A LEADER IN COMMUNICATIONS

TURKCELL

ANNUAL REPORT 2006

Our vision:
To ease and enrich life

Our mission:
Connecting our customers to life with value-added communication services

Our strategic priorities:

- To provide differentiated services that meet diverse customer needs,
- Consider and prioritize shareholders' expectations in the decision-making process and encouraging entrepreneurship,
- Drive the market proactively in targeted business domains,
- Ensure continuous trust and loyalty in the community by promoting corporate social responsibility,
- Conduct effective, cost-sensitive and timely operations and
- Build a high performance team with our human resources.

CONTENTS

TURKCELL:

THE COMMUNICATION LEADER OF TURKEY

GSM-based mobile communication in Turkey began in February 1994 when Turkcell launched its service. After signing a 25-year GSM license agreement with the Turkish Ministry of Transportation on April 27, 1998, Turkcell rapidly diversified and enhanced its mobile voice and data communication services and expanded its subscriber base. This progress crowned the company as Turkey's leading communications company and Europe's second* GSM operator.

* In terms of subscriber base

TURKCELL AS OF DECEMBER 31, 2006

31.8 million subscribers in Turkey and a market share of around 60% in a three-operator environment;

Services reaching 74 million people in Turkey and 80 million people in six additional markets with growth potential;

Large subscriber base and high profitability margins that resulted in strong operational and financial performance with a revenue of US$ 4.7 billion, an EBITDA of US$ 1.8 billion and a net profit of US$ 876 million;

Turkey's first and so far, the only company listed on both the Istanbul Stock Exchange and the New York Stock Exchange, meeting the corporate governance requirements of the capital market regulators in both countries;

The only GSM operator in Turkey covering 97% of the population and with a network having 68% EDGE compatibility;

Leading company in the Turkish market and one of the world's pioneers in terms of innovation, with a rich portfolio of services and value-added services revenue that account for 14% of total revenue.

Elected for the third time to the Board of the GSM Association (GSMA), a global organization in commercial and strategic issues that represents 700 GSM operators with more than two billion subscribers, Turkcell is by far the leader of the Turkish telecommunications industry in terms of brand image, customer satisfaction, service quality, coverage and profitability.

Operational and Financial Summary	2005	2006	Change (%)
Total subscribers (millions)	**27.9**	**31.8**	**14.0%**
Post-paid subscribers (millions)	5.4	5.8	7.4%
Pre-paid subscribers (millions)	22.5	26.0	15.6%
ARPU (Average Monthly Revenue per User) blended (US$)	**14.0**	**12.1**	**(13.6%)**
Churn rate (%)	**10.1**	**14.7**	**-**
MoU (Average Monthly Minutes of Usage per sub. blended)	**67.7**	**70.3**	**3.8%**
Revenue (US$ millions)	**4,528**	**4,700**	**3.8%**
EBITDA* (US$ millions)	**1,722**	**1,820**	**5.7%**
Net income (US$ millions)	**772**	**876**	**13.4%**

* EBITDA is a non GAAP financial measure see page 127 for the reconciliation of EBITDA to net cash cash for operating activities.

Turkcell's human resources, financial strength, innovative structure and experience are the main factors guaranteeing the company's success far into the future, as it has in the present.

LETTER FROM THE CHAIRMAN

Leader Turkcell looks to the future with confidence

Dear Shareholders,

I would like to start by briefly discussing overall economic developments before I provide an overview of Turkcell's operations in 2006 and its plans for the future.

The Turkish economy is now strong enough to withstand external shocks

In 2006, the Turkish economy continued to grow and was only slightly affected by the fluctuations in global markets that occurred in May. Accession talks with the European Union that began last year continued to function as an anchor for the economy. In particular, the boom in exports and the growing foreign direct investment inflow were among the economic developments that shaped the year. Suspension of the eight chapters in the accession talks with the European Union in December did not have a significant impact on the markets; this should be perceived as proof that the Turkish economy is now much stronger.

As the economy started to stabilize in the third quarter of 2006, year-end consumer price inflation was realized at 9.7%. This, coupled with other positive developments such as the substantial fall in the budget deficit, the public sector borrowing requirement and the shrinkage in domestic debt stock, generated renewed confidence in the markets. There are some concerns about the sustainability of economic growth in the longer term, resulting from the failure to prevent the widening of the current accounts deficit, and to bring real interest rates back to their original levels from May to the end of the year.

Generally speaking, 2006 was a year of solid economic performance with the Turkish GSM industry continuing its strong upward trend with mobile line penetration rates reaching almost 71%. The low mobile line penetration compared to European countries, the young and dynamic population of the country and expectations about continuing economic growth in the years to come point to an upside potential for the mobile communication market in Turkey.

Competition in the mobile communication market intensifies

In 2006, the uncertainties in the ownership structure of players in the Turkish GSM market were clarified to a large extent. During this period, the sale of Telsim was completed and following the privatization of Turk Telecom, Telecom Italia Mobile sold its shares in Avea to Turk Telecom, clarifying the ownership structure of Avea. We see that Turkcell's competitors, who have pursued mainly price-based competition in recent years, now move toward a relatively more commercial approach.

Turkcell maintains its leadership

Through its investments, service quality and strong brand management, Turkcell continued to be a role model for its competitors in 2006. Thanks to its flexible infrastructure, high quality and technologically superior network covering 97% of Turkey's population, Turkcell meets all of the communication needs of its 32 million subscribers. Turkcell has challenged the limits of technology to maximize customer satisfaction and maintains its lead position in Turkey with a wide range of products and services.

2006 was also a successful year in terms of Turkcell's international operations. Strong operational and financial growth continued in Azerbaijan, Kazakhstan, Georgia and Moldova that Turkcell owned through Fintur and still operates in relatively underpenetrated markets. Leadership was maintained in the small market of Northern Cyprus, with favorable results. As for the Ukrainian operation, established only two years ago, significant investment has been made in brand and infrastructure. There has been a considerable achievement in terms of subscriber acquisitions.

Leader Turkcell looks to the future with confidence

The volatility experienced in almost all emerging market economies in 2006 did not have much of an impact on Turkcell's strong financial performance. Since 2007 will be a year for presidential and parliamentary elections, Turkcell is expected to face some macroeconomic uncertainties in the domestic market. However, with its strong financial structure, Turkcell is taking all precautionary measures against any economic fluctuations that might occur.

The political stability of recent years, the care taken in the implementation of structural reforms, the EU membership process, strong relationships with the IMF and increases in foreign direct investment are indicators of further economic growth in Turkey.

With the expected introduction of third-generation technology in Turkey, Turkcell will launch new products and services in the near future. Turkcell believes that, just like its domestic operations, its subsidiaries in other countries will improve their financial performance.

As a big family, Turkcell aims to maintain its lead well into the future by retaining the largest share of the rapidly developing mobile communications market. Turkcell already possesses the infrastructure, human resources and financial strength needed to achieve this goal. Furthermore, it already possesses the necessary self-confidence and motivation at all levels of management, thanks to its leadership position. Having transferred approximately US$3 billion to the state with the business volume it created in 2006, Turkcell is a company that adds value not only for its shareholders, but also for the Turkish economy.

Despite intensifying competition in Turkey and abroad, I am confident that the future will bring new achievements to Turkcell. I would like to thank our esteemed shareholders, whose strength Turkcell will continue to feel close at hand as well as all of our economic and social stakeholders. This success has been made possible with the self-sacrifice of our employees and managers. I would like to express my gratitude to our employees for having created such an exemplary and leading company as well as to our invaluable business partners.

Turkcell's human resources, financial strength, innovative structure and experience are the main factors guaranteeing the company's success far into the future, as it has in the present.

MEHMET EMİN KARAMEHMET
CHAIRMAN

BOARD OF DIRECTORS

Mehmet Emin Karamehmet
Chairman of the Board-
Çukurova Holding A.Ş.

Mehmet Emin Karamehmet was first appointed as the Chairman of the Board of Directors on September 30, 1993. He is also the Chairman of the Board of Directors of Cukurova Holding, BMC, Cukurova Havacilik, Cukurova Sanayi and Banque de Commerce et de Placements S.A. and a member of the Board of Directors of Cukurova Insaat Makinalari A.S. Mr. Karamehmet attended Dover College, England.

Erdal Asım Durukan
Member-Sonera Holding B.V.

Erdal Asim Durukan was first appointed as a member of the Board of Directors on August 19, 2004. Currently, Mr. Durukan is President of TeliaSonera in Eurasia since 2002 and the Chairman of the Board of Directors of Fintur Holdings B.V. Previously Mr. Durukan has served as the CEO of Fintur Holdings B.V. He has held different managerial positions in Azercell, Turkcell and Ericsson (Sweden). Mr. Durukan is also the Honorary Consul of the Kingdom of Sweden to the Republic of Azerbaijan since 1998. Mr Durukan holds a degree in Computer Sciences.

Mehmet Bülent Ergin
Member

Mehmet Bulent Ergin was first appointed as a member of the Turkcell Board of Directors on April 29, 2005. After having taken responsibility in Hochtief AG's First Bosphorus project and Tekfen A.S.'s Iraq-Turkey pipeline project, Mr. Ergin worked in various positions at Cukurova Group Companies. He held a managerial position at Cukurova Ithalat ve Ihracat T.A.S. and as a board member in Maysan A.S., as well as Baytur Trading S.A. Currently, Mr. Ergin is the Chairman of the Board of Directors of Denizcilik Nakliyati A.S., Show TV, and Aksam Gazetesi. Mr. Ergin majored in Civil Engineering at Robert College, Turkey.

Anders Igel
Member

Anders Igel was appointed to the Board of Directors on May 22, 2006. He was appointed President and CEO of Swedish telecom operator Telia on July 1, 2002. Since the merger of Telia and Finnish telecom operator Sonera on December 2002, he is the President and CEO of TeliaSonera. Before joining Telia, Anders Igel was President and CEO of Esselte. During the course of his twenty-year career at Ericsson, Mr. Igel served at various executive positions within the group, as a responsible of Middle East, Southeast Asia and Latin America operations, Managing Director of Ericsson Ltd. in the UK, held managerial positions at Public Networks and Infocom Systems business areas and acted as Executive Vice President of the Ericsson Group. Anders Igel holds a B.S. degree in Business Administration and Economics and has a M.S. degree in Engineering.

Oleg Malis
Member

Oleg Malis was appointed to the Board of Directors on May 22, 2006. He is also Senior Vice President of Altimo. Mr. Malis began working for Altimo as Chief of the Current Project Management Unit in 2005. Between 2003 and 2005 Mr. Malis was Senior Vice President and M&A Director at Golden Telecom. Before joining Golden Telecom, Mr. Malis founded Investelectrosvyaz and Corbina Telecom. Mr. Malis holds a degree in Systems Engineering from Moscow State Aviation Technological University.

Alexey Khudyakov
Member

Alexey Khudyakov was appointed to the Board of Directors on May 22, 2006. He is also a Vice President at Altimo having joined in 2004 from Alpha Bank where he worked as a Vice President, managing Alfa Group's investments in Golden Telecom and Kyivstar. From 1998 to 2002, Mr. Khudyakov worked for the Moscow office of McKinsey & Co. Mr. Khudyakov holds a master's degree in Business Administration from INSEAD and a master's degree in Applied Mathematics and Physics from the Moscow Institute of Physics and Technology. He is a non-executive board member of Turkcell. He is also an Observer Member of the Audit Committee of Turkcell's Board of Directors. Mr. Khudyakov was named to the Audit Committee in reliance on SEC Rule 10A-3(b)(iv)(D).

Colin J. Williams
Member

Colin J. Williams was appointed to the Board of Directors on May 22, 2006. He serves as a Voting Member and Chairman of the Audit Committee of Turkcell's Board of Directors. He is also a Non-Executive Director and Voting Member of the Audit and Remuneration Committees of Yule Catto, a chemical intermediates company; Chairman and Chair of the Audit and Remuneration Committees of Clondalkin, a consumer and industrial packaging company; Advisor to Rhone Capital Group on merger and acquisition; board member of Graham Packaging, a consumer and industrial plastic packaging company and a board member of Lecta, a coated paper company. From January 2001 to December 2004, Mr. Williams served as President of SCA, North America, which is active in the packaging sector, personal care and paper tissue products. He was a long-term board member and Vice Chairman of ICCA, the International Corrugated Packaging Institution, the European Federation of Packaging and the Federation of Paper Producers (CEPI). Mr. Williams is the founding President of Propak Europe and was a board member of the Greater Philadelphia Chamber of Commerce between 2002 and 2004. From 1988 to 2001, Mr. Williams was the President of SCA Packaging, prior to which he served as the Managing Director of Bowater, a corrugated packaging company, for four years. From 1978 to 1984, he was first the Sales Director and then the General Manager of Chicopee in the Netherlands, a non-woven fabrics company of Johnson & Johnson. Mr. Williams holds an MBA degree in finance from NYU and holds M.S. and B.S. degrees in physical chemistry.

In 2006, Turkcell maintained its position as the leading communications and technology company in Turkey, delivering strong

LETTER FROM
THE CEO

Despite intense competition Turkcell remains an undisputed leader

Dear shareholders, customers and business partners,

In 2006, Turkcell maintained its position as the leading communications and technology company in Turkey, delivering strong operational and financial performance with a 60% market share, despite intense competition. Due to the continuing growth of the Turkish GSM market, mobile line penetration has risen to 71% during the year-a clear indicator that competition will intensify further.

Turkcell, the first and only Turkish company traded on the NYSE, has become the second largest operator in Europe and has maintained a subscriber base of 31.8 million, an increase of 3.9 million in 2006. Turkcell is also an important player in the international arena with operations in Ukraine and the Turkish Republic of Northern Cyprus, in addition to its subsidiaries in Azerbaijan, Kazakhstan, Georgia and Moldova owned through Fintur. Today, the number of proportionate subscribers that Turkcell reaches in these countries, in addition to those in Turkey, sums up to 39.4 million.

As a reputable company in the global arena, for the third time Turkcell has earned a seat on the Board of the World GSM Association (GSMA), the most important organization in the worldwide telecommunications market.

Success doesn't come by chance

Turkcell subscribers are able to utilize the newest GSM technology with the highest quality and continuous communications along with services that are easy to use and add value to their daily lives. Subscribers are confident that Turkcell will always be there whenever it is needed. Turkcell remains an undisputed leader well known and respected for its high-quality products and services, value-added solutions for individuals and corporate customers, innovations and R&D investments.

The awards won by Turkcell are testament to its highly regarded global reputation. The launch of the turkcell-im campaign helped Turkcell to leave other global giants behind when it topped the competition in 2007's Global Mobile Awards, organized by the World GSM Association. Turkcell won the Gartner CRM Excellence Awards with the CRM program Journey with the Customer (Müşteri(Y)le Yolculuk) and also the IR Global Rankings Awards in which Turkcell's Investor Relations' website was chosen the most popular in Europe.

Groundbreaking products and services

In 2006, Turkcell launched various campaigns and billing options to match the needs and expectations of diverse customer groups. With its customer-focused approach, Turkcell has been able to meet its revenue target for the year.

Turkcell's groundbreaking projects in 2006 include the turkcell-im portal, which combines all value-added services under one roof and gives customers access to all the content such as entertainment, news, sports, music, chat and messaging from one single point. Additionally, İşTcell offers advantages and opportunities for both corporations and their employees. Established in 2005, Turkey's largest youth club gnctrkcll, now has more than 13.5 million members and continues to offer advantages to its customers.

Many of today's mobile phone users conduct their business with their cell phones equipped with Turkcell solutions that ease and enrich life. Corporate solutions such as the Turkcell ConnectCard, Turkcell PDA and Blackberry enable the user to save time while creating significant added value.

Outlook for 2007

Since its inception, Turkcell has achieved a strong and dynamic position in the market and has made capital expenditures of US$ 6.2 billion in Turkey, exclusive of licensing fees. Turkcell will further improve its infrastructure by making capital expenditures of US$ 400 million, excluding potential 3G investments.

In 2007, our priority is to create shareholder value through solid operational performance. A major target will be to make Turkcell one of the leading communication and technology companies in the world. On this road to success, the strength we derive through our vast network consisting of our employees, more than 200 business partners, dealers and distributors will enable us to overtake the competition, increase customer satisfaction and retention and enlarge our operations. We will also continue our growth through evaluating investment opportunities in international markets.

One of the major developments for our sector in 2007 will be Turkey's transition to 3G technology. With its solid technological infrastructure, Turkcell is ready for 3G. The introduction of 3G will expand the domestic software and infrastructure sectors and local content providers will have access to a brand-new market. The technology used with 3G will provide benefits to the country's economy in terms of local know-how, use of technology, increasing exports, employment opportunities and higher demand for skilled labor. Innovative efforts that are going to play an important role in the future of Turkey will gain further momentum with the introduction of the latest technologies in Turkey. Another important development for our sector in 2007 will be the implementation of Mobile Number Portability.

With the introduction of these applications, all companies in the market will be facing tough competition to provide better services to their customers. In this changing environment, we will continue to compete, working even harder, with full confidence in ourselves and in the quality of our work.

I am proud of being a member of the Turkcell family.

I want to share my pleasure and my pride in being a member of the Turkcell family. I am very pleased to be working with such a strong team. I strongly believe that as a result of our market leadership and strong technology base coupled with our customer-focused philosophy and our exceptional concern for projects that benefit society as a whole, Turkcell will continue to develop and grow as a leader in the communications and technology field.

I would like to thank our esteemed shareholders for their confidence, our employees for their unselfish hard work and loyalty and our business partners for their contributions and cooperation. Respectfully yours,

Süreyya M Ciliv

SÜREYYA CİLİV
CEO

THE MANAGEMENT TEAM

1-Süreyya Ciliv
Chief Executive Officer
Süreyya Ciliv was appointed as the Chief Executive Officer of Turkcell on January 9, 2007. He served as the CEO of several rapidly-growing multinational high-technology companies so far and has extensive experience in marketing and sales. Since 2000, Mr. Ciliv has held several executive positions in Microsoft Global Sales, Marketing and Service Group in the USA. From 1997 to 2000, he was the Country General Manager of Microsoft Turkey in Istanbul. Mr. Ciliv co-founded Novasoft Systems Inc. in Boston, USA, where he was both the CEO and the Chairman of the Board between 1987 and 1997. Süreyya Ciliv received his MBA degree from Harvard University in 1983. He has Industrial & Operational Engineering and Computer Engineering degrees from the University of Michigan, where he had graduated with honors.

2-Serkan Okandan
Chief Financial Officer
Serkan Okandan joined Turkcell in 2000. Since January 1, 2006, he is the Chief Financial Officer of the Company. Prior to this appointment, he was the Financial Control and Reporting Division Head of Turkcell. Mr. Okandan started his professional career at PricewaterhouseCoopers in 1992. He then worked for DHL and Fritolay as a Financial Controller. Serkan Okandan is a graduate in Economics from Bosphorus University.

3-Selen Kocabaş
Chief Business Support Officer
Selen Kocabaş joined Turkcell in 2003 and since May 1, 2003, she is the Chief Business Support Officer in charge of human resources, corporate information systems, procurement and contract management, and administrative issues. Mrs. Kocabaş started her professional career as a Management Trainee at Koç Holding, Mrs. Kocabaş later worked as Human Resources Expert at Arçelik, then as a Human Resources Coordinator at Marshall for five years, followed by Danone Sa where she worked for four years as Human Resources Director and was responsible for founding the water and milk companies, establishing the proper structure and deploying optimum human resources. Selen Kocabaş is a graduate of Economics from Istanbul University. She also obtained a master's degree in Human Resources Management from Marmara University.

4-Tülin Karabük
Chief Investment Officer
Tülin Karabük is the Chief Investment Officer of Turkcell and also a board member of Astelit, Inteltek, Bilyoner and Tellcom. Between 1987 and 1998, she served at various sales and marketing positions in different companies. For four years, she worked at Ekom Eczacıbası A.Ş. as a Regional Sales manager responsible for the Russian and Eastern Bloc markets, followed by two years as Senior Sales and Marketing Officer at 3M A.Ş. Having held various posts in the telecommunications industry from late 1993, Tülin Karabük held managerial positions at KVK Mobil Telefon Sistemleri Tic. A.Ş. in the area of Sales & Marketing; then, at Turkcell in Hazır Kart ("scratch card") division in 1998 when prepaid services were being introduced in Turkey. She was appointed as Chief Sales and Marketing Officer of Turkcell in 2001, and in 2005 she assumed responsibility of the group's investments.

5-Cenk Bayrakdar
Chief Services and Product Development Officer
Cenk Bayrakdar started working for Turkcell in 2002 and since April 1, 2006 he is the Chief Service and Product Development Officer. Prior to his appointment, he was Content Services and Partnering Management Division Head in Turkcell. Mr. Bayrakdar started his career in Arçelik and also worked at Corbuss and Turktell as a Business Development Manager. Cenk Bayrakdar is a graduate of Istanbul Technical University, Department of Electronic Communications. He holds a master's degree in Industrial Engineering from Texas A&M University.

6-İlter Terzioğlu
Chief Network Operations and Regulations Officer
İlter Terzioğlu joined Turkcell in 2003 and since April 1, 2006 he is the Chief Network Operations and Regulations Officer. Prior to this position, he was Business Strategies, Regulation and Risk Consolidation Division Head in Turkcell. İlter Terzioğlu started his career at Carnoud Metal Box and later worked as Assistant General Manager at Ericsson, Superonline and Show TV. Mr. Terzioğlu is a graduate in Economics from Istanbul University.

7-Cenk Serdar
Chief Value-Added Services Officer
Cenk Serdar joined Turkcell in 2005 and since August 8, 2005, he is the Chief Value Added Services Officer. Prior to this appointment, Mr. Serdar was the General Manager of Mapco, a subsidiary of Turkcell. Cenk Serdar started his career as a lecturer at the Wharton School, University of Pennsylvania and later held several senior managerial posts in the areas of technology, finance and automotive at Superonline, Doğan and Doğus Groups. Cenk Serdar is a graduate of the Industrial Engineering Department of Bilkent University. He also holds a master's degree in business administration from the Wharton School, University of Pennsylvania.

8-Levent Burak Demiralp
Chief Sales Officer
Levent Burak Demiralp joined Turkcell in 1998. Since June 19, 2006 he is the Chief Sales Officer of the company. Before joining Turkcell, Mr. Demiralp was the General Manager of Global Bilgi A.Ş., a subsidiary of Turkcell. Prior to that, he served as the Head of the Sales and Customer Relations Division at Turkcell. Levent Burak Demiralp, who started his career at Pınar Süt, also worked as the Marketing Manager of Piyale Maktaş. Mr. Demiralp is a graduate of Business Administration from Gazi University.

9-Lale Saral Develioğlu
Chief Marketing Officer
Lale Saral Develioğlu joined Turkcell in 2003 and since June 19, 2006 she is the Chief Marketing Officer of the company. Prior to this position, she was the Individual Marketing Division Head of Turkcell. Starting her career at Unilever, Lale Saral Develioğlu served as Marketing Director of Unilever in various markets. She is a graduate from the department of Industrial Engineering of Bosphorus University. She also holds a master's degree in Management Engineering from Rensselear Polytechnic Institute, New York.

10-Orhan Gemicioğlu
Legal Counsel
Orhan Gemicioğlu has been the Legal Counsel of Turkcell since its establishment. To date, he has taken part in several important tasks such as the preparation of Turkcell's first revenue sharing agreement, the transformation of this document into a license agreement and preparation of the revenue sharing agreement in the Turkish Republic of Northern Cyprus as well as the major lawsuits for the company. A graduate of the Faculty of Law from Istanbul University, Mr. Gemicioğlu has 37 years of experience as a lawyer. He has provided legal counseling services to several domestic and international companies and has served on the Boards of several companies. Mr. Gemicioğlu is also one of the founding members of a private university.

11-Ergun Duran
Head of Regulatory Affairs
Ergun Duran joined Turkcell in 2004 and has been the Head of Institutional and Governmental Relations of the company since December 6, 2004. Mr. Duran started his career at Endam Mühendislik ve Danışmanlık and later held senior managerial positions at Ericsson and Çukurova Holding. Mr. Duran is a graduate of the Faculty of Law from Ankara University.

12-Koray Öztürkler
Head of Investor Relations
Koray Öztürkler joined Turkcell in 1998 and has been the Head of Investor Relations since January 1, 2002. Prior to this appointment, Mr. Öztürkler served as the International Business Development Director of Turkcell. Koray Öztürkler started his career in the USA at Accenture Consulting where he worked from 1990 to 1994. Then, he worked as a Program Director at Yapı Kredi Bank between 1994 to 1998. Mr. Öztürkler has a degree in Marketing from Johnson C. Smith University and both an MBA and MIS from Mercer University.

13-Emre Şehsuvaroğlu
Head of Internal Audit
Emre Şehsuvaroğlu joined Turkcell in 2006 and since November 13, 2006, he has been the Head of Internal Audit at the company. His career began at Deloitte, an independent auditing company. He has also served as the Audit Group Director of Arkas Holding from 2003 to 2006. Mr. Şehsuvaroğlu is a Certified Public Accountant and Certified Internal Auditor. He is a graduate of the Business Administration faculty of Marmara University.


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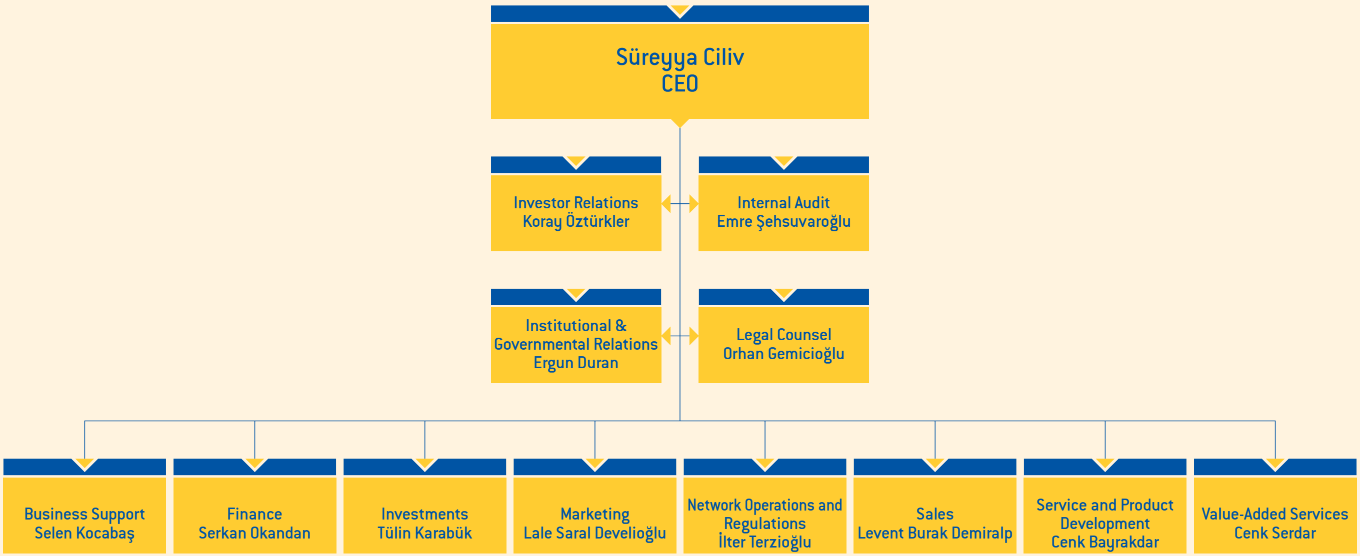
ORGANIZATIONAL STRUCTURE

In order to maintain leadership and a competitive edge, Turkcell regularly and systematically reviews its way of doing business, its processes and organizational structure and carries out the necessary actions for improvement and restructuring.

In 2006, the organizational structure of Turkcell consisted of chief officers in charge of marketing, sales, value-added services, network operations and regulation, service and product development, finance, business support and investments, in addition to internal audit, business development, investor relations and legal affairs, all of which report directly to the CEO.

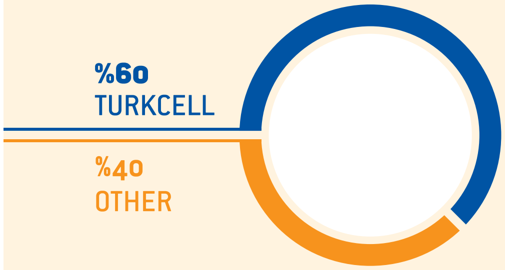



Turkcell'le
bağlan hayata

31.8

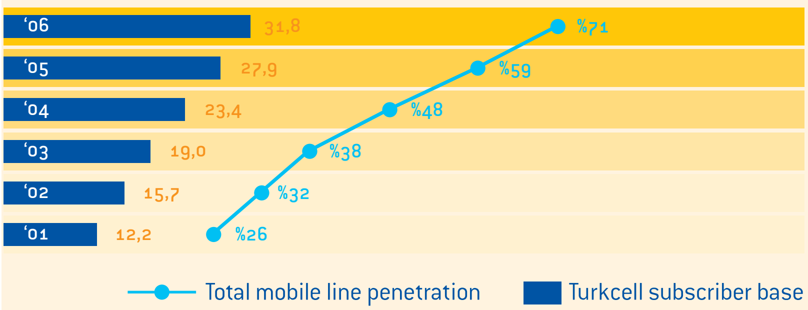
MILLION SUBSCRIBERS:

MARKET LEADER



LEADER WITH A 60% MARKET SHARE IN A THREE-OPERATOR ENVIRONMENT

A CONTINUOUSLY GROWING MARKET



Source: Telecommunications Authority, Turkcell

LEADER IN SUBSCRIBER ACQUISITION

Having raised the number of its subscribers by 14% compared to last year, Turkcell is by far the industry leader with 31.8 million subscribers.

A MARKET WITH GROWTH POTENTIAL

Turkey's mobile line penetration at 71%, compared to the European markets where mobile line penetration exceeds 100%, points to a potential for further growth.

SECOND LARGEST GSM OPERATOR IN EUROPE*

With 31.8 million subscribers, Turkcell is the second largest GSM operator in Europe.

* Based on number of subscribers

The expected average GDP growth rate for the coming years is 2% for EU-15 members and 5% for Turkey.

Turkey-An attractive market for foreign investors

- Europe's fastest-growing emerging economy in terms of gross domestic product and population
- Europe's youngest and fastest-growing population
- Strong economic indicators-rapid decline in inflation and interest rates
- A stable one-party government
- Compliance with IMF agreements and structural reforms
- Record levels of foreign direct investment during the EU accession process

Turkcell-A major focus of attention for investors

- Turkey is a large market with a population of 74 million.
- It has a mobile line penetration of 71% compared to the European markets where mobile line penetration exceeds 100%, pointing to a potential for further growth.
- Turkcell is an industry leader far ahead of its competitors with a market share of 60%.
- The number of proportionate subscribers, including Turkcell's subsidiaries in six markets outside Turkey, with a total population of 80 million, is 39.4 million.
- Strong financial and operational results
- The first and only Turkish company listed on the New York Stock Exchange.

TURKEY HAS THE HIGHEST GDP GROWTH RATE

TURKEY	8.2%
RUSSIA	6.8%
CZECH REPUBLIC	5.1%
HUNGARY	4.7%
POLAND	4.3%
EU AVERAGE	1.8%

2003-2005 Average Annual Compound Growth

Source: Global Insight; EU average (EU15)

TURKEY HAS THE YOUNGEST POPULATION

TURKEY	35.5%
CZECH REPUBLIC	24.1%
POLAND	22.8%
EU AVERAGE	22.7%
HUNGARY	22.0%
RUSSIA	21.0%

% of the population below age 19

Source: EIU; EU Average, excluding Luxembourg, (EU15)

TURKEY'S LOW MoU SUGGESTS FURTHER GROWTH POTENTIAL

Turkcell Turkey	82
Poland	90
Germany	113
Portugal	117
Spain	127
Egypt	128
Italy	128
Greece	152
Hungary	157
Ireland	237
Finland	244
France	255
Israel	306

Average Monthly Minutes of Usage levels across countries

Source: EMC, country average data as of September 2006; Greece, Ireland, Italy, Poland and Portugal MoU data in June 2006 used as a proxy for September data.

RELATIVELY LOW MOBILE LINE PENETRATION LEVELS

Israel	130,6%
Italy	129,3%
Greece	116,1%
Spain	112,5%
Ireland	111,0%
Portugal	108,2%
Finland	107,4%
Russia	103,6%
Germany	96.7%
Hungary	89.5%
Turkey	68.9%
Egypt	19.3%

Mobile penetration levels across countries

Source: EMC; penetration levels as of Sept 2006

Mobile line penetration rates reached 71% as of December 31, 2006 in the three-operator Turkish mobile communication market; this suggests the potential for further growth.

Stable Growth, a Young and Dynamic Population in Turkey

Growth resulting from economic stability-the inflation rate, which declined from 70% to 10% and interest rates that went down from 100% to 20% between 2003 and 2006, are the main indicators of economic stability.

Growing foreign investment-Dedication to structural reforms, the EU membership process, strong relations with the IMF and the increase in foreign direct investment have been indicators of determination at the political level.

GDP Growth-Average annual growth in the gross domestic product, which has been around 8% since 2003, is much higher than the European average of 1.8%; it is nearly twice the average in Eastern Europe and Russia. The expected average GDP growth rate for the coming years is 2% for EU-15 members and 5% for Turkey.

Young and dynamic population-With a mobile penetration rate lower than that of Europe, Turkey is a market with room for further growth. With a dynamic and youthful population, 35% are below the age of 19, Turkey has an annual growth rate of 1.3% as opposed to the negative rate in Europe, hinting to the potential for expansion in the mobile communications sector.

In 2007, Turkcell aims to maintain its position as the market leader even as competition intensifies and to continue its customer-focused approach

Changing Market Conditions

The Turkish telecommunications industry has seen major changes since the completion of Telsim's sale and Turkish Telecom's privatization. In the third quarter of 2006, Telecom Italia Mobile announced its decision to sell its shares in Avea to Turk Telecom, concluding the sale. Competitors in the GSM market have continued to emphasize the advantages of their price-oriented offers, applied some upward price adjustments, restricted some of the incentives that encouraged usage and continued to focus on their high-priority task of improving the infrastructure. As a result of the change to their ownership structure, operational profitability gained priority; hence competition moved toward a more rational approach. In this environment, Turkcell maintained its primary position in the market by launching customer-oriented campaigns that meet the full range of subscribers' needs and provide them with solutions, not only for mobile phone usage but also in all areas of their lives. Furthermore, Turkcell continued to increase usage and strengthen subscriber loyalty during 2006.

Regulatory Environment and Legal Developments

Important issues in the regulatory environment in 2006 were as follows:

Treasury Share Calculation

In March 2006, the gross revenue definition in Turkcell's license agreement to calculate the 15% treasury fee (made up of the ongoing license fee and universal fund paid to the Turkish Treasury and the Ministry of Transportation, respectively) was revised. Currently, Turkcell pays the 15% treasury fee, based on the new gross revenue definition that excludes accrued interest charges for late collections from subscribers and indirect taxes such as the 18% Value-added Tax (VAT), plus a few other expenses and accrued revenue. Prior to this revision, the gross revenue definition included indirect taxes, such as VAT.

Interconnection Rates

With regard to the revision of pricing terms of interconnection agreements, the Telecommunications Authority (TA) issued new reference call termination rates for all operators in the market as of June 2006. These new call termination rates were lower than the rates applied to other GSM operators previously but at the same level with the temporary interconnection rates applied between Turk Telecom and Turkcell since August 2005. Given the disagreements that existed between Turkcell and other GSM operators regarding the revision of pricing terms for interconnection agreements, the TA resolved that these call termination rates would be applicable to Telsim and Türk Telecom as of March 2006, to Vodafone by May 2006 and to Avea in July 2006. After the TA's decision, Vodafone and Turkcell agreed on better pricing terms.

Mobile Number Portability

In February 2007, the TA introduced a regulation regarding Mobile Number Portability (MNP); implementation is expected at the end of 2007. Turkcell is undertaking the necessary preparations for implementation.

3G

The 3G license tender process is expected to take place during the first half of 2007 based on announcements from the TA. The Turkish Council of Ministers approved the authorization plan regarding 3G licensing in February 2007. Turkcell looks forward to the timely implementation of the tender process and believes it is well positioned to take advantage of 3G in the Turkish market, in line with the needs and expectations of its customers.

