

PETROL OFİSİ A.Ş.

CONSOLIDATED FINANCIAL STATEMENTS
AND DISCLOSURES
AS OF 31 MARCH 2007

(Translated into English from
the Original Turkish Report)

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PETROL OFİSİ A.Ş.**CONSOLIDATED BALANCE SHEETS AS OF
31 MARCH 2007 AND 31 DECEMBER 2006**

(Amounts are expressed as New Turkish Lira (TRY) unless otherwise stated)

	Footnote References	Current Period (unaudited) 31 March 2007	Prior Period (audited) 31 December 2006
ASSETS			
Current Assets		2.200.981.665	2.842.565.670
Cash and Cash Equivalents	4	443.256.704	647.146.167
Marketable Securities (net)	5	-	-
Trade Receivables (net)	7	1.037.566.019	1.284.150.267
Finance Lease Receivables (net)	8	-	-
Due from Related Parties (net)	9	314.732	1.337.417
Other Receivables (net)	10	43.976.071	74.406.508
Biological Assets (net)	11	-	-
Inventories (net)	12	625.478.893	791.945.443
Receivables From On Going Construction Contracts (net)	13	-	-
Deferred Tax Assets	14	-	-
Other Current Assets	15	50.389.246	43.579.868
Long Term Assets		3.244.339.650	3.186.254.068
Trade Receivables (net)	7	7.903.002	7.733.272
Finance Lease Receivables (net)	8	-	-
Due from Related Parties (net)	9	-	-
Other Receivables (net)	10	-	-
Financial Assets (net)	16	135.892	135.892
Negative/Positive Goodwill (net)	17	2.230.454.638	2.230.454.638
Investment Property (net)	18	-	-
Property, plant and equipment (net)	19	981.873.407	933.112.926
Intangible Assets (net)	20	4.695.870	4.919.272
Deferred Tax Assets	14	392.274	246.384
Other Long Term Assets	15	18.884.567	9.651.684
TOTAL ASSETS		5.445.321.315	6.028.819.738

The consolidated financial statements prepared as of and for the period ended 31 March 2007 have been approved by the Board of Directors on 14 May 2007.

Gerhard Roiss
Vice President of Board of Directors

A.Vural Akışık
President of Board of Directors

The accompanying notes form an integral part of these consolidated financial statements.

PETROL OFİSİ A.Ş.

**CONSOLIDATED BALANCE SHEETS AS OF
31 MARCH 2007 AND 31 DECEMBER 2006**

(Amounts are expressed as New Turkish Lira (TRY) unless otherwise stated)

	Footnote References	Current Period (unaudited) 31 March 2007	Prior Period (audited) 31 December 2006
LIABILITIES			
Short Term Liabilities		1.938.411.100	2.235.490.471
Short Term Borrowings (net)	6	50.964.968	144.214.989
Short Term Portions of Long Term Borrowings (net)	6	109.949.887	111.645.163
Finance Lease Payables (net)	8	6.027.202	5.910.756
Other Financial Liabilities (net)	10	-	-
Trade Payables (net)	7	1.050.087.331	1.442.230.653
Due to Related Parties (net)	9	1.781.001	9.549.421
Advances Received	21	-	-
Ongoing Construction Progress Payments (net)	13	-	-
Provisions	23	330.673.197	81.985.143
Deferred Tax Liabilities	14	-	-
Other Liabilities (net)	10	388.927.514	439.954.346
Long Term Liabilities		1.385.507.097	1.446.788.769
Long Term Borrowings (net)	6	653.276.776	680.529.827
Finance Lease Payables (net)	8	20.736.717	20.977.206
Other Financial Liabilities (net)	10	-	-
Trade Payables (Net)	7	649.233.675	674.008.866
Due to Related Parties (net)	9	-	-
Advances Received	21	165.675	63.025
Provisions	23	9.654.142	8.980.650
Deferred Tax Liabilities	14	52.418.289	56.467.318
Other Liabilities (net)	10	21.823	5.761.877
MINORITY INTEREST	24	4.039.977	4.086.562
SHAREHOLDERS' EQUITY		2.117.363.141	2.342.453.936
Capital	25	417.450.000	417.450.000
Adjustment to share capital	25	-	-
Capital Reserves	26	1.242.847.720	1.242.847.720
Additional Paid in Capital		247.461.598	247.461.598
Premium in Excess of Par		-	-
Gain on cancellation of equity shares		-	-
Revaluation Fund		-	-
Revaluation Fund on Financial Assets		-	-
Inflation Adjustment of Shareholders' Equity Items		995.386.122	995.386.122
Profit Reserves	27	48.588.099	49.569.471
Legal Reserves		50.772.707	50.772.707
Statutory Reserves		-	-
Extraordinary Reserves		2.827.642	2.827.642
Special Reserves		2.976.458	2.976.458
Gain on sale of immobile and equity participations' shares which will be transferred to capital		-	-
Currency Translation Reserve		(7.988.708)	(7.007.336)
Net Profit for the Period		(224.109.423)	230.115.954
Retained Earnings	28	632.586.745	402.470.791
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		5.445.321.315	6.028.819.738

The accompanying notes form an integral part of these consolidated financial statements.

PETROL OFİSİ A.Ş.**CONSOLIDATED STATEMENTS OF INCOME
FOR THE THREE MONTHS INTERIM PERIODS ENDED 31 MARCH 2007 AND
31 MARCH 2006**

(Amounts are expressed as New Trukish Lira (TRY) unless otherwise stated)

	Footnote References	Current Period (unaudited) 1 January – 31 March 2007	Prior Period (unaudited) 1 January – 31 March 2006
OPERATING INCOME			
Sales Revenue (net)	36	2.652.646.393	2.641.639.021
Cost of Sales (-)	36	(2.516.493.985)	(2.488.130.537)
Other Operating income / interest + dividend+ rent (net)		19.379.755	7.504.605
GROSS PROFIT / LOSS		155.532.163	161.013.089
Operating Expenses (-)	37	(86.097.846)	(90.529.365)
OPERATING PROFIT / LOSS		69.434.317	70.483.724
Other Income and Profit	38	129.416.072	69.001.112
Other Expense and Losses (-)	38	(368.832.189)	(54.498.215)
Finance Expense (-)	39	(43.774.785)	(28.720.501)
PROFIT BEFORE MONETARY GAIN/ LOSS AND TAXATION		(213.756.585)	56.266.120
Net Monetary Gain/Loss	40		
MINORITY INTEREST		46.585	(125.127)
PROFIT / LOSS BEFORE TAXATION		(213.710.000)	56.140.993
Taxation	41	(10.399.423)	(10.150.250)
NET PROFIT / LOSS FOR THE PERIOD		(224.109.423)	45.990.743
EARNINGS PER SHARE		(0,537)	0,110

The accompanying notes form an integral part of these consolidated financial statements.

PETROL OFİSİ A.Ş.**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE THREE MONTHS INTERIM PERIODS ENDED 31 MARCH 2007 AND 2006**

(Amounts are expressed as New Turkish Lira (TRY) unless otherwise stated)

	Capital	Additional Paid- in Capital	Adjustment to Capital	Legal Reserves	Extraordinary Reserves	Special Reserves	Currency Translation Reserve	Retained Earnings	Period Profit/Loss (Net)	Total Shareholders' Equity
1 January 2006 (as restated)	417.450.000	247.461.598	995.386.122	35.732.137	2.827.642	2.976.458	(7.360.293)	268.846.868	216.032.574	2.179.353.106
Transfers from retained earnings	-	-	-	-	-	-	-	216.032.574	(216.032.574)	-
Transfers from period profit										
Change in translation reserve	-	-	-	-	-	-	163.417	-	-	163.417
Dividend paid										
Net income for the period	-	-	-	-	-	-	-	-	45.990.743	45.990.743
31 March 2006	417.450.000	247.461.598	995.386.122	35.732.137	2.827.642	2.976.458	(7.196.876)	484.879.442	45.990.743	2.225.507.266
1 January 2007	417.450.000	247.461.598	995.386.122	50.772.707	2.827.642	2.976.458	(7.007.336)	402.470.791	230.115.954	2.342.453.936
Transfers from retained earnings	-	-	-	-	-	-	-	230.115.954	(230.115.954)	-
Transfers from period profit										
Change in translation reserve	-	-	-	-	-	-	(981.372)	-	-	(981.372)
Dividend paid										
Net income for the period	-	-	-	-	-	-	-	-	(224.109.423)	(224.109.423)
31 March 2007	417.450.000	247.461.598	995.386.122	50.772.707	2.827.642	2.976.458	(7.988.708)	632.586.745	(224.109.423)	2.117.363.141

The accompanying notes form an integral part of these consolidated financial statements.

PETROL OFİSİ A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIODS ENDED 31 MARCH 2007 AND 31 MARCH 2006**

(Amounts are expressed as New Turkish Lira (TRY) unless otherwise stated)

Cash Flows From Operating Activities	Note	31 March 2007	31 March 2006
Income before taxation on income and minority interests		(213.756.585)	56.266.120
Adjustments to reconcile net income /(loss) to net cash from/ (used in) operating activities (net of inflation effect):			
Amortization and depreciation	19, 20	26.576.948	23.935.982
Increase in retirement pay provision	23	782.485	259.088
Increase in tax penalty provision	23	275.316.000	-
Interest expense – net		15.201.510	22.349.952
Gain / (Loss) on the sale of property, plant and equipment		602.912	(11.741.691)
Doubtful receivable provision – net	7	25.771.873	2.219.859
Deferred finance (income)/ expense		(2.704.550)	13.638.305
Provision for litigation		5.047.259	-
Accrued foreign exchange loss on Letter of Credits and bank loans		(12.794.794)	(1.118.236)
Net cash before changes in operating assets and liabilities		120.043.058	105.809.379
Decrease/(increase) in trade receivables		223.347.195	(102.022.156)
Decrease/(increase) in due from related parties	9	1.022.685	3.650.619
Decrease/(increase) in inventories	12	166.466.550	56.820.284
Decrease/(increase) in other current assets		23.621.059	4.972.497
Decrease/(increase) in other long-term assets		(9.232.883)	-
(Decrease)/increase in trade payables		(99.941.846)	(22.547.669)
(Decrease)/increase in due to related parties	9	(7.768.420)	-
(Decrease)/increase in other short-term borrowings		(97.114.020)	30.415.259
(Decrease)/increase in other long-term borrowings		(5.637.404)	-
Retirement pay provision paid	23	(108.993)	(637.769)
Taxes and dues paid		(182.359)	(2.356.975)
Cash provided by operating activities		314.514.622	74.103.469
Investing activities			
Purchase of property, plant and equipment and intangible assets	19, 20	(75.275.001)	(43.194.359)
Proceeds from sale of property, plant and equipment		1.128.753	30.533.311
Cash flow from available for sale financial assets			
Net cash used in investing activities		(74.146.248)	(12.661.048)
Financing activities			
Borrowing repayments		(225.895.632)	(444.354.630)
Borrowing redemptions		113.258.622	363.677.845
Letter of credits paid in trade payables		(304.181.874)	(110.228.796)
Letter of credits received in trade payables		-	106.693.901
Leasing repayments		(1.694.734)	(954.687)
Dividends paid		-	-
Dividends paid to minority interest		-	-
Received/ (paid) interest-net		(25.152.663)	(31.202.907)
Share of minority interest from capital increases		-	-
Net cash used in financing activities		(443.666.281)	(116.369.274)
Currency Translation Differences		(981.372)	163.417
Net (decrease)/increase in cash and cash equivalents		(204.279.279)	(54.763.436)
Cash and cash equivalents at the beginning of the period	4	647.044.123	137.739.866
Cash and cash equivalents at the end of the period	4	442.764.844	82.976.430

Letters of credits that bear interest are classified under financing activities and letters of credits which do not bear interest are classified under trade payables. Additions to property, plant and equipment during the period amounting to TRY 1.570.690 were financed by new finance leases.

The accompanying notes form an integral part of these consolidated financial statements.

PETROL OFİSİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIODS ENDED 31 MARCH 2007 AND 31 MARCH 2006

(Amounts are expressed as New Turkish Lira (TRY) unless otherwise stated)

NOTE 1– ORGANIZATION AND OPERATIONS OF THE COMPANY

Petrol Ofisi A.Ş. (“the Company”) was incorporated in Turkey in 1941 as a State Economic Enterprise and is engaged primarily in the supply and marketing of fuel from domestic and foreign markets, the organization of distribution and storing, the additional sales of refinery subsidiary products, the production of all types of grease and lubricants and their by-products, blending, the establishment of blending and production facilities, whole and retail sales, import and export. The Group has 8 regional offices, 3.400 service stations (Petrol Ofisi: 3.109, Kipet: 82, Erk: 209), 2 lubricant blending plants, 11 fuel and 1 LPG terminal, 1 office and 28 aviation supply units. As of 31 March 2007, the number of personnel is 1.231. (31 December 2006: 1.204)

The Company is registered in Turkey and the address of the registered office is as follows:

Eski Büyükdere Caddesi No: 33-37, 34398 Maslak, İstanbul

The shares of the Company are quoted to İstanbul Stock Exchange Market (ISE) since 1991.

The Company was included in the privatization programme in 1990 and 51% of its shares held by the Privatization Administration (“PA”) were sold to İş Doğan Petrol Yatırımları A.Ş. (“İş Doğan”), which is a joint venture established by Türkiye İş Bankası A.Ş. (“İş Bankası”) and Doğan Şirketler Grubu Holding A.Ş. (“Doğan Holding”) on 21 July 2000.

In March 2002, a secondary public offering was made and 16,5% of total shares owned by PA were publicly offered and privatized. In July 2002, the remaining 25,83% shares held by PA were sold to İş Doğan, which already owned 51% of the Company’s shares.

On 27 December 2002, the Company merged with İş Doğan, which was the majority shareholder of the Company, in accordance with Turkish Commercial Code Article No: 451 and Corporate Tax Law Article No: 37, 38 and 39 after the approval the Turkish Capital Markets Board (“CMB”) has given at the meeting numbered 61/1705 and dated 24 December 2002. As a result of this legal merger, the assets and liabilities of İş Doğan were transferred to the Company and İş Doğan was dissolved.

