

TURKCELL ILETISIM HIZMETLERI A S
Form 6-K
May 15, 2008

FORM 6-K

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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

For the month of **May 2008**

Commission File Number **001-15092**

TURKCELL ILETISIM HIZMETLERI A.S.

(Translation of registrant's name into English)

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

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

Form 20-F: **Form 40-F:**

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

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

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

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

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

Yes: No:

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

EXHIBIT INDEX

- 1 Press Release dated May 7, 2008
- 2 Consolidated Financial Statements and Notes Thereto As at 31 March 2008

EXHIBIT 1

**TURKCELL ILETISIM HIZMETLERI A.S.
REPORTS RESULTS
FOR THE FIRST QUARTER OF 2008**

Continued top-line growth and strong profitability in a challenging operating environment

Istanbul, Turkey, May 7, 2008 Turkcell (NYSE:TKC, ISE:TCELL), the leading provider of mobile communications services in Turkey, today announced results for the first quarter ended March 31, 2008. All financial results in this press release are unaudited, prepared in accordance with International Financial Reporting Standards (IFRS) and expressed in US\$ unless otherwise stated.

First Quarter 2008 Results

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

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

Highlights for the First Quarter 2008

Revenue increased by 21.6% to US\$1,574.4 million compared to Q1 2007 (US\$1,294.8 million)

EBITDA* increased by 12.4% to US\$577.0 million compared to Q1 2007 (US\$513.3 million)

Net income increased by 78.9% to US\$486.8 million compared to Q1 2007 (US\$272.1 million)

Turkcell's subscriber base grew by 9% to 35.1 million compared to Q1 2007 (32.2 million) as of March 31, 2008, although it decreased slightly from Q4 2007

Blended minutes of usage per subscriber (MoU) increased by 17.2% to 73.6 minutes compared to Q1 2007 (62.8 minutes)

Blended average revenue per user (ARPU) increased by 9.1% to US\$13.2 compared to Q1 2007 (US\$ 12.1)

Astelit's revenues increased by 111% to US\$90.2 million compared to Q1 2007 (US\$42.8 million) and recorded positive EBITDA* for the third consecutive quarter

**EBITDA is a non-GAAP financial measure. See pages 12-13 for the reconciliation of EBITDA to net cash from operating activities.*

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

Comments from the CEO, Sureyya Ciliv

In the first quarter of 2008, our consolidated revenues increased by 21.6% to US\$1,574 million from the corresponding period last year, while EBITDA increased to \$577 million and net income grew to \$487million.

The political uncertainty in Turkey coupled with the global economic volatility and a drop in consumer confidence has started to create a more challenging operating environment for us.

Furthermore, regulatory developments in October 2007 in the retail pricing area, which were unusual in nature and specifically aimed at Turkcell, limited our marketing campaigns until the end of February 2008, leading to a negative impact on our operations. However, continued growth in usage, the growing postpaid subscriber base and the contribution of our corporate business in Turkey were the main drivers for top line growth.

In Ukraine, revenues of our subsidiary Astelit grew by 111% and we continued to gain market share, reaching 17.2%. Fintur operations grew 35.7% in the quarter compared to last year.

Our achievements despite a challenging operating environment are due to the focus, agility and strong execution of our employees and partners. 2008 will be a tougher year but we are well positioned and excited about winning against the competition, driving customer satisfaction and continuing to grow our business.

OVERVIEW OF THE QUARTER

The first quarter of 2008 has been a challenging period for us. The global macro economic environment combined with the economic and political developments in Turkey resulted in a further decline in the Turkish consumer confidence and all these factors combined to impact the market we operate in.

During the period, we have not been able to implement some of the commercial offers and actions that we had previously planned as a result of the Telecommunications Authority's (TA) decision with regard to the retail pricing area. We have been impacted by these regulatory developments since October 2007, and since then have made certain adjustments in our pricing structure and believe we are now in line with the TA's recent decisions. Despite the fact that uncertainties may still exist in our operating environment, since the end of February 2008 we believe we have regained our flexibility to an extent to introduce new campaigns and offers to be able to sustain our competitiveness going forward.

We believe the growth in the Turkish GSM market slowed down during the quarter due to the changing macro economic conditions. In light of the current trends, we expect the market growth this year to be at a slower pace than previously anticipated, and mobile line penetration should reach about 95% by the end of 2008. The pace of growth of our subscriber base may be at a slower rate compared to that of the market in 2008.

During the quarter, our competitors continued with their aggressive acquisition offers and community offers with a focus on the price perception of the subscribers, we continued to maintain our leading position in the market despite the increasing competition and regulatory pressure. We continued to underline our strong value propositions, in particular retained our premium and corporate customers, focused on growing our postpaid subscriber base, and further strengthened our sales channel. Our VAS revenues constituted 14% of our consolidated revenue in the first quarter of 2008 clearly underlining our technological leadership and our commitment to create best value added services for our individual and business customers.

