

TURKCELL ILETISIM HIZMETLERI A S
Form 6-K
May 20, 2009

FORM 6-K

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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

For the month of **May 2009**

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: **Form 40-F:**

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

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.

EXHIBIT INDEX

- 99.1 Press Release dated May 13, 2009 (Turkcell Iletism Hizmetleri A.S. First Quarter 2009 Results - "Technology Leadership, Efficiency and Customer Focus Produce Solid Results")
- 99.2 Turkcell Iletisim Hizmetleri A.S. Consolidated Interim Financial Statements As at 31 March 2009
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TURKCELL ILETISIM HIZMETLERI A.S.

FIRST QUARTER 2009 RESULTS

“Technology Leadership, Efficiency and Customer Focus Produce Solid Results”

Istanbul, Turkey, May 13, 2009 – Turkcell (NYSE:TKC, ISE:TCELL), the leading provider of mobile communications services in Turkey, today announced results for the first quarter ended March 31, 2009. All financial results in this press release are unaudited, prepared in accordance with International Financial Reporting Standards (“IFRS”) and expressed in US\$.

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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.

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Highlights of the quarter

- § Turkcell recorded strong financial results despite the global economic downturn, which became more visible in Turkey since the fourth quarter of 2008, leading to a 38% year on year depreciation of TRY against US\$ on average
- § Revenue increased by 12.3% to TRY2,103 million (TRY1,873 million) and net income slightly decreased to TRY563 million (TRY583 million) year on year
- § EBITDA* increased by 12.6% to TRY774 million (TRY687 million) compared to Q1 2008.
- § EBITDA margin in 1Q 2009 improved by 3.8 pp compared to the previous quarter due to effective cost management
- § Revenue decreased by 18.5% to US\$1,283 million (US\$1,574 million), EBITDA decreased by 18.2% to US\$472 million (US\$577 million), and net income decreased by 29.3% to US\$344 million (US\$487 million) in US\$ terms compared to Q1 2008 mainly due to the impact of the depreciation of the TRY
- § Group subscribers annually increased by 9% to 61.4 million with 1.3 million new subscriptions from Turkcell Turkey and 2.1 million from Astelit
- § Turkcell decided to distribute TRY1,098 million (approximately US\$706 million as of May 13, 2009) as cash dividends, representing a 69% increase compared to the previous year

**EBITDA is a non-GAAP financial measure. See pages 14-15 for the reconciliation of EBITDA to net cash from operating activities.*

In this press release, a year on year comparison of our key indicators is provided and figures in parentheses following the operational and financial results for the first quarter 2009 refer to the same item in the first quarter of 2008. For further details, please refer to our consolidated financial statements and notes as at and for the quarter ended March 31, 2009 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 very pleased that Turkcell's technology leadership, improved efficiency and customer focus resulted in solid financial results in the first quarter of 2009 despite the global economic downturn. Revenues increased by 12.3% to TRY2,103 million, EBITDA increased by 12.6% to TRY774 million and Net Income slightly decreased by 3.5% to TRY563 million compared to last year. EBITDA margin improved by 3.8 points from the previous quarter to 37%. VAS revenues for the quarter grew 26%, to 16% of our consolidated revenues up from 14% in the first quarter of 2008. We also announced a record cash dividend distribution of TRY1,098 million to our shareholders.

We plan to build on our strengths in technology, efficiency, and customer service. We are particularly excited about launching 3G services in Turkey within 3 months. We see this as a major opportunity to further differentiate Turkcell from competition through innovative services.

I would like to thank all of our employees, customers, business partners and shareholders for their enormous contribution in helping create a winning culture in Turkcell and their continuing support. For this reason, we are very excited and confident about the future.”

OVERVIEW OF THE QUARTER

The first quarter of 2009 has been another challenging period during which the impact of the global macroeconomic volatility on Turkey’s financial markets became more evident.

In addition, as expected, competition intensified while operators continued to focus on lower flat rate packages and offered unlimited schemes for the first time.

Turkcell focused on maintaining ARPU by increasing average monthly minutes of use per subscriber. We succeeded in growing our postpaid subscriber base, and put a priority on ensuring the retention of value subscribers. We continued to promote on-net usage with new, attractive campaigns and a simplified tariff structure. We successfully promoted usage of value added services; VAS revenues improved by 26% in TRY terms compared to a year ago and, constituted 16% of our consolidated revenue in the first quarter of 2009.

On November 9th 2008, the Mobile Number Portability began in our market. We believe, as a leading player, we have been managing the process successfully. As we have predicted before, the mobile number portability implementation did not have a major impact on market balances in Turkey, thanks to level of satisfaction and loyalty of our subscriber base.

During the quarter, we continued to underline our strong value propositions, enhancing our activities to our mass customer base besides our youth and corporate club members. As a result, during the quarter, we maintained our leading position with 56% subscriber market share and further sustained our share of traffic and revenue.

Macro environment Information

	Q1 2008	Q4 2008	Q1 2009	Q1 2009-Q1 2008 % Chg	Q1 2009-Q4 2008 % Chg
TRY / US\$ rate					
Closing Rate	1.2765	1.5123	1.6880	32.2%	11.6%
Average Rate	1.1898	1.4769	1.6407	37.9%	11.1%
INFLATION					
Consumer Price Index	3.1%	3.0%	1.0%	(2.1)pp	(2.0)pp
GDP Growth	7.3%	(6.2%)	n/a	-	-

The TRY deteriorated sharply against the USD by 37.9 % year on year and 11.1% compared to the previous quarter, impacting our USD financial results. GDP contracted 6.2% during the fourth quarter of 2008. The global crisis has also adversely affected the Ukrainian and the Belarusian economies. In the first quarter of 2009 the Ukrainian Hrvinia devalued by 52% against USD and Belarus devalued its currency by 26% against USD year on year.

While determining our business plans, we will continue to closely monitor and take into consideration the potential impact of global volatility on the economies in which we operate.

Financial and Operational Review of the First Quarter 2009

The following discussion focuses principally on the developments and trends in our business in the first quarter of 2009. Selected financial information for the first quarter of 2008, fourth quarter of 2008 and first quarter of 2009 is also included at the end of this press release.

