

**PETROL OFİSİ A.Ş.**

CONSOLIDATED FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITORS' REPORT  
AS OF 31 DECEMBER 2007

(Translated into English from  
the Original Turkish Report)

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

INDEPENDENT AUDITORS' REPORT

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

1. We have audited the accompanying consolidated financial statements of Petrol Ofisi A.Ş. (the "Company") and its subsidiaries (together the "Group") which comprise the consolidated balance sheet as at 31 December 2007, and the consolidated income statement, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

**Management's Responsibility for the Financial Statements**

2. Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting standards published by Capital Markets Board. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditor's Responsibility**

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards published by Capital Markets Board. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

4. In our opinion, the accompanying financial statements give a true and fair view of the financial position of Petrol Ofisi A.Ş. and its subsidiaries as of 31 December 2007, and of its financial performance and its cash flows for the year then ended in accordance with the financial reporting standards published by Capital Markets Board.

Without qualifying our opinion we draw attention to the following:

5. As explained in detail in Note 31, 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, 11 March 2007

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

Gökhan Alpman  
Partner

<b>CONTENTS</b>	<b>PAGE</b>
<b>CONSOLIDATED BALANCE SHEETS.....</b>	<b>1-2</b>
<b>CONSOLIDATED INCOME STATEMENTS.....</b>	<b>3</b>
<b>CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY .....</b>	<b>4</b>
<b>CONSOLIDATED STATEMENTS OF CASH FLOWS.....</b>	<b>5</b>
<b>NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.....</b>	<b>6-68</b>
NOTE 1 ORGANIZATION AND OPERATIONS OF THE COMPANY .....	6-7
NOTE 2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS .....	7-10
NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES .....	11-23
NOTE 4 CASH AND CASH EQUIVALENTS .....	24
NOTE 5 MARKETABLE SECURITIES .....	24
NOTE 6 FINANCIAL BORROWINGS.....	25-26
NOTE 7 TRADE RECEIVABLES AND PAYABLES.....	27-29
NOTE 8 FINANCE LEASE RECEIVABLES AND PAYABLES .....	30-31
NOTE 9 DUE TO/FROM RELATED PARTIES.....	32-34
NOTE 10 OTHER RECEIVABLES AND PAYABLES.....	35
NOTE 11 BIOLOGICAL ASSETS .....	36
NOTE 12 INVENTORIES .....	36
NOTE 13 RECEIVABLES FROM ONGOING CONSTRUCTION CONTRACTS AND ACCRUED INCOME.....	36
NOTE 14 DEFERRED TAX ASSETS AND LIABILITIES .....	37-38
NOTE 15 OTHER SHORT/LONG TERM ASSETS AND SHORT/LONG TERM LIABILITIES.....	38
NOTE 16 FINANCIAL ASSETS.....	39
NOTE 17 POSITIVE/NEGATIVE GOODWILL.....	39-40
NOTE 18 INVESTMENT PROPERTY .....	40
NOTE 19 PROPERTY, PLANT AND EQUIPMENT .....	41-42
NOTE 20 INTANGIBLE ASSETS .....	43
NOTE 21 ADVANCES RECEIVED .....	44
NOTE 22 RETIREMENT BENEFITS .....	44
NOTE 23 PROVISIONS .....	44-45
NOTE 24 MINORITY INTEREST/INCOME (LOSS) BEFORE MINORITY INTEREST.....	45
NOTE 25 SHARE CAPITAL.....	46
NOTE 26 CAPITAL RESERVES .....	47-48
NOTE 27 PROFIT RESERVES .....	48
NOTE 28 RETAINED EARNINGS.....	48
NOTE 29 FOREIGN CURRENCY POSITION.....	49
NOTE 30 GOVERNMENT GRANTS AND INCENTIVES .....	50
NOTE 31 PROVISIONS, CONTINGENT LIABILITIES, CONTINGENT ASSETS .....	50-53
NOTE 32 BUSINESS COMBINATIONS.....	53
NOTE 33 SEGMENTAL INFORMATION.....	54-55
NOTE 34 SUBSEQUENT EVENTS.....	56
NOTE 35 DISCONTINUED OPERATIONS .....	56
NOTE 36 OPERATING INCOME .....	57
NOTE 37 OPERATING EXPENSE.....	58
NOTE 38 OTHER OPERATING INCOME/EXPENSE AND PROFIT/LOSS .....	59-60
NOTE 39 FINANCE EXPENSE.....	60
NOTE 40 NET MONETARY GAIN/LOSS.....	60
NOTE 41 TAXATION.....	61-63
NOTE 42 EARNINGS PER SHARE .....	63
NOTE 43 STATEMENT OF CASH FLOWS .....	63
NOTE 44 OTHER ISSUES THAT SIGNIFICANTLY AFFECT THE FINANCIAL STATEMENTS OR OTHER ISSUES REQUIRED FOR THE CLEAR UNDERSTANDING OF FINANCIAL STATEMENTS .....	64-68

