

PETROL OFİSİ A.Ş.

CONSOLIDATED FINANCIAL STATEMENTS
AS AT 30 JUNE 2008

(Translated into English from
the Original Turkish Report)

**CONVENIENCE TRANSLATION OF THE REVIEW REPORT AND THE
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

REVIEW REPORT ON INTERIM FINANCIAL STATEMENTS

To the Board of Directors of
Petrol Ofisi A.Ş.

Introduction

We have reviewed the accompanying consolidated balance sheet of Petrol Ofisi A.Ş. (the “Company”) and its subsidiaries (together the “Group”) as of 30 June 2008 and the related consolidated statements of income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with financial reporting standards published by Capital Markets Board. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with auditing standards published by Capital Markets Board. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards published by Capital Markets Board and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not present fairly, in all material respects, the financial position of Petrol Ofisi A.Ş. and its subsidiaries as at 30 June 2008 and of its financial performance and its cash flows for the six-month period then ended in accordance with financial reporting standards published by Capital Markets Board.

Without qualifying our conclusion we draw attention to the following:

As explained in detail in Note 22, 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 the supplies 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 fine and removal of the payment orders. Upon filings for suspension of execution to Plenary Session of Administrative Law Divisions of Council of State, the execution of fines was suspended on 25 January 2007. The Company and Erk, paid the first instalment amounting to TRY 5.206.720 of the fines and ceased the payment of following instalments based on the ruling for suspension of the execution. Reasoned decisions for the suspension of the execution have been communicated to the Company and Erk on 28 February 2007. Uncertainty over the judicial process continues as of the report date. Accordingly, the Group has not made provisions for this matter in the accompanying financial statements.

İstanbul, 5 August 2008

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU**

Gökhan Alpman
Partner

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PETROL OFİSİ A.Ş.**CONSOLIDATED BALANCE SHEET AS OF JUNE 30, 2008**

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

		Current Period	Prior Period
	Notes	June 30, 2008	December 31, 2007
ASSETS			
Current Assets		3.332.493.072	2.475.760.056
Cash and Cash Equivalents	6	570.573.035	404.538.084
Trade Receivables	10	1.670.327.405	1.183.246.086
Other Receivables	11	95.469.320	95.080.164
Inventories	13	943.658.962	746.577.571
Other Current Assets	26	52.464.350	46.318.151
Long Term Assets		3.445.025.365	3.310.412.101
Trade Receivables	10	6.566.568	6.607.977
Other Receivables	11	851.461	618.267
Financial Assets	7	135.892	135.892
Tangible Fixed Assets	18	1.103.825.567	1.047.685.764
Intangible Fixed Assets	19	7.860.829	8.811.911
Goodwill	20	2.230.454.638	2.230.454.638
Deferred Tax Assets	35	728.427	562.830
Other Long Term Assets	26	94.601.983	15.534.822
TOTAL ASSETS		6.777.518.437	5.786.172.157

The consolidated financial statements prepared as of and for the period ended June 30, 2008 have been approved by the Board of Directors on 5 August 2008.

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

PETROL OFİSİ A.Ş.**CONSOLIDATED BALANCE SHEET AS OF JUNE 30, 2008**

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

		Current Period	Prior Period
	Notes	June 30, 2008	December 31, 2007
LIABILITIES			
Short Term Liabilities		1.664.631.537	1.576.350.980
Financial Borrowings	8	141.962.845	103.996.879
Other Financial Liabilities	9	42.645.071	25.844.984
Trade Payables	10	1.049.827.807	960.687.171
Other Payables	11	280.105.856	405.851.915
Current Tax Liability	35	42.396.270	34.080.239
Provisions	22	29.424.886	22.941.469
Other Short Term Liabilities	26	78.268.802	22.948.323
Long Term Liabilities		2.331.190.337	1.559.290.918
Financial Borrowings	8	1.050.532.600	586.019.504
Trade Payables	10	1.222.065.232	904.487.298
Other Payables	11	736.375	1.047.700
Provisions	22	1.453.340	1.253.340
Provisions for Employment Benefits	24	9.441.644	9.461.569
Deferred Tax Liabilities	35	41.946.296	50.761.087
Other Long Term Liabilities	26	5.014.850	6.260.420
SHAREHOLDERS' EQUITY		2.781.696.563	2.650.530.259
Parent Company Shareholders' Equity		2.776.723.481	2.645.927.371
Paid-in Capital		550.000.000	492.000.000
Inflation Adjustment of Capital		874.738.210	874.738.210
Share Issue Premium		1.831.496	1.831.496
Currency Translation Reserve		134.559	(36.497)
Restricted Reserves Assorted from Profit		226.345.934	208.523.681
Retained Earnings		993.048.228	758.162.269
Net Profit for the Period		130.625.054	310.708.212
Minority Interest		4.973.082	4.602.888
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		6.777.518.437	5.786.172.157

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

PETROL OFİSİ A.Ş.

CONSOLIDATED STATEMENT OF INCOME FOR THE SIX MONTH INTERIM PERIOD ENDED JUNE 30, 2008

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

		Current Period	Current Period	Prior Period	Prior Period
	Notes	January 1 – June 30, 2008	April 1- June 30, 2008	January 1 – June 30, 2007	April 1- June 30, 2007
CONTINUED OPERATIONS					
Sales Revenue (net)	28	8.088.523.387	4.693.325.775	6.014.309.965	3.342.283.817
Cost of Sales (-)	28	(7.539.112.174)	(4.357.929.398)	(5.593.873.861)	(3.077.379.876)
GROSS PROFIT / LOSS		549.411.213	335.396.377	420.436.104	264.903.941
Marketing, Sales and Distribution Expenses (-)	29	(162.721.535)	(85.348.783)	(137.989.379)	(75.710.064)
General Administration Expenses (-)	29	(39.133.949)	(19.520.731)	(54.206.708)	(30.388.178)
Other Operating Income	31	8.424.176	931.273	9.497.134	4.857.375
Other Operating Expenses (-)	31	(18.348.874)	(10.505.836)	(320.659.825)	(23.629.907)
OPERATING PROFIT / LOSS		337.631.031	220.952.300	(82.922.674)	140.033.167
Finance Income	32	255.438.483	149.343.467	265.183.517	151.994.135
Finance Expense (-)	33	(427.894.552)	(155.123.402)	(180.890.561)	(76.900.435)
PROFIT BEFORE TAXATION FROM CONTINUED OPERATIONS		165.174.962	215.172.365	1.370.282	215.126.867
Tax Income/Expenses From Continued Operations	35	(34.179.714)	(43.345.132)	(53.946.572)	(43.547.149)
- Current Tax Income/Expense		(43.160.102)	(42.589.996)	(53.709.275)	(39.114.933)
- Deferred Tax Income/Expense		8.980.388	(755.136)	(237.297)	(4.432.216)
PROFIT/LOSS FROM CONTINUED OPERATIONS		130.995.248	171.827.233	(52.576.290)	171.579.718
PROFIT/LOSS FOR THE PERIOD		130.995.248	171.827.233	(52.576.290)	171.579.718
Distribution of Profit/Loss for the Period					
Minority Interest	27	370.194	164.554	117.323	163.908
Parent Company Share		130.625.054	171.662.679	(52.693.613)	171.415.810
Earnings Per Share	36	0,238	0,312	(0,096)	0,312

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

PETROL OFİSİ A.Ş.

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX MONTH INTERIM PERIOD ENDED JUNE 30, 2008**

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

	Capital	Inflation adjustment of Capital	Share Issue Premium	Restricted Reserves Assorted from Profit	Currency Translation Reserve	Retained Earnings	Period Profit / Loss	Parent Company Shareholders' Equity	Minority Interest	Total Shareholders' Equity
January 1, 2007	417.450.000	874.738.210	1.831.496	198.876.755	(7.007.336)	626.448.857	230.115.954	2.342.453.936	4.086.562	2.346.540.498
Transfers from retained earnings	44.292.287	-	-	39.904.639	-	145.919.028	(230.115.954)	-	-	-
Change in translation reserve	-	-	-	-	(3.563.851)	-	-	(3.563.851)	-	(3.563.851)
Transfer of gain on sale of property t to share capital	30.257.713	-	-	(30.257.713)	-	-	-	-	-	-
Minority interest	-	-	-	-	-	-	-	-	117.323	117.323
Current period profit	-	-	-	-	-	-	(52.693.613)	(52.693.613)	-	(52.693.613)
June 30, 2007	492.000.000	874.738.210	1.831.496	208.523.681	(10.571.187)	772.367.885	(52.693.613)	2.286.196.472	4.203.885	2.290.400.357
January 1, 2008	492.000.000	874.738.210	1.831.496	208.523.681	(36.497)	758.162.269	310.708.212	2.645.927.371	4.602.888	2.650.530.259
Transfers from retained earnings	58.000.000	-	-	17.822.253	-	234.885.959	(310.708.212)	-	-	-
Change in translation reserve	-	-	-	-	171.056	-	-	171.056	-	171.056
Minority interest	-	-	-	-	-	-	-	-	370.194	370.194
Current period profit	-	-	-	-	-	-	130.625.054	130.625.054	-	130.625.054
June 30, 2008	550.000.000	874.738.210	1.831.496	226.345.934	134.559	993.048.228	130.625.054	2.776.723.481	4.973.082	2.781.696.563

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

PETROL OFİSİ A.Ş.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTH INTERIM PERIOD ENDED JUNE 30, 2008**

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

	Notes	January 1 - June 30, 2008	January 1 - June 30, 2007
Cash Flows From Operating Activities			
Income before taxation on income and minority interests		165.174.962	1.370.282
Adjustments to reconcile net income to net cash from operating activities:			
Amortization and depreciation	18,19	59.194.175	54.556.878
Increase in retirement pay provision	24	1.417.582	558.926
Interest expense – net		120.863.056	35.285.284
Loss on sale of tangible fixed assets		1.334.392	335.698
Doubtful receivable provision – net	10	1.147.052	24.621.884
Deferred finance (income)/ expense		1.268.295	(1.927.866)
Change in fair value of derivative instruments		16.800.087	12.750.556
Provision for litigation and other provision		8.125.456	5.768.041
Accrued foreign exchange loss/(gain) on letter of credits and bank loans		48.736.592	(99.755.329)
Net cash before changes in operating assets and liabilities		424.061.649	33.564.354
(Increase)/ decrease in trade receivables		(489.455.257)	106.821.573
(Increase)/ decrease in other receivables		(622.350)	(28.916)
(Increase)/ decrease in inventories		(197.081.391)	108.864.214
(Increase)/ decrease in other current assets		(6.146.199)	20.367.944
(Increase)/ decrease in other long-term assets		(79.067.161)	(12.324.825)
Increase/ (decrease) in trade payables		532.073.811	54.451.446
(Decrease)/increase in other payables		(126.057.383)	(39.341)
Increase/ (decrease) in other short term liabilities		53.878.439	(28.898.662)
(Decrease)/increase in other long term borrowings		(1.245.570)	4.295.123
Retirement pay provision paid	24	(1.437.507)	(197.502)
Taxes and dues paid		(34.844.071)	(60.859.014)
Net cash provided by operating activities		74.057.010	226.016.394
Investing activities			
Purchase of tangible fixed assets and intangible assets	18, 19	(115.615.119)	(119.294.023)
Proceeds from sale of property, plant and equipment		2.400.383	1.663.669
Net cash used in investing activities		(113.214.736)	(117.630.354)
Financing activities			
Repayment of borrowing		(131.682.633)	(186.600.547)
Proceeds from borrowing		571.151.035	67.724.664
Letter of credits paid in trade payables		(125.355.241)	(398.516.912)
Letter of credits received in trade payables		-	23.865.637
Finance lease payments		(3.319.112)	(4.539.722)
Interest (paid) / received – net		(104.876.966)	(38.160.906)
Net cash provided by / (used in) financing activities		205.917.083	(536.227.786)
Currency translation differences		41.700	(3.563.851)
Net increase / (decrease) in cash and cash equivalents		166.801.057	(431.405.597)
Cash and cash equivalents at the beginning of the period		403.666.197	647.044.123
Cash and cash equivalents at the end of the period	6	570.467.254	215.638.526

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 in 2008 amounting to TRY 2.373.196 (January 1 – June 30, 2007: TRY 3.722.594) 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 SIX MONTH INTERIM PERIOD ENDED JUNE 30, 2008

(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”) and its subsidiaries will be referred to as the “Group” for consolidated financial statements. The Group 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 3.338 dealer stations (Petrol Ofisi: 3.028, Kipet: 85 Erk: 225), 2 lubricant blending plants, 10 fuel and 2 LPG terminal, 1 liaison office and 35 aviation supply units. As of June 30, 2008, the number of personnel is 1.228 (December 31, 2007: 1.205).