Turkcell-The Market Leader

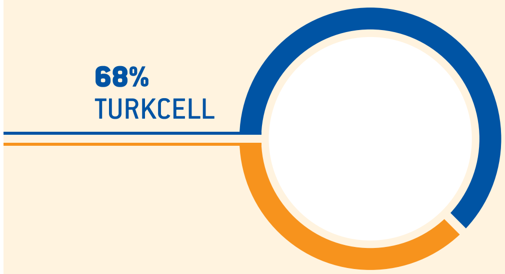
Turkey's leading telecommunications company Turkcell added 3.9 million new subscribers and increased their numbers to 31.8 million in 2006. According to official data released by the Telecommunications Authority, the mobile penetration rate, which was 59% as of December 31, 2005, went up to 71% by year-end 2006. Turkcell managed to capture a market share of 60% with a focus on maintaining a balance between revenue targets and improving customer satisfaction through its products and services. For Turkcell, 2006 has been a year of strong operational performance and profitable growth. Maintaining its position as a market leader, Turkcell continued to invest in high service quality and its coverage area, its large subscriber base, a technologically advanced infrastructure, a wide range of value-added services and efficient distribution channels. Furthermore, tailor-made campaigns and incentive programs throughout the year have added to the company's brand image and value perception. Closely monitoring market developments, Turkcell also implemented an upward price adjustment at a cumulative rate of 16.5% during 2006, including an average of 7.7% at the end of December.

The subscriber market is expected to continue to expand in 2007, with the mobile penetration rate estimated to reach 80% by the end of the year. In 2007, Turkcell aims to maintain its position as the market leader even as competition intensifies and to continue its customer-focused approach by offering high-quality products and services for diverse subscriber segments and well-designed value propositions. Further strengthening its brand via its customer-focused philosophy and its segmented approach, Turkcell also aims to maximize customer loyalty through value-focused offers that are tailored to meet customer needs and expectations. Turkcell will maintain its focus on profitability with offers for subscriber acquisition for relatively under penetrated regions and customer groups, new incentive programs, higher MoU rates, advanced data services, sophisticated value-added services content, effective cost management and the ability to generate cash.

US$ 6.2

BILLION OF CAPITAL EXPENDITURES:

LEADER IN TECHNOLOGY



AS OF THE END OF 2006, 68% OF TURKCELL'S NETWORK HAS BEEN 'EDGE' ENABLED

A leader in value-added services with a rich, innovative portfolio of products and services

A unique service development platform enabling tailor-made offers and campaigns and extensive distribution channels

Innovation efforts combined under one roof at the R&D center

The only Turkish nominee for the 2007 Global Mobile Awards organized by the World GSM Association, in the categories of Best Service Delivery Platform and Best Customer-Focused Implementation

TURKCELL

TECHNOLOGY

INFRASTRUCTURE

GSM was developed in 1987 to facilitate unification and integration of mobile communications within the European Union. GSM networks have traditionally been used exclusively as personal voice communications networks. The mobile telecommunications industry increasingly provides mobile data services while GSM, as a technology platform, is suitable for data transmission. First generation mobile telecommunications, based on analog technology, is used to provide simple voice telephony. Second generation mobile telecommunications, based on the digital GSM standard, provides additional data facilities ranging from short messaging services to narrowband data services.

In 2001, Turkcell launched General Packet Radio Services (GPRS) in Turkey; in 2004, it began to offer Enhanced Data rates for GSM Evolution (EDGE), which allows network speeds of up to 200 Kbps in all areas with high data traffic. GPRS and EDGE permit greater opportunities for improved data and voice services, provide the platform for the introduction of mobile Internet services and pave the way for third-generation (3G) networks. With GPRS and EDGE, users can surf on the mobile Internet and choose from a wider array of entertainment and business applications. Third generation mobile telecommunications, which offers full interactive multimedia capabilities at data rates of up to 2 Mbps, are expected to bring mobile networks significantly closer to the capabilities of fixed-line networks and allows for the introduction of high volume-based data services such as video telephony.

Traditionally offering the most advanced technology to its subscribers, Turkcell expanded the EDGE technology in 2006, to provide almost three-times more speed compared to GPRS; about 68% of the entire network across Turkey is EDGE enable.

The tender process for the 3G license is expected to be completed in the first half of 2007. Turkcell is fully prepared to harvest 3G advantages that will benefit its customers in line with their needs and expectations.

PRODUCT AND SERVICE DEVELOPMENT

Turkcell's competitive edge has been gained by prioritizing investments that promote progress using the infrastructure developed by its experience in CRM (Customer Relations Management). This infrastructure is capable of providing subscribers with customized solutions that make a difference to them, according to their preferences and life styles and its capability to develop several systems and platforms internally, instead of outsourcing them. In order to maintain its advantage in this area, Turkcell continues to implement projects to improve and renew its CRM infrastructure. At the same time, the Business Intelligence System has been restructured and a project to improve the subscription infrastructure has been launched.

The Service Delivery Platform Architecture (SDPA) infrastructure established in 2006 made it possible to put a diverse range of value-added services and content, as well as an easy implementation for strong web and WAP portal applications, which make it possible for business partners to use the capabilities of the services network in a more effective way that focuses on customer satisfaction. Efforts to create greater diversity in services will continue in the future at an accelerated rate.

In 2006, Turkcell renewed some of its campaigns and loyalty programs to further strengthen customer loyalty, increase subscriber acquisitions and diversify usage. These programs were Konbara, Minutes from us, Earn as you go and Unit Demand.

Traditionally offering the most advanced technology to its subscribers, Turkcell expanded its EDGE technology, which provides almost three-times more speed compared to GPRS, to cover about 68% of the entire network across Turkey.

Thanks to its flexible payment infrastructure, Turkcell serves its customers through a variety of alternative channels such as ATM, POS, virtual POS applications, Digiturk, kiosk, Internet and a call center, etc. In addition to the existing infrastructure, Turkcell introduced the convenient payment method, Mobil Ödeme-Mobile Payment, for the first time in Turkey in 2006. Turkcell was the first operator in the world working with Ericsson to apply a real-time in-group billing tariff for prepaid subscribers. The flexible promotion infrastructure developed by Turkcell makes it possible to offer advantageous billing structures to smaller groups.

With an infrastructure that is flexible enough to divide subscribers into different segments, Turkcell first introduced the ability to send different messages to different segments of prepaid subscribers at the conclusion of a call.

The EDGE infrastructure has enabled Turkcell to provide much faster access to e-mails and the Internet using the BlackBerry. Turkcell's network infrastructure has also been upgraded to High Available Telco Grade. Business continuity, which could only be partially provided with the Business Continuity Management (BCM) infrastructure, will be fully secured in 2007.

Product and service range, which makes Turkcell an industry leader, will continue to grow rapidly in the future and will remain supported by attractive and effective campaigns.

RESEARCH AND DEVELOPMENT

Turkcell, Turkey's leading mobile operator, brought its R&D activities under the umbrella of the newly established GSM Technology R&D Center in 2006. The center, which operates on a 3,000 square meter site with 252 engineers, commenced its activities in March. Turkcell and its business partners, with innovative projects such as KampusCell and GPRSLand are enjoying worldwide recognition and will use this center to transform existing GSM technology into services and products that will simplify and enrich the daily lives of Turkish users. Innovation efforts are made at an increasing rate and in cooperation with more than 200 business partners, some co-exist with Turkcell.

For the ninth year, Turkcell has been the main sponsor of Cebit Eurasia, one of the largest information and telecommunication technology fairs in the Eurasian region. At this exhibition, the company presented the latest developments in mobile technology that simplify and enrich life within the framework of the Connect to life with Turkcell (Turkcell'le Bağlan Hayata) concept in a wide range of areas from entertainment to the world of business.

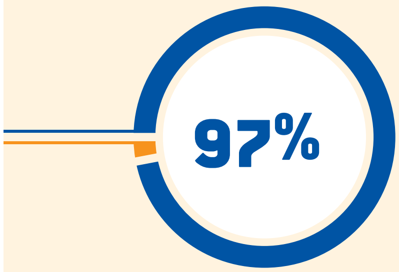
Turkcell has officially sponsored Bilişim'06 organized by the Turkish Information Association (TBD) to contribute to the development of information technology in Turkey, to explain the possible benefits of 3G for the country and industry and to discuss the industry's problems.

At Bilişim'06, Turkcell presented the "World of the Future" concept detailing the work on new services that can be offered to customers via new mobile communication solutions and establishing cooperation with industries such as healthcare and automotive.

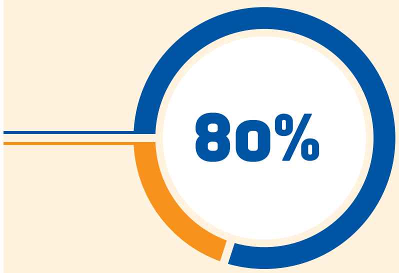
12,000

BASE STATIONS:

LEADER IN SERVICE QUALITY AND COVERAGE AREA



COVERAGE IN TERMS OF POPULATION



COVERAGE IN TERMS OF AREA

LEADER IN QUALITY
WITH A NETWORK COVERING 97% OF THE POPULATION AND 80% OF THE GEOGRAPHY IN TURKEY

Leader in service quality with approximately 39,000 sales points, a 24/7 call center and services focusing on customer groups.

QUALITY SERVICES

In an effort to bring its products to customers throughout Turkey as quickly as possible, Turkcell performs the distribution to sales channels through nine different distribution companies and a service provider.

Turkcell's dealer sales channel has already become Turkey's largest retail chain, with 719 Turkcell Communication Centers, selling Turkcell products exclusively and operating in 81 provinces connected to 12 regional directorates. There are also 204 Turkcell Communication Centers Extra, for a total of 923 shops, about 10,000 Turkcell Sales Points and approximately 39,000 sales points together with Alternative Unit Loading Channels. During 2006, Turkcell added 70 Turkcell Communication Centers to its chain.

As part of its face-to-face customer care, Turkcell employs trained service consultants at Turkcell Communication Center Extra shops, thus distancing itself from the competition. All subscription procedures can be completed at Turkcell Communication Center Extra shops where high customer satisfaction and service quality are guaranteed.

The Teknostar Project was initiated in 2006 to increase the sale of products and services in face-to-face channels. In this project, product and service experts called Teknostars were deployed to Turkcell Communication Center Extra shops, resulting in an annual growth of 300% in the sales of 35 products and services such as Pushtotalk, Ringback Tone, İddaa packages and news packages.

Turkcell has reshaped its vision of simplifying and enriching the lives of its customers with the opening of a "flagship" shop where information technology and visual communication devices are combined with GSM, thus offering a unique customer experience. Utilizing a communication advisor profile, which also means advising the customer on all kinds of communication needs, Turkcell offers customers a unique experience with regard to dynamic devices, products and services, targets to create "loyal customers" and ensures their lifetime retention with a service model beyond expectations.

The Turkcell Call Center employs high technology and skilled employees, most of whom are university graduates, providing diversified services to 31.8 million customers through eight different channels, 2,300 seats and 2,500 customer representatives arranged according to customer needs.

The Call Center processed 65 million calls (both incoming and outgoing) in seven different regions. Customer services involve the regular measurement of customer experience and quality using seven different methodologies. In addition to customer services, the Turkcell Call Center also provides supplementary services related to sales and marketing, risk management and customer retention.

Commanding Turkey's most extensive sales channel, Turkcell Corporate Services continued to provide organized one-on-one services to corporate customers by a skilled customer representative team that was further enhanced during 2006. Additionally, at the Corporate Solutions Center, operated in cooperation with business partners, corporate customer advisors as well as customer management and corporate sales representatives are involved in new subscriber acquisitions.

Turkcell intends to reach its customers as quickly as possible with the widest distribution sales channels of Turkey.

COVERAGE AREA

As of the end of 2006, Turkcell covered 80.3% of the geographical area and 97.2% of the population of Turkey and 100% of all settlements with a population of more than 3,000. With around 12,000 base stations throughout the country, Turkcell is Turkey's communications leader in terms of coverage. It also leads the sector in terms of 'EDGE' technology with 68% of its network already supporting EDGE.

According to financial statements prepared in compliance with IFRS, Turkcell's capital investments in Turkey up until the end of 2006 (excluding licenses) totaled US$ 6.2 billion, with US$ 375 million invested in coverage/capacity expansion and technology upgrades in 2006.

In 2007, Turkcell will continue to expand its network and maintain its leading stance by increasing capacity and quality. Its emphasis on a solid infrastructure and network quality provides the company with a competitive advantage over its peers in terms of quality. Turkcell invests substantially in resources and equipment to develop and optimize its network and maintains its position as a market leader. Experienced personnel working for the company on a full-time basis carry out network engineering activities and other design work.

Sound quality has been further improved by using the new voice technology AMR (Adaptive Multi Rate) across the entire network. Turkcell has also been the first to use the Satellite Access Transmission on-site application in Turkey.

The licensing process for 3G technology will be completed in the first half of 2007. This will upgrade data transmission in terms of quality and speed and will also provide Turkcell with the opportunity to reduce costs and increase efficiency.

INTERNATIONAL ROAMING

Turkcell provides increasingly more post-paid and pre-paid subscribers with the opportunity to use their phones abroad and the number of operators with which the company has signed an international roaming agreement is on the rise. Turkcell has been a global leader in terms of the number of roaming operators with which it cooperates since July 1994. In 2006, it signed agreements with 62 operators in seven countries and currently serves 193 countries with over 539 operators. Turkcell, covering 85% of the world geography by the end of 2005 in terms of the number of countries, increased this ratio to 88% in 2006. It has therefore consolidated its position as one of the world's leading operators in terms of roaming services that allow subscribers to use their mobile phones when they are abroad.

Turkcell already covers several countries and oceans in international roaming and GPRS/data roaming and is continuously expanding its coverage and improving its cooperation with operators especially in Europe, Asia, America and Africa.

While international roaming agreements allow Turkcell subscribers to talk when abroad, GPRS international roaming services ensures that both subscribers and visitors in Turkey receive fast, practical data communication services abroad. Following the agreements signed with 23 operators in eight countries, as of December 31, 2006 Turkcell is able to provide international roaming service in 113 countries with 276 operators. With the finalization of GPRS roaming agreements, Turkcell is the leader in Turkey and has become one of the world's leading operators in both GSM roaming and GPRS roaming, far ahead of competitors.


İLK HAREKET
TÜNEL
SON HAREKET
7.00
İŞ GÜNÜ
21.00
7.30
PAZAR
21.00

US$ 4.7

BILLION SALES REVENUE AND US$ 876 MILLION NET INCOME:

LEADER IN FINANCIAL PERFORMANCE

Turkcell's continuing leadership position, strong brand recognition and operational success that provide it with a competitive edge, paved the way for financial strength and flexibility.

REVENUE (US$ MILLION)

REVENUE

An increasing subscriber base and usage as well as the contribution of consolidated subsidiaries despite the depreciation of the Turkish lira against the US dollar led to an increase in revenue to US$ 4,700 billion

EBITDA (US$ MILLION)

EBITDA

EBITDA increased to US$ 1,820 billion in 2006 mainly due to the decrease in the Treasury share and interconnection expenses. EBITDA margin was realized at 39%.

NET PROFIT FOR THE YEAR (US$ MILLION)

NET PROFIT FOR THE YEAR

Turkcell recorded US$ 876 million in net income at the end of 2006 due to strong operational performance and the absence of interest expenses for litigation payments.

TURKCELL PERFORMANCE

Operational and Financial Review of 2006

The following discussion focuses principally on the developments and trends in Turkcell's business in 2006.

Macroeconomic environment

US$ 1.00 was equal to TRY 1.4056 as of December 31, 2006, while US$ 1.00 had been equal to TRY 1.3418 on December 31, 2005, reflecting a year-on-year 4.8% depreciation of the Turkish lira against the US dollar in 2006. The depreciation of the Turkish lira against the US dollar was approximately 6.5% on a monthly average basis during the year. Also in 2006, the consumer and producer price indices in Turkey both increased by 9.7% and 11.6%, respectively.

Subscribers

Turkcell's total number of subscribers reached 31.8 million as of December 31, 2006. The annual growth rate was approximately 14% during 2006, up from 27.9 million as of December 31, 2005. The company added 3.9 million net new subscribers in 2006; its subscriber base consists of 5.8 million post-paid and 26.0 million pre-paid subscribers by year's end. New gross subscribers acquired in 2006 were composed of 90% pre-paid and 10% post-paid subscribers.

TRY/US$ Rate	Year-end 2005	Year-end 2006	2005-2006 % Change
Closing Rate	1.3418	1.4056	4.8%
Average Rate	1.3442	1.4313	6.5%

OPERATIONAL SUMMARY

Summary of Operational Data	Year-end 2005	Year-end 2006	2005-2006 % Change
Number of total subscribers (millions)	**27.9**	**31.8**	**14.0%**
Number of post-paid subscribers (millions)	5.4	5.8	7.4%
Number of pre-paid subscribers (millions)	22.5	26.0	15.6%
ARPU (Average Monthly Revenue per User), blended (US$)	**14.0**	**12.1**	**(13.6%)**
ARPU, post-paid (US$)	33.5	31.0	(7.5%)
ARPU, pre-paid (US$)	9.0	7.8	(13.3%)
Churn Rate (%)	**10.1**	**14.7**	**-**
MoU (Average Monthly Minutes of usage per subscriber), blended	**67.7**	**70.3**	**3.8%**

Turkcell Group Subscribers: 39.4 million

Turkcell had approximately 39.4 million proportionate GSM subscribers as of December 31, 2006. This is calculated by taking the number of GSM subscribers in Turkcell and each of its subsidiaries and multiplying the number of unconsolidated investees by Turkcell's percentage ownership interest in each subsidiary. This figure includes the proportionate rather than total number of Fintur's GSM subscribers of 1.8 million subscribers. However, the figure includes the total number of GSM subscribers in the Ukraine and in the company's operations in the Turkish Republic of Northern Cyprus amounting to 5.6 million and 0.2 million subscribers, respectively. The financial statements of Turkcell subsidiaries in the Ukraine and Northern Cyprus are consolidated with Turkcell's financial statements. Turkcell has a 54.8% direct and indirect stake in the Ukrainian subsidiary and a 100% stake in the Northern Cyprus subsidiary.

Turkcell Group Subscribers (millions)	Year-end 2005	Year-end 2006	% Change 2005-2006
Turkcell	27.9	31.8	14%
Ukraine	2.5	5.6	124%
Fintur (pro rata)	1.5	1.8	20%
Northern Cyprus	0.2	0.2	-
TURKCELL GROUP	32.1	39.4	23%

Churn Rate

Churn refers to disconnected subscribers, whether disconnected voluntarily or involuntarily. The total annual churn rate as of December 31, 2006 increased to 14.7% from 10.1% as of December 31, 2005, in line with Turkcell's expectations. This was due to an overall high rate of growth, Turkcell's large subscriber base and intensified competition in the Turkish market throughout the year.

MoU

In 2006, blended MoU increased by 3.8% to 70.3 minutes, in line with Turkcell's expectations. This was a result of various incentives and strengthened offers throughout the year.

ARPU

In 2006, blended ARPU decreased to US$ 12.1 mainly due to loyalty programs, the depreciation of the Turkish lira against the US dollar combined with the dilutive impact of pre-paid subscribers.

Revenue

On an annual basis, Turkcell's revenue increased by 4% in 2006 to US$ 4,700 million on the back of an increasing subscriber base and usage as well as the contribution of Turkcell's consolidated subsidiaries. This occurred despite the depreciation of the Turkish lira against the US dollar.

FINANCIAL REVIEW

Income Statement Analysis

Income Statement Analysis (US$ millions)	Year-end 2005	Year-end 2006	2005-2006 % Change
Total revenue	4,528.0	4,700.3	3.8%
Direct cost of revenue	(2,701.6)	(2,627.9)	(2.7%)
Administrative expenses	(154.0)	(154.9)	0.6%
Sales and marketing expenses	(700.5)	(827.5)	18.1%
EBITDA	1,722.2	1,820.0	5.7%
Financial expenses	(191.2)	(108.0)	(43.5%)
Financial income	167.5	184.0	9.9%
Net financing cost	(23.7)	76.0	220.7%
Share of profit of equity accounted investees	68.2	78.6	15.2%
Income tax expense	(290.5)	(413.2)	42.2%
Net income	772.2	875.5	13.4%

Income tax expense (US$ millions)	Year-end 2005	Year-end 2006	2005-2006 % Change
Current Tax expense	(69.8)	(310.7)	345.1%
Deferred Tax expense	(220.7)	(102.5)	(53.6%)
Income Tax expense	(290.5)	(413.2)	42.2%

Direct cost of revenue

In 2006, the direct cost of revenue decreased to US$ 2,627.9 million mainly due to the decrease in Treasury share and interconnection costs. Consequently, the gross profit margin increased to 44%.

Treasury share fee (including Universal Service Fund payments) declined by 9% on an annual basis as a result of the revision in the definition of gross revenue used for the Treasury share calculation. This became effective as of March 10, 2006 and resulted in lower Treasury share fee payments.

Depreciation and amortization decreased to US$ 730.0 million in 2006 primarily due to fully depreciated assets and depreciation of the Turkish lira against the US dollar.

Interconnection costs decreased by 29% in 2006 to US$ 338.3 million due to the downward revision of call termination rates and the depreciation of the Turkish lira against the US dollar.

Sales and marketing expenses

Sales and marketing expenses in 2006 were US$ 827.5 million, which constituted an 18% year-on-year rise in nominal terms in line with Turkcell's expectations. This was a result of increased advertising and marketing campaigns as well as dealer and distributor activities. The ratio of sales and marketing expenses to revenue in 2006 increased to 18%.

In 2006, SAC increased to US $30.4 in line with Turkcell's expectations mainly due to campaigns and activities initiated during the year as well as increasing dealer and distributor activities.

Administrative expenses

During 2006, Turkcell recorded US$ 154.9 million of general and administrative expenses and the proportion of general and administrative expenses to revenue remained stable at 3%.

Share of profit of equity accounted investees

In 2006, Turkcell's equity in net income of unconsolidated investees increased to US$ 78.6 million mainly due to solid operational growth in Fintur operations throughout the year.

Net financing cost

As a result of the increasing cash balance and interest rates in 2006, financial income increased to US$ 184.0 million.

Turkcell's financial expenses decreased by 44% on an annual basis to US$ 108.0 million generally due to the absence of interest expenses for litigation payments recorded in 2005.

Overall in 2006, Turkcell recorded a net financial income of US$ 76.0 million compared to net financial expenses of US$ 23.7 million in 2005. This was due mainly to increasing cash balance and interest rates in 2006 and the absence of interest expenses for litigation payments recorded in 2005.

Income Tax Expense

The income tax rate, which was 30% for the fiscal year ending on December 31, 2005, decreased to 20% effective from January 1, 2006 on the back of the tax law enacted in June 2006.

The year-on-year total income tax expense increased to US$ 413.2 million due to two major reasons. One was the 2005 tax expense that included a one-time tax deduction related to legal disputes that were deducted from the corporate tax basis for that year. The second was that Turkcell's investment incentive certificates provided a tax benefit in the past in the form of deductions for corporate tax purposes, which exempted Turkcell from the 30% corporate tax. Such deductions were subject to withholding tax at the rate of 19.8%. As a result of the change in tax rates, the difference of 30% corporate tax and 19.8% withholding tax, recorded as a deferred tax benefit, was reversed in 2006 since this 10.2% deferred tax benefit was decreased to 0.2% as result of the change in the tax rate.

In 2006, Turkcell's current tax expense increased to US$ 310.7 million due to the absence of the one-time tax deduction made in 2005 and despite the decrease in the corporate tax rate.

EBITDA

EBITDA increased by 6% to US$ 1,820.0 in 2006 due to the decrease in Treasury share and interconnection expenses; a 39% EBITDA margin was achieved.

Net income

Turkcell recorded US$ 875.5 million in net income at the end of 2006 mainly due to strong operational performance and the absence of interest expenses for litigation payments.

Balance Sheet Analysis

Total Debt

Turkcell's consolidated debt amounted to US$ 639.6 as of December 31, 2006. Of this total amount, US$ 465.4 million was related to its Ukrainian operations.

On January 9, 2007, in order to increase its financial flexibility, Turkcell mandated six banks as lead arrangers for an unsecured syndicated financing through a committed facility amounting to US$ 3 billion. As of February 26, 2007, Turkcell successfully closed this US$ 3 billion unsecured loan facility.

Cash Flow Analysis

In 2006, Turkcell's net cash flow from operating activities increased to US$ 1,837.3 million resulting from the increase in net income due to strong operational performance.

In 2006, capital expenditures amounted to US$ 604.8 million of which US$ 200.2 million was related to Turkcell's Ukrainian operations.

Consequently, Turkcell's cash position at the end of 2006 reached US$ 1,598.6 million.

EBITDA (US$ millions)	Year-end 2005	Year-end 2006	% Change 2005-2006
Net revenue	4,528.0	4,700.3	3.8%
Less: Direct cost of revenues	(2,701.6)	(2,627.9)	(2.7%)
Plus: Depreciation and amortization	(750.3)	(730.0)	(2.7%)
Less: Sales and marketing expenses	(700.5)	(827.5)	18.1%
Less: Administrative expenses	(154.0)	(154.9)	0.6%
EBITDA	1,722.2	1,820.0	5.7%
EBITDA Margin	38%	39%	-

Consolidated Cash Flow (US$ millions)	For the year 2005	For the year 2006
Net cash provided by operating activities	1,095.6	1,837.3
Net cash used for investing activities	(659.2)	(632.5)
Net cash provided by/(used for) financing activities	(370.6)	(378.2)
Cash Balance	808.2	1,598.6

INTERNATIONAL CREDIT RATINGS

Moody's-December 22, 2006

Local currency rating:	Ba2
Foreign currency rating:	Ba2
Outlook:	Stable

The Ba2 credit rating assigned by Moody's to Turkcell reflects the company's longstanding market leadership in the relatively under-penetrated Turkish market, strong brand recognition and significant financial strength and flexibility that enables the company to compete successfully in the operational field.

Standard & Poor's-December 4, 2006

Foreign currency rating:	BB-
Outlook:	Stable

Standard & Poor's increased Turkcell's long-term foreign currency rating to BB- due to Turkcell's s strong operational performance and financial position.

Fitch Ratings-August 18, 2006

Local currency rating:	BB+
Foreign currency rating:	BB
Outlook:	Positive

Following the revision of the country rating, which acts as a ceiling for company ratings, from BB- to BB, Fitch increased Turkcell's foreign currency rating from BB- to BB.

CUSTOMER-FOCUSED MARKET ACTIVITIES IN 2006

Campaigns

In 2006, Turkcell continued its customer-focused approach through offers, campaigns and billing options designed to better satisfy subscriber needs and expectations. Loyalty programs tailored to different customer groups and volume-based campaigns managed to increase minutes used. While maintaining a balance in revenue targets, segmented services, products and billing options were offered for different customer groups, serving the overall purpose of increasing customer satisfaction.

Initiatives and campaigns based on CRM applications aiming at customer retention and subscriber acquisition continued throughout the year while new and renewed campaigns were launched. In addition, corporate customer loyalty was strengthened through special campaigns providing usage incentives. Major campaigns and offers that commenced or continued in 2006 were as follows:

Options: These are discount options offered to pre-paid subscribers. With the inclusion of a 75% discount after one minute option in 2006, there are now four options that allow subscribers to make discounted calls to selected numbers or at certain times of the day.

Packages: Packages offered in 2005 to pre-paid subscribers for 45, 90 and 300 minutes on-net calls, have been renewed except for the Package 300, to offer discounted calls to fixed lines and higher minutes.

Loyalty programs: While Minutes From Us continued for post-paid subscribers, Counters From Us was renewed as Konbara for pre-paid subscribers and Earn As You Go continued with new features for corporate subscribers.

gnctrkcll: gnctrkcll, currently with more than 13.5 million members, was introduced for youngsters and all those who feel young at heart. In addition to free minutes and free SMS offered via Night Bird and Chat Bird campaigns, special offers were provided through co-branding with movie theaters, dining, popular clothing brands and in all areas important to their lifestyles.

Connect to Life with Turkcell motto was launched in the beginning of July; in this context, Turkcell provided all individual subscribers with a 75% discount after the first minute until the end of September. Individual subscribers received a 75% discount after the first minute for their on-net calls on the super on-net BizBizeCell tariff, used by a majority of the subscribers. During the same period, corporate subscribers were offered free talking time between the third and thirtieth minutes of their call.

Both the campaigns and this new approach to communication have positively influenced Turkcell's increased brand values as leading, trustworthy, dynamic, popular and sincere and have created a positive impact, not only on the minutes used, but also on the perception and brand image of the company.

In 2006, Turkcell continued its customer-focused approach through offers, campaigns and billing options

İşTcell has combined all the campaigns, advantages, offers and saving options under a single roof that Turkcell has been providing for its corporate customers. Renewed corporate tariffs and the Earn As You Go program offered benefit-oriented opportunities through products and solutions tailored to corporate customers.

Turkcell trucks reached cities all around Anatolia where mobile penetration rates are relatively low, to introduce a subscriber acquisition campaign and make several offers along with starter packs.

Thanks to its solid position, Turkcell is ready at all times to deal with changing macroeconomic environment or market conditions. While it responds to the expectations of subscribers, it continuously repositions itself without losing its focus on profitability.

VALUE-ADDED SERVICES

In 2006, Turkcell increased the usage, penetration and revenue of its value-added services.

In 2006, the turkcell-im portal was launched, enabling single-point access to all Turkcell value-added services. Subscribers are offered more than 300,000 content items thanks to agreements signed with world-renowned content providers such as EMI, MTV, Universal, Warner Bros and Sony BMG. turkcell-im with a rich content, ease of use and accesibility through WAP or the world-wide-web, has six categories, namely, Today, Entertainment, Music, Chat/Messaging, Sports and Assistant. Turkcell is currently the only operator in Turkey to customize rich, up-to-date content based on its subscribers' phone types and preferences providing easy accessibility through WAP or the world-wide-web. At the 2007 Global Mobile Awards, turkcell-im won top honors for the Best Broadcast and Radio Commercial.

Value-added services are an important component of the company's efforts to establish customer retention.

In 2006, along with the logo, melody and chat services, Ringback Tone became one of the most popular services of Turkcell and earned global recognition, reaching about three million active subscribers.

Another successful project was Mobile Music provided in cooperation with EMI Music, allowing users to download and listen to more than 200,000 songs on their handsets through EMI's digital platform.

With the new version of the Turkcell Connect software application launched in February, subscribers are now able to use their mobile phones and data cards directly as a modem for their computers without changing any settings.

Other projects that aim to improve subscriber satisfaction and retention include Turkcell Address Book, which allows phonebook synchronization by letting subscribers to copy the phonebook numbers in their mobile phone to websites and Counter Transfer, which allows unit transfers between pre-paid subscribers.

The first of its kind in the Turkish market, Pay for me from abroad, is a service that allows customers to make calls from outside Turkey and the party receiving the call within Turkey to pay for the cost of the call.

Additionally, in an attempt to increase mobile data usage, Internet packages priced based on different volume and usage times were introduced to individual and corporate subscribers.

TurkcellPDA, Turkey's first operator branded PDA (personal digital assistant), was introduced. TurkcellPDA allows users to have real-time access to their e-mails and connect to the Internet at any time and from any place. Turkcell branded devices such as TurkcellPDA, BlackBerry and Connect Card have enabled Turkcell to become the leader in data usage.

Turkcell signed an agreement with the creator of the world's most popular interactive video games, EA Games, which carries major soccer tournaments such as the European Championship and the World Cup to video gaming with full details such as the teams and the players. Turkcell has provided a version of this company's World Cup '06, a soccer game that can be played on mobile phones.

Unit Demand, a new service that was launched in June, enables pre-paid subscribers who run out of counters to ask for more from another subscriber free-of-charge. Another new groundbreaking product was launched in September for the first time in Turkey; Unit Statement allows pre-paid subscribers to view all of their details within the last two months, including minutes loaded, minutes used, Konbara and bonus units.

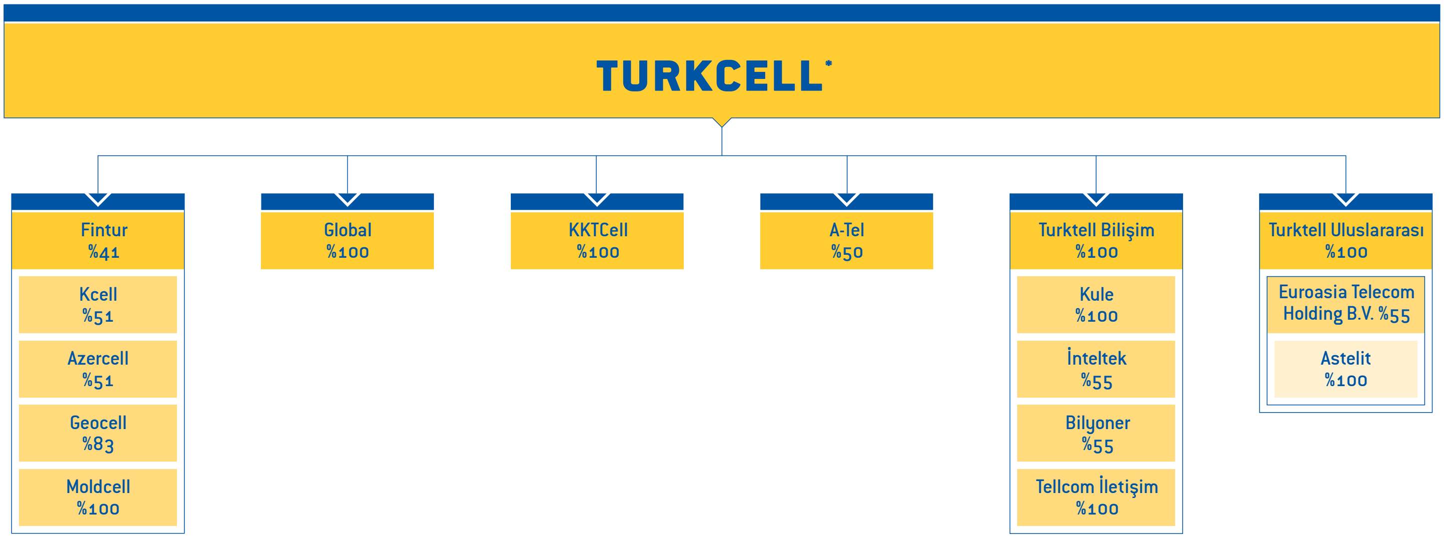
Turkcell Mobile E-mail Consultant, launched in 2006, guides subscribers who want to read their e-mail while on the move. Every subscriber is offered a customized mobile e-mail solution that best suits his or her needs after answering a series of questions.

Push to talk allows group communication, thus responding to customers' need for faster communication at a fixed price. This service is a favorite of taxi drivers, the logistics industry and corporate customers with large field teams.

Turkcell Mobile Signature, the first of its kind with highly developed security features, enables the use of a digital signature regarded as the equivalent of a real signature in the mobile environment. This service provides convenience and saves time in official transactions, such as applications made at public offices, social security and healthcare applications, tax payments and other various official transactions.

In 2006, the share of value-added services revenue in Turkcell's total revenue was 14%. These services are an important component of the company's efforts to establish customer retention. In order to provide products and services that suit its youthful subscriber profile, Turkcell is committed to maintaining its leadership advantage in value-added services and the technology behind them.

MAJOR SUBSIDIARIES AND BUSINESS DEVELOPMENT ACTIVITIES



* Major subsidiaries of Turkcell as of March 1, 2007

BUSINESS DEVELOPMENT ACTIVITIES AND FUNDING

Selectively seeking and evaluating new investment opportunities abroad, Turkcell continued to generate strong cash flow in 2006. New business opportunities included the purchase of licenses and acquisitions in markets where Turkcell is not operational. In February, Turkcell made a bid for the third Mobile Communication License tender in Saudi Arabia.

In January 2007, in an effort to provide the flexibility to identify and execute appropriate investments or acquisitions, Turkcell mandated six banks as lead arrangers for an unsecured syndicated financing through a committed facility amounting to US$ 3 billion. This unsecured US$ 3 billion facility was successfully closed on February 26, 2007.

DOMESTIC INVESTMENTS

Turktell Bilişim Servisleri A.Ş. (Turktell)

Turktell, a wholly owned subsidiary of Turkcell, is a holding company that brings together a number of innovative ventures. İnteltek, Bilyoner, Tellcom and Turkcell Kule are among the major indirect subsidiaries of Turkcell under the roof of Turktell.

İnteltek Internet Teknoloji Yatırım ve Danışmanlık Ticaret A.Ş. (İnteltek)

İnteltek, under the authority of the Turkish Youth and Sports Directorate and Spor Toto Organization, provides the infrastructure for the central betting system used by Spor Toto and İddaa games and is also responsible for risk management. 55% of the company is owned by Turkcell and 45% by Intralot. The company was established in 2004.