**PETROL OFİSİ A.Ş.****CONSOLIDATED BALANCE SHEET AS OF  
31 DECEMBER 2007**

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

	<b>Footnote References</b>	<b>December 31, 2007</b>	<b>December 31, 2006</b>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	4	404.538.084	647.146.167
Marketable Securities (net)	5	-	-
Trade Receivables (net)	7	1.181.194.723	1.284.150.267
Finance Lease Receivables (net)	8	-	-
Due from Related Parties (net)	9	2.051.363	1.337.417
Other Receivables (net)	10	95.080.164	74.406.508
Biological Assets (net)	11	-	-
Inventories (net)	12	746.790.250	791.945.443
Receivables From On Going Construction Contracts (net)	13	-	-
Deferred Tax Assets	14	-	-
Other Current Assets	15	46.105.472	43.579.868
<b>Long Term Assets</b>			
Trade Receivables (net)	7	7.124.452	7.733.272
Finance Lease Receivables (net)	8	-	-
Due from Related Parties (net)	9	-	-
Other Receivables (net)	10	-	-
Financial Assets (net)	16	135.892	135.892
Positive/Negative Goodwill (net)	17	2.230.454.638	2.230.454.638
Investment Property (net)	18	-	-
Property, plant and equipment (net)	19	1.047.789.468	933.112.926
Intangible Assets (net)	20	8.811.911	4.919.272
Deferred Tax Assets	14	562.830	246.384
Other Long Term Assets	15	15.532.910	9.651.684
<b>TOTAL ASSETS</b>		<b>5.786.172.157</b>	<b>6.028.819.738</b>

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

**PETROL OFİSİ A.Ş.**

**CONSOLIDATED BALANCE SHEET AS OF  
31 DECEMBER 2007**

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

	Footnote References	December 31, 2007	December 31, 2006
<b>LIABILITIES</b>			
<b>Short Term Liabilities</b>		<b>1.576.350.980</b>	<b>2.235.490.471</b>
Short Term Borrowings (net)	6	20.425.659	144.214.989
Short Term Portions of Long Term Borrowings (net)	6	77.578.846	111.645.163
Finance Lease Payables (net)	8	5.992.374	5.910.756
Other Financial Liabilities (net)	10	-	-
Trade Payables (net)	7	949.745.526	1.442.230.653
Due to Related Parties (net)	9	11.872.555	9.549.421
Advances Received	21	-	-
Ongoing Construction Contracts Progress Payments (net)	13	-	-
Provisions	23	57.021.708	81.985.143
Deferred Tax Liabilities	14	-	-
Other Liabilities (net)	10	453.714.312	439.954.346
<b>Long Term Liabilities</b>		<b>1.559.290.918</b>	<b>1.446.788.769</b>
Long Term Borrowings (net)	6	564.069.939	680.529.827
Finance Lease Payables (net)	8	21.949.565	20.977.206
Other Financial Liabilities (net)	10	-	-
Trade Payables (Net)	7	905.422.773	674.008.866
Due to Related Parties (net)	9	-	-
Advances Received	21	112.225	63.025
Provisions	23	10.714.909	8.980.650
Deferred Tax Liabilities	14	50.761.087	56.467.318
Other Liabilities (net)	10	6.260.420	5.761.877
<b>MINORITY INTEREST</b>	24	<b>4.602.888</b>	<b>4.086.562</b>
<b>SHAREHOLDERS' EQUITY</b>		<b>2.645.927.371</b>	<b>2.342.453.936</b>
<b>Capital</b>	25	<b>492.000.000</b>	<b>417.450.000</b>
<b>Adjustment to share capital</b>	25	-	-
<b>Capital Reserves</b>	26	<b>1.242.847.720</b>	<b>1.242.847.720</b>
Additional Paid in Capital		247.461.598	247.461.598
Premium in Excess of Par		-	-
Gain on cancellation of equity shares		-	-
Revaluation Fund		-	-
Revaluation Fund on Financial Assets		-	-
Inflation Adjustment of Shareholders' Equity Items		995.386.122	995.386.122
<b>Profit Reserves</b>	27	<b>66.187.364</b>	<b>49.569.471</b>
Legal Reserves		60.419.761	50.772.707
Statutory Reserves		-	-
Extraordinary Reserves		2.827.642	2.827.642
Special Reserves		2.976.458	2.976.458
Gain on sale of property and equity participations to be transferred to share capital		-	-
Currency Translation Reserve		(36.497)	(7.007.336)
<b>Net Profit for the Period</b>		<b>310.708.212</b>	<b>230.115.954</b>
<b>Retained Earnings</b>	28	<b>534.184.075</b>	<b>402.470.791</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>5.786.172.157</b>	<b>6.028.819.738</b>