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

Eski Büyükdere Caddesi No: 37, 34398 Maslak, İstanbul

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

The main shareholders of the Company are Doğan Şirketler Grubu Holding A.Ş. (“Doğan Holding”) and OMV Aktiengesellschaft (“OMV”). The shareholders’ detail as of the balance sheet dates is provided in Note 27.

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. As of August 31, 2007, the operations of PO International were ceased and those operations previously held by PO International are performed by the Company.

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

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”), was established in Turkey in January 2005 for the purpose of operating in natural gas market, improving natural gas usage, exporting and importing of natural gas, liquidified natural gas and similar products, selling and distributing, organizing distribution, storing and modulation activities domestically and abroad.

PETROL OFİSİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED JUNE 30, 2008

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

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

Petrol Ofisi Gaz İletim A.Ş. (“PO Gaz İletim”), was established in Turkey in January 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 Akdeniz Rafinerisi Sanayi ve Ticaret A.Ş. (“Akdeniz Rafinerisi”), was established in June 2007 for building a petroleum refinery in Ceyhan.

PO Georgia LLC (“PO Georgia”) was established in May 2007 in Georgia to provide services in aviation, to establish a fuel retail network and to provide support services in relation to fuel distribution activities.

NOTE 2– BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of the presentation

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 maintain 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) Decree No XI-29 “Capital Markets Financial Reporting Standards” provides principals and standards regarding the preparation and presentation of financial statements. This Decree became effective for periods beginning after 1 January 2008 and with its issuance Decree No XI-25 “Capital Markets Accounting Standards” was annulled. Based on this Decree, the companies are required to prepare their financial statements based on International Financial Reporting Standards (“IFRS”) as accepted by the European Union. However during the period in which the differences between the standards accepted by European Union and the standards issued by International Accounting Standards Board (“IASB”) are announced by Turkish Accounting Standards Board (“TASB”), IAS/ IFRS will be applied. In this scope, Turkish Accounting/ Financial Reporting Standards issued by TASB which do not contradict to the standards accepted will be adopted.

The accompanying consolidated financial statements have been prepared in accordance with IFRS and comply with CMB’s decree announce on 14 April 2008 regarding the format of the financial statements and footnotes since at the date of the issuance of these financial statements the differences of IAS/ IFRS accepted by the European Union are not declared by the TASB. In this scope, some reclassifications are made in the prior year financial statements.

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 January 1, 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.

PETROL OFİSİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED JUNE 30, 2008

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

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

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 June 30, 2008 and December 31, 2007 are shown below:

Name	Proportion (%)	
	June 30, 2008	December 31, 2007
KIPET	52,00	52,00
Petrofinance	100,00	100,00
ERK	99,96	99,96
PO Oil Financing	100,00	100,00
PO Alternatif Yakıtlar	99,89	99,89
PO Gaz İletim	99,75	99,75
Akdeniz Rafinerisi	99,99	99,99
PO Georgia	100,00	100,00

(ii) *Eliminations*

All the intercompany transactions, balances between the Company and its Subsidiaries (“Group”) and all unrealized income are eliminated in the consolidated financial statements. 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.

(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 New 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 period. Exchange differences arising from using period-end and average exchange rates are included in currency translation reserve under equity.

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 is changed, in order to maintain consistency, financial statements of the prior periods are also reclassified in line with the related changes.

PETROL OFİSİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED JUNE 30, 2008

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

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

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.

2.6 Adoption of new and revised 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 2008

Standards, amendments and interpretations effective in 2008 but not relevant

The following standards, amendments and interpretations to published standards are mandatory for accounting periods beginning on or after 1 January 2008 but they are not relevant to the Group’s operations:

IFRIC 11, “IFRS 2 – Group and treasury share transactions”,
IFRIC 12, “Service concession arrangements”,
IFRIC 14, “IAS 19- The limit on a defined benefit asset, minimum funding requirements and their interaction”,

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

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

- | | |
|--|---|
| • IFRS 8, “Operating segments” | Effective for annual periods beginning on or after 1 January 2009 |
| • IFRIC 13, “Customer loyalty programmes” | Effective for annual periods beginning on or after 1 July 2008 |
| • IFRIC 15, “Agreements for the construction of real estate” | Effective for annual periods beginning on or after 1 January 2009 |
| • IFRIC 16, “Hedges of a net investment in a foreign operation” | Effective for annual periods beginning on or after 1 October 2008 |
| • IFRS 2, “Share-based Payment” Amendment relating to vesting conditions and cancellations | Effective for annual periods beginning on or after 1 January 2009 |

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED JUNE 30, 2008

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

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

2.6 Adoption of new and revised standards (cont'd)

- | | |
|--|---|
| • IFRS 1, “First-time Adoption of International Financial Reporting Standards
— Amendment relating to cost of an investment on first-time adoption” | Effective for annual periods beginning on or after 1 January 2009 |
| • IFRS 3, “Business Combinations” | Effective for annual periods beginning on or after 1 July 2009 |
| • IAS 27, “Consolidated and Separate Financial Statements | |
| • IAS 28, “Investments in Associates” | |
| • IAS 31 “Interests in Joint Ventures”
Comprehensive revision on applying the acquisition method | |
| • IAS 23, “(Amendment) Borrowing costs”
Comprehensive revision to prohibit immediate expensing | Effective for annual periods beginning on or after 1 January 2009 |
| • IAS 27, “Consolidated and Separate Financial Statements
Amendment relating to cost of an investment on first-time adoption | Effective for annual periods beginning on or after 1 January 2009 |
| • IAS 1, “Presentation of Financial Statements” | Effective for annual periods beginning on or after 1 January 2009 |
| • IAS 32, “Financial Instruments: Presentation”
Amendments relating to disclosure of puttable instruments and obligations arising on liquidation | |
| • IAS 1, “Presentation of Financial Statements”
Comprehensive revision including requiring a statement of comprehensive income | Effective for annual periods beginning on or after 1 January 2009 |
| • IAS 39, “Financial Instruments: Recognition and Measurement”
Amendments for eligible hedged items | Effective for annual periods beginning on or after 1 January 2009 |

The Group’s 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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED JUNE 30, 2008

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

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

2.7 Summary of Significant Accounting Policies

2.7.1 Revenue

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.

Revenue from sale of goods is recognized 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 revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend revenue from investments is recognized when the shareholders' rights to receive payment have been established.

2.7.2 Inventories

Inventories are valued at the lower of cost or net realizable value. Cost elements included in inventories comprise all costs of materials purchased, labor 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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED JUNE 30, 2008

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

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

2.7 Summary of Significant Accounting Policies (cont'd)

2.7.3 Tangible Fixed Assets

Tangible fixed assets that are acquired before January 1, 2005 are carried at their restated cost as of December 31, 2004; and tangible fixed assets that are acquired after January 1, 2005 are carried at their cost after deducting accumulated depreciation and impairment.

Tangible fixed assets 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 tangible fixed assets, 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

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 tangible fixed assets is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

2.7.4 Financial Leasing Transactions

Leases of tangible fixed assets where the Group has all the risks and rewards of ownership substantially are classified as finance leases. Finance leases are capitalized 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. The interest element is charged to the statement of income. The tangible fixed assets acquired under finance leases are depreciated over the useful life of the asset.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED JUNE 30, 2008

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

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

2.7 Summary of Significant Accounting Policies (cont'd)

2.7.5 Intangible assets

(i) *Goodwill and amortization*

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 amortized using the straight-line method over the estimated useful life of 20 years until December 31, 2004. Due to the change in the accounting policies beginning from January 1, 2005, amortization 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.

(ii) *Other intangible assets*

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

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

2.7.6 Impairment of assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED JUNE 30, 2008

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

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

2.7 Summary of Significant Accounting Policies (cont'd)

2.7.7 Borrowing costs

Borrowing costs 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 as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

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

2.7.8 Financial instruments

(i) Financial assets

Investments are recognized and derecognized on a trade date where the purchase or sale of an investment under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets as 'at fair value through profit or loss' (FVTPL), 'held-to-maturity investments', 'available-for-sale' (AFS) financial assets and 'loans and receivables'.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognized on an effective interest basis for debt instruments other than those financial assets designated as at FVTPL.

Financial assets at FVTPL

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

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

2.7 Summary of Significant Accounting Policies (cont'd)

2.7.8 Financial instruments (cont'd)

(i) Financial assets (cont'd)

Held-to-maturity investments

Investments in debt securities with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortized cost using the effective interest method less impairment, with revenue recognized on an effective yield basis.

Available-for-sale financial assets

Investments other than held-to-maturity debt securities and held for trading securities are classified 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. 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.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortized cost using the effective interest method less any impairment.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

PETROL OFİSİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED JUNE 30, 2008

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

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

2.7 Summary of Significant Accounting Policies (cont'd)

2.7.8 Financial instruments (cont'd)

(i) Financial assets (cont'd)

Impairment of financial assets (cont'd)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of AFS equity securities, any increase in fair value subsequent to an impairment loss is recognized directly in equity.

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.

(ii) Financial liabilities

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL. Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED JUNE 30, 2008

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

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

2.7 Summary of Significant Accounting Policies (cont'd)

2.7.8 Financial instruments (cont'd)

(ii) Financial liabilities (cont'd)

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

(iii) Derivative financial instruments

Derivatives are initially recognized at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. 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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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED JUNE 30, 2008

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

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

2.7 Summary of Significant Accounting Policies (cont'd)

2.7.9 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. Gains and losses arising on settlement and translation of foreign currency items are included in the statements of income.

Exchange differences are recognized 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,
- 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 recognized in the foreign currency translation reserve and recognized 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.

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

2.7 Summary of Significant Accounting Policies (cont'd)

2.7.10 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 “bonus shares” to shareholders from 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.

2.7.11 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) will be explained in the relevant footnote.

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

2.7.12 Provisions, contingent liabilities, contingent assets

Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation. Contingent liabilities are assessed continuously to determine probability of outflow of economically beneficial assets. For contingent liabilities, when an outflow of resources embodying economic benefits are probable, provision is recognized for this contingent liability in the period when the probability has changed, except for cases where a reliable estimate can not be made.

When the outflow of economic benefits from the Group is probable but the amount can not be measured reliably the Group discloses this fact in the footnotes.

The amount recognized 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 recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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

2.7.13 Change in accounting policies, accounting estimates and errors

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

2.7.14 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, participations and subsidiaries are all accepted and denoted as related parties (“Related Parties”).

2.7.15 Segmental information

A reportable segment is a business segment or a geographical segment identified based on the foregoing definitions for which segment information is required to be disclosed. A business segment is a distinguishable component of an enterprise that is engaged in providing an individual product or service or a group of related products or services and that is subject to risks and returns that are different from those of other business segments. A geographical segment is a distinguishable component of an enterprise that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments.