Inteltek was awarded a contract following a tender process in 2003, for the installation, support and operation of an on-line central betting system as well as maintenance and support for the provision of football betting games. Another separate contract authorized Inteltek to be the chief agent for the establishment of an agent network to provide fixed odds betting for football matches in Turkey.

Inteltek's operations recorded solid growth during 2006 and its revenue reached US$ 165.7 million.

With respect to the fixed odds betting tender, Gtech Avrasya Teknik Hizmet ve Müşavirlik A.Ş. filed a lawsuit against the Turkish Youth and Sports Directorate for the annulment of the tender.

In February 2007, the Administrative Court of Appeals, which carried out the appeal process, decided on the injunction of the transactions related to the fixed odds betting tender. While the legal process was continuing, in February, the Parliament passed a new law regarding the sports betting business in Turkey. This law, which was sent to the President for approval, requires a new tender process to be undertaken by March 2008 at the latest.

Bilyoner İnteraktif Hizmetler A.Ş. (Bilyoner)

Under the authority of the Turkish Youth and Sports Directorate, Bilyoner operates in the gaming business using electronic media such as mobile telephony, Internet, interactive television and IVR. Turktell has a 55% share in Bilyoner, with Intralot and Teknoloji Holding owning 25% and 20% of the company, respectively. The company was established in 2004.

Tellcom İletişim Hizmetleri A.Ş. (Tellcom)

Bilişim Telekom, which had its business title changed to Tellcom in February 2006, provides non-GSM telecommunication services. İletişim Hizmetleri A.Ş. Tellcom has a Long Distance Telephony Services (LDTS) license, which allows it to provide long-distance call origination and termination for individual and corporate customers as well as wholesale voice carrying services. A wholly owned subsidiary of Turktell, the company also has licenses for ISP services, territorial data transfer and infrastructure management.

Kule Hizmet ve İşletmecilik A.Ş. (Turkcell Kule)

Turkcell Kule is a wholly owned subsidiary founded in 2006 and involved in tower management, a business area which now remains outside the scope of Turkcell, main company. Its scope of activities includes the construction and purchase of new towers, the maintenance and renewal of existing ones, security services and other related activities. The company will give Turkcell priority as a customer, while renting antenna space in towers. In the future, Turkcell Kule is planning to provide services to other GSM operators and radio and television broadcasters as well.

Global Bilgi Pazarlama Danışma ve Çağrı Servisi Hizmetleri A.Ş. (Global)

Global is a Turkcell subsidiary with a mission to ensure the highest possible quality of service for Turkcell customers. Global undertakes all customer relationship activities except for the face-to-face interaction, such as the telephone marketing and sales operations, sales support and call center services. Global had a staff of 3,600 by the end of 2006, with the majority supporting Turkcell's customer relationship and customer satisfaction operations. The remaining employees serve the subscribers and customers of other companies included in Global's portfolio. Global is wholly owned by Turkcell.

Turktell Uluslararası Yatırım Holding A.Ş. (Turktell Uluslararası)

Turktell Uluslararası was established in April 2004 as a holding company to gather all of Turkcell's GSM operations abroad under one umbrella. It is wholly owned by Turkcell.

INTERNATIONAL INVESTMENTS

Northern Cyprus Turkcell-KKTCell

KKTCell, a wholly owned subsidiary of Turkcell and active since 1999, operates within the framework of a revenue-sharing agreement with the Telecommunications Authority of the Turkish Republic of Northern Cyprus. By the end of 2006, it had 250,000 subscribers.

Summary of Operational Data for Astelit	Q3 2006	Q4 2006	YE 2006
Number of subscribers (millions)			
Total	4.7	5.6	5.6
Active (3 months)[1]	1.9	3.1	3.1
Average Revenue per User (ARPU) in US$			
Total	1.7	2.0	1.9
Active (3 months)	3.9	4.1	3.4

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

Astelit, indirect subsidiary of Turkcell continued its stable growth under the brand of life:) in the ukrainian market and increased its subscriber base to 5.6 million by the end of December 31, 2006

Ukraine-life :)

Astelit, in which Turkcell holds 54.8% stake through Euroasia, has operated in Ukraine since February 2005 under the brand name of "life:)".

Since its inception in February 2005, Astelit has worked on establishing network coverage to provide high quality services in the Ukraine. As of December 31, 2006, Astelit invested approximately US$ 540 million, established more than 3,900 base stations to ensure a rapid rollout of its infrastructure, which currently covers approximately 90% of Ukraine's population. life:) was the first in the market to introduce EDGE and GPRS services, which provide the highest data transfer speed available in the GSM network. Astelit has also focused on establishing brand awareness and values as well as expanding its subscriber base.

Through its distribution channel of approximately 24,200 sales points and high brand recognition in the Ukrainian market, Astelit's subscriber base grew to 5.6 million by the end of December 31, 2006, up from 2.5 million a year earlier.

Astelit achieved encouraging results in growing its three-month active subscriber base and ARPU during the fourth quarter of 2006 highlighting the pick up in line with Turkcell's well-establishing operations.

In 2006, Euroasia recorded net revenue of US$ 87.9 million, a negative EBITDA* of US$ 83.8 million and a net loss of US$ 198.0 million. Total capital expenditures for 2006 reached US$ 200.2 million. Astelit plans to spend around US$ 150 million in 2007 for capital expenditures.

Astelit has a secured syndicated loan of US$ 390 million and a further US$ 150 million unsecured loan guaranteed by Turkcell. Of the total US$ 540 million, Astelit had drawn US$ 494.7 million as of December 31, 2006. The proceeds have been used to refinance Astelit's existing vendor loans, local bank loans and to finance additional capital expenditures and working capital investments.

* EBITDA is a non GAAP financial measure. See page 127 for the reconciliation of Astelit EBITDA to net cash used for operating activities.

FİNTUR

Turkcell holds a 41.45% stake in Fintur, which currently holds its entire interest in all of the international GSM investments other than in the Turkish Republic of Northern Cyprus and Ukraine operations. Fintur operates in growing markets where mobile penetration rates are relatively low.

Fintur International continued its robust growth in 2006. As of December 31, 2006, Turkcell's subsidiaries through Fintur were serving 7.3 million subscribers. Turkcell owns 41.45% of Fintur and accounts for this investment using the equity method. In 2006, Fintur's contribution to Turkcell's net income reached US$ 81.3 million. The ventures where Turkcell owns a stake through Fintur include Azercell, K'Cell, Geocell and Moldcell.

Azerbaijan-Azercell

Azercell was founded in 1996 as a joint venture of Azertel and the Ministry of Telecommunication of Azerbaijan. With 2.3 million subscribers as of December 31, 2006, it is the leader in the Azerbaijan telecommunications market. Fintur owns a 64.3% interest in Azercell through direct and indirect holdings. With its superior service quality, reasonable rates and pre-paid services, the company maintains its leadership; the absence of a strong fixed line infrastructure in the country has contributed to Azercell's continued growth. Azercell owns 51% of Azeronline, the leading Internet Service Provider of Azerbaijan.

Georgia-Geocell

The merger of Georgia's two GSM operators, Geocell and GT Mobile, enabled Geocell to expand its coverage area and capacity and launch pre-paid services. Fintur has an 83.2% interest in Geocell. As of December 31, 2006, Geocell had one million subscribers.

Kazakhstan-K'Cell

K'Cell is a partnership between Fintur and Kazaktelekom, the national telecom operator of Kazakhstan. K'Cell commenced its services in 1999 after obtaining a renewable 15-year license for standard GSM network services. K'Cell has a total of 3.5 million pre-paid and post-paid subscribers. Fintur owns a 51% interest in K'Cell, one of the largest GSM operators in Central Asia and the leader in Kazakhstan in terms of subscriber base, growth rate, amount of investments and range of services.

Moldova-Moldcell

Moldcell, one of the two GSM operators in Moldova, has managed to reach a subscriber base of 450,000 since its inception in 2000. Fintur wholly owns Moldcell.

As a group of companies, Turkcell provides job opportunities for 5,500 in Turkey and 2,000 overseas. With the addition of Turkcell's current business partners, the total number is 20,000.

BUSINESS SUPPORT

As a group of companies, Turkcell provides job opportunities for 5,500 in Turkey and 2,000 overseas. With the addition of Turkcell's current business partners, the total number is 20,000. Turkcell recruited 613 people in 2006; the number of employees as of December 31, 2006 totaled 2,794. (what's wrong with these figures?)

Turkcell's Human Resources Policy

Turkcell's philosophy of prioritizing its people above all else, implemented since the company's inception, will continue to form the basis of its human resources policy in the years to come. The goal is to implement the world's best HR practices to create a productive, innovative and enjoyable working environment that is conducive to high performance. Turkcell will continue to work with the best and be a preferred company to work for.

Employees	2005	2006
Male employees	1,741	1,779
Female employees	1,077	1,015
Average age	31	32

Education	2005	2006
Ph.D. or graduate	377	435
University degree	2,072	1,937
High school	356	407
Primary school	13	15
Employees who speak at least one foreign language	1,557	1,857
Employees who speak two or more foreign languages	616	780

We are developing our skills

Turkcell systematically monitors the performance and potential of its human resources, rewards its employees based the difference they create and develops special human resources solutions for the people that create a difference among the others, in order to make them feel that they are indeed different.

Turkcell's goal is to:

- Enable all employees to have a vision of themselves through performance and potential evaluation processes;
- Develop personal development plans tailored to support the progress of all employees;
- Distinguish employees who make a difference and keep them in the company;
- Provide employees with HR solutions that comply with their performance and potential evaluations and
- Ensure a balanced approach to business and people management.

Believing that investing in people is investing in business, Turkcell Academy offers specially designed personal development programs that support corporate performance. These programs cover topics that run parallel to the company's overall strategies with regard to Leadership, Product Management, Project Management, Customer Services and Marketing.

In 2006, the average training is 54 hours with an average cost of US$ 798 per emloyee. During the same period, internal training schemes, e-learning applications and web-based training packages made it possible to save approximately US$ 5 million on training expenses. Meanwhile, the Overall Training Satisfaction Score was 4.5 out of 5.0.

We open the way for new leaders

The purpose of the Development Program for Leader Executive, which has a special place among Turkcell's personal development programs, is to identify employees who possess high potential, develop their competencies with a long-term vision and ensure continuity in backup plans and career movements.

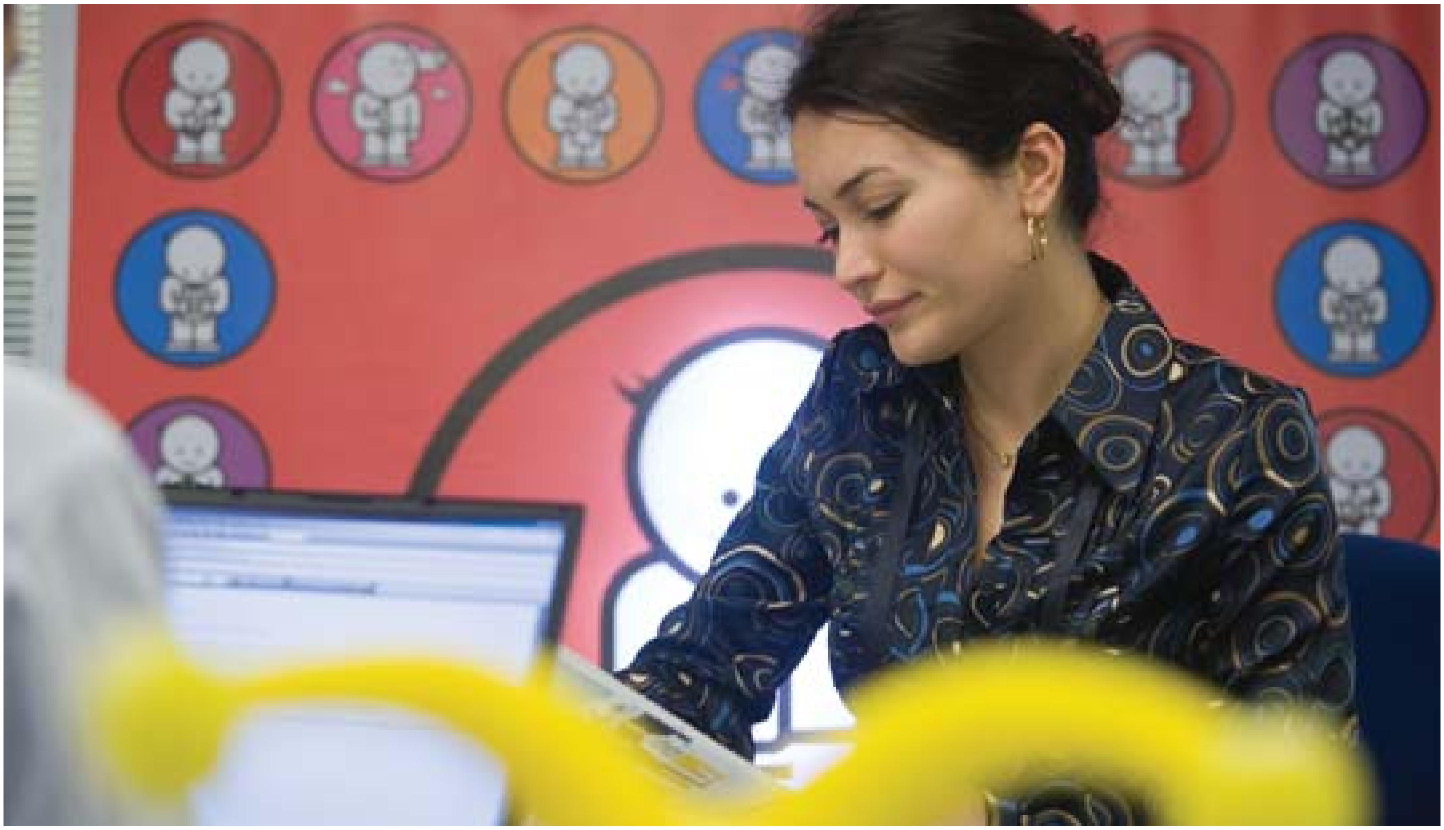
The Management Development Program, which targets Turkcell's and other group companies' mid-level and senior managers aims to establish a common management culture and ensure effective sharing of knowledge and experience between divisions and companies. The program, in which 356 managers participated during 2006, was designed to contribute to Turkcell's management culture and values, as well as the development of managerial capabilities.

Another innovative leadership initiative and management project launched in 2006 was the Internal Mentorship program. This initiative started with the participation of volunteering senior managers based on the principle of sharing the knowledge and experience they have.

We create loyal employees

With an HR policy that makes a difference, Turkcell creates loyal employees who deliver success. In 2006, the company enjoyed an employee satisfaction rate of 85% and an employee turnover rate as low as 5.3%. When compared to market averages, these figures can truly be considered a success.

With an HR policy that makes a difference, Turkcell creates loyal employees who deliver successful results. In 2006, the employee satisfaction rate was 85% whereas the employee turnover rate was as low as 5.3%.



We reward success

The DİYET (Corrective, Improving, Creative and Effective Teamwork) Award System makes it possible for any Turkcell employee to nominate any other employee for a successful idea or work. The Award Committee evaluates nominees using objective criteria and determines those who deserve to be rewarded. In 2006, 108 employees were awarded for their innovative ideas that generated additional revenue of US$ 31,594,000 for the company during the year.

We value communication

The Internal Communication Division endeavors to understand the needs and expectations of employees, who they regard as “internal customers.” This division helps them gain experience that can make a difference. Following the strategy of Communication for My Work, the Internal Communication Division uses various channels such as the company's intranet, the weekly electronic magazine Habercell, the internal communication platform Salı Pazarı, LCD screens and multimedia to communicate new applications and systems to employees.

We enrich social life

Turkcell Social Activities Group (TSAG) organizes various social activities (domestic and foreign trips, tournaments, Children's Club activities and sports activities) to enrich and balance employee's lives outside the workplace. The purpose is to improve productivity with the positive impact created by increased motivation and better communication between employees through social activities. In 2006, 17,000 Turkcell employees participated in 246 different social activities and the 2006 TSAG Satisfaction Survey produced a score of 97%.

We manage information, we value information security

Turkcell attaches special importance to the transformation of individual knowledge into corporate memory. The company believes that corporate memory is the key to making a difference and achieving success when used wisely and effectively. Within this framework, Turkcell develops platforms that use reliable, up-to-date and relevant information. All processes are revised to ensure the security of the information of customers, employees and the corporation itself. Security risks are prevented through security policies and by raising awareness. Customer data is protected against all actual and potential risk.

Business Continuity Activities were carried out in the context of an Istanbul Earthquake Drill, which saw high levels of attendance. In this activity, participants were provided with guidance and advisory services that would enable their active participation in rescue efforts in case of a natural disaster. With practices to ensure that Turkcell's activities would continue without interruption and that the employees could function in the event of a disaster, this drill attempts to communicate the notion of continuity as a whole and to monitor ongoing preparations. The Emergency Center was initiated in 2006 and 80% of the project has already been completed. All critical applications in the company have been backed up as required by this project.

SOCIAL RESPONSIBILITY

As one of the foremost companies in Turkey, Turkcell is aware of its responsibility with regard to the social and economic needs of the country. As part of its corporate social responsibility efforts, Turkcell lends its support to a number of activities in the areas of education, technology, sports, culture and the arts. In 2006, the company participated in several corporate social responsibility activities.

Social Responsibility Projects in 2006

Education/Kardelenler

Having adopted the vision of "contributing to the cultivation of qualified human resources in Turkey" Turkcell has been conducting the Kardelenler (Snowdrops) Project jointly with the Association in Support of Contemporary Living since 2000. The project provides scholarships every year to 5,000 promising female students, with the determination and ambition to have an education. The project aims to provide equal opportunities for the education of female students who face difficulties attending school because of financial hardship and to shape them as open-minded individuals with a profession.

Since 2000, Turkcell scholarships have been provided to 12,300 students; 6,300 students graduated from high school, of which 900 made it to universities and 67 managed to get a university degree.

Beginning with the 2002-2003 academic year, students who passed the university entrance exam were also awarded scholarships within the context of this project. Since the end of 2003, university students on scholarship are invited to participate in the Youth Mentoring Program to support their personal development.

Furthermore, in the third stage of the project launched in cooperation with Istanbul TED College and the Association in Support of Contemporary Living, 26 students from Siirt, Şanlıurfa, Van, Batman and Bolu, chosen after passing special tests, are receiving their high-school education as boarding students at Istanbul TED College, where they have been studying for four years now.

The proceeds from the sale of Ayşe Kulin's book Snowdrops, the Sezen Aksu album and concert tour of the same name (Snowdrops) and the donations received from other sources all provided a four-year high-school education for 770 additional students.

Snowdrops, on its way to becoming Turkey's project, continued in a stronger and more effective manner thanks to public support in 2006.

Education / Free Sports Schools

The Free Sports Schools Project launched in 1996 and conducted in cooperation with the Women's Commission of the Olympics Committee aims to contribute to the physical and emotional development of children who do not have the opportunity to engage in sports activities. Students from 7 to 17 years of age can enroll at Free Sports Schools without any physical or financial prerequisites and become involved in the activities.

The project, supported by Turkcell since 2000 as part of its corporate social responsibility activities, has so far provided approximately 50,000 youngsters with the opportunity to engage in sports activities.

Technology / The Mobile Future Contest

Turkcell combined its emphasis on technology and innovation with its vision of "contributing to the cultivation of qualified human resources in Turkey" and launched the Turkcell Mobile Future Contest in November 2006. With this project, organized to support the creative efforts of

Having adopted the vision of "contributing to the cultivation of qualified human resources in Turkey" Turkcell has been conducting studies in the area of social responsibility.

KARDELENLER
TURKCELL

technology-savvy young people in Turkey, Turkcell aims to assist the development of innovation in the country and to reinforce collaboration between the private sector and universities. The Turkcell Mobile Future Contest consists of five different categories. The contest is initially divided into three categories according to the individual benefit, corporate benefit and social benefit of the proposed solution or service. The two remaining categories are the business model and academic model and are defined as special categories. The contest will conclude in September 2007; the winners of each category will be awarded TRY 30,000.

Sports / National football teams-Turkcell Super League-Clubs in Anatolia-National basketball team

Turkcell knows how important it is to support a broad spectrum of athletic activities in Turkey. Much attention is given to this with an emphasis on sponsorship in certain areas such that Turkcell is the Main Sponsor of Turkish National Football Teams. Well aware of the importance of the Turkish National Team's achievements on moral values and the international prestige of the nation, Turkcell has increased its support for the Turkish National Teams.

Moreover, as of August 11, 2005, Turkcell became the title sponsor of the Turkish Professional Football League and it will be named Turkcell Super League for a five-year period. Turkcell Super League has a special importance for Turkcell, since improvements in the quality of the league will carry it to higher ranks among European leagues and improve the performance of club teams and the national team in the international arena.

Turkcell's support for the Anatolian clubs began in 2003; currently the company is the main sponsor of twelve football clubs that competed in the Super League during 2006-2007. With these sponsorships, Turkcell aims to increase sportsmanlike competition by helping transform the league into a league of "Many Bigs" and not just the "Big Four" that now dominate the scene.

Turkcell encourages the development of sports in Turkey as a whole rather than confining itself to football only. In this context, Turkcell became the Official Communication Sponsor for the National Basketball Team in 2002 and increased its support in 2006 to become the team's Main Sponsor. The Turkish National Team performed well at the World Championships held in Japan in August 2006 with Turkcell as its main sponsor.

Supporting Culture and the Arts

One of Turkcell's most important undertakings in the field of culture and the arts has been the Restoration of the Bodrum City Walls Project conducted jointly with Ericsson Turkey. Initiated in 1998, the restoration of the Myndos Gate served to promote social values while preserving the country's cultural and artistic heritage. The project continued with the repair of the Ottoman Castle in the port area. The restoration of the Bodrum Antique Theatre was started in June 2002; the final stage of the project was completed in 2003. The Antique Theatre has been the venue for Star-studded Turkcell Nights concerts since 2003.

A supporter and sponsor of the Istanbul Culture and Arts Foundation's (İKSV) Istanbul Film Festival for six years and the International Istanbul Jazz Festival for nine, Turkcell has been the İKSV's Official Communication Sponsor since 2005.

Another of Turkcell's culture and arts projects has been its sponsorship of the Presidential Symphony Orchestra. This orchestra, one of the oldest in Turkey, has been spreading the love of classical music since 2004.

Society / Erzurum Call Center

Turkcell regards its Call Center in Erzurum a project of social responsibility since it creates job opportunities for the youth of that region. Operating under Global Bilgi A.Ş., a wholly owned subsidiary of Turkcell, the Erzurum Call Center has been the region's largest investment for the last fifteen years in terms of the number of jobs created as well as the first ever technology investment to the region. Currently employing 230 people, the center will employ another 350 young people after their training is completed in February 2007. Two female university students on Turkcell scholarship within the Snowdrops project are also employed at the center.

Turkcell assisting flood victims in Batman

In 2006, Turkcell postponed the November bills of subscribers in Batman in an attempt to aid the victims of floods in that region. To prevent an unfair practice, no interest was charged on the bills of subscribers who had received their November bills earlier but could not make their payments.

We are aware of our responsibilities

Turkcell employees have carried out the following projects during 2006:

Wanna Share Your Toy?: More than 3,000 toys belonging either to the children of Turkcell Volunteers or purchased for this purpose were distributed to four village schools in Trabzon.

Keep Yukarı Tandır Warm: 192 children were provided with shoes, coats and school materials.

Greening Ayvalık: The local municipality was given 500 trees.

SHÇEK Yakacık H. Abbas Kindergarten Park Area Renovation: The park area of the kindergarten, home to 93 children, either orphaned or separated from their parents, was renovated.

Batman Shall Not Feel Cold: Flood victims in Batman were provided with clothing, 100 heaters and nine parcels of winter material.

Additionally, Turkcell Academy carried out projects such as "Snowdrops Development Program", "7 Regions 7 Universities", "Voice of Youth", "Opportunities to Step to Professionalism (PAF)" aiming to transform Turkcell's corporate knowledge and experience into a benefit for society and to contribute to the development of the young.

Students coming to Istanbul for university education after graduating from high school within the framework of the Snowdrops project can attend personal development programs at Turkcell Academy. Aiming to prepare these students for professional life, Snowdrops personal development program includes modules on effective communication, preparation for social life, adaptation to cultural change, easy learning techniques and basic computing skills.

Within the context of the "7 Regions, 7 Universities" program, Turkcell Academy instructors tutor university students about the Information Technology program. This helps them to learn more about the rapidly expanding field of information technology at Turkcell. The first stage of this project has been carried out at Erzurum Ataturk University.

With the Voice of Youth project, created in cooperation with GençTurkcell, eighty young people from nine different cities were given career and personal development training free-of-charge during 2006.

Another project launched in 2006, PAF, aims to reach out to young talent in the country's universities, to develop their knowledge and skills while providing employment opportunities for them either inside or outside Turkcell.

The projects carried out by Turkcell employees aim to transform Turkcell's corporate knowledge and experience into a benefit for society and to contribute to the development of the country's youth.

AWARDS RECEIVED IN 2006

Turkcell has been introducing the latest developments in mobile communications to Turkey simultaneously with the developed markets' operators since its inception and has in this way been enriching and simplifying the lives of Turkey's citizens, saving them time and providing easier access to information. The company has crowned this success with the many awards it has earned along the way.

January 2006

YTÜ's Star of 2006 Award Goes to Turkcell

Turkcell was chosen the Most Appreciated Company in 2006 in the Stars of the Year survey organized for the fifth time by the Management Club of Yıldız Technical University. Turkcell won this prize for the fourth time in a row.

February 2006

Best Companies for Leaders

Turkcell was awarded third prize in the Best Companies for Leaders survey carried out by the Hay Group on a global scale.

March 2006

Award of the Turkish-American Business Council and the American Turkish Council

Turkcell's achievements in Turkey, the USA and around the world received the Market Leadership prize given by the Turkish-American Business Council (TAİK) and the American-Turkish Council (ATC).

March 2006

Sponsorship Award

Turkcell won the Sponsorship Award from the Olympic Flame 2005 Awards of the Turkish National Olympics Committee.

April 2006

Georgetown University chooses Turkcell as a thesis subject

Turkey's communication leader, Turkcell, was chosen as a thesis subject for the International Executive MBA (IEMBA) program at Georgetown University, among the top ten programs of its kind in the world. The IEMBA team prepared a thesis on Turkcell's global expansion.

April 2006

Printing Innovation with Xerox Imaging Award

In the Annual PIXI (Printing Innovation with Xerox Imaging) Awards, Turkcell won second prize for its New Year calendars.

April 2006

Istanbul University Computer Club Survey

Turkcell was chosen the Best IT Company in a survey conducted by the Computer Club of Istanbul University.

June 2006

Top 100 Information Companies

Turkcell ranked 43rd in Business Week's list of the Top 100 Information Companies.

June 2006

İnterpro Information Awards

Turkcell won second prize in the Bilişim 500, the most comprehensive survey analyzing Turkey's information market, organized by İnterpro Medya.

August 2006

Company Providing the Greatest Support for IT Award

Turkcell won the Company Providing the Greatest Support for IT award given by Kadir Has University.

November 2006

Corporate Films Festival

Turkcell won five awards in different categories at the First Corporate Films Festival Contest organized by Uçan Süvariler Creative Solutions Ltd. and Patika Yapım.

November 2006

Turkish Patent Awards

In the 2006 Turkish Patent Awards, organized by the Turkish Patent Institute as part of its 135th Year in Industrial Property activities, Turkcell won the grand prize in the Brand category.

November 2006

Best Mobile Application Award

The gnctrkcll Guinness Record campaign brought Turkcell the Best Mobile Application award at the Interactive Marketing Awards contest organized by the Marketing and Management Institute.

December 2006

Sports Sponsorship Award

Turkcell won the Federation Sponsorship Prize at the Turkish Sports Sponsorship Awards Ceremony. This event honors brands that support sports within the framework of the Turkish Sports Meet Its Sponsor congress organized by Marketing Türkiye and Marketing and Management Institute under the patronage of the General Directorate of Youth and Sports.

December 2006

Best of the Business World Award

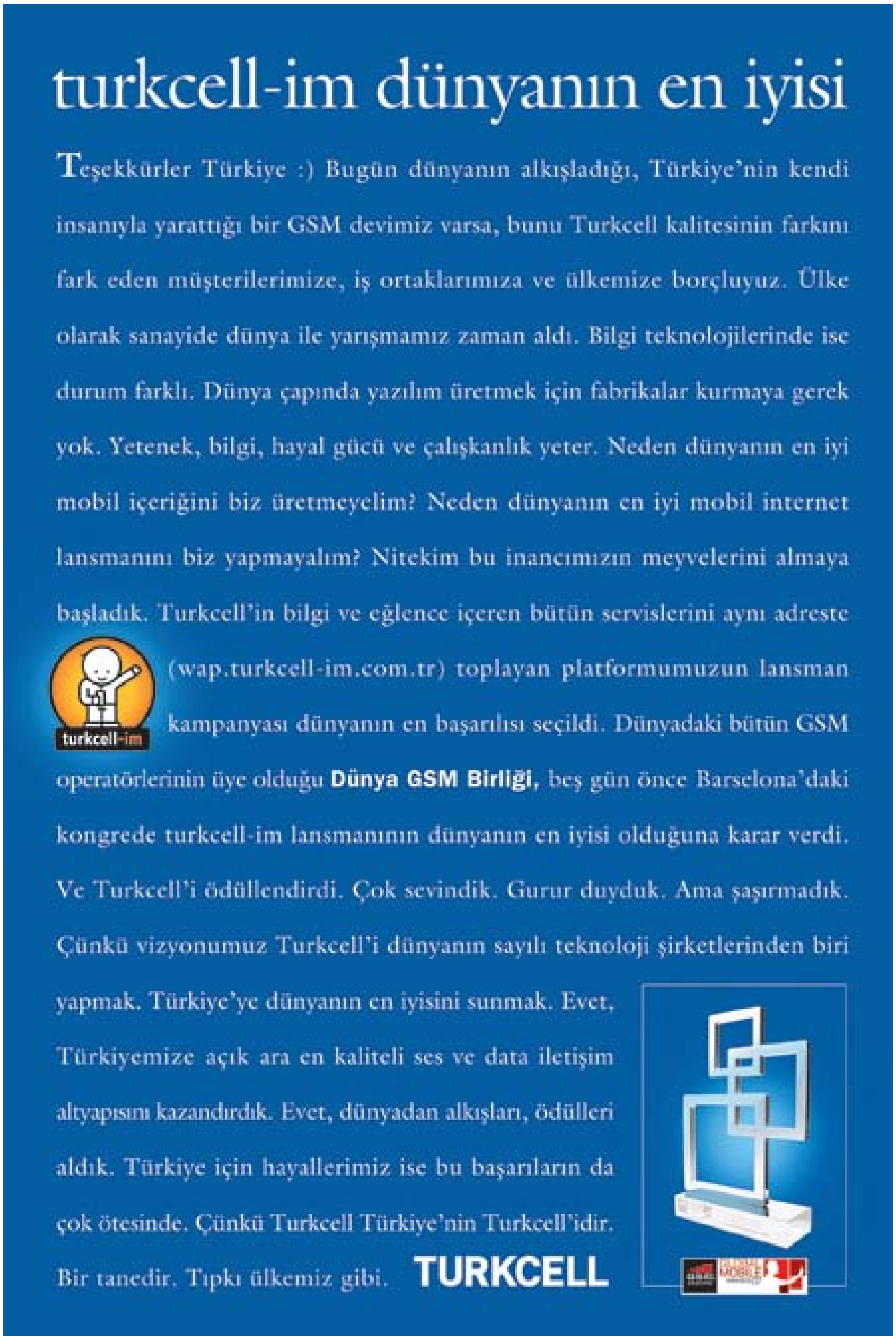
In the Best of the Business World survey held by CNBC-e, Turkcell's Snowdrop Project won the Social Responsibility Achievement Award

December 2006

Capital Magazine's Most Appreciated Company Award Goes to Turkcell

Turkey's Most Appreciated Companies survey was conducted by Capital Magazine to demonstrate developing company strategies and new steps forward in the business world. Turkcell was ranked as the second most-appreciated company in Turkey. In 2005, Turkcell was ranked the first in the same survey.

Turkcell, introducing the latest developments in mobile communication into Turkey simultaneously with the developed markets' operators, has crowned this success with many awards it has received in 2006.



COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

With a market value of TRY 15.7 billion, Turkcell was one of the three companies with the highest market capitalization listed on the ISE as of the end of 2006.

INVESTOR INFORMATION

SHAREHOLDING STRUCTURE

In accordance with the decision of the Board of Directors dated November 8, 2006, shares of Çukurova Holding A.Ş. with a nominal value of TRY 64,720,502.819 (corresponding to 2.94% of total shares) and Çukurova Investment N.V. shares with a nominal value of TRY 63,591,825.482 (corresponding to 2.94% of total shares) have been sold to overseas institutional investors. Following this sale, Çukurova Holding A.Ş.'s share in Turkcell was 4.46% and shares of Çukurova Investment N.V. stood at 2.93%. Turkcell's free-float increased from 17.56% to 23.39% as a result of this sale. On November 16, 2006, Turkcell's share price was TRY 6.62.

Stock Performance

Turkcell shares are listed on the Istanbul Stock Exchange (ISE) in the form of ordinary shares and on the New York Stock Exchange (NYSE) in the form of American Depository Shares (ADS). Currently, two ADSs represent five tradable shares. Turkcell is the only Turkish company listed on the NYSE. The nominal value of Turkcell's issued share capital is TRY 2,200,000,000 consisting of 2,200,000,000 shares with a nominal value of TRY 1.00 each.

Market Capitalization

With a market value of TRY 15.7 billion, Turkcell was one of three companies with the highest market capitalization on the ISE as of the end of 2006.

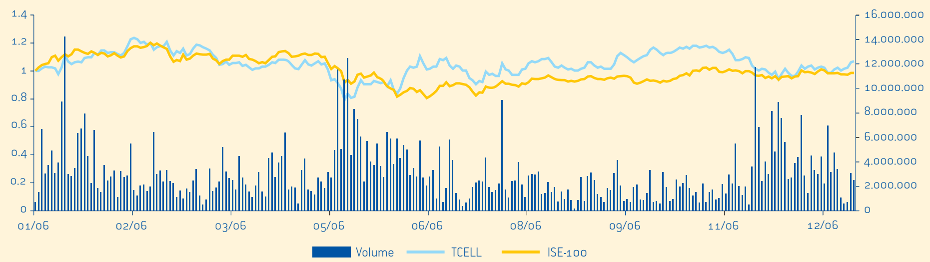
SHAREHOLDER STRUCTURE

Shareholder	Value of Stake (TRY)	(%) of Share Capital
Turkcell Holding A.Ş.	1,122,000,000.238	51.00
Çukurova Investments N.V.	64,494,842.514	2.93
Çukurova Holding A.Ş.	98,186,916.197	4.46
T. Genel Sigorta A.Ş.	1,558,452.599	0.07
Sonera Holding B.V.	287,632,179.557	13.07
MV Holding A.Ş.	84,021,712.590	3.82
MV Investments N.V.	27,494,257.660	1.25
Bankrupt Bilka Bilgi Kaynak ve İletişim San. ve Tic. A.Ş.	153,999.575	0.01
Publicly traded*	514,457,639.070	23.39
Total	**2,200,000,000.000**	**100.00**

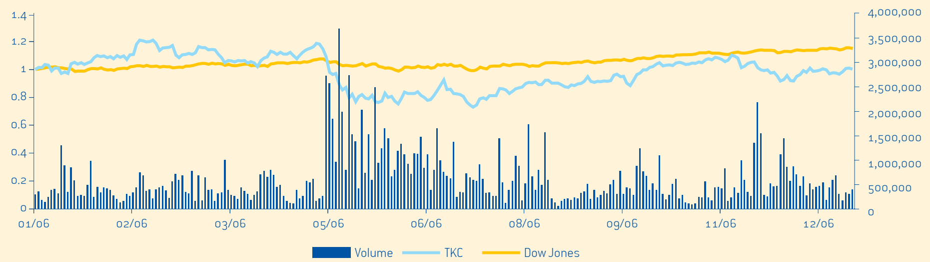
* Shares endorsed in blank by the Board of Directors are considered to be "publicly traded shares" and traded on the Istanbul Stock Exchange ("ISE")

Share Performance	Symbol	2006 year end Close Price	Highest in the Year	Lowest in the year
Istanbul Stock Exchange	TCELL	7.15	8.28	5.30
New York Stock Exchange	TKC	13.38	16.14	9.72

ISE Performance of Turkcell Shares in 2006



NYSE Performance of Turkcell's American Depositary Shares (ADS) in 2006



INVESTOR RELATIONS

The company had its initial public offering simultaneously on the ISE and the NYSE on July 11, 2000; initially offering 10.5% of its shares to the public. This in time rose to 23.39% as a result of transfers by shareholders.

