TURKCELL ILETISIM HIZMETLERI A S
Form 6-K
March 05, 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 **March 2008**

Commission File Number **001-15092**

TURKCELL ILETISIM HIZMETLERI A.S.

(Translation of registrant's name into English)

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

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

Form 20-F: ý Form 40-F: o

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

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

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

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

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

Yes: o **No:** ý

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

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

As at 31 December

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

	Note	2007	2006
Assets			
Property, plant and equipment	12	2,221,895	1,916,991
Intangible assets	13	1,375,403	1,234,668
Investments in equity accounted investees	14	664,385	523,840
Other investments	15	42,354	35,095
Due from related parties	32	68,871	72,506
Other non-current assets	16	44,171	121,465
Deferred tax assets	17	2,446	3,052
Total non-current assets		**4,419,525**	**3,907,617**
Inventories		23,424	11,018
Other investments	15	28,218	61,733
Due from related parties	32	52,482	66,101
Trade receivables and accrued income	18	558,563	318,973
Other current assets	19	291,534	125,653
Cash and cash equivalents	20	3,095,300	1,598,640
Total current assets		**4,049,521**	**2,182,118**
Total assets		**8,469,046**	**6,089,735**
Equity			
Share capital	21	1,636,204	1,636,204
Share premium	21	434	434
Reserves	21	931,913	(4,884)
Retained earnings	21	3,224,526	2,394,838
Total equity attributable to equity holders of the Company		**5,793,077**	**4,026,592**
Minority interest	**21**	**138,128**	**91,375**
Total equity		**5,931,205**	**4,117,967**
Liabilities			

Loans and borrowings	23	140,404	113,503
Employee benefits	24	27,229	17,648
Other non-current liabilities		-	8,683
Deferred tax liabilities	17	132,388	196,260
Total non-current liabilities		**300,021**	**336,094**
Bank overdraft	20	2,125	285
Loans and borrowings	23	619,555	526,083
Income taxes payable	11	443,194	309,470
Trade and other payables	27	759,019	579,421
Due to related parties	32	17,978	6,844
Deferred income	25	324,815	184,337
Provisions	26	71,134	29,234
Total current liabilities		**2,237,820**	**1,635,674**
Total liabilities		**2,537,841**	**1,971,768**
Total equity and liabilities		**8,469,046**	**6,089,735**

The notes on page 6 to 84 are an integral part of these consolidated financial statements

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TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December

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

	Note	**2007**	**2006**	**2005**
Revenue	8	6,328,580	4,700,307	4,527,980
Direct cost of revenue		(3,103,427)	(2,627,890)	(2,701,565)
Gross profit		**3,225,153**	**2,072,417**	**1,826,415**
Other income		7,799	8,050	15,403
Selling and marketing expenses		(1,138,154)	(827,516)	(700,501)

Administrative expenses		(252,841)	(154,917)	(154,035)
Other expenses		(22,423)	(6,467)	(4,901)
Results from operating activities		**1,819,534**	**1,091,567**	**982,381**
Finance income	10	308,368	184,015	167,472
Finance expenses	10	(551,142)	(108,038)	(191,199)
Net finance income/(expense)		**(242,774)**	**75,977**	**(23,727)**
Share of profit of equity accounted investees		64,906	78,616	68,234
Profit before gain on net monetary position		**1,641,666**	**1,246,160**	**1,026,888**
Gain on net monetary position, net		-	-	11,037
Profit before income tax		**1,641,666**	**1,246,160**	**1,037,925**
Income tax expense	11	(322,418)	(413,242)	(290,472)
Profit for the period		**1,319,248**	**832,918**	**747,453**
Attributable to:				
Equity holders of the Company		1,350,162	875,491	772,246
Minority interest		(30,914)	(42,573)	(24,793)
Profit for the period		**1,319,248**	**832,918**	**747,453**
Basic and diluted earnings per share (in full US Dollars)	22	0.613710	0.397951	0.351021

The notes on page 6 to 84 are an integral part of these consolidated financial statements

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TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF RECOGNIZED INCOME AND EXPENSE

For the year ended 31 December

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

	2007	**2006**	**2005**
Effect of indexation for hyperinflation	-	-	127,937
Foreign currency translation differences	811,302	(135,275)	(6,762)
Net change in fair value of available-for-sale financial assets	2,666	2,015	800
Income and expense recognized directly in equity	**813,968**	**(133,260)**	**121,975**

Profit for the period	1,319,248	832,918	747,453
Total recognized income for the period	**2,133,216**	**699,658**	**869,428**
Attributable to:			
Equity holders of the Company	2,178,398	741,400	894,221
Minority interest	(45,182)	(41,742)	(24,793)
Total recognized income for the period	**2,133,216**	**699,658**	**869,428**