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

Financial Review

Profit & Loss Statement (million US\$)	(million US\$)		(million TRY)					
	Q108	Q408	Q109	Q109-Q108 % Chg	Q109-Q408 % Chg	Q109	Q109-Q108 % Chg	Q109-Q408 % Chg
Total Revenue	1,574.4	1,585.0	1,283.1	(18.5%)	(19.0%)	2,103.4	12.3%	(9.8%)
Direct cost of revenues	(825.1)	(801.4)	(630.7)	(23.6%)	(21.3%)	(1,033.6)	5.3%	(12.4%)
Depreciation and amortization	(192.5)	(142.9)	(118.3)	(38.5%)	(17.2%)	(193.8)	(15.3%)	(8.1%)
Administrative expenses	(72.2)	(75.8)	(59.9)	(17.0%)	(21.0%)	(98.2)	14.3%	(12.0%)
Selling and marketing expenses	(292.7)	(326.2)	(238.7)	(18.4%)	(26.8%)	(391.8)	12.7%	(18.5%)
EBITDA	577.0	524.5	472.2	(18.2%)	(10.0%)	773.6	12.6%	0.4%
EBITDA Margin	36.6%	33.1%	36.8%	0.2 pp	3.7 pp	36.8%	0.1 pp	3.8 pp
Net financial income / expense)	209.4	(41.5)	108.5	(48.2%)	361.4%	177.4	(29.7%)	(347.8%)
Financial expense	(15.9)	(88.8)	(33.6)	111.3%	(62.2%)	(55.5)	172.1%	(65.5%)
Financial income	225.3	47.3	142.1	(36.9%)	200.4%	232.9	(14.6%)	160.5%
Share of profit of associates	19.9	28.6	9.6	(51.8%)	(66.4%)	15.1	(42.4%)	(62.4%)
Income tax expense	(126.3)	(144.3)	(120.1)	(4.9%)	(16.8%)	(196.9)	28.9%	(5.3%)
Net Income	486.8	319.8	344.2	(29.3%)	7.6%	562.6	(3.5%)	21.7%

Revenue: Despite the continuing challenges due to the macroeconomic environment, the increase in Turkcell's subscriber base, the partial effect of the increase in usage and upward price adjustments contributed positively to our revenue compared to a year ago. In TRY terms, revenue increased by 12.3% to TRY 2,103.4 million compared to a year ago, although Turkcell recorded revenue of US\$1,283.1 million for the first quarter, down 18.5% mainly due to the depreciation of TRY against USD.

Quarter on quarter, revenue decreased by 19.0%, driven by the worsened macroeconomic environment and lower subscriber base and decreasing contribution from our consolidated subsidiaries as well as depreciation of TRY against USD.

Direct cost of revenues: Direct cost of revenues including depreciation and amortization decreased by 23.6% to US\$630.7 million in the first quarter of 2009 and the share in total revenues decreased to 49.2% from 52.4% compared to a year ago. This was mainly due to lower depreciation and amortization expenses (3.0 pp), wages and salaries (0.7 pp) and interconnect costs (1.2 pp) - and despite an increase in network related costs (0.5 pp) and handset costs given as part of our loyalty programs (1.1 pp) as a percent of revenues.

Compared to a quarter ago, direct cost of revenues including depreciation and amortization decreased by 21.3% and as a proportion of revenues it decreased by 1.4 pp primarily due to a decrease in handset costs given as part of our loyalty programs (1.4 pp) due to the i-Phone campaign launched in the fourth quarter, lower network related expenses (0.6 pp), and roaming expenses (0.4 pp) despite higher interconnect costs (0.8 pp) as a percent of revenues.

Selling and marketing expenses: Selling and marketing expenses remained flat at 18.6% as a percentage of revenue in the first quarter of the year and when compared to a year ago decreased by 18.4% in nominal terms to US\$238.7 million mainly due to the depreciation of TRY against USD.

Compared to the previous quarter, selling and marketing expenses decreased by 26.8% including the currency depreciation effect and its share in revenue decreased by 2.0 pp as a result of lower advertising expenses and lower subscriber acquisitions, although the frequency usage fees increased as a percentage of revenues due to the increase in prepaid subscriber base and fee per subscriber.

Administrative expenses: General and administrative expenses as a percentage of revenue remained broadly flat year on year at 4.7% as the decrease in wages and salaries was offset by higher bad debt expense.

Compared to the previous quarter, general and administrative expenses decreased by 21.0% in nominal terms and remained almost flat as a percentage of revenue.

Share of profit of equity accounted investees: In the first quarter of 2009, our share in net income of unconsolidated investees, consisting of the net income/(expense) impact of Fintur and A-Tel, decreased by 51.8% to US\$9.6 million including the negative effect of exchange rate fluctuations.

The results of our 50% owned subsidiary A-Tel impacted two items in our financial statements. A-Tel's revenue generated from Turkcell, amounting to US\$8.4 million, is netted off from the selling and marketing expenses in our consolidated financial statements. The difference between the total net impact of A-Tel and the amount netted off from selling and marketing expenses amounted to US\$1.3 million and is recorded in the 'share of profit of equity accounted investees' line of our financial statements.

Net finance income/(expense): We recorded net financial income of US\$108.5 million compared to US\$209.4 million in the same quarter of 2008. During the quarter, we recorded translation gain from exchange rate fluctuations between TRY versus USD and Euro on Turkcell's long foreign exchange position which were partly offset by the translation loss recognized on the deferred payment for the Belarussian Telecom acquisition.

The absence of the translation loss from Astelit was the main driver behind recording net financial income as opposed to a net financial expense of US\$41.5 million in the previous quarter.

Income tax expense: The total taxation charge in the first quarter of 2009 decreased to US\$120.1 million from US\$126.3 million in the same quarter of last year.

Out of the total tax charge, US\$85.3 million was related to current tax charges and a deferred tax expense of US\$34.8 million was realized during the quarter.

	Q108	Q408	Q109	Q109-Q108	Q109-Q408
				% Chg	% Chg
Current tax expense	(146.9)	(135.2)	(85.3)	(41.9%)	(36.9%)
Deferred Tax income / (expense)	20.6	(9.1)	(34.8)	(268.9%)	282.4%
Income Tax expense	(126.3)	(144.3)	(120.1)	(4.9%)	(16.8%)

EBITDA¹: EBITDA, in nominal terms, declined by 18.2% to US\$472.2 million while the EBITDA margin broadly maintained at 36.8%.

EBITDA in TRY terms increased by 12.6% to TRY 773.6 million compared to a year ago as a result of higher revenue and maintained operational efficiency.

Compared to the fourth quarter of 2008, EBITDA margin improved by 3.8 pp, driven by the decrease in our cost base mainly due to lower MNP related activities and lower subscriber acquisitions.

Net income: Net income declined by 29.3% year on year to US\$344.2 million, negatively impacted by the exchange rate fluctuations. Net income margin was 26.8% with a 4.1 pp year on year decline primarily due to the lower translation gain recorded.

The quarter on quarter increase of 7.6% in net income was mainly due to the decrease in costs as a percentage of revenue along with a translation gain as opposed to the translation loss recorded in the previous quarter. As a result, compared to the previous quarter, net income margin improved by 6.6 pp.

Total Debt: Consolidated debt amounted to US\$776.9 million as of March 31, 2009. US\$544.6 million of this was related to Turkcell's Ukrainian operations. All of our consolidated debt is at a floating rate and US\$605.6 million will mature in less than a year. Despite having a strong balance sheet with a solid cash position and debt/annual EBITDA of 41%, we may consider rolling over Astelit's \$390 million debt in 2009.

¹ EBITDA is a non-GAAP financial measure. See pages 13-14 for the reconciliation of EBITDA to net cash from operating activities.