Turkcell is the first and only Turkish company listed on the NYSE and enjoys all the advantages of being a public company. Since its shares are traded on both American and Turkish stock exchanges, Turkcell has shaped its corporate governance model in accordance with the requirements of both markets.

The Sarbanes Oxley Act of 2002 (SOA) was an important milestone for the development of corporate governance in the United States. The Securities and Exchange Commission (SEC) and the New York Stock Exchange later imposed regulations parallel to this act. In 2003, responding to developments in the United States and other countries, the Capital Markets Board of Turkey (CMB) published its Corporate Governance Principles guide.

In general, these rules apply to transparency, accountability and responsibility in relation to the "good corporate governance" of companies. This issue is of great importance to Turkcell, a company that believes in the value of corporate governance to bring order and transparency to a company's functions and in generating value for investors and other stakeholders.

Aware that the implementation of these rules is of crucial importance to the company's institutional investors and shareholders, Turkcell Investor Relations Department works to ensure its shares remain a favorite investment tool for both domestic and overseas investors. It also works to translate the company's superior operational performance into market value and to promote the company in the most effective way possible.

Contact information for Investor Relations

Turkcell's financial information and company news are available at this website, or may alternatively be obtained from the Investor Relations Department:

Phone : +90 (212) 313 18 88

Fax : +90 (212) 292 93 22

E-mail: investor.relations@turkcell.com.tr

URL: http://www.turkcell.com.tr/index/0,1028,1800,00.html

Internal Audit

Turkcell is subject to SEC regulations since it is listed on the New York Stock Exchange.

To ensure compliance with Section 404 of the Sarbanes-Oxley Act, which is binding on public companies in the United States and with the corporate governance principles of the Turkish Capital Markets Board, which are binding on companies listed on the ISE, Turkcell and all consolidated Turkcell Group companies have established an internal control mechanism.

In accordance with the principle of independence, the company has an Audit Committee composed of independent Board members, who directly report to the CEO and the CFO.

Turkcell Group companies have their own internal control mechanisms that are the responsibility of the management of the respective company, but are coordinated and supervised by Turkcell Internal Control Department.

This mechanism assigns Turkcell Internal Control Department the task of ensuring the reliability and accuracy of the financial statements of Turkcell and Group companies and ensures compliance of the company's operations with applicable legislation. The department also analyzes processes to improve operational efficiency, identifies existing and potential risk and offers solutions to minimize or eliminate these.

Efficiency of the internal control mechanism is evaluated in regular control tests and corrective action taken to remedy shortcomings is monitored.

Independent Auditor

KPMG Cevdet Suner Denetim ve
Yeminli Mali Müşavirlik Anonim Şirketi
Yapı Kredi Plaza, C Blok, Kat 17
Büyükdere Caddesi
Levent, 34330 Istanbul
Phone: +90 (212) 317 74 00
Fax: +90 (212) 317 73 00
URL: www.kpmg.com.tr

BOARD COMMITTEES

To date there are two Board committees: the corporate governance committee and the audit committee. These committees advise and provide recommendations to the Board on matters that fall within their scope.

CORPORATE GOVERNANCE COMMITTEE

Members:
Mehmet Bülent Ergin
Oleg Malis

The Corporate Governance Committee assists the Board with the development and implementation of the company's corporate governance principles and presents it to the Board for remedial proposals when deemed necessary. It is the duty of the Committee to establish a transparent system for selecting, assessing and training candidates for Board membership. The Committee makes recommendations to the Board, where appropriate, regarding the company's compensation strategy for Board members as well as the Chief Executive Officer and the Chief Financial Officer. Additionally, the Committee prepares succession plans related to key positions in the company including the Chief Executive Officer and the Chief Financial Officer.

In the relationships between the company and its shareholders, the Committee assists the Board and oversees Investor Relations activities.

AUDIT COMMITTEE

Members:
Colin J. Williams
Alexey Khudyakov

Consistent with the duties imposed on audit committees by applicable law and rules, the main duties of Turkcell's Audit Committee include the following:

- Assisting the Board's supervision of the quality and integrity of the company's financial statements and related disclosure
- Overseeing the implementation and efficiency of the accounting system of the company
- Pre-approving the appointment of and services to be provided by the independent audit company
- Preparing and monitoring the agreement between the independent auditor and the company and overseeing the performance and efficiency of the company's independent audit system and internal audit mechanisms

The Board assesses the independence and qualifications of the members of the Audit Committee, using outside counsel or consultants if necessary, to ensure that each qualifies for membership on the committee.

Annual General Assembly

Turkcell's Board of Directors decided on January 24, 2007 that the Ordinary General Assembly for 2006 would convene at Turkcell Plaza, Conference Room, Meşrutiyet Cad. No: 153 Tepebaşı, Istanbul, on Friday, March 23, 2007, at 15:00 to discuss the agenda items presented below.

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

AGENDA OF THE ORDINARY GENERAL ASSEMBLY MEETING

MARCH 23, 2007

Opening and election of the Presidency Board

Authorizing the Presidency Board to sign the minutes of the meeting

Reading the Annual Reports of the Board of Directors and of the Auditors and the summary of Independent Auditors' Report relating to fiscal year 2006

Review, discussion and approval of the Balance Sheet and Income Statement relating to fiscal year 2006

Release of the Board members and auditors off their responsibilities for activities and operations of the company in 2006

Election of auditors for a period of one year and deciding on their remuneration

Discussion of and decision on the Board of Directors' proposal concerning the distribution of profit for 2006

Informing the General Assembly regarding the donations made in 2006

Informing the General Assembly regarding financial statements which were prepared in accordance with CMB Communiqué Serial: XI No: 25 before January 1, 2006 and are to be prepared in accordance with International Financial Reporting Standards (IFRS) as of January 1, 2006, as specified as an alternative method in the CMB Communiqué Serial: XI No: 25

Discussion and approval of the independent audit firm elected by the Board of Directors in accordance with the Article 14 of the Regulation Concerning the Independent External Audit in Capital Markets which is published by the Capital Markets Board

Decision permitting the Board Members to, directly or on behalf of others, be active in areas falling within or outside the company's scope, to participate in companies operating in the same business line and to perform other acts in compliance with Articles 334 and 335 of the Turkish Commercial Code

Wishes and closing words.

Dividend Policy

Turkcell has adopted a dividend policy set out in its corporate governance guidelines. The distribution of profit and the payment of an annual dividend with respect to the preceding financial year are subject to a recommendation that may be made by the Board each year for approval by shareholders at the General Assembly convening annually.

As adopted, Turkcell's general dividend policy is to pay dividends to shareholders with regard to trends in the company's operating performance, financial condition and other factors. The Board of Directors intends to distribute cash dividends in an amount of not less than 50% of Turkcell's distributable profit, based on financial statements prepared in accordance with the accounting principles accepted by the Capital Markets Board of Turkey, for each fiscal year, starting with the profit for fiscal year 2004. However, the payment of dividends will still be subject to Turkcell's cash flow requirements, compliance with Turkish law and the approval of, or amendment by, the Board of Directors and the General Assembly of Shareholders.

At the Annual General Assembly on May 22, 2006, it was decided that the cash to be distributed from 2005 earnings was TRY 509,075,181, representing a net cash dividend of TRY 0.274451 per ordinary share with a nominal value of TRY 1 and approximately TRY 0.6861275 per ADR. Additionally, a total stock dividend of TRY 345,112,659 was distributed with a rate of the bonus share certificate issued for each share at 18.605586%. After the bonus issue, the issued capital of Turkcell rose to TRY 2,200,000,000, up from TRY 1,854,887,341.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT FOR 2006

Turkcell believes that high standards of corporate governance are important for perpetuating successful business practices and generating long-term economic value for the company's shareholders. Toward this end, the company has taken the necessary measures to comply with the principles of corporate governance published by the Capital Markets Board of Turkey. Accordingly, the Board of Directors within the responsibilities enumerated in its Corporate Governance Guidelines, has provided the necessary oversight for preparation of this Annual Report containing the Compliance Report.

SECTION 1-SHAREHOLDERS

1.1Shareholders Relations Unit

Representatives of the Turkcell Investor Relations Department, in accordance with present regulations, organize meetings with analysts and investors on a regular basis to share the developments related to the company's strategy and operations, the market and industry in which the company operates and legal environment in which the company operates in. Turkcell Management also shares information available to the public and answers questions by organizing meetings with media representatives at regular intervals.

An Investor Relations Department has existed since Turkcell's initial public offering. This Department reports to the CEO and operates under the supervision of the Corporate Governance Committee. The Investor Relations Department monitors all disclosures to the public in accordance with Turkcell's Disclosure Policy that seeks to provide information to the public in a timely, accurate, complete, understandable and equal manner. Representatives of the Turkcell Investor Relations Department, in accordance with present regulations, organize meetings with analysts and investors on a regular basis to share the developments related to the company's strategy and operations, the market and industry in which the company operates and legal environment in which the company operates in.

Contact information for the Investor Relations Department is available on the company's website-www.turkcell.com.tr-and under the Investor Relations heading in the Annual Report.

Questions directed to this department either verbally or in writing are answered as quickly as possible, in line with publicly available information.

1.2 Use of Right of Gaining Information of the Shareholders

In order to increase shareholder accessibility to publicly available information without discrimination, all public announcements are submitted in English and Turkish on Turkcell's website-www.turkcell.com.tr-for the equally use of use of both local and foreign shareholders. In addition, all public announcements are distributed by e-mail to addresses registered in the company's database. All questions directed to the Investor Relations Department verbally or in writing are answered as quickly as possible in line with publicly available information.

Provisions for appointment of a special auditor have not been included in the company's Articles of Association. During this reporting period, no requests for appointment of a special auditor have been submitted.

1.3 Information on General Assembly of Shareholders

The Ordinary General Assembly of Shareholders was planned for April 28, 2006 with a meeting quorum of 20%, however it was concluded that the required quorum as per the Articles of Association of the Company was 51%. It was not possible to reach that goal, therefore the meeting was postponed due to lack of a quorum. The assembly achieved an 84% attendance at the Ordinary General Assembly of Shareholders, which was held on May 22, 2006. No Extraordinary General Assembly of Shareholders was held. The participants of the General Assembly included shareholders and their representatives submitting blockage letters within the legal period, the Board of Directors, statutory auditors, chief executive officer, deputy executive officers and staff organizing the General Assembly. Invitation to the Assembly was published in the Bulletin of Turkish Trade Registry (BTTR) and various national newspapers. At the same time, invitations were sent to shareholders in foreign countries. For owners of registered shares, invitations were extended by registered letter with return receipt, as the law requires. In accordance with the Turkish Commercial Code, applications were received from shareholders of publicly traded shares up to one week before the meeting. During the General Shareholders Meeting, shareholders exercised their right to ask questions. Management representatives from the company answered questions. All matters advised by shareholders were duly recorded in the minutes and the minutes of the General Assembly Meeting were registered and announced in the BTTR.

1.4 Voting Rights and Minority Rights

In accordance with the company's Articles of Association, there are no privileged shares in terms of decision-making and voting rights. Holders of more than 5% of the company's shares are represented on the company's Board of Directors and minority shareholders are not represented. With regard to the company's capital, there is no mutual participation. Since the exercise of cumulative voting is optional for public companies according to the Capital Market Board's relevant communiqué, this method has not been used as yet.

1.5 Dividend Policy and Time of Dividend Distribution

The Dividend Policy of the company is published in Turkcell's annual report and in the Investor Relations section of the website-www.turkcell.com.tr-in the Corporate Governance section. In accordance with our Articles of Association, there are no privileged shares and no privilege for dividend distribution. Dividend distributions are performed within the legal timeframe.

1.6 Transfer of Shares

Although there are no limitations within the Articles of Association regarding the transfer of shares, Article 34 paragraph (c), sentence four, of the authorizing regulation relating to telecommunication services and its infrastructure states that written approval by the Telecommunications Authority is required for "actions of gaining or transferring shares which shall result in the change of control."

SECTION 2-PUBLIC DISCLOSURE AND TRANSPARENCY

2.1 Company Disclosure Policy

The company's Disclosure Policy Framework Document regarding public announcements was prepared in accordance with domestic and international capital markets regulations to which Turkcell is subject. Shareholders were informed at the 2005 Ordinary General Assembly of this policy. The Disclosure Policy Framework Document is published in the Investor Relations section of the company's website-www.turkcell.com.tr-in the Corporate Governance section following the Ordinary General Assembly. Turkcell makes public announcements in accordance with local and international capital markets regulations and complies with regulations and directives of the Capital Markets Board of Turkey (CMB), the Istanbul Stock Exchange (ISE), the Securities Exchange Commission of the United States of America (SEC) and the New York Stock Exchange (NYSE). Turkcell's Disclosure Policy seeks to provide information to the public in a timely, accurate, inclusive, understandable and equal manner. The Disclosure Policy is executed under the supervision of the Investor Relations Department.

2.2 Announcements of Material Events

During 2006, the company sent 61 announcements to domestic and international capital markets. These announcements were prepared in both Turkish and English since the company is listed on the Istanbul Stock Exchange as well as New York Stock Exchange. English announcements were also sent to the SEC.

2.3 The Website of the Company and its Content

The address of the company's website is www.turkcell.com.tr. Information for the shareholders is presented in the Investor Relations section under these headings:

a. Corporate Info
   i. Company History
   ii. Company Vision
   iii. Company Strategy
   iv. Executive Officers
   v. Coverage Area
b. Market Info
c. Key Figures
   i. Balance Sheet Analysis
   ii. Income Statement Analysis
   iii. Cash Flow Analysis
   iv. Key Operational Data
   v. Debt Information
   vi. Outlook
d. International Operations
e. Shareholder Structure
f. Corporate Governance
   i. Corporate Governance Guidelines
   ii. Board of Directors
   iii. Board Committees
   iv. Dividend Policy
   v. Code of Ethics
   vi. Articles of Association
   vii. Disclosure Policy
   viii. Compliance Report
g. Financial Reports
h. Financial Calendar
i. Announcements
j. Share Information
   i. Interactive Share Charts
   ii. Investment Calculator
   iii. Ticker Symbols
k. Analyst Coverage
l. Investor Kit
m. News
n. FAQ
o. Contact Us

2.4 Announcement of the Real Person Final Dominant Shareholder / Holders

This information is presented on page 48 of the annual report.

2.5 Disclosure on Insider Traders

Turkcell's Disclosure Policy contains guidelines concerning the Blackout Period Practice relating to insider trading issues. In accordance with these guidelines, employees are prohibited from selling or purchasing securities of Turkcell during the blackout period. Turkcell's staff with access to material information that can affect the price of capital market instruments are restricted from selling or purchasing securities of Turkcell regardless of blackout periods.

SECTION 3-STAKEHOLDERS

3.1 Stakeholders' Information

In addition, company policies and procedures have been created to inform the company staff and stakeholders.

3.2 Participation of Stakeholders in the Management

Although there is no special provision for the participation of the stakeholders in management, relevant information is shared with Turkcell's business partners, staff and other stakeholders through defined and regular meetings (such as communication meetings and Info Day with the staff, supplier day for the supply chain, Business partner day for the firms with which Turkcell works in value-added services and dealer meetings).

3.3 Human Resources Policy

Turkcell works to meet the organization's needs and expectations through a proactive approach that prioritizes the building of its human resources into a high-performance team. To maintain the company's prominent position in the sector, the Human Resources Department invests in employees in ways to motivate them and help them put company values into practice while focusing on activities that will improve human resources and support corporate values.

Turkcell takes big steps with new applications to distinguish differences between its employees, letting the ones know their difference for those who make a difference, rewarding high performance and managing valuable human resources in the most efficient way.

In order to support employee improvement, special solutions are offered which aim to meet development needs depending on the positions and employees.

Turkcell understands the needs and expectations of its employees-actually considering them as "internal customers." Using a human-focused approach, the company helps employees gain valuable experience that will make a difference. Turkcell believes that happy employees are better equipped to serve customers needs and these two ideas are closely linked to each other. In addition, Turkcell Human Resources seeks to balance employee satisfaction and corporate success at all levels.

Turkcell reviews its processes and organizational structure on a regular and systematic basis and carries out the necessary improvements and restructuring activities. Turkcell believes that the most important key to differentiation and success is to turn individual information into corporate memory and utilize this information accurately and effectively. In this context, it develops platforms, which provide an environment that makes use of reliable, updated information.

3.4 Information about Relationships with Customers and Suppliers

Turkcell uses an approach in line with global quality standards wherever the company has contact with and/or provides services to its customers. The company tests all products and services with the customer's perspective in mind, in an effort to understand and better respond to them and also to make the necessary corrections and adjustments to the system or the process related to that specific experience. Turkcell also regularly measures and analyzes services and its approach throughout business channels to determine the areas of improvement and to make adjustments that simplify the lives of the customers and ensure their satisfaction.

Various company procedures are in force to ensure compliance with the ISO 9001: 2000 quality certificate concerning working conditions and performance related to suppliers and customers. Additionally, relations with suppliers and customers are governed by laws and the Company's "Common values and Ethics" and related regulations.

3.5 Social Responsibility

Through its social responsibility activities, Turkcell uses its background and 12 years of experience when meeting the needs of society and building a strong social network. The company believes that creating qualified human resources is one of the greatest needs facing the country thus, Turkcell's vision of sponsorship activities became to provide qualitied human resource. To this end, Turkcell has been supporting projects that provide sponsorship activities in the areas of education, athletics, technology, culture and the arts.

Details regarding Turkcell's social responsibility activities are published in the annual report.

As required, Turkcell provides services through base stations for mobile telephone services. Turkcell and the implementing vendor perform security tests of base stations. Nevertheless, 91 lawsuits were filed against Turkcell between January 1, 2006 and December 31, 2006 claiming harm to human and environmental health and violation of neighborhood laws. In 2005, three lawsuits became definite regarding harm to human and environmental health and violation of neighborhood laws. Two of these lawsuits were settled in favor of the company and only one against.

SECTION 4-BOARD OF DIRECTORS

4.1 Structure and Creation of the Board of Directors and Independent Members

Information regarding the structure of the Board of Directors can be found in the Investor Relations section of Turkcell's website. The company's Board of Directors is made up of the following:

Mehmet Emin Karamehmet	Chairman
Erdal Asım Durukan	Member
Mehmet Bülent Ergin	Member
Oleg Malis	Member
Anders Igel	Member
Alexey Khudyakov	Member
Colin J. Williams	Member

All the members of the Board of Directors are non-executives. Colin J. Williams as the independent member of the Board of Directors satisfies CMB Corporate Governance Principles as well as SEC independent criteria.

At the Ordinary General Assembly held in April 2005, it was resolved to give members of the Board of Directors necessary discharges and authority in accordance with articles 334 and 335 of the Turkish Commercial Code.

4.2 Qualifications of the Board of Directors

Qualifications for membership on the Board of Directors are described in the Corporate Governance Guidelines. The guidelines provide that the Corporate Governance Committee together with the members of the Board of Directors, annually review the appropriate skills and characteristics required of Board members in the context of the current structure of the Board. Each board member is required to set aside significant time to devote to Board activities, to enhance his/her knowledge of the global telecommunications industry and related industries and to annually attend at least 75% of scheduled Board meetings. Each Board member is encouraged to limit the number of other public company boards on which he or she serves and to be mindful of his or her other existing and planned future commitments, so that such other directorships and commitments do not materially interfere with his or her service as an effective and active member of the company's Board. Additionally, the Corporate Governance Committee should construct a compliance program for new members to be elected to the Board and oversee this program.

4.3 Mission and Vision and Strategic Objectives of the Company

The company's mission, vision and strategic targets are presented in the section entitled, About Turkcell on the website- www.turkcell.com.tr-as well as in the annual report.

4.4 Risk Management and Internal Controls Mechanisms

Since its establishment in 1993, Turkcell İletişim Hizmetleri A.S. has been involved in alternative capital markets to fund and support changing financial structures during the process of operational growth. Turkcell has complied with all regulations, laws and rules since 1994 in carrying out its corporate obligations which are liable to change not only according to the financial regimes of the area in which it is active but according to the requests and obligations of the markets from which it was funded.

Having traded on the New York Stock Exchange in the United States, Turkcell complies with SEC regulations and Sarbanes Oxley Law Section 404 like other publicly traded companies in the US as well as Corporate Governance Principles since it is listed on the Istanbul Stock Exchange. Accordingly, Turkcell has formulated an internal control mechanism for itself and consolidated group companies in line with Corporate Governance Principles.

The Internal Audit Department, in compliance with the principle of independence, reports directly to the Audit Committee. This committee is composed of independent members of the Board of Directors, the Chief Executive Officer and the Chief Financial Officer.

The internal control mechanism within group companies that fall under the responsibility of related companies is coordinated and audited by Turkcell Internal Audit Department.

Within the framework of this mechanism, the Internal Audit Department ensures that Turkcell's financial statements as well as Group companies are reliable and accurate and in compliance with laws relating to their field of activity. The Internal Audit Department analyzes their procedures to increase the efficiency and productivity of their operations and determine their existing and potential risk while contributing to finding solutions that will minimize or eliminate this risk.

The effectiveness of the internal control system is tested and assessed at regular intervals and corrections are implemented as indicated by the findings.

Turkcell formulated its Business Continuity Plans in 2000, involving its Technical operations. In 2004, by broadening its scope, the Business Continuity Plan has been positioned as Business Continuity Management in such a way that encompasses all of Turkcell's business functions.

Crisis Management, Business Rescue and Emergency Operations Teams were set up according to crisis scenarios considered risky in the Business Continuity Plan; necessary training has been completed and capabilities for various scenarios have been tested.

The Business Continuity Plan includes many key factors such as natural disasters, terrorist attacks, the destruction of critical data and absence of critical employees as well as the effect on dealers and suppliers.

In addition, Regulatory Management Department overviews sector regulations and competition issues, also performs the risk management for regulation strategies.

Business Continuity Management plans have tested 20 different scenarios that include various systems, key processes and evacuation tests according to strategies of 2006. Additionally, Turkcell has participated in the Marmara earthquake scenario and simulations organized by the Istanbul governorship on communications, search and rescue areas. Extension projects for capacity and capabilities of the Recovery Center in the Ankara Turkcell building have been included in long-term BCM plans.

4.5 Authority and Responsibilities of the members of the Board of Directors and Executives

Related language stated in the company's Articles of Association is as follows: "The Board is fully authorized to carry out the affairs of the company and management of company assets and the activities relating to the company purpose and subject matter other than those that have to be solely carried out by the General Assembly." Additionally, within the context of enhancing the company's corporate governance practices, the board's responsibilities and duties are also reflected in the Corporate Governance Guidelines. They can also be found on the company website.

4.6 Activities of the Board of Directors

The Board of Directors organized 11 regular meetings during 2006 and also gathered several times off the calendar. The primary activities of the Board of Directors are described in the Corporate Governance Guidelines and a summary is posted under the Corporate Governance Principles heading of the company's website. In addition, a Corporate Governance Secretariat has been created to coordinate information flow between the members of the Board. Members of the Board receive no weighted or negative voting rights.

4.7 Prohibition of Carrying Out Transactions with the Company and Prohibition of Competition

Permission contained in Articles 334 and 335 of the Turkish Commercial Code regarding the prohibition of carrying out transactions with the company and competitors has been granted to members of the Board of Directors by the General Assembly.

4.8 Ethical Rules

Turkcell's statement of Common Values and Ethical Rules has been announced and distributed to all company employees and managers. This statement, shared with each new employee during his/her orientation program, is being applied and is an inseparable part of all employees and affiliated employees having a contract. Revisions to Common Values and Ethical Rules are shared with Turkcell employees using internal communication tools. A summary of the Ethical Guidelines are published on the company website-www.turkcell.com.tr-within the Investor Relations section under Corporate Governance. These rules and guides are complementary of other policies currently published or to be published in the future by the company.

The Committee of Assessment of Turkcell Common Values and Business Ethics has been established for the purpose of defining, examining, updating and developing Turkcell's Common Values and Business Ethics guidelines and for evaluating and resolving potential violations.

4.9 Number, Structure and Independence of the Committees Established on the Board of Directors

Within the Board of Directors, there is an Audit Committee and a Corporate Governance Committee. Each committee serves as consultant to the Board, providing advice and counsel. Statutes regarding their business principles govern each committee.

Both Audit Committee and Corporate Governance Committee members comprise non-executive members of the Board of Directors. The chairman of the Corporate Governance Committee is not referred to as independent according to the criteria of CMB Corporate Governance Principles. Information regarding these committees can be found under the Investor Relations section of the website-www.turkcell.com.tr-under Corporate Governance.

4.10 Financial Rights provided for the Board of Directors

Board members receive no attendance fee for their Board service, however the independent member of the Board of Directors receives an attendance fee. No loans have been granted to any members of the company's Board of Directors or managers nor have any other special favors such as suretyships been given.

TURKCELL İLETİŞİM HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDIT REPORT AS OF DECEMBER 31, 2006

KPMG

Cevdet Suner Bağımsız Denetim ve Yeminli Mali Müşavirlik A.Ş.
Büyükdere Cad. Alba İş Hanı
No: 67/71 K: 8
Mecidiyeköy 34387 İstanbul

Telephone +90 (212) 317 74 00
Fax +90 (212) 317 73 00
Internet www.kpmg.com.tr

Independent Auditors' Report

To the Board of Directors of
Turkcell İletişim Hizmetleri Anonim Şirketi

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Turkcell İletişim Hizmetleri Anonim Şirketi and its subsidiaries ("the Group"), which comprise the consolidated balance sheet as at 31 December 2006, and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended in accordance with International Financial Reporting Standards. We did not audit the consolidated financial statements of Fintur Holdings B.V. ("Fintur"), a 41.45 percent owned equity accounted investee company. The Group's investment in Fintur at 31 December 2006 was $376,272 thousand, and its share of profit of Fintur was $81,284 thousand for the year ended 31 December 2006. The consolidated financial statements of Fintur were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Fintur, is based solely on the report of the other auditors.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained and report of the other auditors are sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2006, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

/s/ KPMG Cevdet Suner Bağımsız Denetim ve
Yeminli Mali Müşavirlik A.Ş.

26 February 2007
İstanbul, Turkey

Cevdet Suner

Turkcell İletişim Hizmetleri as and its Subsidiaries

Consolidated Balance Sheet

As at 31 December

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

	Note	2006	2005
Assets			
Property, plant and equipment	11	1,916,991	2,142,710
Intangible assets	12	1,234,668	1,298,055
Investments in equity accounted investees	13	523,840	290,412
Other investments	14	35,095	29,395
Due from related parties	31	72,506	80,894
Other non-current assets	15	121,465	16,476
Deferred tax assets	16	3,052	2,940
Total non-current assets		**3,907,617**	**3,860,882**
Inventories		11,018	8,910
Other investments	14	61,733	23,287
Due from related parties	31	66,101	66,312
Trade receivables and accrued income	17	318,973	321,102
Other current assets	18	125,653	126,451
Cash and cash equivalents	19	1,598,640	808,153
Total current assets		**2,182,118**	**1,354,215**
Total assets		**6,089,735**	**5,215,097**
Equity			
Share capital	20	1,636,204	1,438,966
Share premium	20	434	434
Reserves	20	(4,884)	84,590
Retained earnings	20	2,394,838	2,102,537
Total equity attributable to equity holders of the Company		**4,026,592**	**3,626,527**
Minority interest	**20**	**91,375**	**63,794**
Total equity		**4,117,967**	**3,690,321**
Liabilities			
Loans and borrowings	22	113,503	79,165
Employee benefits	23	17,648	16,600
Other non-current liabilities		8,683	6,417
Deferred tax liabilities	16	196,260	89,964
Total non-current liabilities		**336,094**	**192,146**
Bank overdraft	19	285	-
Loans and borrowings	22	526,083	578,105
Income taxes payable	10	309,470	60,864
Trade and other payables	26	579,421	530,875
Due to related parties		6,844	6,180
Deferred income	24	184,337	123,613
Provisions	25	29,234	32,993
Total current liabilities		**1,635,674**	**1,332,630**
Total liabilities		**1,971,768**	**1,524,776**
Total equity and liabilities		**6,089,735**	**5,215,097**

The notes on page 65 to 123 are an integral part of these consolidated financial statements

Turkcell İletişim Hizmetleri as and its Subsidiaries

CONSOLIDATED INCOME STATEMENT

For the year ended31 December

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

	Note	2006	2005
Revenue	7	4,700,307	4,527,980
Direct cost of revenues		(2,627,890)	(2,701,565)
Gross profit		**2,072,417**	**1,826,415**
Other income		8,050	15,403
Selling and marketing expenses		(827,516)	(700,501)
Administrative expenses		(154,917)	(154,035)
Other expenses		(6,467)	(4,901)
Results from operating activities		**1,091,567**	**982,381**
Finance income	9	184,015	167,472
Finance expenses	9	(108,038)	(191,199)
Net finance income / (costs)		**75,977**	**(23,727)**
Share of profit of equity accounted investees		78,616	68,234
Profit before gain on net monetary position		**1,246,160**	**1,026,888**
Gain on net monetary position, net		-	11,037
Profit before income tax		**1,246,160**	**1,037,925**
Income tax expense	10	(413,242)	(290,472)
Profit for the period		**832,918**	**747,453**
Attributable to:			
Equity holders of the Company		875,491	772,246
Minority interest		(42,573)	(24,793)
Profit for the period		**832,918**	**747,453**
Basic and diluted earnings per share (in full USD)	21	0.397951	0.351021

The notes on page 65 to 123 are an integral part of these consolidated financial statements

Turkcell İletişim Hizmetleri as and its Subsidiaries

CONSOLIDATED STATEMENT OF RECOGNIZED INCOME AND EXPENSE

For the year ended 31 December

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

	2006	2005
Effect of indexation for hyperinflation	-	127,936
Foreign exchange translation differences	(135,275)	(6,761)
Change in fair value of available-for-sale securities, net off deferred taxes	2,015	800
Net loss recognized directly in equity	**(133,260)**	**121,975**
Profit for the period	832,918	747,453
Total recognized income for the period	**699,658**	**869,428**
Attributable to:		
Equity holders of the Company	741,400	894,221
Minority interest	(41,742)	(24,793)
Total recognized income for the period	**699,658**	**869,428**

The notes on page 65 to 123 are an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December

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

	2006	2005
Cash flows from operating activities		
Profit for the period	**832,918**	**747,453**
Adjustments for:		
Depreciation	498,533	530,329
Amortization of intangibles	231,480	220,038
Foreign exchange gain, net	41,288	16,889
Interest income	(161,786)	(91,545)
Interest expense	55,190	69,344
Income tax expense	413,242	290,472
Share of profit of equity accounted investees	(94,021)	(68,234)
Gain on sale of property, plant and equipment	(1,279)	-
Effect of indexation for hyperinflation	-	(27,817)
Change in minority interest	87,745	22,979
Translation reserve	17,530	-
Net gain/(loss) on remeasurement of investments	(2,353)	800
Amortisation of transaction costs of borrowings	7,996	-
	1,926,483	**1,710,708**
Change in trade receivables	(11,551)	(55,318)
Change in due from related parties	6,153	19,126
Change in inventories	(2,512)	3,822
Change in other current assets	(2,278)	227,284
Change in trading securities	-	-
Change in other non-current assets	(105,625)	(4,134)
Change in due to related parties	945	29
Change in trade payables	105,795	(692,067)
Change in other current liabilities	28,512	67,022
Change in other non-current liabilities	2,267	(476)
Change in employee benefits	1,801	3,726
Change in provisions	(2,261)	(1,588)
	1,947,729	**1,278,134**
Interest paid	(42,879)	(82,587)
Income taxes paid	(67,592)	(99,921)
Net cash from operating activities	**1,837,258**	**1,095,626**
Cash flows from investing activities		
Acquisition of property, plant and equipment	(370,377)	(644,087)
Acquisition of intangibles	(234,382)	(128,557)
Proceeds from sale of property plant and equipment	3,609	-
Acquisition of equity accounted investees and other investments	(163,432)	-
Acquisition of minority shares	(17,591)	-
Acquisition of available-for-sale financial assets	(56,718)	(12,148)
Acquisition of held-to-maturity investments	(6,407)	-
Proceeds from sale of available-for-sale financial assets	20,490	-
Proceeds from settlement of held-to-maturity investments	9,218	45,404
Interest received	161,536	80,236
Dividends received	21,558	-
Net cash used in investing activities	**(632,496)**	**(659,152)**
Cash flows from financing activities		
Payment of transaction costs	(51,472)	-
Proceeds from issuance of loans and borrowings	877,812	354,849
Repayment of borrowings and finance lease liabilities	(862,386)	(543,252)
Dividends paid	(342,166)	(182,176)
Net cash used in financing activities	**(378,212)**	**(370,579)**
Effects of foreign exchange rate fluctuations on balance sheet items	**4,940**	**(5,784)**
Net increase in cash and cash equivalents	**831,490**	**60,111**
Cash and cash equivalents at 1 January	**808,153**	**764,931**
Effect of exchange rate fluctuations on cash and cash equivalents	(41,288)	(16,889)
Cash and cash equivalents at 31 December	**1,598,355**	**808,153**

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

Notes to the consolidated financial statements

1. REPORTING ENTITY

Turkcell Iletisim Hizmetleri Anonim Sirketi (the "Company") was incorporated in Turkey on 5 October 1993 and commenced its operations in 1994. It is engaged in establishing and operating a Global System for Mobile Communications ("GSM") network in Turkey and regional states.

In April 1998, the Company signed a license agreement (the "License") with the Ministry of Transportation and Communications of Turkey (the "Turkish Ministry"), under which it was granted a 25 year GSM license in exchange for a license fee of $500,000. The License permits the Company to operate as a stand-alone GSM operator and releases it from some of the operating constraints in the Revenue Sharing Agreement, which was in effect prior to the License. Under the License, the Company collects all of the revenue generated from the operations of its GSM network and pays the Undersecretariat of Treasury (the "Turkish Treasury") an ongoing license fee equal to 15% of its gross revenue from Turkish GSM operations. The Company continues to build and operate its GSM network and is authorized to, among other things, set its own tariffs within certain limits, charge peak and off-peak rates, offer a variety of service and pricing packages, issue invoices directly to subscribers, collect payments and deal directly with subscribers.

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

On 17 November 2006, shares owned by Cukurova Investment N.V. and Cukurova Holding A.S at nominal amounts of TRY 64,674 (equivalent to $46,011 at 31 December 2006) and TRY 64,721 (equivalent to $46,045 at 31 December 2006), respectively are sold with a price of TRY 0.0066 (equivalent to $0.0047 at 31 December 2006) per share. Shares sold through secondary offering constituted 5.88% of the total shares and distribution of shares to new shareholders was completed on 21 November 2006. The Company did not receive any proceeds from this offering. Following this transaction, ownership interest of Cukurova Group has been decreased to 21.2%.

As at 31 December 2006, two significant founding shareholders, Sonera Holding BV and the Cukurova Group own approximately 37.1% and 21.2%, respectively, of the Company's share capital, and are ultimate counterparties to a number of transactions that are discussed in the related party footnote. On 28 November 2005, upon completion of a series of transactions, Alfa Group acquired 13.2% indirect ownership in the Company through its Altimo subsidiary, one of Russia's leading private telecommunications investors.

The consolidated financial statements of the Company as at and for the year ended 31 December 2006 comprise the Company and its sixteen subsidiaries (together referred to as the "Group") and the Group's interest in one associate and one joint venture. The Company's, and each of its subsidiaries', associate's and joint ventures' financial statements are prepared as at and for the year ended 31 December 2006.

2. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and its interpretations adopted by the International Accounting Standards Board ("IASB"). The Group's first consolidated interim financial statements were reported for the three months ended 31 March 2006. At financial statements prepared as at 31 December 2006 and interim financial statements prepared as at 30 September 2006, 30 June 2006 and 31 March 2006 International Financial Reporting Standard No. 1 ("IFRS 1") "First-time Adoption of IFRS" has been applied.

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

An explanation of how the transition to IFRSs has affected the reported financial position, financial performance and cash flows of the Group is provided in note 34. This note includes reconciliations of equity and income statement for comparative periods reported under generally accepted accounting principals in United States of America ("USGAAP") (previous GAAP) to those reported for those periods under IFRSs.