The notes on page 6 to 84 are an integral part of these consolidated financial statements

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TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December

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

	2007	**2006**	**2005**
Cash flows from operating activities			
Profit for the period	**1,319,248**	**832,918**	**747,453**
Adjustments for:	**1,285,057**	**1,072,155**	**1,001,000**
Depreciation	532,915	498,533	530,329
Amortization of intangibles	260,062	231,480	220,038
Foreign exchange loss, net	242,657	41,288	16,889
Net finance income	(227,794)	(161,786)	(91,545)
Provision for doubtful receivables	20,495	55,190	69,344
Income tax expense	322,418	413,242	290,472
Share of profit of equity accounted investees	(111,254)	(94,021)	(68,234)
Loss/(Gain) on sale of property, plant and equipment	3,869	(1,279)	-
Effect of indexation for hyperinflation	-	-	(27,817)
Translation reserve	137,317	17,530	-
Net (gain)/loss on remeasurement of investments	(3,079)	(2,353)	800
Amortization of transaction costs of borrowings	5,100	7,996	-

Deferred income	102,351	66,335	60,724
	2,604,305	**1,905,073**	**1,748,453**
Change in trade receivables	(198,314)	(11,551)	(55,318)
Change in due from related parties	26,698	6,153	19,126
Change in inventories	(10,128)	(2,512)	3,822
Change in other current assets	15,448	(2,278)	227,284
Change in other non-current assets	(24,782)	(247)	(4,134)
Change in due to related parties	10,302	945	29
Change in trade and other payables	15,285	105,795	(692,067)
Change in other current liabilities	67,457	(37,823)	6,298
Change in other non-current liabilities	(9,029)	2,267	(476)
Change in employee benefits	5,931	1,801	3,726
Change in provisions	23,832	(2,261)	(1,588)
	2,527,005	**1,965,362**	**1,255,155**
Interest paid	(37,024)	(42,879)	(82,587)
Income tax paid	(347,202)	(67,592)	(99,921)
Dividend received	13,397	-	-
Net cash from operating activities	**2,156,176**	**1,854,891**	**1,072,647**
Cash flows from investing activities			
Proceeds from sale of property plant and equipment	7,657	3,609	-
Proceeds from currency option contracts	17,807	-	-
Proceeds from sale of available-for-sale financial assets	36,698	20,490	-
Proceeds from settlement of held-to-maturity investments	8,586	9,218	45,404
Interest received	250,423	161,536	80,236
Dividends received	18,756	21,558	-
Acquisition of property, plant and equipment	(564,859)	(370,377)	(644,087)
Acquisition of intangibles	(206,985)	(234,382)	(128,557)
Acquisition of minority interest	-	(17,591)	-
Payment of currency option contracts premium	(8,501)	-	-
Acquisition of equity accounted investees and other investments	-	(163,432)	-
Acquisition of available-for-sale financial assets	(119)	(56,718)	(12,148)
Acquisition of held-to-maturity investments	-	(6,407)	-
Net cash used in investing activities	**(440,537)**	**(632,496)**	**(659,152)**
Cash flows from financing activities			
Payment of transaction costs	(205)	(51,472)	-
Proceeds from issuance of loans and borrowings	498,666	772,434	354,849
Repayment of borrowings	(435,038)	(862,386)	(543,252)
Dividends paid	(457,625)	(342,166)	(182,176)
Change in minority interest	127,220	87,745	22,979
Reimbursement of borrowing costs	11,983	-	-
Net cash used in financing activities	**(254,999)**	**(395,845)**	**(347,600)**
Effects of foreign exchange rate fluctuations on balance sheet items	**276,837**	**4,940**	**(5,784)**
Net increase in cash and cash equivalents	**1,737,477**	**831,490**	**60,111**
Cash and cash equivalents at 1 January	**1,598,355**	**808,153**	**764,931**
Effect of exchange rate fluctuations on cash and cash equivalents	(242,657)	(41,288)	(16,889)
Cash and cash equivalents at 31 December	**3,093,175**	**1,598,355**	**808,153**

The notes on page 6 to 84 are an integral part of these consolidated financial statements

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TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December

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

Notes to the consolidated financial statements

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December

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

1. Reporting entity

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

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

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

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

The consolidated financial statements of the Company as at and for the year ended 31 December 2007 comprise the Company and its seventeen subsidiaries (together referred to as the "Group") and the Group's interest in one associate and one joint venture. The Company's and each of its subsidiaries', associate's and joint venture's financial statements are prepared as at and for the year ended 31 December 2007.

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2. Basis of preparation

(a) Statement of compliance

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

The Group's consolidated financial statements were approved by the Board of Directors on 27 February 2008.

(b) Basis of measurement

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

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 as issued by IASB are not required to be adjusted for hyperinflationary accounting.

