. Our interest income for the second quarter of 2008, as compared to the second quarter of 2007, also rose due to an increase in our cash balance.

Net finance income in the second quarter of 2008 decreased from US$209.4 to US$70.5 million compared to the previous quarter. This was mainly due to US$19.4 million translation loss recognized in the second quarter of 2008 as opposed to US$125.8 million translation gain in the first quarter of 2008.

Income Tax Expense: The total taxation charge in the second quarter of 2008 increased by 156.3% year on year to US$118.9 million, mainly due to an increase in profit before tax.

Of the total tax charge in second quarter of 2008, US$112.6 million was related to current tax charges in the second quarter of 2008 and US$6.3 million deferred tax expense, which was realized during the quarter.

Income tax expense (million US$)	**Q2 2007**	**Q1 2008**	**Q2 2008**	**Q2 2008-Q2 2007 % Chg**	**Q2 2008-Q1 2008 % Chg**
Current Tax expense	(79.4)	(146.9)	(112.6)	41.8%	(23.3%)
Deferred Tax income /(expense)	33.0	20.6	(6.3)	(119.1%)	(130.6%)
Income Tax expense	(46.4)	(126.3)	(118.9)	156.3%	(5.9%)

EBITDA: In the second quarter of 2008 EBITDA, in nominal terms, increased 7.4% on annual basis. However, EBITDA margin decreased from 39.7% to 36.5% in the second quarter of 2007 mainly due to higher selling and marketing expenses in an increasingly competitive environment.

EBITDA, in nominal terms, increased 11.1% on a quarterly basis while the EBITDA margin remained almost flat.

Net income: In the second quarter of 2008, our net income increased 55.8% to US$426.4 million on an annual basis. The year on year growth was mainly attributable to a US$139.9 million translation loss that we recorded in the second quarter of 2007 while during the second quarter of 2008 we recorded only US$19.4 million translation loss. Net income margin increased to 24.3% in the second quarter of 2008 from 18.2% last year.

Net income in the second quarter of 2008 decreased by 12.4% on a quarterly basis.This mainly resulted from US$19.4 million translation loss in the second quarter of 2008 compared to the US$125.8 million translation gain in the previous quarter. Additionally, we realized a one-off payment in an amount of approximately US$19.8 million, which also adversely impacted net income. The net income margin in the first quarter of 2008 was 30.9% compared to 24.3% in the second quarter of 2008.

Second Quarter 2008 Results

Total Debt: Our consolidated debt amounted to US$638.4 million as of June 30, 2008. Of this total amount, US$535.6 million was related to our Ukraine operations.

Consolidated Cash Flow	**Q2**	**Q1**	**Q2**
(million US$)	**2007**	**2008**	**2008**
EBITDA	596.9	577.0	641.0
LESS:			
Capex and License	(190.7)	(192.5)	(229.4)
Turkcell	(94.6)	(97.4)	(99.2)
Ukraine	(53.0)	(55.5)	(57.8)
Investment & Marketable Securities	-	(25.0)	(7.1)
Net Interest Income	29.6	83.6	89.9
Other	(282.5)	(456.5)	(198.4)
Net Change in Debt	68.4	7.5	(6.9)
Dividend Paid	(411.9)	-	(502.3)
Cash Generated	(190.2)	(5.9)	(213.2)
Cash Balance	1,672.5	3,089.4	2,876.2

Cash Flow Analysis: Capital expenditures in the second quarter of 2008 amounted to US$229.4 million of which US$57.8 million was related to our Ukrainian operations.

As for the other item, major cash outflow in second quarter of 2008 was US$378 million, which mainly composed of corporate tax payments belonging to the first quarter of 2008 and 2007. On the other hand, major cash inflows were the US$89 million from bank overdraft and US$65 million frequency usage fee, which was paid in the first quarter of 2008 and recorded as expense in the second quarter.

Consequently, our cash position at the end of the second quarter of 2008 is US$2,876.2 million.

Although the capex budget planned for 2008 remains the same, we revised the planned capex for Astelit and Tellcom as US$300 million and up to US$150 million, respectively.

Second Quarter 2008 Results

Operational Review

Summary of Operational Data	**Q2 2007**	**Q1 2008**	**Q2 2008**	**Q2 2008-Q2 2007 % Chg**	**Q2 2008-Q1 2008 % Chg**
Number of total subscribers (million)	33.8	35.1	35.4	4.7%	0.9%
Number of postpaid subscribers (million)	6.1	6.6	6.9	13.1%	4.5%
Number of prepaid subscribers (million)	27.7	28.6	28.5	2.9%	(0.3%)
ARPU (Average Monthly Revenue per User), blended (US$)	14.1	13.2	14.9	5.7%	12.9%
ARPU, postpaid (US$)	38.2	37.4	37.6	(1.6%)	0.5%
ARPU, prepaid (US$)	8.8	7.8	9.5	8.0%	21.8%
ARPU, blended (TRY)	18.8	15.7	18.5	(1.6%)	17.8%
ARPU, postpaid (TRY)	50.9	44.5	46.7	(8.3%)	4.9%
ARPU, prepaid (TRY)	11.7	9.2	11.8	0.9%	28.3%
Churn (%)	4.7%	7.2%	6.9%	2.2pp	(0.3pp)
MOU (Average Monthly Minutes of usage per subscriber), blended	89.4	73.6	92.6	3.6%	25.8%