Doğan Holding and İş Bankası, shareholders of the Company, sold 6,75% of their shares to foreign funds in February 2005. After this sale, Doğan Holding’s share ratio has decreased to 44,31% from 47,68% and İş Bank’s share has decreased to 35,96% from 39,33%, while the shares held by the public, has increased to 11,64% from 4,89%.

With the stock transfer agreement that was signed on 2 September 2005, a total amount of TRY 183.910.428,852 (44,06% of the company’s capital) (A/B) group par-valued stock which overall consists of İşbank’s (A/B) group par-valued stock amounting to TRY 150.099.673,315 A.Ş., Camiș Yatırım Holding A.Ş.’s (A/B) group par-valued stock amounting to TRY 16.905.377,762 and Camiș Madencilik A.Ş.’s (A/B) group par-valued stock amounting to TRY 16.905.377,775 in the capital of Petrol Ofisi A.Ş. is transferred to Doğan Holding. As a result of the recent take over, Doğan Holding’s share in Petrol Ofisi A.Ş.’s capital has increased to 88,36% from 44,31%.

PETROL OFİSİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIODS ENDED 31 MARCH 2007 AND 31 MARCH 2006

(Amounts are expressed as New Turkish Lira (TRY) unless otherwise stated)

NOTE 1 – ORGANIZATION AND OPERATIONS OF THE COMPANY (cont'd)

In accordance with Article 17, in the Capital Markets Board Series: IV, No: 8 "Principles on Voting by Proxy at General Assembly and Collecting Proxy or Shares by Appeal Communiqué", Doğan Holding initiated a call to purchase A Group shares of TRY 48.586.553 held by the other shareholders of the Company between 14 October 2005 and 31 October 2005. Doğan Holding's share in the Company's capital increased to 92,98% as a result of the shares purchased with nominal value of TRY 19.285.118,11.

As a result of the call, the Company's paid in capital amounting to TRY 417.450.000 of whose 92,98% shares are owned by Doğan Holding A.Ş with a nominal amount of TRY 388.148.531 and 0,00008% shares are owned by Doğan Enerji Yatırımları Sanayi ve Ticaret A.Ş. with a nominal amount of TRY 33,81 and the remaining 7,01% of the capital are the shares which are publicly held. Since Doğan Holding A.Ş. was the dominant shareholder of the Company before the offer, the call did not lead to any changes in the management and control of Petrol Ofisi A.Ş.

On 24 January 2006, Doğan Holding sold shares with a nominal amount of TRY 26.090.625, which corresponds to 6,25% of Company's capital, with a price of TRY 5,35 per share, with TRY 1 nominal value, in the Wholesale Market to 32 corporate investors through the agency of Deutsche Bank A.G. After the sale, Doğan Holding's share in Company's capital decreased to 86,73%. Since Doğan Holding A.Ş. was the dominant shareholder of the Company before the sale, the sales operation did not lead to any changes in the management and control of Petrol Ofisi A.Ş.

As a result of the negotiations with leading Central European oil and gas company OMV Aktiengesellschaft ("OMV") for the distribution and supply of petroleum and gas products, including refining, oil exploration and production, Doğan Holding has reached an agreement for the sale of 34% of POAŞ shares to OMV. Turkish Competition Authority approved the share transfer on 25 April 2006. The total sale price of the shares USD 1.054.000.000 was collected in cash by Doğan Holding as of 16 May 2006. Following the transaction, the share of Doğan Holding in the capital of POAŞ fell from 86,73% to 52,73%. The agreement envisages a management system based on equal partnership with OMV. The Company's Board of Directors is composed of eight members, four of which were assigned by Doğan Holding and the other four by OMV.

The Company and its subsidiaries will be referred to as "Group" for consolidated financial statements. The subsidiaries (the "Subsidiaries") of the Company and their nature of businesses are as follows:

Kıbrıs Türk Petrolleri Ltd. ("KIPET") was established in 1974 in the Turkish Republic of Northern Cyprus and its primary operation is the distribution of fuel.

Lysa Investments Ltd. was founded in the Bahamas in 2001 in order to trade petroleum products and its name was changed to Petrol Ofisi International Oil Trading Ltd. ("PO International") in 2003.

PO Petrofinance N.V. ("Petrofinance") was founded in the Netherlands in 2002 in order to generate funds, borrow money and grant loans.

PETROL OFİSİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIODS ENDED 31 MARCH 2007 AND 31 MARCH 2006

(Amounts are expressed as New Turkish Lira (TRY) unless otherwise stated)

NOTE 1 – ORGANIZATION AND OPERATIONS OF THE COMPANY (cont'd)

Erk Petrol Yatırımları A.Ş. (“ERK”), which was established in 2003 is engaged in the supply of fuel, petroleum products, LPG and similar products from domestic and foreign markets and their marketing, the organization of distribution and storing, the additional sales of refinery by-products, the production of all types of grease and lubricants and their by-products, blending, establishing blending and production facilities, whole- and retail sales, import and export.

PO Oil Financing Ltd. (“PO Oil Financing”), was founded in the Cayman Islands in 2004 in order to generate funds in international markets.

Petrol Ofisi Alternatif Yakıtlar Toptan Satış A.Ş. (“PO Alternatif Yakıtlar”), is established in Turkey in 2005 for the purpose of functioning in natural gas market, supporting natural gas usage, exporting and importing of natural gas, liquid natural gas and similar products, selling and distributing, organizing distribution, storing and modulation activities domestically and abroad.

Petrol Ofisi Gaz İletim A.Ş. (“PO Gaz İletim”), is established in Turkey in 2005 for the purpose of functioning in natural gas market, supporting natural gas usage, transmission, filling and delivery in natural gas sector, preparing projects of transportation vehicles and plants, constructing them, operating them, making agreements with the Companies active in natural gas sector in Turkey and carrying natural gas, storing and organizing activities for modulation domestically and abroad.

Petrol Ofisi UK Limited (“PO UK Limited”) was established on 9 September, 2003, as 100% subsidiary of PO International, in order to provide consultancy and support in the international trading of petroleum products in England. The entity is not active and was closed in 2006.

NOTE 2– BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Accounting Standards:

The Company and its Turkish subsidiaries maintain their books of account and prepare their statutory financial statements in accordance with accounting principles in the Turkish Commercial Code and tax legislation. Subsidiaries operating in foreign countries main their books of account in the currencies of those countries and prepare their statutory financial statements in accordance with the legislation effective in those countries.

Capital Market Board (CMB) issued Decree No XI-25 “Capital Markets Accounting Standards” that provides a detailed accounting principals set. This Decree became effective for periods after 1 January 2005. Article 5 of Decree No XI-27, which amends the mentioned Decree, declares that the entities applying International Financial Reporting Standards (IFRS) are accepted as applying the preparation and disclosure requirements of Decree No XI-25. Accompanying financial statements were prepared in accordance with IFRS, within the framework of alternative treatment allowed by CMB as mentioned above and comply with CMB’s decree announced on 20 December 2004 regarding the format of the financial statements and footnotes.

PETROL OFİSİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIODS ENDED 31 MARCH 2007 AND 31 MARCH 2006

(Amounts are expressed as New Turkish Lira (TRY) unless otherwise stated)

NOTE 2– BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.2 Preparation of Financial Statements in Hyperinflationary Periods:

CMB, with its resolution dated 17 March 2005 declared that companies operating in Turkey which prepare their financial statements in accordance with CMB Accounting Standards, effective 1 January 2005, will not be subject to the application of inflation accounting. Consequently, in the accompanying financial statements IAS 29 “Financial Reporting in Hyperinflationary Economies” was not applied.

2.3 Consolidation

(i) *Subsidiaries*

Subsidiaries are companies in which the Company has power to control directly. Control power means the Company has power to affect the financial and operating policies for the benefit of the Company of related companies direct and indirectly. Subsidiaries are consolidated from the date on which control is transferred to the Company and are no longer consolidated from the date that control ceases. Subsidiaries and proportion of ownership interest as of 31 March 2007 and 31 December 2006 are shown below:

Name	<u>Proportion of ownership interest (%)</u>	
	31 March 2007	31 December 2006
KIPET		52,00
PO International		100,00
Petrofinance		100,00
Erk Petrol		99,96
PO Oil Financing		100,00
PO Alternatif Yakıtlar		99,83
PO Gaz İletim		99,50
PO UK Limited (*)		100,00

(*) The subsidiary, Petrol Ofisi UK Limited, of which PO International holds 100% of their shares has not been taken into consideration for consolidation since it is not significant for the consolidated financial statements as of 31 December 2005; cost value has been reflected in the consolidated financial statements including restatement for changes in the general purchasing power of the New Turkish Lira as of 31 December 2004. The entity is not active and was closed in 2006.

(ii) *Eliminations*

Consolidated financial statements are purified from all the intercompany transactions, balances between the Company and its Subsidiaries (“Group”) and all unrealized income. Unrealized losses from intercompany transactions in the case of no evidence for decrease in value have been eliminated by the method which is used for elimination of unrealized income.

PETROL OFİSİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIODS ENDED 31 MARCH 2007 AND 31 MARCH 2006

(Amounts are expressed as New Turkish Lira (TRY) unless otherwise stated)

NOTE 2– BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.3 Consolidation (cont'd)

(iii) Translation of foreign subsidiary financial statements

The foreign subsidiaries maintain their books of accounts in accordance with the laws and regulations in force in the countries in which they are registered and necessary adjustments and reclassifications made for the fair presentation in accordance with IFRS. The assets and liabilities of foreign subsidiaries are translated into Turkish lira using the relevant foreign exchange rates prevailing at the balance sheet date. The incomes and expenses of the foreign subsidiaries are translated into New Turkish Lira using average exchange rate for the year. Exchange differences arising from using year-end and average exchange rates are included in the shareholders' equity as currency translation reserve.

2.4 Comparative Information and Restatement of Prior Period Financial Statements

Consolidated financial statements of the Group have been prepared comparatively with the prior period in order to give information about financial position and performance. If the presentation or classification of the financial statements are changed, in order to maintain consistency, financial statements of the prior periods are also reclassified in line with the related changes.

2.5 Offsetting

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheet when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

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NOTE 2– BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.6 Adoption of New and Revised International Financial Reporting Standards

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (“the IASB”) and the International Financial Reporting Interpretations Committee (“IFRIC”) of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 January 2006 except for the ones that contradict with CMB’s decree regarding required format, announced on 20 December 2004.

At the date of authorization of these financial statements, the following Standards and Interpretations were in issue but not yet effective:

- IAS 1 – Presentation of Financial Statement: Added Disclosures About An Entity’s Capital
- IFRS 7 – Financial Instruments: Disclosures
- IFRS 8 – Operating Segments
- IFRIC 7 – Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies
- IFRIC 8 – Scope of IFRS 2
- IFRIC 9 – Reassessment of Embedded Derivatives
- IFRIC 10 – Interim Financial Reporting and Impairment
- IFRIC 11 – IFRS 2: Group and Treasury Share Transactions
- IFRIC 12 – Service Concession Arrangements

IFRS 7 introduces new disclosures relating to financial instruments. This standard does not have any impact on the classification and valuation of the Group’s financial instruments.

The management anticipates that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Group, except for the additional disclosure requirements of IFRS 7.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIODS ENDED 31 MARCH 2007 AND 31 MARCH 2006

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NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Revenue recognition

Revenue is recognized on accrual basis at the fair value of the amount obtained or to be obtained based on the assumptions that delivery is realized, the income can be reliably determined and the inflow of the economic benefits related with the transaction to the Group is probable. Net sales are calculated after the sales returns and sales discounts are deducted.

Sale of goods:

Revenue from sale of goods is recognised when all the following conditions are satisfied:

- The Group transfers the significant risks and rewards of ownership of the goods to the buyer;
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the entity
- The costs incurred or to be incurred in respect of the transaction can be measured reliably

Interest income is recorded on the basis of effective interest rate method and dividend income is recorded when the right of dividend income emerges.

3.2 Inventories

Inventories are valued at the lower of cost or net realizable value. Cost elements included in inventories comprise all costs of materials purchased, labour and an appropriate amount for factory overheads. The cost of inventories is determined on a weighted average basis. Net realizable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

3.3 Property, plant and equipment

Property, plant and equipment that are acquired before 1 January 2005 are carried with their restated cost as of 31 December 2004; and intangible assets that are acquired after 1 January 2005 are carried with their cost after subtracting accumulated depreciation and impairment.

Property, plant and equipment are depreciated principally on a straight-line basis. Land is not depreciated as it is deemed to have an indefinite life. The depreciation periods for property, plant and equipment, which approximate the useful lives of such assets, are as follows:

Buildings and land improvements	2-50 year
Machinery and equipment	2-20 year
Motor vehicles	4-5 year
Furniture and fixtures	2-50 year
Leasehold improvements	3-39 year
Other tangible assets	2-25 year

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NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.3 Property, plant and equipment (cont'd)

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Other tangible assets mainly consist of tanks, stations and station equipments.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

3.4 Financial Leasing Transactions

Leases of property, plant and equipment where the Group has all the risks and rewards of ownership substantially are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Lease payments are treated as comprising capital and interest elements.

The capital element is treated as a reduction to the capitalized obligation under the lease and the interest element is charged to the statement of income. The property, plant and equipment acquired under finance leases are depreciated over the useful life of the asset.

3.5 Intangible assets

(i) Goodwill and amortisation

Goodwill represents the difference between the purchased assets' purchase cost and the fair value of the underlying net assets. Goodwill that is acquired before 31 March 2004 is capitalized and amortised using the straight-line method over the estimated useful life of 20 years until 31 December 2004. Due to the change in the accounting policies beginning from 1 January 2005, amortisation for goodwill has been ceased. The net book value of goodwill is reviewed annually for impairment and if there are indicators of impairment, an impairment charge should be recognized in the consolidated statements of income if recoverable amount is less than carrying amount.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent period.