The Group's consolidated financial statements were authorized for issue by the Board of Directors on 26 February 2007.

(b) Basis of measurement

The accompanying consolidated financial statements are based on the statutory records, with adjustments and reclassifications for the purpose of fair presentation in accordance with IFRSs. 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, financial instruments held for trading and financial instruments classified as available-for-sale. The methods used to measure fair value are further discussed in note 4.

The financial statements of the Company and those of the subsidiaries located in Turkey and Turkish Republic of Northern Cyprus for the year ended 31 December 2005 were restated for the changes in the general purchasing power of the functional currency based on International Accounting Standard No. 29 ("IAS 29") "Financial Reporting in Hyperinflationary Economies". IAS 29 requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the balance sheet date and that corresponding figures for previous periods be restated in the same terms. One characteristic that necessitates the application of IAS 29 is a cumulative three-year inflation rate approaching or exceeding 100%. Three years inflation rate in Turkey was 36% as at 31 December 2005, based on the Turkish nation-wide wholesale price indices announced by the State Statistics Association ("SSA"). However, IAS 29 does not establish the rate of 100% as an absolute rate at which hyperinflation is deemed to arise. It is a matter of judgment when restatement of financial statements in accordance with IAS 29 becomes necessary. Moreover, hyperinflation is also indicated by characteristics of the economic environment of a country.

As hyperinflationary conditions in Turkey no longer existed starting from 1 January 2006, New Turkish Lira ("TRY") has been treated as a more stable currency since that time and the financial statements of the Company and those of the subsidiaries located in Turkey and Turkish Republic of Northern Cyprus that are prepared in accordance with IFRSs are not required to be adjusted for hyperinflationary accounting.

(c) Functional and presentation currency

The consolidated financial statements are presented in US Dollars, rounded to the nearest thousand. Moreover, all financial information expressed in TRY, Euros ("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 Northern Cyprus is TRY. The functional currency of Euroasia Telecommunications Holding BV ("Euroasia") and LLC Astelit ("Astelit") is Ukranian Hryvnia and functional currency of East Asian Consortium BV ("Eastasia") is EUR.

(d) Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses and disclosure of contingent assets and liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. 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 estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

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

Management discussed with the Audit Committee the development, selection and disclosure of the Company's critical accounting policies and estimates and the application of these policies and estimates. Information about estimates, uncertainty and critical judgements about the contingencies are described in note 30 and detailed analysis with respect to accounting estimates and judgements of bad debts, useful life or expected pattern of consumption of the future economic benefits embodied in depreciable assets is provided below:

Key sources of estimation uncertainty

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

Critical accounting judgements in applying the Company's accounting policies

Certain critical accounting judgements in applying the Company's accounting policies are described below.

Trade and other receivables

The impairment losses in trade and other receivables are based on management's evaluation of the volume of the receivables outstanding, past experience and general economic conditions.

Useful life of assets

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

Commission fees

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

- The Group does not take the responsibility for fulfillment of the games.
- Although the Group collects the revenue from the final customer, it does not bear the credit risk.
- The Group earns a stated percentage of the total turnover.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and in preparing an opening IFRS balance sheet as at 1 January 2005 for the purposes of the transition to IFRSs.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, 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 presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(ii) Associates and joint ventures (equity accounted investees)

Associates are those entities in which the Company has significant influence, but not control, over the financial and operating policies. Joint ventures are those entities over whose activities the Company has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. Associates and joint ventures are accounted for using the equity method (equity accounted investees). The consolidated financial statements include the Company's share of the income and expenses of equity accounted investees, after adjustments to align the accounting policies with those of the Company, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Company's share of losses exceeds its interest in an equity accounted investee, carrying amount of that interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of an associate. The Company's equity accounted investees as at 31 December 2006 are Fintur Holdings B.V. ("Fintur") and A-Tel Pazarlama ve Servis Hizmetleri AS ("A-Tel").

(iii) Transactions eliminated on consolidation

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

(iv) Acqusition from entities ınder common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Company are excluded from the scope of IFRS 3 Business Combinations ("IFRS 3"). The assets and liabilities acquired from entities under common control are recognised at the carrying amounts recognised previously in the Company's controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within the Company equity except that any share capital of the acquired entities is recognised as part of share premium.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rate ruling at the date 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 ruling at that date. Foreign exchange differences arising on translation of foreign currency transactions are recognised in the income statement. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at 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 or a financial liability designated as a hedge of the net investment in a foreign operation.

(ii) Foreign operations

The assets and liabilities of foreign operations, including fair value adjustments arising on acquisition, are translated to US Dollars at foreign exchange rates ruling at the reporting date. The income and expenses of foreign operations are translated to US Dollars at rates approximating to the exchange rates ruling at the dates of the transactions. Since 1 January 2005, the Group's date of transition to IFRS, 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 translation reserve is transferred to profit or loss. Foreign exchange differences arising on retranslation are recognized directly in a separate component of equity.

The income and expenses of foreign operations in hyperinflationary economies are translated to US Dollars at the exchange rate at the reporting date. Prior to translating the financial statements of foreign operations in hyperinflationary economies, its financial statements for the current period are restated to account for changes in the general purchasing power of the local currency. The restatement is based on relevant price indices at the reporting date.

(iii) Translation from functional to presentation currency
Items included in the financial statements of each company are measured using the currency of the primary economic environment in which the entities operate, normally, under their local currencies.

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

Assets and liabilities for each balance sheet presented (including comparatives) are translated to US Dollars at exchange rates at the balance sheet date. Income and expenses for each income statement (including comparatives) in hyperinflationary economies are translated to US Dollars at exchange rates at the balance sheet date. Income and expenses for each income statement (including comparatives) in non-hyperinflationary economies are translated to US Dollars at rates approximating to exchange rates at the dates of the transactions.

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

Prior to translating the financial statements in hyperinflationary economies, the financial statements, including comparatives, are restated to account for changes in the general purchasing power of the local currency. The resulting gain on net monetary position is recognized as a separate component of the income statement. The restatement is based on relevant price indices at the balance sheet date.

(iv) Net investment in foreign operations
Foreign exchange differences arising from the translation of the net investment in foreign operations are recognized in translation reserve. They are transferred to the income statement upon disposal.

(c) Financial instruments

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

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

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

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 expense 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.

Investments at fair value through profit or loss
An instrument is classified as 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. 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.

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

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

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

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

(iii) Share capital

Ordinary shares
Incremental costs directly attributable to issue of ordinary shares and share options are recognised as a deduction from equity.

Repurchase of share capital
When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity.

(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 impairment losses (see note 3(h)).

Cost includes expenditures that are 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. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Where 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.

(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 item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the income statement as an expense as incurred.

(iii) Depreciation

Depreciation is recognized in the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives for current and comparative periods are as follows:

Buildings	25 - 50 years
Network infrastructure	5 - 8 years
Equipment, fixtures and fittings	4 - 5 years
Motor vehicles	4 - 5 years
Leasehold improvements	5 years

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

(e) Intangible assets

Intangible assets acquired by the Group are stated at cost adjusted for the effects of inflation during the hyperinflationary period lasted by 31 December 2005 less accumulated amortisation (see below) and impairment losses (see note 3(h)).

Expenditure on internally generated goodwill and brands is recognised in the income statement as an expense as incurred.

(i) Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure including expenditure on internally generated goodwill and brands, is expensed as incurred.

(ii) Amortization

Amortisation is recognized in the income statement on a straight line basis over the estimated useful lives of intangible assets unless such lives are indefinite from the date that they are available for use. Goodwill and intangible assets with an indefinite useful life are systematically tested for impairment at each balance sheet date. The estimated useful lives for the current and comparative periods are as follows:

Computer software	3 - 8 years
GSM and other telecommunications license	4 - 25 years
Transmission lines	10 years
Central betting system operating right	4 - 5 years
Customer base	2 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 and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

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

The Group adopted International Financial Reporting Interpretation Committee ("IFRIC") 4, Determining whether an Arrangement Contains a Lease, which is mandatory for annual periods beginning on or after 1 January 2006, in its consolidated financial statements as at 31 December 2006.

(g) Inventories

Inventories are stated at the lower of cost and net realisable 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. At 31 December 2006, inventories consisted of simcards and scratch cards.

(h) Impairment

(i) Financial assets

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 current fair value.

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

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

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

(ii) Non-financial assets
The carrying amounts of the Group's non-financial assets, 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. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. 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.

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.

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 amortisation, if no impairment loss had been recognised.

Goodwill was tested for impairment at 1 January 2005, the date of transition to IFRS. As at 31 December 2005, the Company provided impairment for its only goodwill amounting to $803 with respect to acquisition of the remaining 30% shares of Mapco Internet ve Iletisim Hizmetleri Pazarlama AS ("Mapco") in June 2003.

(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 1,857 as at 31 December 2006 (equivalent to full $1,321 at 31 December 2006) (31 December 2005: full TRY 1,727 (equivalent to full $1,229 at 31 December 2006)) per year of employment at the rate of pay applicable at the date of retirement or termination. Reserve for retirement pay is computed and reflected in the consolidated financial statements on a current basis. The reserve has been calculated by estimating the present value of future probable obligation of the Group arising from the retirement of the employees. The calculation was based upon the retirement pay ceiling announced by the government.

(ii) Defined contribution plans
Obligations for contributions to defined contribution plans are recognised as an expense in the income statement as incurred. Turkcell initiated a defined contribution retirement plan for all eligible employees during 2005. Besides, Inteltek Internet Teknoloji Yatirim ve Danismanlik Ticaret AS ("Inteltek") and Bilyoner Interaktif Hizmetler AS ("Bilyoner"), other consolidated subsidiaries, initiated a defined contribution retirement plan for all eligible employees during 2006. The assets of the plan are held separately from the financial statements of the Group. The Company Inteltek and Bilyoner are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Company Inteltek and Bilyoner with respect to the retirement plan is to make the specified contributions.

(j) Provisions

A provision is recognised in the balance sheet if the Group has a present legal or constructive obligation as a result of a past event 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.

(k) Revenue

Communication fees include all types of postpaid revenues from incoming and outgoing calls, additional services and prepaid revenues. Communication fees are recognized at the time the services are rendered.

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

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

Commission fees mainly comprised of net takings earned to a maximum of 12% of gross takings, as a head agent of fixed odds betting games and 4.3% commission recognized based on the para-mutual and fixed odds betting games operated on Central Betting System. Commission revenues are recognized at the time all the services related with the games are fully rendered. Under the head agency agreement, Inteltek is obliged to undertake any excess payout, which is presented on net basis with the commission fees.

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

Simcard sales are recognized net of returns, discounts and rebates upon initial entry of a new subscriber into the GSM system only to the extent of direct costs. Excess simcard and prepaid simcard sales, if any, are deferred and amortized over the estimated effective subscriber life.

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

(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 in the income statement 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. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

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

(m) Finance income and expenses

Finance income comprises interest income on funds invested, 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, net foreign currency gains, and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised as it accrues, using the effective interest method.

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions, net foreign currency losses, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets, and losses on hedging instruments that are recognised in profit or loss. All borrowing costs are recognised in profit or loss using the effective interest method.

(n) Transactions with related parties

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

(o) Income tax expense

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

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

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, 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.

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.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

Information as to the calculation of income tax expense in the income statement for the year ended 31 December 2006 and 2005 is included in note 10.

(p) Earnings per share

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

(q) Segment reporting

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

(r) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the period ended 31 December 2006, and have not been applied in preparing these consolidated financial statements:

- IFRS 7 Financial Instruments: Disclosures and the Amendment to IAS 1 Presentation of Financial Statements: Capital Disclosures require extensive disclosures about the significance of financial instruments for an entity's financial position and performance, and qualitative and quantitative disclosures on the nature and extent of risks. IFRS 7 and amended IAS 1, which become mandatory for the Group's 2007 financial statements, will require extensive additional disclosures with respect to Group's financial instruments and share capital.

- IFRS 8 Operating Segments requires that an entity should disclose information to enable users of its financial statements to evaluate the nature and financial effects of the types of business activities in which it engages and the economic environments in which it operates. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. IFRS 8 is effective for annual financial statements for periods beginning on or after 1 January 2009 and will require additional disclosures for the Group. Earlier adoption is permitted.

- IFRIC 7 Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies addresses the application of IAS 29 when an economy first becomes hyperinflationary and in particular the accounting for deferred tax. IFRIC 7, which becomes mandatory for the Group's 2007 financial statements, is not expected to have any impact on the consolidated financial statements.

- IFRIC 9 Reassessment of Embedded Derivatives requires that a reassessment of whether embedded derivative should be separated from the underlying host contract should be made only when there are changes to the contract. IFRIC 9, which becomes mandatory for the Group's 2007 financial statements, is not expected to have any impact on the consolidated financial statements.

- IFRIC 10 Interim Financial Reporting and Impairment prohibits the reversal of an impairment loss recognised in a previous interim period in respect of goodwill, an investment in an equity instrument or a financial asset carried at cost. IFRIC 10 will become mandatory for the Group's 2007 financial statements, and will apply to goodwill, investments in equity instruments, and financial assets carried at cost prospectively from the date that the Group first applied the measurement criteria of IAS 36 and IAS 39 respectively (i.e., 1 January 2005). The adoption of IFRIC 10 is not expected to have any impact on the consolidated financial statements.

- IFRIC 11, IFRS 2 Group and Treasury Share Transactions: Interpretation addresses the classification of a share-based payment transaction (as equity- or cash-settled), in which equity instruments of the parent or another group entity are transferred, in the financial statements of the entity receiving the services. IFRIC 11 becomes effective for annual periods beginning on or after 1 March 2007 and is not expected to have any impact on the consolidated financial statements.

- IFRIC 12, Service Concession Arrangements provides guidance to private sector entities on certain recognition and measurement issues that arise in accounting for public to private service concession agreements. IFRIC 12 becomes effective for annual periods beginning on or after 1 January 2008 and is not expected to have any impact on the consolidated financial statements.

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

4. DETERMINATION OF FAIR VALUES

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

(i) Property, plant and equipment

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

(ii) Intangible assets

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

(iii) Inventory

The fair value of inventory acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of sale, and a reasonable profit margin based on the effort required to complete and sell the inventory.

(iv) 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 and over the counter market price at the reporting date. The fair value of held-to-maturity investments is determined for disclosure purposes only.

(v) Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

(vi) Derivatives

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

(vii) Non-derivative financial liabilities

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

5. SEGMENT REPORTING

Primary reporting format - geographical segments

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

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

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

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

Geographical segments:

A geographical segment is a distinguishable component of an enterprise that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments.

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

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

Business segments:

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

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

	Turkey		Ukraine		Turkish Republic of Northern Cyprus		Other		Eliminations		Consolidated	
	2006	**2005**	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**
Total external revenues	4,544,493	4,433,617	87,949	45,568	67,865	48,795	-	-	-	-	4,700,307	4,527,980
Intersegment revenue	1,251	753	-	-	5,384	7,807	-	-	(6,635)	(8,560)	-	-
Total segment revenue	**4,545,744**	**4,434,370**	**87,949**	**45,568**	**73,249**	**56,602**	**-**	**-**	**(6,635)**	**(8,560)**	**4,700,307**	**4,527,980**
Segment result	1,236,455	1,070,981	(154,934)	(106,759)	7,243	5,783	-	-	1,219	1,874	1,089,983	971,879
Unallocated expenses											1,584	10,502
Results from operating activities											1,091,567	982,381
Net financing income/(cost)											75,977	(23,727)
Share of profit of equity accounted investees	(2,668)	-	-	-	-	-	81,284	68,234	-	-	78,616	68,234
Gain on net monetary position, net											-	11,037
Income tax expense											(413,242)	(290,472)
Profit for the period											**832,918**	**747,453**

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

	Turkey		Ukraine		Turkish Republic of Northern Cyprus		Other		Eliminations		Consolidated	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Segment assets	3,154,146	3,589,544	572,474	443,112	35,529	27,181	-	-	(563)	(2,458)	3,761,586	4,057,379
Investment in equity accounted investees	147,568	-	-	-	-	-	376,272	290,412	-	-	523,840	290,412
Unallocated assets	1,670,790	744,338	8,307	11,756	13,871	14,718	111,341	96,494	-	-	1,804,309	867,306
Total assets	**4,972,504**	**4,333,882**	**580,781**	**454,868**	**49,400**	**41,899**	**487,613**	**386,906**	**(563)**	**(2,458)**	**6,089,735**	**5,215,097**
Segment liabilities	736,753	671,497	76,753	38,051	12,993	9,766	119	107	(451)	(2,408)	826,167	717,013
Unallocated liabilities	678,600	429,859	465,371	377,220	1,630	684	-	-	-	-	1,145,601	807,763
Total liabilities	**1,415,353**	**1,101,356**	**542,124**	**415,271**	**14,623**	**10,450**	**119**	**107**	**(451)**	**(2,408)**	**1,971,768**	**1,524,776**
Capital expenditure	391,731	495,596	200,237	270,551	12,791	6,497	-	-	-	-	604,759	772,644
Depreciation	452,708	498,346	40,085	26,756	5,740	5,227	-	-	-	-	498,533	530,329
Amortisation of intangible assets	198,293	204,033	32,259	15,313	928	692	-	-	-	-	231,480	220,038

Business segments

	Telecomunications		Betting		Other operations		Consolidated	
	2006	2005	2006	2005	2006	2005	2006	2005
Total external revenues	4,517,011	4,402,905	172,372	112,495	10,924	12,580	4,700,307	4,527,980
Segment assets	3,712,408	3,997,379	23,418	31,844	25,760	28,156	3,761,586	4,057,379
Capital expenditures	594,524	749,490	3,300	4,537	6,935	18,617	604,759	772,644

6. ACQUISITIONS OF JOINT VENTURES AND MINORITY INTERESTS

Business combination

During August 2006, the Company acquired 50% shares of A-Tel for a consideration of TRY 218,715 (equivalent to $155,603 and $150,000 at 31 December 2006 and 9 August 2006, respectively). The Company made the related payment on 9 August 2006 and the results of A-Tel's operations have been included in the consolidated financial statements since that date. A-Tel is involved in the marketing, selling and distributing the Company's prepaid systems. A-Tel acts as the only dealer of the Company for Muhabbet Kart (a prepaid card), and receives dealer activation fees and simcard subsidies for the sale of Muhabbet Kart. In addition to the sales of simcards and scratch cards through an extensive network of newspaper kiosks located throughout Turkey, the Company has entered into several agreements with A-Tel for sale of campaigns and for subscriber activations. Since 1999, the business cooperation between the Company and A-Tel has provided important support to the Company's sales and marketing activities. With the brand name Muhabbet Kart, A-Tel has proved success in a competitive environment through well structured campaigns. With the acquisition of 50% stake in A-Tel, management believes that the Company will be better positioned in the changing competitive environment and achieve increased benefits by optimizing sales and marketing efforts. A-Tel is a joint venture and its remaining 50% shares are held by Turkey's Savings and Deposit Insurance Fund (the "SDIF").

At 31 December 2006, management has not yet completed the evaluation of the fair value of identifiable assets and liabilities of A-Tel and its allocation of the purchase price. The Company has a period up to one year to complete purchase price allocation effective from August 2006, which is the date of acquisition. Therefore, final purchase accounting adjustments may differ from the Company's initial estimates and the allocation of purchase price is subject to refinement. A-Tel is accounted for under equity method and results of the operations for the five months ended 31 December 2006 are included in the accompanying consolidated financial statements using ownership rate of 50% as at and for the year ended 31 December 2006. Besides, during September 2006, A-Tel's General Assembly decided to distribute dividends and accordingly the Company reduced the carrying value of its investment in A-Tel by the dividends declared of TRY 30,300 (equivalent to $21,557 at 31 December 2006). On 16 October 2006, such dividend is collected by the Company.

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

Acquisition of minority interests

In February 2006, the Company acquired an additional 15% interest in Eastasia for EUR 13,651 (equivalent to $15,093 at 31 December 2006) in cash, increasing its ownership from 85% to 100%. The Group recognised a decrease in minority interests of $16,624.

In June 2006, the Company acquired additional 0.22% interest in Euroasia for $550 in cash by direct acquisition of Eurocorp shares. In addition, in January, June, August and November 2006, the Company has made contributions to capital increase of Euroasia for $30,600, $22,000, $27,500 and $27,500, respectively. As Eurocorp did not participate in these capital increases, ownership of the Company increased from 54.2% to 54.8%. The Group recognised a decrease in minority interests of $967.

In May 2006, the Company acquired an additional 40% interest in Turkcell Teknoloji Arastirma ve Gelistirme AS. (31.12.2005: Interaktif Cocuk Programlari Yapimciligi ve Yayinciligi AS) ("Turkcell Teknoloji") for no consideration, increasing its ownership from 60% to 100%. The Group does not recognise a decrease in minority interests because of its negative net assets.

7. Revenue

	2006	2005
Communication fees	4,406,680	4,295,866
Commission fees on betting business	172,372	112,495
Monthly fixed fees	57,599	54,946
Simcard sales	20,960	50,327
Call center revenues	10,237	10,122
Other revenues	32,459	4,224
	4,700,307	**4,527,980**

8. Personnel Expenses

	2006	2005
Wages and salaries (*)	262,198	230,312
Increase in liability for long-service leave	5,736	5,444
Contributions to defined contribution plans	1,014	827
	268,948	**236,583**

* Wages and salaries include compulsory social security contributions.

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

9. Finance income and expense

	2006	2005
Interest income	133,640	116,987
Late payment interest income	29,391	32,677
Premium income on options	11,708	-
Other interest income	5,818	7,072
Gain on financial assets	3,458	10,736
Finance income	**184,015**	**167,472**
Discount interest expense on financial liabilities		
measured at amortized cost	(61,512)	(80,939)
Net foreign exchange loss	(41,288)	(16,889)
Interest expense resulting from litigations (note 30)	(2,516)	(86,682)
Other	(2,722)	(6,689)
Finance expenses	**(108,038)**	**(191,199)**
Net finance income / (costs)	**75,977**	**(23,727)**

Interest expense on borrowings capitalized on fixed assets are amounted to $7,089 and $506 for the years ended 31 December 2006 and 2005, respectively.

10. Income tax expense in the income statement

	2006	2005
Current tax expense		
Current period	(310,665)	(69,751)
	(310,665)	(69,751)
Deferred tax expense		
Reduction in tax rate	(152,809)	-
Origination and reversal of temporary differences	14,036	(284,335)
Utilisation of previously unrecognised tax losses	6,237	2,968
Benefit of investment incentive recognized	29,959	60,646
	(102,577)	**(220,721)**
Total income tax expense	**(413,242)**	**(290,472)**

Total deferred tax recognized directly in equity for the year was $656 (2005: $231).

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

Reconciliation of effective tax rate

The reported income tax expense for the year ended 31 December 2006 and 2005 are different than the amounts computed by applying the statutory tax rate to profit before tax, attributable to equity holders of the Company, as shown in the following reconciliation:

		31 December 2006		31 December 2005
Profit for the period		1,246,160		1,037,925
Income tax using the Company's domestic tax rate	20%	(249,232)	30%	(311,378)
Effect of tax rates in foreign jurisdictions	(1)%	8,954	-	(4,495)
Change in tax rate	12%	(152,809)	-	-
Non-deductable items	1%	(5,749)	3%	(35,611)
Investment tax credit	(2)%	29,958	(6)%	60,646
Deferred taxes on undistributed earnings of subsidiary	1%	(15,109)	-	-
Recognition of previously unrecognised tax losses	(1)%	6,237	-	2,968
Unrecognized deferred tax assets	3%	(37,120)	1%	(7,922)
Other	-	1,628	(1)%	5,320
		(413,242)		**(290,472)**

The income taxes payable of $309,470 and $60,864 at 31 December 2006 and 2005, respectively represent the amount of actual income taxes payable in respect of related taxable profit for the year ended 31 December 2006 and 2005.

According to the article 32 of New Corporate Tax Law No. 5520, the corporate tax rate was reduced from 30% to 20%. In this respect, corporate income of the companies are subject to corporate tax at the rate of 20%, effective from 1 January 2006 onwards. It has been also stated that the advance corporate tax that was calculated and collected on the rate of 30% for the advance corporate tax periods after 1 January 2006 that is in excess of the amount calculated by the new rate for the same periods will be offset against the advance corporate tax for the following advance tax periods.

According to the Income Tax Law which was published in Official Gazette on 8 April 2006, the investment allowance application has been abolished effective from 1 January 2006. Accordingly, tax payers have been granted an option to use the tax benefits of investment incentive certificates given that they file tax returns at 30% corporate tax rate; or file tax returns at 20% corporate tax rate (which is the new comparable tax rate effective from 1 January 2006) without using the tax benefits of investment incentive certificates. The Company preferred to use the tax benefit of investment incentive certificates which provides 0.2% net benefit on corporate taxes. However, the respective law allows the taxpayers to utilize their investment allowance rights obtained under the scope of the previous provisions only from their income generated in the years 2006, 2007 and 2008.

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

11. Property, plant and equipment

Cost or deemed cost	Balance at 1 January 2005	Additions	Disposals	Transfers*	Effect of movements in exchange rates	Balance at 31 December 2005
Network infrastructure						
(All Operational)	3,661,869	11,160	(96,999)	477,008	167,447	4,220,485
Land and buildings	236,786	1,634	(578)	2,075	10,600	250,517
Equipment, fixtures and fittings	261,444	10,843	(3,572)	11,919	11,794	292,428
Motor vehicles	17,484	2,286	(1,623)	145	690	18,982
Leasehold improvements	126,968	1,824	(885)	3,494	5,795	137,196
Construction in progress	240,547	725,311	(43)	(587,728)	7,280	385,367
Total	**4,545,098**	**753,058**	**(103,700)**	**(93,087)**	**203,606**	**5,304,975**
Accumulated Depreciation						
Network infrastructure						
(All Operational)	2,179,802	480,046	(90,417)	-	105,587	2,675,018
Land and buildings	47,135	10,115	-	-	2,092	59,342
Equipment, fixtures and fittings	256,754	25,751	(3,101)	-	8,497	287,901
Motor vehicles	13,551	2,246	(1,484)	-	678	14,991
Leasehold improvements	111,432	12,171	(128)	-	1,538	125,013
Total	**2,608,674**	**530,329**	**(95,130)**	**-**	**118,392**	**3,162,265**
Total property, plant and equipment	**1,936,424**	**222,729**	**(8,570)**	**(93,087)**	**85,214**	**2,142,710**

* The remaining portion of transfer amounting to $93,087 comprises intangible assets.

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

Cost or deemed cost	Balance at 1 January 2006	Additions	Disposals	Transfers*	Effect of movements in exchange rates	Balance at 31 December 2006
Network infrastructure (All Operational)	4,220,485	14,453	(1,897)	424,458	(180,707)	4,476,792
Land and buildings	250,517	3,972	(386)	10,874	(11,269)	253,708
Equipment, fixtures and fittings	292,428	6,634	(1,597)	7,675	(12,657)	292,483
Motor vehicles	18,982	589	(915)	15	(853)	17,818
Leasehold improvements	137,196	544	(17)	-	(5,893)	131,830
Construction in progress	385,367	464,588	-	(563,425)	(19,343)	267,187
Total	**5,304,975**	**490,780**	**(4,812)**	**(120,403)**	**(230,722)**	**5,439,818**
Accumulated Depreciation						
Network infrastructure (All Operational)	2,675,018	465,549	(1,261)	-	(113,520)	3,025,786
Land and buildings	59,342	10,615	-	-	(2,514)	67,443
Equipment, fixtures and fittings	287,901	16,649	(1,228)	-	(12,694)	290,628
Motor vehicles	14,991	1,895	(632)	-	(653)	15,601
Leasehold improvements	125,013	3,825	(15)	-	(5,454)	123,369
Total	**3,162,265**	**498,533**	**(3,136)**	**-**	**(134,835)**	**3,522,827**
Total property, plant and equipment	**2,142,710**	**(7,753)**	**(1,676)**	**(120,403)**	**(95,887)**	**1,916,991**

*The remaining portion of transfer amounting to $120,403 comprises intangible assets.

Leased assets

The Group leases equipments under a number of finance lease agreements. At the end of each of the lease period, the Group has the option to purchase the equipment at a beneficial price. As at 31 December 2006, net carrying amount of fixed assets acquired under finance leases amounted to $92,956 (31 December 2005: $104,797).

Property, plant and equipment under construction

Construction in progress consisted of expenditures in GSM network of the Company, Astelit and Kibris Mobile Telekomunikasyon Limited Sirketi ("Kibris Telekom") and non-operational items as at 31 December 2006 and 2005.

As at 31 December 2006, a mortgage is placed is placed on Izmir and Davutpasa buildings amounting to $1,067 and $356, respectively. (31 December 2005: $1,118 and $373, respectively). Besides, under the syndicated long term project financing package, there are certain restrictions on Astelit's assets. In accordance with this agreement, Astelit may not dispose any of its assets nor can pledge them under any contract until the termination of the syndicated long term project financing package.

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

12. Intangible assets

In April 1998, the Company signed the License with the Turkish Ministry, under which it was granted a GSM license, which is amortized in 25 years with a carrying amount of $531,598 as at 31 December 2006 (31 December 2005: $591,143). The amortisation period of the licence will end in 2023.

Cost	Balance at 1 January 2005	Additions	Disposals	Transfers*	Effects of movements in exchange rates	Balance at 31 December 2005
GSM and other telecommunication operating licences	892,721	8	(92)	10,273	37,105	940,015
Computer Software	1,275,146	15,268	(10,552)	116,250	58,341	1,454,453
Transmission Lines	30,218	675	(538)	-	1,380	31,735
Central Betting System Operating Right	3,978	271	-	-	182	4,431
Customer Base	8,417	25,827	-	(33,485)	496	1,255
Other	3,078	50	(3,240)	49	142	79
Total	**2,213,558**	**42,099**	**(14,422)**	**93,087**	**97,646**	**2,431,968**
Accumulated Amortization						
GSM and other telecommunication operating licences	221,291	48,374	(20)	-	10,984	280,629
Computer Software	641,956	166,566	(3,612)	-	28,549	833,459
Transmission Lines	13,181	3,151	(274)	-	602	16,660
Central Betting System Operating Right	984	1,117	-	-	45	2,146
Customer Base	352	650	-	-	-	1,002
Other	2,977	180	(3,240)	-	100	17
Total	**880,741**	**220,038**	**(7,146)**	**-**	**40,280**	**1,133,913**
Total intangible assets	**1,332,817**	**(177,939)**	**(7,276)**	**93,087**	**57,366**	**1,298,055**

(*) Refer to note 11.

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

Cost	Balance at 1 January 2006	Additions	Disposals	Transfers*	Effects of movements in exchange rates	Balance at 31 December 2006
GSM and other telecommunication operating licences	940,015	242	-	7,574	(45,404)	902,427
Computer Software	1,454,453	13,356	(204)	163,531	(65,802)	1,565,334
Transmission Lines	31,735	1,287	(305)	9	(1,440)	31,286
Central Betting System Operating Right	4,431	201	(393)	-	(201)	4,038
Customer Base	1,255	-	-	-	-	1,255
Other	79	3	-	-	2	84
Construction in progress	-	98,890		(50,711)	(614)	47,565
Total	**2,431,968**	**113,979**	**(902)**	**120,403**	**(113,459)**	**2,551,989**
Accumulated Amortization						
GSM and other telecommunication operating licences	280,629	58,875	-	-	(11,675)	327,829
Computer Software	833,459	168,192	(70)	-	(35,068)	966,513
Transmission Lines	16,660	3,067	(33)	-	(707)	18,987
Central Betting System Operating Right	2,146	1,038	(394)	-	(80)	2,710
Customer Base	1,002	297	-	-	(44)	1,255
Other	17	11	-	-	(1)	27
Total	**1,133,913**	**231,480**	**(497)**	**-**	**(47,575)**	**1,317,321**
Total intangible assets	**1,298,055**	**(117,501)**	**(405)**	**120,403**	**(65,884)**	**1,234,668**

13. Equity accounted investees

The Group's share of profit in its equity accounted investees for the year ended 31 December 2006 is $78,616 (31 December 2005: $68,234). Summary financial information for equity accounted investees, not adjusted for the percentage ownership held by the Group is as follows:

	Ownership	Current Assets	Non-current Assets	Total Assets	Current Liabilities	Non-current Liabilities	Total Liabilities	Revenues	Direct Cost of Goods Sold	Profit
2006										
Fintur	41.45%	310,410	1,103,420	1,413,830	255,319	47,445	302,764	1,161,432	(463,277)	194,790
A-Tel *	50.00%	103,446	105	103,551	12,301	247	12,548	31,472	(4,868)	24,208
		413,856	**1,103,525**	**1,517,381**	**267,620**	**47,692**	**315,312**	**1,192,904**	**(468,145)**	**218,998**
2005										
Fintur	41.45%	242,481	862,145	1,104,626	247,758	41,062	288,820	853,571	(348,239)	162,311
		242,481	**862,145**	**1,104,626**	**247,758**	**41,062**	**288,820**	**853,571**	**(348,239)**	**162,311**

* Summary financial information on the income statement of A-Tel is for the five months ended 31 December 2006.

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

During the year the Group acquired a 50% investment in A-Tel. Details of the transaction and A-Tel's operations are described at note 6. The Company's investment in Fintur and A-Tel amounts to $376,272 and $147,568, respectively as at 31 December 2006 (31 December 2005: $290,412 and nil, respectively).

14. OTHER INVESTMENTS

Non-current investments:

	Country of incorporation	Ownership %	2006	2005
Aks Televizyon Reklamcilik ve Filmcilik Sanayi ve Ticaret AS ("Aks TV")	Turkey	6.24	24,093	19,882
T Medya Yatirim Sanayi ve Ticaret AS ("T-Medya")	Turkey	8.23	11,002	9,513
			35,095	**29,395**

In 2003, the Group acquired a 6.24% interest in Aks TV and a 8.23% interest in T-Medya, media companies owned by the Cukurova Group.

On 21 April 2006, at Aks TV's Ordinary General Assembly Meeting, it has been decided to increase the share capital of Aks TV through cash injection by shareholders. Iyi Eglenceler Eglence ve Turizm AS (Iyi Eglenceler) paid TRY 7,188 (equivalent to $5,114 at 31 December 2006) in cash representing its proportion in share capital of Aks TV.

On 24 June 2005, at T-Medya's General Assembly Meeting, it has been decided to increase the share capital of T-Medya. However, the Group did not participate in the capital contribution, accordingly the ownership of the Group in T-Medya decreased to 5.91%. Subsequent to the first share capital increase, the Group decided to participate in the second share capital increase and on 2 January 2006, the Group paid TRY 2,700 (equivalent to $1,921 at 31 December 2006) in cash as capital contribution to T-Medya and the Group's ownership interest in T-Medya increased back to 8.23%.

Investment in Aks TV and T-Medya are classified as available-for-sale financial assets. However, there is not active market available for these equity instruments, and application of valuation techniques is impracticable. Accordingly, the company measured these investments at cost.

Current investments:

	2006	2005
Held to maturity debt securities		
Government bonds, treasury bills	*7,045*	*10,191*
Available for sale securities		
Government bonds, treasury bills	20,683	1,410
Foreign investment equity funds	34,005	11,686
	54,688	**13,096**
	61,733	**23,287**

Interest bearing available-for-sale TRY denominated, US Dollars denominated and Euro denominated government bonds and treasury bills with a carrying amount of $18,961, $1,449 and $273, respectively as at 31 December 2006 (31 December 2005: US Dollars denominated $1,171 and Euro denominated $239) have stated interest rates of 20.61%, (31 December 2005: nil), Libor + 1%- Libor +1.6% (31 December 2005: Libor+1.6% for treasury bills denominated in US Dollars) and Euribor+1.80% (31 December 2005: Euribor+1.80%), respectively and mature in 2 to 4 years (31 December 2005: 5 years).

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

Held-to-maturity TRY denominated debt securities with a carrying amount of $7,045 as at 31 December 2006 (31 December 2005: $10,191) have interest rate of 22.14% (31 December 2005: 19.94%) and mature in 1 year (31 December 2005: 1 year).

15. OTHER NON-CURRENT ASSETS

	2006	2005
Restricted cash	105,378	-
Prepaid expenses	12,687	14,006
Deposits and guarantees given	2,275	1,716
Others	1,125	754
	121,465	**16,476**

As at 31 December 2006, restricted cash represents amounts deposited at banks as guarantees in connection with the loans used by the Group which will be released on 20 June 2008.