(c) Functional and presentation currency

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

(d) Use of estimates and judgments

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

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2. Basis of preparation (continued)

(d) Use of estimates and judgments (continued)

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

Information about estimates, uncertainty and critical judgements about the contingencies are described in note 31 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 28, detailed analysis is provided for the foreign exchange exposure of the Company and risks in relation to foreign exchange movements.

Critical accounting judgments in applying the Company's accounting policies

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

Trade receivables and accrued income

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

Useful life of assets

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

Commission fees

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

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

3. Significant accounting policies

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

Certain comparative amounts have been reclassified to conform with the current year's presentation.

3. Significant accounting policies (continued)

(a) Basis of consolidation

(i) Subsidiaries

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

(ii) Acquisition from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are excluded from the scope of International Financial Reporting Standards No. 3 ("IFRS 3") "*Business Combinations*". The assets and liabilities acquired from entities under common control are recognised at the carrying amounts recognised previously in the Group's controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within the Group equity.

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

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity. Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. Associates and jointly controlled entities (equity accounted investees) are accounted for using the equity method and are initially recognised at cost. The Group's investment includes goodwill identified on acquisition, net of any accumulated impairment loss. The consolidated financial statements include the Group's share of the income and expenses and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee. The Group's equity accounted investees as at 31 December 2007 are Fintur Holdings BV ("Fintur") and A-Tel Pazarlama ve Servis Hizmetleri AS ("A-Tel").

(iv) Transactions eliminated on consolidation

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

3. Significant accounting policies (continued)

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Foreign currency differences arising on translation of foreign currency transactions are recognised in the income statement. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments, which are recognised directly in equity.

(ii) Foreign operations

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

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

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

(iii) Translation from functional to presentation currency

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

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

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

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

(iv) Net investment in foreign operations

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

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December

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

3. Significant accounting policies (continued)

c. Financial instruments

(i) Non-derivative financial instruments

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

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

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

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

- *Held-to-maturity investments*

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

- *Available-for-sale financial assets*

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

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

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

- *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.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December

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3. Significant accounting policies (continued)
c. Financial instruments (continued)
(ii) Derivative financial instruments (continued)
Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

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

(iii) Share capital
Ordinary shares

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

Repurchase of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, is net of any tax effects, and is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to/from retained earnings.

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

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

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

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

(ii) Subsequent costs

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

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TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

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3. Significant accounting policies (continued)

d. Property, plant and equipment (continued)

(iii) Depreciation

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

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

Buildings	25 – 50 years
Network infrastructure	3 – 8 years
Equipment, fixtures and fittings	4 – 5 years
Motor vehicles	4 – 5 years
Central betting terminals	1 – 5 years
Leasehold improvements	5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

During March 2007, Inteltek Internet Teknoloji Yatirim ve Danismanlik Ticaret AS (“Inteltek”) renewed its fixed odds betting contract reducing the period of the contract to March 2008 from September 2011, which resulted in change in expected usage of betting property, plant and equipment. As a result, expected useful lives of operational assets decreased. Effect of this change on depreciation expense recognized in direct cost of revenues in current and future periods is as follows:

	Year ended 31 December 2007	Year ended 31 December 2008
Increase/(decrease) in depreciation	10,068	(1,919)

(e) Intangible assets

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

(i) Subsequent expenditure

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

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TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

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3. Significant accounting policies (continued)

e. Intangible assets (continued)

(ii) Amortization

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

Computer software	3 – 8	years
GSM and other telecommunications license	3 – 25	years
Transmission lines	10	years
Central betting system operating right	1 – 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.

(g) Inventories

Inventories are measured at the lower of cost and net realizable value. Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses. The cost of inventory is determined using the weighted average method and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. As at 31 December 2007, inventories consist of sim-cards, scratch cards and handsets.

(h) Impairment

(i) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired.

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

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

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

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

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

3. Significant accounting policies (continued)

(h) Impairment (continued)

(ii) Non-financial assets

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

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

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

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

During the years ended 31 December 2007 and 2006, the Company have not identified any impairment indicators and accordingly consolidated financial statements for the years ended 31 December 2007 and 2006 do not include any adjustment in relation to impairment of long-lived assets.

(i) Employee benefits

(i) Retirement pay liability

In accordance with existing labor law in Turkey, the Company and its subsidiaries in Turkey are required to make lump-sum payments to employees who have completed one year of service and whose employment is terminated without cause or who retire, are called up for military service or die. Such payments are calculated on the basis of 30 days' pay maximum full TRY 2,030 as at 31 December 2007 (equivalent to full $1,743 as at 31 December 2007) (31 December 2006: full TRY 1,857 (equivalent to full $1,594 as at 31 December 2007)) per year of employment at the rate of pay applicable at the date of retirement or termination. Reserve for retirement pay is computed and reflected in the consolidated financial statements on a current basis. The reserve has been calculated by estimating the present value of future probable obligation of the Company and its subsidiaries in Turkey arising from the retirement of the employees. The calculation was based upon the retirement pay ceiling announced by the Government.