Consolidated Cash Flow (million US\$)	Q108	Q408	Q109
EBITDA	577.0	524.5	472.2
LESS:			
Capex and License	(192.5)	(210.6)	(252.0)
Turkcell	(97.8)	(111.0)	(181.6)
Ukraine*	(55.5)	5.2	(42.2)
Investment & Marketable Securities	(25.0)	46.6	(76.4)
Net Interest Income/Expense	83.6	74.7	61.1
Other	(456.5)	(369.9)	(617.4)
Net Change in Debt	7.5	37.7	(4.1)
Cash Generated	(5.9)	103.0	(416.6)
Cash Balance	3,089.4	3,259.8	2,843.2

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

Cash Flow Analysis: Capital expenditures in the first quarter of 2009 amounted to US\$252.0 million of which US\$42.2 million was related to the Ukrainian operations.

Turkcell recorded free cash flow (cash flow from operating activities minus capital expenditure) of (US\$216.4) million, compared to (US\$30.1) million a year ago primarily due to increase in capital expenditures and decrease in EBITDA.

Other items were mainly composed of frequency usage fee payment for prepaid subscribers amounting to US\$157 million and temporary tax payment amounting to US\$108 million.

Recently we paid 3G license fee of US\$453 million excluding VAT and we are going to pay a record dividend of TRY1.098.2 million. Therefore, our cash balance will decrease further in the coming days.

Operational Review

Summary of	Q108	Q408	Q109	Q109-Q108	Q109-Q408
Operational Data				% Chg	% Chg
Number of total subscribers (million)	35.1	37.0	36.4	3.7%	(1.6%)
Number of postpaid subscribers (million)	6.6	7.5	7.8	18.2%	4.0%
Number of prepaid subscribers (million)	28.6	29.5	28.6	0.0%	(3.1%)
ARPU (Average Monthly Revenue per User), blended (US\$)	13.2	12.6	10.4	(21.2%)	(17.5%)
ARPU, postpaid (US\$)	37.4	30.7	25.3	(32.4%)	(17.6%)
ARPU, prepaid (US\$)	7.8	8.1	6.5	(16.7%)	(19.8%)
ARPU, blended (TRY)	15.7	18.6	17.1	8.9%	(8.1%)
ARPU, postpaid (TRY)	44.5	45.2	41.4	(7.0%)	(8.4%)
ARPU, prepaid (TRY)	9.2	11.9	10.6	15.2%	(10.9%)
Churn (%)	7.2%	6.2%	8.2%	1.0 pp	2.0 pp
MOU (Average Monthly Minutes of usage per subscriber), blended	73.6	108.2	107.1	45.5%	(1.0%)

Subscribers: As of March 31, 2009, our subscriber base totaled 36.4 million, increasing 3.7% compared to the first quarter of 2008. Our value focused subscriber acquisition approach continued in the first quarter of 2009, and we recorded the highest gross postpaid acquisition ever. Our postpaid subscriber base continued its upward trend, reaching 7.8 million, a 18.2% year on year increase. In a highly competitive market due to MNP implementation, which contributed to higher churn, our prepaid subscriber base remained at last year's level with 28.6 million. On a quarterly basis, we recorded a net subscriber loss of 595,000, yet managed to increase our postpaid subscriber base by 329,000. Of the total subscribers, the share of postpaid improved to 21.4% from 18.8% a year ago in line with our value focused subscriber acquisition approach.

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Although we cannot quantify the impact of the macro economic developments in our market, we observe that the influence becomes more pronounced as the economic growth slows down, negatively reflecting on subscriptions and usage trends. So far, the impact has been limited.

Accordingly, we expect the mobile line penetration to remain at the 2008 level of 92% in 2009 and thus, expect some contraction in our subscriber base.

Churn Rate: Churn refers to voluntarily and involuntarily disconnected subscribers. In the first quarter of 2009, our churn rate increased to 8.2% from 7.2% a year ago. This was due to the

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aggressive competitive environment in the initial stages of MNP implementation and economic downturn in the Turkish market. The majority of the churners were low ARPU generating prepaid and postpaid subscribers, also resulting in a contraction in our subscriber base.

MoU: In the first quarter of 2009, our blended minutes of usage per subscriber (“MoU”) increased to 107.1 minutes, up by 45.5% compared to last year when the regulatory developments regarding retail pricing led to a slowdown in our mass offers. The effective communication of our usage incentives both for the postpaid and prepaid subscribers enabled us to sustain strong MoU in the first quarter of 2009 despite the economic slowdown, which adversely affected consumer spending in Turkey.

ARPU: In the first quarter of 2009, our blended average revenue per user (“ARPU”) decreased by 21.2% to US\$10.4 mainly due to the 38% depreciation of TRY against US\$. ARPU in TRY terms increased by 8.9% to TRY17.1 compared to the same quarter in 2008 despite lower MTRs. The increase in year on year ARPU was partially due to the positive impact of value added services and the usage incentives provided in the first quarter of 2009 as well as customer loyalty programs. This contrasts with last year when the regulatory developments regarding retail pricing as described above led to slowdown in revenue-triggering mass offers and thus lower ARPU levels.

Post paid ARPU in TRY terms was TRY41.4 with a 7.0% year on year decrease, mainly due to worsened macroeconomic environment and an increase in subscriptions to tariffs in the form of minute packages and higher postpaid subscriber base.

Prepaid ARPU in TRY terms increased by 15.2% to TRY10.6 in the first quarter of 2009, mainly due to the effects of new tariffs and campaigns.

Dividend Distribution

Turkcell's general dividend policy is to pay dividends to shareholders in line with the company's financial conditions. On May 8, 2009, the Turkcell Board of Directors' dividend distribution proposal was approved at the Ordinary General Assembly of Shareholders. The distribution of cash dividends in an amount of approximately TRY1,098.2 million (approximately US\$706.2 million as of May 13, 2009) represents a 69% increase compared to the previous year.

This corresponds to 50% of Turkcell's distributable net income of 2008 and represents a net and gross cash dividend of TRY0.4991787 (approximately US\$0.3210152 as of May 13, 2009) per ordinary share with a nominal value of TRY1 and approximately TRY1.2479475 (approximately US\$0.8025386 as of May 13, 2009) per ADR.

Regulatory Environment

On April 10, 2009, Information and Communication Technologies Authority (“ICTA”) revised termination rates for the Turkish Market effective May 1, 2009. This resulted in a reduction in Turkcell’s MTR by 28% to TRY0.0655, following the 33% reduction in 2008. Currently, Turkcell’s MTRs are 70% below the EU averages whereas the fixed line termination rates remained unchanged and above the EU averages. Additionally, recent rates announced by ICTA kept the asymmetry between the mobile operators. The asymmetry between Turkcell and Avea changed from 23% to 18% and between Turkcell and Vodafone from 4% to 3%.

Additionally, ICTA has set a lower limit to on-net retail tariffs of Turkcell only, and has decreased the price cap for all GSM operators. The lower limit applies to each of Turkcell’s retail tariff packages by mandating that the weighted average on-net price of a tariff package shall not be less than Turkcell’s weighted average call termination rate. ICTA decision also reduces the current price cap from 0.80 TRY/min (VAT, SCT incl.), which pertains to general tariff packages, to 0.64 TRY/min. The Resolution has also set such price as an upper limit for special tariff packages.