Subscribers: Our total subscriber base reached 35.4 million as of June 30, 2008, representing a 4.7% year on year increase. In the second quarter of 2008, we continued to record strong gross additions and led the market in a comparatively slower growing market. We recorded a net addition of approximately 202,000 during the second quarter of 2008.

We recorded the highest postpaid acquisitions in our history and our postpaid subscriber base grew by 13.1% compared to last year. This was achieved through our acquisition campaigns for postpaid and corporate as well as offers incentivizing switches from prepaid to postpaid subscriptions.

We also sustained growth on the prepaid front with 2.9% growth during the same period. On a quarterly comparison basis, our total subscriber base grew slightly by 0.9% while postpaid subscriber base grew by 4.5%. We also continued with our loyalty programs and churn prevention activities for the prepaid subscriber base.

Churn Rate: Churn refers to disconnected subscribers, whether disconnected voluntarily or involuntarily. In the second quarter of 2008, our churn rate was realized at 6.9%. This represented a 2.2 percentage points increase from 4.7% a year ago, reflecting an active competitive environment and the negative effect of the Telecom Authority s retail pricing decision of October 2007. However, this quarter the churn rate slightly decreased to 6.9% from 7.2% in the first quarter of 2008. The majority of the churn rate during the quarter was due to involuntary

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churn of the low ARPU generating prepaid subscribers who were acquired during previous quarters through periodical campaigns.

MoU: Our blended minutes of usage per subscriber (MoU), was realized at 92.6 minutes in the second quarter of 2008, which is the highest MoU since 2004. The 25.8% increase on a quarterly basis was due to the Pomegranate campaign for the individual subscribers, the redesigned newstudent tariff Bizbize Kampus for students younger than 25, our Homezone campaign, as well as the increase in the number of subscriptions to our simplified tariff options.

On an annual basis, MoU increased 3.6% compared to the second quarter of 2007, where usage had been boosted by the Pomegranate Campaign launched during that quarter. We decided to relaunch this successful campaign with a new incentive scheme at the end of February 2008, resulting in an improved MoU performance.

ARPU: Our blended average revenue per user (ARPU) increased by 5.7% to US$14.9 in the second quarter of 2008. This was a result of a 6.5% appreciation of TRY against US$ and the price increase in 2007.

In TRY terms ARPU decreased slightly by 1.6%. Postpaid ARPU decreased by 8.3% in TRY terms with higher subscriptions to new tariff launches offering usage incentives and the increase in data lines on track with our focus on Value Added Services. Prepaid ARPU increased 0.9% in TRY terms as a result of our effective usage incentives such as the Pomegranate campaign.

On a quarterly basis, ARPU increased 12.9% in US$ and 17.8% in TRY terms mainly due to the positive effect of the Pomegranate campaign, despite a 4.6% depreciation of TRY against US$.

We expect to increase TRY ARPU during the second half of 2008 compared to the first half of 2008. For the whole year, we expect flat TRY ARPU compared to 2007, due to the adverse impact of the macroeconomic developments and a downward revision in interconnection rates.

Regulatory and Legal Developments

Telecommunications Authority s on retail pricing decision

On December 18, 2007 Turkcell announced the commencement of litigation at the Highest Administrative Court and requested the suspension and annulment of the Telecommunications Authority (TA) s decision to control retail pricing for mobile operators. The TA s decision implied setting a lower ceiling for off-net calling prices (the tariffs that Turkcell charges its subscribers for calls that are terminated outside of its network-on other mobile operators networks) for all operators and asking Turkcell to set its on-net prices (the tariffs that Turkcell charges its subscribers for calls terminated on its network) to be not lower than its lowest interconnect rate.

As we believe to be in compliance with the Telecommunications Authority s decision regarding retail pricing decision, since the end of February, we have been relaunching new campaigns and offers and taking pricing actions that were halted between October 2007 and February 2008.

In June, the Highest Administrative Court suspended the TA s decision stating that Turkcell should set its on-net prices to be not lower than its lowest interconnection rate until the lawsuit ends. On the other hand, the High Administrative Court rejected Turkcell s request regarding the suspension of the decision about the off-net calling prices.