3. Significant accounting policies (continued)

(i) Employee benefits (continued)

(ii) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss when they are due. The Company initiated a defined contribution retirement plan for all eligible employees during 2005. Besides, during 2006, Inteltek and Bilyoner Interaktif Hizmetler AS ("Bilyoner"), during 2007 Kule Hizmet ve Isletmecilik AS ("TurkKule"), Turkcell Teknoloji Arastirma ve Gelistirme AS ("Turkcell Teknoloji") and Tellcom Iletisim Hizmetleri AS ("Tellcom"), other consolidated subsidiaries, initiated defined contribution plan for all eligible employees. The assets of the plan are held separately from the consolidated financial statements of the Group. The Company and other consolidated companies that initiated defined contribution retirement plan are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the companies with respect to the retirement plan is to make the specified contributions.

(j) Provisions

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

Onerous contracts

A provision for onerous contracts is recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognizes any impairment loss on the assets associated with that contract.

(k) Revenue

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

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

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

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3. Significant accounting policies (continued)
(k) Revenue (continued)
Commission fees mainly comprised of net takings earned to a maximum of 7% of gross takings, as a head agent of fixed odds betting games starting from 15 March 2007 and 4.3% commission recognized based on the para-mutual and fixed odds betting games operated on Central Betting System. Prior to 15 March 2007, under the former head agency agreement, head agency commission fees were earned to a maximum of 12% of gross takings. Commission revenues are recognized at the time all the services related with the games are fully rendered. Under the head agency agreement, Inteltek is obliged to undertake any excess payout, which is presented on net basis with the commission fees.

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

Sim-card sales are recognized upfront upon delivery to subscribers, net of returns, discounts and rebates. Sim-card costs are also recognized upfront upon sale of the sim-card to the subscriber.

Call center revenues are recognized at the time 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 as an integral part of the total lease expense, over the term of the lease.

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

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

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

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

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

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3. Significant accounting policies (continued)

(o) Income tax

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

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

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

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

(p) Earnings per share

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

(q) Segment reporting

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

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

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

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

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3. Significant accounting policies (continued)
(r) New standards and interpretations not yet adopted
A number of new standards, amendments to standards and interpretations are not yet effective at 31 December 2007, and have not been applied in preparing these consolidated financial statements:

- IFRS 8 *Operating Segments* introduces the "management approach" to segment reporting. IFRS 8, which becomes mandatory for the Group's 2009 consolidated financial statements, will require the disclosure of segment information based on the internal reports regularly reviewed by the Group's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to them. Currently the Group presents segment information in respect of its business and geographical segments (see note 6). It is not expected to have any impact on the consolidated financial statements.
- *IFRIC 11, IFRS 2 Group and Treasury Share Transactions* requires a share-based payment arrangement in which an entity receives goods or services as consideration for its own equity instruments to be accounted for as an equity-settled share-based payment transaction, regardless of how the equity instruments are obtained. IFRIC 11 will become mandatory for the Group's 2008 consolidated financial statements, with retrospective application required. It is not expected to have any impact on the consolidated financial statements.
- *Revised IAS 23 Borrowing Costs* removes the option to expense borrowing costs and requires that an entity capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as a part of the cost of that asset. The revised IAS 23 will become mandatory for the Group's 2009 consolidated financial statements and will not constitute a change in accounting policy for the Group.
- *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. At present, the Group provides telecommunications services which it recognizes property, plant and equipment and depreciates on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The Group is evaluating the potential effects on its consolidated financial statements.
- *IFRIC 13 Customer Loyalty Programmes* addresses the accounting by entities that operate, or otherwise participate in, customer loyalty programmes for their customers. It relates to customer loyalty programmes under which the customer can redeem credits for awards such as free or discounted goods or services. IFRIC 13, which becomes mandatory for the Group's 2009 consolidated financial statements, is not expected to have any impact on the consolidated financial statements.
- *Revised IAS 1 Presentation of Financial Statements* does not change the recognition measurement or disclosure of transactions and events that are required by other IFRSs. The revised standard introduces as a financial statement the "statement of comprehensive income". The revised standard is effective for annual financial periods beginning on or after 1 January 2009, with early adoption permitted.
- *IFRIC 14 IAS 19 –The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* clarifies when refunds or reductions in future contributions in relation to defined benefit assets should be regarded as available and provides guidance on the impact of minimum funding requirements on such assets. It also addresses when a minimum funding requirement might give rise to a liability. IFRIC 14 is effective for annual periods beginning on or after 1 January 2008, and is

not expected to have any impact on the consolidated financial statements of the Group.