A business segment or geographical segment should be identified as a reportable segment if a majority of its revenue is earned from sales to external customers and if its revenue from sales to external customers and from transactions with other segments is 10% or more of the total revenue, external and internal, of all segments; or its segment result, whether profit or loss, is 10% or more of the combined result of all segments in profit or the combined result of all segments in loss, whichever is the greater in absolute amount; or its assets are 10% or more of the total assets of all segments.

The Group has chosen business segments as the Group’s primary segment reporting format based on the risks and returns on products produced and services rendered reflecting the primary source of the enterprise’s risks and returns. Geographical segments have not been disclosed in these consolidated financial statements as the secondary segment reporting format on the grounds of materiality as the operations of the Group in geographical areas other than Turkey are not reportable geographical segments individually when compared with the overall consolidated financial statements (Note 5).

2.7.16 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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED JUNE 30, 2008

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

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

2.7.16 Taxation and deferred tax (cont'd)

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 recognized 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 recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize 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 realized, 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.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED JUNE 30, 2008

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

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

2.7.16 Taxation and deferred tax (cont'd)

Current and deferred tax for the period

Current and deferred tax are recognized as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognized directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

2.7.17 Employment Benefits / 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 recognized in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses.

2.7.18 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.

2.7.19 Share capital and dividends

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

NOTE 3 – BUSINESS COMBINATIONS

None.

NOTE 4 – PARTNERSHIPS

None.

PETROL OFİSİ A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH INTERIM PERIOD ENDED JUNE 30, 2008**

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

NOTE 5 – SEGMENTAL INFORMATION

The Group has provided the financial reporting of segmental information with respect to different customer groups composed of diverse risk and benefits.

January 1 – June 30, 2008			
	Retail	Industrial and commercial(*)	Total
Sales revenue (net)	4.934.965.955	3.153.557.432	8.088.523.387
Cost of sales (-)	(4.584.283.536)	(2.954.828.638)	(7.539.112.174)
Gross profit/loss	350.682.419	198.728.794	549.411.213
Operating expense(-)	(133.427.888)	(68.427.596)	(201.855.484)
Unallocated operating income			8.424.176
Unallocated operating expenses (-)			(18.348.870)
Operating profit	217.254.531	130.301.198	337.631.031
Finance income			255.438.483
Finance expenses (-)			(427.894.552)
Profit/loss before taxation			165.174.962
Current tax income/expense			(43.160.102)
Deferred tax income/expense			8.980.388
Profit for the period			130.995.248
Distribution of profit/loss for the period			
Minority Interest			370.194
Parent Company Share			130.625.054
April 1 – June 30, 2008			
	Retail	Industrial and commercial(*)	Total
Sales revenue (net)	2.943.872.419	1.749.453.356	4.693.325.775
Cost of sales (-)	(2.733.980.642)	(1.623.948.756)	(4.357.929.398)
Gross profit/loss	209.891.777	125.504.600	335.396.377
Operating expense(-)	(69.317.641)	(35.551.873)	(104.869.514)
Unallocated operating income			931.273
Unallocated operating expenses (-)			(10.505.836)
Operating profit	140.574.136	89.952.727	220.952.300
Finance income			149.343.467
Finance expenses (-)			(155.123.402)
Profit/loss before taxation			215.172.365
Current tax income/expense			(42.589.996)
Deferred tax income/expense			(755.136)
Profit for the period			171.827.233
Distribution of profit/loss for the period			
Minority Interest			164.554
Parent Company Share			171.662.679

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(Amounts are expressed as New Turkish Lira (TRY) unless otherwise stated.)

NOTE 5 – SEGMENTAL INFORMATION (cont'd)

January 1 – June 30, 2007			
	Retail	Industrial and commercial(*)	Total
Sales revenue (net)	3.796.968.345	2.217.341.620	6.014.309.965
Cost of sales (-)	(3.534.213.111)	(2.059.660.750)	(5.593.873.861)
Gross profit/loss	262.755.234	157.680.870	420.436.104
Operating expense(-)	(123.433.306)	(68.762.781)	(192.196.087)
Unallocated operating income			9.497.134
Unallocated operating expenses (-)			(320.659.825)
Operating profit	139.321.928	88.918.089	(82.922.674)
Finance income			265.183.517
Finance expenses (-)			(180.890.561)
Profit/loss before taxation			1.370.282
Current tax income/expense			(53.709.275)
Deferred tax income/expense			(237.297)
Profit for the period			(52.576.290)
Distribution of profit/loss for the period			
Minority Interest			117.323
Parent Company Share			(52.693.613)

April 1 – June 30, 2007			
	Retail	Industrial and commercial(*)	Total
Sales revenue (net)	2.138.894.007	1.203.389.810	3.342.283.817
Cost of sales (-)	(1.981.276.783)	(1.096.103.093)	(3.077.379.876)
Gross profit/loss	157.617.224	107.286.717	264.903.941
Operating expense(-)	(67.720.310)	(38.377.932)	(106.098.242)
Unallocated operating income			4.857.375
Unallocated operating expenses (-)			(23.629.907)
Operating profit	89.896.914	68.908.785	140.033.167
Finance income			151.994.135
Finance expenses (-)			(76.900.435)
Profit/loss before taxation			215.126.868
Current tax income/expense			(39.114.933)
Deferred tax income/expense			(4.432.216)
Profit for the period			171.579.718
Distribution of profit/loss for the period			
Minority Interest			163.908
Parent Company Share			171.415.810

(*) Industrial and commercial includes public, whole sales, maritime, aviation and lubricants.

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NOTE 5 – SEGMENTAL INFORMATION (cont'd)**Segment assets and liabilities:**

	June 30, 2008	December 31, 2007
Total Assets		
Retail	1.928.358.955	1.521.154.561
Industrial and Commercial	1.277.837.961	941.612.612
Unallocated	3.571.321.521	3.323.404.984
Total	6.777.518.437	5.786.172.157

	June 30, 2008	December 31, 2007
Total Liabilities		
Retail	1.393.654.752	1.145.237.674
Industrial and Commercial	879.564.479	721.803.180
Unallocated	1.722.602.643	1.268.601.044
Total	3.995.821.874	3.135.641.898

Capital expenditures, depreciation and amortization:

Capital Expenditures	2008	2007
Retail	109.708.149	106.953.058
Industrial and Commercial	4.106.895	4.738.562
Unallocated	4.173.271	11.324.997
Total	117.988.315	123.016.617

Depreciation and amortization	2008	2007
Retail	15.697.829	15.309.226
Industrial and Commercial	26.304.433	22.002.375
Unallocated	17.191.913	17.245.277
Total	59.194.175	54.556.878

As of June 30, 2008 and 2007, there are no significant non-cash expenses other than depreciation and capital expenditure to be allocated.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED JUNE 30, 2008

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

NOTE 6 – CASH AND CASH EQUIVALENTS

As of June 30, 2008 and December 31, 2007, cash and cash equivalents are summarized as follows:

	June 30, 2008	December 31, 2007
Cash	84.360	42.801
Banks	570.488.675	404.034.075
- Demand Deposit	26.476.483	20.116.096
- Time Deposit	544.012.192	383.917.979
Other Cash Equivalent	-	461.208
	570.573.035	404.538.084

As of June 30, 2008, the interest rates of Turkish Lira, time deposits vary between 12,18% and 19,35% (December 31, 2007: %11,81 - %19,05). Interest rates of foreign currency time deposits vary between 1,75% and 4,75% (December 31, 2007: 4% - 6%). Such time deposits include TRY 80.687.666 (December 31, 2007: TRY 196.849.842) and USD time deposits of TRY 463.324.526 (December 31, 2007: TRY 187.068.137).

As of June 30, 2008 and June 30, 2007, cash and cash equivalents in consolidated statement of cash flows are summarized below:

	June 30, 2008	June 30, 2007
Cash and cash equivalents	570.573.035	215.715.043
Less: interest accruals	(105.781)	(76.517)
	570.467.254	215.638.526

NOTE 7 – FINANCIAL ASSETS

Available for sale financial assets of the Group are as follows:

	June 30, 2008		December 31, 2007	
	TRY	%	TRY	%
Çankaya Bel-Pet Limited Şirketi	135.020	49,0	135.020	49,0
İstanbul Gübre Sanayi A.Ş.	872	0,1	872	0,1
	135.892		135.892	

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED JUNE 30, 2008

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

NOTE 8 – FINANCIAL BORROWINGS

	June 30, 2008	December 31, 2007
Short term bank loans	70.151.036	20.425.659
Short term finance lease payables	6.327.727	5.992.374
Short term portions of long term borrowings and interests	57.043.873	69.813.061
Eurobond(*)	8.440.209	7.765.785
Total short term financial borrowings	141.962.845	103.996.879
Long term bank loans	814.458.378	360.247.439
Long term finance lease payables	21.926.722	21.949.565
Eurobond(*)	214.147.500	203.822.500
Total long term financial borrowings	1.050.532.600	586.019.504
Total financial borrowings	1.192.495.445	690.016.383

(*) The bond issued with a nominal value of USD 175 million by PO Oil Financing Limited, which is a subsidiary of Company, is registered at Luxembourg Stock Exchange. The bond issued has 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 are paid semi-annually. As of June 30, 2008, the short-term and the long-term portions of Eurobond amounted to TRY 8.440.209 and TRY 214.147.500 respectively (December 31, 2007: TRY 7.765.785 and TRY 203.822.500).

PETROL OFİSİ A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH INTERIM PERIOD ENDED JUNE 30, 2008**

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

NOTE 8 – FINANCIAL BORROWINGS (cont'd)

As of June 30, 2008 and December 31, 2007, details of the Group's financial borrowings are as follows:

	Weighted Average Interest Rate		Original Currency		TRY	
	June 30, 2008	December 31, 2007	June 30, 2008	December 31, 2007	June 30, 2008	December 31, 2007
Short-term borrowings:						
Bank borrowings in TRY	3,17%	9,43%	70.151.036	20.425.659	70.151.036	20.425.659
					70.151.036	20.425.659
Short term portions of long term borrowings:						
Short term portion of long-term bank borrowings in USD	5,92%	6,54%	17.431.038	58.669.837	21.330.361	68.332.759
Short term portion of long-term bank borrowings in TRY	18,69%	-	34.049.075	-	34.049.075	-
Short term portion of long-term bank borrowings in EURO	7,17%	6,39%	863.700	865.572	1.664.437	1.480.302
					57.043.873	69.813.061
Long-term borrowings:						
Bank Borrowings in TRY	19,84%	-	501.000.000	-	501.000.000	-
Bank borrowings in USD	6,81%	7,42%	254.000.000	306.685.594	310.819.800	357.196.712
Bank borrowings in EURO	7,42%	6,74%	1.369.196	1.783.842	2.638.578	3.050.727
					814.458.378	360.247.439

Repayment schedule of financial borrowings and bond are as follows:

	June 30, 2008	December 31, 2007
0-1 year	135.635.118	98.004.505
1-2 years	563.230.147	280.551.765
2-3 years	280.192.365	246.324.152
3-4 years	170.192.365	19.179.351
4-5 years	7.648.801	7.532.368
5+ years	7.342.200	10.482.303
	1.164.240.996	662.074.444

The carrying amount of the Group's financial borrowings approximates their fair value.

PETROL OFİSİ A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(Amounts are expressed as New Turkish Lira (TRY) unless otherwise stated.)

NOTE 8 – FINANCIAL BORROWINGS (cont'd)

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

Short-term finance lease payables

	June 30, 2008	December 31, 2007
Short term finance lease payables	9.177.532	8.827.214
Deferred financial lease payables (-)	(2.849.805)	(2.834.840)
Total	6.327.727	5.992.374

Long-term finance lease payables

	June 30, 2008	December 31, 2007
Long term finance lease payables	27.131.622	27.629.021
Deferred financial lease payables (-)	(5.204.900)	(5.679.456)
Total	21.926.722	21.949.565

Repayment schedule of finance lease payables as of June 30, 2008 is as follows:

	Finance lease payables	Deferred financial lease payables	Total liability
0-1 year	9.177.532	(2.849.805)	6.327.727
1-2 years	8.033.564	(2.268.264)	5.765.300
2-3 years	7.554.482	(1.645.443)	5.909.039
3-4 years	6.097.392	(880.919)	5.216.473
4-5 years	3.509.824	(325.731)	3.184.093
5 + years	1.936.360	(84.543)	1.851.817
	36.309.154	(8.054.705)	28.254.449

PETROL OFİSİ A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(Amounts are expressed as New Turkish Lira (TRY) unless otherwise stated.)