Financial and Operational Review of First Quarter 2008

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

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

First Quarter 2008 Results

Macro environment Information

	Q1 2007	Q4 2007	Q1 2008	Q1 2008- Q1 2007 % Chg	Q1 2008- Q4 2007 % Chg
TRY / US\$ rate					
Closing Rate	1.3801	1.1647	1.2765	(7.5%)	9.6%
Average Rate	1.4024	1.1851	1.1898	(15.2%)	0.4%
INFLATION					
Consumer Price Index	2.4%	4.0%	3.1%	-	-

The Turkish financial markets have been negatively affected by the global economic concerns and rising local political tension during the last two quarters. The Turkish consumer confidence index further deteriorated during the period. Furthermore, the Central Bank of Turkey revised its 2008 YE inflation expectation upwards to 9.3%.

Our results of operations and business and financial performance are affected by the macro economic environment and its impact on Turkey along with developments in the political and regulatory environment. Although, we will carefully monitor the developments impacting our operating environment to strive for future growth of our business, we may not fully prevent potential negative impacts that may arise due to future macro economic, competitive or regulatory developments.

Financial Review**Profit & Loss Statement**

(million US\$)	Q1 2007	Q4 2007	Q1 2008	Q1 2008-Q1 2007 % Chg	Q1 2008-Q4 2007 % Chg
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Total revenue	1,294.8	1,807.6	1,574.4	21.6%	(12.9%)
Direct cost of revenue	(686.0)	(849.2)	(825.1)	20.3%	(2.8%)
Depreciation and amortization	(188.7)	(204.2)	(192.5)	2.0%	(5.7%)
Administrative expenses	(52.4)	(89.1)	(72.2)	37.8%	(19.0%)
Selling and marketing expenses	(231.7)	(328.0)	(292.7)	26.3%	(10.8%)
EBITDA	513.3	745.4	577.0	12.4%	(22.6%)
EBITDA Margin	40%	41%	37%	(3 p.p)	(4 p.p)
Net finance income / (expense)	25.6	(10.8)	209.4	718.0%	(2,038.9%)
Finance expense	(51.1)	(105.7)	(15.9)	(68.9%)	(85.0%)
Finance income	76.7	94.9	225.3	193.7%	137.4%
Share of profit of equity	17.7	21.5	19.9	12.4%	(7.4%)
accounted investees					
Income tax expense	(100.6)	(125.2)	(126.3)	25.6%	0.9%
Net income	272.1	403.2	486.8	78.9%	20.7%

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First Quarter 2008 Results

Revenue: In the first quarter of 2008 our revenues increased by 21.6% to US\$1,574.4 million compared to the same quarter of 2007 mainly due to a 15% appreciation of TRY against US\$, a 9% increase in our subscriber base, increase in usage, as well as the contribution of our consolidated subsidiaries.

Our consolidated revenues decreased by 12.9% in first quarter of 2008 compared to Q4 2007 mainly due to increased usage incentives introduced by the end of February 2008 and increased subscriptions to our incentivised tariff options implemented in Q4 2007. Additionally, the one time positive impact of the reversal of Avea invoices amounting to US\$46 million that was recorded in Q4 2007 had impacted us positively during the last quarter.

Direct cost of revenue: Our direct cost of revenues including depreciation and amortization increased by 20.3% to US\$825.1 million in the first quarter of 2008 compared to the same quarter of 2007 and the share of direct cost of revenues in total revenues slightly decreased to 52% from 53% a year ago. This was mainly due to lower depreciation and amortization expenses (2.4%), despite an increase in wages and salaries (1.5%) as a percent of revenues.

In the first quarter of 2008, direct cost of revenue including depreciation and amortization decreased by 2.8% compared to the fourth quarter of 2007. However, the share of direct cost of revenue in total revenues increased to 52% from 47% in the fourth quarter of 2007. This mainly resulted from a higher Treasury share expense in the first quarter of 2008 due to a one-time treasury share reduction in the fourth quarter of 2007, higher interconnect costs (1.4%), wages and salaries(0.9%), and higher depreciation and amortization expenses (0.9%) as a percent of revenues.

Selling and marketing expenses: Selling and marketing expenses in the first quarter of 2008 increased by 26.3% on an annual basis compared to the same quarter of 2007 to US\$292.7 million. This was mainly due to a 15% appreciation of TRY against US\$ and the increase in frequency usage fees due to higher prepaid subscriber base of 29.0 million as at the end of 2007 as opposed to 26.0 million as of end of 2006, as well as an increase in wages and salaries.

The proportion of selling and marketing expenses to revenue increased to 18.6% in the first quarter of 2008 from 17.9% in the first quarter of 2007.

Selling and marketing expenses decreased 10.8% in the first quarter of 2008 compared to the last quarter of 2007. This was mainly due to the slower campaign activities relative to Q4 2007 and decreasing selling expenses during the period. However, selling and marketing expenses as a percentage of revenues increased slightly from 18.1% to 18.6% due to slower revenue growth.