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

**PETROL OFİSİ A.Ş.****CONSOLIDATED STATEMENT OF INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2007**

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

	<b>Footnote References</b>	<b>January 1 – December 31, 2007</b>	<b>January 1 – December 31, 2006</b>
<b>OPERATING INCOME</b>			
Sales Revenue (net)	36	13.414.365.662	13.699.843.201
Cost of Sales (-)	36	(12.556.487.949)	(12.853.153.785)
Other Operating income / interest + dividend+ rent (net)		65.379.784	46.450.274
<b>GROSS PROFIT / LOSS</b>		<b>923.257.497</b>	<b>893.139.690</b>
Operating Expenses (-)	37	(391.147.089)	(393.457.765)
<b>OPERATING PROFIT / LOSS</b>		<b>532.110.408</b>	<b>499.681.925</b>
Other Income and Profit	38	544.516.048	588.284.150
Other Expense and Losses (-)	38	(575.626.445)	(646.454.927)
Finance Expense (-)	39	(41.978.725)	(177.556.064)
<b>PROFIT BEFORE MONETARY GAIN/ LOSS AND TAXATION</b>		<b>459.021.286</b>	<b>263.955.084</b>
Net Monetary Gain/Loss	40	-	-
<b>MINORITY INTEREST</b>		<b>(516.326)</b>	<b>(1.066.801)</b>
<b>PROFIT / LOSS BEFORE TAXATION</b>		<b>458.504.960</b>	<b>262.888.283</b>
Taxation	41	(147.796.748)	(32.772.329)
<b>NET PROFIT / LOSS FOR THE PERIOD</b>		<b>310.708.212</b>	<b>230.115.954</b>
<b>EARNINGS PER SHARE</b>		<b>0,632</b>	<b>0,468</b>

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 YEAR ENDED 31 DECEMBER 2007**

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

	Capital	Additional Paid-in Capital	Inflation Adjustment of Shareholders' Equity Items	Legal Reserves	Extraordinary Reserves	Special Reserves	Currency Translation Reserve	Gain on sale of property and equity participations to be transferred to share capital	Retained Earnings	Period Profit / Loss	Total Shareholders' Equity
<b>January 1, 2006</b>	<b>417.450.000</b>	<b>247.461.598</b>	<b>995.386.122</b>	<b>35.732.137</b>	<b>2.827.642</b>	<b>2.976.458</b>	<b>(7.360.293)</b>	-	<b>268.846.868</b>	<b>216.032.574</b>	<b>2.179.353.106</b>
Transfers from retained earnings	-	-	-	15.040.570	-	-	-	-	(15.040.570)	-	-
Transfers from period profit	-	-	-	-	-	-	-	-	216.032.574	(216.032.574)	-
Dividends paid	-	-	-	-	-	-	-	-	(67.368.081)	-	(67.368.081)
Change in translation reserve	-	-	-	-	-	-	352.957	-	-	-	352.957
Current period profit	-	-	-	-	-	-	-	-	-	230.115.954	230.115.954
<b>December 31, 2006</b>	<b>417.450.000</b>	<b>247.461.598</b>	<b>995.386.122</b>	<b>50.772.707</b>	<b>2.827.642</b>	<b>2.976.458</b>	<b>(7.007.336)</b>	-	<b>402.470.791</b>	<b>230.115.954</b>	<b>2.342.453.936</b>
<b>January 1, 2007</b>	<b>417.450.000</b>	<b>247.461.598</b>	<b>995.386.122</b>	<b>50.772.707</b>	<b>2.827.642</b>	<b>2.976.458</b>	<b>(7.007.336)</b>	-	<b>402.470.791</b>	<b>230.115.954</b>	<b>2.342.453.936</b>
Transfers from retained earnings	44.292.287	-	-	9.647.054	-	-	-	30.257.713	145.918.900	(230.115.954)	-
Transfers from gain on sale of property	30.257.713	-	-	-	-	-	-	(30.257.713)	-	-	-
PO International balance sheet items transfer	-	-	-	-	-	-	14.205.616	-	(14.205.616)	-	-
Change in translation reserve	-	-	-	-	-	-	(7.234.777)	-	-	-	(7.234.777)
Current period profit	-	-	-	-	-	-	-	-	-	310.708.212	310.708.212
<b>December 31, 2007</b>	<b>492.000.000</b>	<b>247.461.598</b>	<b>995.386.122</b>	<b>60.419.761</b>	<b>2.827.642</b>	<b>2.976.458</b>	<b>(36.497)</b>	-	<b>534.184.075</b>	<b>310.708.212</b>	<b>2.645.927.371</b>