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NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.5 Intangible assets (cont'd)

(ii) Other intangible assets

Other intangible assets that are acquired before 1 January 2005 are carried with their restated cost as of 31 December 2004; and intangible assets that are acquired after 1 January 2005 are carried with their cost after subtracting accumulated depreciation and impairment.

Intangible assets other than goodwill, comprise information systems, privileged rights and software. They are amortised on a straight-line basis over their estimated useful lives for the period of 5-20 years from the date of acquisition.

3.6 Impairment of Assets

All assets other than deferred tax assets and goodwill are tested to see if there is an indication of impairment of asset or not for each periods of the balance sheet. If such an indication exists, recoverable amount of that asset is estimated. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

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NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.7 Borrowing costs

Interest expenses directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time that the assets are substantially ready for their intended use or sale.

All other borrowing costs are recorded in the income statement in the period in which they are incurred.

3.8 Financial instruments

Financial instruments comprise financial assets and financial liabilities. Financial instruments have the ability to generate, affect and decrease liquidity, collections and price risk over the financial statements.

Financial assets are measured at initial recognition at fair value according to the transaction date principle.

In reporting periods subsequent to the first record date, financial assets, which the Group has intent and power to hold until maturity, are valued at amortized cost value after review for impairment.

Investments other than held-to-maturity debt securities are classified as either investments held for trading or as available-for-sale, and are measured at subsequent reporting dates at fair value except available-for-sale investments that do not have quoted prices in active markets and whose fair values cannot be reliably measured are stated at cost and restated to the equivalent purchasing power. Where securities are held for trading purposes, gains and losses arising from changes in fair value are included in profit or loss for the period. For available-for-sale investments, gains and losses arising from changes in fair value are recognized directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognized in equity is included in the profit or loss for the period. Impairment losses recognized in profit or loss for equity investments classified as available-for-sale are not subsequently reversed through profit or loss. Impairment losses recognized in profit or loss for debt instruments classified as available-for-sale are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

Fair value is the amount for which an asset could be exchanged or a liability settled, between willing parties. Market value is the amount obtainable from the sale or payable on the acquisition of a financial instrument in an active market, if one exists. The estimated fair values of financial instruments have been determined by the Group using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to develop the estimated fair value. Accordingly, the estimates presented herein may not necessarily be indicative of the amounts the Group could realize in a current market exchange

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NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.8 Financial instruments (cont'd)

Balances with banks, receivables, contingent liabilities such as letters of guarantee and letters of credit are important financial instruments which would have negative effects on the financial status of the Group if the other party failed to comply with the terms and conditions of the agreement.

The fair values of certain financial assets carried at cost are considered to be representative of carrying values due to their short-term nature.

The following methods and assumptions were used to estimate the fair value of the financial assets and liabilities for which it is practicable to estimate fair value:

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments which their maturities are three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Cash and bank balances denominated in foreign currencies are translated at period-end exchange rates. The carrying amount of these assets approximates their fair value.

Financial assets

Fair value is estimated using quoted market prices wherever applicable. For those where no market price is available, the carrying amounts in the books are estimated to be their fair values.

Trade receivables and payables

Trade receivables from the supply of products and services to a buyer, are carried at net of deferred finance income. Trade receivables net of deferred finance income, which are initially recorded at original invoice amounts, are measured at amortized cost of the amounts that will be collected in the subsequent periods with the effective interest rate. Short term trade receivables which do not have a determined interest rate, when the interest accrual effect is immaterial, are measured at the original invoice values.

The Group provides allowance for doubtful receivables when there is an indication that the collections are not probable. Related provision amount is the difference between the book value of the receivable and the probable collection amount. The probable collection amount is the cash flows, including collections from guarantees, which are discounted at the effective interest rate of the original receivable.

Subsequent to provide allowance for doubtful receivable, when all or a portion of the doubtful receivable is collected, the collection is deducted from the allowance and recorded as other income.

Book values of trade payables balances are estimated to be their fair values.

Due to/due from related parties

The carrying value of the due to and due from related parties are estimated to be their fair value.

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NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.8 Financial instruments (cont'd)

Borrowings

Borrowings have interest rates that are fixed on an entry value basis. However, borrowings at LIBOR plus mark up are subject to fluctuation in accordance with prevailing interest rates in the market. Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortized cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognized over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs.

The Group deals with financial instruments with off-balance sheet risk in the normal course of business such as letters of credit, etc. The Group's exposure to losses arising from these instruments is represented by the contractual amount of those instruments.

Currency risk

The Group is exposed to foreign exchange risk through the impact of rate changes in the translation of foreign currency denominated liabilities and assets into the New Turkish Lira. The Group has a net foreign currency open position due to the foreign currency denominated borrowings. However, all operational activities in the sector are linked to the US dollar therefore; the Group's operating activities are exposed to depreciation/appreciation of the New Turkish Lira against the US dollar. These risks are monitored by the analysis of foreign currency position.

Interest rate risk

Some portion of the interest rates related with the borrowings changes parallel to the changes in the market. The Group is exposed to an interest rate risk through the impact of rate changes on interest bearing liabilities and assets. These exposures are managed by using natural hedges that arise from offsetting interest rate sensitive assets and liabilities.

Credit risk

Ownership of financial assets involves the risk that counter-parties may be unable to meet the terms of their agreements. These risks are monitored by credit ratings and by limiting the aggregate risk to any individual counter-party. The credit risk is generally highly diversified due to the large number of entities comprising the customer basis.

Liquidity risk

The Group is generally raising funds by liquidating its short-term financial instruments such as collecting its receivables and disposing of marketable securities. The Group's proceedings from these instruments generally approximate their fair values.

3.9 Business combinations

None.

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NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.10 Foreign Currency Transactions

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in TRY , which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the Company and its Turkish subsidiaries, transactions in currencies other than TRY (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- Exchange differences which relate to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings;
- Exchange differences on transactions entered into in order to hedge certain foreign currency risks (see below for hedging accounting policies); and
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognised in the foreign currency translation reserve and recognised in profit or loss on disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in TRY using exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such exchange differences are recognized in profit or loss in the period in which the foreign operation is disposed of. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

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NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.11 Earnings per share

Earnings per share disclosed in the accompanying consolidated statement of income is determined by dividing net income by the weighted average number of shares in existence during the year concerned.

In Turkey, companies can raise their share capital by distributing shares (“Bonus Shares”) to shareholders in their retained earnings. In computing earnings per share, such “bonus share” distributions are assessed as issued shares. Accordingly, the retrospective effect for those share distributions is taken into consideration in determining the weighted-average number of shares outstanding used in this computation.

3.12 Subsequent Events

An explanation for any event between the balance sheet date and the publication date of the balance sheet, which has positive or negative effects on the Group (should any evidence come about events that were prior to the balance sheet date or should new events come about) they will be explained in the relevant footnote.

The Group; restates its financial statements if such subsequent events arise.

3.13 Provisions, Contingent Liabilities, Contingent Assets

If the Group has liabilities from previous events, probably sells its economically beneficial assets to pay these liabilities and estimates the cost of the liabilities and this estimation is reliable; provision is provided for the related liabilities and the provision is displayed on the financial statements. Contingent liabilities are revaluated continuously to determine sales probability of economically beneficial assets. If economically beneficial assets are going to be sold certainly in the future for the payment of the items that are displayed as contingent liabilities, provision is provided and displayed on the financial statements for related contingent liabilities except reliable value estimation of the economically beneficial assets can not be performed at the time when sales probability of economically beneficial assets turns into certainty.

Although the payment of the contingent liabilities is certain and value estimation of the economically beneficial assets is not reliable, the Group displays related liabilities in the footnotes.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.14 Change in Accounting Policies, Accounting Estimates and Errors

Changes in accounting policies or determined accounting errors are applied retroactively and the financial statements of the previous year are adjusted. If estimated changes in accounting policies are for only one period, changes are applied on the current year but if the estimated changes are for the following periods, changes are applied both on the current and following years prospectively.

3.15 Related Parties

In consolidated financial statements, Doğan Holding and OMV groups, important personnel in management and board of directors, their family and controlled or dependent companies are all accepted and denoted as participations and subsidiaries related parties (“Related Parties”). As explained in detail in Note 1, due to the result that 44,06% of the shares which are held by İş Bankası and its subsidiaries were taken over by Doğan Holding on 2 September 2005, İş Bankası and its subsidiaries are not classified as related parties as of 31 March 2007 and 31 December 2006 and the transactions with these companies after 2 September 2005 have not been included in the balance of the transactions with related parties.

Doğan Holding transferred its 62,6% shares of T. Dış Ticaret Bankası A.Ş.(“Dışbank”) to Fortis Bank on 4 July 2005. Therefore on 31 March 2007 and 31 December 2006, Dışbank and its subsidiaries were not classified as related party and the transactions after 4 July 2005 were not included in transactions with related party balances.

3.16 Segmental information

The Group has realized financial reporting according to segments which include customer groups of different risks and benefits.

3.17 Construction agreements

None.

3.18 Discontinued operations

None.

3.19 Government incentives and grants

None.

3.20 Investment properties

None.

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NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.21 Taxation and Deferred Tax

Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.22 Retirement pay provision

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Group. Such payments are considered as being part of defined retirement benefit plan as per International Accounting Standard No. 19 (revised) “Employee Benefits” (“IAS 19”).

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses.

3.23 Retirement plans

None.

3.24 Agricultural activities

None.

3.25 Statement of Cash Flows

In statement of cash flow, cash flows are classified according to operating, investment and finance activities.

Cash flows from operating activities reflect cash flows generated from petroleum products sales of the Group.

Cash flows from investment activities express cash used in investment activities (direct investments and financial investments) and cash flows generated from investment activities of the Group.

Cash flows relating to finance activities express sources of financial activities and payment schedules of the Group.

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments which their maturities are three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3.26 Share capital and dividends

Common shares are classified as equity. Dividends on common shares are recognised in equity in the period in which they are approved and declared.

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NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.27 Loans, Eurobonds and Murabaha Syndication

Loans, Eurobonds and Murabaha Syndication, which is a kind of financial instrument for inventory purchases, on a term basis are recognized initially at their fair value, being their issue proceeds net of transaction costs incurred. Loans, Eurobonds and Murabaha Syndication are subsequently stated at amortised cost using the effective yield method; any difference between the proceeds and redemption value is recognized in the consolidated income statement over the period of the Eurobonds. The differences between the loan amount taken and the costs are recognized in the consolidated income statement over the periods of the maturities.

3.28 Accounting of Derivative Financial Instruments and Hedging Transactions

Fair value is used when derivative financial instruments are recorded for the first time and valued at fair value in the following periods. The gain/loss on hedging transactions calculation method depends on the properties of the hedged transaction. On the date of the derivative agreement is done, the Group determines derivative instrument as fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability, or cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction. The Group uses various hedging instruments to preserve the value of its petroleum inventories and cargo imports, to ensure a constant flow of income, and to minimize adverse price movements.

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NOTE 4 – CASH AND CASH EQUIVALENTS

As of 31 March 2007 and 31 December 2006, cash and cash equivalents are summarized as follows:

	31 March 2007	31 December 2006
Cash	23.684	124.479
Banks		
- Demand Deposit	47.130.265	556.494.813
- Time Deposit	396.098.595	90.098.839
- Blocked Time Deposit	4.160	4.237
- Blocked Cash Deposit		423.799
	443.256.704	647.146.167

As of 31 March 2007, the interest rates of Turkish Lira, time deposits vary between 15,00% and 19,40% (31 December 2006:18,00%-19,50%). Interest rates of foreign currency time deposits are varying between 1,7% and 5,35%. (31 December 2006: 4% - 5,25%) Such time deposits include TRY 264.020.923 (31 December 2006: TRY 63.521.607), USD time deposits of TRY 132.013.331 (31 December 2006: TRY 26.581.469) and EURO time deposits of TRY 64.341 (31 December 2006: Nil).

As of 31 March 2007 and 31 December 2006, cash and cash equivalents in consolidated statement of cash flow are summarized below:

	31 March 2007	31 March 2006
Cash and cash equivalents	443.256.704	82.991.263
Less: interest accruals	(491.860)	(14.833)
	442.764.844	82.976.430

NOTE 5 – MARKETABLE SECURITIES

None.