We believe that some of ICTA’s decisions constitute interference with our retail pricing and may be in conflict with our license agreement and fair competition laws. Therefore, we are evaluating legal actions to protect our rights. However, currently we do not foresee any changes to our guidance in 2009 due to these developments.

Following the 3G tender process conducted by ICTA in November 2008 for the issue of four separate licenses regarding the authorization for providing IMT 2000/UMTS services and infrastructure, Turkcell won the A type 3G license, for a consideration of EUR358 million (excluding VAT). The approval process was completed and the license agreement was signed on April 30, 2009. The implementation of 3G in the Turkish market is expected within 3 months. Regarding the establishment of 3G infrastructure throughout Turkey, we signed contracts with Ericsson Telekomunikasyon A.S. and Huawei International Pte.Ltd.

The issuance of the Fixed Telephony Service licenses and Fixed Number Portability implementation are expected in 2009. The liberalization in Turkey is scheduled to start on May 10. However, several regulatory authorizations has to be taken in order ensure market practice in line with liberalization objectives. The acceleration in the liberalization process in the Turkish Market will help ensure a more fair competitive environment in the longer term we believe will be beneficial to business environment in Turkey.

International Operations

Fintur

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

FINTUR	Q108	Q408	Q109	Q109-Q108	Q109-Q408
				% Chg	% Chg
Subscriber (million)					
Kazakhstan	6.5	7.1	7.1	9.2%	-
Azerbaijan	3.2	3.5	3.6	12.5%	2.9%
Moldova	0.5	0.6	0.6	20.0%	-
Georgia	1.4	1.6	1.6	14.3%	-
TOTAL	11.6	12.8	12.8	10.3%	-
Revenue					
Kazakhstan	224	269	198	(11.6%)	(26.4%)
Azerbaijan	117	138	119	1.7%	(13.8%)
Moldova	14	16	14	-	(12.5%)
Georgia	48	49	43	(10.4%)	(12.2%)
Other*	1	1	(1)	n.a.	n.a.
TOTAL	404	473	373	(7.7%)	(21.1%)

(*) includes intersegment eliminations

Fintur maintained its positions in the markets in which it operates despite the deepening economic downturn especially in Kazakhstan, Azerbaijan and Georgia, and its total subscriber base grew to 12.8 million. However, consolidated revenue decreased by 8% on an annual basis to US\$373 million in the first quarter of 2009..

We account for our investment in Fintur using the equity pick up method. Fintur's contribution to income decreased to US\$18.1 million in the first quarter of 2009 as economic downturn became more evident.

Astelit

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

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- § Along with a worsening economic and political macro-economic environment in Ukraine, the Hrvinia depreciated by around 52% against USD as of March 31, 2009 compared to a year ago although remained stable compared to the previous quarter.
- § Astelit's revenue declined by 12.3% year on year to US\$79.1 million mainly due to the depreciation effect of the local currency against the US\$.
- § Astelit recorded a positive EBITDA² of US\$3.6 million during the first quarter. The decline compared to the previous quarter was mainly due to decrease in revenues.

² EBITDA is a non-GAAP financial measure. See page 14-15 for the reconciliation of Euroasia's EBITDA to net cash from operating activities. Euroasia holds 100% stake in Astelit.

- § Astelit's subscribers reached 11.5 million with a market share of 21.1% and growth of 22.3% on an annual basis. In the first quarter of 2009:
- o 3 month active subscriber base grew 37.9% year on year and reached 70% of the total subscriber base and market share improved to 16.1%.
 - o 3 month active ARPU decreased by 35.2% on an annual basis.
- § Astelit spent US\$42.2 million in the first quarter of the year in capital expenditure.

As a long term committed shareholder we are pleased with the performance of Astelit and we believe that the macroeconomic challenges will be overcome with minimum impact.

Summary Data for Astelit	Q108	Q408	Q109	Q109-Q108	Q109-Q408
				% Chg	% Chg
Number of subscribers (million)					
Total	9.4	11.2	11.5	22.3%	2.7%
Active (3 months) ¹	5.8	7.1	8.0	37.9%	12.7%
Average Revenue per User					
(ARPU) in US\$					
Total	3.3	3.4	2.3	(30.3%)	(32.4%)
Active (3 months)	5.4	5.7	3.5	(35.2%)	(38.6%)
Revenue	90.2	110.7	79.1	(12.3%)	(28.5%)
EBITDA	2.1	15.3	3.6	71.4%	(76.5%)
Net Loss	(32.4)	(251.2)	(24.4)	(24.7%)	(90.3%)
Capex	55.5	(5.2)	42.2	(24.0%)	911.5%

³ Active subscribers are those who in the past three months made a transaction which brought revenue to the Company.

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Reconciliation of Non-GAAP Financial Measures

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

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

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

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

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

TURKCELL	Q109-Q108 Q109-Q408				
	Q108	Q408	Q109	% Chg	% Chg
US\$ million					
EBITDA	577.0	524.5	472.2	(18.2%)	(10.0%)
Income Tax Expense	(126.3)	(144.3)	(120.1)	(4.9%)	(16.8%)
Other operating income/(expense)	1.4	(1.1)	1.2	(14.3%)	(209.1%)
Financial income	1.4	9.3	1.8	28.6%	(80.6%)
Financial expense	(13.0)	(31.7)	(32.9)	153.1%	3.8%
Net increase/(decrease)	(280.6)	238.9	(286.7)	2.2%	(220.0%)

in assets and
liabilities

Net cash from operating activities	159.9	595.6	35.6	(77.7%)	(94.0%)
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EUROASIA (Astelit)	Q108	Q408	Q109	Q109-Q108 Q109-Q408	
				% Chg	% Chg
US\$ million					
EBITDA	2.1	15.3	3.6	71.4%	(76.5%)
Other operating income/(expense)	0.1	(0.4)	0.9	800.0%	(325.0%)
Financial income	0.8	1.7	0.6	(25.0%)	(64.7%)
Financial expense	(9.1)	(12.9)	(11.7)	28.6%	(9.3%)
Net increase/(decrease) in assets and liabilities	26.6	(55.9)	16.1	(39.5%)	(128.8%)
Net cash from operating activities	20.5	(52.2)	9.5	(53.7%)	(118.2%)

Turkcell Group Subscribers

We had approximately 61.4 million GSM subscribers as of March 31, 2009. This figure is calculated by taking the number of GSM subscribers in Turkcell and each of our subsidiaries and unconsolidated investees. This figure includes the total number of GSM subscribers in Astelit, BeST, in our operations in the Turkish Republic of Northern Cyprus ("Northern Cyprus") and Fintur. In the past, when presenting our total group subscribers, we have presented this figure on a proportional basis, adjusted to reflect our ownership interest in each subsidiary. We believe that the method of calculation given above is a good indicator of our Group's reach and intend to use this new method of calculation going forward.