Electronic Communications Law

The Electronic Communications Law prepared by the Turkish Ministry with the aim of establishing a similar legislative system to the EU regulatory framework and existing Telecommunications Authority regulations, has been approved by the Parliament on July 31, 2008. While we believe

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Second Quarter 2008 Results

this development is an improvement for the better regulation of the Telecommunications sector in Turkey, it will result in an expansion of the Telecommunications Authority s powers and could lead to an increase in our current obligations.

International and Domestic Operations

Fintur

We hold a 41.45% stake in Fintur and through Fintur we hold interests in GSM operations in Kazakhstan, Azerbaijan, Moldova and Georgia.

FINTUR as of June 30, 2008	Q2 2007 Subscriber (mio)	Q1 2008 Subscriber (mio)	Q2 2008 Subscriber (mio)	Q2 2008 Q2 2007 %Chg	Q2 2007 Revenue (US$ mio)	Q1 2008 Revenue (US$ mio)	Q2 2008 Revenue (US$ mio)	Q2 2008 Q2 2007 %Chg
Kazakhstan	4.5	6.5	6.9	53.3%	199	225	242	21.6%
Azerbaijan	2.6	3.2	3.3	26.9%	104	117	134	28.8%
Moldova	0.5	0.5	0.6	20.0%	13	14	16	23.1%
Georgia	1.1	1.4	1.4	27.3%	39	48	54	38.5%
TOTAL	8.7	11.6	12.2	40.2%	355	404	446	25.6%

Fintur s operations continued to deliver positive operational performance during the second quarter of 2008. The total number of subscribers in Fintur s operations increased by 40.2% to 12.2 million in the second quarter of 2008. The consolidated revenues of Fintur reached US$446 million as of June 30, 2008.

We account for our investment in Fintur using the equity method. Fintur s contribution to income increased 78% to US$39.2 million in the second quarter of 2008.

Astelit

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

During the second quarter of 2008;

- Astelit continued to grow its net subscriber additions capturing the largest market share in net additions during the quarter
- Astelit s market share grew from 12% to 18% compared to the same period of last year.
- Astelit grew its subscriber base by 58.7% to 10.0 million
- Approximately 60% of the total subscriber base is active and they generate US$6.3 ARPU, which is quite in line with the weighted average ARPU in the market
- Astelit recorded US$110.1 million in revenues with a 100.9% year on year increase

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Second Quarter 2008 Results

Summary Data for Astelit	**Q2 2007**	**Q1 2008**	**Q2 2008**	**Q2 2008 Q2 2007 %Chg**	**Q2 2008 Q1 2008 %Chg**
Number of subscribers (million)					
Total	6.3	9.4	10.0	58.7%	6.4%
Active (3 months)[1]	4.0	5.8	*5.9*	*47.5%*	*1.7%*
Average Revenue per User (ARPU) in US$					
Total	3.0	3.3	3.8	26.7%	15.2%
Active (3 months)	5.0	5.4	*6.3*	*26.0%*	*16.7%*
Revenue	54.8	90.2	110.1	100.9%	22.1%
EBITDA[2]	(9.6)	2.1	3.6	137.5%	71.4%
Net Loss	(46.1)	(32.4)	(18.7)	59.4%	42.3%
Capex	53.0	55.5	57.8	9.1%	4.1%

Inteltek

Inteltek is our 55% owned subsidiary that operates in the sports betting business. Inteltek is operating under Fixed Odds Betting and Central Betting System contracts until a new tender is held by Spor Toto and operations start under the new tender. The new tender is announced to take place on August 12, 2008. Inteltek intends to participate to the new tender.

Acquisition of BeST in Belarus

As we announced on July 29, 2008, we signed a Share Purchase Agreement (SPA) to acquire an 80% stake in Belarusian Telecommunications Network (BeST) for a consideration of US$500 million. The payment is expected to be realized in 3 tranches whereas US$300 million is expected to be paid on the closing date and an additional US$100 million tranches are expected to be paid on December 31, 2009 and 2010 respectively. An additional payment of US$100 million shall be made when BeST records a full-year positive net income for the first time. The transaction is expected to close in 30 days from the SPA s signature date.

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 operating results 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.

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[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 for the reconciliation of Euroasia s EBITDA to net cash from operating activities. Eurasia holds 100% stake in Astelit.

Second Quarter 2008 Results

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 Revenues, Direct Cost of Revenues excluding depreciation and amortization, Selling and Marketing expenses, Administrative expenses, translation gain/(loss), financial income, income on unconsolidated subsidiaries, gain on sale of investments, income/(loss) from related parties, minority interest and other income/(expense). Our new EBITDA definition includes Revenues, Direct Cost of Revenues excluding depreciation and amortization, Selling and Marketing expenses and Administrative expenses, but excludes translation gain/(loss), financial income, income on unconsolidated subsidiaries, 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 provided by operating activities, which we believe is the most directly comparable financial measure calculated and presented in accordance with IFRS.