NOTE 8 – FINANCIAL BORROWINGS (cont'd)

Repayment schedule of finance lease payables as of December 31, 2007 is as follows:

	Finance lease payables	Deferred financial lease payables	Total liability
0-1 year	8.827.214	(2.834.840)	5.992.374
1-2 years	7.735.818	(2.248.190)	5.487.628
2-3 years	6.955.932	(1.751.126)	5.204.806
3-4 years	6.211.353	(1.093.034)	5.118.319
4-5 years	4.336.015	(453.983)	3.882.032
5+ years	2.389.903	(133.123)	2.256.780
	36.456.235	(8.514.296)	27.941.939

The fair value of the Group's lease obligations approximates their carrying amount.

NOTE 9 – OTHER FINANCIAL LIABILITIES

	June 30, 2008	December 31, 2007
Accrual for loan swap transactions	3.824.565	-
Fair value accruals of oil futures contracts	38.820.506	25.844.984
Total	42.645.071	25.844.984

The Group entered into swap contracts for USD 165.000.000 borrowing to hedge exchange rate (TRY/USD) fluctuations and for USD 165.000.000 and Euro 3.500.000 borrowings to hedge interest rate changes.

Derivative instruments was used for the Group's oil inventories and import cargo purchases; for the purpose of regular gross profit margin and avoiding loss in inventory value. Financial instruments whose maturities are 1 or 2 months are used for the import cargos, and 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 these transactions, are included in cost of goods sold.

	June 30, 2008		December 31, 2007	
	Nominal Value	Change in Fair Value	Nominal Value	Change in Fair Value
Inventory	288.057.450	(38.820.506)	281.743.842	(25.844.984)
	288.057.450	(38.820.506)	281.743.842	(25.844.984)

PETROL OFİSİ A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 10 – TRADE RECEIVABLES AND PAYABLES

As at the balance sheet date, trade receivables of the Group are summarized below:

	June 30, 2008	December 31, 2007
Trade receivables	989.754.010	559.887.266
Cheques and notes receivables	713.172.573	595.294.153
Credit card receivables	42.721.004	107.998.262
Loans given to dealers	2.233.048	3.471.452
Due from related parties (Note 37)	4.229.731	2.051.363
Other trade receivables	456.328	456.237
	1.752.566.694	1.269.158.733
Less: Provisions for doubtful receivables	(82.239.289)	(85.912.647)
Short term trade receivables	1.670.327.405	1.183.246.086
Loans given to dealers	6.359.150	6.607.977
Cheques and notes receivable	207.418	-
Long term trade receivables	6.566.568	6.607.977

As of 30 June 2008, trade receivables of TRY 1.525.618.410 (December 31, 2007: TRY 1.081.628.751) were neither past due nor impaired.

Collaterals received in relation to trade receivables that are neither past due nor impaired is as follows:

	June 30, 2008	December 31, 2007
Guarantee cheques and notes	29.100.587	16.949.000
Letter of guarantees	133.155.038	121.770.374
Mortgages	136.755.127	139.558.573
Cash guarantees	558.408	389.248
	299.569.160	278.667.195

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED JUNE 30, 2008

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NOTE 10 – TRADE RECEIVABLES AND PAYABLES (cont'd)

Total collaterals that were obtained from customers are as follows:

	June 30, 2008	December 31, 2007
Guarantee cheques and notes	77.404.666	76.103.232
Letter of guarantees	236.003.435	181.830.343
Mortgages	376.067.256	377.357.817
Insurance (*)	282.280.817	-
Cash guarantees	676.079	888.301
	972.432.253	636.179.693

(*) The Group has insured receivables from marine and aviation customers.

As of June 30, 2008; trade receivables of TRY 125.044.934 (31 December 2007: TRY 77.806.494) which includes TRY 65.255.791 (31 December 2007: TRY 35.217.695) receivables from public entities, were past due but not impaired. Based on industry dynamics and characteristics, the Group does not foresee any collection risk for overdue amounts up to 90 days. Interest is charged for trade receivables which are overdue more than 90 days and these receivables are restructured and considered recoverable because there are letter of guarantees, mortgages and other guarantees obtained. Overdue trade receivables is a result of the industry characteristic as mentioned above and is not significantly different from previous periods. The aging analysis of these trade receivables is as follows:

	June 30, 2008	December 31, 2007
Up to 3 months	107.385.824	66.053.097
3 to 6 months	7.352.459	5.520.015
Over 6 months	10.306.651	6.233.382
	125.044.934	77.806.494

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED JUNE 30, 2008

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NOTE 10 – TRADE RECEIVABLES AND PAYABLES (cont'd)

As of 30 June 2008, trade receivables of TRY 108.469.918 (31 December 2007: TRY 116.331.465) were assessed as impaired. The collaterals held for these receivables were deducted and TRY 82.239.289 provision has been provided for as of June 30, 2008 (December 31, 2007: TRY 85.912.647). The provision for trade receivables is provided based on estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience. The Group offsets these risks by limiting average risk limits of counterparties in each transaction and obtaining guarantees if necessary. Credit risk mainly arises from trade receivables. Credit limits of the customers are monitored regularly and credit quality is assessed with reference to past experience, financial status of the customer and other factors. Trade receivables are evaluated in accordance with the Group policies and procedures; and accordingly, are presented net of doubtful provision on the balance sheet.

Collaterals held for the trade receivables that are past due as at the balance sheet date but not impaired and for trade receivables that are impaired are as follows:

	June 30, 2008	December 31, 2007
Guarantee cheques and notes	5.018.156	1.276.924
Letter of guarantees	48.549.741	11.601.275
Mortgages	60.909.286	37.195.730
Cash guarantees	34.825	197.422
	114.512.008	50.271.351

Provisions for doubtful receivables movement for the period ended June 30, 2008 and 2007 are as follows:

	2008	2007
January 1	85.912.647	52.778.130
Collections	(4.820.410)	(679.311)
Charge for the period	1.147.052	24.621.884
	82.239.289	76.720.703

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED JUNE 30, 2008

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

NOTE 10 – TRADE RECEIVABLES AND PAYABLES (cont'd)

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

	June 30, 2008	December 31, 2007
Suppliers	1.042.072.140	947.080.142
Due to related parties (Note 37)	5.415.416	11.872.555
Notes payables	1.262.192	1.734.474
Other trade payables	1.078.059	-
Short term trade payables	1.049.827.807	960.687.171
Suppliers	1.222.065.232	904.487.298
Long term trade payables	1.222.065.232	904.487.298

Non-interest bearing letters of credit in short-term trade payables amount to TRY 324.940.372 (USD 265.539.243) (December 31, 2007: TRY 207.441.330 (USD 178.107.092)). Interest-bearing letters of credit amount to TRY 152.127.084 (USD 124.317.303) and weighted average interest rate is 6,24% (December 31, 2007: TRY 263.791.941 (USD 226.489.174) and weighted average interest rates is 5,52%).

Non-interest bearing letters of credit in long-term trade payables amount to TRY 1.141.333.718 (USD 932.690.789) (December 31, 2007: TRY 778.594.733 (USD 668.493.804)). Interest bearing letters of credit amount to TRY 80.731.514 (USD 65.973.289) and weighted average interest rate is 6,20% (December 31, 2007: TRY 125.892.565 (USD 108.090.122) weighted average interest rate is 6,31%).

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 letters of credit are 4,52% and 5,87% respectively (December 31, 2007: %5,25 and %5,78).

As of June 30, 2008, long term letter of credits amounting to TRY 948.511.325 have maturities within the second year and TRY 273.553.907 have maturities within the third year (December 31, 2007: TRY 659.766.934 within the second year and TRY 244.720.364 within the third year).

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

NOTE 11 – OTHER RECEIVABLES AND PAYABLES

OTHER RECEIVABLES	June 30, 2008	December 31, 2007
Receivables from personnel	372.549	494.400
Special consumption tax exemption(*)	17.753.879	41.411.428
Receivable from Privatization Administration	4.610.655	4.587.480
Deposits and guarantees given(**)	67.831.460	44.793.277
Receivables from military	1.289.795	-
Other	3.610.982	3.793.579
Total other short term receivables	95.469.320	95.080.164
Other	433.515	-
Deposits and guarantees given	417.946	618.267
Total other long term receivables	851.461	618.267

(*) 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 exemption certificates sent to Tüpraş but not used as of the date of the consolidated financial statements.

(**) Deposits and guarantees given represent the guarantees for futures transactions.

OTHER PAYABLES	June 30, 2008	December 31, 2007
Taxes, dues and other payables	232.846.266	264.183.144
Fuel purchase certificates(*)	33.464.280	104.105.152
Other payables under guarantees	9.705.095	12.080.095
Deposits and guarantees received	678.913	930.910
Other	3.411.302	24.552.614
Total other short term payables	280.105.856	405.851.915
Deposits and guarantees received	647.281	935.475
Advances received	89.094	112.225
Total other long term payables	736.375	1.047.700

(*) Fuel purchase certificates are issued and given to certain customers for future consumption. As at June 30, 2008 and December 31, 2007, the certificates shown in current liabilities are the certificates issued but not used by the customers.

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

NOTE 12 – RECEIVABLES AND PAYABLES FROM FINANCIAL SECTOR OPERATIONS

None.

NOTE 13 – INVENTORIES

	June 30, 2008	December 31, 2007
Trade goods	780.601.195	650.833.264
Raw materials	24.674.046	28.119.785
Finished goods	16.105.566	11.376.994
Work in process	2.857.733	2.673.560
Other	119.420.422	53.573.968
Total	943.658.962	746.577.571

Other inventories consist of fuels and lubricants in transit.

NOTE 14 – BIOLOGICAL ASSETS

None.

NOTE 15 – RECEIVABLES FROM ONGOING CONSTRUCTION CONTRACTS

None.

NOTE 16 – INVESTMENTS VALUED BY EQUITY METHOD

None.

NOTE 17 – INVESTMENT PROPERTY

None.