16. DEFERRED TAX ASSETS AND LIABILITIES

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	2006	2005
Deductible temporary differences	227	(13,753)
Tax credit carry forwards	117	4,508
Operating loss carry forwards	49,633	29,515
Total unrecognised deferred tax assets	**49,977**	**20,270**

The deductible temporary differences do not expire under current tax legislation. Turkish tax legislation does not allow companies to file tax returns on a consolidated basis. Therefore, deferred tax assets have not been recognised in respect of these items resulting from certain consolidated subsidiaries because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

As at 31 December 2006, expiration of net operating loss carry forwards are as follows:

Year Originated	Amount	Expiration Date
2002	623	2008
2003	5,073	2009
2004	5,317	2010
2005	1,920	2011
2006	13,269	2012 thereafter

As at 31 December 2006, net operating loss carry forwards which will be carried indefinitely are as follows:

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

Year Originated	Amount
2004	22,797
2005	59,272
2006	103,870

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities as at 31 December 2006 and 2005 are attributable to the following:

	Assets		Liabilities		Net	
	2006	**2005**	**2006**	**2005**	**2006**	**2005**
Property, plant & equipment and intangible assets	-	-	(227,822)	(468,920)	(227,822)	(468,920)
Investment	-	-	(30,246)	-	(30,246)	-
Provisions	47,334	71,078	(204)	(366)	47,130	70,712
Other items	12,459	21,587	(4)	(8)	12,455	21,579
Tax credit carry forwards	5,275	289,605	-	-	5,275	289,605
Tax assets / (liabilities)	**65,068**	**382,270**	**(258,276)**	**(469,294)**	**(193,208)**	**(87,024)**
Set off of tax	(62,016)	(379,330)	62,016	379,330	-	-
Net tax assets / (liabilities)	**3,052**	**2,940**	**(196,260)**	**(89,964)**	**(193,208)**	**(87,024)**

All temporary differences recognized in profit or loss for the year ended 31 December 2006 and 2005 except the deferred tax effects of change in fair value of available-for-sale financial assets amounting $656 and $231, respectively.

17. TRADE RECEIVABLES AND ACCRUED INCOME

	2006	**2005**
Receivables from subscribers	156,111	143,180
Accounts and checks receivable	53,244	79,430
Receivables from Turk Telekom AS ("Turk Telekom")	13,932	16,305
Accrued service income	95,686	82,187
	318,973	**321,102**

Trade receivables are shown net of allowance for doubtful debts amounting to $133,615 as at 31 December 2006 (31 December 2005: $149,209). The impairment loss recognized in the current year was $30,513 (31 December 2005: $24,789).

Receivables from Turk Telekom as at 31 December 2006 and 2005 represent net amounts that are due from Turk Telekom under the Interconnection Agreement. The Interconnection Agreement provides that Turk Telekom will pay to the Company for Turk Telekom's fixed-line subscribers' calls to GSM subscribers.

The accrued service income represents revenues accrued for subscriber calls (air-time), which have not been billed. Due to the volume of subscribers, there are different billing cycles; accordingly, an accrual is made at each period end to accrue revenues for rendered but not yet billed.

Letters of guarantee received with respect to the accounts and cheques receivable are amounted to $32,308 and $48,066 as at 31 December 2006 and 2005, respectively.

Receivables denominated in currencies other than the functional currency comprise $19,721 of trade receivables denominated in US Dollar (31 December 2005: $18,953) and $608 of trade receivables denominated in Euros (31 December 2005: $750).

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

18. OTHER CURRENT ASSETS

	2006	2005
Prepaid expenses	45,391	38,359
Value added tax ("VAT") receivable	38,254	28,175
Income accruals	15,807	-
Prepayment for subscriber acquisiton cost	10,795	2,203
Advances to suppliers	7,628	7,665
Receivables from personnel	1,207	1,812
Prepaid taxes	411	3,531
Restricted cash	107	34,105
Other	6,053	10,601
	125,653	**126,451**

Income accruals are recognized for the success fee previously paid to BNP for Irancell, which will be paid back to Turkcell in 2007.

Subscriber acquisition costs are subsidies to the subscribers for the handsets, under which Astelit can enforce the minimum customer contract period and can determine revenues that can be linked to individual contracts.

19. CASH AND CASH EQUIVALENTS

	2006	2005
Cash in hand	114	101
Cheques received	8,644	25,451
Banks	1,589,401	782,494
- Demand deposits	135,039	114,200
- Time deposits	1,454,362	668,294
Bonds and bills	481	107
Cash and cash equivalents	**1,598,640**	**808,153**
Bank overdrafts	(285)	-
Cash and cash equivalents in the statement of cash flows	**1,598,355**	**808,153**

At 31 December 2006, cash and cash equivalents amounting to $25,011 (31 December 2005: $23,668) were deposited in the banks, which are owned and/or controlled by Cukurova Group, a significant shareholder of the Company.

The effective interest rates on the deposits as at 31 December 2006 are 5.6%, 3.7% and 23.1% for US Dollars, Euros and TRY, respectively and they have an average maturity of 28 days. The effective interest rates on the deposits as at 31 December 2005 were 4.8%, 2.4% and 18.9% for US Dollars, Euros and TRY, respectively and they had an average maturity of 120 days.

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

20. CAPITAL AND RESERVES

Reconciliation of movement in capital and reserves

	Attributable to equity holders of the Company								
	Share Capital	Share Premium	Legal Reserves	Fair Value Reserve	Translation Reserve	Retained Earnings	Total	Minority Interest	Total Equity
Balance at 1 January 2005	1,207,142	415	50,458	-	(13,935)	1,670,402	2,914,482	65,514	2,979,996
Increase in capital	169,092	-	-	-	-	(169,092)	-	-	-
Transfer to legal reserves	-	-	49,503	-	-	(49,503)	-	-	-
Total recognized income and expense	62,732	19	4,526	800	(6,762)	832,906	894,221	(24,793)	869,428
Dividends to equity holders	-	-	-	-	-	(182,176)	(182,176)	-	(182,176)
Change in minority interest	-	-	-	-	-	-	-	23,073	23,073
Balance at 31 December 2005	**1,438,966**	**434**	**104,487**	**800**	**(20,697)**	**2,102,537**	**3,626,527**	**63,794**	**3,690,321**
Balance at 1 January 2006	1,438,966	434	104,487	800	(20,697)	2,102,537	3,626,527	63,794	3,690,321
Increase in capital	197,238	-	-	-	-	(197,238)	-	-	-
Transfer to legal reserves	-	-	43,786	-	-	(43,786)	-	-	-
Total recognized income and expense	-	-	-	2,015	(135,275)	875,491	742,231	(42,573)	699,658
Dividends to equity holders	-	-	-	-	-	(342,166)	(342,166)	-	(342,166)
Acquisition of minority interest	-	-	-	-	-	-	-	(17,591)	(17,591)
Change in minority interest	-	-	-	-	-	-	-	87,745	87,745
Balance at 31 December 2006	**1,636,204**	**434**	**148,273**	**2,815**	**(155,972)**	**2,394,838**	**4,026,592**	**91,375**	**4,117,967**

Share capital

At 31 December 2006, common stock represented 2,200,000,000 (31 December 2005: 2,200,000,000) authorized, issued and fully paid shares with a par value of TRY 1 each. In accordance with the Law No. 5083 with respect to the TRY, on 9 May 2005, par value of each share is registered to be one TRY.

In connection with the redenomination of the Turkish Lira and as per the related amendments of Turkish Commercial Code, in order to increase the nominal value of the shares to TRY 1, 1,000 units of shares, each having a nominal value of TRY 0.001 shall be merged and each unit of share having a nominal value of TRY 1 shall be issued to represent such shares. The Company is still in the process of merging 1,000 existing ordinary shares, each having a nominal value of TRY 0.001 to one ordinary share having a nominal value of TRY 1 each. After the share merger which appears as a provisional article in the Articles of Association to convert the value of each share with a nominal value of TRY 0.001 to TRY 1, all shares will have a value of TRY 1. Although the merger process has not been finalized, the practical application is to state each share having a nominal value of TRY 1 which is consented by Capital Markets Board of Turkey ("CMB").

The holders of shares are entitled to receive dividends as declared and are entitled to one vote per share at meetings of the Company.

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

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign and domestic operations from their functional currencies to presentation currency of US Dollars.

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets including deferred tax effects until the investment is derecognized or the asset is impaired.

Dividends

The Company has adopted a dividend policy, which is set out in its corporate governance guidance. As adopted, the Company's general dividend policy is to pay dividends to shareholders with due regard to trends in the Company's operating performance, financial condition and other factors.

The Board of Directors intends to distribute cash dividends in an amount of not less than 50% of the Company's distributable profits based on the financial statements prepared in accordance with the accounting principles accepted by the CMB, for each fiscal year starting with profits for fiscal year 2004. However, the payment of dividends will still be subject to cash flow requirements of the Company, compliance with Turkish law and the approval of, amendment by, the Board of Directors and the General Assembly of Shareholders.

	2006		2005	
	TRY	**US Dollars ***	**TRY**	**US Dollars ***
Cash dividends	509,075	342,166	250,128	182,176
Stock dividends	345,113	231,962	234,092	169,092
	854,188	**574,128**	**484,220**	**351,268**

*US Dollar equivalents of dividends are computed by using the Central Bank of Turkey's TRY/US Dollars exchange rate on 22 May 2006 and 29 April 2005, which are the dates that the General Assembly approved the dividend distribution.

21. Earnings per share

The calculation of basic and diluted earnings per share as at 31 December 2006 were based on the profit attributable to shareholders of $875,491 (31 December 2005: $772,246) and a weighted average number of shares outstanding during the year ended 31 December 2006 of 2,200,000,000 (31 December 2005: 2,200,000,000) calculated as follows:

	2006	**2005**
Numerator:		
Profit attributable to shareholders	875,491	772,246
Denominator:		
Weighted average number of shares	2,200,000,000	2,200,000,000
Basic and diluted earnings per share	**0.397951**	**0.351021**

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

All share amounts and per share figures reflected in the Company's historical financial statements have been retrospectively restated for the stock splits and stock dividends. Total effects of restatements in the number of shares are as follows:

	2006	2005*
Number of shares at 1 January	1,854,887,341	1,474,639,361
Effects of stock dividends until 31 December	51,661,781	146,156,379
Effects of stock splits until 31 December	293,450,878	234,091,601
Number of shares at 31 December	**2,200,000,000**	**1,854,887,341**

* The figures do not include the retrospectively restatement effect for the stock splits and stock dividends of 2006.

22. Loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings. For more information about the Group's exposure to interest rate, foreign currency risk and payment schedule for interest bearing loans, see note 27.

	2006	2005
Non-current liabilities		
Unsecured bank loans	5,720	79,156
Secured bank loans	107,783	-
Finance lease liabilities	-	9
	113,503	**79,165**
Current liabilities		
Current portion of unsecured bank loans	190,770	194,372
Current portion of secured bank loans	335,305	277,727
Unsecured bank facility	-	46,713
Secured bank facility	-	56,397
Current portion of finance lease liabilities	8	2,896
	526,083	**578,105**

On 30 December 2005, Astelit, together with ING Bank N.V. ("ING Bank") and Standard Bank London Ltd. ("Standard Bank"), finalized a syndicated long term project financing of $390,000. As at 31 December 2006, $368,732 of that facility has been utilized and $21,268 was undrawn.

These financing agreements contain a number of restrictive debt covenants applicable to Astelit and Euroasia, which may be summarized as follows:

- Astelit has to comply with certain financial ratios during the period of financing;
- Astelit may not pledge any of its assets (including its rights under the supply contracts and its rights under the material insurance contracts);
- Euroasia may not pledge shares owned in Astelit to other parties;
- Euroasia may not pledge any loans issued to Astelit;
- There are restrictions on disposal of assets by Astelit;
- Astelit can not attract financing from parties other than Euroasia and lenders of the syndicated long term project financing ("Lender"), without the consent of the Lenders;
- There are restrictions on finance leasing and supplier financing arrangements;
- Astelit may not conduct any other business apart from the operation of telecommunications services, and business ancillary thereto;
- Astelit may not merge with other companies Digital Cellular Communication ("DCC") merger is out of coverage of this clause as per waiver letter dated 9 May 2006);
- There are restrictions on acquisitions of subsidiaries;
- There are restrictions on issuance of guarantees by Astelit;
- Astelit can not issue any shares for purposes other than receiving financial support from current shareholders;
- Payment of dividends may only occur once Astelit complies with certain financial ratios

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

Besides, as part of the project financing package, a long term junior facility up to $150,000 (including interest amounting to $24,000) was also finalized with Turkiye Garanti Bankasi AS Luxemburg Branch and Akbank TAS Malta Branch. The junior facility is fully guaranteed by the Company. This facility has been fully utilized as at 31 December 2006.

Based on Astelit's financial statements as at 31 December 2006, Astelit is in breach of its covenants contained in its syndicated long term project financing. The breach of a covenant is an event of default and the lenders in the syndicated long term project may demand immediate repayment of the outstanding amounts which would also trigger the cross-default to and acceleration upon notice of, substantially all of the Astelit's borrowings. The breach of the EBITDA covenant is an event of default and therefore, Astelit reclassified its total long term debt amounting to $465,371 (including its junior loan) as short term debt payable as at 31 December 2006. Astelit requested the facility agent, the senior creditors and the Export Credit Agency ("ECA") to waive this event of default under the syndicated long term financing. On 23 February 2007, Astelit has obtained waiver letter from the facility agent and the deadline granted to make the Restructuring Amendments has been extended to 30 March 2007.

Besides, Astelit started discussions with the lenders in order to restructure the borrowing agreement. On 11 January 2007, the Company agreed to participate in the additional shareholder support amounting to a total of $250 million, $150 million of which shall be provided to Astelit in the form of cash equity in 2007 and the remaining $100 million shall be made available as required by Astelit as a contingent cash equity, and to pay these amounts proportional to its 54.8% ownership stake in Astelit. In relation with the above decision, on 21 February 2007, the Company agreed to participate in an additional shareholder support in the form of cash equity amounting to $50 million in 2007 proportional to its ownership stake in Astelit.

Moreover, Turkcell management decided to take over all or a portion of the rights and obligations of Astelit's senior creditors, who may decline to participate in the facilities following the implementation of such new restructuring, to support Astelit to comply with its obligations in this respect.

On 24 August 2005, TRY 50,000 loan was obtained from West LB AG, London Branch with a term of 3 years. The facility was aimed to reduce the currency risk on the Company's balance sheet. On 29 August 2006, the Company early extinguished the loan due to financial market volatility leading an increase in costs.

On 21 June 2006, EUR 80,000 loan was obtained from West LB AG, London Branch with a term of 2 years.

On 5 October 2006, EUR 3,000 and on 19 December 2006, EUR 1,500 was borrowed by wholly owned subsidiary Tellcom Iletisim Hizmetleri AS ("Tellcom") with a term of two years.

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

Terms and conditions of outstanding loans are as follows:

				31 December 2006		31 December 2005	
	Currency	Year of maturity	Interest rate type	Nominal interest rate	Carrying amount	Nominal interest rate	Carrying amount
Secured bank loans	USD	2011*	Floating	Libor+1.5%-4.5%	335,305	-	-
Secured bank loans	USD	2006	Floating	-	-	Libor+3.0%-5.0%	129,838
Secured bank loans	USD	2006	Fixed	-	-	6.0%	56,397
Secured bank loans	EUR	2008	Floating	Euribor+0.8%	107,783	-	-
Secured bank loans	EUR	2006	Floating	-	-	Euribor+2.8%-7.0%	147,889
Unsecured bank loans	USD	2007-2012*	Floating	Libor+2.6%-3.5%	190,770	-	-
Unsecured bank loans	EUR	2008	Floating	Euribor+0.7%	5,720	-	-
Unsecured bank loans	EUR	2006	Fixed	-	-	11.5%-12.0%	10,673
Unsecured bank loans	USD	2006	Fixed	-	-	10.3%-12.0%	32,500
Unsecured bank loans	USD	2006-2007	Floating	-	-	Libor+3.4%-4.5%	234,270
Unsecured bank loans	TRY	2006-2008	Floating	-	-	Tryibor-0.2%	42,798
Finance lease liabilities	USD	2007	Fixed	7.0% - 9.0%	8	7.4%-10.0%	2,905
					639,586		**657,270**

* Based on Astelit's financial statements as at 31 December 2006 Astelit is in breach of its covenants and therefore total long term debt is reclassified as short term debt payable.

23. Employee benefits

International Accounting Standard No. 19 ("IAS 19") "Employee Benefits" requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. The liability for this retirement pay obligation is recorded in the accompanying consolidated interim financial statements at its present value using a discount rate of 5.7%.
Movement in the reserve for employee termination benefits as at 31 December 2006 is as follows:

Balance at 1 January 2006	16,600
Provision set during the period	4,365
Payments made during the period	(3,962)
Unwind of discount	1,371
Effect of change in foreign exchange rate	(726)
Balance at 31 December 2006	**17,648**

Obligations for contributions to defined contribution plans are recognized as an expense in the consolidated income statement as incurred. The Group incurred $1,014 in relation to defined contribution retirement plan for the year ended 31 December 2006 (31 December 2005: $827).

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

24. Deferred income

Deferred income classified as current mainly consists of counters sold but not used by prepaid subscribers as of the reporting date. The amount of deferred income with respect those unused counters amounted to $184,337 and $123,613 as at 31 December 2006 and 2005, respectively.

25. Provisions

	Legal	Bonus	Total
Balance at 1 January 2006	15,106	17,887	32,993
Provision made during the period	-	28,651	28,651
Provisions used during the period	(4,961)	(26,014)	(30,975)
Unwind of discount	-	21	21
Effect of change in foreign exchange rate	(686)	(770)	(1,456)
Balance at 31 December 2006	**9,459**	**19,775**	**29,234**

In note 30, under legal proceedings section, detailed explanations are given with respect to legal provisions in the captions under "Disputes on Turk Telekom Transmission Lines Leases" and "Investigation of the Turkish Competition Board". With regard to the investigation of the Turkish Competition Board, Ankara Tax Office requested the Company to pay TRY 6,973 (equivalent to $4,961 as at 31 December 2006) through the payment order dated 4 August 2006. On 25 September 2006, the Company made the related payment.

The bonus provision totalling to $19,775 comprises only the provision for the year ended 31 December 2006 and is planned to be paid in March 2007.

26. Trade and other payables

The breakdown of trade and other payables as at 31 December 2006 and 2005 is as follows:

	2006	2005
Taxes and withholdings payable	195,132	175,420
Payables to other suppliers	134,227	81,764
Interconnection payables	69,399	18,768
License fee accrual	43,052	109,764
Selling and marketing expense accrual	35,613	30,633
Payables to Ericsson companies	35,503	36,705
Telecommunications Authority share accrual	16,222	12,334
Roaming expense accrual	9,680	12,351
Payout payables to fixed odds betting players	6,419	7,596
Transmission fee accrual	7,723	7,335
Interconnection accrual	3,330	14,855
Other	23,121	23,350
	579,421	**530,875**

Taxes and withholdings include VAT payable, special communications tax, frequency usage fees payable to Telecommunications Authority and personnel income taxes.

Balances due to other suppliers are arising in the ordinary course of business.

Payables to interconnection suppliers arise from voice and SMS termination services rendered by other GSM operators.

In accordance with the license agreement, Turkcell pays 90% of the ongoing license fee, which equals to the 15% of its gross revenue, to the Turkish Treasury and 10% as universal service fund to the Turkish Ministry. Based on the new gross revenue definition, which is effective from 10 March 2006, interest charges for late collections from subscribers and indirect taxes, such as VAT, and other expenses are excluded from the gross revenue calculation.

Selling and marketing expense accruals are mainly result from services received from third parties related to marketing activities of the Company which are not yet invoiced.

Payables to Ericsson companies comprise due to Ericsson Turkey, Ericsson Sweden and Ericsson AB arising from fixed asset purchases, site preparation and other services. Balances due to other suppliers are arising in the ordinary course of business.

Payables denominated in currencies other than the functional currency comprise $56,027 of trade payables denominated in US Dollar (31 December 2005: $41,193), $14,465 of trade payables denominated in Euros (31 December 2005: $17,174) and $13,605 of trade payables denominated in Swedish Krona (31 December 2005: $36,821).

27. Financial instruments

Exposure to credit, interest rate and currency risks arises in the normal course of the Group's business. Derivative financial instruments such as forward contracts and options are used to hedge exposure to fluctuations in foreign exchange rates as well as speculative purposes in order to accumulate premiums. The Group's Treasury is committed to effectively manage financial market risks in the context of Group's business strategies and with a view to achieve a balance between acceptable levels of risk and reward. Within this context, the Group implemented a Treasury Risk Management Policy that articulates the recognition, measurement and management of interest rate, foreign exchange, credit and liquidity risks while monitoring macro economic and financial markets' conditions. In addition to this, the Group publishes and periodically updates procedures for each type of financial instrument used.

Credit risk

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.

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

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

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, including derivatives, in the balance sheet.

Interest rate risk

As at 31 December 2006, interest on the Group's assets was fixed excluding floating rate note holdings. Most of the floating rate holdings are denominated in TRY. Holdings of Turkish government floating rate notes of the Company carry a face value of TRY 25,100 and have a fair value of TRY 26,653 as at 31 December 2006. Therefore, the Company is not exposed to interest rate risk on financial assets, apart from these floating rate notes, as at 31 December 2006. The Group has not entered into any type of derivative instrument in order to hedge interest rate risk as at 31 December 2006.

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

Effective interest rates and repricing analysis:
In respect of income-earning financial assets and interest-bearing financial liabilities, the following table indicates their average effective interest rates at 31 December 2006 and 2005 in which they mature or, if earlier, reprice.

		2006						2005					
	Note	Effective interest rate	Total	1 year	1-2 years	2-5 years	More than 5 years	Effective interest rate	Total	1 year	1-2 years	2-5 years	More than 5 years
Fixed rate instruments													
Cash and cash equivalents*	19												
USD		5.6%	723,042	723,042	-	-	-	4.8%	23,212	23,212	-	-	-
EUR		3.7%	107,124	107,124	-	-	-	2.4%	135,620	135,620	-	-	-
TRY		23.1%	753,741	753,741	-	-	-	18.9%	646,369	646,369	-	-	-
Other			14,733	14,733	-	-	-		2,952	2,952	-	-	-
Restricted cash	15-18	4.3%	105,485	107	105,378	-	-	5.6%	34,105	34,105	-	-	-
Held to maturity securities	14	23.4%	7,045	7,045	-	-	-	21.5%	10,191	10,191	-	-	-
Secured bank loans	22												
USD fixed rate loans			-	-	-	-	-	6.0%	(56,397)	(56,397)	-	-	-
Unsecured bank loans													
USD fixed rate loans			-	-	-	-	-	10.4%	(32,500)	(32,500)	-	-	-
EUR fixed rate loans			-	-	-	-	-	11.7%	(10,673)	(10,673)	-	-	-
Finance lease obligations	22	9.9%	(8)	(8)	-	-	-	8.1%	(2,905)	(2,896)	(9)	-	-
Bank overdraft	19		(285)	(285)	-	-	-						
			1,710,877	**1,605,499**	**105,378**	**-**	**-**		**749,974**	**749,983**	**(9)**	**-**	**-**
Variable rate instruments													
Available for sale securities	14												
Foreign inv. equity funds		**	34,005	34,005	-	-	-	**	11,686	11,686	-	-	-
Gov. bonds, treasury bills													
USD		6.3%	1,449	1,449	-	-	-	6.4%	1,171	1,171	-	-	-
EUR		4.4%	273	273	-	-	-	4.8%	239	239	-	-	-
TRY		22.1%	18,961	18,961	-	-	-		-	-	-	-	-
Secured bank loans	22												
USD floating rate loans		11.7%	(335,305)	(335,305)	-	-	-	9.3%	(129,838)	(129,838)	-	-	-
Euro floating rate loans		4.4%	(107,783)	-	(107,783)	-	-	8.0%	(147,889)	(147,889)	-	-	-
Unsecured bank loans	22												
USD floating rate loans ***		7.8%	(190,770)	(190,770)	-	-	-	7.6%	(234,270)	(177,466)	(56,804)	-	-
Euro floating rate loans		4.4%	(5,720)	-	(5,720)	-	-						
TRY floating rate loans			-	-	-	-	-	15.9%	(42,798)	(20,446)	(12,691)	(9,661)	-
			(584,890)	**(471,387)**	**(113,503)**	**-**	**-**		**(541,699)**	**(462,543)**	**(69,495)**	**(9,661)**	**-**

* Effective interest rate of cash and cash equivalents represent effective interest rate on time deposits amounting to $1,454,362 as at 31 December 2006 (31 December 2005: $668,294).

** Effective interest rate is not calculated for foreign investment equity funds since they have no coupon payments.

***Loan agreements were closed on floating rate basis. However, interest rates are fixed, since the maturity of the loans are less than 6 months and only one interest payment is left. Amount is excluded from sensitivity analysis.

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

Foreign currency risk

The Group's functional currency is TRY for operations conducted in Turkey, but certain revenues, purchases, operating costs and expenses and resulting receivables and payables are denominated in foreign currencies, primarily US Dollars, Euro, Swedish Krona and Ukranian Hryvnia.

Assets and liabilities denominated in foreign currencies are shown below:

	2006	2005
Foreign currency denominated assets		
Due from related parties-long term	70,417	78,264
Other non-current assets	105,505	99
Other investments	35,727	13,096
Due from related parties-short term	22,533	15,057
Trade and other receivables	20,329	19,703
Other current assets	567	58,586
Cash and cash equivalents	837,702	158,832
	1,092,780	**343,637**
Foreign currency denominated liabilities		
Loans and borrowings-long term	(113,503)	(56,813)
Other non-current liabilities	(7,006)	(4,788)
Loans and borrowings-short term	(526,074)	(557,659)
Trade and other payables	(84,318)	(95,188)
Due to related parties	(2,824)	(5,967)
	(733,725)	**(720,415)**
Net foreign currency position	**359,055**	**(376,778)**

Sensitivity analysis

In managing interest rate and currency risk, the Company aims to reduce the impact of short-term fluctuations on the Group's earnings. Over the longer-term, however, permanent changes in foreign exchange and interest rates will have an impact on profit.

At 31 December 2006 it is estimated that a general increase of one percentage point in interest rates would decrease the Group's profit before income tax by approximately $17,049.

It is estimated that a general increase of fifteen percentage point in the value of the Turkish Lira against other foreign currencies would have decreased the Group's profit before income tax by approximately $53,858 for the year ended 31 December 2006.

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

Fair values

The fair values of financial assets and liabilities together with the carrying amounts shown in the balance sheet are as follows:

		2006		2005	
	Note	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets					
Due from related parties-long term	31	72,506	72,506	80,894	80,894
Other non-current assets*		108,779	108,779	2,470	2,470
Available for sale securities	14	54,688	54,688	13,096	13,096
Held to maturity securities	14	7,045	7,048	10,191	10,763
Due from related parties	31	66,101	66,101	66,312	66,312
Trade receivables and accrued income	17	318,973	318,973	321,102	321,102
Other current assets*	18	22,131	22,131	86,162	86,162
Cash and cash equivalents	19	1,598,640	1,598,640	808,153	808,153
Financial liabilities					
Interest - bearing loans and borrowings - long term	22	(113,503)	(113,503)	(79,165)	(79,165)
Bank overdrafts		(285)	(285)	-	-
Interest - bearing loans and borrowings - short term	22	(526,083)	(526,083)	(578,105)	(578,105)
Trade and other payables	26	(579,421)	(579,421)	(530,875)	(530,875)
Due to related parties	31	(6,844)	(6,844)	(6,180)	(6,180)
Provisions	25	(29,234)	(29,234)	(32,993)	(32,993)
		993,493	993,496	161,062	161,634
Unrecognized gain			**3**		**572**

* Non-financial instruments such as prepaid expenses and advances given are excluded from other current assets and other non-current assets. The methods used in determining the fair values of financial instruments are discussed in note 4.

28. Operating leases

The Company entered into various operating lease agreements. At 31 December 2006 and 2005, there were no commitments and contingent liabilities in material amounts arising from those agreements. For the year ended at 31 December 2006 total rent expenses for operating leases were $149,734 (31 December 2005: $134,986).

29. Capital commitments

As at 31 December 2006, outstanding capital commitments that the Group entered into with respect to purchase of property, plant and equipment amounted to $2,496 (31 December 2005: $48,732).

Purchase Obligations

According to the “Sponsorship and Advertising Agreements” signed in the context and as an integral part of the “Restructuring Framework Agreement”, the Group committed to purchase sponsorship and advertisement from Digital Platform Iletisim Hizmetleri AS (“Digital Platform”).

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

Outstanding purchase obligation with respect to these agreements as at 31 December 2006 amounted to $81,785 (31 December 2005: $99,785) excluding VAT.

The principal shareholder of Baytur Insaat Taahhut AS ("Baytur"), a construction company, is the Cukurova Group. Baytur committed to complete construction of 484 apartments within the scope of an agreement signed among the Company, Baytur and the land owner, which is a governmental organization, on 19 October 2004. The contract amount is $39,650 and the project is planned to be completed in 2007. The Company paid $34,770 to Baytur within the scope of this agreement as at 31 December 2006 (31 December 2005: $18,550).

As at 31 December 2006 and 2005, commitments and contingent liabilities comprised the following:

	2006	2005
Bank Letters of Guarantee	51,134	41,319
Guarantees		
Digital Platform	-	5,419
BNP-Brussels (Buyer Credit)	-	4,015
BNP-Hungary (Buyer Credit)	-	1,404

Guarantees

As at 31 December 2006, the Group is contingently liable in respect of bank letters of guarantee obtained from banks given to customs authorities, private companies and other public organizations amounting to TRY 71,874 (equivalent to $51,134 at 31 December 2006) (31 December 2005: $41,319).

As explained in note 22, the Company has fully guaranteed the long term junior facility of Astelit.

Guarantees on behalf of Digital Platform were related to loans for set top boxes, head end and uplink imports and working capital financing used from the respective banks. In February 2006, all related loans have been repaid by Digital Platform and the corporate guarantees have been released.

Within the scope of the Third Mobile License Tender, which will be held in Saudi Arabia, bid bond, which is required to be submitted to the tender authority, amounting to 300,000 Saudi Riyals (equivalent to approximately $80,000 as at 31 December 2006) was obtained on 21 February 2006.

30. Contingencies

License Agreements

Turkcell:

On 27 April 1998, the Company signed the License Agreement with the Turkish Ministry. In accordance with the License Agreement, the Company was granted a 25 year GSM license for a license fee of $500,000. The License Agreement permits the Company to operate as a stand-alone GSM operator. Under the License, the Company collects all of the revenue generated from the operations of its GSM network and pays the Turkish Treasury and Turkish Ministry an ongoing license fee and universal service fund, respectively, equal to 15% of its gross revenues in total. The Company 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.

In February 2002, the Company renewed its License with the Telecommunications Authority, and became subject to a number of new requirements, including those regarding the build-out, operation, quality and coverage of the Company's GSM network, prohibitions on anti-competitive behavior and compliance with national and international GSM standards. Failure to meet any requirement in the renewed License, or the occurrence of extraordinary unforeseen circumstances, can also result in revocation of the renewed License, including the surrender of the GSM network without compensation, or limitation of the Company's rights thereunder, or could otherwise adversely affect the Company's regulatory status. Certain conditions of the renewed License Agreement include the following:

Coverage: The Company had to attain geographical coverage of 50% and 90% of the population of Turkey with certain exceptions within three years and five years, respectively, of the License's effective date. The Company has completed its related liabilities with respect to coverage as at 31 December 2006.

Service offerings: The Company must provide certain services in addition to general GSM services, including free emergency calls and technical assistance for subscribers, free call forwarding to police and other public emergency services, receiver-optional short messages, video text access, fax capability, calling and connected number identification and restrictions, call forwarding, call waiting, call hold, multi-party and third-party conference calls, billing information and barring of a range of outgoing and incoming calls.

Service quality: In general, the Company must meet all the technical standards determined and updated by the European Telecommunications Standards Institute and Secretariat of the GSM MoU. Service quality requirements include that call blockage cannot exceed 5% and unsuccessful calls cannot exceed 2%.

Tariffs: Telecommunications Authority sets the initial maximum tariffs in TRY and US Dollar. Thereafter, the revised License provides that the Telecommunications Authority will adjust the maximum tariffs at most every six months or, if necessary, more frequently. The Company is free to set its own tariffs up to the maximum tariffs.

Rights of the Telecommunications Authority, Suspension and Termination:
The revised License is not transferable without the approval of the Telecommunications Authority. In addition, the License Agreement gives the Telecommunications Authority certain monitoring rights and access to the Company's technical and financial information and allows for inspection rights, and gives certain rights to suspend operations under certain circumstances. Also, the Company is obliged to submit financial statements, contracts and investment plans to the Telecommunications Authority.

The Telecommunications Authority may suspend the Company's operations for a limited or an unlimited period if necessary for the purpose of public security and national defense. During period of suspension, the Telecommunications Authority may operate the Company's GSM network. The Company is entitled to any revenues collected during such period and the Licensee's term will be extended by the period of any suspension. The revised License may also be terminated upon a bankruptcy ruling against the Company or for other license violations, such as operating outside of its allocated frequency ranges, and the penalties for such violations can include fines, loss of frequency rights, revocation of the license and confiscation of the network management centre, the gateway exchanges and central subscription system, including related technical equipment, immovables and installations essential for the operation of the network.

Based on the enacted law on 3 July 2005 with respect to the regulation of privatization, gross revenue description based for the calculation of ongoing license fee and universal service fund has been changed. According to this new regulation, accrued interest charged for the late payments, indirect taxes such as VAT, and accrued revenues are excluded from the description of gross revenue. Calculation of gross revenue for ongoing license fee and universal service fund according to the new regulation is effective after Danistay's approval on 10 March 2006.

Astelit:

Astelit owns four GSM frequency licenses (two GSM-900, two DCS-1800) and two GSM activity licenses (one is for GSM-900, one is for DCS-1800). GSM-900 frequency licenses are valid until 17 December 2020 and DCS-1800 frequency licenses are valid until 3 March 2019 and 8 June 2008. GSM-900 and DCS-1800 activity licenses will expire on 8 June 2008 and 10 November 2020, respectively. On 4 October 2006 Astelit reissued DCC's activity and frequency licenses (Time Division Multiple Access) to its own name subsequent to the merger of DCC and Astelit which was realized as of 4 April 2006. In addition to the above GSM licenses, Astelit owns four TDMA activity licenses due to the merger of both companies, which are valid until 22 September 2010, 30 October 2017, 15 December 2018, 17 June 2013, and four frequency licenses (for DAMPS technology), which are valid until 11 December 2017, 4 February 2008, 30 January 2011, 27 June 2007. In addition, Astelit owns 6 microwave frequency licenses.

According to licenses, Astelit should adhere to state sanitary regulations to ensure that equipment used does not injure the population by means of harmful electro-magnetic emissions. Licenses require Astelit to inform authorities about start/end of operations in one month; about changes in incorporation address in 10 days. Also, Astelit must present all the required documents for inspection by Ukrainian Telecommunications Authority at their request. The Ukrainian Telecommunications Authority may suspend the operations of Astelit for a limited or an unlimited period if necessary because of the expiration of licenses, upon mutual consent, or in case of violation of terms of radio frequencies use. If such a violation is determined, Ukrainian Telecommunications Authority notifies Astelit of provisions violated and sets deadline for recovery. If the deadline is not met, licenses may be terminated.

Tellcom:

Tellcom acquired Long Distance Traffic Carrying Services License, Data Transmission Overland License, Infrastructure License and Interconnection License on 19 September 2006, 16 June 2005, 3 March 2006 and 20 July 2006, respectively. Long Distance Traffic Carrying Services License is valid for 15 years and the remaining licenses are valid for 25 years.

Interconnection Agreements

The Company has entered into interconnection agreements with a number of operators in Turkey and overseas including Turk Telekom, Telsim Mobil Telekomunikasyon Hizmetleri AS ("Telsim"), Vodafone Telekomunikasyon AS ("Vodafone"), Avea Iletisim Hizmetleri AS ("Avea"), Milleni.com GMBH (Milleni.com) and Globalstar Avrasya Uydu Ses ve Data Iletisim AS ("Globalstar"). The Access and Interconnection Regulation (the "Regulation") became effective when it was issued by the Telecommunications Authority on 23 May 2003.

The Regulation is driven largely by a goal to improve the competitive environment and ensure that users benefit from telecommunications services and infrastructure at a reasonable cost. Under the Regulation, the Telecommunications Authority may compel all telecommunications operators to accept another operator's request for use of and access to its network. All telecommunications operators in Turkey may be required to provide access to other operators on the same terms and qualifications provided to their shareholders, subsidiaries and affiliates.