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NOTE 6 – FINANCIAL BORROWINGS

	31 March 2007	31 December 2006
Short term bank loans	50.964.968	144.214.989
Total short term financial borrowings	50.964.968	144.214.989
Short term portions of long term borrowings and interests	87.661.329	88.371.729
Murabaha Syndication	-	-
Eurobond	22.288.558	23.273.434
Total short term portions of long term financial borrowings	109.949.887	111.645.163
Total short term financial borrowings	160.914.855	255.860.152
Long term bank loans	431.342.588	449.110.570
Eurobond	221.934.188	231.419.257
Total long term financial borrowings	653.276.776	680.529.827
Total financial borrowings	814.191.631	936.389.979

(i) Eurobond

The issue and sale procedures of Eurobond performed by PO Oil Financing Limited which is a subsidiary of Company were completed on 22 July 2004 and the Bonds issued with a nominal value of USD 175 million are registered at Luxembourg Stock Exchange. The bonds issued have a maturity of five years; beginning on 22 July 2004 and the date of maturity is 22 July 2009. The Eurobond has a fixed interest rate of 9,75% p.a. and the interests will be paid semi-annually. As of 31 March 2007, the short-term and the long-term portions of Eurobond amounted to TRY 22.288.558 and TRY 221.934.188 respectively (31 December 2006: TRY 23.273.434 ve TRY 231.419.257)

PETROL OFİSİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS INTERIM PERIODS ENDED 31 MARCH 2007

(Amounts are expressed as New Turkish Lira (TRY) unless otherwise stated)

NOTE 6 – FINANCIAL BORROWINGS (cont'd)

As of 31 March 2007 and 31 December 2006, details of Group's financial borrowings are as follows:

	Weighted average Interest rate %		Interest rate %		Original Currency		TRY	
	31 March 2007	31 December 2006	31 March 2007	31 December 2006	31 March 2007	31 December 2006	31 March 2007	31 December 2006
Short-term borrowings:								
Bank borrowings in USD (fixed int)	%6,29	6,38%	6,11% - 6,38%	6,08% - 6,4%	19.131.365	78.603.386	26.403.197	110.484.919
Bank borrowings in TRY	%6,15	3,11%	0% -21%	0% -20,75%	24.561.771	33.730.070	24.561.771	33.730.070
							50.964.968	144.214.989
Short term portions of long term borrowings:								
Short term portion of long-term bank borrowings in USD (fixed interest)	6,51%	6,51%	5,50% -8,08%	5,50% - 8,12%	58.811.382	58.354.625	81.165.589	82.023.261
Short term portion of long-term bank borrowings in EURO (fixed interest)	6,24%	5,58%	6,24%	5,58%	406.880	249.454	747.967	461.864
Short term portion of long-term bank borrowings in USD (variable interest)	7,14%	7,18%	6,73%-7,57%	6,73%-7,62%	3.474.426	3.512.662	4.795.055	4.937.398
Short term portion of long-term bank borrowings in EURO (variable interest)	4,73%	4,73%	4,73%	4,73%	518.260	512.668	952.718	949.206
							87.661.329	88.371.729
Long-term borrowings:								
Bank borrowings in USD (fixed interest)	7,51%	7,55%	6,33%-8,08%	6,42%-9,50%	261.940.161	268.734.798	361.503.616	377.733.632
Bank borrowings in EURO (fixed interest)	6,24%	5,58%	6,24%	5,58%	1.359.731	1.534.678	2.499.593	2.841.457
Bank borrowings in USD (variable interest)	7,14%	7,17%	6,73%-7,57%	6,73%-7,62%	47.413.508	47.410.124	65.435.383	66.639.670
Bank borrowings in EURO (variable interest)	4,73%	4,73%	4,73%	4,73%	1.035.738	1.023.932	1.903.996	1.895.811
							431.342.588	449.110.570

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FOR THE THREE MONTHS INTERIM PERIODS ENDED 31 MARCH 2007

(Amounts are expressed as New Turkish Lira (TRY) unless otherwise stated)

NOTE 6 – FINANCIAL BORROWINGS (cont'd)

Repayment schedule of financial borrowings are as follows:

	31 March 2007	31 December 2006
0-1 year	160.914.855	255.860.152
1-2 years	116.142.801	118.998.340
2-3 years	302.402.129	311.741.819
3-4 years	205.352.448	215.296.672
4-5 years	18.050.527	19.621.655
5+ years	11.328.871	14.871.341
	814.191.631	936.389.979

NOTE 7 –TRADE RECEIVABLES AND PAYABLES

At the balance sheet date, trade receivables are summarized below:

	31 March 2007	31 December 2006
Trade receivables	609.206.355	744.792.148
Cheques and notes receivable	490.875.942	587.541.932
Loans given to dealers	3.907.201	4.285.578
Other trade receivables	172.431	308.739
	1.104.161.929	1.336.928.397
Less: Provisions for doubtful receivables	(66.595.910)	(52.778.130)
Short term trade receivables	1.037.566.019	1.284.150.267
Loans given to dealers	7.248.089	7.076.830
Deposits and guarantees given	654.913	656.442
Long term trade receivables	7.903.002	7.733.272

PETROL OFİSİ A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FOR THE
THREE MONTHS INTERIM PERIODS ENDED 31 MARCH 2007**

(Amounts are expressed as New Turkish Lira (TRY) unless otherwise stated)

NOTE 7 – TRADE RECEIVABLES AND PAYABLES (cont'd)

Provisions for doubtful receivables movement for the three month periods ended 31 March is as follows :

	2007	2006
1 January	52.778.130	23.894.273
Collections	(11.954.093)	(807.683)
Charge for the period	25.771.873	2.219.859
31 March	66.595.910	25.306.449

The Group obtained the following collaterals for trade receivables:

	31 March 2007	31 December 2006
Guarantee cheques and notes	180.194.567	217.884.881
Letter of guarantees	177.645.364	177.576.035
Mortgages	301.842.131	273.557.813
Cash guarantees	2.751.339	2.192.239
	662.433.401	671.210.968

As of balance sheet date, details of Group's trade payables are as follows:

	31 March 2007	31 December 2006
Suppliers	1.047.258.084	1.432.546.183
Notes payables	1.149.692	5.510.672
Other trade payables	1.679.555	4.173.798
Short term trade payables	1.050.087.331	1.442.230.653
Suppliers	648.274.212	673.080.864
Deposits and guarantees received	959.463	928.002
Long term trade payables	649.233.675	674.008.866

PETROL OFİSİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FOR THE THREE MONTHS INTERIM PERIODS ENDED 31 MARCH 2007

(Amounts are expressed as New Turkish Lira (TRY) unless otherwise stated)

NOTE 7 – TRADE RECEIVABLES AND PAYABLES (cont'd)

Non-interest bearing letter of credits in short-term trade payables amount to TRY 315.966.762 (USD 228.944.831)(31 December 2006: TRY 518.295.224 (USD 368.735.931)). Interest-bearing letter of credits amount to TRY 420.011.326 (USD 235.212.578 and Euro 51.892.753) and weighted average interest rates are 6,5 % and 4,38% respectively (31 December 2006: TRY 615.509.788 (USD 353.047.854 and Euro 64.415.730) and weighted average interest rates are 6,74% and 4,38% respectively).

Non-interest bearing trade payables in long-term trade payables amount to TRY 370.413.190 (USD 268.395.906) (31 December 2006: TRY 268.564.633 (USD 191.067.610)). Interest bearing letter of credits amount to TRY 277.861.022 (USD 201.333.978) and weighted average interest rates are 6,89% (31 December 2006: TRY 404.515.346 (USD 287.788.379) weighted average interest rate is 6,43%).

Non-interest bearing letter of credits are recognized at fair value at initial recognition. In subsequent periods these letter of credits are measured at amortized cost, using the effective interest rate method Effective interest rates used for long-term and short term non-interest bearing letter of credits are 5,89% and 6% respectively.

As of 31 March 2007, long term letter of credits amounting to TRY 293.870.496 have maturities within the second year and TRY 354.403.716 have maturities within the third year (31 December 2006: TRY 346.438.946, within the second year and TRY 326.641.033, within third year).

NOTE 8 – FINANCE LEASE RECEIVABLES AND PAYABLES

There are no financial lease receivables as of balance sheet date.

At the balance sheet date, Group's finance lease payables are as follows:

Short-term finance lease payables

	31 March 2007	31 December 2006
Short term finance lease payables	8.596.151	8.340.183
Deferred financial lease payables	(2.568.949)	(2.429.427)
Total	6.027.202	5.910.756

Long-term finance lease payables

	31 March 2007	31 December 2006
Long term finance lease payables	26.195.587	26.367.249
Deferred financial lease payables	(5.458.870)	(5.390.043)
Total	20.736.717	20.977.206

PETROL OFİSİ A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FOR THE
THREE MONTHS INTERIM PERIODS ENDED 31 MARCH 2007**

(Amounts are expressed as New Turkish Lira (TRY) unless otherwise stated)

NOTE 8 – FINANCE LEASE RECEIVABLES AND PAYABLES (cont'd)

Repayment schedule of finance lease payables are as follows as of 31 March 2007:

	Finance lease payables	Deferred financial lease payables	Total liability
0-1 year	8.596.151	(2.568.949)	6.027.202
1-2 years	7.559.196	(2.046.814)	5.512.382
2-3 years	6.329.225	(1.599.667)	4.729.558
3-4 years	5.616.695	(1.151.745)	4.464.950
4-5 years	4.412.136	(546.943)	3.865.193
5+ years	2.278.335	(113.701)	2.164.634
	34.791.738	(8.027.819)	26.763.919

Repayment schedule of finance lease payables are as follows as of 31 December 2006:

	Finance lease payables	Deferred financial lease payables	Total liability
0-1 year	8.340.183	(2.429.427)	5.910.756
1-2 years	7.576.731	(1.972.398)	5.604.333
2-3 years	6.259.596	(1.533.478)	4.726.118
3-4 years	5.318.403	(1.121.066)	4.197.337
4-5 years	4.446.970	(605.994)	3.840.976
5+	2.765.549	(157.107)	2.608.442
	34.707.432	(7.819.470)	26.887.962

PETROL OFİSİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FOR THE THREE MONTHS INTERIM PERIODS ENDED 31 MARCH 2007

(Amounts are expressed as New Turkish Lira (TRY) unless otherwise stated)

NOTE 9 – DUE TO/FROM RELATED PARTIES

i) Due to/from related parties:

a) Due from related parties	31 March 2007	31 December 2006
DTV Haber ve Görsel Yayıncılık A.Ş.	19.877	1.577
Milta Turizm İşletmeleri A.Ş.	462	19.219
Doğan Dağıtım Satış ve Pazarlama A.Ş.	20.746	23.466
Dergi Pazarlama Planlama ve Ticaret A.Ş.	17.567	19.993
Doğan Havacılık Sanayi ve Ticaret A.Ş.	27.411	3.895
Doğan Şirketler Grubu Holding A.Ş.	6.570	5.937
Doğan Dış Ticaret ve Müessesilik A.Ş.	12.747	45.166
Doğan Yayın Holding A.Ş.	18.474	15.008
Çelik Halat ve Tel San. A.Ş.	12.359	16.268
Hürriyet Gazetecilik A.Ş.	63.110	62.527
Çankaya Bel-Pet Ltd. Şti.	26.906	1.041.373
Doğan Haber Ajansı A.Ş.	22.819	17.856
Other	65.684	65.132
Total	314.732	1.337.417

PETROL OFİSİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FOR THE THREE MONTHS INTERIM PERIODS ENDED 31 MARCH 2007

(Amounts are expressed as New Turkish Lira (TRY) unless otherwise stated)

NOTE 9 – DUE TO/FROM RELATED PARTIES (cont'd)

i) Due to/from related parties (cont'd)

b) Due to related parties	31 March 2007	31 December 2006
Petrom S.A.	-	2.091.128
Doğan Gazetecilik A.Ş.	-	11.803
Eko Televizyon Yayıncılık A.Ş.	-	35.400
Milta Turizm İşletmeleri A.Ş.	515.285	255.468
D-Yapı İnşaat San. Tic. A.Ş.	1.117.871	6.509.370
Hürriyet Gazetecilik A.Ş.	10.165	84.383
Ray Sigorta A.Ş.	-	254.290
Other	137.680	307.579
Total	1.781.001	9.549.421

ii) Major sales to related parties and purchases from related parties:

The transactions with Dışbank and its subsidiaries after 4 July 2005 and the transactions with İş Bankası and its subsidiaries after 2 September 2005 have not been included in the balance of related parties.

a) Product sales to related parties

	1 January- 31 March 2007	1 January- 31 March 2006
Çankaya Bel-Pet Ltd. Şti.	2.869.323	409.585
Doğan Dağıtım Satış ve Pazarlama A.Ş.	158.155	134.295
Doğan Dış Ticaret ve Mümessillik A.Ş.	346.620	202.381
Hürriyet Gazetecilik ve Matbaacılık A.Ş.	348.609	306.258
Milta Turizm İşletmeleri A.Ş.	40.180	61.117
Other	844.223	624.647
Total	4.607.110	1.738.283

PETROL OFİSİ A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FOR THE
THREE MONTHS INTERIM PERIODS ENDED 31 MARCH 2007**

(Amounts are expressed as New Turkish Lira (TRY) unless otherwise stated)

NOTE 9 – DUE TO/FROM RELATED PARTIES (cont'd)**ii) Major sales to related parties and purchases from related parties (cont'd):****b) Fixed asset sales to related parties**

	1 January- 31 March 2007	1 January- 31 March 2006
Ortadoğu Otomotiv Ticaret A.Ş.	-	10.000.000
Total	-	10.000.000

c) Product purchases from related parties

	1 January- 31 March 07	1 January- 31 March 06
DTV Haber ve Görsel Yayıncılık A.Ş.	2.610	1.304.266
Milta Turizm İşletmeleri A.Ş.	1.255.410	459.227
D Yapı İnşaat San. ve Tic. A.Ş.	119.130	1.673.365
Doğan Gazetecilik A.Ş.	80.936	268.219
Doğan Şirketler Grubu Holding A.Ş.	725.806	-
Doğan Yayın Holding	-	532.665
Eko Televizyon Yayıncılık A.Ş.	70.800	172.592
Hürriyet Gazetecilik ve Matbaacılık A.Ş.	195.797	297.134
Doğan Otomobilcilik Ticaret ve San. A.Ş.	163.500	167.016
Petrom S.A.	14.554.554	-
Other	43.173	164.583
Total	17.211.716	5.039.067

d) Fixed asset purchases from related parties

	1 January- 31 March 07	1 January- 31 March 06
D-Yapı İnşaat San. ve Tic. A.Ş.	103.591	2.791.345
Total	103.591	2.791.345

PETROL OFİSİ A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FOR THE
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NOTE 9 – DUE TO/FROM RELATED PARTIES (cont'd)

iii) Other income from and expense to related parties are as follows:

a) Rent expense

	1 January- 31 March 07	1 January- 31 March 06
İş Gayrimenkul Yatırım Ortaklığı A.Ş	-	-

b) Benefits provided to board members and key management personnel:

	1 January- 31 March 07	1 January- 31 March 06
Paid to Board members	100.067	107.730
Paid to key management personnel	797.500	1.576.388
Total	897.567	1.684.118

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FOR THE THREE MONTHS INTERIM PERIODS ENDED 31 MARCH 2007

(Amounts are expressed as New Turkish Lira (TRY) unless otherwise stated)

NOTE 10 – OTHER RECEIVABLES AND PAYABLES

OTHER RECEIVABLES	31 March 2007	31 December 2006
Receivables from personnel	652.504	631.333
Special consumption tax exemption(*)	20.544.213	58.473.461
Receivable from Privatization Administration	4.609.929	4.612.289
Deposits and guarantees given	1.814.961	3.305.351
Receivables from ordonat (**)	10.068.047	-
Other	6.286.417	7.384.074
Total other receivables	43.976.071	74.406.508

(*) On deliveries made to certain military institutions, embassies and petroleum searching companies, the Group obtains Special Consumption Tax exemption to be used through the purchases from Tüpraş. The amount reflected in the consolidated financial statements corresponds to the exemptions sent to Tüpraş but not used as of the date of the consolidated financial statements.