PETROL OFİSİ A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH INTERIM PERIOD ENDED JUNE 30, 2008**

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

NOTE 18 – TANGIBLE FIXED ASSETS

Movements of tangible fixed assets during the period ended June 30, 2008 are as follows:

	January 1	Additions	Disposals	Transfer	Currency Translation Adjustment	June 30, 2008
Cost:						
Land and buildings	257.184.022	8.383.853	-	-	-	265.567.875
Land improvements	177.213.356	-	(3.565.885)	3.647	-	173.651.118
Machinery and equipment	610.014.486	18.353	(162.947)	397.556	56.489	610.323.937
Motor vehicles	15.056.719	74.678	-	-	53.728	15.185.125
Furniture and fixtures	25.208.893	571.606	(10.677)	21.613	15.418	25.806.853
Other tangibles	530.352.911	8.160.584	(2.284.004)	15.103.932	-	551.333.423
Leasehold improvements	335.741.359	-	(371.250)	72.855.174	3.616	408.228.899
Construction in progress	23.279.617	100.779.241	-	(88.381.922)	-	35.676.936
	1.974.051.363	117.988.315	(6.394.763)	-	129.251	2.085.774.166
Accumulated Depreciation:						
Buildings	19.571.151	2.641.206	-	-	-	22.212.357
Land improvements	61.872.376	4.709.311	(2.372.235)	-	-	64.209.452
Machinery and equipment	517.206.559	6.049.138	(70.619)	-	-	523.185.078
Motor vehicles	8.627.624	1.016.762	-	-	-	9.644.386
Furniture and fixtures	17.006.045	1.340.665	(6.963)	-	-	18.339.747
Other tangibles	233.168.839	21.632.737	(198.578)	-	-	254.602.998
Leasehold improvements	68.913.005	20.893.139	(51.563)	-	-	89.754.581
	926.365.599	58.282.958	(2.699.958)	-	-	981.948.599
Net book value:						
Land and buildings	237.612.871					243.355.518
Land improvements	115.340.980					109.441.666
Machinery and equipment	92.807.927					87.138.859
Motor vehicles	6.429.095					5.540.739
Furniture and fixtures	8.202.848					7.467.106
Other tangibles	297.184.072					296.730.425
Leasehold improvements	266.828.354					318.474.318
Construction in progress	23.279.617					35.676.936
Net book value	1.047.685.764					1.103.825.567

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

PETROL OFİSİ A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH INTERIM PERIOD ENDED JUNE 30, 2008**

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

NOTE 18 – TANGIBLE FIXED ASSETS (cont'd)

Movements of tangible fixed assets during the period ended June 30, 2007 are as follows:

	January 1	Additions	Disposals	Transfer	June 30, 2007
Cost:					
Land and buildings	253.572.592	-	-	806.062	254.378.654
Land improvements	162.719.417	-	(27.930)	1.904.721	164.596.208
Machinery and equipment	611.488.569	-	(6.259)	1.941.945	613.424.255
Motor vehicles	16.763.216	-	(375.617)	875.131	17.262.730
Furniture and fixtures	23.735.447	11.759	(46.246)	1.404.125	25.105.085
Other tangibles	445.703.269	6.969.830	(404.462)	35.440.845	487.709.482
Leasehold improvements	210.391.689	831.688	(728.254)	70.964.999	281.460.122
Construction in progress	29.422.467	115.115.147	(1.229.133)	(113.489.599)	29.818.882
	1.753.796.666	122.928.424	(2.817.901)	(151.771)	1.873.755.418
Accumulated Depreciation:					
Buildings	14.236.154	2.596.366	-	-	16.832.520
Land improvements	48.192.771	4.714.463	(17.844)	-	52.889.390
Machinery and equipment	516.970.144	7.142.257	(2.608)	-	524.109.793
Motor vehicles	9.058.429	1.122.130	(364.616)	-	9.815.943
Furniture and fixtures	14.034.597	1.741.433	(43.238)	-	15.732.792
Other tangibles	180.501.248	22.410.693	(244.577)	-	202.667.364
Leasehold improvements	37.966.055	14.338.068	(145.651)	-	52.158.472
	820.959.398	54.065.410	(818.534)	-	874.206.274
Net book value:					
Land and buildings	239.336.438				237.546.134
Land improvements	114.526.646				111.706.818
Machinery and equipment	94.518.425				89.314.462
Motor vehicles	7.704.787				7.446.787
Furniture and fixtures	9.700.850				9.372.293
Other tangibles	265.202.021				285.042.118
Leasehold improvements	172.425.634				229.301.650
Construction in progress	29.422.467				29.818.882
Net book value	932.837.268				999.549.144

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

NOTE 19 – INTANGIBLE ASSETS

Movements of intangible assets during the period ended as of June 30, 2008 are as follows:

	January 1	Additions	Disposals	Transfer	Currency Translation Adjustment	June 30, 2008
Cost:						
Other intangible assets	22.384.160	-	(88.286)	-	105	22.295.979
	22.384.160	-	(88.286)	-	105	22.295.979
Accumulated depreciation:						
Other intangible assets	13.572.249	911.217	(48.316)	-	-	14.435.150
	13.572.249	911.217	(48.316)	-	-	14.435.150
Net book value	8.811.911					7.860.829

Movements of intangible assets during the period ended as of June 30, 2007 are as follows:

	January 1	Additions	Disposals	Transfer		June 30, 2008
Cost:						
Other intangible assets	17.454.050	88.193	-	151.771		17.694.014
	17.454.050	88.193	-	151.771		17.694.014
Accumulated depreciation:						
Other intangible assets	12.534.778	491.468	-	-		13.026.246
	12.534.778	491.468	-	-		13.026.246
Net book value	4.919.272					4.667.768

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED JUNE 30, 2008

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

NOTE 20 – 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 Group discontinues amortizing previously recognized goodwill from the beginning of the first annual period beginning on or after 31 March 2004. Accordingly, the Group has ceased amortizing goodwill in the year beginning on January 1, 2005. Total goodwill of the Group as of December 31, 2004 was TRY 2.809.692.447 and accumulated amortization was TRY 579.237.809. Since January 1, 2005, the goodwill is presented net of amortization as TRY 2.230.454.638 in the financial statements.

İş Doğan Petrol Yatırımları A.Ş. (“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 July 21, 2000 and August 8, 2002 from the Privatization Administration (“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 through call back and these share purchases were realized 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 was included in the pre-merger consolidated IFRS financial statements of İş Doğan related to 5,5% share purchase. The fair value assessment related to the shares purchased by İş Doğan in 2002 finalized in 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 (Note 27) 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. For value in use calculation, goodwill is not allocated to each cash-generating unit and the whole Petrol Ofisi A.Ş. was taken into consideration. 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.

PETROL OFİSİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED JUNE 30, 2008

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

NOTE 20 – GOODWILL (cont'd)

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 was used as of December 31, 2007. The Company used a rate of 9,48% in order to discount cash flow projections. As a result of assessment, the recoverable amount of goodwill exceeded its carrying amount and there is no impairment as of December 31, 2007. Since impairment calculations are performed annually, no calculation has been performed as of June 30, 2008.

NOTE 21 – GOVERNMENT GRANTS AND INCENTIVES

None.

NOTE 22 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

	June 30, 2008	December 31, 2007
Provision for lawsuits	27.531.113	22.791.411
Provisions for other debts and expenses	1.893.773	150.058
Total short term provisions	29.424.886	22.941.469
Provisions for other debts and expenses	1.453.340	1.253.340
Total long term provisions	1.453.340	1.253.340

A provision of TRY 27.531.113, regarding court expenses and possible interests and charges, has been provided for various court cases filed against the Company. The movement of the provision for lawsuits is as follows:

	January 1 – June 30, 2008	January 1 – June 30, 2007
January 1	22.791.411	35.747.897
Increase During the Period	6.387.729	5.768.041
Payments	(1.648.027)	(20.251.575)
Closing Balance	27.531.113	21.264.363

Provisions, contingent asset and liabilities as of June 30, 2008 and December 31, 2007 are as follows:

	June 30, 2008	December 31, 2007
Guarantee Letters Given	317.205.488	263.132.578
Other Lawsuits against the Group (*)	4.145.819	16.506.393

(*) Lawsuits against the Group are considered by the legal department and it is decided not to book any provision because no cash outflow is projected.

PETROL OFİSİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED JUNE 30, 2008

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

NOTE 22 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (cont'd)

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.

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 of owners from supplying fuel to their own unlicensed dealers; and amount of fines for shipments are also included in the decision. The case is still in the discussion process by 13th Department of the State Council.

PETROL OFİSİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED JUNE 30, 2008

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

NOTE 22 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (cont'd)

Request for Cancellation of Payment Orders Process

In the second judicial process, lawsuits were filed 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 installments 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 installments, starting in December 2006 and the first two being in smaller amounts. TRY 5.206.720 has been paid (TRY 2.966.229 through set-off and the remaining TRY 2.240.491 in cash) as the December 2006 installment.

Consistent with the decision of the 13th Division of Council of State, İstanbul 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 İstanbul 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, İstanbul 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 installment, 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 period ended June 30, 2008. Accordingly, no provision has been provided for this matter in the accompanying financial statements.

Provision for Lawsuits

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 accordance with the old agreement which in turn pertained to the annulations by the Administrative Tribunal of the resolution of Privatization 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 finalized against the Company, and the Company appealed at Supreme Court of Appeals. Supreme Court of Appeals has ratified the initial court decision against the Company and the decision has been communicated to the Company. The Company applied for amendment of ratification decision of the Supreme Court of Appeals.

PETROL OFİSİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED JUNE 30, 2008

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

NOTE 22 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (cont'd)

Provision for Lawsuits (cont'd)

But such application does not stay the execution and TRY 21.375.230 has been paid as a result of the ratification decisions of Supreme Court of Appeals. If Supreme Court of Appeals rules for the amendment of its ratification decision, the case will return to initial court for rehearing and a new trial will start in line with the amendment decision. If the request for amendment of the ratification decision was rejected, the court decision will become final and there will be no avenues for any other legal application.

The court case for an amount of TRY 850.886 which was filed by İstanbul 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 Supreme Court of Appeals, which ruled for the amendment of the resolution and the trial process started again. After this, the court resulted against the Company and an application was made to the Supreme Court of Appeals that ended against the Company again. After this, the Company applied for the correction of the decision and still waiting for the result of this process. If the application for the correction of decision is rejected, the amount that is decided will be paid. The case for an amount of TRY 2.555.850 which was filed by İstanbul 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 9.043.220 (December 31, 2007: TRY 8.732.944) has been provided for regarding the court expenses and possible interests and charges. The court waits for the decision of Supreme Court of Appeals about file no 2001/320. This court will be finalized after return of the file.

A provision of TRY 18.487.893 (December 31, 2007: TRY 14.058.467), regarding court expenses and possible interests and charges, has been provided for various court cases filed against the Group.

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.

NOTE 23 – COMMITMENTS

The Group signed an agreement with Gümrük ve Turizm İşletmeleri (“GTİ”) in May 2008 to make sales of fuel and lubricants at border gates for 20 years. As part of this agreement, the Group committed to pay commissions to GTİ over sales revenue, after the commencement of sales at assigned areas.

PETROL OFİSİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED JUNE 30, 2008

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

NOTE 24 – EMPLOYMENT BENEFITS

	June 30, 2008	December 31, 2007
Retirement Pay Provision	9.441.644	9.461.569
Total Employment Benefits	9.441.644	9.461.569

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 who retired by gaining right to receive 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 TRY 2.087,92 for each period of service at June 30, 2008 (December 31, 2007: TRY 2.030,19).

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 entity's obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

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 December 31, 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% (December 31, 2006: 5,71% real discount rate). The anticipated rate of forfeitures is considered. As the maximum liability is revised semi annually, the maximum amount of YTL 2.173,18 effective from 1 July 2008 has been taken into consideration in calculation of provision from employment termination benefits. Movement of retirement pay provision for the year ended June 30, 2008 and June 30, 2007 is as follows:

	2008	2007
January 1	9.461.569	8.607.942
Increase During the Period	1.417.582	558.926
Payments	(1.437.507)	(197.502)
Closing Balance	9.441.644	8.969.366

PETROL OFİSİ A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH INTERIM PERIOD ENDED JUNE 30, 2008**

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

NOTE 25 – RETIREMENT BENEFITS

None.

NOTE 26 – OTHER SHORT/LONG TERM ASSETS AND LIABILITIES

OTHER CURRENT ASSETS	June 30, 2008	December 31, 2007
Prepaid expenses	30.485.783	25.968.061
Income accruals	4.931.831	615.806
Business advances	2.788.945	3.668.178
Special consumption tax to be offset	11.702.281	14.179.010
VAT carried forward	1.207.462	1.552.778
Prepaid taxes and funds	161.512	3.018
Advances given	1.186.536	212.679
Other	-	118.621
	52.464.350	46.318.151
OTHER LONG TERM ASSETS	June 30, 2008	December 31, 2007
Prepaid expenses (*)	69.680.504	14.799.057
Other long term assets	282.725	632.061
Advances given for fixed asset acquisitions	24.638.754	103.704
	94.601.983	15.534.822

(*)The Group signed an agreement with Gümrük ve Turizm İşletmeleri (“GTİ”) in May 2008 to make sales of fuel and lubricants at border gates for 20 years. The payment of TRY 55.000.000 which was made as part of this agreement, is presented as prepaid expenses.