TURKCELL	**Q2**	**Q1**	**Q2**	**Q2 2008-Q2 2007**	**Q2 2008-Q1 2008**
US$ million	**2007**	**2008**	**2008**	**% Chg**	**% Chg**
EBITDA	596.9	577.0	641.0	7.4%	11.1%
Income Tax Expense	(46.4)	(126.4)	(118.9)	156.3%	(5.9%)
Other operating income/(expense)	3.1	1.4	(1.6)	(151.6%)	(214.3%)
Financial income	3.8	3.2	10.0	163.2%	212.5%
Financial expense	(8.3)	(2.4)	(12.7)	53.0%	429.2%
Net (decrease)/ıncrease in assets and liabilities	(236.5)	(292.9)	(252.9)	6.9%	(13.7%)
Net cash from operating activities	312.6	159.9	264.9	(15.3%)	65.7%

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Second Quarter 2008 Results

EUROASIA (Astelit) **US$ million**	**Q2** **2007**	**Q1** **2008**	**Q2** **2008**	**Q2 2008-Q2 2007** **% Chg**	**Q2 2008-Q1 2008** **% Chg**
EBITDA	(9.6)	2.1	3.6	(137.5%)	71.4%
Other operating income/(expense)	-	0.1	(0.1)	-	(200.0%)
Financial income	0.4	0.8	1.8	350.0%	125.0%
Financial expense	(17.2)	(9.1)	(12.5)	(27.3%)	37.4%
Net increase/(decrease) in assets and liabilities	(11.0)	26.6	37.4	(440.0%)	40.6%
Net cash from operating activities	(37.4)	20.5	30.2	(180.7%)	47.3%

Turkcell Group Subscribers

We have approximately 48.6 million proportionate GSM subscribers as of June 30, 2008. This is calculated by taking the number of GSM subscribers in Turkcell and each of our subsidiaries and multiplying the number of unconsolidated investees by our percentage ownership interest in each subsidiary. This figure includes the proportionate rather than total number of Fintur s GSM subscribers.However, it includes the total number of GSM subscribers in Astelit and in our operations in the Turkish Republic of Northern Cyprus (Northern Cyprus) because the financial statements of our subsidiaries in Ukraine and Northern Cyprus are consolidated with Turkcell s financial statements.

Turkcell Group Subscribers **(million)**	**Q2** **2007**	**Q1** **2008**	**Q2** **2008**	**Q2 2008-** **Q2 2007** **% Chg**	**Q2 2008-Q1 2008** **% Chg**
Turkcell	33.8	35.1	35.4	4.7%	0.9%
Ukraine	6.3	9.4	10.0	58.7%	6.4%
Fintur (pro rata)	2.1	2.8	3.0	42.9%	7.1%
Northern Cyprus	0.3	0.3	0.2	(33.3%)	(33.3%)
TURKCELL GROUP	**42.5**	**47.6**	**48.6**	**14.4%**	**2.1%**

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. 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.

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Second Quarter 2008 Results

ABOUT TURKCELL

Turkcell is the leading GSM operator in Turkey with 35.4 million postpaid and prepaid customers as of June 30, 2008 operating in a three player market with a market share of approximately 56% as of March 31, 2008 (Source: The Telecommunications Authority). 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 587 operators in 200 countries as of July 10, 2008. Serving a large subscriber base in Turkey with its high-quality wireless telephone network, Turkcell reported US$3.3 billion net revenues for the six months as of June 30, 2008 and US$6.3 billion net revenues as of December 31, 2007 as per IFRS financial statements. Turkcell has interests in international GSM operations in Azerbaijan, 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

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EXHIBIT 2

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED INTERIM BALANCE SHEET

As at 30 June 2008

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

	Note	30 June 2008	31 December 2007
Assets			
Property, plant and equipment	11	2,237,709	2,221,895
Intangible assets	12	1,283,873	1,375,403
Investments in equity accounted investees	13	723,918	664,385
Other investments	14	40,312	42,354
Due from related parties	31	57,816	68,871
Other non-current assets	15	52,812	44,171
Deferred tax assets	16	2,739	2,446
Total non-current assets		**4,399,179**	**4,419,525**
Inventories		21,181	23,424
Other investments	14	56,505	28,218
Due from related parties	31	79,872	52,482
Trade receivables and accrued income	17	681,121	558,563
Other current assets	18	310,201	291,534
Cash and cash equivalents	19	2,876,213	3,095,300
Total current assets		**4,025,093**	**4,049,521**
Total assets		**8,424,272**	**8,469,046**
Equity			
Share capital	20	1,636,204	1,636,204
Share premium	20	434	434