In accordance with the Regulation, the telecommunications providers in Turkey (including Turk Telekom), are obliged to renew their interconnection agreements within two months following the issuance of the Regulation. The Company entered into a new interconnection agreement with Globalstar on 9 September 2003, and as a result of intervention by the Telecommunications Authority, the Company entered into supplemental agreements with Turk Telekom on 10 November 2003, Telsim on 21 November 2003, and Globalstar on 11 December 2003, with amended tariffs and tariff adoption procedures. After the merger of Is-Tim Telekomunikasyon Hizmetleri AS ("Is-Tim") and Aycell Haberleşme ve Pazarlama Hizmetleri AS ("Aycell"), a new company was formed with the name TT&TIM Iletisim Hizmetleri A.S. ("TT&TIM"). The interconnection agreement with Is-Tim was renewed with TT&TIM and the interconnection agreement with Aycell was cancelled. On 15 October 2004, TT&TIM changed its name to Avea. On the other hand, the business relationship on interconnection between Milleni.com and the Company has been bilaterally terminated as at 21 June 2004. On 24 May 2006, shares of Telsim were transferred to Vodafone and a new interconnection agreement was signed between the Company and Vodafone at the end of July 2006.

On 21 February 2005, Tellcom and Milleni.com have signed an agreement to provide telecommunications services to each other whereby Milleni.com may convey calls to the Company's switch and the Company may convey calls to Milleni.com's switch, in both cases, for onward transmission to their destinations. In addition, the Telecommunications Authority has required operators holding significant market power, as well as Turk Telekom, to share certain facilities with other operators under certain conditions, and to provide co-location on their premises for the equipment of other operators at a reasonable price. The Telecommunications Authority may also require telecommunications operators to provide number portability, which means allowing users to keep the same phone numbers even after they switch from one network to another.

Under a typical interconnection agreement, each party agrees, among other things to permit the interconnection of its network with the Company's network to enable calls to be transmitted to, and received from, the GSM system operated by each party in accordance with technical specifications set out in the interconnection agreement. Typical interconnection agreements also establish understandings between the parties relating to a number of key operational areas, including call traffic management, quality and performance standards, interconnection interfaces and other technical, operational and procedural aspects of interconnection.

The Company's interconnection agreements usually provide that each party will assume responsibility for the safe operation of its own network. Each party is also typically responsible for ensuring that its network does not endanger the safety or health of employees, contractors, agents or customers of the other party or damage interfere with or cause any deterioration in the operation of the other party's network.

Interconnection agreements also specify the amount of the payments that each party will make to the other for traffic originated on one network but switched to the other. These payments vary by contract, and in some cases, may require the Company to pay the counterparty less, the same amount, or a greater amount per minute, for traffic originating on the Company's network but switching to the counterparty's network, than it receives for a similar call originating on another network and switched to the Company's network.

There are no minimum payment obligations under the interconnection agreements; however, failure to carry the counterparty's traffic may expose the Company to financial and other penalties or loss of interconnection privileges for its own traffic. The Company and other operators have entered into interconnection agreements which set out the terms and conditions regarding the price terms as well as periodical revision of such terms. However, there were disputes between the operators regarding the pricing terms and as per the Access and Interconnection Regulation, the issue had been escalated to the Telecommunications Authority by Turk Telekom, Telsim and Avea. Meanwhile, the Telecommunications Authority issued reference interconnection rates during the fourth quarter of 2004, which indicate pricing terms. Consequently, on 10 August 2005, the Telecommunications Authority issued a 'temporary interconnection price schedule' for the interconnection between Turk Telekom and the Company which are in line with the reference tariff structure defined by the Telecommunications Authority during the fourth quarter of 2004. Telecommunications Authority issued final reference call termination rates for all operators in the market in June 2006. These rates are lower than previously applied termination rates with the other GSM operators, as expected but reveal no change with the temporary interconnection rates applied between Turk Telekom and the Company since August 2005. Based on the Telecommunications Authority's resolution, the Company has started to apply the new reference call termination rates with Avea starting from July 2006. In the end of July 2006, the Company signed an agreement with Vodafone at more favorable rates than reference call termination rates suggested by the Telecommunications Authority which has been retroactively effective from 24 May 2006 which is the date of transfer of shares of Telsim to Vodafone. Therefore, the Company has applied these more favorable rates starting from 24 May 2006 with Vodafone. For the period between 1 March 2006 and 24 May 2006, final reference call termination rates have been applied retroactively with Telsim.

Legal Proceedings

The Group is involved in various claims and legal actions arising in the ordinary course of business described below.

Dispute on VAT on Ongoing License Fee

Starting from June 2003, the Company has begun to make payments for VAT on ongoing license fees with reservations and commenced a lawsuit against the Tax Office for the related period. On 31 December 2003, the Tax Court decided that the Company would not have to pay VAT on ongoing license fee from February 2004 onwards. The Tax Office has appealed this decision. On 28 March 2006, Danistay decided in line with the local court. Based on the management and legal counsel's opinion, the Company has not provided any accrual related with this dispute in its consolidated financial statements as at and for the year ended 31 December 2006.

Dispute on Turk Telekom Transmission Lines Leases

Effective from 1 July 2000, Turk Telekom annulled the discount of 60% that it provided to the Company based on its regular ratio, which had been provided for several years, and, at the same time, Turk Telekom started to provide a discount of 25% being subject to certain conditions. The Company filed a lawsuit against Turk Telekom for the application of the agreed 60% discount. However, on 30 July 2001, the Company had been notified that the court of appeal upheld the decision made by the commercial court allowing Turk Telekom to terminate the 60% discount. Accordingly, the Company paid and continues to pay transmission fees to Turk Telekom based on the 25% discount. Although Turk Telekom did not charge any interest on late payments at the time of such payments, the Company recorded an accrual amounting to a nominal amount of TRY 3,023 ($2,151 as at 31 December 2006) for possible interest charges as at 31 December 2000. On 9 May 2002, Turk Telekom requested an interest amounting to a nominal amount of TRY 30,068 (equivalent to $21,392 as at 31 December 2006).

The Company did not agree with Turk Telekom's interest calculation and, accordingly, obtained an injunction from the commercial court to prevent Turk Telekom from collecting any amounts relating to this interest charge. Also, the Company initiated a lawsuit against Turk Telekom on the legality of such interest. The case is still pending. As at 31 December 2006, the Company recorded a provision of TRY 13,296 (equivalent to $9,459 as at 31 December 2006) because its management and legal counsel believe that this is the most likely outcome.

Dispute on National Roaming Agreement

During the third quarter of 2001, the Company was approached by Is-Tim to negotiate a national roaming agreement. These negotiations did not result in a mutual agreement. Therefore, the discussions continuing under the supervision of the Telecommunications Authority have been subject to several lawsuits. On 26 November 2001, the Company initiated an arbitration suit in ICC against Turkish Ministry and Telecommunications Authority. On 25 November 2003, ICC rendered a decision stating that the case is not under its jurisdiction. The Company initiated a lawsuit for the annulment of this decision. The First Instance Court rejected the case and the Company appealed against said decision The Supreme Court annulled the decision of the First Instance court in favor of the Company. On 13 September 2006, local court decided to execute the Supreme Court's decision. The case is still pending.

In a letter dated 14 March 2002, the Telecommunications Authority subjected Is-Tim's request for national roaming to the condition that it be reasonable, economically proportional and technically possible. Nevertheless the Telecommunications Authority declared that the Company is under an obligation to enter a national roaming agreement with Is-Tim within a 30 day period. The Company initiated a lawsuit against Telecommunications Authority. On 14 March 2006, Danistay decided to cancel the process dated 14 March 2002 but rejected the Company's request for cancellation of the regulation on procedures and policies with respect to national roaming. Telecommunications Authority appealed the decision. The appeal process is still pending.

On 9 June 2003, the Turkish Competition Board (the “Competition Board”) decided that the Company abused its dominant position by refusing to enter into a national roaming agreement with Is-Tim, and fined the Company by nominal amount of approximately TRY 21,822 (equivalent to $15,525 at 31 December 2006). On 28 March 2006, Danistay cancelled the Competition Board's decision. Both parties have not appealed the decision and, accordingly, Danistay decision was finalized.

On 10 December 2004, Tax Office requested nominal amount of approximately TRY 21,822 (equivalent to $15,525 at 31 December 2006) regarding the Competition Board decision. On 25 November 2005, the Administrative Court decided the cancellation of the aforementioned payment order. Both the Competition Board and Tax Office have appealed the decision. Danistay approved the Administrative Court decision. Competition Board applied for the correction of the decision of Danistay. Based on its management and legal counsel's opinion, the Company has not recorded any accrual for Competition Board's decision.

Additionally, the Telecommunications Authority decided that the Company has not complied with its responsibility under Turkish regulations to provide national roaming and fined the Company by nominal amount of approximately TRY 21,822 (equivalent to $15,525 at 31 December 2006). On 7 April 2004, the Company made the related payment. On 3 January 2005, Telecommunications Authority paid back nominal amount of TRY 21,822 (equivalent to $15,525 at 31 December 2006). On 13 December 2005, Danistay decided the cancellation of the administrative fine but rejected the Company's request for cancellation of the regulation on procedures and policies with respect to national roaming. Telecommunications Authority appealed the decision. The case is still pending. Based on its management and legal counsel's opinion, the Company has not recorded any accrual as at 31 December 2006.

On 27 October 2006, Telecom Italia SPA and TIM International N.V. initiated a lawsuit against the Company and Telsim claiming that the Company violated competition law since demand of roaming has not been met. Telecom Italia SPA and TIM International N.V. requested $2,000 with respect to this claim. The case is still pending. Based on its management and legal counsel's opinion, the Company has not recorded any accrual as at 31 December 2006.

If the Company is forced to enter a national roaming agreement on terms and conditions that do not provide an adequate return on its investment in its GSM network, its financial position, results of operations and cash flows could be adversely affected.

Investigation of the Turkish Competition Board

The Competition Board commenced an investigation of business dealings between the Company and the mobile phone distributors, in October 1999. The Competition Board decided that the Company disrupted the competitive environment through an abuse of dominant position in the Turkish mobile market and infringements of certain provisions of the Law on the Protection of Competition. As a result, the Company was fined by nominal amount of approximately TRY 6,973 (equivalent to $4,961 as at 31 December 2006) and was enjoined to cease these infringements. The Company initiated a lawsuit before Danistay for the injunction and cancellation of the decision. On 15 November 2005, Danistay cancelled the Competition Board's decision on the ground that Competition Board infringed the procedural rules governing the investigation process.

After the cancellation of the Competition Board's decision, the Competition Board has given the same decision again on 29 December 2005. Based on this decision, Ankara Tax Office requested the Company to pay TRY 6,973 (equivalent to $4,961 as at 31 December 2006) through the payment order dated 4 August 2006. On 25 September 2006, the Company made the related payment and initiated a lawsuit for the injunction and cancellation of this payment order. On 10 March 2006, the Company initiated a lawsuit before Danistay for the injunction and cancellation of the Competition Board's decision dated 29 December 2005. Danistay rejected the injunction request of the Company. The Company has objected to this rejection decision. Danistay rejected the Company's objection request. The Company ceased to accrue for TRY 6,973 (equivalent to $4,961 as at 31 December 2006) on its consolidated financial statements as at 31 December 2006 due to the aforesaid payment on 25 September 2006.

Dispute on Collection of Frequency Usage Fees

On 21 May 1998, the Company entered into a protocol with the Wireless Communications General Directorate (the “Directorate”) regarding the application of the governing provisions of the Wireless Law No. 2813 to the administration of its GSM mobile phone network. Under this protocol, the Company is to collect frequency usage fees, which are calculated by the Directorate, from the taxpayers using mobile phones on behalf of the Directorate, and to pay the levied tax to the Directorate. In 2001, the Directorate's power, including all of its rights and obligations, was transferred to the Telecommunications Authority.

On 22 March 2002, as a consequence of the impossibility in fact and at law of collecting such tax from its prepaid subscribers, the Company filed a lawsuit requesting cancellation of the protocols obligating it to collect the frequency usage fees from the prepaid subscribers and to pay it to the Telecommunications Authority. After respective legal procedures, on 20 April 2004, the Company paid nominal amount of TRY 145,644 (equivalent to $103,617 at 31 December 2006) for the frequency usage fees of 2002 including interest through that date with reservation. The court rejected the Company's request and decided that there should be no further judgment on this issue since the frequency usage fees of 2002 are paid. Both the Company and Telecommunications Authority appealed this decision. On 29 June 2006, Supreme Court rejected both appeals and approved the local court's judgment. Both the Company and Telecommunications Authority have applied for the correction of this decision.

Investigation of the Telecommunications Authority on International Voice Traffic

In May 2003, the Company was informed that the Telecommunications Authority had initiated an investigation against the Company claiming that the Company has violated Turkish laws by carrying some of its international voice traffic through an operator other than Turk Telekom. The Company is disputing whether Turk Telekom should be the sole carrier of international voice traffic. On 5 March 2004, the Telecommunications Authority fined the Company by nominal amount of approximately TRY 31,731 (equivalent to $22,575 at 31 December 2006). On 9 April 2004, the Company made the related payment. With respect to the Danistay's injunction on 5 November 2004, Telecommunications Authority paid back the nominal amount. Telecommunications Authority appealed this decision. General Assembly of Administrative Courts of Danistay rejected the appeal request of Telecommunications Authority. Case is still pending. Based on its management and legal counsel's opinion, the Company has recorded income amounting to nominal amount of TRY 31,731 (equivalent to $22,575 at 31 December 2006) in the consolidated financial statements as at and for the year ended 31 December 2004.

On 2 March 2005, Turk Telekom notified the Company that the Company has damaged Turk Telekom because of the interconnection agreement signed with Milleni.com. Accordingly, Turk Telekom requested the Company to pay nominal amount of TRY 219,148 (equivalent to $155,911 as at 31 December 2006) of principal and nominal amount of TRY 178,364 (equivalent to $126,895 at 31 December 2006) of interest, which make a sum of nominal amount of TRY 397,512 (equivalent to $282,806 at 31 December 2006) until 7 March 2005. In addition, Turk Telekom initiated a lawsuit against the Company with respect to the same issue requesting an amount of TRY 450,931 (equivalent to $320,810 at 31 December 2006) of which TRY 219,149 (equivalent to $155,911 at 31 December 2006) is principal and TRY 231,782 (equivalent to $164,899 at 31 December 2006) is interest charged until 30 June 2005. The Court sent the file to expert examination. The case is still pending. Management and legal counsel believe that the aforementioned request has no legal basis. At this point, regarding this litigation it is premature to estimate its potential outcome, if any.

Based on its management and legal counsel's opinion, the Company has not provided any accruals with respect to this matter in its consolidated financial statements as at 31 December 2006.

Investigation of the Telecommunications Authority on Frequency Fee Payments

On 23 October 2003, the Telecommunications Authority fined the Company, claiming that the Company has made inadequate annual frequency usage fee payments by notifying its subscriber numbers less than the actual. The Telecommunications Authority requested nominal amount of TRY 16,005 (equivalent to $11,387 as at 31 December 2006) for principal, an interest charge of nominal amount of TRY 10,761 (equivalent to $7,656 as at 31 December 2006) and a penalty of nominal amount of TRY 63,463 (equivalent to $45,150 as at 31 December 2006). Management and legal counsel believe that the Telecommunications Authority's decision is due to a misinterpretation of the applicable regulations. On 20 February 2004, the Company initiated legal proceedings for the annulment of the decision. On 26 November 2004, the Administrative Court rejected the case. The Company appealed for correction of the decision.

On 12 October 2005, the Tax Office requested nominal amount of TRY 63,463 (equivalent to $45,150 as at 31 December 2006) regarding the Telecommunications Authority's decision which was paid by the Company previously. On 8 November 2005, the Company initiated another lawsuit before the administrative court against the Tax Office requesting an injunction and cancellation of the payment order. On 31 March 2006, the court rejected the injunction request and the Company appealed the decision and on 19 June 2006, the Court accepted the Company's appeal.

On 16 April 2004, the Company paid nominal amount of TRY 103,740 (equivalent to $73,805 as at 31 December 2006) including interest through that date regarding the Telecommunication Authority's claim. On 3 May 2006, Danistay cancelled the portion of the Court's judgment relating to wireless usage fee and interest accrued on such fee. However, Danistay has approved the other portions of the aforesaid judgment, by rejecting the Company's appeal request. The Company has requested the correction of judgment against Council of State's above mentioned decision. However, the Company management believes that decision of the next case will not be in favor of the Company since the reason behind the appeal is the payment of requested amount including interest previously.

Dispute on Special Transaction Taxation Regarding Prepaid Card Sales

On 18 September 2003, the Ministry of Finance issued a report stating that by applying discounts for prepaid card sales for the period between June - December 2002, the Company calculated the special transaction tax on post-discounted amount. Pursuant to this report, the Tax Office delivered to the Company a notice, asserting deficiencies in special transaction tax declarations and requesting a special transaction tax payment amounting to nominal amount of TRY 6,993 (equivalent to $4,975 at 31 December 2006) and a tax penalty of nominal amount of TRY 9,875 (equivalent to $7,025 at 31 December 2006). The case is still pending. Management and legal counsel believe that the Company will prevail in this matter. Accordingly, the Company has not provided any accruals with respect to this matter in its consolidated financial statements as at 31 December 2006.

Disputes on annulment of fixed odds betting tender related to establishment and operation of risk management center head agency

Reklam Departmani Basin Yayin Produksiyon Yapimcilik Danismanlik ve Ticaret Limited Sirketi ("Reklam Departmani") commenced a lawsuit against the Genclik ve Spor Genel Mudurlugu ("GSGM") before the Ankara 4th Administrative Court. In the lawsuit, Reklam Departmanı claimed for the annulment of fixed odds betting tender related to the establishment and operation of risk management center and acting as head agency. Inteltek has participated to the case as an intervener. On 21 February 2005, the Court rejected the case. Reklam Departmani appealed this rejection. Danistay accepted the appeal request of Reklam Departmani. The case is directed to local court. Reklam Departmani claimed suspension of execution and cancellation of Fixed Odds Betting ("FOB") tender. Local Court rejected Reklam Departmani's suspension of execution claim on 18 August 2006. Management and legal counsel believe that it is not practicable to issue an opinion on the conclusion of the case at the current stage. The Company has not set any accruals with respect to this matter in its financial statements as at 31 December 2006.

With respect to the same tender, Gtech Avrasya Teknik Hizmet ve Musavirlik AS ("Gtech") commenced a lawsuit against Public Tender Authority and GSGM for the annulment of tender related to the establishment and operation of risk management center and acting as head agency, tender transaction and the Public Tender Authority's decision concerning there is no ground to decide on the application regarding to the annulment of the tender transactions . Since Inteltek's operations may be affected by the court's decision, Inteltek has participated to the case as an intervener. On 21 February 2006, the Court rejected the case. Both Gtech and Public Tender Authority appealed the decision. Danistay accepted the request of appeal. On 8 November 2006, the Court decided for the annulment of the Public Tender Authority's decision and rejected the case from the tender transactions point of view. This decision was appealed by Inteltek, Public Tender Authority and GSGM. Following the appeal of parties on 12 January 2007, Danistay decided for the preliminary injunction of the tender transactions subject to the lawsuit together with the decision of the First Instance Court's decision. Inteltek and GSGM objected to this decision and Danistay rejected the objection request.

For the reason that, those requests of annulment of tender relate to the "Fixed Odds Betting Agreement Relating to the Establishment and Operation of Risk Management Center and Acting as Head Agency", an annulment decision that would be rendered in those lawsuits shall invalidate the said agreement and therefore it shall be impossible for Inteltek to carry out its activities as per the said agreement.

Following the above mentioned Danistay's decision, Grand National Assembly of Turkey issued a legislative proposal related to the continuity of the operations of Inteltek. Legislative proposal is submitted to the President for approval. In the financial statements of Inteltek as of and for the year ended 31 December 2006, no provision has been provided related to this issue.

Legal counsel believes that it is not practicable to issue an opinion on the conclusion of these cases. Based on its management and legal counsel's opinion The Company has not provided any accruals with respect to these matters in its consolidated financial statements as at 31 December 2006.

Dispute with Spor Toto Teskilat Mudurlugu
On 9 November 2005, Spor Toto Teskilat Mudurlugu sent a notification letter to Inteltek claiming that Inteltek is obliged to pay nominal amount of TRY 3,292 (equivalent to $2,342 at 31 December 2006) due to the difference in the reconciliation methods. Spor Toto Teskilat Mudurlugu claims that the reconciliation periods should be six-month independent periods whereas Inteltek management believes that those periods should be cumulative as stated in the agreement. Inteltek did not pay the requested amount.

A lawsuit for determination of evidence has been initiated against Inteltek by Spor Toto Teskilat Mudurlugu on behalf of GSGM. In this lawsuit, Spor Toto Teskilat Mudurlugu has requested from the Court to determine that Inteltek was responsible for the revenue which was not transferred to the Spor Toto Teskilat Mudurlugu's accounts in due time, and collection risk belonged to Inteltek, Inteltek was responsible for the revenue in the amount of TRY 1,527 (equivalent to $1,086 at 31 December 2006) which was not paid and not collected until the date of the lawsuit and final accounts should be resolved after every period of six-months for settlement, by accepting the periods of six-months for settlement as periods independent from each other. On 22 February 2007, the Court rejected the case.

Based on its management and legal counsel's opinion Inteltek accrued nominal amount of TRY 3,292 (equivalent to $2,342 at 31 December 2006) for this amount in the accompanying consolidated financial statements as at 31 December 2006 due to the probability of negative outcome of the declaratory action.

Dispute on call termination fee
Telsim has initiated a lawsuit claiming that the Company has not applied the reference interconnection rates determined by the Telecommunications Authority, and has charged interconnection fees exceeding the ceiling rates approved by Telecommunications Authority and requested an injunction to be applicable starting from 1 August 2005, to cease this practice and requested a payment of its damages totalling to nominal amount of TRY 26,109 (equivalent to $18,575 as at 31 December 2006) including principal, interest and penalty on late payment. On 6 April 2006, the case was rejected. Telsim appealed the decision. As it is stated in the existing Interconnection Agreement with Telsim, Telsim referred the matter to the Telecommunications Authority. The resolution procedure was finalized and Telecommunication Authority set the call termination charges which are effective from 1 March 2006. The Company initiated a lawsuit for the annulment of the decision of the Telecommunication Authority. The case is still pending. According to the Telecommunications Authority decision, these charges have been applied between Turkcell and Telsim from 1 March 2006 to 24 May 2006. The management and legal counsel of the Company believe that it is premature to estimate the legal outcome with respect to Telsim's request of its damages at this point. Therefore, the Company has not recorded any accrual with respect to this matter in its consolidated financial statements as at 31 December 2006.

Invalidity of the Board Resolution
On 23 June 2005, the Board of Directors of the Company has decided to allow Alfa Group to conduct a due diligence in the Company and to entitle the management. On 1 July 2005, Sonera filed a suit with an injunction request against the Company for the purpose of determination of the invalidity of the resolution dated 23 June 2005. On 28 December 2005, the court rejected the injunction request of Sonera. Sonera has appealed this decision on 24 February 2006.

Dispute with Iranian Ministry in connection with the GSM tender process

The Company believes the Iranian Ministry has not properly implemented the laws and regulations passed by the Iranian Parliament in connection with the GSM tender process, which was won by the Consortium. As a result, the Company has brought a claim in Iranian courts seeking to compel the Ministry to implement the laws and regulations passed by the Iranian Parliament in connection with the GSM tender process. Such injunction order was rejected in April 2006.

Dispute with the Telecommunications Authority with respect to temporary set call termination fees

The interconnection agreement with Turk Telekom provided for a renegotiation of pricing terms on call termination fees after 31 December 2004, and in the event that the parties could not agree on new terms by 28 February 2005, for referral to the Telecommunications Authority for resolution. As the parties were unable to agree on new terms, Turk Telekom referred the matter to the Telecommunications Authority, which has set temporary call termination fees for calls terminating on each operator's network starting from 10 August 2005.

On 7 October 2005, the Company filed a lawsuit against the Telecommunications Authority for the injunction and cancellation of this decision, which has set temporary call termination fees for calls terminating on each operator's network starting from 10 August 2005 and the Court rejected the Company's preliminary injunction request. The Company has appealed this decision. The appeal request has been rejected. Besides, on 1 June 2006, Telecommunications Authority issued reference call termination fees for the Company and Turk Telekom. In addition, on 26 July 2006, Telecommunications Authority issued final reference call termination fees for the Company and Turk Telekom. On 10 July 2006 and 14 August 2006, the Company filed two lawsuits before Ankara Administrative Court for the injunction and cancellation of reference call termination fees set as TRY 0.14/minute for calls terminating on Turk Telekom and the Company's network through the decisions of Telecommunications Authority dated 1 June 2006 and 26 July 2006. On 18 August 2006, the Court has decided to combine these two lawsuits. On 9 October 2006, the Administrative Court rejected injunction request of the Company. The Company objected to this decision. On 22 November 2006, objection request has been rejected.

As mentioned above, Telecommunications Authority has set temporary call termination fees for calls terminating on each operator's network starting from 10 August 2005. However, Turk Telekom does not apply these termination fees for the international calls. Therefore, on 22 December 2005, the Company filed a lawsuit against Turk Telekom to cease this practice and requested collection of its damages totaling to nominal amount of TRY 11,970 (equivalent to $8,516 at 31 December 2006) including principal, interest and penalty on late payment covering the period from August 2005 until October 2005. The Court sent the file to expert examination. The case is still pending.

On 19 December 2006, the Company initiated another lawsuit against Turk Telekom claiming that Turk Telekom has not applied call termination tariffs for international calls set by Telecommunications Authority for the period between November 2005 and October 2006 amounting to nominal amount of TRY 23,726 (equivalent to $16,880 at 31 December 2006) including principal, interest and penalty on late payment. The case is still pending.

In addition, call termination fees between the Company and Vodafone and the Company and Avea are set through 'Reconciliation procedure' and 'Call termination fees' issued on 1 June 2006 by Telecommunications Authority. These call termination fees are effective from March 2006, May 2006 and July 2006 for Telsim, Vodafone and Avea, respectively. On 14 August 2006, the Company filed a lawsuit on Ankara Administrative Court for the injunction and cancellation of call termination fees between Turkcell and Avea which have been set as TRY 0.14/minute for calls terminating on the Company's network. Additionally, on 23 August 2006, the Company also filed a lawsuit on Ankara Administrative Court for the injunction and cancellation of call and SMS termination fees between Turkcell and Vodafone (Telsim for the period between 1 March- 24 May 2006) which have been set as TRY 0.14/minute for calls terminating and TRY 0.297/unit for SMS terminating on the Company's network. The Ankara Administrative Court dismissed the case on 29 August 2006, deciding that it does not have jurisdiction over the case. The case has transferred to Danıstay. The case is still pending.

Dispute with Avea

On 28 February 2006, Avea has initiated a lawsuit against the Company claiming that although there is an agreement between the Company and Avea stating that both parties would not charge any SMS interconnection termination fees, the Company has charged SMS interconnection fees for the messages terminating on its own network and also assumed liabilities for the messages terminating in Avea's network and made interconnection payments to Avea after deducting the net balance of those SMS charges and accruals. Avea requested provisions of Interconnection Agreement regarding SMS pricing to be applied and requested collection of its losses amounting to nominal amount of TRY 12,275 (equivalent to $8,733 at 31 December 2006) for the period between February 2005 and December 2005 with its accrued interest till payment.

On 10 October 2006, the Court decided that charging SMS interconnection termination fees violates the agreement between the Company and Avea, and the Company should pay Avea's losses amounting to nominal amount of TRY 12,275 (equivalent to $8,733 at 31 December 2006) for the period between February 2005 and December 2005 with its accrued interest till payment. The Company appealed the decision. The Company made the principal and interest payment for the period between February 2005 and December 2005 on 6 November 2006. The appeal process is still pending.

On 22 December 2006, Avea requested provisions of Interconnection Agreement regarding SMS pricing to be applied and requested collection of its losses amounting to nominal amount of TRY 6,480 (equivalent to $4,610 at 31 December 2006) for the period between January 2006 and August 2006 with its accrued interest till payment.

In line with the court decision regarding charging SMS interconnection termination fees violates the agreement between the Company and Avea, neither SMS interconnection revenue nor SMS interconnection expense has been recognized with respect to the February 2005 to June 2006 for Avea's losses in the consolidated financial statements as at and for the year ended 31 December 2006. Also, interest has been accrued till 31 December 2006 amounting to nominal amount of TRY 933 (equivalent to $664 at 31 December 2006) for Avea's losses for the period between January 2006 and August 2006.

The Company has also applied to the Telecommunications Authority to set SMS interconnection prices between the Company and Avea.

Dispute on value added taxation with respect to roaming services

Tax Office claimed that the Company should have paid VAT on the invoices issued by foreign GSM operators for the international calls originated by the Company's subscribers and terminating on those foreign GSM operators' networks during the year 2000. It has been notified that, based on the calculation made by the Tax Office, the Company should pay nominal amount of TRY 19,791 (equivalent to $14,080 at 31 December 2006) for VAT and penalty fee. Moreover, Tax Office also claimed that the Company should have paid VAT on the invoices issued by foreign GSM operators for the international calls originated by the Company's subscribers and terminating on those foreign GSM operators' networks during the years 2001 and 2002 amounting to nominal amount of TRY 15,972 (equivalent to $11,363 at 31 December 2006) and TRY 23,863 (equivalent to $16,977 at 31 December 2006) respectively, for VAT and penalty fee. Management decided not to pay such amounts and initiated judicial processes on 6 April 2006 for VAT and penalty fee for the year 2000 and on 13 July 2006 for VAT and penalty fees for the years 2001 and 2002. Management and legal counsel believe that the Company will prevail in this matter. Accordingly, the Company has not provided any accruals with respect to this matter in its consolidated financial statements as at 31 December 2006.

Dispute on ongoing license fee and universal service fund payment based on the amended license agreement

Based on the law enacted on 3 July 2005 with respect to the regulation of privatization, gross revenue description used for the calculation of ongoing license fee and universal service fund has been changed. According to this new regulation, accrued interest charges for the late payments, taxes such as indirect taxes, and accrued revenues are excluded from the description of gross revenue. Calculation of gross revenue for ongoing license fee and universal service fund according to the new regulation is valid after Danistay's approval on 10 March 2006. In the meanwhile, the Company realized the payments including above-mentioned items between 21 July 2005 and 10 March 2006, when the amendment in license agreement was effective. On 21 April 2006, the Company initiated a lawsuit against Turkish Treasury for the difference between the payments that were realized started from 21 July 2005 until 10 March 2006 totalling TRY 111,316 (equivalent to $79,195 at 31 December 2006) including interest of TRY 8,667 (equivalent to $6,166 at 31 December 2006). The case is still pending.

The above-mentioned enacted law dated 3 July 2005 also assigned Telecommunications Authority for the revision of license agreement according to new regulation. However, Telecommunications Authority did not finalize such revision in a timely manner. Therefore, on 5 May 2006, the Company has initiated a lawsuit against the Telecommunications Authority for the delay of the revision in license agreement preventing the new regulation to become effective until 10 March 2006. By this lawsuit, the Company has requested payment totalling TRY 112,317 (equivalent to $79,907 at 31 December 2006) including interest of TRY 9,668 (equivalent to $6,878 at 31 December 2006). The Company has decided to give up the request regarding the interest of TRY 9,668 (equivalent to $6,878 at 31 December 2006).

Dispute on Telecommunications Authority fee payment based on the amended license agreement

Based on the 9th article of the new license agreement dated 10 March 2006, the Company has been obliged to pay 0.35% of its yearly gross revenue once in a year as Telecommunications Authority Fee. However, in the previous license agreement, the Company was obliged to pay 0.35% of its yearly gross revenue after deducting ongoing license fee, universal service fund and other indirect taxes from the calculation base whereas in the new agreement, these aforementioned payments are not deducted from the base of the calculation. Therefore, on 12 April 2006, the Company has initiated a lawsuit for the cancellation of the 9th article of the new license agreement. However, the Court rejected the Company's injunction request. The Company objected to the Court's decision. Danistay rejected the Company's objection request.

On 21 June 2006, Telecommunications Authority notified the Company that the Telecommunication Authority Fee for the year 2005 which had been already paid in April 2006 should have been calculated according to the new license agreement dated 10 March 2006 instead of the previous license agreement which was effective in the year 2005. Therefore, Telecommunications Authority requested the Company to pay additional TRY 4,011 (equivalent to $2,854 at 31 December 2006). The Company made the payment and initiated a lawsuit for the injunction and cancellation of the aforesaid decision of Telecommunications Authority. On 21 November 2006, local court decided that the lawsuit is not under its jurisdiction and referred the case to Danistay.

Dispute on receivables from Avea regarding call termination fees

Based on the 21th article of the Access and Interconnection Regulation, the operators may retroactively apply the final call termination fees determined by Telecommunications Authority under the reconciliation procedure. Therefore, on 29 August 2006, the Company has initiated a lawsuit against Avea for the collection of its damages totaling to nominal amount of TRY 32,334 (equivalent to $23,004 at 31 December 2006) including principal, interest and penalty on late payment covering the period from 30 June 2004 until 7 July 2006 which is the announcement date of the reference call termination fees issued by Telecommunications Authority on June 2006. On 20 February 2007 the court has dismissed the case. The company will appeal the said decision.

Dispute on validity of the General Assembly Meeting

On 21 August 2006, Sonera filed a lawsuit with an injunction request for the purpose of determination of the invalidity of our General Assembly Meeting with an ordinary agenda including dividend distribution and appointment of members of the Board of Directors, held on 22 May 2006 and the invalidity of all resolutions taken in this meeting.

Dispute on Turk Telekom Transmission Tariffs

On 19 January 2007, the Company initiated a lawsuit against Turk Telekom claiming that Turk Telekom charged transmission on erroneous tariffs between 1 June 2004 and 1 July 2005. The Company requested nominal amount of TRY 8,136 (equivalent to $5,788 at 31 December 2006) including interest. The case is still pending.

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

31. Related parties

Transactions with key management personnel:

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

As at 31 December 2006 and 2005, none of the Group's directors and executive officers has outstanding personnel loans from the Company.

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

Total compensation provided to key management personnel is $3,899 and $2,835 for the years ended 31 December 2006 and 2005, respectively.

The Company has agreements or protocols with several of its shareholders, consolidated subsidiaries and affiliates of the shareholders. The Company's management believes that all such agreements or protocols are on terms that are at least as advantageous to the Company as would be available in transactions with third parties and the transactions are consummated at their fair values. None of these balances is secured.

Other related party transactions:

Due from related parties - short term	**2006**	**2005**
A-Tel	19,202	6,790
Baytur	15,067	5,892
KVK Teknoloji Urunleri AS ("KVK Teknoloji")	9,439	30,525
ADD Production Medya AS ("ADD")	8,289	7,169
Digital Platform	7,084	10,183
Genel Sigorta AS ("Genel Sigorta")	1,775	1,161
Superonline Uluslararasi Elektronik Bilgilendirme Telekomunikasyon ve Haberlesme Hiz. AS ("Superonline")	1,226	155
Other	4,019	4,437
	66,101	**66,312**

Due from related parties - long term	**2006**	**2005**
Digital Platform	70,417	78,264
Other	2,089	2,630
	72,506	**80,894**

Substantially, all of the significant due from related party balances are from Cukurova Group companies.

Due from A-Tel, a 50-50 joint venture of the Company and SDIF, resulted from simcard and prepaid card sales to this company and payables in relation to dealer activation fees and simcard subsidies for the sale of prepaid cards.

Due from Baytur, a company whose majority shares are owned by Cukurova Group, mainly resulted from advances given to Baytur for the construction of a residence project.

Due from KVK Teknoloji, a company whose majority shares are owned by Cukurova Group, mainly resulted from simcard and prepaid card sales to this company.

Due from ADD, a company whose majority shares are owned by Cukurova Group, mainly resulted from balances paid in advance in order to benefit from the expertise and bargaining power of ADD with third parties in media purchasing.