(**) Receivables on deliveries made to certain military institutions.

OTHER PAYABLES	31 March 2007	31 December 2006
Taxes, dues and other payables	233.351.250	287.594.158
Fuel purchase certificates(*)	52.782.781	90.611.768
Compensation to be paid(**)	17.418.831	17.418.831
Expense accruals	56.937.894	15.869.832
Income related to future months	8.815.694	8.237.761
Other	19.621.064	20.221.996
Total other short term payables	388.927.514	439.954.346
Income related to future years	21.823	22.881
Letter of credit expenses	-	5.738.996
Total other long term payables	21.823	5.761.877

(*) Fuel purchase certificates are issued and given to certain customers for future consumption. On 31 March 2007 and 31 December 2006, the certificates shown in current liabilities are the certificates issued but not used as of the balance sheet date.

(**) Compensation to be paid amounting to TRY 17.418.831 represents the compensation and its related interests that have been collected from the defendant in connection with a case that was judged as the Company's receivable is TRY 9.680.936, handed over by the Supreme Court of Üsküdar Asliye Hukuk Mahkemesi for a second hearing. The case had not commenced as of the balance sheet date and therefore the Group included such amount as compensation to be paid in the consolidated financial statements due to uncertain outcome.

PETROL OFİSİ A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FOR THE
THREE MONTHS INTERIM PERIODS ENDED 31 MARCH 2007**

(Amounts are expressed as New Turkish Lira (TRY) unless otherwise stated)

NOTE 11 – BIOLOGICAL ASSETS

None.

NOTE 12 – INVENTORIES

	31 March 2007	31 December 2006
Trade goods	501.147.762	597.958.995
Raw materials	29.845.501	40.360.796
Finished goods	14.450.095	15.309.682
Order advances given	1.750.938	669.056
Work in process	2.977.016	2.331.515
Other	75.307.581	135.315.399
Total	625.478.893	791.945.443

Other inventories consist of fuels and lubricants in transit. Order advances are the advances given to refineries for fuel purchases.

**NOTE 13 – RECEIVABLES FROM ONGOING CONSTRUCTION CONTRACTS AND
ACCRUED INCOME**

None.

PETROL OFİSİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FOR THE THREE MONTHS INTERIM PERIODS ENDED 31 MARCH 2007

(Amounts are expressed as New Turkish Lira (TRY) unless otherwise stated)

NOTE 14 – DEFERRED TAX ASSETS AND LIABILITIES

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for IFRS purposes and financials prepared according to tax legislation. These differences arise from the differences in accounting periods for the recognition of income and expenses in accordance with IFRS and tax legislation.

The rate applied to the calculation of deferred tax asset and liability that will exist due to the temporary differences in the following periods is 20% (2006: %20).

	<u>Temporary Differences</u>		<u>Deferred Tax Asset / (Liability)</u>	
	<u>31 March 2007</u>	<u>31 December 2006</u>	<u>31 March 2007</u>	<u>31 December 2006</u>
Carry forward tax losses	682.311	2.904.974	136.462	580.995
Unused investment incentive	-	-	-	-
Provision for doubtful receivables and lawsuits	51.699.225	58.238.897	10.339.845	11.647.779
Provision for employment termination benefit	8.415.529	7.801.634	1.683.106	1.560.327
Deferred finance expense of long term trade payables	(45.384.245)	(39.786.617)	(9.076.849)	(7.957.323)
Difference between tax base and carrying value of property, plant and equipment and intangibles	(406.099.214)	(410.258.088)	(60.539.077)	(61.370.851)
Other temporary differences	27.152.487	(3.409.308)	5.430.498	(681.861)
Deferred tax asset / (liability), net			(52.026.015)	(56.220.934)

At the balance sheet date, the Group has unused tax losses of TRY 5.157.183 (2006: TRY 4.474.872) available for offset against future profits. A deferred tax asset has been recognized in respect of TRY 1.031.437 (31 December 2006: 894.974) of such losses.

Deferred tax asset of TRY 747.950 has not been accounted for because profitability for future periods can not be estimated.(31 December 2006: 807.836)

Unrecognized tax losses will expire as follows:

	<u>31 March 2007</u>	<u>31 December 2006</u>
Expire in 2010	1.796.046	1.796.046
Expire in 2011	2.678.826	2.678.826
Expire in 2012	682.311	-
	5.157.183	4.474.872

PETROL OFİSİ A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FOR THE THREE MONTHS INTERIM PERIODS ENDED 31 MARCH 2007**

(Amounts are expressed as New Turkish Lira (TRY) unless otherwise stated)

NOTE 14 – DEFERRED TAX ASSETS AND LIABILITIES (cont'd)

Movement of deferred tax (assets)/liabilities for the period ended 31 March 2007 and 2006 as follows:

<u>Deferred tax asset movement :</u>	2007	2006
1 January opening balance	246.384	-
Deferred tax income/(expense) (Note 41)	145.890	-
31 March closing balance	392.274	-
<u>Deferred tax liability movement :</u>	2007	2006
1 January opening balance	(56.467.318)	(80.207.584)
Restatement Effect (Note 2.4 and Note 28)	-	-
Deferred tax income/(expense) (Note 41)	4.049.029	(1.054.579)
31 March closing balance	(52.418.289)	(81.262.163)

NOTE 15 – OTHER SHORT/LONG TERM ASSETS AND SHORT/LONG TERM LIABILITIES

<u>OTHER CURRENT ASSETS</u>	31 March 2007	31 December 2006
Advances given to subcontractors	54.855	7.663
Prepaid expenses	16.819.054	17.750.939
Fair value hedge accruals	-	7.837.204
Income accruals on North Iraq sales and other income accruals	3.864.423	36.427
Income accruals on ANT Transportation	11.616.861	-
VAT carried forward	966.559	2.072.530
Special consumption tax to be offset	15.467.913	14.972.212
Prepaid taxes and funds	4.508	102.437
Business advances	1.595.073	800.456
	50.389.246	43.579.868
<u>OTHER LONG TERM ASSETS</u>	31 March 2007	31 December 2006
Prepaid expenses	18.576.291	9.159.208
Deposits and guarantees given	101.792	101.792
Other long term assets	206.484	390.684
	18.884.567	9.651.684

PETROL OFİSİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FOR THE THREE MONTHS INTERIM PERIODS ENDED 31 MARCH 2007

(Amounts are expressed as New Turkish Lira (TRY) unless otherwise stated)

NOTE 16 – FINANCIAL ASSETS

Financial assets available for sale are as follows:

	<u>31 March 2007</u>		<u>31 December 2006</u>	
	TRY	%	TRY	%
Çankaya Bel-Pet Limited Şirketi(*)	135.020	49	135.020	49
İstanbul Gübre Sanayi A.Ş.	872	0,1	872	0,1
Petrol Ofisi UK Limited(**)	-	-	-	-
	135.892		135.892	

(*) Çankaya Bel-Pet Limited Şirketi which Company held 49% of its shares has been reflected to consolidated financial statements including restatement for changes in the general purchasing power of the Turkish lira as of 31 December 2004 since it is not significant for consolidated financial statements.

(**) Petrol Ofisi UK Limited is closed in 2006.

NOTE 17 – POSITIVE/NEGATIVE GOODWILL

IFRS 3 (“Business Combinations”) is applied to the business combinations and to any goodwill arising on these business combinations for which the agreement date is on or after 31 March 2004. IFRS 3 requires goodwill acquired in a business combination to be measured after initial recognition at cost less any accumulated impairment losses. In accordance with the transitional provisions of IFRS 3, the Company discontinues amortising previously recognised goodwill from the beginning of the first annual period beginning on or after 31 March 2004. Accordingly, the Company has ceased amortising goodwill in the annual year beginning on 1 January 2005. Total goodwill amount of the Company as of 31 December 2004 is TRY 2.809.692.447 and accumulated amortization is TRY 579.237.809. According to IFRS 3, accumulated amortization has been netted of with cost therefore goodwill amount is TRY 2.230.454.638 at the balance sheet.

İş Doğan, which was established as a joint venture of Türkiye İş Bankası A.Ş. and Doğan Şirketler Grubu Holding A.Ş., acquired 51% and 25,8% shares of the Company with an amount TRY 2.825.070.788 and TRY 557.364.740 respectively on 21 July 2000 and 8 August 2002 from the PA. Goodwill of TRY 2.710.882.207 related to these acquisitions was included in the pre-merger consolidated financial statements of İş Doğan, prepared in accordance with IFRS.

Based on the Board of Directors decision numbered 2002/38 and dated 17 November 2002, İş Doğan decided to collect its publicly held shares held through call back and these share purchases were realised between 22 November and 9 December 2002. As a result of these share purchases, the total percentage of shares owned by İş Doğan increased to 96,3% and İş Doğan transferred 14% of these shares to its shareholders, namely Türkiye İş Bankası A.Ş. and Doğan Şirketler Grubu Holding A.Ş. equally as 7% , before the merger. After the share transfer made by İş Doğan to its shareholders, the remaining shares collected via call back representing 5,5% of the total. Goodwill of TRY 51.771.489 related to these acquisitions was included in the pre-merger consolidated IFRS financial statements of İş Doğan related to 5,5% share purchase.

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NOTE 17 – POSITIVE/NEGATIVE GOODWILL (cont'd)

The fair value assessment related to the shares purchased by İş Doğan in 2002 finalised as of 2003. As a result of the assessment, goodwill increased and property, plant and equipment decreased by TRY 47.038.751.

On 27 December 2002, the Company merged with İş Doğan, which was the majority shareholder of the Company, in accordance with Turkish Commercial Code Article No: 451 and Corporate Tax Law Article No: 37-39 after the approval the Turkish Capital Markets Board (“CMB”) given at the meeting numbered 61/1705 and dated 24 December 2002. As a result of this legal merger, the assets and liabilities of İş Doğan were transferred to the Company and İş Doğan was dissolved. Minority interest of TRY 247.461.598 in these financial statements was classified under additional paid-in capital during the merger.

The Group assesses goodwill for impairment annually or more frequently when there is an indication of impairment. Recoverable amount is determined by calculating the value in use. Principal estimates such as discount rate, growth rate, sale prices and direct costs during the period are taken into account in assessing the value in use. Discount rate reflects the effective market valuations concerning time value of money and risks specific to the asset. The Company is using weighted average cost of capital as the discount rate. Growth rate is determined in respect of the related sector growth estimates. Changes in sales prices and direct costs are based on past experience and future expectations.

The Group is preparing its cash flow projections based on the latest financial budget which is approved by the management. In preparing cash flows, for the next five years 5% per annum and for subsequent years 0% estimated growth rate is used as of 31 December 2006. The Company used a rate of 9,70% in order to discount cash flow projections. At the end of the review, recoverable amount of goodwill exceeded its carrying amount and there is no impairment as of 31 December 2006. As of 31 March 2007, there has not been any impairment analysis performed because the impairment analysis is performed yearly.

NOTE 18 – INVESTMENT PROPERTY

None.

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(Amounts are expressed as New Turkish Lira (TRY) unless otherwise stated)

NOTE 19 – PROPERTY, PLANT AND EQUIPMENT

Movements of property, plant and equipment during the period ended as of 31 March 2007 are as follows:

	1 January 2007	Additions	Disposals	Transfer	31 March 2007
Cost:					
Land and buildings	253.572.592	-	-	766.268	254.338.860
Land improvements	162.719.417	-	(27.930)	1.661.923	164.353.410
Machinery and equipment	611.488.568	382.184	(6.259)	-	611.864.493
Motor vehicles	16.763.216	786.329	(28.698)	-	17.520.847
Furniture and fixtures	23.735.446	942.529	(33.120)	8.311	24.653.166
Other tangibles	445.703.268	2.384.183	-	21.537.231	469.624.682
Leasehold improvements	210.391.687	859.329	(728.254)	52.007.973	262.530.735
Construction in progress	29.698.129	71.473.490	(1.122.611)	(75.981.706)	24.067.302
	1.754.072.323	76.828.044	(1.946.872)	-	1.828.953.495
Accumulated Depreciation:					
Buildings	14.236.154	1.294.762	-	-	15.530.916
Land improvement	48.192.771	2.344.232	(17.844)	-	50.519.159
Machinery and equipment	516.970.143	3.644.426	(2.608)	-	520.611.961
Motor vehicles	9.058.428	548.697	(17.697)	-	9.589.428
Furniture and fixtures	14.034.597	894.571	(31.407)	-	14.897.761
Other tangibles	180.501.248	10.959.282	-	-	191.460.530
Leasehold improvements	37.966.055	6.649.929	(145.651)	-	44.470.333
	820.959.396	26.335.899	(215.207)	-	847.080.088
Net book value:					
Land and buildings	239.336.438				238.807.944
Land improvements	114.526.646				113.834.251
Machinery and equipment	94.518.425				91.252.532
Motor vehicles	7.704.788				7.931.419
Furniture and fixtures	9.700.849				9.755.405
Other tangibles	265.202.020				278.164.152
Leasehold improvements	172.425.632				218.060.402
Construction in progress	29.698.129				24.067.302
Net book value	933.112.927				981.873.407

Other tangible assets mainly consist of tanks, stations and station equipments.