Reserves	20	784,433	931,913
Retained earnings	20	3,513,483	3,224,526
Total equity attributable to equity holders of			
Turkcell Iletisim Hizmetleri Anonim Sirketi		**5,934,554**	**5,793,077**
Minority interest	20	**171,887**	**138,128**
Total equity		**6,106,441**	**5,931,205**
Liabilities			
Loans and borrowings	22	522,723	140,404
Employee benefits	23	31,299	27,229
Other non-current liabilities		837	-
Deferred tax liabilities	16	110,202	132,388
Total non-current liabilities		**665,061**	**300,021**
Bank overdraft	19	95,081	2,125
Loans and borrowings	22	115,635	619,555
Income taxes payable	10	147,566	443,194
Trade and other payables	26	815,845	759,019
Due to related parties	31	23,626	17,978
Deferred income	24	389,165	324,815
Provisions	25	65,852	71,134
Total current liabilities		**1,652,770**	**2,237,820**
Total liabilities		**2,317,831**	**2,537,841**
Total equity and liabilities		**8,424,272**	**8,469,046**

The notes on page 6 to 83 are an integral part of these consolidated interim financial statements.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED INTERIM INCOME STATEMENT

For the six and three months ended 30 June 2008

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

		Six months ended		**Three months ended**	
		30 June	**30 June**	**30 June**	**30 June**
	Note	**2008**	**2007**	**2008**	**2007**
Revenue	7	3,329,438	2,798,277	1,755,058	1,503,516
Direct cost of revenue		(1,672,115)	(1,454,421)	(847,013)	(768,426)
Gross profit		**1,657,323**	**1,343,856**	**908,045**	**735,090**
Other income		2,398	8,352	148	5,242
Selling and marketing expenses		(658,757)	(513,313)	(366,119)	(281,618)
Administrative expenses		(145,608)	(106,859)	(73,400)	(54,427)
Other expenses		(22,485)	(4,099)	(21,617)	(2,083)
Results from operating activities		**832,871**	**727,937**	**447,057**	**402,204**
Finance income	9	311,149	130,044	85,800	53,274
Finance expense	9	(31,238)	(214,675)	(15,338)	(163,535)
Net finance income/(expense)		**279,911**	**(84,631)**	**70,462**	**(110,261)**
Share of profit of equity accounted investees	13	49,243	26,150	29,376	8,471
Profit before income tax		**1,162,025**	**669,456**	**546,895**	**300,414**
Income tax expense	10	(245,210)	(147,034)	(118,858)	(46,422)
Profit for the period		**916,815**	**522,422**	**428,037**	**253,992**
Attributable to:					
Equity holders of Turkcell Iletisim Hizmetleri Anonim Sirketi		913,236	545,769	426,446	273,631
Minority interest		3,579	(23,347)	1,591	(19,639)
Profit for the period		**916,815**	**522,422**	**428,037**	**253,992**
Basic and diluted earnings per share (in full USD)	21	0.415107	0.248077	0.193839	0.124378

The notes on page 6 to 83 are an integral part of these consolidated interim financial statements.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED INTERIM STATEMENT OF RECOGNIZED INCOME AND EXPENSE

For the six and three months ended 30 June 2008

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

	Six months ended		**Three months ended**	
	30 June 2008	**30 June 2007**	**30 June 2008**	**30 June 2007**
Foreign currency translation differences	(256,291)	284,541	212,159	207,586
Net change in fair value of available-for-sale securities	(9,514)	2,200	(8,791)	1,851
Income and expense recognized directly in equity	**(265,805)**	**286,741**	**203,368**	**209,437**
Profit for the period	916,815	522,422	428,037	253,992
Total recognized income for the period	**651,010**	**809,163**	**631,405**	**463,429**
Attributable to:				
Equity holders of Turkcell Iletisim Hizmetleri Anonim Sirketi	643,811	831,385	629,759	481,943
Minority interest	7,199	(22,222)	1,646	(18,514)
Total recognized income for the period	**651,010**	**809,163**	**631,405**	**463,429**

The notes on page 6 to 83 are an integral part of these consolidated interim financial statements.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the six months ended 30 June 2008