Turkcell Group Subscribers	Q108	Q408	Q109	Q109-Q108 Q109-Q408	
				% Chg	% Chg
(million)					
Turkcell	35.1	37.0	36.4	3.7%	(1.6%)
Ukraine	9.4	11.2	11.5	22.3%	2.7%
Fintur	11.6	12.8	12.8	10.3%	0.0%
Northern Cyprus	0.3	0.3	0.3	0.0%	0.0%
Belarus	-	0.2	0.4	n.a.	100.0%
TURKCELL GROUP	56.4	61.5	61.4	8.9%	(0.2%)

Forward-Looking Statements

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

Although Turkcell believes that the expectations reflected in such forward-looking statements are reasonable at this time, it can give no assurance that such expectations will prove to be correct. Given these uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements particularly in the current operating and macro environment. All subsequent written and oral forward-looking statements attributable to us are expressly qualified in their entirety by reference to these cautionary statements.

For a discussion of certain factors that may affect the outcome of such forward looking statements, see our Annual Report on Form 20-F for 2007 filed with the U.S. Securities and Exchange Commission, and in particular the risk factor section therein.

We undertake no duty to update or revise any forward looking statements, whether as a result of new information, future events or otherwise.

www.turkcell.com.tr

ABOUT TURKCELL

Turkcell is the leading GSM operator in Turkey with 36.4 million postpaid and prepaid customers as of March 31, 2009 operating in a three player market with a market share of approximately 56% as of December 31, 2008 (Source: operators' announcements). In addition to high-quality wireless telephone services, Turkcell currently offers General Packet Radio Service ("GPRS") countrywide and Enhanced Data Rates for GSM Evolution ("EDGE") in dense areas, which provide for both improved data and voice services. Turkcell provides roaming with 614 operators in 202 countries as of April 22, 2009. Serving a large subscriber base in Turkey with its high-quality wireless telephone network, Turkcell reported US\$1.3 billion net revenue for the quarter ended March 31, 2009 as per IFRS financial statements. Turkcell has interests in international GSM operations in Azerbaijan, Belarus, Georgia, Kazakhstan, Moldova, Northern Cyprus and Ukraine. Turkcell has been listed on the NYSE ("New York Stock Exchange") and the ISE ("Istanbul Stock Exchange") since July 2000 and is the only NYSE listed company in Turkey. 51.00% of Turkcell's share capital is held by Turkcell Holding, 0.05% by Cukurova Group, 13.07% by Sonera Holding, 2.32% by M.V. Group and 0.08% by others while the remaining 33.48% is free float.

For further information please contact Turkcell

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SIGNATURES

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

TURKCELL ILETISIM HIZMETLERI A.S.

Date: May 13, 2009

By: /s/ Nihat Narin

Name: Nihat Narin

Title: Investor & Int. Media Relations - Division Head

TURKCELL ILETISIM HIZMETLERI A.S.

Date: May 13, 2009

By: /s/ Filiz Karagul Tuzun

Name: Filiz Karagul Tuzun

Title: Corporate Communication - Division Head

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at 31 March 2009

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

	Note	31 March 2009	31 December 2008
Assets			
Property, plant and equipment	11	2,021,760	2,096,070
Intangible assets	12	1,304,424	1,452,895
Investments in equity accounted investees	13	368,233	313,723
Other investments	14	31,002	34,614
Due from related parties	32	38,792	45,349
Other non-current assets	15	48,139	54,007
Deferred tax assets	16	1,403	1,144
Total non-current assets		3,813,753	3,997,802
Inventories		22,465	19,457
Other investments	14	77,785	689
Due from related parties	32	33,114	64,013
Trade receivables and accrued income	17	541,987	587,385
Other current assets	18	319,652	138,788
Cash and cash equivalents	19	2,843,187	3,259,792
Total current assets		3,838,190	4,070,124
Total assets		7,651,943	8,067,926
Equity			
Share capital	20	1,636,204	1,636,204
Share premium	20	434	434
Capital contributions	20	19,897	18,202
Reserves	20	(1,244,367)	(706,384)
Retained earnings	20	4,781,294	4,437,071
Total equity attributable to equity holders of Turkcell Iletisim Hizmetleri AS		5,193,462	5,385,527
Minority interest	20	60,807	58,116
Total equity		5,254,269	5,443,643
Liabilities			
Loans and borrowings	23	171,293	130,020

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Employee benefits	24	21,821	26,717
Provisions	26	3,795	4,490
Other non-current liabilities	22	242,884	227,511
Deferred tax liabilities	16	153,028	130,491
Total non-current liabilities		592,821	519,229
Bank overdraft	19	4,115	4,372
Loans and borrowings	23	605,560	655,909
Income taxes payable	10	81,912	126,585
Trade and other payables	27	836,963	964,421
Due to related parties	32	8,680	21,032
Deferred income	25	208,667	250,386
Provisions	26	58,956	82,349
Total current liabilities		1,804,853	2,105,054
Total liabilities		2,397,674	2,624,283

The notes on page 7 to 85 are an integral part of these consolidated interim financial statements.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED INTERIM INCOME STATEMENT

For the three months ended 31 March 2009

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

	Note	Three months ended 31 March	
		2009	2008
Revenue	7	1,283,105	1,574,380
Direct cost of revenue		(630,655)	(825,102)
Gross profit		652,450	749,278
Other income		4,786	2,250
Selling and marketing expenses		(238,674)	(292,638)
Administrative expenses		(59,862)	(72,208)
Other expenses		(3,469)	(868)
Results from operating activities		355,231	385,814
Finance income	9	142,130	225,349
Finance expenses	9	(33,610)	(15,900)
Net finance income		108,520	209,449
Share of profit of equity accounted investees	13	9,634	19,867
Profit before income tax		473,385	615,130
Income tax expense	10	(120,139)	(126,352)
Profit for the period		353,246	488,778
Attributable to:			
Equity holders of Turkcell Iletisim Hizmetleri AS		344,223	486,790
Minority interest		9,023	1,988
Profit for the period		353,246	488,778
Basic and diluted earnings per share (in full USD)	21	0.156465	0.221268

The notes on page 7 to 85 are an integral part of these consolidated interim financial statements.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED INTERIM INCOME STATEMENT

For the three months ended 31 March 2009

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

	Three months ended 31 March	
	2009	2008
Profit for the period	353,246	488,778
Other comprehensive expense:		
Foreign currency translation differences	(538,390)	(468,450)
Net change in fair value of available-for-sale securities	657	(1,936)
Income tax on other comprehensive income	(486)	1,213
Other comprehensive expense for the period, net of income tax	(538,219)	(469,173)
Total comprehensive (expense)/income for the period	(184,973)	19,605
Attributable to:		
Equity holders of Turkcell Iletisim Hizmetleri AS	(193,760)	14,052
Minority interest	8,787	5,553
Total comprehensive (expense)/income for the period	(184,973)	19,605