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NOTE 19 – PROPERTY, PLANT AND EQUIPMENT (cont'd)

Movements of property, plant and equipment during the period ended as of 31 March 2006 are as follows:

	1 January 2006	Additions	Disposals	Transfers	31 March 2006
Cost:					
Land and Buildings	260.396.402	755.045	(20.058.017)	72.000	241.165.430
Land Improvement	151.581.440	-	(612.528)	328.477	151.297.389
Machinery and equipment	610.802.814	36.082	(162.111)	635.317	611.312.102
Motor vehicles	12.006.713	161.018	-	-	12.167.731
Furniture and fixtures	20.567.673	500.503	(204.335)	-	20.863.841
Other tangibles	346.199.299	6.548.266	(175.182)	3.128.809	355.701.192
Leasehold improvements	135.178.852	21.471.676	(336)	178.277	156.828.469
Construction in progress	15.539.033	17.899.181	(161.751)	(4.342.880)	28.933.583
	1.552.272.226	47.371.771	(21.374.260)	-	1.578.269.737
Accumulated Depreciation:					
Land improvements	39.724.012	1.950.401	(530.230)	-	41.144.183
Buildings	10.773.954	1.097.340	(1.672.774)	-	10.198.520
Machinery and equipment	499.250.487	5.123.154	(105.578)	-	504.268.063
Motor vehicles	8.078.457	361.280	-	-	8.439.737
Furniture and fixtures	10.526.364	957.203	(158.488)	-	11.325.079
Other tangibles	137.081.131	10.211.372	(115.234)	-	147.177.269
Leasehold improvements	19.440.348	3.798.717	(336)	-	23.238.729
	724.874.753	23.499.467	(2.582.640)	-	745.791.580
Net book value:					
Land and buildings	249.622.448				230.966.910
Land improvements	111.857.428				110.153.206
Machinery and equipment	111.552.327				107.044.039
Motor vehicles	3.928.256				3.727.994
Furniture and fixtures	10.041.309				9.538.762
Other tangibles	209.118.168				208.523.923
Leasehold improvements	115.738.504				133.589.740
Construction in progress	15.539.033				28.933.583
Net book value	827.397.473				832.478.157

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THREE MONTHS INTERIM PERIODS ENDED 31 MARCH 2007**

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NOTE 20 – INTANGIBLE ASSETS

Movements of intangible assets during the period ended as of 31 March 2007 are as follows:

	1 January 2007	Classifications	Additions	Disposals	Transfer	31 March 2007
Cost:						
Other intangible assets	17.454.053		17.647	-	-	17.471.700
	17.454.053		17.647	-	-	17.471.700
Accumulated depreciation:						
Other intangible assets	12.534.781		241.049	-	-	12.775.830
	12.534.781		241.049	-	-	12.775.830
Net book value	4.919.272					4.695.870

Movements of intangible assets during the period ended as of 31 March 2006 are as follows:

	1 January 2006	Additions	Disposals	Transfer	31 March 2006
Cost:					
Other intangible assets	15.964.094	-	-	-	15.964.094
	15.964.094				15.964.094
Accumulated depreciation:					
Other intangible assets	11.800.431	436.515	-	-	12.236.946
	11.800.431				12.236.946
Net book value	4.163.663				3.727.148

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NOTE 21 – ADVANCES RECEIVED

The details of short-term and long-term advances received as of balance sheet date are as follows:

	31 March 2007	31 December 2006
Short-term advances received	-	-
Long-term advances received	165.675	63.025
Total advances received	165.675	63.025

Short and long-term advances were received from K.K.T.C. Ekonomi ve Maliye Bakanlığı Hazine ve Muhasebe Dairesi.

NOTE 22 – RETIREMENT BENEFITS

None.

NOTE 23 – PROVISIONS

	31 March 2007	31 December 2006
Provision for corporate tax(Note 41)	14.411.983	46.087.188
Provision for tax penalty (Note 31)	275.316.000	-
Provision for lawsuits (Note 31)	40.795.156	35.747.897
Provisions for other debts and expenses	150.058	150.058
Total short term provisions	330.673.197	81.985.143
Retirement pay provision	9.281.434	8.607.942
Provisions for other debts and expenses	372.708	372.708
Total long term provisions	9.654.142	8.980.650

Retirement Pay Provision:

Under Turkish Labor Law, the Group is required to pay employment termination benefits to each employee who has qualified. Also, employees are required to be paid their retirement pay provisions who retired by gaining right to receive retirement pay provisions according to current 506 numbered Social Insurance Law's 6 March 1981 dated, 2422 numbered and 25 August 1999 dated, 4447 numbered with 60th article that has been changed. The amount payable consists of one month's salary limited to a maximum of YTL 1.960,69 (2006: YTL 1.960,69) for each period of service at 31 December 2006.

The liability is not funded, as there is no funding requirement.

The provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of employees. IAS 19 requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

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NOTE 23 – PROVISIONS (cont'd)

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at 31 March 2007, the provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated assuming an annual inflation rate of 5% and a discount rate of 11%, resulting in a real discount rate of approximately 5,71% (31 December 2006: 5,71%). The anticipated rate of forfeitures is considered. As the maximum liability is revised semi annually, the maximum amount of YTL 1.960,69 effective from 1 January 2007 has been taken into consideration in calculation of provision from employment termination benefits.

	31 March 2007	31 March 2006
1 January	8.607.942	7.642.550
Increase during the year	782.485	259.088
Amounts paid	(108.993)	(637.769)
Closing Balance	9.281.434	7.263.869

NOTE 24 – MINORITY INTEREST/INCOME (LOSS) BEFORE MINORITY INTEREST

Group's minority interest and income/(loss) before minority interest belongs to Kipet, ERK, PO Alternatif Yakıtlar and PO Gaz İletim and as of the balance sheet date TRY 4.039.977 and TRY 46.585 respectively (31 December 2006: TRY 4.086.562 and 31 March 2006: TRY 125.127).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FOR THE THREE MONTHS INTERIM PERIODS ENDED 31 MARCH 2007

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NOTE 25 – SHARE CAPITAL

The composition of the Company's paid-in share capital as of 31 March 2007 and 31 December 2006 is as follows:

	31 March 2007		31 December 2006	
	Share (%)	TRY	Share (%)	TRY
Doğan Holding	52,73	220.124.940	52,73	220.124.940
OMV	34,00	141.933.000	34,00	141.933.000
Public quotation	13,27	55.392.060	13,27	55.392.060
Total	100	417.450.000	100	417.450.000
Adjustment to capital		-		874.738.210
Total paid-in capital		417.450.000		1.292.188.210

NOTE 26 – CAPITAL RESERVES

	31 March 2007	31 December 2006
Additional paid in capital (*)	247.461.598	247.461.598
Shareholder's equity inflation restatement differences	995.386.122	995.386.122
	1.242.847.720	1.242.847.720

(*) The Company legally merged with İş Doğan by taking over all of İş Doğan's assets and liabilities in accordance with the Turkish Commercial Code Article numbered 451 and Corporate Tax Law Articles numbered 37, 38 and 39 after the approval of the CMB given at the meeting numbered 61/1705 and dated 24 December 2002. As of the merger date, which was 27 December 2002, the financial statements of İş Doğan prepared in accordance with IFRS were considered as the basis for the Company's post-merger financial statements. Goodwill related to above mentioned acquisitions was also included in the pre-merger consolidated financial statements of İş Doğan. Minority interest of TRY 247.461.598 in these financial statements was classified under additional paid-in capital during the merger.

Retained earnings as per the statutory financial statements, other than legal reserves, are available for distribution subject to the legal reserve requirement referred to below.

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code (TCC). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the company's paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in share capital. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital.

Public companies distribute dividends according to CMB regulations as follows:

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NOTE 26 – CAPITAL RESERVES (cont'd)

CMB, announced the minimum dividend rate as 20% as defined in Article 5-1 of Decree No IV-27 “Dividend and Interim Dividend Regulations for Public Companies Subject to Capital Market Law” Companies Based on the decision of the General Assembly, the distribution of this minimum amount of the distributable profit can be made as cash or as bonus share or as a combination of a certain percentage of cash and bonus shares. In case the first dividend amount is less than 5% of paid/issued capital, the dividend amount can be retained instead of distribution.

Between 10 May 2006 and 9 June 2006, the Company distributed a gross cash dividend of TRY 67.368.081 from 2005 year net profit. Full liability tax payer shareholders, as well as limited liability tax payer shareholders who obtain dividends in Turkey through a business place or permanent representation office, have been paid a cash dividend at the rate of 16,138% (TRY 0,16138 gross=net) for each share certificate with a nominal value of TRY 1, and other shareholders have been paid a cash dividend at the rate of 16,138% (TRY 0,16138 gross, TRY 0,14524 net) for each share certificate with a nominal value of TRY 1.

In accordance with Communiqué XI/25 the detail of shareholders equity accounts are as follows:

	31 March 2007	31 December 2006
Capital	417.450.000	417.450.000
Additional capital	247.461.598	247.461.598
Legal reserves	50.772.707	50.772.707
Extraordinary reserves	2.827.642	2.827.642
Other reserves	2.650.980	2.650.980
Cost increase fund	325.478	325.478
Shareholders' equity inflation restatement differences	995.386.122	995.386.122
Translation reserve	(7.988.708)	(7.007.336)
Net income/(loss)	(224.109.423)	230.115.954
Retained earnings	632.586.745	402.470.791
Total Shareholders' Equity	2.117.363.141	2.342.453.936

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NOTE 27 – PROFIT RESERVES

Adjusted values and shareholders' equity inflation restatement differences in terms of the purchasing power at 31 December 2004 as of 31 March 2007 and 31 December 2006 of accounts shown in note 26 with historical values are summarized below:

			31 March 2007
	Historical Value	Adjusted Value	Shareholder's Equity Inflation Restatement Differences
Capital	417.450.000	1.292.188.210	874.738.210
Legal reserves	50.772.707	164.850.263	114.077.556
Extraordinary reserves	2.827.642	8.150.984	5.323.342
Cost increase fund (*)	325.478	510.968	185.490
Other reserves (*)	2.650.980	3.712.504	1.061.524
Total	474.026.807	1.469.412.929	995.386.122

			31 December 2006
	Historical Value	Adjusted Value	Shareholder's Equity Inflation Restatement Differences
Capital	417.450.000	1.292.188.210	874.738.210
Legal reserves	50.772.707	164.850.263	114.077.556
Extraordinary reserves	2.827.642	8.150.984	5.323.342
Cost increase fund (*)	325.478	510.968	185.490
Other reserves (*)	2.650.980	3.712.504	1.061.524
Total	474.026.807	1.469.412.929	995.386.122

(*) Cost increase fund and other reserves have been classified under special reserves in consolidated financial statements.

NOTE 28 –RETAINED EARNINGS / ACCUMULATED DEFICIT

Group's accumulated profits as of 31 March 2007 amounting to TRY 632.586.745 have been reflected in retained earnings in the consolidated balance sheets (31 December 2006: TRY 402.470.791).

PETROL OFİSİ A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FOR THE THREE MONTHS INTERIM PERIODS ENDED 31 MARCH 2007**

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NOTE 29 – FOREIGN CURRENCY POSITION

The Group is exposed to foreign exchange risk through the impact of rate changes in the translation to New Turkish Lira of foreign currency denominated liabilities and assets. The Group has a net foreign currency liability position due to the foreign currency denominated borrowings. Therefore, the Group monitors currency risk by the analysis of foreign currency position.

31 March 2007 (Foreign Currency Amount equivalent TRY)

	USD	EURO	Other	Total TRY
Assets				
Cash and due from banks	156.199.680	1.518.042	21.382	157.739.104
Short-term trade receivables	163.205.748	208.681	-	163.414.429
Other current assets	2.386.432	70.662	-	2.457.094
Long-term trade receivables	-	45.106	-	45.106
Other long-term assets	473.188	8.548	-	481.736
	322.265.048	1.851.039	21.382	324.137.469
Liabilities				
Short-term borrowings	134.652.415	1.700.685	-	136.353.100
Short-term trade and finance lease payables	641.376.798	147.231	-	641.524.029
Other short-term liabilities	101.349.781	1.526.268	-	102.876.049
Long-term borrowings	648.873.186	4.403.590	-	653.276.776
Long-term trade and finance lease payables	649.048.210	3.773.713	-	652.821.923
Other long-term liabilities	10.911.453	-	-	10.911.453
	2.186.211.843	11.551.487	-	2.197.763.330
Net foreign currency position	(1.863.946.795)	(9.700.448)	21.382	(1.873.625.861)

31 December 2006 (Foreign Currency Amount equivalent TRY)

	USD	EURO	Other	Total TRY
Assets				
Cash and due from banks	154.255.113	907.850	25.108	155.188.071
Short-term trade receivables	181.785.212	1.317.088	-	183.102.300
Other current assets	9.217.143	19.262	-	9.236.405
Long-term trade receivables	-	64.904	-	64.904
Other long-term assets	481.931	1.333	-	483.264
	345.739.399	2.310.437	25.108	348.074.944
Liabilities				
Short-term borrowings	220.719.807	1.410.275	-	222.130.082
Short-term trade and leasing payables	1.161.996.727	551.023	54.604	1.162.602.354
Other short-term liabilities	19.836.589	1.369.475	-	21.206.064
Long-term borrowings	675.791.769	4.738.058	-	680.529.827
Long-term trade and leasing payables	673.925.792	4.031.422	-	677.957.214
Other long-term liabilities	17.357.838	-	-	17.357.838
	2.769.628.522	12.100.253	54.604	2.781.783.379
Net foreign currency position	(2.423.889.123)	(9.789.816)	(29.496)	(2.433.708.435)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FOR THE THREE MONTHS INTERIM PERIODS ENDED 31 MARCH 2007

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NOTE 30 – GOVERNMENT INCENTIVES AND GRANTS

None.

NOTE 31 – PROVISIONS, CONTINGENT LIABILITIES, CONTINGENT ASSETS

As of 31 March 2007 and 31 December 2006; provisions, contingent liabilities and contingent assets are as follows:

	31 March 2007	31 December 2006
Letter of guarantees given	170.295.390	544.292.062
Notes receivable given for guarantee	-	-
Lawsuit against the Company sued by PA (*)	15.603.434	15.603.434
Other lawsuits against the Group	13.982.546	7.455.967

Penalty Imposed by the Energy Market Regulatory Authority

With its Notifications No: 25049 and 25057, both dated 31 August 2006, the Energy Market Regulatory Authority (EMRA) imposed administrative fines on Petrol Ofisi A.Ş. and its subsidiary ERK Petrol Yatırımları A.Ş. (“Erk”) amounting to TRY 498.693.080 and TRY 100.738.860 respectively for deliveries made to unlicensed dealers. The Company and Erk have taken two different judicial actions in order to exercise their legal rights for the cancellation of the fines and removal of payment orders.