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

	Six months ended 30 June	
	2008	**2007**
Cash flows from operating activities		
Profit for the period	**916,815**	**522,422**
Adjustments for:		
Depreciation	235,635	260,268
Amortization of intangibles	129,389	126,294
Foreign exchange (gain)/loss net	(106,028)	177,508
Net finance income	(184,797)	(98,775)
Provision for doubtful receivables	26,176	14,303
Income tax expense	245,210	147,034
Share of profit of equity accounted investees	(72,732)	(47,494)
Loss/(Gain) on sale of property, plant and equipment	1,184	(4,323)
Translation reserve	(17,675)	23,570
Amortization of transaction costs of borrowings	-	12,393
Deferred income	80,011	(12,926)
	1,253,188	**1,120,274**
Change in trade receivables	(174,136)	(110,494)
Change in due from related parties	(18,543)	37,887
Change in inventories	1,112	358
Change in prepaid expenses	(159,343)	(130,520)
Change in other current assets	(23,013)	(103,680)
Change in other non-current assets	(5,606)	101,801
Change in due to related parties	6,488	1,123
Change in trade and other payables	(10,719)	(12,448)
Change in other current liabilities	100,539	114,211
Change in other non-current liabilities	837	(7,846)
Change in employee benefits	5,383	3,787
Change in provisions	(1,853)	(8,459)
	974,334	**1,005,994**
Interest paid	(18,083)	(25,289)
Income tax paid	(531,463)	(336,578)
Dividend received	-	11,960
Net cash from operating activities	**424,788**	**656,087**
Cash flows from investing activities		
Proceeds from sale of property plant and equipment	3,942	11,586
Proceeds from currency option contracts	5,965	3,851
Proceeds from sale of available-for-sale financial assets	26,758	17,386
Proceeds from settlement of held-to-maturity investments	-	7,665
Interest received	209,824	123,047
Dividends received	10,250	16,744
Acquisition of property, plant and equipment	(324,148)	(237,209)
Acquisition of intangibles	(91,964)	(83,472)

Acquisition of minority interest	-	(751)
Payment of currency option contracts premium	(2,482)	(3,489)
Acquisition of available-for-sale financial assets	(58,763)	(119)
Net cash used in investing activities	**(220,618)**	**(144,761)**
Cash flows from financing activities		
Payment of transaction costs	-	(205)
Dividends paid	(556,972)	(457,625)
Proceeds from issuance of loans and borrowings	456,500	436,646
Repayment of borrowings	(455,903)	(426,154)
Change in minority interest	90,782	71,378
Net cash used in financing activities	**(465,593)**	**(375,960)**
Effects of foreign exchange rate fluctuations on balance sheet items	**(156,648)**	**104,271**
Net increase in cash and cash equivalents	**(418,071)**	**239,637**
Cash and cash equivalents at 1 January	**3,093,175**	**1,598,355**
Effect of exchange rate fluctuations on cash and cash equivalents	106,028	(177,508)
Cash and cash equivalents at 30 June	**2,781,132**	**1,660,484**

The notes on page 6 to 83 are an integral part of these consolidated interim financial statements.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As at and for the six and three months ended 30 June 2008

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

Notes to the consolidated interim financial statements

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As at and for the six and three months ended 30 June 2008

(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.

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 30 June 2008, two significant founding shareholders, Sonera Holding BV and Cukurova Group 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, one of Russia s leading private telecommunications investors. On the basis of publicly available information, Alfa Group transferred control of over 50% of its previously held shares to Nadash in January 2008.

The consolidated interim financial statements of the Company as at and for the six and three months ended 30 June 2008 comprise the Company and its twenty one subsidiaries (together referred to as the Group) and the Group s interest in one associate and one joint venture. The Company s and each of its subsidiaries , associate s and joint venture s interim financial statements are prepared as at and for the six and three months ended 30 June 2008.

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TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As at and for the six and three months ended 30 June 2008

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

2. Basis of preparation

(a) Statement of compliance

The consolidated interim 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 interim financial statements were approved by the Board of Directors on 6August 2008.

(b) Basis of measurement

The accompanying consolidated interim 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 interim financial statements are presented in US Dollars (USD), rounded to the nearest thousand. Moreover, all financial information expressed in 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) is Ukrainian Hryvnia.

(d) Use of estimates and judgments

The preparation of interim financial statements in conformity with International Accounting Standards No:34 (IAS 34) *Interim Financial Reporting* 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 estimates, uncertainty and critical judgements about the contingencies are described in note 30 and detailed analysis with respect to accounting estimates and judgements of bad debts, useful life or expected pattern of consumption of the future economic benefits embodied in depreciable assets is provided below:

Key sources of estimation uncertainty

In note 27, detailed analysis is provided for the foreign exchange exposure of the Company and risks in relation to foreign exchange movements.

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TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As at and for the six and three months ended 30 June 2008

(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

Certain critical accounting judgments in applying the Company 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, past experience and general economic conditions.

Useful life 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 License is based on duration of the license agreement.

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 Company 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.

Income taxes

The calculation of tax charge 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 interim 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.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As at and for the six and three months ended 30 June 2008

(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

Income taxes (continued)

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 interim financial statements, and have been applied consistently by 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 interim financial statements of subsidiaries are included in the consolidated interim 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.

(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* . 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.

(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 interim 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 30 June 2008 are Fintur Holdings BV (Fintur) and A-Tel Pazarlama ve Servis Hizmetleri AS (A-Tel).

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As at and for the six and three months ended 30 June 2008

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

3. Significant accounting policies (continued

(a) Basis of consolidation (continued)

(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 interim 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.

(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. 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 interim 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.

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TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As at and for the six and three months ended 30 June 2008

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

3. Significant accounting policies (continued

(b) Foreign currency (continued)

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

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.