General and Administrative expenses: The year on year increase in general and administrative expenses was 37.8% in the first quarter of 2008 mainly due to an increase in wages and salaries as well as a 15% appreciation of TRY against US\$ on average.

The share of general and administrative expenses in total revenues increased to 4.6% in the first quarter of 2008 from 4.0% in the first quarter of 2007.

General and administrative expenses in the first quarter of 2008 decreased 19.0% compared to the fourth quarter of 2007. This was mainly due to a decrease in wages and salaries due to an increase in bonuses paid to employees in Q4 2007. General and administrative expenses as a percentage of revenues remained at similar levels of 5%.

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First Quarter 2008 Results

Share of profit of equity accounted investees: In the first quarter of 2008, our equity in net income of unconsolidated investees increased to US\$19.9 million compared to US\$17.7 million the first quarter of 2007 mainly due to continuing solid operations of Fintur.

Our 50% owned subsidiary A-Tel, impacted two items in our financial statements. A-Tel's revenue that is generated from Turkcell amounting to US\$11.0 million is netted from the selling and marketing expenses in our consolidated financial statements. The difference between the total net impact of A-Tel and the amount netted from selling and marketing expenses amounting to US\$ 8.9 million is recorded in the share of profit of equity accounted investees line of our financial statements.

Net finance income/(expense): Financial income increased to US\$225.3 million from US\$76.7 million compared to the same quarter of 2007. We recorded a translation gain of US\$125.8 million during the first quarter of 2008 as opposed to a translation loss of US\$37.6 million in the first quarter of 2007 mainly due to 9.6% depreciation of TRY closing rate against US\$ as we were in long position in hard currency. Our interest income also increased due to increase in our cash balance.

Overall, our net financing income increased to US\$209.4 million in the first quarter of 2008.

Income Tax Expense: The total taxation charge in the first quarter of 2008 increased by 25.6% year on year to US\$126.3 million mainly due to an increase in profit before tax.

Out of the total tax charge in Q1 of 2008, US\$146.9 million was related to current tax charges in the first quarter of 2008 and deferred tax income of US\$20.6 million was realized during the quarter.

In 2008, we are liable to pay 20% corporate tax and the payments will be made on quarterly basis.

Income tax expense

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(million US\$)	Q1 2007	Q4 2007	Q1 2008	Q1 2008-Q1	Q1 2008-Q4
				2007	2007
				% Chg	% Chg
Current Tax expense					
	(114.3)	(114.7)	(146.9)	28.5%	28.1%
Deferred Tax income /(expense)	13.7	(10.5)	20.6	50.4%	296.2%
Income Tax expense	(100.6)	(125.2)	(126.3)	25.6%	0.9%

EBITDA: EBITDA in the first quarter of 2008 increased 12.4% compared to first quarter of 2007. EBITDA margin decreased from 40% in the first quarter of 2007 to 37% in the first quarter of 2008 mainly due to an increase in our costs in line with our operational plans.

EBITDA in the first quarter of 2008 decreased 22.6% compared to the fourth quarter of 2007. EBITDA margin in first quarter of 2008 decreased to 37% from 41% in fourth quarter of 2007. This was mainly due to quarter on quarter decline in revenues as well as higher cost base as a percentage of revenue.

First Quarter 2008 Results

As a result of recent developments including the increasing political tension in Turkey, volatility of the Turkish economy and global macro concerns, combined with regulatory and competitive challenges in our market, which we had not fully anticipated before, we are revising our YE 2008 EBITDA guidance to be about 38% as opposed to suggested few percentage point lower forecast from YE 2007 margin.

Net income: We recorded 78.9% year on year growth in our net income during the first quarter of 2008, with a net income of US\$486.8 million, mainly due to an increase in translation gain. Net Income margin increased from 21.0% in Q1 2007 to 30.9% in first quarter of 2008.

The quarterly increase in net income of 20.8% in the first quarter of 2008 compared to the fourth quarter of 2007 was mainly due to an increase in translation gain despite an increasing cost base as a percentage of revenue. Net income margin increased from 22.3% in the last quarter of 2007 to 30.9% in first quarter of 2008.

Total Debt: Our consolidated debt amounted to US\$646.1 million as of March 31, 2008. Of this total amount, US\$532.9 million was related to our Ukraine operations.

Consolidated Cash Flow	Q1	Q4	Q1
(million US\$)	2007	2007	2008
EBITDA	513.3	745.4	577.0
LESS:			
Capex and License	(130.0)	(274.3)	(192.5)
Turkcell	(75.0)	(144.2)	(97.4)
Ukraine	(50.0)	(76.8)	(55.5)
Investment & Marketable Securities	17.2	-	(25.0)
Net Interest Income	63.3	67.2	83.6
Other	(141.7)	31.9	(456.5)
Net Change in Debt	(58.0)	10.6	7.5
Turkcell	(58.0)	-	-
Ukraine	-	-	-
Other	-	-	-