OTHER LIABILITIES	June 30, 2008	December 31, 2007
Expense accruals	70.017.867	16.229.734
Unused vacation accrual	7.580.816	6.714.352
Income accruals	670.119	4.237
Other short term liabilities total	78.268.802	22.948.323
Expense accruals	16.525	18.644
Letter of credit expenses	4.998.325	6.241.776
Other long term liabilities total	5.014.850	6.260.420

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED JUNE 30, 2008

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NOTE 27 – SHAREHOLDERS’ EQUITY

The composition of the Company’s paid-in share capital as of June 30, 2008 and December 31, 2007 is as follows:

	June 30, 2008		December 31, 2007	
	Share (%)	TRY	Share (%)	TRY
Doğan Holding	52,73	290.019.684	52,73	259.435.790
OMV Aktiengesellschaft	34	187.000.000	34	167.280.000
Public quotation	13,27	72.980.316	13,27	65.284.210
Total	100	550.000.000	100	492.000.000

As a result of the purchases from public quotation, Doğan Holding shareholding portion increased to 53,92% and OMV shareholding portion increased to 40,75%, as of June 30, 2008.

Restricted Reserves Assorted from Profit

Restricted Reserves are appropriated from retained earnings because of legal or contractual requirements; or because of specified purposes other than profit distribution (for example: in order to utilize the tax advantage of sales of equity participations).

Restricted Reserves Assorted from Profit consist of legal reserves.

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:

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”. 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.

As of June 30, 2008, the Group’s restricted reserves amounting to TRY 226.345.934 consist of TRY 77.799.885 nominal value of legal reserves of the parent company, TRY 147.437.050 inflation adjustment of legal reserves in accordance with Tax Code and TRY 1.108.999 parent company’s share of subsidiaries’ legal reserves (December 31, 2007: TRY 208.523.681 restricted reserves, TRY 59.977.632 nominal value of legal reserves of the parent company, TRY 147.437.050 inflation adjustment of legal reserves in accordance with Tax Code and TRY 1.108.999 parent company’s share of subsidiaries’ legal reserves).

PETROL OFİSİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED JUNE 30, 2008

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

NOTE 27 – SHAREHOLDERS' EQUITY (cont'd)

Retained Earnings / Accumulated Deficit

As of June 30, 2008 The Group's retained earnings amounting to TRY 993.048.228 consist of, additional paid-in capital amounting to TRY 247.461.598, inflation restatement differences amounting to TRY (26.789.138), legal and extraordinary reserves amounting to TRY 5.804.100 and accumulated profit amounting to TRY 766.571.668 (December 31, 2007: TRY 758.162.269; additional paid-in capital amounting to TRY 247.461.598, inflation restatement differences amounting to TRY (26.789.138), legal and extraordinary reserves amounting to TRY 5.804.100, and accumulated profit amounting to TRY 531.685.709).

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.

Adjusted values and inflation restatement differences in terms of the purchasing power at December 31, 2004 of items presented with statutory values in shareholders' equity, as of June 30, 2008 and December 31, 2007 are as follows:

			June 30, 2008
	Statutory	Adjusted	Shareholder's Equity
	Value	Value	Inflation Restatement Differences
Legal reserves	226.345.934	192.986.440	(33.359.494)
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	232.150.034	205.360.896	(26.789.138)

			December 31, 2007
	Statutory	Adjusted	Shareholder's Equity
	Value	Value	Inflation Restatement Differences
Legal reserves	208.523.681	175.164.187	(33.359.494)
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	214.327.781	187.538.643	(26.789.138)

PETROL OFİSİ A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(Amounts are expressed as New Turkish Lira (TRY) unless otherwise stated.)

NOTE 27 – SHAREHOLDERS’ EQUITY (cont’d)**Minority Interest**

The Group’s minority interest and minority loss belongs to Kipet, ERK, PO Alternatif Yakıtlar and PO Gaz İletim and as of the balance sheet date TRY 4.973.082 and TRY 370.194 respectively (June 30, 2007: TRY 4.203.885; June 30, 2007: TRY 117.323).

NOTE 28 – SALES AND COST OF SALES

<u>Sales</u>	January 1- June 30, 2008	April 1- June 30, 2008	January 1- June 30, 2007	April 1- June 30, 2007
Domestic sales	7.340.054.770	4.439.793.711	5.493.652.956	3.051.650.054
Foreign sales	951.869.153	379.014.465	630.032.002	357.887.135
Sales returns	(17.570.643)	(8.669.929)	(6.411.031)	(3.312.967)
Sales discounts	(122.631.158)	(74.903.105)	(76.991.172)	(46.764.984)
Other discounts	(63.198.735)	(41.909.367)	(25.972.790)	(17.175.421)
	8.088.523.387	4.693.325.775	6.014.309.965	3.342.283.817

<u>Cost of sales</u>	January 1- June 30, 2008	April 1- June 30, 2008	January 1- June 30, 2007	April 1- June 30, 2007
Raw materials	72.721.530	43.621.792	63.679.699	35.968.608
Direct labor costs	214.724	118.624	356.451	174.780
General production overhead	4.959.730	2.439.319	4.516.828	2.458.638
Depreciation expense	745.703	378.835	680.205	331.010
Changes in work in process	(184.173)	(104.459)	63.346	708.846
Changes in finished goods	(4.728.572)	(3.647.420)	(1.095.875)	(1.955.462)
Cost of finished goods sold	73.728.942	42.806.691	68.200.654	37.686.420
Cost of trade goods sold	7.461.474.163	4.312.782.401	5.521.150.501	3.037.365.079
Cost of services rendered (*)	3.909.069	2.340.306	4.522.706	2.328.377
Cost of sales	7.539.112.174	4.357.929.398	5.593.873.861	3.077.379.876

(*) Cost of services rendered contains service/transportation cost of PO Gaz İletim A.Ş. of TRY 3.909.069 (2007: TRY 4.522.706) and includes depreciation and amortization of TRY 305.005 (2007: TRY 288.623).

PETROL OFİSİ A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(Amounts are expressed as New Turkish Lira (TRY) unless otherwise stated.)

**NOTE 29 – RESEARCH AND DEVELOPMENT EXPENSES, MARKETING, SALES AND
DISTRIBUTION EXPENSES, GENERAL ADMINISTRATIVE EXPENSES**

	January 1- June 30, 2008	April 1- June 30, 2008	January 1- June 30, 2007	April 1- June 30, 2007
Marketing, sales and distribution expenses	(162.721.535)	(85.348.783)	(137.989.379)	(75.710.064)
General administrative expenses	(39.133.949)	(19.520.731)	(54.206.708)	(30.388.178)
	(201.855.484)	(104.869.514)	(192.196.087)	(106.098.242)

NOTE 30 – EXPENSES BY NATURE

Operating expenses for the periods ended June 30, are as follows:

Marketing, sales and distribution expenses	January 1- June 30, 2008	April 1- June 30, 2008	January 1- June 30, 2007	April 1- June 30, 2007
Personnel expenses	(25.226.613)	(12.029.695)	(24.953.179)	(13.761.860)
Electricity-Water-Heating expenses	(1.123.883)	(585.926)	(1.165.098)	(592.253)
Communication expenses	(1.225.992)	(699.916)	(1.458.348)	(828.409)
Repair and maintenance expenses	(5.188.616)	(3.011.252)	(5.239.701)	(949.274)
Insurance expenses	(2.597.439)	(1.564.581)	(1.370.361)	(996.623)
Transportation expenses	(5.827.654)	(3.719.518)	(4.921.777)	(2.916.764)
Taxes and dues	(12.290.221)	(7.605.445)	(8.377.539)	(4.514.617)
Depreciation and amortization	(56.253.010)	(28.255.953)	(51.314.978)	(26.527.217)
Advertising expenses	(29.746.128)	(14.734.673)	(12.328.910)	(8.904.433)
Consultancy charges	(14.242.996)	(8.091.376)	(17.460.463)	(12.098.080)
Bank and commission expenses	(1.009.430)	(560.922)	(770.416)	(131.040)
Rent expenses	(3.268.955)	(1.430.303)	(4.672.887)	(1.400.361)
Other	(4.720.598)	(3.059.223)	(3.955.722)	(2.089.133)
	(162.721.535)	(85.348.783)	(137.989.379)	(75.710.064)

PETROL OFİSİ A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(Amounts are expressed as New Turkish Lira (TRY) unless otherwise stated.)

NOTE 30 – EXPENSES BY NATURE (cont'd)

General administrative expenses	January 1- June 30, 2008	April 1- June 30, 2008	January 1- June 30, 2007	April 1- June 30, 2007
Personnel expenses	(15.220.784)	(6.790.709)	(17.511.666)	(9.242.296)
Electricity-Water-Heating expenses	(229.621)	(119.990)	(226.617)	(116.230)
Communication expenses	(602.411)	(339.447)	(1.009.976)	(477.396)
Repair and maintenance expenses	(1.106.139)	(606.177)	(2.409.661)	(4.220.385)
Insurance expenses	(1.554.595)	(781.896)	(1.793.330)	(851.577)
Transportation expenses	(852.873)	(508.464)	(1.068.592)	(488.909)
Taxes and dues	(2.262.076)	(926.719)	(2.873.336)	(1.226.529)
Depreciation and amortization	(1.890.457)	(994.600)	(2.273.072)	(970.235)
Sponsorship expenses	(3.659.808)	(2.395.264)	(5.244.765)	(2.944.708)
Consultancy charges	(7.948.051)	(4.139.873)	(13.768.857)	(4.917.592)
Bank and commission expenses	(261.693)	(96.539)	(738.118)	(1.255.423)
Rent expenses	(1.387.151)	(721.235)	(1.473.192)	(754.689)
Other	(2.158.290)	(1.099.818)	(3.815.526)	(2.922.209)
	(39.133.949)	(19.520.731)	(54.206.708)	(30.388.178)

NOTE 31 – OTHER OPERATING INCOME/EXPENSES

Other operating income and profit for the periods ended June 30 are as follows:

	January 1- June 30, 2008	April 1- June 30, 2008	January 1- June 30, 2007	April 1- June 30, 2007
Commission income	1.445.554	795.107	1.651.226	1.080.920
Provisions released	4.820.410	(1.014.019)	679.311	312.149
Other income and profits	2.158.212	1.150.185	7.166.597	3.464.306
	8.424.176	931.273	9.497.134	4.857.375

PETROL OFİSİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED JUNE 30, 2008

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

NOTE 31 – OTHER OPERATING INCOME/EXPENSE (cont'd)

Other operating expenses and losses for the periods ended June 30 are as follows:

	January 1- June 30, 2008	April 1- June 30, 2008	January 1- June 30, 2007	April 1- June 30, 2007
Commission expenses	(525.142)	(291.107)	(971.791)	(675.125)
Provision expenses	(6.479.575)	(6.037.074)	(32.301.062)	(13.068.861)
Loyalty programme provision	(1.743.715)	(1.743.715)	-	-
Fines and penalties paid (*)	(3.527.885)	(7.407)	(275.362.170)	(46.170)
Loss on sale of fixed asset	(1.334.392)	(1.014.974)	(670.573)	(67.661)
Other expenses and losses	(4.738.165)	(1.411.559)	(11.354.229)	(9.772.090)
	(18.348.874)	(10.505.836)	(320.659.825)	(23.629.907)

(*) 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.

As a result of tax audit of the fiscal years of 2001 and 2002 of İş Doğan and fiscal years of 2002, 2003, 2004 and 2005 of the Company, 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 were communicated to the Company.