(c) Financial instruments

(i) Non-derivative financial instruments

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

Non-derivative financial instruments 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.

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(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)

Other

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

(ii) Derivative financial instruments

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

Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and 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.

(iii) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

(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.

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.

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3. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(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.

(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 and 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	25 50 years
Network infrastructure	3 8 years
Equipment, fixtures and fittings	4 5 years
Motor vehicles	4 5 years
Central betting terminals	1 year
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)).

(i) 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.

(ii) Amortization

Amortization is recognized in the profit or loss on a straight line basis over the estimated useful lives of intangible assets unless such 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 years
Customer base	2 years

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3. Significant accounting policies (continued)

(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 and 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 and 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 30 June 2008, inventories 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.

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).

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3. Significant accounting policies (continued)

(h) Impairment (continued)

(ii) Non-financial assets (continued)

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 2,173 as at 30 June 2008 (equivalent to full $1,776 as at 30 June 2008) (31 December 2007: full TRY 2,030 (equivalent to full $1,659 as at 30 June 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 interim 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. The calculation was based upon the retirement pay ceiling announced by the Government.

(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 Company initiated a defined contribution retirement plan for all eligible employees during 2005. Besides, during 2006, Inteltek Internet Teknoloji Yatirim ve Danismanlik Ticaret AS (Inteltek) and Bilyoner Interaktif Hizmetler AS (Bilyoner), during 2007 Kule Hizmet ve Isletmecilik AS (TurkKule), Turkcell Teknoloji Arastirma ve Gelistirme AS (Turkcell Teknoloji) and Tellcom Iletisim Hizmetleri AS (Tellcom) initiated defined contribution plan for all eligible employees. The assets of the plan are held separately from the consolidated interim 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.

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3. Significant accounting policies (continued)

(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 30 June 2008.

(k) Revenue

Communication fees include all types of postpaid revenues from incoming and outgoing calls, additional services and prepaid 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. Instead, deferred income is recorded under current liabilities.

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.

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. Commission revenues are recognized at the time all the services related with the games are fully rendered. Under the head agency agreement, 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.

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3. Significant accounting policies (continued)

(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.

(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 hedging 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. All borrowing costs are recognised in profit or loss 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 tax

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.

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3. Significant accounting policies (continued)

(o) Income tax (continued)

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.

(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.

Inter-segment pricing is determined on an arm s length basis.

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 30 June 2008, and have not been applied in preparing these consolidated interim 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). It is not expected to have any impact on the consolidated financial statements.

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.

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3. Significant accounting policies (continued)

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

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 any impact on the consolidated financial statements.

Revised IAS 1 Presentation of Financial Statements does not change the recognition measurement or disclosure of transactions and events that are required by other IFRSs. The revised standard introduces as a financial statement the statement of comprehensive income . The revised standard is effective for annual financial periods beginning on or after 1 January 2009, with early adoption permitted.

Revised IFRS 3 Business Combinations made changes to the scope of IFRS 3, revised the definition of business, made some revisions at recognition principles of acquired assets and enhanced the disclosure requirements. The revised standard is effective for annual financial periods beginning on or after 1 July 2009, with early adoption permitted for annual periods beginning on or after 30 June 2007 providing that the entity also applies IAS 27 in the same period.

Revised IAS 27 Consolidated and Separate Financial Statements mainly changes the accounting for non-controlling interest and the loss of control of a subsidiary. The revised standard is effective for annual financial periods beginning on or after 1 July 2009, with early adoption permitted providing that the entity also applies IAS 27 in the same period.

Amendments to IFRS 2 Share-based Payment Vesting Conditions and Cancellations clarifies the definition of vesting conditions, introduces the concept of nonvesting 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 is effective for annual periods beginning on or after 1 January 2009, with early adoption permitted and is not expected to have any effect 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 improve the accounting for particular types of financial instruments that have characteristics similar to ordinary shares but are at present classified as financial liabilities. The amendments will apply for annual periods beginning on or after 1 January 2009, with earlier application is permitted and is not expected to have any effect on the consolidated financial statements.

The following amendments to standards and interpretations have been issued subsequent to 30 June 2008:

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 interpretations 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.

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3. Significant accounting policies (continued)

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

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.

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 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 is 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.

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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.

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.

Credit risk

Credit risk is the risk of 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.

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 post-paid subscribers.

Investments are allowed only 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 capital adequacy ratios periodically to ensure credit worthiness.

Transactions involving derivatives are with counterparties with whom the Group has signed agreements and which have sound credit ratings. The Group does not expect any counterparty fail to meet its obligations

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TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

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As at and for the six and three months ended 30 June 2008

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

5. Financial risk management (continued)

Credit risk (continued)

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 0.8% and 1.0% of revenues for the six and three months ended 30 June 2008. If impairment loss as a percentage of revenues increased to 1.5% of revenues, the impairment loss would have been increased by $23,351 and $9,292, negatively impacting profit for the six and three months ended 30 June 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 and borrowings 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.