Request for Cancellation of EMRA Fine Process

In line with the regulations, the Company and Erk filed court cases with the 13th Division of Council of State on 18 September 2006 for the cancellation of the EMRA resolution and the stay of execution of the fines. On 17 November 2006, 13th Division of Council of State ruled for the stay of execution of TRY 11.431.360 portion of the total fine of the Company and rejected the request for stay of the execution for TRY 487.261.720. Similarly stay of TRY 1.428.920 portion of the total fine of Erk was ruled for and request for the stay of execution of TRY 99.309.940 was rejected.

On 7 December 2006, the Company and Erk appealed the ruling of the 13th Division of Council of State to the Plenary Session of Administrative Divisions of Council of State, denying motion for stay of execution for administrative fines imposed on the Company and Erk.

On 25 January 2007, Plenary Session of Administrative Divisions of Council of State suspended the execution of all of the fines imposed against the Company and ERK. Reasoned decision regarding the stay of the execution has been communicated to the Company and Erk on 28 February 2007.

Stay of the execution has been grounded on two reasons. These are;

- 1) transfer of fuels to unlicensed dealers should be evaluated as “Disobeying legal obligations” which is mentioned in 3rd item of 19th clause of Petroleum Market Law, instead of violation of 2nd item of 7th clause
- 2) fines should be imposed by taking the beginning date of violation as the notification date of EMRA, which is 12 April 2005, instead of 20 March 2005.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FOR THE
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NOTE 31 – PROVISIONS, CONTINGENT LIABILITIES, CONTINGENT ASSETS (cont'd)

Penalty Imposed by the Energy Market Regulatory Authority (cont'd)

Request for Cancellation of EMRA Fine Process (cont'd)

Applying fine separately for each dealer to which shipments made; imposing a single fine by considering fuel supply to unlicensed dealers as a single action; beginning date of fuel supply that is subjected to fine; whether it is lawful to impose a fine since there is not a regulation that restrains distribution license owners from supplying fuel to their own unlicensed dealers; and amount of fines for shipments are also included in the decision. Case has still been discussed by 13th Department of the State Council substantially.

Request for Cancellation of Payment Orders Process

The second judicial process was filed lawsuits with Istanbul Administrative Court for the cancellation of the payment orders and the suspension of the execution, upon the communication of the payment orders issued for fines imposed by EMRA to the Company and ERK by Boğaziçi Tax Office on 2 November 2006.

Simultaneously, the Company and Erk applied to the Ministry of Finance for payment in instalments of the administrative fines to avoid cash-out flows during the judicial process and since the approval of this claim required submission of guarantee, 8 real-estates amounting TRY 204.892.000 and inventory amounting TRY 280.960.086 are given as guarantee for the Company and 33 real-estates amounting TRY 89.053.744 and inventory amounting TRY 11.267.870 are given as guarantee for Erk. Ministry of Finance has accepted that the fines to be paid in 18 monthly instalments, starting in December 2006 and the first two being in smaller amounts. TRY 5.206.721 has been paid (TRY 2.966.229 through set-off and the remaining TRY 2.240.491 in cash) as the December 2006 instalment.

Consistent with the decision of the 13th Division of Council of State, Istanbul 7th Administrative Court decided to grant a stay of execution for TRY 11.431.360 portion of the payment orders for the Company and TRY 1.428.920 portion of the payment orders for ERK but rejected the request for stay of execution concerning the remainder of the payment orders. Notification of the decision was received on 16 January 2007. Following this decision, an application was filed at Istanbul District Administrative Court for the annulment of the rejection decision and for motion for stay of the total payment order.

Following the decision of the Plenary Session of the Administrative Divisions of Council of State, Istanbul District Administrative Court has ruled for the acceptance of the Company's and Erk's motion for stay without guarantee, after the annulment of the decision of the İstanbul 7th Administrative Court for the denial of the request for stay. Payments were not made after 1st instalment, because execution of the payment orders was suspended.

Uncertainty over the judicial process and final decision of the court cases continues as of the announcement date of the consolidated financial statements for the year ended 31 March 2007. Accordingly, no provision has been provided for this matter in the accompanying financial statements.

PETROL OFİSİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FOR THE THREE MONTHS INTERIM PERIODS ENDED 31 MARCH 2007

(Amounts are expressed as New Turkish Lira (TRY) unless otherwise stated)

NOTE 31 – PROVISIONS, CONTINGENT LIABILITIES, CONTINGENT ASSETS (cont'd)

Tax Dispute

On 27 December 2002, the Company merged with İş Doğan, which was the majority shareholder of the Company, in accordance with Turkish Commercial Code Article No: 451 and Corporate Tax Law Article No: 37, 38 and 39 after the approval the Capital Markets Board (“CMB”) has given at the meeting numbered 61/1705 and dated 24 December 2002. As a result of this legal merger, the assets and liabilities of İş Doğan were transferred to the Company and İş Doğan was dissolved.

In June 2002, İş Doğan requested refund of the withholding taxes paid on bank transactions from Üsküdar Tax Office and got refund by giving guarantees. A tax inspection was conducted with respect to the claim made by İş Doğan for the refund of withholding taxes paid. The limited tax review reports in relation to the years 2001 and 2002 were notified to the Company on 27 December 2006.

On 12 March 2007, notifications for tax assessment amounting to TRY 359.992.521,20 for corporate tax liability, TRY 265.516.081,76 for prepaid tax liability and tax penalty amounting to TRY 625.508.602,96 for the years 2002, 2003, 2004, 2005 and 2006 were communicated to the Company. The total amount of tax assessment is calculated as TRY 359.992.521,20 along with a tax penalty of TRY 625.508.602,96 since TRY 265.516.081,76 of prepaid taxes can be written off against corporate tax by law. The Company has also filed an application for arbitration with Ministry of Finance for the above mentioned tax and tax penalty.

Discussions with Ministry of Finance in relation to the original tax liability and tax penalties imposed upon the Company had been deemed appropriate. Negotiations between the representatives of Ministry of Finance and the Company have been finalized through a settlement. According to the settlement reached between the Ministry of Finance and the Company, 50% discount will be applied to the original tax liability and the amount of the total payment, everything included, will be TRY 275,316,000. Accordingly, provision has been provided for this matter in the accompanying financial statements.

(*) The lawsuit filed by the Turkish Privatisation Administration (PA) at the Fifth Commercial Court of First Instance for TRY 3.420.107 under principal file 01/1526 was based on the Company’s application of a net-off processed for the dividends payable to PA against the unpaid amounts due to the Company by PA. Court of Appeals ruled for the reversal of this which was rejected by the relevant court. The suit has been finalised to the benefit of the Company.

The lawsuit filed by PA at the Ankara, Eighth Commercial Court of First Instance for TRY 12.183.327 under principal file 05/31 was based on the delay in the payment to PA by the Company, performed in compliance with the old agreement which in turn pertained to the annulation by the Administrative Tribunal of the resolution of Privatisation High Commission which has revised the Share Sale Agreement with regard to the purchase of 25,8% shares owned by PA. The suit has been finalised against the Company, and the Company appealed at Court of Appeals. Upon the appeal request, Court of Appeals ruled for approval of resolution, however the resolution has not been notified to the Company. After this stage, the Company has a right of requesting resolution amendment by Court of Appeals. However concerning this request could not counteract the execution of the resolution, PA will attempt to collect the receivable after the notification of Court of Appeals resolution. In this case, the Company will have to pay the file amount, interest and expenses. A provision of TRY 20.843.011 has been provided for probable file amount, interest and expenses.

PETROL OFİSİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FOR THE THREE MONTHS INTERIM PERIODS ENDED 31 MARCH 2007

(Amounts are expressed as New Turkish Lira (TRY) unless otherwise stated)

NOTE 31 – PROVISIONS, CONTINGENT LIABILITIES, CONTINGENT ASSETS (cont'd)

The court case for an amount of TRY 850.886 which was filed by Istanbul Metropolitan Municipality with Beykoz First Civil Court of First Instance (File No: 2001/320), with a request for damages for the unlawful occupation of the Çubuklu Storage Facilities, resulted against the Company. An application was made to the Court of Appeals, which ruled for the reversal of the resolution and the trial process started again. The court for an amount of TRY 2.555.850 which was filed by Istanbul Metropolitan Municipality with Beykoz 1st Civil Court of First Instance (File No: 2006/101), related to the damages payable for the unlawful occupation of the Çubuklu Storage Facilities, is currently pending. A provision of TRY 8.299.813 has been provided for regarding the court expenses and possible interests and charges.

The court case for an amount of TRY 1.895.740 filed by one of the dealers of the Company, Bercan Petrol San. ve Tic. Ltd. Şti., with the İstanbul Third Commercial Court of First Instance (No:2002/334) for the collection of additional losses and investment costs resulted against the Company. The decision is filed to the Supreme Court of appeal and investigation is currently continuing. A provision of TRY 2.779.632 has been provided for regarding the court expenses and possible interests and charges.

A provision of TRY 8.760.698, regarding court expenses and possible interests and charges, has been provided for various court cases filed against the Company.

According to a purchase agreement made with Tüpraş Petrol Rafineri İşleri A.Ş., the Group has to notify annual purchase commitments in mid-October. However, the Group has a right to revise its quarterly purchase commitments prior to 30 days, and its monthly purchase commitments prior to 15 days.

The Group is required to submit purchase commitments quarterly to Boru Hatları ile Petrol Taşıma A.Ş. (BOTAŞ) regarding the LNG shipments from LNG Terminal at Marmara Ereğlisi. In case shipments are less than 70% of the commitment, the Group pays the value of quantity difference to BOTAŞ.

Fair value hedge was applied for the Group's oil inventories and import cargo purchases; for the purpose of regular income assurance and avoiding negative price movements, by using various derivative instruments. While contracts whose maturities are 1 or 2 months are used for the import cargos, for oil inventories, contracts with longer maturities are used. The maturities of all contracts are less than 1 year. Any gains or losses arising from changes in the fair value hedges, are included in cost of goods sold.

	31 March 2007		31 December 2006	
	Nominal	Fair Value Increase	Nominal	Fair Value Increase
Cargo	120.197.946	10.682.388	34.676.503	2.902.318
	120.197.946	10.682.388	34.676.503	2.902.318

NOTE 32 – BUSINESS COMBINATIONS

None.

PETROL OFİSİ A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FOR THE THREE MONTHS INTERIM PERIODS ENDED 31 MARCH 2007**

(Amounts are expressed as New Turkish Lira (TRY) unless otherwise stated)

NOTE 33 – SEGMENTAL INFORMATION

Group, has provided the financial reporting of segmental information with respect to different client groups composed of diverse risk and utility.

1 January - 31 March 2007				
	Retail	Industrial and commercial	Other (*)	Total
Sales revenue (net)	1.674.320.044	563.766.192	414.560.157	2.652.646.393
Cost of sales (-)	(1.575.931.714)	(551.311.585)	(389.250.686)	(2.516.493.985)
Other Revenues			19.379.755	19.379.755
Gross operating profit/loss	98.388.330	12.454.607	44.689.226	155.532.163
Operating expense(-)	(29.428.113)	(16.760.652)	(19.636.344)	(65.825.109)
Segment operating profit	68.960.217	(4.306.045)	25.052.882	89.707.054
Operating expenses – unallocated				(20.272.737)
Other income and profit				129.416.072
Other expense and losses				(368.832.189)
Finance expenses (-)				(43.774.785)
Operating profit/ loss				(213.756.585)
Minority interests				46.585
Profit/loss before taxation				(213.710.000)
Taxes				(10.399.423)
Net profit/loss for the period				(224.109.423)

1 January - 31 March 2006				
	Retail	Industrial and commercial	Other (*)	Total
Sales revenue (net)	1.615.572.903	691.499.849	334.566.269	2.641.639.021
Cost of sales (-)	(1.520.801.901)	(666.765.189)	(300.563.447)	(2.488.130.537)
Other Revenues	-	-	7.504.605	7.504.605
Gross operating profit/loss	94.771.002	24.734.660	41.507.427	161.013.089
Operating expense(-)	(38.415.949)	(14.793.671)	(11.976.175)	(65.185.795)
Segment operating profit	56.355.053	9.940.989	29.531.252	95.827.294
Operating expenses – unallocated				(25.343.570)
Other income and profit				69.001.112
Other expense and losses (-)				(54.498.215)
Finance expenses (-)				(28.720.501)
Operating profit/ loss				56.266.120
Minority interests				(125.127)
Profit/loss before taxation				56.140.993
Taxes				(10.150.250)
Net profit/loss for the period				45.990.743

* Other includes maritime, aviation, lubricants, and other segments.

PETROL OFİSİ A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FOR THE
THREE MONTHS INTERIM PERIODS ENDED 31 MARCH 2007**

(Amounts are expressed as New Turkish Lira (TRY) unless otherwise stated)

NOTE 33 – SEGMENTAL INFORMATION (cont'd)**Segment assets and liabilities employed:**

Total assets	31 March 2007	31 December 2006
Retail	1.459.363.406	1.620.591.162
Industrial and commercial	669.760.125	817.776.738
Others	564.552.925	658.276.371
Unallocated	2.751.644.859	2.932.175.467
Total	5.445.321.315	6.028.819.738

Total Liabilities	31 March 2007	31 December 2006
Retail	1.003.246.174	1.139.312.162
Industrial and commercial	405.459.366	490.388.233
Others	567.953.272	862.023.550
Unallocated	1.347.259.385	1.190.555.295
Total	3.323.918.197	3.682.279.240

Capital expenditures, depreciation and amortisation:**Property, plant and equipment and intangible assets purchases**

	31 March 2007	31 March 2006
Retail	34.529.354	27.390.979
Industrial and commercial	20.550.761	10.506.003
Others	20.579.416	8.813.268
Unallocated	1.186.160	661.521
Total	76.845.691	47.371.771

Depreciation and amortisation

Retail	11.162.732	12.984.282
Industrial and commercial	6.941.006	5.016.781
Others	6.828.163	4.375.814
Unallocated	1.645.047	1.559.105
Total	26.576.948	23.935.982

As of 31 March 2007 and 2006, there are no significant non-cash expenses other than depreciation and capital expenditure to be allocated.