The Company has filed an application for arbitration with Ministry of Finance for the above mentioned tax and tax penalty. Negotiations between the representatives of Ministry of Finance and the Company have been finalized through a settlement, TRY 275.362.170 was paid on 11 June 2007. Accordingly, the Company has no outstanding liability related with this tax audit.

NOTE 32 – FINANCE INCOME

Finance income for the periods ended June 30, are as follows:

	January 1- June 30, 2008	April 1- June 30, 2008	January 1- June 30, 2007	April 1- June 30, 2007
Interest income	22.997.029	10.106.458	42.398.976	13.825.700
Foreign exchange gain	219.767.535	137.883.559	208.664.544	136.977.416
Discount interest income	12.673.919	1.353.450	14.119.997	1.191.019
	255.438.483	149.343.467	265.183.517	151.994.135

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED JUNE 30, 2008

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

NOTE 33 – FINANCE EXPENSES

Finance expenses for the periods ended June 30, are as follows:

	January 1- June 30, 2008	April 1- June 30, 2008	January 1- June 30, 2007	April 1- June 30, 2007
Cost of borrowings	(70.896.018)	(41.887.358)	(59.557.614)	(25.135.387)
Foreign exchange loss	(301.290.502)	(89.009.089)	(91.014.170)	(41.023.256)
Discount expenses	(13.942.214)	(2.018.508)	(12.192.131)	(1.967.704)
Discount of letter of credits	(41.765.818)	(22.208.447)	(18.126.646)	(8.774.088)
	(427.894.552)	(155.123.402)	(180.890.561)	(76.900.435)

NOTE 34 –ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

None.

NOTE 35 – TAX ASSETS AND LIABILITIES

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between the financial statements as reported for IFRS purposes and financial statements prepared in accordance with the 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 in the calculation of deferred tax assets and liabilities is 20% (2007: %20).

	Temporary Differences		Deferred Tax Asset / (Liability)	
	June 30, 2008	December 31, 2007	June 30, 2008	December 31, 2007
Difference between tax base and carrying value of tangible fixed assets and intangibles	(395.061.082)	(405.928.721)	(58.331.449)	(60.504.978)
Deferred finance expense of long term trade payables	(44.669.167)	(39.422.652)	(8.933.833)	(7.884.530)
Provision for doubtful receivables and lawsuits	48.739.796	46.588.384	9.747.959	9.317.677
Provision for employment termination benefit	8.459.253	8.549.291	1.691.851	1.709.858
Carry forward tax losses	5.716.125	5.103.676	1.143.225	1.020.735
Mark to market accrual of futures	38.820.506	25.844.984	7.764.101	5.168.997
Deferred finance income of short term trade receivables	9.836.667	7.956.017	1.967.333	1.591.203
Deferred finance expense of short term trade payables	16.015.965	4.892.909	3.203.193	978.582
Prepaid stamp taxes adjustment	(3.419.934)	(9.177.289)	(683.987)	(1.835.458)
Other temporary differences	6.068.689	1.198.291	1.213.738	239.657
Deferred tax asset / (liability), net			(41.217.869)	(50.198.257)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED JUNE 30, 2008

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

NOTE 35 – TAX ASSETS AND LIABILITIES (cont'd)

As at the balance sheet date, the Group has unused tax losses of TRY 5.716.125 (December 31, 2007: TRY 5.103.676) available for offset against future profits. A deferred tax asset of TRY 1.143.225 has been recognized for these losses (December 31, 2007: TRY 1.020.735).

Unused tax losses will expire as follows:

	2008	2007
Expire in 2010	1.586.193	1.586.193
Expire in 2011	2.678.826	2.678.826
Expire in 2012	838.657	838.657
Expire in 2013	612.449	-
	5.716.125	5.103.676

Movement of deferred tax assets / (liabilities) for the period ended June 30, 2008 and 2007 is as follows:

<u>Deferred tax asset movement :</u>	2008	2007
January 1, opening balance	562.830	246.384
Deferred tax income/(expense)	165.597	211.429
June 30, closing balance	728.427	457.813
<u>Deferred tax liability movement :</u>	2008	2007
January 1, opening balance	(50.761.087)	(56.467.318)
Deferred tax income/(expense)	8.814.791	(448.726)
June 30, closing balance	(41.946.296)	(56.916.044)

Corporate Tax

The Company and its Turkish subsidiaries are subject to Turkish corporate taxes. Provision is recognized 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 in 2008 is 20% (2007: 20%).

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate is 20% in 2008 (2007: 20%).

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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED JUNE 30, 2008

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

NOTE 35 – TAX ASSETS AND LIABILITIES (cont'd)

Corporate Tax (cont'd)

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% commencing 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 Group. The investments without investment incentive certificates do not qualify for tax allowance.

Investment incentive certificates are revoked commencing from January 1, 2006. If companies cannot use investment incentive due to inadequate profit, such outstanding investment incentive can be carried forward to following years as of December 31, 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.

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 June 30, 2008 and June 30, 2007 because it has chosen not to use investment incentive.

	June 30, 2008	December 31, 2007
<u>Current tax liability:</u>		
Current tax liability	43.160.102	153.819.425
Prepaid taxes and dues	(763.832)	(119.739.186)
Total current tax liability	42.396.270	34.080.239

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FOR THE SIX MONTH INTERIM PERIOD ENDED JUNE 30, 2008**

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

NOTE 35 – TAX ASSETS AND LIABILITIES (cont'd)

Income withholding tax (cont'd)

	January 1- June 30, 2008	April 1- June 30, 2008	January 1- June 30, 2007	April 1- June 30, 2007
<u>Tax charge/(benefit):</u>				
Current tax	43.160.102	42.589.996	53.709.275	39.114.933
Deferred tax (benefit)/charge	(8.980.388)	755.136	237.297	4.432.216
	34.179.714	43.345.132	53.946.572	43.547.149

Current period tax reconciliation is as follows:

	January 1- June 30, 2008	January 1- June 30, 2007
Consolidated profit before taxes on income	165.174.962	1.370.282
Tax at the effective rate 2008: 20% and 2007: 20%	(33.034.992)	(274.056)
Tax effect of non – deductible expenses	(1.173.001)	(628.363)
Tax effect of tax dispute payment	-	(55.072.434)
Tax effect of exempt income	28.279	2.028.281
Tax (expense) / income	(34.179.714)	(53.946.572)

NOTE 36 – EARNINGS PER SHARE

	January 1- June 30, 2008	April 1- June 30, 2008	January 1- June 30, 2007	April 1- June 30, 2007
Net profit /(loss) for the period	130.625.054	171.662.679	(52.693.613)	171.415.810
Weighted-average number of outstanding shares (1 share equals to TRY 1 valued shares)	550.000.000	550.000.000	550.000.000	550.000.000
Net profit/(loss) per share (TRY)	0,238	0,312	(0,096)	0,312

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED JUNE 30, 2008

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

NOTE 37 – RELATED PARTY TRANSACTIONS

i) Due to/from related parties:

a) Due from related parties

	June 30, 2008	December 31, 2007
Çankaya Bel-Pet Ltd. Şti.	3.314.438	808.649
Petrom S.A.	521.405	422.854
Hürriyet Gazetecilik ve Matbaacılık A.Ş.	87.416	54.250
Milta Turizm İşletmeleri A.Ş.	-	4.225
Doğan Haber Ajansı A.Ş.	27.164	23.852
Çelik Halat ve Tel San. A.Ş.	16.305	8.206
DTV Haber ve Görsel Yayıncılık A.Ş.	20.666	13.778
Doğan Yayın Holding A.Ş.	16.599	16.620
Doğan Dağıtım Satış ve Pazarlama A.Ş.	15.758	15.184
Dergi Pazarlama Planlama ve Ticaret A.Ş.	18.064	18.873
Doğan Havacılık Sanayi ve Ticaret A.Ş.	49.453	-
Doğan Şirketler Grubu Holding A.Ş.	11.889	8.434
Ray Sigorta A.Ş.	19.083	5.634
Doğan Dış Ticaret ve Mümessillik A.Ş.	-	3.195
OMV Refining & Marketing GMBH	75.400	596.961
Other	36.091	50.648
Total	4.229.731	2.051.363

b) Due to related parties

	June 30, 2008	December 31, 2007
Petrom S.A.	3.278.756	8.168.659
Ray Sigorta A.Ş.	879.679	697.698
D-Yapı İnşaat San. Tic. A.Ş.	247.705	528.448
OMV Refining & Marketing GMBH	171.512	152.208
Doğan Gazetecilik A.Ş.	233.186	265.969
Milta Turizm İşletmeleri A.Ş.	187.965	162.689
Hürriyet Gazetecilik ve Matbaacılık A.Ş.	112.548	267.029
Çevresel Kimya San. Tic. A.Ş.	-	1.400.519
Other	304.065	229.336
Total	5.415.416	11.872.555

PETROL OFİSİ A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(Amounts are expressed as New Turkish Lira (TRY) unless otherwise stated.)

NOTE 37 – RELATED PARTY TRANSACTIONS (cont'd)**ii) Major sales to related parties and purchases from related parties:****a) Product sales to related parties**

	January 1 - June 30, 2008	April 1 - June 30, 2008	January 1 - June 30, 2007	April 1 - June 30, 2007
Çankaya Bel-Pet Ltd. Şti	9.065.564	6.199.081	6.455.344	3.586.021
OMV Refining & Marketing GMBH	1.707.797	498.840	359.422	359.422
Petrom S.A.	2.113.116	1.474.297	128.469	128.469
Doğan Dağıtım Satış Ve Pazarlama A.Ş.	251.883	129.495	320.986	162.831
Doğan Dış Ticaret Ve Mümessillik A.Ş.	1.017.655	690.836	926.181	579.561
Hürriyet Gazetecilik Ve Matbaacılık A.Ş.	773.543	445.819	729.283	380.674
Milta Turizm İşletmeleri A.Ş.	220.088	118.055	589.553	549.373
Doğan Haber Ajansı A.Ş.	270.200	146.049	234.124	124.176
Doğan Yayın Holding A.Ş.	173.875	53.744	192.164	103.313
Dergi Pazarlama Planlama ve Ticaret A.Ş.	168.366	84.804	200.014	105.048
Doğan Havacılık Sanayi ve Tic A.Ş.	203.351	100.335	143.143	-
DTV Haber Ve Görsel Yayıncılık A.Ş.	194.553	99.895	188.745	94.892
Other	1.060.268	566.980	362.124	48.662
Total	17.220.259	10.608.230	10.829.552	6.222.442

b) Product purchases from related parties

	January 1 - June 30, 2008	April 1 - June 30, 2008	January 1 - June 30, 2007	April 1 - June 30, 2007
DTV Haber ve Görsel Yayıncılık A.Ş.	4.874.544	4.874.544	488.220	485.610
Milta Turizm İşletmeleri A.Ş.	1.879.409	1.099.038	2.454.032	1.198.622
Ray Sigorta A.Ş.	2.656.831	1.307.181	-	-
D Yapı İnşaat San. ve Tic. A.Ş.	-	-	119.130	-
Doğan Gazetecilik A.Ş.	956.630	387.904	609.337	528.401
Doğan Şirketler Grubu Holding A.Ş.	1.255.634	660.691	1.438.638	712.832
Eko Televizyon Yayıncılık A.Ş.	-	-	70.800	-
Hürriyet Gazetecilik ve Matbaacılık A.Ş.	769.705	365.244	883.123	687.326
OMV Refining & Marketing GMBH	3.042.482	1.338.776	2.604.335	2.558.623
Doğan Otomobilcilik Ticaret ve San. A.Ş.	-	-	266.078	102.578
Petrom S.A.	13.722	5.408	34.576.833	20.022.279
Other	236.053	115.124	450.392	452.931
Total	15.685.010	10.153.910	43.960.918	26.749.202

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(Amounts are expressed as New Turkish Lira (TRY) unless otherwise stated.)