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

**PETROL OFİSİ A.Ş.**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2007**

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

	Note	January 1- December 31, 2007	January 1- December 31, 2006
<b>Cash Flows From Operating Activities</b>			
Income before taxation on income and minority interests		459.021.286	263.955.084
<b>Adjustments to reconcile net income/(loss) to net cash from/ (used in) operating activities (net of inflation effect):</b>			
Amortization and depreciation	19, 20	112.305.533	101.612.019
Increase in retirement pay provision	23	2.024.933	2.098.303
Increase in other provisions		880.632	-
Interest expense – net		97.719.754	108.981.905
Loss / (Gain) on the sale of property, plant and equipment		1.372.823	(13.202.088)
Doubtful receivable provision – net	7	37.276.460	31.369.673
Deferred finance (income)/ expense		(4.969.556)	7.150.337
Provision for litigation		8.418.744	35.482.416
Accrued foreign exchange (gain)/loss on letter of credits and bank loans		(202.731.833)	44.358.843
<b>Net cash before changes in operating assets and liabilities</b>		<b>511.318.776</b>	<b>581.806.492</b>
Decrease/(increase) in trade receivables		71.257.460	(479.163.683)
Decrease/(increase) in due from related parties	9	(713.946)	(1.012.480)
Decrease/(increase) in inventories	12	45.155.193	(230.437.196)
Decrease/(increase) in other current assets		(23.199.260)	(28.066.236)
Decrease/(increase) in other long-term assets		(5.881.226)	(4.745.286)
(Decrease)/increase in trade payables		208.009.920	845.578.943
(Decrease)/increase in due to related parties	9	2.323.134	7.181.751
(Decrease)/increase in other short-term borrowings		(7.615.264)	27.116.952
(Decrease)/increase in other long-term borrowings		547.743	6.040.382
Retirement pay provision paid	23	(1.171.306)	(1.132.911)
Taxes and dues paid		(165.826.374)	(11.737.642)
<b>Cash provided by operating activities</b>		<b>634.204.850</b>	<b>711.429.086</b>
<b>Investing activities</b>			
Purchase of property, plant and equipment and intangible assets	19, 20	(226.193.331)	(211.783.996)
Proceeds from sale of property, plant and equipment		4.447.382	40.574.545
Cash flow from available for sale financial assets		-	2.322
<b>Net cash used in investing activities</b>		<b>(221.745.949)</b>	<b>(171.207.129)</b>
<b>Financing activities</b>			
Repayment of borrowing		(396.503.578)	(479.132.224)
Proceeds from borrowing		258.425.528	442.897.333
Letter of credits paid in trade payables		(772.919.291)	(878.479.928)
Letter of credits received in trade payables		375.308.737	1.060.794.246
Leasing repayments		(9.447.611)	(8.011.861)
Dividends paid		-	(67.368.081)
Dividends paid to minority interest		-	(480.028)
Received/ (paid) interest-net		(103.465.835)	(101.494.129)
Share of minority interest from capital increases		-	4.015
<b>Net cash used in financing activities</b>		<b>(648.602.050)</b>	<b>(31.270.657)</b>
Currency translation differences		(7.234.777)	352.957
Net (decrease)/increase in cash and cash equivalents		(243.377.926)	509.304.257
<b>Cash and cash equivalents at the beginning of the period</b>	<b>4</b>	<b>647.044.123</b>	<b>137.739.866</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>4</b>	<b>403.666.197</b>	<b>647.044.123</b>

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 2007 amounting to TRY 10.501.588 (2006: TRY 23.671.542) 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 YEAR ENDED 31 DECEMBER 2007

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

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#### NOTE 1 – ORGANIZATION AND OPERATIONS OF THE COMPANY

Petrol Ofisi A.S. (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 3.384 service stations (Petrol Ofisi: 3.074, Kipet: 84, Erk: 226), 2 lubricant blending plants, 10 fuel and 2 LPG terminal, 1 office and 35 aviation supply units. As of December 31, 2007, the number of personnel is 1.205. (December 31, 2006: 1.204).

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 25.

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 functioning in natural gas market, supporting natural gas usage, exporting and importing of natural gas, liquid natural gas and similar products, selling and distributing, organizing distribution, storing and modulation activities domestically and abroad.