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TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

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3. Significant accounting policies (continued)
(r) New standards and interpretations not yet adopted (continued)

- *Revised IFRS 3 Business Combinations* made changes to the scope of IFRS 3, revised the definition of business, made some revisions at recognition principles of acquired assets and enhanced the disclosure requirements. The revised standard is effective for annual financial periods beginning on or after 1 July 2009, with early adoption permitted for annual periods beginning on or after 30 June 2007 providing that the entity also applies IAS 27 in the same period.
- *Revised IAS 27 Consolidated and Separate Financial Statements* mainly changes the accounting for non-controlling interest and the loss of control of a subsidiary. The revised standard is effective for annual financial periods beginning on or after 1 July 2009, with early adoption permitted providing that the entity also applies IAS 27 in the same period.
- *Amendments to IFRS 2 Share-based Payment – Vesting Conditions and Cancellations* clarifies the definition of vesting conditions, introduces the concept of "nonvesting conditions", requires non-vesting conditions to be reflected in grant date fair value and provides the accounting treatment for non-vesting conditions and cancellations. The amendments to IFRS 2 is effective for annual periods beginning on or after 1 January 2009, with early adoption permitted and is not expected to have any effect on the consolidated financial statements.
- *Amendments to "IAS 32 Financial Instruments:Presentation and IAS 1 Presentation of Fianacial Statemnets-Puttable Financial Instruments and Obligations Arising on Liquidation"* improve the accounting for particular types of financial instruments that have characteristics similar to ordinary shares but are at present classified as financial liabilities. The amendments will apply for annual periods beginning on or after 1 January 2009, with earlier application is permitted and is not expected to have any effect on the consolidated financial statements.

4. Determination of fair values

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

(i) Property, plant and equipment

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

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

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

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4. Determination of fair values (continued)
(iv) 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.

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

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

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

- Credit risks
- Liquidity risks
- Market risk

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

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

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

Credit risk

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

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

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

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

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.

The Group establishes an allowance for doubtful receivables that represents its estimate of incurred losses in respect of receivables from subscribers. This allowance includes the specific loss component that relates to individual subscribers exposures, and adjusted for a general provision which is determined based on historical data of payment statistics. Impairment loss as a percentage of revenues represented 0.6% of revenues for the year ended 31 December 2007. If impairment loss as a percentage of revenues increased to 1.5% of revenues, the impairment loss would have been increased by $59,787, negatively impacting profit for the year ended 31 December 2007.

Liquidity risk

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

Market risk

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

Currency risk

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

Derivative financial instruments such as forward contracts and options are used to hedge exposure to fluctuations in foreign exchange rates. The Group uses forward exchange contracts to hedge its currency risk. When necessary, forward exchange contracts are rolled over at maturity.

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

The Group has not entered into any type of derivative instrument in order to hedge foreign currency risk as at 31 December 2007.

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5. Financial risk management (continued)
Interest rate risk

The Group has not entered into any type of derivative instrument in order to hedge interest rate risk as at 31 December 2007.

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

6. Segment reporting
Geographical segments:

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

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

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

Business segments:

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

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

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6. Segment reporting (continued)

	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
Inter-segment 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			1,220	1,874	1,089,984	971,879
Unallocated income/(expense), net											1,583	10,502
Results from operating activities											1,091,567	982,381
Net finance costs											75,977	(23,727)
Share of profit/(loss) 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

	Turkey		**Ukraine**		**Turkish Republic of Northern Cyprus**		**Other**		**Eliminations**		**Consolidated**	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Total external revenues	5,991,916	4,544,493	252,821	87,949	83,843	67,865	-	-	-	-	6,328,580	4,700,307
Inter-segment revenue	5,275	1,251	1,230	-	5,995	5,384	-	-	(12,500)	(6,635)	-	-
Total segment revenue	5,997,191	4,545,744	254,051	87,949	89,838	73,249	-	-	(12,500)	(6,635)	6,328,580	4,700,307
Segment result	1,928,611	1,236,455	(108,042)	(154,934)	13,631	7,243	(90)		48	1,220	1,834,158	1,089,984
Unallocated income/(expense), net											(14,624)	1,583
Results from operating activities											1,819,534	1,091,567
Net finance costs											(242,774)	75,977
Share of profit/(loss) of equity accounted investees	(44,045)	(2,668)					108,951	81,284			64,906	78,616
Income tax expense											(322,418)	(413,242)
Profit for the period											1,319,248	832,918

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6. Segment reporting (continued)