PETROL OFİSİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FOR THE THREE MONTHS INTERIM PERIODS ENDED 31 MARCH 2007

(Amounts are expressed as New Turkish Lira (TRY) unless otherwise stated)

NOTE 34 – SUBSEQUENT EVENTS

Doğan Şirketler Grubu Holding, one of the shareholders of the Company, announced on 22 February 2007 that the Holding Coordination Department was authorized to purchase shares up to 5% of the Company's capital on the secondary market of the İstanbul Stock Exchange (ISE) within 6 months following the announcement date. In this regard, on 17.04.2007 shares with a nominal value of TRY 128.428, with an average unit price of TRY 5,90 were purchased. The shareholders' agreement executed between OMV and Doğan Holding concerning Petrol Ofisi A.Ş. on 13 March 2006 provides that this purchase shall not affect the parties' joint management of the Company, and the shares purchased shall not vest any additional right of control. As a result of share purchases the total share of Doğan Şirketler Grubu Holding A.Ş. in the Company's capital has increased from 52,90% to 52,93%.

OMV, one of the shareholders of the Company, purchased on 01.05.2007 shares with a nominal value of TRY 100.000, with an average unit price of TRY 5,90 on the secondary market of ISE. As a result, direct share of OMV in Petrol Ofisi A.Ş.'s capital has increased to 35,36%. The shareholders' agreement executed between OMV and Doğan Holding concerning Petrol Ofisi A.Ş. on 13 March 2006 provides that this purchase shall not affect the parties' joint management of the company, and the shares purchased shall not vest any additional right of control.

During the Ordinary General Meeting held on 30 April 2007, a decision was made to propose setting aside TRY 32.772.329 as tax expense, TRY 1.066.801 as minority income, TRY 9.327.852 as a First Reserve out of the 2006 net profit of TRY 263.955.0844 in accordance with the provisions of Article 466/1 of the Turkish Commercial Code and with the decisions of the Capital Market Board No. 7/242 dated 25 February 2005, and to distribute dividend as giving bonus shares of TRY 44.292.287, which corresponds to 20,381% of the net distributable profit of TRY 217.316.303, and 10,61% of the company's issued capital in the Ordinary General Meeting will be held on 16 May 2007.. In accordance with the decisions of the Capital Market Board No. 7/242 dated 25 February 2005 net distributable profit has been calculated by deducting the First Reserve and deducting a further TRY 5.744.671 in affiliates' profits which will not be distributed and which are subject to consolidation, and by adding TRY 2.272.873 for donations made in 2006. The General Meeting also decided to propose transferring the remaining profit to the "Contingency Reserves" item in the Ordinary General Meeting will be held on 16 May 2007.

The Company's Board of Directors decided to found a company with USD 200.000 paid capital in Georgia in order to give aviation fuel supply services, to found a retail fuel distribution station network consisting of the stations that will be operated with dealership system, and to provide support services about distribution operations.

NOTE 35 – DISCONTINUED OPERATIONS

As of the balance sheet date, the Group has no discontinued operations.

PETROL OFİSİ A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FOR THE
THREE MONTHS INTERIM PERIODS ENDED 31 MARCH 2007**

(Amounts are expressed as New Turkish Lira (TRY) unless otherwise stated)

NOTE 36 – OPERATING INCOME

<u>Sales</u>	1 January- 31 March 2007	1 January- 31 March 2006
Domestic sales	2.603.736.897	2.651.083.301
Foreign sales	91.031.117	27.693.483
Sales returns (-)	(3.098.064)	(2.356.412)
Sales discounts (-)	(30.226.188)	(25.432.733)
Other discounts (-)	(8.797.369)	(9.348.618)
	2.652.646.393	2.641.639.021

<u>Cost of sales</u>	1 January- 31 March 2007	1 January- 31 March 2006
Raw materials	27.711.091	20.618.085
Direct labor costs	181.671	322.154
General production expenses	2.058.190	1.410.570
Depreciation expense	349.195	285.859
Changes in work in process	(645.500)	(430.383)
Changes in finished goods	859.587	(82.749)
Cost of finished goods sold	30.514.234	22.123.536
Cost of trade goods sold (*)	2.483.785.422	2.465.670.572
Cost of service sold	2.194.329	336.429
Cost of sales	2.516.493.985	2.488.130.537

(*) Cost of trade goods sold contains service/transportation cost of PO Gaz İletim A.Ş. amounting to TRY 2.194.329 (31 March 2006: TRY 336.429) and it includes TRY 137.155 depreciation and amortization (31 March 2006: TRY 56.835).

PETROL OFİSİ A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FOR THE
THREE MONTHS INTERIM PERIODS ENDED 31 MARCH 2007**

(Amounts are expressed as New Turkish Lira (TRY) unless otherwise stated)

NOTE 37 – OPERATING EXPENSES

Operating expenses for the periods ended 31 March are as follows:

	1 January- 31 March 2007	1 January- 31 March 2006
Personnel expenses	(19.460.423)	(21.274.566)
Electricity-Water-Heating expenses	(679.232)	(808.618)
Communication expenses	(1.162.519)	(1.099.842)
Repair and maintenance expenses	(2.479.703)	(2.076.467)
Insurance expenses	(1.315.491)	(864.515)
Transportation expenses	(2.584.696)	(1.978.998)
Taxes and dues payable	(5.509.729)	(6.051.911)
Depreciation and amortization	(26.090.598)	(23.593.288)
Advertising expenses	(5.724.534)	(16.231.793)
Consultancy charges	(14.213.648)	(9.050.817)
Bank and commission expenses	(1.610.363)	(1.867.485)
Rent expenses	(2.502.739)	(2.221.181)
Other	(2.764.171)	(3.409.884)
	(86.097.846)	(90.529.365)

NOTE 38 – OTHER OPERATING INCOME/EXPENSE AND PROFIT/LOSS

Other operating income and profit for the periods ended 31 March are as follows:

	1 January- 31 March 2007	1 January- 31 March 2006
Interest income	28.573.276	7.488.785
Commission incomes	570.306	574.001
Provisions released	11.954.093	807.683
Gain on sale of marketable securities	10.034	-
Foreign exchange gain	71.687.128	29.547.117
Interest accruals income	12.928.978	13.190.899
Gain on sale of fixed asset	-	11.741.691
Other income and profits	3.692.257	5.650.936
	129.416.072	69.001.112

PETROL OFİSİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FOR THE THREE MONTHS INTERIM PERIODS ENDED 31 MARCH 2007

(Amounts are expressed as New Turkish Lira (TRY) unless otherwise stated)

NOTE 38 – OTHER OPERATING INCOME/EXPENSE AND PROFIT/LOSS (cont'd)

Other operating expenses and losses for the periods ended 31 March are as follows:

	1 January- 31 March 2007	1 January - 31 March 2006
Commission expenses (-)	(296.666)	(190.542)
Lawsuit provision expenses (-)	(30.819.132)	(2.377.511)
Tax penalty provision	(275.316.000)	-
Bad debt provision expenses (-)	-	-
Foreign exchange loss(-)	(49.990.913)	(33.957.415)
Interest accrual expenses (-)	(10.224.427)	(14.479.236)
Gain on sale of fixed asset	(602.912)	-
Other expenses and losses (-)	(1.582.139)	(3.493.511)
	(368.832.189)	(54.498.215)

NOTE 39 – FINANCE EXPENSES

Finance expenses for the periods ended 31 March are as follows:

	1 January- 31 March 2007	1 January- 31 March 2006
Cost of borrowings	(34.422.227)	(29.838.737)
Foreign exchange gain/(expense) *	-	1.118.236
Rediscount of Letter of credits	(9.352.558)	-
	(43.774.785)	(28.720.501)

* Foreign exchange gain and losses related to bank loans are included in finance expenses.

NOTE 40 – NET MONETARY GAIN/LOSS

No monetary gain/loss to be reported for 31 March 2007 and 2006 due to the fact that inflation accounting is not applied since 1 January 2005.

PETROL OFİSİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FOR THE THREE MONTHS INTERIM PERIODS ENDED 31 MARCH 2007

(Amounts are expressed as New Turkish Lira (TRY) unless otherwise stated)

NOTE 41 – TAXATION

Corporate Tax

The Company and its Turkish subsidiaries are subject to Turkish corporate taxes. Provision is made in the accompanying financial statements for the estimated charge based on the Group's results for the period.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilized.

The effective tax rate for 31 March 2007 is 20% (31 March 2006: 30%).

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate was decreased to 20% for 2007 (March 2006: 30%).

Losses are allowed to be carried 5 years maximum to be deducted from the taxable profit of the following years. However, losses occurred cannot be deducted from the profit occurred in the prior years retroactively.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1-25 April following the close of the accounting year to which they relate. The companies with special accounting periods, file their tax returns between 1st-25th of fourth month after fiscal year end. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

Income withholding tax

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are resident companies in Turkey and Turkish branches of foreign companies. The rate of income withholding tax is 10% starting from 24 April 2003. This rate was changed to 15% with the code numbered 5520 article 15 commencing from 21 June 2006. However until the resolution of council of ministers, it was used as 10%. After the resolution, declared in Official Gazette in 23 July 2006, this rate is changed to %15 effective from 23 July 2006. Undistributed dividends incorporated in share capital are not subject to income withholding taxes. Withholding tax at the rate of 19,8% is still applied to investment allowances relating to investment incentive certificates obtained prior to 24 April 2003. Subsequent to this date, companies can deduct 40% of the investments within the scope of the investment incentive certificate and that are directly related to production facilities of the company. The investments without investment incentive certificates do not qualify for tax allowance.

Investment incentive certificates are revoked commencing from 1 January 2006. If companies cannot use investment incentive due to inadequate profit, such outstanding investment incentive can be carried forward to following years as of 31 December 2005 so as to be deducted from taxable income of subsequent profitable years. However the companies can deduct the carried forward outstanding allowance from 2006, 2007 and 2008 taxable income. The investment incentive amount that cannot be deducted from 2008 taxable income will not be carried forward to following years.

NOTE 41 – TAXATION (cont'd)

PETROL OFİSİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FOR THE THREE MONTHS INTERIM PERIODS ENDED 31 MARCH 2007

(Amounts are expressed as New Turkish Lira (TRY) unless otherwise stated)

Income withholding tax (cont'd)

The tax rate that the companies can use in the case of deducting the tax investment incentive amount in 2006, 2007 and 2008 is 30%. If the Company cannot use the investment incentive carried forward, the effective tax rate will be 20% and the unused investment incentive will be cancelled.

The Group has used 20% corporate tax rate as of 31 March 2007 because it has chosen not to use investment incentive.

Adjusted Tax Calculations According to Inflation

Before the year 2003 and previous periods, except yearly revaluation of fixed assets and their depreciations, the profit for the period was calculated with the inflation adjusted balances. In accordance with Tax Law No: 5024 "Law Related to Changes in Tax Procedure Law, Income Tax Law and Corporate Tax Law" ("Tax Law 5024") that was published in the Official Gazette on 30 December 2003, The application of the inflation accounting has to be used in case of the inflation rate reaches the stated range in the law after 2004 and the following periods. There are significant differences in inflation accounting principles between tax legislation and IFRS 29 "Financial Reporting in Hyperinflationary Economies". Because inflation exceeded certain criterias in 2004, according to Tax Law article 5024 the Company and its Turkish subsidiaries made inflation adjustment, these balances were used as opening balance for legal records after 1 January 2005. In 2005, 2006 and 2007 inflation accounting was not applied because the criterias stated in the law did not occur.

	31 March 2007	31 December 2006
<u>Corporate tax payable:</u>		
Current tax liability	14.594.342	56.758.979
Prepaid taxes and dues	(182.359)	(10.671.791)
Provision for corporate tax (Note 23)	14.411.983	46.087.188

	1 January- 31 March 2007	1 January- 31 March 2006
<u>Tax charge/(benefit):</u>		
Current tax	14.594.342	9.095.671
Deferred tax (benefit)/charge (Note 14)	(4.194.919)	1.054.579
	10.399.423	10.150.250

PETROL OFİSİ A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FOR THE
THREE MONTHS INTERIM PERIODS ENDED 31 MARCH 2007**

(Amounts are expressed as New Turkish Lira (TRY) unless otherwise stated)

NOTE 41 – TAXATION (cont'd)

Current period tax reconciliation:

	31 March 2007	31 March 2006
Consolidated profit/(loss) before taxes on income and minority interest	(213.756.585)	56.140.993
Tax at the effective rate 2007: 20% and 2006: 30%	(42.751.317)	16.842.298
Tax effect of tax penalty provision	(55.063.200)	-
Tax effect of non - deductible expenses	297.535	748.795
Tax effect of exempt income	107.916.405	(7.440.843)
Taxes on income per the consolidated statement of income	10.399.423	10.150.250

NOTE 42 – EARNINGS PER SHARE

	1 January- 31 March 2007	1 January- 31 March 2006
Net profit /(loss) for the period	(224.109.423)	45.990.743
Weighted-average number of outstanding shares(1 share equals to TRY 1 valued share)	417.450.000	417.450.000
Net profit/(loss) per share (TRY)	(0.537)	0,110

NOTE 43 – STATEMENT OF CASH FLOWS

Statement of cash flow is presented with the financial statements.

NOTE 44 – OTHER ISSUES THAT SIGNIFICANTLY EFFECT THE FINANCIAL STATEMENTS OR OTHER ISSUES REUIRED FOR THE CLEAR UNDERSTANDING OF FINANCIAL STATEMENTS

None.

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