## **PETROL OFİSİ A.Ş.**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007**

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

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#### **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 Accounting Standards:**

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

Capital Market Board (CMB) issued Decree No XI-25 “Capital Markets Accounting Standards” that provides a detailed accounting principals set. This Decree became effective for periods after January 1, 2005. Article 5 of Decree No XI-27, which amends the mentioned Decree, declares that the entities applying International Financial Reporting Standards (IFRS) are accepted as applying the preparation and disclosure requirements of Decree No XI-25.

Accompanying financial statements were prepared in accordance with IFRS, within the framework of alternative treatment allowed by CMB as mentioned above and comply with CMB’s decree announced on 20 December 2004 regarding the format of the financial statements and footnotes.

##### **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 YEAR ENDED 31 DECEMBER 2007

(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 December 31, 2007 and 2006 are shown below:

Name	<u>Proportion of ownership interest (%)</u>	
	December 31, 2007	December 31, 2006
KIPET	52,00	52,00
PO International	-	100,00
Petrofinance	100,00	100,00
ERK	99,96	99,96
PO Oil Financing	100,00	100,00
PO Alternatif Yakıtlar	99,89	99,83
PO Gaz İletim	99,75	99,50
Akdeniz Rafinerisi	99,99	-
PO Georgia	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 year. Exchange differences arising from using year-end and average exchange rates are included in the shareholders’ equity as currency translation reserve.

##### 2.4 Comparative Information and Restatement of Prior Period Financial Statements

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR  
ENDED 31 DECEMBER 2007**

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

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**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 International Financial Reporting Standards**

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (“the IASB”) and the International Financial Reporting Interpretations Committee (“IFRIC”) of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 January 2007. The adoption of these new and revised Standards and Interpretations has resulted in changes to the Group’s accounting policies in the following areas:

- IFRS 7, “Financial instruments: Disclosures”
- IAS 1, “Presentation of financial statements”

**IFRS 7, “Financial instruments: Disclosures”**

This standard requires disclosures that enable users of the financial statements to evaluate the significance of the Group’s financial instruments and the nature and extent of risks arising from those financial instruments. The new disclosures are included throughout the financial statements. While there has been no effect on the financial position or results, comparative information has been revised where needed.

**IAS 1, “Presentation of financial statements”**

This amendment requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group’s objectives, policies and processes for managing capital.

**Standards, amendments and interpretations effective in 2007 but not relevant**

The following standards, amendments and interpretations to published standards are mandatory for accounting periods beginning on or after 1 January 2007 but they are not relevant to the Group’s operations:

- IFRS 4, “Insurance contracts”,
- IFRIC 7, “Applying the restatement approach under IAS 29, Financial reporting in hyperinflationary economies”,
- IFRIC 8, “Scope of IFRS 2”,
- IFRIC 9, “Reassessment of embedded derivatives”,
- IFRIC 10, “Interim financial reporting and impairment”.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR  
ENDED 31 DECEMBER 2007**

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

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

**2.6 Adoption of New and Revised International Financial Reporting Standards (cont'd)**

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:

- |   |   |
|---|---|
| • IFRIC 11, “IFRS 2 – Group and treasury share transactions”  | Effective for annual periods beginning on or after 1 March 2007   |
| • IAS 23, “(Amendment) Borrowing costs”   | Effective for annual periods beginning on or after 1 January 2009 |
| • IFRS 8, “Operating segments”  | Effective for annual periods beginning on or after 1 January 2009 |
| • IFRIC 12, “Service concession arrangements”   | Effective for annual periods beginning on or after 1 January 2008 |
| • IFRIC 13, “Customer loyalty programmes”   | Effective for annual periods beginning on or after 1 July 2008    |
| • IFRIC 14, “IAS 19- The limit on a defined benefit asset, minimum funding requirements and their interaction”                                      | Effective for annual periods beginning on or after 1 January 2008 |
| • IFRS 2, “Share-based Payment” Amendment relating to vesting conditions and cancellations  | 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”<br>Comprehensive revision on applying the acquisition method   |   |
| • IAS 1, “Presentation of Financial Statements”   | Effective for annual periods beginning on or after 1 January 2009 |
| • IAS 32, “Financial Instruments: Presentation”<br>Amendments relating to disclosure of puttable instruments and obligations arising on liquidation |   |
| • IAS 1, “Presentation of Financial Statements”   | Effective for annual periods beginning on or after 1 January 2009 |

## **PETROL OFİSİ A.Ş.**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007**

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

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#### **NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **3.1 Revenue recognition**