	Turkey		**Ukraine**		**Turkish Republic of Northern Cyprus**		**Other**		**Consolidated**	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Segment assets	3,730,627	3,153,847	708,005	572,210	70,570	35,529	125,066	-	4,634,268	3,761,586
Investment in equity accounted investees	149,306	147,568	-	-	-	-	515,079	376,272	664,385	523,840
Unallocated assets									3,170,393	1,804,309
Total assets	3,879,933	3,301,415	708,005	572,210	70,570	35,529	640,145	376,272	8,469,046	6,089,735
Segment liabilities	1,096,780	736,665	91,561	76,563	12,694	12,939	48	-	1,201,083	826,167
Unallocated liabilities									1,336,758	1,145,601
Total liabilities									2,537,841	1,971,768
Capital expenditure	540,249	391,731	205,963	200,237	36,901	12,791	-	-	783,113	604,759
Depreciation	474,745	452,708	52,452	40,085	5,718	5,740	-	-	532,915	498,533
Amortization of intangible assets	225,570	198,293	32,189	32,259	2,303	928	-	-	260,062	231,480

	Turkey		**Ukraine**		**Turkish Republic of Northern Cyprus**		**Other**		**Consolidated**	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
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
Amortization of intangible assets	198,293	204,033	32,259	15,313	928	692	-	-	231,480	220,038

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6. Segment reporting (continued)

	Telecommunications		Betting		Other operations		Consolidated	
	2006	2005	2006	2005	2006	2005	2006	2005
Total external revenue	4,517,011	4,402,905	172,372	112,495	10,924	12,580	4,700,307	4,527,980
Capital expenditure	594,524	749,490	3,300	4,537	6,935	18,617	604,759	772,644

	Telecommunications		Betting		Other operations		Consolidated	
	2007	2006	2007	2006	2007	2006	2007	2006
Total external revenue	6,130,425	4,517,011	181,296	172,372	16,859	10,924	6,328,580	4,700,307
Capital expenditure	759,390	594,524	1,354	3,300	22,369	6,935	783,113	604,759

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7. 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 $150,000 as at 9 August 2006, acquisition date). A-Tel is accounted for under equity method and results of the operations for the year ended 31 December 2007 are included in the accompanying consolidated financial statements using ownership rate of 50% as at and for the year ended 31 December 2007.

In the five months ended 31 December 2006, A-Tel contributed profit of $12,273. If the acquisition had occurred on 1 January 2006, management estimates that consolidated profit for the year ended 31 December 2006 would have been increased by $15,834. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition occurred on 1 January 2006.

On the acquisition of A-Tel shares, the Group's interest in the net fair value of the identifiable assets and liabilities exceeded the cost of the acquisition by $7,848. The Group reassessed the measurement of the acquired assets and liabilities and reduced acquired intangible assets by $7,848.

The carrying amount and fair values of the acquired assets and liabilities at the date of acquisition are given below:

	Pre-acquisition carrying amounts	**Fair value adjustments**	**Recognized values on acquisition**
Property, plant and equipment	73	-	73
Intangible assets	-	250,926	250,926
Deferred tax assets/(liabilities)	92	(53,324)	(53,232)
Due from related parties	10,948	-	10,948
Trade and other receivables	3,187	-	3,187
Inventory	27	-	27
Other current asset	224	-	224
Other investments, including derivatives	1,855	-	1,855
Cash and cash equivalents	96,803	-	96,803
Employee benefits	(221)	-	(221)
Trade and other payables	(1,501)	-	(1,501)
Income taxes payable	(1,809)	-	(1,809)
Due to related parties	(7,280)	-	(7,280)
Net identifiable assets and liabilities	102,398	197,602	300,000
Percentage of acquired shares			50%
Net acquired assets and liabilities			150,000

Pre-acquisition carrying amounts were determined based on applicable IFRSs immediately before the acquisition. The values of assets and liabilities recognized on acquisition are their estimated fair values (see note 4 for methods used in determining fair values).

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7. **Acquisitions of joint ventures and minority interests (continued)**
Business combination (continued)

During February 2007 and 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 37,448 (equivalent to $32,152 as at 31 December 2007) and TRY 30,300 (equivalent to $26,015 as at 31 December 2007) as at 31 December 2007 and 2006, respectively. On 9 March 2007 and 16 October 2006, such dividends are collected by the Company.

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 sim-card subsidies for the sale of Muhabbet Kart. In addition to the sales of sim-cards 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% share in A-Tel, management believes that the Company is better positioned in the changing competitive environment and achieves 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").

Acquisition of minority interests

In January, March, May, July and September 2007, the Company made contribution to capital increase of Euroasia for $27,500 each. As Eurocorp did not participate in these capital increases, ownership of the Company increased from 54.8% to 55.0%. The Group recognised a decrease in minority interests of $751.