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. When necessary, forward exchange contracts are rolled over at maturity.

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

To manage foreign currency risk more efficiently, the Group enters into forward contracts, details of which are given in note 27.

Interest rate risk

The Group has not entered into any type of derivative instrument in order to hedge interest rate risk as at 30 June 2008.

The Board s policy is to maintain a strong capital base as to maintain investor, creditor and market confidence and to sustain future development of the business.

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TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

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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, 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.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

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As at and for the six and three months ended 30 June 2008

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

6. Segment reporting (continued)

Geographical segments

	Six months ended 30 June											
	Turkey		**Ukraine**		**Turkish Republic of Northern Cyprus**		**Other**		**Eliminations**		**Consolidated**	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Total external revenues	3,087,583	2,661,336	199,695	96,794	42,160	40,147	-	-	-	-	3,329,438	2,798,277
Inter-segment revenue	974	2,004	568	616	3,942	2,876	-	-	(5,484)	(5,496)	-	-
Total segment revenue	3,088,557	2,663,340	200,263	97,410	46,102	43,023	-	-	(5,484)	(5,496)	3,329,438	2,798,277
Segment result	885,460	785,018	(46,673)	(64,290)	12,377	3,708	(26)	-	1,820	(752)	852,958	723,684
Unallocated income/(expense), net											(20,087)	4,253
Results from operating activities											832,871	727,937
Net finance income/(expense)											279,911	(84,631)
Share of profit/(loss) of equity accounted investees	(20,534)	(17,926)	-	-	-	-	69,777	44,076	-	-	49,243	26,150
Income tax expense											(245,210)	(147,034)
Profit for the period											916,815	522,422

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TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As at and for the six and three months ended 30 June 2008

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

6. Segment reporting (continued)

Geographical segments (continued)

	Three months ended 30 June											
	Turkey		**Ukraine**		**Turkish Republic of Northern Cyprus**		**Other**		**Eliminations**		**Consolidated**	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Total external revenues	1,623,873	1,428,306	109,783	54,016	21,402	21,194	-	-	-	-	1,755,058	1,503,516
Inter-segment revenue	188	1,284	314	616	2,309	1,759	-	-	(2,811)	(3,659)	-	-
Total segment revenue	1,624,061	1,429,590	110,097	54,632	23,711	22,953	-	-	(2,811)	(3,659)	1,755,058	1,503,516
Segment result	484,171	427,062	(23,034)	(29,193)	6,342	2,034	(26)	-	1,073	(858)	468,526	399,045
Unallocated income/(expense), net											(21,469)	3,159
Results from operating activities											447,057	402,204
Net finance income/(expense)											70,462	(110,261)
Share of profit/(loss) of equity accounted investees	(9,808)	(13,485)	-	-	-	-	39,184	21,956	-	-	29,376	8,471
Income tax expense											(118,858)	(46,422)
Profit for the period											428,037	253,992

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TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As at and for the six and three months ended 30 June 2008

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6. Segment reporting (continued)

Geographical segments (continued)

As at 30 June 2008 and 31 December 2007

	Turkey		**Ukraine**		**Turkish Republic of Northern Cyprus**		**Other**		**Consolidated**	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Segment assets	3,832,916	3,730,627	799,976	708,005	74,875	70,570	34	125,066	4,707,801	4,634,268
Investment in equity accounted investees	134,223	149,306	-	-	-	-	589,695	515,079	723,918	664,385
Unallocated assets									2,992,551	3,170,393
Total assets									8,424,270	8,469,046
Segment liabilities	1,196,680	1,096,780	121,385	91,561	8,525	12,694	34	48	1,326,624	1,201,083
Unallocated liabilities									991,207	1,336,758
Total liabilities									2,317,831	2,537,841

Six months ended 30 June

	Turkey		**Ukraine**		**Turkish Republic of Northern Cyprus**		**Other**		**Consolidated**	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Capital expenditure	296,448	188,440	113,233	103,009	12,180	29,232	-	-	421,861	320,681
Depreciation	198,925	235,486	34,732	21,488	1,978	3,294	-	-	235,635	260,268
Amortization of intangible assets	110,455	108,969	17,177	16,482	1,757	843	-	-	129,389	126,294

Three months ended 30 June

	Turkey		**Ukraine**		**Turkish Republic of Northern Cyprus**		**Other**		**Consolidated**	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Capital expenditure	169,308	109,647	57,751	53,038	2,297	27,999	-	-	229,356	190,684
Depreciation	92,678	120,479	18,607	11,928	979	1,644	-	-	112,264	134,051
Amortization of intangible assets	51,519	55,870	7,813	7,428	885					