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

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

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

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

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

##### **3.2 Inventories**

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

## **PETROL OFİSİ A.Ş.**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007**

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

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

##### **3.3 Property, plant and equipment**

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

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

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

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

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

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

##### **3.4 Financial Leasing Transactions**

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

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

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

**3.5 Intangible assets**

**(i) Goodwill and amortisation**

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

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

**(ii) Other intangible assets**

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

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

**3.6 Impairment of assets**

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

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

**3.7 Borrowing costs**

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

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

**3.8 Financial instruments**

**3.8.1 Financial assets**

Investments are recognised and derecognised on a trade date where the purchase or sale of an investments 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 amortised 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 recognised 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 categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR  
ENDED 31 DECEMBER 2007**

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

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

**3.8 Financial instruments (cont'd)**

**3.8.1 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 amortised cost using the effective interest method less impairment, with revenue recognised 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.

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

**3.8 Financial instruments (cont'd)**

**3.8.1 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.

**3.8.2 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.

## **PETROL OFİSİ A.Ş.**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007**

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

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

##### **3.8 Financial instruments (cont'd)**

###### **3.8.2 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.

###### **3.8.3 Derivative financial instruments**

Derivatives are initially recognised 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.

##### **3.9 Business combinations**

None.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR  
ENDED 31 DECEMBER 2007**

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

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

**3.10 Foreign currency transactions**

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

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

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

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

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

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

**3.11 Earnings per share**

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

In Turkey, companies can raise their share capital by distributing “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.

**3.12 Subsequent events**

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

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

**3.13 Provisions, contingent liabilities, contingent assets**

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

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

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

**3.14 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 adjusted. If estimated changes in accounting policies are for only one period, changes are applied on the current year but if the estimated changes are for the following periods, changes are applied both on the current and following years prospectively.

**3.15 Related parties**

In consolidated financial statements, Doğan Holding and OMV groups, important personnel in management and board of directors, their family and controlled or dependent companies, participations and subsidiaries are all accepted and denoted as related parties (“Related Parties”).

**3.16 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 33).

**3.17 Construction agreements**

None.

**3.18 Discontinued operations**

None.

**3.19 Government incentives and grants**

None.

## PETROL OFİSİ A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

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

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

##### 3.20 Investment properties

None.

##### 3.21 Taxation and deferred tax

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

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

###### Current tax

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

###### Deferred tax

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

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

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

## **PETROL OFİSİ A.Ş.**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007**

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

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

##### **3.21 Taxation and deferred tax (cont'd)**

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

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.

##### *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.

##### **3.22 Retirement pay provision**

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

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

##### **3.23 Retirement plans**

None.

##### **3.24 Agricultural activities**

None.

## **PETROL OFİSİ A.Ş.**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007**

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

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

##### **3.25 Statement of cash flows**

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

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

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

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

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

##### **3.26 Share capital and dividends**

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

## PETROL OFİSİ A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

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

#### NOTE 4 – CASH AND CASH EQUIVALENTS

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

	December 31, 2007	December 31, 2006
Cash	42.801	124.479
Banks	404.034.075	646.597.889
- Demand Deposit	20.116.096	556.494.813
- Time Deposit	383.917.979	90.098.839
- Blocked Time Deposit	-	4.237
Other Cash Equivalent	461.208	423.799
	<b>404.538.084</b>	<b>647.146.167</b>

As of December 31, 2007, the interest rates of Turkish Lira, time deposits vary between 11,81% and 19,05% (December 31, 2006: 18,00% - 19,50%). Interest rates of foreign currency time deposits vary between 4% and 6% (December 31, 2006: 4% - 5,25%). Such time deposits include TRY 196.849.842 (December 31, 2006: TRY 63.521.607), USD time deposits of TRY 187.068.137 (December 31, 2006: TRY 26.581.469).

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

	December 31, 2007	December 31, 2006
Cash and cash equivalents	404.538.084	647.146.167
Less: interest accruals	(871.887)	(102.044)
	<b>403.666.197</b>	<b>647.044.123</b>

#### NOTE 5 – MARKETABLE SECURITIES

None.