The notes on page 7 to 85 are an integral part of these consolidated interim financial statements.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2009

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

	Attributable to equity holders of the Company										
	Share Capital	Capital Contribution	Share Premium	Legal Reserves	Fair Value Reserve	Reserve for Minority Put Option	Translation Reserve	Retained Earnings	Total	Minority Interest	Total Equity
Balance at 1 January 2008	1,636,204	-	434	256,834	5,481	-	669,598	3,224,526	5,793,077	138,128	5,931,205
Transfer to legal reserves	-	-	-	121,945	-	-	-	(121,945)	-	-	-
Total comprehensive income and expense	-	-	-	-	(5,360)	-	(1,467,960)	1,836,824	363,504	(72,168)	291,336
Dividends paid	-	-	-	-	-	-	-	(502,334)	(502,334)	(54,639)	(556,973)
Capital contribution granted	-	18,202	-	-	-	-	-	-	18,202	-	18,202
Change in reserve for minority put option	-	-	-	-	-	(286,922)	-	-	(286,922)	-	(286,922)
Change in minority interest	-	-	-	-	-	-	-	-	-	46,795	46,795
Balance at 31 December 2008	1,636,204	18,202	434	378,779	121	(286,922)	(798,362)	4,437,071	5,385,527	58,116	5,443,643
Balance at 1 January 2009	1,636,204	18,202	434	378,779	121	(286,922)	(798,362)	4,437,071	5,385,527	58,116	5,443,643
Total comprehensive income and expense	-	-	-	-	657	-	(538,640)	344,223	(193,760)	8,787	(184,973)
Capital contribution granted	-	1,695	-	-	-	-	-	-	1,695	-	1,695
Change in minority interest	-	-	-	-	-	-	-	-	-	(6,096)	(6,096)
Balance at 31 March 2009	1,636,204	19,897	434	378,779	778	(286,922)	(1,337,002)	4,781,294	5,193,462	60,807	5,254,269

The notes on page 7 to 85 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 three months ended 31 March 2009

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

		Three months 31 March	
	Note	2009	2008
Cash flows from operating activities			
Profit for the period		353,246	488,778
Adjustments for:			
Depreciation	11	70,898	123,371
Amortization of intangibles	12	47,393	69,172
Net finance income	9	(130,751)	(209,933)
Income tax expense	10	120,139	126,352
Share of profit of equity accounted investees		(18,011)	(30,997)
(Gain)/loss on sale of property, plant and equipment		(154)	1
Translation reserve		(29,832)	(42,338)
Deferred income		(15,230)	27,885
		397,698	552,291
Change in trade receivables	17	(11,275)	22,555
Change in due from related parties	32	32,540	15,415
Change in inventories		(5,035)	3,071
Change in other current assets	18	(199,668)	(208,265)
Change in other non-current assets	15	(213)	(4,430)
Change in due to related parties	32	(11,455)	(6,603)
Change in trade and other payables		22,658	(10,849)
Change in other current liabilities		(88,739)	(30,248)
Change in other non-current liabilities	22	39,055	304
Change in employee benefits	24	(2,115)	3,830
Change in provisions	26	(17,474)	(31,147)
		155,977	305,924
Interest paid		(8,107)	(11,252)
Income tax paid		(112,317)	(134,774)
Dividend received	13	-	-
Net cash from operating activities		35,553	159,898
Cash flows from investing activities			
Proceeds from sale of property plant and equipment		1,299	1,725
Proceeds from currency option contracts		1,621	3,188
Proceeds from sale of available-for-sale financial assets		-	5,988
Interest received		94,215	97,868
Acquisition of property, plant and equipment	11	(207,868)	(140,371)
Acquisition of intangibles	12	(44,112)	(49,597)
Payment of currency option contracts premium		-	(2,027)
Acquisition of available-for-sale financial assets		(76,426)	(30,900)
Net cash used in investing activities		(231,271)	(114,126)
Cash flows from financing activities			
Proceeds from issuance of loans and borrowings		3,415	7,500
Repayment of borrowings		(7,500)	-
Change in minority interest		-	43,143
Proceeds from capital contribution		1,695	-
Net cash used in financing activities		(2,390)	50,643
Effects of foreign exchange rate fluctuations on statement of financial position items		(265,620)	(233,579)

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Net increase in cash and cash equivalents	(463,728)	(137,164)
Cash and cash equivalents at 1 January	3,255,420	3,093,175
Effect of exchange rate fluctuations on cash and cash equivalents	47,380	127,130
Cash and cash equivalents at 31 December	2,839,072	3,083,141

The notes on page 7 to 85 are an integral part of these consolidated interim financial statements.

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TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As at and for the three months ended 31 March 2009

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

Notes to the consolidated interim financial statements

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TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As at and for the three months ended 31 March 2009

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

1. Reporting entity

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

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

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

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

As at 31 March 2009, two significant founding shareholders, Sonera Holding BV and Cukurova Group, directly and indirectly, own approximately 37.1% and 13.8%, respectively of the Company's share capital and are ultimate counterparties to a number of transactions that are discussed in the related party footnote. On the basis of publicly available information, Alfa Group, which previously held, indirectly through Cukurova Telecom Holdings Limited and Turkcell Holding A.S., 13.2% of Company's shares, has reduced its stake to 4.99% following litigation with Telenor ASA (Telenor Group). It has been understood that Alfa Group sold 62.2% of its holdings in Alfa Telecom Turkey Limited (ATTL) to Visor Group affiliate Nadash International Holdings Inc. (Nadash) and Alexander Mamut's Henri Services Limited (HSL) which now own indirectly 4.26% and 3.97%, respectively, of Company's share capital.

The consolidated interim financial statements of the Company as at and for the three months ended 31 March 2009 comprise the Company and its subsidiaries (together referred to as the Group) and the Group's interest in one associate and one joint venture. Subsidiaries of the Company, their locations and their business are given in note 33. The Company's and each of its subsidiaries', associate's and joint venture's interim financial statements are prepared as at and for the three months ended 31 March 2009.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As at and for the three months ended 31 March 2009

(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) for interim financial statements.

The Group s consolidated interim financial statements were approved by the Board of Directors on 13 May 2009.

(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 Turkish Lira (TRY), Euro (EUR) and Swedish Krona (SEK) have been rounded to the nearest thousand. The functional currency of the Company and its consolidated subsidiaries located in Turkey and Turkish Republic of Northern Cyprus is TRY. The functional currency of Euroasia Telecommunications Holding BV (Euroasia) and Financell BV (Financell) is USD. The functional currency of East Asian Consortium BV (Eastasia), Beltur BV and Surtur BV is EUR. The functional currency of LLC Astelit (Astelit), Global Bilgi LLC (Global LLC) and UkrTower LLC (UkrTower) is Ukrainian Hryvnia (HRV). The functional currency of Belarussian Telecommunications Network (Belarussian Telecom) is Belarussian Roubles (BYR).