8. Revenue

	2007	**2006**	**2005**
Communication fees	5,976,890	4,406,680	4,295,866
Commission fees on betting business	181,296	172,372	112,495
Monthly fixed fees	54,816	57,599	54,946
Sim-card sales	20,767	20,960	50,327
Call center revenues	12,925	10,237	10,122
Other revenues	81,886	32,459	4,224
	6,328,580	4,700,307	4,527,980

9. Personnel Expenses

	2007	**2006**	**2005**
Wages and salaries (*)	385,192	262,198	230,312
Increase in liability for long-service leave	8,487	5,736	5,444
Contributions to defined contribution plans	1,253	1,014	827
	394,932	268,948	236,583

* Wages and salaries include compulsory social security contributions.

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10. Finance income and expenses

Recognised in profit or loss:

	2007	**2006**	**2005**
Interest income on bank deposits	241,055	133,640	116,987
Late payment interest income	37,188	29,391	32,677
Premium income on option contracts	17,807	11,708	-
Interest income on unimpaired held-to-maturity investments	890	1,219	9,911
Net gain on disposal of available-for-sale financial assets transferred from equity	1,673	1,445	-
Interest income on available-for-sale financial assets	303	794	521
Other interest income	9,452	5,818	7,376
Finance income	308,368	184,015	167,472
Discount interest expense on financial liabilities measured at amortised cost	(42,137)	(61,512)	(80,939)
Net foreign exchange loss	(460,754)	(41,288)	(16,889)
Debt extinguishment cost	(17,549)	-	-

Option premium expense	(8,501)	-	-
Interest expense resulting from litigations	(15,602)	(2,516)	(86,682)
Other	(6,599)	(2,722)	(6,689)
Finance expenses	(551,142)	(108,038)	(191,199)
Net finance income/(expense)	(242,774)	75,977	(23,727)

Late payment interest income is interest received from subscribers who pay monthly invoices after due date specified on the invoices.

Debt extinguishment cost consists of the difference between the net present value and the face value of the long term syndicated loan on the date of payment.

Interest expense on borrowings capitalized on fixed assets amounts to $11,268, $7,089 and $506 for the year ended 31 December 2007, 2006 and 2005, respectively.

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11. Income tax expense

	2007	2006	2005
Current tax expense			
Current period	(412,521)	(310,665)	(69,751)
	(412,521)	(310,665)	(69,751)
Deferred tax benefit/(expense)			
Origination and reversal of temporary differences	56,769	14,036	(284,335)
Benefit of investment incentive recognized	31,369	29,959	60,646

Utilisation of previously unrecognised tax losses	1,965	6,237	2,968
Reduction in tax rate	-	(152,809)	-
	90,103	(102,577)	(220,721)
Total income tax expense	(322,418)	(413,242)	(290,472)

Income tax recognized directly in equity is amounting to $755, $656 and $231 for the year ended 31 December 2007, 2006 and 2005, respectively.

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11. Income tax expense (continued)
Reconciliation of effective tax rate

The reported income tax expense for the year ended 31 December 2007, 2006 and 2005 are different than the amounts computed by applying the statutory tax rate to profit before income tax of the Company, as shown in the following reconciliation:

		2007		**2006**		**2005**
Profit for the period		1,319,248		832,918		747,453
Total income tax expense		322,418		413,242		290,472
Profit excluding income tax		1,641,666		1,246,160		1,037,925
Income tax using the Company's domestic tax rate	20%	(328,333)	20%	(249,232)	30%	(311,378)
Effect of tax rates in foreign jurisdictions	-	7,960	(1)%	8,954	-	(4,495)
Tax exempt income	(1)%	9,724	(1)%	7,703	(1)%	12,502
Non deductible expenses	2%	(25,118)	1%	(13,452)	5%	(48,113)
Tax incentives	(2)%	31,369	(2)%	29,959	(6)%	60,646
Change in tax rate	-	-	12%	(152,809)	-	-
Recognition of previously unrecognized tax losses	-	1,965	(1)%	6,237	-	2,968
Unrecognized deferred tax assets	2%	(28,319)	3%	(37,120)	1%	(7,922)
Deferred taxes on undistributed earnings of subsidiary	-	-	1%	(15,109)	-	-
Other	(1%)	8,334	-	1,627	(1)%	5,320
Total income tax expense	20%	(322,418)	33%	(413,242)	28%	(290,472)

The income taxes payable of $443,194 and $309,470 as at 31 December 2007 and 2006, respectively, represents the amount of income taxes payable in respect of related taxable profit for the year ended 31 December 2007 and 2006.

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 used 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.