NOTE 37 – RELATED PARTY TRANSACTIONS (cont'd)

ii) Major sales to related parties and purchases from related parties (cont'd):

c) Fixed asset purchases from related parties

	January 1- June 30, 2008	April 1- June 30, 2008	January 1- June 30, 2008	April 1- June 30, 2008
D-Yapı İnşaat San. ve Tic. A.Ş.	-	-	3.549.740	3.446.149
Total	-	-	3.549.740	3.446.149

iii) Other income from and expense to related parties:

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

	January 1- June 30, 2008	April 1- June 30, 2008	January 1- June 30, 2008	April 1- June 30, 2008
To the Board of Directors	245.100	134.100	203.600	103.533
To key management personnel	2.411.502	1.440.001	3.995.000	3.197.500
Total	2.656.602	1.574.101	4.198.600	3.301.033

PETROL OFİSİ A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH INTERIM PERIOD ENDED JUNE 30, 2008**

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

NOTE 38 – NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS**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.

	June 30, 2008	December 31, 2007
Foreign currency assets	806.607.080	389.720.512
Foreign currency liabilities	2.370.502.266	2.235.451.726
Net foreign currency position	(1.563.895.186)	(1.845.731.214)

June 30, 2008 (TRY Equivalent of Foreign Currency Amount)

	USD	EURO	Other	Total TRY
Assets				
Cash and cash equivalents	470.431.855	311.693	5.619	470.749.167
Short-term trade receivables	258.853.010	902.783	-	259.755.793
Other current assets	74.560.872	1.112.723	-	75.673.595
Other long-term assets	419.564	8.961	-	428.525
	804.265.301	2.336.160	5.619	806.607.080
Liabilities				
Short-term borrowings	29.770.570	1.664.437	-	31.435.007
Short-term trade payables	528.431.212	374.201	-	528.805.413
Finance lease payables and other current liabilities	44.327.950	1.014.615	-	45.342.565
Long-term borrowings	524.967.300	2.638.578	-	527.605.878
Long-term trade payables	1.222.065.232	-	-	1.222.065.232
Finance lease payables and other long-term liabilities	12.469.134	2.779.037	-	15.248.171
	2.362.031.398	8.470.868	-	2.370.502.266
Net foreign currency position	(1.557.766.097)	(6.134.708)	5.619	(1.563.895.186)

PETROL OFİSİ A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH INTERIM PERIOD ENDED JUNE 30, 2008**

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

NOTE 38 – NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

December 31, 2007 (TRY Equivalent of Foreign Currency Amount)				
	USD	EURO	Other	Total TRY
Assets				
Cash and cash equivalents	191.326.184	2.012.849	4.570	193.343.603
Short-term trade receivables	146.571.430	1.222.551	-	147.793.981
Other current assets	48.162.378	12.047	1.216	48.175.641
Other long-term assets	399.335	7.952	-	407.287
	386.459.327	3.255.399	5.786	389.720.512
Liabilities				
Short-term borrowings	76.098.544	1.480.302	-	77.578.846
Short-term trade payables	623.640.757	788.199	7.164	624.436.120
Finance lease payables and other current liabilities	42.494.048	951.317	-	43.445.365
Long-term borrowings	561.019.212	3.050.727	-	564.069.939
Long-term trade payables	904.622.451	-	-	904.622.451
Finance lease payables and other long-term liabilities	18.449.960	2.849.045	-	21.299.005
	2.226.324.972	9.119.590	7.164	2.235.451.726
Net foreign currency position	(1.839.865.645)	(5.864.191)	(1.378)	(1.845.731.214)

As of June 30, 2008 foreign currency denominated asset and liability balances were converted with the following exchange rates; TRY 1,2237 = USD 1 and TRY 1,9271 = EURO 1 (December 31, 2007: TRY 1,1647 = USD 1 and TRY 1,7102 = EURO 1)

As of June 30, 2008 and 2007, the amount of total export, the amount of total import and the ratio of total foreign currency hedge is as follows :

	June 30, 2008	June 30, 2007
Total export	951.869.153	630.032.002
Total import	1.240.291.449	826.906.852
The ratio of total foreign currency hedge (%)	8,85	-

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED JUNE 30, 2008

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

NOTE 38 – NATURE AND RISK LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

Additional Information on Financial Instruments

(a) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 8, cash and cash equivalents disclosed in note 6 and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in note 27.

The management of the Group considers the cost of capital and the risks associated with each class of capital. The management of the Group aims to balance its overall capital structure through the payment of dividends, new share issues and the issue of new debt or the redemption of existing debt.

The Group controls its capital using the net debt/total capital ratio. This ratio is calculated as net debt divided by the total capital amount. Net debt is calculated as total liability amount (comprises of financial liabilities, leasing and trade payables as presented in the balance sheet) less cash and cash equivalents. Total capital is calculated as shareholders' equity plus the net debt amount as presented in the balance sheet.

As of June 30, 2008 and December 31, 2007 net debt / total capital ratio is as follows:

	June 30, 2008	December 31, 2007
Total Liabilities	3.507.033.555	2.581.035.836
Less: Cash and cash equivalents	570.573.035	404.538.084
Net Debt	2.936.460.520	2.176.497.752
Shareholders' Equity	2.776.723.481	2.645.927.371
Total Capital	5.713.184.001	4.822.425.123
Net Debt / Total Capital ratio	%51	%45

The Group's overall strategy is not different from previous period.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED JUNE 30, 2008

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

NOTE 38 – NATURE AND RISK LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

Additional Information on Financial instruments (cont'd)

(b) Significant accounting policies

Details of the significant accounting policies and methods adopted in respect of each class of financial instrument is explained in Note 2.7.8 “Financial Instruments”.

(c) Categories of financial instruments

	June 30, 2008	December 31, 2007
Financial Assets		
Cash and cash equivalents	570.573.035	404.538.084
Trade receivables	1.676.893.973	1.189.854.063
Financial assets	135.892	135.892
Financial Liabilities		
Borrowings	1.164.240.996	662.074.444
Finance lease payables	28.254.449	27.941.939
Trade payables	2.271.893.039	1.865.174.469
Other financial liabilities	42.645.071	25.844.984

(d) Market risk

The Group’s activities expose it primarily to the financial risks of changes in foreign currency exchange rates (see (e) below) and interest rates (see (f) below).

Market risk exposures of the Group are measured using sensitivity analysis.

There has been no change to the Group’s exposure to market risks or the manner in which it manages and measures the risk.

(e) Foreign currency risk management

Transactions in foreign currencies expose the Group to foreign currency risk.

This risk mainly arises from fluctuation of foreign currency used in conversion of foreign assets and liabilities into New Turkish Lira. Foreign currency risk arises as a result of trading transactions in the future and the difference between the assets and liabilities recognized. In this regard, the Group manages this risk with a method of netting foreign currency denominated assets and liabilities. The management reviews the foreign currency position and provide measures if required.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED JUNE 30, 2008

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

NOTE 38 – NATURE AND RISK LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

Additional Information on Financial instruments (cont'd)

(e) Foreign currency risk management (cont'd)

The Group is mainly exposed to foreign currency risk in USD, and the effect of other currencies are not material.

Foreign currency sensitivity

Based on the foreign currency position as at June 30, 2008, if TRY is devaluated/evaluated by 10% against USD and all other variables remain constant, foreign exchange loss/gain on USD denominated liabilities and assets decrease/increase net income after tax by TRY 108.468.448 (June 30, 2007: TRY 153.111.608).

(f) Interest rate risk management

Financial liabilities of the Group expose the Group to interest rate risk. The Group's financial liabilities are mainly fixed rate borrowings and the Group has no variable interest financial assets. Based on the current balance sheet as at June 30, 2008, if there is 1% decrease/increase in the interest rates and if the other variables are kept constant; the net income after tax of the Group is going to increase/decrease by TRY 489.912 (June 30, 2007: TRY 1.092.156).

(g) Price Risk

The Group is exposed to price risk due to the difference between petroleum product inventory value and the product prices traded in international commodity market which subsequently affects sales price adversely. In order to avoid the negative price fluctuations on sales price, the Group entered into fair value hedge contracts. Gain/loss arising from fair value hedging transactions is included in cost of goods sold.

(h) Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's credit risks mainly arise from trade receivables. The Group manages this risk by the credit limits up to the guarantees received from customers. The usage of credit limits are monitored by the Group and also by taking into consideration customer's financial position, past experiences and other factors, customer's credibility is evaluated continuously. Trade receivables, are evaluated based on the Group's policies and procedures and as a result presented net of doubtful provision in the financial statements (Note 10).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED JUNE 30, 2008

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

NOTE 38 – NATURE AND RISK LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

Additional Information on Financial instruments (cont'd)

(i) Liquidity risk management

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Liquidity Risk Tables

Having a conservative liquidity risk management requires obtaining adequate level of cash in addition to having the ability to utilize adequate level of borrowings and fund resources as well as closing market positions.

Funding risk attributable to the current and future potential borrowing demand is managed to the extent that an ongoing access to adequate number of creditors with high quality is provided.

The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which are not included in the carrying amount of the financial liability on the balance sheet.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities as at June 30, 2008 and December 31, 2007:

June 30, 2008	Less than 6 months	6-12 moths	1 + year	Adjustments	Total
Financial Borrowings (net)	152.028.100	69.466.353	1.269.176.201	(326.429.658)	1.164.240.996
Financial Lease Payables	4.682.918	4.494.614	27.131.622	(8.054.705)	28.254.449
Trade Payables (net)	795.051.382	271.000.540	1.314.087.652	(108.246.535)	2.271.893.039
Total Liabilities	951.762.400	344.961.507	2.610.395.475	(442.730.898)	3.464.388.484

December 31, 2007	Less than 6 months	6-12 moths	1 + year	Adjustments	Total
Financial Borrowings (net)	93.486.045	37.134.046	629.085.939	(97.631.586)	662.074.444
Financial Lease Payables	4.574.674	4.252.540	27.629.021	(8.514.296)	27.941.939
Trade Payables (net)	762.111.425	209.560.063	993.795.143	(100.292.162)	1.865.174.469
Total Liabilities	860.172.144	250.946.649	1.650.510.103	(206.438.044)	2.555.190.852

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED JUNE 30, 2008

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

NOTE 39 –FINANCIAL INSTRUMENTS (EXPLANATIONS RELATED TO FAIR VALUES AND HEDGE ACCOUNTING)

The Group deems that recorded value of its financial instruments represent their fair value.

Financial risk management objectives

The Group's finance department provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyses exposures by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

The Group seeks to minimize the effects of these risks by using derivative financial instruments such as foreign currency forwards, cross currency swap and diesel contracts during the period. The Group does not enter into or trade financial instruments (including derivative financial instruments) for speculative purposes.

NOTE 40 – SUBSEQUENT EVENTS

Subsequent to the balance sheet date, as a result of the purchases from public quotation, OMV Aktiengesellschaft shareholding portion increased to 41,11% and Doğan Holding A.Ş. shareholding portion increased to 54,07%.

As a result of industrial inspection of Ministry of Finance on fuel distribution companies, notifications of assessment amounting to TRY 13.810.421,40 for tax liability and TRY 9.916.863,16 for tax penalty were communicated to the Company from Boğaziçi Corporate Tax Office and Big Corporations Tax Office for the fiscal years of 2003-2007.

The Tax Inspection Reports, claim that usufruct contracts signed between fuel distribution companies and the station owners should be assessed as rent contracts and the payments to stations should be subject to withholding tax.

A lawsuit against the tax inspection reports and tax liability/penalty notifications will be filed within legal application time, therefore no payment is considered currently.

NOTE 41 – OTHER ISSUES THAT SIGNIFICANTLY AFFECT THE FINANCIAL STATEMENTS OR OTHER ISSUES REQUIRED FOR THE CLEAR UNDERSTANDING OF FINANCIAL STATEMENTS

None.