According to the Article No:33 of the Ministry of State, it has been decided to change the name of New Turkish Lira as Turkish Lira removing the phrase New which is executed on 1 January 2009 in accordance with the first item of Law No: 5083.

(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* (IAS 34) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated interim financial statements are described in notes 4 and 31 and detailed analysis with respect to accounting estimates and critical judgments of bad debts, useful lives or expected patterns of consumption of the future economic benefits embodied in depreciable assets, income taxes and revenue recognition are provided below:

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As at and for the three months ended 31 March 2009

(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)

Key sources of estimation uncertainty

In note 28, detailed analysis is provided for the foreign exchange exposure of the Group and risks in relation to foreign exchange movements.

Critical accounting judgments in applying the Group's accounting policies

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

Allowance for doubtful receivables

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

Useful lives of assets

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

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

Commission fees

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

The Group does not take the responsibility for fulfilment of the games.

The Group does not collect the proceeds from the final customer and it does not bear the credit risk.

The Group earns a stated percentage of the total turnover.

Revenue recognition

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

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TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As at and for the three months ended 31 March 2009

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

2. Basis of preparation (continued)

(d) Use of estimates and judgments (continued)

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

Income taxes

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

As part of the process of preparing the consolidated 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.

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 the Group entities.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable or convertible are taken into account. The 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.

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

(ii) Acquisition from entities under common control

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

the same components within the Group equity.

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TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As at and for the three months ended 31 March 2009

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

3. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

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

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity. Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. Associates and jointly controlled entities (equity accounted investees) are accounted for using the equity method and are initially recognised at cost. The Group's investment includes goodwill identified on acquisition, net of any accumulated impairment loss. The consolidated 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 31 March 2009 are Fintur Holdings BV (Fintur) and A-Tel Pazarlama ve Servis Hizmetleri AS (A-Tel).

(iv) Transactions eliminated on consolidation

Intragroup balances and transactions, and any unrealised income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated 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.

(v) Minority interests

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

(b) Foreign currency

(i) Foreign currency transactions

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

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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As at and for the three months ended 31 March 2009

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3. Significant accounting policies (continued)

(b) Foreign currency (continued)

(i) Foreign currency transactions (continued)

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

(ii) Foreign operations

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

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

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

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

(iv) Net investment in foreign operations

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

(c) Financial instruments

(i) Non-derivative financial instruments

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

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As at and for the three months ended 31 March 2009

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

3. Significant accounting policies (continued)

(c) Financial instruments (continued)

(i) Non-derivative financial instruments (continued)

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

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

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

Held-to-maturity investments

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

Available-for-sale financial assets

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

Financial assets at fair value through profit or loss

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

Estimated exercise price of put options

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

As the Group has unconditional obligation to fulfil its liabilities under these agreements, International Accounting Standards No: 32 (IAS 32)

Financial instruments: Disclosure and Presentation , requires the value of such put option to be presented as a financial liability on the statement of financial position for the present value of the estimated option redemption amount. The Group accounted such transactions under the anticipated acquisition method and the interests of minority shareholders that hold such put option are derecognised when the financial liability is recognised. The Group accounted the difference between the amount recognised initially for the exercise price of the put option and the carrying amount of minority in equity.

Other

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

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As at and for the three months ended 31 March 2009

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

3. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Derivative financial instruments

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

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

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

(d) Property, plant and equipment

(i) Recognition and measurement

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

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

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

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

(ii) Subsequent costs

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

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

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

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

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

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

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

(e) Intangible assets

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

(i) Goodwill

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

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

Subsequent measurement

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

(ii) Subsequent expenditure

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

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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3. Significant accounting policies (continued)**(e) Intangible assets (continued)***(iii) Amortization*

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

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

(f) Leased assets

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

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

(g) Inventories

Inventories are measured at the lower of cost or net realizable value. Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses. The cost of inventory is determined using the weighted average method and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. As at 31 March 2009, inventories mainly consist of simcards, scratch cards and handsets.

(h) Impairment*(i) Financial assets*

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

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

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

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

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3. Significant accounting policies (continued)

(h) Impairment (continued)

(i) Financial assets (continued)

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

(ii) Non-financial assets

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

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

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

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

(i) Employee benefits

(i) Retirement pay liability

In accordance with existing labor law in Turkey, the Company and its subsidiaries in Turkey are required to make lump-sum payments to employees who have completed one year of service and whose employment is terminated without cause or who retire, are called up for military service or die. Such payments are calculated on the basis of 30 days' pay maximum full TRY 2,260 as at 31 March 2009 (equivalent to full \$1,339 as at 31 March 2009), which is effective from 1 January 2009, 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.

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3. Significant accounting policies (continued)

(i) Employee benefits (continued)

(ii) Defined contribution plans

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

The assets of the plan are held separately from the consolidated 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.

(j) Provisions

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

Onerous contracts

A provision for onerous contracts is recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognizes any impairment loss on the assets associated with that contract. The Company did not recognize any provision for onerous contracts as at 31 March 2009.

Site restoration

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

(k) Revenue

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

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

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3. Significant accounting policies (continued)

(k) Revenue (continued)

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

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

Commission fees mainly comprised of net takings earned to a maximum of 7% of gross takings, as a head agent of fixed odds betting games starting from 15 March 2007 (until 15 March 2007, commission rate is 12% of gross takings) and 4.3% commission recognized based on the para-mutual and fixed odds betting games operated on Central Betting System.

In relation to the new contract signed with Spor Toto Teskilat Mudurlugu (Spor Toto) on 29 August 2008, commission rate applicable decreased to 1.4% effective from 1 March 2009. Commission revenues are recognized at the time all the services related with the games are fully rendered. Under the head agency agreement, Inteltek Internet Teknoloji Yatirim ve Danismanlik AS (Inteltek) is obliged to undertake any excess payout, which is presented on net basis with the commission fees.

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

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

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

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

(l) Lease payments

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

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

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3. Significant accounting policies (continued)

(m) Finance income and expenses

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

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

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

(n) Transactions with related parties

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

(o) Income taxes

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

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

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

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

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3. Significant accounting policies (continued)

(p) Earnings per share

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

(q) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Company Management to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

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

(r) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective at 31 March 2009, and have not been applied in preparing these consolidated interim financial statements:

Revised IFRS 3 Business Combinations (2008) incorporates the following changes that are likely to be relevant to the Group's operations:

- The definition of a business has been broadened, which is likely to result in more acquisitions being treated as business combinations.
- Contingent consideration will be measured at fair value, with subsequent changes therein recognised in profit or loss.
- Transaction costs, other than share and debt issue costs, will be expensed as incurred.
- Any pre-existing interest in the acquiree will be measured at fair value with the gain or loss recognised in profit or loss.
- Any non-controlling (minority) interest will be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of the acquiree, on a transaction-by-transaction basis.

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

Amended IAS 27 Consolidated and Separate Financial Statement(2008) requires accounting for changes in ownership interests by the Group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the Group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The amendments to IAS 27, which become mandatory for the Group's 2010 consolidated financial statements, are not expected to have a significant impact on the consolidated financial statements.