Due from Digital Platform, a company whose majority shares are owned by Cukurova Group, mainly resulted from receivables from call center revenues, financial support for borrowing repayments and advances given for current and planned sponsorships. On 23 December 2005, a "Restructuring Framework Agreement" was signed between Digital Platform and the Company. The agreement includes the restructuring of the Group's receivables from Digital Platform amounting to $77,501 as at 31 December 2006 in exchange for sponsorship and the advertisement services that the Company will receive on Digital Platform's infrastructure. Under the agreement, Digital Platform commits to pay amounts due to the Group through 15 July 2011 along with the interest in cash and advertisement services. $77,501 represents present value of future cash flows and services discounted using imputed interest rate. As at 31 December 2006, $70,417 of the balance is classified as long term due from related parties in accordance with the revised repayment schedule. Besides, the Company paid $8,850 to Digital Platform within the scope of the agreement during 2006.

Due from Superonline, a company whose majority shares are owned by Cukurova Group, mainly resulted from interconnection and call center services provided by the Group.

Due from Genel Sigorta, a company whose majority shares are owned by Cukurova Group, mainly resulted from prepaid expenses for health and life insurances made by the Company for its employees.

As at 31 December 2006, short term due from related parties denominated in USD and EUR comprise $22,433 and $97, respectively (31 December 2005: $15,507 and nil). Long term due from related parties denominated in US Dollars comprise $70,417 (31 December 2005: $78,264).

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

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

Revenues from related parties	2006	2005
Sales to KVK Teknoloji		
Simcard and prepaid card sales	534,363	483,888
Sales to A-Tel		
Simcard and prepaid card sales	209,853	283,651
Income from Yapi Kredi (*)		
Interest income	19,604	7,093
Sales to Digital Platform		
Call center revenues and interest charges	12,618	11,278
Sales to Millenicom Telekomunikasyon AS		
Telecommunications services	11,928	2,972
Sales to Kyivstar		
Telecommunications services	8,528	745
Sales to Superonline		
Call center revenues and interconnection revenue	1,948	1,638

* Since Cukurova Group transferred its shares in Yapi Kredi to Koc Group on 28 October 2005, Yapi Kredi is not a related party as at 31 December 2006.

Related party expenses	2006	2005
Charges from ADD		
Advertisement services and sponsorship	134,037	126,592
Charges from A-Tel (*)		
Dealer activation fees and others	57,776	75,735
Charges from KVK Teknoloji		
Dealer activation fees and others	16,731	14,418
Charges from Betting SA		
Consultancy services	16,048	9,336
Charges from Hobim		
Invoicing and archieving services	14,640	10,198
Charges from Kyivstar		
Telecommunications services	13,460	546
Charges from Baytur		
Residence project	8,000	9,763
Charges from Millenicom Telekomunikasyon AS ("Millenicom")		
Telecommunications services	8,784	1,164
Charges from Milleni.com		
Telecommunications services	892	9,258

* Transactions with A-Tel have been eliminated to the extent of the Company's interest in A-Tel for the five months ended 31 December 2006.

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

The significant agreements are as follows:

Agreements with KVK Teknoloji:
KVK Teknoloji, incorporated on 23 October 2002, one of the Company's principal SIM card distributors, is a Turkish company, which is affiliated with some of the Company's shareholders. In addition to sales of SIM cards and scratch cards, the Company has entered into several agreements with KVK Teknoloji, in the form of advertisement support protocols, each lasting for different periods pursuant to which KVK Teknoloji must place advertisements for the Company's services in newspapers. The objective of these agreements is to promote and increase handset sales with the Company's prepaid and postpaid brand SIM cards, thereby supporting the protection of the Company's market share in the prevailing market conditions. The prices of the contracts were determined according to the cost of advertising for KVK Teknoloji and the total advertisement benefit received, reflected in the Company's market share in new subscriber acquisitions. Distributors' campaign projects and market share also contributed to the budget allocation.

Agreements with A-Tel:
A-Tel is involved in the marketing, selling and distributing the Company's prepaid systems. A-Tel is a 50-50 joint venture of the Company and SDIF. A-Tel acts as the only dealer of the Company for Muhabbet Kart (a prepaid card), and receives dealer activation fees and simcard subsidies for the sale of Muhabbet Kart. In addition to the sales of simcards and scratch cards through an extensive network of newspaper kiosks located throughout Turkey, the Company has entered into several agreements with A-Tel for sales campaigns and subscriber activations.

Agreements with Yapi Kredi:
Yapi Kredi, one of the largest commercial banks in Turkey, was owned by one of the significant shareholders of the Company. Since Cukurova Group transferred its Yapi Kredi shares to Koc Group on 28 October 2005, Yapi Kredi is not a related party as at 31 December 2006. Following this transaction, ownership relationship of the Group with Yapi Kredi has been terminated. The Company also receives services from Yapi Kredi as one of its major collection channels for its postpaid subscribers. Apart from the collection accounts, the Group also invests cash into time deposits and repo transactions at Yapi Kredi, from which it earns interest income.

Agreements with Digital Platform:
Digital Platform, a direct-to-home digital broadcasting company under the Digiturk brand name, is a subsidiary of one of the Company's principal shareholders, the Cukurova Group. Digital Platform reacquired the broadcasting rights for Turkish Super Football League by the tender held on 15 July 2004, until 31 May 2008. On 23 December 2005, “Restructuring Framework Agreement” was signed between Digital Platform and the Company. The Company also has an agreement related to the corporate group SMS services that the Company offers to Digital Platform, and an agreement for call center services provided by the Company's subsidiary Global Bilgi Pazarlama Danisma ve Cagri Servisi Hizmetleri AS (“Global”).

Agreements with Millenicom:
European Telecommunications Holding AG (“ETH”), a subsidiary of Cukurova Group, holds the majority shares of Millenicom. Millenicom is rendering and receiving call termination and international traffic carriage services to and from the Company.

Agreements with Kyivstar:
The Alfa Group, a minor shareholder of the Company, holds the majority shares of Kyivstar. Astelit is receiving call termination and international traffic carriage services from Kyivstar.

Agreements with Superonline:
Superonline is a subsidiary of one of the Company's major shareholders, the Cukurova Group. There is an agreement between Global and Superonline related to the call center services provided by Global. The Company is also providing interconnection services to Superonline.

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

Agreements with ADD:
ADD, a media planning and marketing company, is a Turkish company owned by one of the Company's principal shareholders, the Cukurova Group. The Company entered into a media purchasing agreement with ADD on 23 January 2002, which expired on 31 December 2002 and further extended to 31 December 2003. In 2004 and 2005, the agreement was revised again with similar terms. On 1 September 2006, a revised agreement has been signed with ADD and the validity period of the agreement has been extended to 31 August 2008. The purpose of this agreement is to benefit from the expertise and bargaining power of ADD against third parties, regarding the formation of media purchasing strategies for both postpaid and prepaid brands. Additionally, ADD is a party of the sponsorship and advertisement agreements which are integral part of "Restructuring Framework Agreement" signed between the Company and Digital Platform.

Agreements with Betting SA:
Betting SA is incorporated under the laws of Greece, owned by one of the major shareholders of Inteltek. Inteltek signed a service agreement with Betting SA on 11 March 2004 to get consultancy services including; monitoring operations, providing continuous evaluation of betting, maximizing game revenues of fixed odds betting, operating fixed odds betting games in the most efficient manner, with integrity and securely. In consideration of such services, Betting SA receives an amount equal to 0.95% of the gross revenues of the fixed odds betting games.

Agreements with Hobim:
Hobim, one of the leading data processing and application service provider companies in Turkey, is owned by the Cukurova Group. The Company has entered into invoice printing and archiving agreements with Hobim under which Hobim provides the Company with scratch card printing services, monthly invoice printing services, manages archiving of invoices and subscription documents for an indefinite period of time. Prices of the agreements are determined as per unit cost plus profit margin.

Agreements with Baytur:
The principal shareholder of Baytur, a construction company, is the Cukurova Group. Baytur committed to complete construction of 484 apartments within the scope of an agreement signed among the Company, Baytur and the land owner, which is a governmental organization, on 19 October 2004. The agreement amount is $39,650 and the project is planned to be completed in 2007. The Company paid $16,220 in the 2006 and $18,550 in 2005 and 2004 to Baytur within the scope of this contract.

Agreements with Milleni.com:
Milleni.com, one of the active players in the international carrier market, was a Fintur subsidiary in Germany prior to the Fintur restructuring in 2002. Currently, the Cukurova Group, one of the Company's principal shareholders, owns Milleni.com. On 21 February 2005, Tellcom and Milleni.com has signed an agreement to provide telecommunications services to each other whereby Milleni.com may convey calls to Tellcom's switch and Tellcom may convey calls to Milleni.com's switch, in both cases, for onward transmission to their destinations. The prices vary according to the destinations.

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

32. Group entities

The Group's ultimate parent company is Turkcell. Subsidiaries of the Company as at 31 December 2006 and 2005 are as follows:

Subsidiaries		**Ownership Interest**	
Name	**Country of incorporation**	**31 December 2006 (%)**	**31 December 2005 (%)**
Kibris Telekom	Turkish Republic of Northern Cyprus	100	100
Global	Turkey	100	100
Turktell Bilisim Servisleri AS ("Turktell")	Turkey	100	100
Iyi Eglenceler	Turkey	100	100
Tellcom	Turkey	100	100
Turktell Uluslararası Yatirim Holding AS	Turkey	100	100
Turkcell Kurumsal Satıs ve Dagıtım Hizmetleri AS*	Turkey	100	100
Eastasia	Netherlands	100	85
Turkcell Teknoloji**	Turkey	100	60
Kule Hizmet ve işletmecilik AS	Turkey	100	-
Sans Oyunlari Yatirim Holding AS	Turkey	100	-
Corbuss Kurumsal Telekom Servis Hizmetleri AS ("Corbuss")	Turkey	99	99
Inteltek	Turkey	55	55
Bilyoner***	Turkey	55	55
Euroasia	Netherlands	55	54
Astelit	Ukraine	55	54
DCC****	Ukraine	-	54
Mapco*****	Turkey	-	100

* 31 December 2005: Hayat Boyu Egitim AS
** 31 December 2005: Interaktif Cocuk Programlari Yapim ve Yayinciligi AS
*** 31 December 2005: Libero Interaktif Hizmetleri AS
**** Merger of DCC and Astelit has been completed in August 2006.
***** Merger of Mapco and Turktell has been completed in December 2006.

33. Subsequent events

a) On 9 January 2007, Board of Directors of the Company mandated Akbank T.A.S., Citibank N.A., T.Garanti Bankası A.S., HSBC Bank plc, J.P. Morgan plc and Standard Bank plc as lead arrangers for an unsecured syndicated financing through a committed facility amounting to $ 3,000,000. The facility will be structured in 3 tranches each of $1,000,000, with maturities 3, 5 and 7 years and the financing will be utilized for potential international investments. The facility agreement has been signed on 26 February 2006.

b) On January 2007, Board of Directors of the Company decided that the Ordinary General Assembly of Turkcell for the year will be held on 23 March 2007.

c) On 19 February 2007, Financell B.V., a wholly owned subsidiary with a capital of EUR 18 (equivalent to $24 as at 31 December 2006) is established in Netherlands by Turkcell in order to borrow funds from the financial institutions and operate as an intermediate financing company to fund the subsidiaries.

34. Explanation of transition to IFRSs

As stated in note 2(a), these are the Group's first annual consolidated financial statements prepared in accordance with IFRS.

a) Revenues:

In accordance with US GAAP, revenues, gross profit, and selling and marketing expenses were reduced due to the standards issued by the Emerging Issues Task Force ("EITF") which operates at the direction of the Financial Accounting Standards Board (FASB) that addressed the extent to which different types of payments or benefits to retailers or customers shall be reported as reductions either in revenue or incurred as expenses. With the transition to IFRS, EITF rules are no longer applied.

b) Financial Instruments:

IAS 32 "Financial Instruments: Disclosure and Presentation" and IAS 39 "Financial Instruments: Recognition and Measurement" address the accounting for, and reporting of, financial instruments. IAS 39 sets out detailed accounting requirements in relation to financial assets and liabilities. Financial assets and liabilities are stated at present value using effective interest method with charges flowing through the income statement. Under US GAAP there is no requirement for discounting in certain specified circumstances including trade receivables and payables maturing in less than one year and for borrowings.

c) Restatement of Non Monetary Items:

Under US GAAP, revenues, costs, capital and non-monetary assets and liabilities are translated at historical exchange rates while monetary assets and liabilities are translated at exchange rates prevailing at balance sheet dates. All foreign exchange adjustments resulting from translation of financial statements into US dollars are included in determination of net income whereas under IFRS, when the functional currency is the currency of a hyperinflationary economy, the reported revenues, costs, capital and non monetary assets and liabilities are recognized based on IAS 29 principles in terms of the measuring unit current at the balance sheet date. Depreciation and amortization, monetary gain/(loss) accounts are also affected by these accounting differences.

As hyperinflationary conditions in Turkey no longer existed starting from 1 January 2006, TRY has been treated as a more stable currency since that time and the financial statements of the Company and those of the subsidiaries located in Turkey and Turkish Republic of Northern Cyprus prepared in accordance with IFRSs are not required to be adjusted for hyperinflationary accounting.

The accounting policies set out in note 3 have been applied in preparing the financial statements for the year ended 31 December 200, the comparative information presented in these financial statements for the year ended 31 December 2005 and in the preparation of an opening IFRS balance sheet at 1 January 2005 (the Group's date of transition).

In preparing its opening IFRS balance sheet, the Group has adjusted amounts reported previously in financial statements prepared in accordance with USGAAP (previous GAAP). An explanation of how the transition from previous GAAP to IFRS has affected the Group's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

d) Deferred Tax:
Distinctions arise in deferred tax calculation due to the accounting methodology differences between US GAAP and IFRS standards.

e) Share of earnings in associates and minority interest:
The Group's share of net income of its associate is determined using the equity method and is based on financial statements of the investee's prepared in accordance with IFRS. The reconciliation item reflects adjustments for the difference between IFRS and US GAAP relating to the separate financial statements of subsidiaries and the associate.

f) Change in presentation:
Amounts within the reconciliations for the year ended 31 December 2006 and 2005, and shareholder's equity as at 31 December 2006, 31 December 2005 and 31 December 2004 have been reclassified to provide comparability. The reclassification does not have an effect on net income under IFRS.

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

Reconcilition of US GAAP Consolidated Financials to IFRS Consolidated Financials as at 31 December 2004

USGAAP Format	USGAAP	Note	Measurement and Recognition Differences	Presentation Differences	IFRS	IFRS Format
						Assets
FIXED ASSETS, net	1,061,268	c	652,176	222,983	1,936,427	Property, plant and equipment
INTANGIBLES, net	881,511	c	442,749	8,557	1,332,817	Intangible assets
INVESTMENTS	197,760	e	43,814	(22,619)	218,955	Investments in associates
HELD TO MATURITY SECURITIES	10,266	b, c	5,316	22,619	38,201	Other investments
DUE FROM RELATED PARTIES	65,971	b	(12)	-	65,959	Due from related parties
OTHER LONG TERM ASSETS	1,624	b, c	4,241	6,482	12,347	Other non-current assets
DEFERRED TAX ASSETS	80,163	d	64,817	-	144,980	Deferred tax assets
CONSTRUCTION IN PROGRESS	230,191		-	(230,191)	-	
PREPAID EXPENSES	6,482		-	(6,482)	-	
GOODWILL	1,349		-	(1,349)	-	
Total non-current assets	**2,536,585**				**3,749,686**	**Total non-current assets**
Inventories	13,007	c	(275)	-	12,732	Inventories
Held to maturity securities	45,329		-	-	45,329	Other investments
Due from related parties	103,948	b	(3,576)	-	100,372	Due from related parties
Trade receivables and accrued income, net	271,792	b	(6,008)	-	265,784	Trade receivable and accrued income
Other current assets	325,741	b, c	2,295	23,685	351,721	Other current assets
Cash and cash equivalents	763,821	b	1,110	-	764,931	Cash and cash equivalents
Deferred tax assets	277,589	d	(277,589)	-	-	Deferred tax assets
Prepaid expenses	23,685		-	(23,685)	-	
Total current assets	**1,824,912**				**1,540,869**	**Total current assets**
Total assets	**4,361,497**				**5,290,555**	**Total assets**
						Equity
Common stock	636,116	c	571,026	-	1,207,142	Issued capital
Additional paid in capital	178	c	237	-	415	Share premium
Legal reserves	42,501	c	(8,223)	2,244	36,522	Reserves
Retained earnings	1,304,478	c	365,925	-	1,670,403	Retained earnings
Accumulated other comprehensive income	2,244		-	(2,244)	-	
Total shareholders' equity	**1,985,517**				**2,914,482**	**Total equity attributable to equity holders of the parent**
		e	1,470	64,044	65,514	**Minority interest**
					2,979,996	**Total equity**
						Liabilities
LONG TERM BORROWINGS	266,447	b	(8,306)	3,284	261,425	Interest bearing loans and borrowings
RETIREMENT PAY LIABILITY	12,875		-	-	12,875	Employee benefits
OTHER LONG TERM LIABILITIES	7,813	b	(582)	-	7,231	Other non-current liabilities
TRADE PAYABLES	213,740		-	-	213,740	Trade payables
DEFERRED TAX LIABILITIES	11,757	d	(464)	-	11,293	Deferred tax liabilities
LONG TERM LEASE OBLIGATIONS	3,284		-	(3,284)	-	
MINORITY INTEREST	64,044		-	(64,044)	-	
Total non-current liabilities	**579,960**				**506,564**	**Total non-current liabilities**
Short term borrowings	549,079	b	34,602	13,798	597,479	Interest bearing loans and borrowings
Taxes payable	99,939		-	-	99,939	Income taxes payable
Due to related parties	6,711	b	(560)	-	6,151	Due to related parties
Trade payables	616,816	b	(1,590)	-	615,226	Trade payables
		b	(433)	30,985	30,552	Provisions
Other current liabilities and accrued expenses	523,475	b	(24,044)	(44,783)	454,648	Other current liabilities
Total current liabilities	**1,796,020**				**1,803,995**	**Total current liabilities**
					2,310,559	**Total liabilities**
Total equity and liabilities	**4,361,497**				**5,290,555**	**Total equity and liabilities**

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

Reconcilition of US GAAP Consolidated Financials to IFRS Consolidated Financials as at 31 December 2005

USGAAP Format	USGAAP	Note	Measurement and Recognition Differences	Presentation Differences	IFRS	IFRS Format
						Assets
FIXED ASSETS, net	1,224,543	c	528,792	389,375	2,142,710	Property, plant and equipment
INTANGIBLES, net	871,362	c	426,693	-	1,298,055	Intangible assets
INVESTMENTS	266,198	e	46,823	(22,609)	290,412	Investments in equity accounted investees
	-	b,c	6,786	22,609	29,395	Other investments
DUE FROM RELATED PARTIES	80,906	b	(12)	-	80,894	Due from related parties
OTHER LONG TERM ASSETS	2,440	c	157	13,879	16,476	Other non-current assets
DEFERRED TAX ASSETS	306	d	2,634	-	2,940	Deferred tax assets
CONSTRUCTION IN PROGRESS	389,375		-	(389,375)	-	
PREPAID EXPENSES	13,879		-	(13,879)	-	
Total non-current assets	**2,849,009**				**3,860,882**	**Total non-current assets**
Inventories	9,198	c	(288)	-	8,910	Inventories
Held to maturity securities	10,191		148	12,948	23,287	Other investments
Due from related parties	67,327	b	(1,015)	-	66,312	Due from related parties
Trade receivables and accrued income, net	324,611	b	(3,509)	-	321,102	Trade receivable and accrued income
Other current assets	106,453	b,c	(12,966)	32,964	126,451	Other current assets
Cash and cash equivalents	795,091	b	13,062	-	808,153	Cash and cash equivalents
Deferred tax assets	192,731	d	(192,731)	-	-	Deferred tax assets
Prepaid expenses	38,029		-	(38,029)	-	
Available for sale securities	12,948		-	(12,948)	-	
Total current assets	**1,556,579**				**1,354,215**	**Total current assets**
Total assets	**4,405,588**				**5,215,097**	**Total assets**
						Equity
Common stock	636,116	c	802,850	-	1,438,966	Share capital
Additional paid in capital	178	c	256	-	434	Share premium
Legal reserves	92,414	c	(74,510)	66,686	84,590	Reserves
Retained earnings	1,983,316	c	180,358	(61,137)	2,102,537	Retained earnings
Accumulated other comprehensive income	5,549		-	(5,549)	-	
Total shareholders' equity	**2,717,573**				**3,626,527**	**Total equity attributable to equity holders of the parent**
		e	**1,367**	**62,427**	**63,794**	**Minority interest**
					3,690,321	**Total equity**
						Liabilities
LONG TERM BORROWINGS	82,848	b	(3,692)	9	79,165	Loans and borrowings
RETIREMENT PAY LIABILITY	16,707		(107)	-	16,600	Employee benefits
OTHER LONG TERM LIABILITIES	7,623	b	(1,206)	-	6,417	Other non-current liabilities
DEFERRED TAX LIABILITIES	185,297	d	(95,333)	-	89,964	Deferred tax liabilities
LONG TERM LEASE OBLIGATIONS	9		-	(9)	-	
MINORITY INTEREST	62,427		-	(62,427)	-	
Total non-current liabilities	**354,911**				**192,146**	**Total non-current liabilities**
Short term borrowings	564,503	b	14,080	(478)	578,105	Loans and borrowings
Taxes payable	60,864		-	-	60,864	Income Taxes Payable
	-		-	530,875	530,875	Trade and other payables
Due to related parties	5,774	b	406	-	6,180	Due to related parties
	-		-	123,613	123,613	Deferred revenue
Trade payables	137,775	b	(538)	(137,237)	0	
	-	b	(571)	33,564	32,993	Provisions
Other current liabilities and accrued expenses	564,188	b	(8,787)	(555,401)	0	Other current liabilities
Total current liabilities	**1,333,104**				**1,332,630**	**Total current liabilities**
					1,524,776	**Total liabilities**
Total equity and liabilities	**4,405,588**				**5,215,097**	**Total equity and liabilities**

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

Reconciliation of USGAAP Consolidated Financials to IFRS Consolidated Financials as at 31 December 2005

USGAAP Format	USGAAP	Note	Measurement and Recognition Differences	Presentation Differences	IFRS	IFRS Format
Revenues	4,268,492	a,c	259,488	-	4,527,980	Revenue
Direct cost of revenues	(2,390,977)	c	(310,588)	-	(2,701,565)	Cost of sales
Gross Profit	**1,877,515**				**1,826,415**	**Gross profit**
		c	1,612	13,791	15,403	Other operating income
Selling and marketing expenses	(488,659)	a,c	(211,842)	-	(700,501)	Selling and marketing expenses
General and administrative expenses	(152,025)	c	(2,010)	-	(154,035)	Administrative expenses
		c	2,561	(7,462)	(4,901)	Other operating expenses
Operating income	**1,236,831**				**982,381**	**Operating profit before financing costs**
Income (expense) from related parties, net	1,145	c	-	(1,145)	-	
Interest income	138,918	b,c	3,733	-	142,651	Financial income
Interest expense	(147,367)	b,c	(19,011)	-	(166,378)	Financial expense
Other income, net	5,183		-	(5,183)	-	
Equity in net (loss) income of unconsolidated investees	67,599		-	(67,599)	-	
Minority interest in income of consolidated subsidiaries	24,335		-	(24,335)	-	
Translation loss	(8,320)	c	8,320	-	-	
	1,318,324				**(23,727)**	**Net financing costs**
		e	635	67,599	68,234	Share of profit of associates
Income (loss) before taxes	**1,318,324**				**1,026,888**	**Profit before tax**
		c	11,037	-	11,037	Loss /gain on net monetary position,net
					1,037,925	**Profit before tax**
Income tax benefit (expense)	(407,397)	d	116,925	-	(290,472)	Income tax expense
Net income	**910,927**				**747,453**	**Profit for the period**
						Attributable to:
				772,246		Equity holders of the parent
		e	(458)	(24,335)	(24,793)	Minority interest
					747,453	**Profit for the period**

Explanation of material adjustments to the cash flow statements for year ended 31 December 2006 and 2005:

For the year ended 31 December 2006, non monetary assets and liabilities recognized based on IAS 29 principles in terms of the measuring unit current at the balance sheet date is presented under effect of indexation for hyperinflation in the consolidated interim statement of cash flow under IFRS.

DEMATERIALIZATION OF THE SHARE CERTIFICATES OF THE COMPANIES THAT ARE TRADED ON THE STOCK EXCHANGE

It was decided by the Capital Markets Board ("the Board") as per article 10/A included in the Capital Markets Act (CMA) No. 2499 **to commence the dematerialization system.**

As per the Temporary Article 2 of the Board's Communiqué Series:IV No.28 on the "Procedures and Principles of Keeping the Records of Dematerialized Capital Market Instruments", it is set forth that all of the share certificates of the companies that are traded in the stock exchange **shall be collectively dematerialized** and the related procedures and principles are regulated in the said Communiqué.

Legal and actual dematerialization of the share certificates **has commenced** on November 28, 2005

Beginning from 28 November 2005, it is prohibited for the companies listed in the stock exchange to issue new share certificates, bonus or not, as a result of capital increases. The new share certificates arising out of capital increases shall be tranferred to the accounts of the rightful owners by registration.

It is obligatory for the share certificates that are not dematerialized and that are kept physically by their rightful owners to be delivered to our Company ("Issuer") for their registration with "Central Registry Agency" **until the end of 31 December 2007.**

The financial rights attached to the share certificates, which are not delivered until the end of 31 December 2007, shall be monitored in a dematerialized manner at the Central Registry Agency from that day on and any rights related to management shall be exercised by Central Registry Agency. In case of the delivery of the share certificates by the rightful owners (to the Turkish Clearance House through the Issuer) after 31 December 2007 based on the principles in this regulation, their financial rights, which are monitored in a dematerialized manner by the Central Registry Agency, shall be transferred to their accounts.

The share certificate records of our Company shall be kept by Central Registry Agency and the issuer in the computer environment, which is formed by the Central Registry Agency.

ACCOMMODATION OF THE SHARE CAPITAL OF THE COMPANY AND NOMINAL VALUES OF THE SHARE CERTIFICATES TO THE NEW TURKISH LIRA

As per article 6 titled “Share Capital” of the Articles of Association of the Company, the Code numbered 5083 Regarding the Currency Unit of Turkish Republic Government and the Code numbered 5274 Regarding the Amendment of Turkish Commercial Code, the share capital of the Company has been made compatible with the New Turkish Lira and such resolution was approved at the Ordinary General Assembly Meeting on 29 April 2005.

Provisions regarding the nominal values of the share certificates of the Company are regulated in the temporary article of the Company's Articles of Association and such article was approved at the Ordinary General Assembly Meeting on 29 April 2005. The temporary article reads as follows:

As per the Code numbered 5274 Regarding the Amendment of Turkish Commercial Code, in order to increase the nominal value of the shares to 1.- (One) New Turkish Liras, 1,000 (One thousand) units of shares, each having a nominal value of 1,000.- (One thousand) Turkish Liras shall be merged and 1.- (One) unit of share having a nominal value of 1.- (One) New Turkish Liras shall be issued to represent such shares. Fraction receipt shall be issued for the shares that could not be complemented up to TRY 1. In relation to such change, the shareholders' rights arising out of their shares are reserved. Concerning such transaction, the 1st, 2nd, 3rd and 4th series of share certificates, which represent the existing share capital, shall be merged in the 5th series. In connection with the transactions of share change and merger of series, the shareholders' rights arising out of their shares are reserved. The transactions regarding the change in share certificates shall be commenced by the Board of Directors of the Company after the dematerialization of Capital Markets instruments is put into practice and within the framework of related regulations.

THE BOARD'S DIVIDEND DISTRIBUTION PROPOSAL

In accordance with the Capital Markets Board ("CMB") Communiqué Serial: IV, No: 27 on "Principles Regarding Distribution of Dividends and Interim Dividends that Publicly Held Joint Stock Companies are Subject to Regarding the Dividend Distributions", through considering the minimum ratio of the dividend distribution, determined by CMB at the meeting, dated 18.01.2007 and numbered 2/53, and the dividend distribution policy that was adopted by our Company, pursuant to the Corporate Governance Principles by the Board of Directors resolution dated November 24, 2004 and numbered 366; the Board of Directors of our Company presents the following dividend distribution proposal, to be evaluated and determined at the Ordinary General Assembly Meeting of our Company which will be held on March 23, 2007:

1. As a result of the activities of our Company, pertaining to the period between January 1, 2006 and December 31, 2006, our Company's profit, calculated according to the consolidated financial statements, which were audited independently in accordance with the Capital Markets Board Communiqué Serial: XI numbered 25, named "Communiqué Regarding the Accounting Standards in Capital Markets" is TRY 1,270,352,019.- and the commercial after tax profit is TRY 1,857,157,840.-,

2. The lower of the after tax profits, calculated, in accordance with article 36 of the Capital Markets Board Communiqué Serial: XI numbered 20, named "Communiqué on Principles Regarding Financial Reporting in Hyperinflationary Periods", modified by the Capital Markets Board Communiqué Serial: XI numbered 26 is TRY 1,270,352,019.-,

3. TRY 965,226,790.- , calculated by subtracting the total profits of our Company's subsidiaries and the affiliated companies, which have not passed a shareholders resolution regarding dividend distribution or not subject to distribution despite such resolution, amounting to TRY 305,125,229.-, shall be taken as the basis for dividend distribution,

4. In accordance with the CMB Communiqué Serial: IV No: 27 on "Principles Regarding Distribution of Dividends and Interim Dividends that Publicly Held Joint Stock Companies are Subject to Regarding the Dividend Distributions" and within the framework of article 466 of the Turkish Commercial Code, 5% of the commercial after tax profit of TRY 1,857,157,840.- shall be set aside as the first legal reserve, which amounts to TRY 92,857,892.-,

5. TRY 872,368,898.- is the distributable profit of the Company, pertaining to year 2006, which is the difference between TRY 965,226,790.-, as stated in the consolidated financial reports of the Company and TRY 92,857,892.- , which is the first legal reserve amount as mentioned hereinabove and TRY 875.367.116.-, calculated by adding TRY 2,998,218.-, which is the aggregate amount of the donations made during the year, to the above mentioned amount shall be taken as the first dividend basis,

6. TRY 175,073,423.-, which is %20, the percentage, declared by the Capital Markets Board as the minimum dividend distribution percentage for year 2006, of the first dividend basis, amounting to TRY 875,367,116.- shall be distributed as the first cash dividend, and the secondary reserve, amounting to TRY 45,703,978.- shall be separated from the rest of the net distributable current year profit,

a. As the total amount of TRY 567,039,784.-, which shall be distributed in cash, has been obtained by the investment incentive utilized within the scope of the investments made during the period prior to April 24, 2003 and investment allowance withholding has been calculated on the same amount in this regard, it shall be distributed without any withholding tax deductions,

b. In this respect an amount of TRY 0.2577453.-, net and gross, shall be paid in cash equally to our shareholders, for each share, having a nominal value of TRY 1.- (One New Turkish Lira) ,

The aggregate net amount of cash dividend payment shall be TRY 567,039,784.-,

7. TRY 259,625,136.- which is the remaining distributable profit after the cash dividend distribution shall be :

a. Regarded as previous years profit and set aside within the Company,

b. As the total of such amount, transferred to 2007 financial year as retained profits, has been obtained by the investment incentive, utilized within the scope of the investments made during the period prior to April 24, 2003 and investment allowance withholding has been calculated on such amount, no withholding tax deductions shall be applicable on such amount in case such amount will be subject to redistribution,

8. TRY 305,125,229.-, the aggregate profit of the Company's subsidiaries and the affiliated companies, which is not subject to distribution shall be left within the Company as the extraordinary reserve,

9. Cash dividend payment to our Company's shareholders shall commence on April 16, 2007 and shall continue for 30 days in Istanbul Head Office, Çiftehavuzlar, İzmir and Ankara branches of Finans Yatırım Menkul Değerler A.Ş. and also in Central Registry Agency located at Süzer Plaza Askerocağı Cad. No: 15 K: 2 34367 Elmadağ - Şişli İstanbul and shall be made in exchange of the dividend share denominations for year 2006.

10. The profit of Kıbrıs Mobile Telekomünikasyon Ltd. Şti., pertaining to the financial year 2005, which is in the retained profits and amounting to TRY 5,253,797.- shall be transferred to the extraordinary reserve account of the Company, which could be subject to distribution in the upcoming periods, in accordance with the principles of the Capital Markets Board.

THE BOARD

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

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

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 releases had included Revenues, Direct Cost of Revenues excluding depreciation and amortization, Selling and Marketing expenses, Administrative expenses, translation gain/(loss), financial income, income on unconsolidated subsidiaries, gain on sale of investments, income/(loss) from related parties, minority interest and other income/(expense). Our new EBITDA definition includes Revenues, Direct Cost of Revenues excluding depreciation and amortization, Selling and Marketing expenses and Administrative expenses, but excludes translation gain/(loss), financial income, income on unconsolidated subsidiaries, gain on sale of investments, income/(loss) from related parties, minority interest and other income/(expense).

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

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

TURKCELL **US$ million**	**YE** **2005**	**YE** **2006**	**2005-2006** **YE** **% Chg**
EBITDA	1,722.2	1,820.0	5.7%
Other operating income/(expense)	10.5	1.6	(84.8%)
Financial income	167.5	184.0	9.9%
Financial expense	(191.2)	(108.0)	(43.5%)
(Less)/gain on net monetary position, net	11.0	0.0	-
Net increase (decrease) in assets and liabilities	(624.4)	(60.3)	(90.3%)
Net cash provided by operating activities	**1,095.6**	**1,837.3**	**67.7%**

EUROASIA **US$ million**	**YE** **2005**	**YE** **2006**	**2005-2006** **YE** **% Chg**
EBITDA	(64.7)	(83.8)	29.5%
Other operating income/(expense)	(1.9)	(1.8)	(5.3%)
Financial income	0.2	0.9	350.0%
Financial expense	0.2	(40.7)	-
Net increase (decrease) in assets and liabilities	(20.8)	9.5	(145.7%)
Net cash provided by operating activities	**(87.0)**	**(115.9)**	**33.2%**

Abstract of Auditor's Report

To
General Assembly of Turkcell İletişim Hizmetleri A.Ş.

Name of the Company:	Turkcell İletişim Hizmetleri A.Ş.
Headquarters:	İstanbul
Issued Share Capital:	TRY2,200,000,000
Field of operations:	Mobile Communication Services
Names, surnames term of duty of auditors whether they are company shareholder and/or employees:	İbrahim Alpay DEMİRTAŞ and Hamit Sedat ERATALAR 1 (one) year Neither is a company shareholder or employee
Number of Board of Directors Meetings Attended, Board of Diractors Meetings held: Attended none.	Hamit Sedat Eratalar attended 11 ordinary Board of Directors meeting in addition to the extraordinary Board of Directors meetings. İbrahim Alpay Demirtaş Board of Auditors meetings were held four times.
The scope of the examiation performed on the partnership accounts, boks and records, the dates of such examinations and the conclusions drawn therefrom	The quarterly examinations performed on the company's statutory boks and records revealed that they were kept and maintained in an orderly and accurate manner.
The number of counts performed on the Treasury as required under Article 353, Paragraph 1, Subclause 3 of the Turkish Commercial Code and the results thereof	The Treasury was counted four times and it was noted that actual assets and the records were in coherence.
Dates of examinations performed pursuant To Article 353, Paragraph 1, Subclause 4 of the Turkish Commercial Code and the results thereof	The monthly examinations revealed that securities were complete and coherent with the boks and records.
Complaints filed in regards to irregularities and proceedings undertaken in respect thereof	There were no complaints filed in regards to irregularities.

We have examined the accounts and transcations of Turkcell İletişim Hizmetleri A.Ş. for the period 01.01.2006 - 31.12.2006 pursuant to Turkish Commercial Code, the Company's Articles of Association and other legislation and in accordance with the generally accepted Accounting principles and standards.

In our opinion the accompanying Balance Sheet as of December 31, 2006 reflects the actual financial position of Turkcell İletişim Hizmetleri A.Ş. where as the Income Statement for the 01.01.2006 - 31.12.2006 period fairly and accurately reflect operational results of the Company, and that the proposal for dividend distribution is in line with the pertinent law and the Company's Articles of Association.

We respectfully submit the Balance Sheet and Income Statement for approval and the release of Board of Directors.

Sincerely,

Auditor İBRAHİM ALPAY DEMİRTAŞ	**Auditor** HAMİT SEDAT ERATALAR

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Turkcell İletişim Hizmetleri A.Ş.
Turkcell Plaza Meşrutiyet Cad. No. 153 Tepebaşı, 34430 İstanbul
Tel: +90(212) 313 1000 **Faks**: +90(212) 313 1010 www.turkcell.com.tr