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12. Property, plant and equipment

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	344,185	-	(443,022)	(19,343)	267,187
Total	**5,304,975**	**370,377**	**(4,812)**	**-**	**(230,722)**	**5,439,818**
Accumulated Depreciation						
Network infrastructure (All Operational)	2,714,156	465,549	(1,261)	-	(115,296)	3,063,148
Land and buildings	59,342	10,615	-	-	(2,514)	67,443
Equipment, fixtures and fittings	248,763	16,649	(1,228)	-	(10,918)	253,266

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**	**(128,156)**	**(1,676)**	**-**	**(95,887)**	**1,916,991**

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12. Property, plant and equipment (continued)

Cost or deemed cost	**Balance at 1 January 2007**	**Additions**	**Disposals**	**Transfers**	**Effect of movements in exchange rates**	**Balance at 31 December 2007**
Network infrastructure (All Operational)	4,476,792	77,393	(394,103)	460,982	862,675	5,483,739
Land and buildings	253,708	29,474	(124)	-	45,214	328,272
Equipment, fixtures and fittings	292,483	14,870	(8,609)	2,651	55,903	357,298
Motor vehicles	17,818	819	(5,033)	-	3,648	17,252
Leasehold improvements	131,830	1,304	(188)	-	21,016	153,962
Construction in progress	267,187	452,268	-	(463,633)	52,947	308,769
Total	**5,439,818**	**576,128**	**(408,057)**	**-**	**1,041,403**	**6,649,292**
Accumulated Depreciation						
Network infrastructure (All Operational)	3,063,148	501,390	(385,685)	-	663,137	3,841,990
Land and buildings	67,443	11,785	(42)	-	14,842	94,028
Equipment, fixtures and fittings	253,266	17,747	(8,522)	-	64,223	326,714
Motor vehicles	15,601	1,286	(4,866)	-	3,377	15,398
Leasehold improvements	123,369	707	(122)	-	25,313	149,267
Total	**3,522,827**	**532,915**	**(399,237)**	**-**	**770,892**	**4,427,397**
Total property, plant and equipment	**1,916,991**	**43,213**	**(8,820)**	**-**	**270,511**	**2,221,895**

Depreciation expenses for the year ended 31 December 2007, 2006 and 2005 are $532,915, $498,533 and $530,329, respectively

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12. Property, plant and equipment (continued)
Leased assets

The Group leases equipments under a number of finance lease agreements. As at the end of each of the lease period, the Group has the option to purchase the equipment at a beneficial price. At 31 December 2007, net carrying amount of fixed assets acquired under finance leases amounted to $95,751 (31 December 2006: $92,956).

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 2007 and 2006.

As at 31 December 2007, a mortgage is placed on Izmir and Davutpasa buildings amounting to $1,288 and $429, respectively (31 December 2006: $1,067 and $356, respectively).

13. 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 $602,070 as at 31 December 2007 (31 December 2006: $531,598). The amortization period of the licence will end in 2023.

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	-	219,293		(171,114)	(614)	47,565
Total	**2,431,968**	**234,382**	**(902)**	**-**	**(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	(34)	-	(707)	18,986

Central Betting System Operating Right	2,146	1,038	(393)	-	(80)	2,711
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**	**2,902**	**(405)**	**-**	**(65,884)**	**1,234,668**

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13. **Intangible assets (continued)**

Cost	**Balance at 1 January 2007**	**Additions**	**Disposals**	**Transfers**	**Effects of movements in exchange rates**	**Balance at 31 December 2007**
GSM and other telecommunication operating licences	902,427	29,972	-	16,636	168,520	1,117,555
Computer Software	1,565,334	13,391	(3,472)	188,137	309,381	2,072,771
Transmission Lines	31,286	1,917	-	-	6,471	39,674
Central Betting System Operating Right	4,038	55	-	-	835	4,928
Customer Base	1,255	-	-	-	260	1,515
Other	84	245	-	20	(254)	95
Construction in progress	47,565	161,405	-	(204,793)	-	4,177
Total	**2,551,989**	**206,985**	**(3,472)**	**-**	**485,213**	**3,240,715**
Accumulated Amortization						
GSM and other telecommunication operating licences	327,829	50,341	-	-	63,411	441,581
Computer Software	966,513	205,052	(766)	-	219,992	1,390,791
Transmission Lines	18,986	3,467	-	-	4,332	26,785
Central Betting System Operating Right	2,711	1,173	-	-	692	4,576
Customer Base	1,255	-	-	-	260	1,515
Other	27	29	-	-	8	64
Total	**1,317,321**	**260,062**	**(766)**	**-**	**288,695**	**1,865,312**

Total intangible assets	**1,234,668**	**(53,077)**	**(2,706)**	**-**	**196,518**	**1,375,403**

Amortization expenses for the year ended 31 December 2007, 2006 and 2005 are $260,062, $231,480 and $220,038, respectively.

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14. Equity accounted investees

The Group's share of profit in its equity accounted investees for the year ended 31 December 2007, 2006 and 2005 are $64,906, $78,616 and $68,234, respectively. 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
31 December 2007							