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3. Significant accounting policies (continued)

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

Eligible Hedged Items (amendment to IAS 39 Financial Instruments: Recognition and Measurement) introduces application guidance to illustrate how the principles underlying hedge accounting should be applied in the designation of i) a one-sided risk in a hedged item and ii) inflation in a financial hedged item. The amendment is effective, with retrospective application, for annual periods beginning on or after 1 July 2009 and is not expected to have any effect on the consolidated financial statements.

IFRIC 17, Distributions of Non-cash Assets to Owners , requires entities to recognise certain distributions of non-cash assets at fair value, and to recognise in profit or loss the difference between the fair value of the assets distributed and their carrying amounts. IFRIC 17 provides guidance on when and how a liability for certain distributions of non-cash assets is recognised and measured, and how to account for settlement of that liability. Transactions within its scope will need to be measured at fair value. IFRIC 17 is effective for annual periods beginning on or after July 2009; earlier application is permitted only if IFRS 3 Business Combinations (2008), IAS 27 Consolidated and Separate Financial Statements (2008) and the related amendments to IFRS 5 are applied at the same time.

IFRIC 18 Transfers of Assets from Customers provides guidance on transfers of property, plant and equipment (or cash to acquire it) for entities that receive such contributions from their customers. IFRIC 18 applies prospectively to transfers of assets from customers received on or after July 2009; earlier application is permitted provided that the necessary valuations and other information were obtained at the time that those transfers occurred. The interpretation is not expected to have significant effect on the consolidated financial statements.

Amendments to IFRIC 9 *Reassessment of Embedded Derivatives* and IAS 39 *Financial Instruments: Recognition and Measurement* require entities to assess whether they need to separate an embedded derivative from a hybrid (combined) financial instrument when financial assets are reclassified out of the fair value through profit or loss category. When the fair value of an embedded derivative that would be separated cannot be measured reliably, the reclassification of the hybrid (combined) financial asset out of the fair value through profit or loss category is not permitted. The amendments are applicable for annual periods ending on or after 30 June 2009 and are not expected to have significant effect on the consolidated financial statements.

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4. Determination of fair values

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

(i) Property, plant and equipment

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

(ii) Intangible assets

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

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

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

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

(iii) Investments in equity and debt securities

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

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

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

(v) Derivatives

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

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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.

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

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

The Company has estimated a value based on multiple approaches including income approach (discounted cash flows) and market approach (comparable market multiples). The average of the values determined as of 31 August 2013, which the exercise date of the put option, is then discounted back to 31 March 2009.

5. Financial risk management

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

Credit risks

Liquidity risks

Market risk

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

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

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

The instant impact of the global turmoil across global financial markets came out to be a sharp increase in foreign currency exchange rates in Turkey. Consequently, the depreciation of TRY against USD and EUR was 29.8% and 25.2%, respectively and the depreciation of HRV against USD was 52% as at 31 December 2008 when compared to the exchange rates as at 31 December 2007. Subsequently, TRY further depreciated against USD and EUR by 11.6% and 4.0%, respectively and HRV/USD parity remained stable as at 31 March 2009 when compared to the exchange rates as at 31 December 2008. Please refer to note 28 for additional information on the Group's exposure to this turmoil.

Credit risk

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

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

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5. Financial risk management (continued)

Credit risk (continued)

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

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

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

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

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 1.1% of revenues for the year ended 31 March 2009. If impairment loss as a percentage of revenues increased to 1.5% of revenues, the impairment loss would have been increased by \$4,740, negatively impacting profit for the three months ended 31 March 2009.

Liquidity risk

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

Market risk

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

Currency risk

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

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5. Financial risk management (continued)

Currency risk (continued)

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

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

Interest rate risk

The Group has not entered into any type of derivative instrument in order to hedge interest rate risk as at 31 March 2009.

6. Segment reporting

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

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

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

Information regarding the operations of each reportable segment is included below. Adjusted EBITDA is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

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

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6. Segment reporting (continued)

	Three months ended 31 March									
	Turkcell		Euroasia		Belarussian Telecom		Other		Total	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Total external revenues	1,136,235	1,390,520	79,141	90,018	1,038	-	66,691	93,842	1,283,105	1,574,380
Intersegment revenue	6,411	9,989	9	149	2	-	64,084	65,066	70,506	75,204
Adjusted EBITDA	438,749	522,875	3,605	2,120	(6,369)	-	41,047	51,737	477,032	576,732
Finance income	187,450	216,808	646	807	180	-	17,311	25,157	205,587	242,772
Finance expense	(57,248)	(4,752)	(11,783)	(9,590)	(2,844)	-	(29,959)	(22,490)	(101,834)	(36,832)
Depreciation and amortisation	85,409	156,350	17,409	25,489	5,265	-	10,208	10,703	118,291	192,542
Share of profit of equity accounted investees							9,634	19,867	9,634	19,867
Capital expenditure	181,567	97,801	42,182	55,482	8,980	-	19,251	39,222	251,980	192,505

As at 31 March 2009 and 31 December 2008

	Turkcell		Euroasia		Belarussian Telecom		Other		Total	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Reportable segment assets	2,775,582	2,801,251	603,494	592,035	503,024	586,242	427,119	448,036	4,309,219	4,427,564
Investment in associates							368,233	313,723	368,233	313,723
Reportable segment liabilities	1,159,341	1,330,075	146,648	121,835	6,458	9,827	69,319	115,169	1,381,766	1,576,906

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6. Segment reporting (continued)**Reconciliations of reportable segment revenues, adjusted EBITDA, assets and liabilities and other material items:**

	Three months ended 31 March	
	2009	2008
Revenues		
Total revenue for reportable segments	1,222,836	1,490,676
Other revenue	130,775	158,908
Elimination of inter-segment revenue	(70,506)	(75,204)
Consolidated revenue	1,283,105	1,574,380

	Three months ended 31 March	
	2009	2008
Adjusted EBITDA		
Total adjusted EBITDA for reportable segments	435,985	524,995
Other adjusted EBITDA	41,047	51,737
Elimination of inter-segment adjusted EBITDA	(4,827)	242
Consolidated adjusted EBITDA	472,205	576,974
Finance income	142,130	225,349
Finance expense	(33,610)	(15,900)
Other income	4,786	2,250
Other expense	(3,469)	(868)
Share of profit of equity accounted investees	9,634	19,867
Depreciation and amortization	(118,291)	(192,542)
Consolidated profit before income tax	473,385	615,130

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6. Segment reporting (continued)

	Three months ended 31 March	
	2009	2008
Finance income		
Total finance income for reportable segments	188,276	217,615
Other finance income	17,311	25,157
Elimination of inter-segment finance income	(63,457)	(17,423)
Consolidated finance income	142,130	225,349

	Three months ended 31 March	
	2009	2008
Finance expense		
Total finance expense for reportable segments	71,875	14,342
Other finance expense	29,959	22,490
Elimination of inter-segment finance expense	(68,224)	(20,932)
Consolidated finance expense	33,610	15,900