**PETROL OFİSİ A.Ş.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR  
ENDED 31 DECEMBER 2007**

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

**NOTE 6 – FINANCIAL BORROWINGS**

	<b>December 31, 2007</b>	<b>December 31, 2006</b>
Short term bank loans	20.425.659	144.214.989
<b>Total short term financial borrowings</b>	<b>20.425.659</b>	<b>144.214.989</b>
Short term portions of long term borrowings and interests	69.813.061	88.371.729
Eurobond	7.765.785	23.273.434
<b>Total short term portions of long term financial borrowings</b>	<b>77.578.846</b>	<b>111.645.163</b>
<b>Total short term financial borrowings</b>	<b>98.004.505</b>	<b>255.860.152</b>
Long term bank loans	360.247.439	449.110.570
Eurobond	203.822.500	231.419.257
<b>Total long term financial borrowings</b>	<b>564.069.939</b>	<b>680.529.827</b>
<b>Total financial borrowings</b>	<b>662.074.444</b>	<b>936.389.979</b>

**(i) Eurobond**

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 December 31, 2007, the short-term and the long-term portions of Eurobond amounted to TRY 7.765.785 and TRY 203.822.500 respectively (December 31, 2006: TRY 23.273.434 and TRY 231.419.257).

**PETROL OFİSİ A.Ş.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR  
ENDED 31 DECEMBER 2007**

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

**NOTE 6 – FINANCIAL BORROWINGS (cont'd)**

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

	Weighted Average Interest Rate		Original Currency		TRY	
	December 31, 2007	December 31, 2006	December 31, 2007	December 31, 2006	December 31, 2007	December 31, 2006
<b>Short-term borrowings:</b>						
Bank borrowings in USD	-	%6,38	-	78.603.386	-	110.484.919
Bank borrowings in TRY	%9,43	%3,11	20.425.659	33.730.070	20.425.659	33.730.070
					<b>20.425.659</b>	<b>144.214.989</b>

**Short term portions of long term borrowings:**

Short term portion of long-term bank borrowings in USD	%6,54	%6,55	58.669.837	61.867.288	68.332.759	86.960.660
Short term portion of long-term bank borrowings in EURO	%6,39	%5,01	865.572	762.122	1.480.302	1.411.069
					<b>69.813.061</b>	<b>88.371.729</b>

**Long-term borrowings:**

Bank borrowings in USD	%7,42	%7,49	306.685.594	316.144.922	357.196.712	444.373.303
Bank borrowings in EURO	%6,74	%5,24	1.783.842	2.558.610	3.050.727	4.737.267
					<b>360.247.439</b>	<b>449.110.570</b>

Repayment schedule of financial borrowings are as follows:

	December 31, 2007	December 31, 2006
0-1 year	98.004.505	255.860.152
1-2 years	280.551.765	118.998.340
2-3 years	246.324.152	311.741.819
3-4 years	19.179.351	215.296.672
4-5 years	7.532.368	19.621.655
5+ years	10.482.303	14.871.341
	<b>662.074.444</b>	<b>936.389.979</b>

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

**PETROL OFİSİ A.Ş.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR  
ENDED 31 DECEMBER 2007**

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

**NOTE 7 – TRADE RECEIVABLES AND PAYABLES**

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

	<b>December 31, 2007</b>	<b>December 31, 2006</b>
Trade receivables	560.512.660	661.733.665
Cheques and notes receivables	595.294.153	587.541.932
Credit card receivables	107.372.868	83.058.483
Loans given to dealers	3.471.452	4.285.578
Other trade receivables	456.237	308.739
	<b>1.267.107.370</b>	<b>1.336.928.397</b>
Less: Provisions for doubtful receivables	(85.912.647)	(52.778.130)
<b>Short term trade receivables</b>	<b>1.181.194.723</b>	<b>1.284.150.267</b>
Loans given to dealers	6.607.977	7.076.830
Deposits and guarantees given	516.475	656.442
<b>Long term trade receivables</b>	<b>7.124.452</b>	<b>7.733.272</b>

As of 31 December 2007, trade receivables of TRY 1.069.041.722 (2006: TRY 1.104.894.881) were neither past due nor impaired.

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

	<b>December 31, 2007</b>	<b>December 31,2006</b>
Guarantee cheques and notes	16.949.000	17.692.975
Letter of guarantees	121.770.374	90.601.601
Mortgages	139.558.573	104.264.231
Cash guarantees	389.248	561.480
	<b>278.667.195</b>	<b>213.120.287</b>

Total collaterals that were obtained from customers are presented below:

	<b>December 31, 2007</b>	<b>December 31,2006</b>
Guarantee cheques and notes	76.103.232	217.884.881
Letter of guarantees	181.830.343	177.576.035
Mortgages	377.357.817	273.557.813
Cash guarantees	888.301	2.192.239
	<b>636.179.693</b>	<b>671.210.968</b>

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

## PETROL OFİSİ A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

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

As of December 31, 2007; trade receivables of TRY 77.806.494 (31 December 2006: TRY 172.179.667), consisting of TRY 35.217.695 trade receivable from public entities (31 December: TRY 82.363.789) 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 ageing analysis of these trade receivables is as follows:

	<b>December 31, 2007</b>	<b>December 31, 2006</b>
Up to 3 months	66.053.097	142.350.645
3 to 6 months	5.520.015	27.718.992
Over 6 months	6.233.382	2.110.030
	<b>77.806.494</b>	<b>172.179.667</b>

As of 31 December 2007, trade receivables of TRY 116.331.465 (31 December 2006: TRY 55.259.532) were assessed as impaired. The collaterals held for this amount deducted and TRY 85.912.647 provision has been provided for as of December 31, 2007 (December 31, 2006: TRY 52.778.130). 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 trade receivables that are impaired are as follows:

	<b>December 31, 2007</b>	<b>December 31, 2006</b>
Guarantee cheques and notes	1.276.924	8.479.668
Letter of guarantees	11.601.275	14.272.210
Mortgages	37.195.730	14.159.947
Cash guarantees	197.422	204.096
	<b>50.271.351</b>	<b>37.115.921</b>

**PETROL OFİSİ A.Ş.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR  
ENDED 31 DECEMBER 2007**

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

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

Provisions for doubtful receivables movement for the twelve month period ended December 31, is as follows:

	<b>2007</b>	<b>2006</b>
January 1,	52.778.130	23.894.273
Collections	(4.141.943)	(2.485.816)
Charge for the period	37.276.460	31.369.673
<b>December 31</b>	<b>85.912.647</b>	<b>52.778.130</b>

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

	<b>December 31, 2007</b>	<b>December 31, 2006</b>
Suppliers	947.080.142	1.432.546.183
Notes payables	1.734.474	5.510.672
Other trade payables	930.910	4.173.798
<b>Short term trade payables</b>	<b>949.745.526</b>	<b>1.442.230.653</b>
Suppliers	904.487.298	673.080.864
Deposits and guarantees received	935.475	928.002
<b>Long term trade payables</b>	<b>905.422.773</b>	<b>674.008.866</b>

Non-interest bearing letters of credit in short-term trade payables amount to TRY 207.441.330 (USD 178.107.092) (December 31, 2006: TRY 518.295.224 (USD 368.735.931)). Interest-bearing letters of credit amount to TRY 263.791.941 (USD 226.489.174) and weighted average interest rate is 5,52%. (December 31, 2006: TRY 615.509.788 (USD 353.047.854 and EUR 64.415.730) and weighted average interest rates are 6,74% and 4,31% respectively).

Non-interest bearing letters of credit in long-term trade payables amount to TRY 778.594.733 (USD 668.493.804) (December 31, 2006: TRY 268.564.633 (USD 191.067.610)). Interest bearing letters of credit amount to TRY 125.892.565 (USD 108.090.122) and weighted average interest rates is 6,31% (December 31, 2006: TRY 404.515.346 (USD 287.788.379) weighted average interest rate is 6,43%).

Non-interest bearing letter of credits are recognized at fair value at initial recognition. In subsequent periods these letter of credits are measured at amortized cost, using the effective interest rate method. Effective interest rates used for long-term and short-term non-interest bearing letters of credit are 5,25% and 5,78% respectively (December 31, 2006: %6,12 and %6,05).

As of December 31, 2007, long term letter of credits amounting to TRY 659.766.934 have maturities within the second year and TRY 244.720.364 have maturities within the third year (December 31, 2006: TRY 346.438.946 within the second year and TRY 326.641.033 within the third year).

**PETROL OFİSİ A.Ş.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR  
ENDED 31 DECEMBER 2007**

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

**NOTE 8 – FINANCE LEASE RECEIVABLES AND PAYABLES**

There are no financial lease receivables.

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

Short-term finance lease payables

	<b>December 31, 2007</b>	<b>December 31, 2006</b>
Short term finance lease payables	8.827.214	8.340.183
Deferred financial lease payables	(2.834.840)	(2.429.427)
<b>Total</b>	<b>5.992.374</b>	<b>5.910.756</b>

Long-term finance lease payables

	<b>December 31, 2007</b>	<b>December 31, 2006</b>
Long term finance lease payables	27.629.021	26.367.249
Deferred financial lease payables	(5.679.456)	(5.390.043)
<b>Total</b>	<b>21.949.565</b>	<b>20.977.206</b>

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

	<b>Finance lease payables</b>	<b>Deferred financial lease payables</b>	<b>Total liability</b>
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
	<b>36.456.235</b>	<b>(8.514.296)</b>	<b>27.941.939</b>

**PETROL OFİSİ A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR  
ENDED 31 DECEMBER 2007**

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

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

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

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

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

**PETROL OFİSİ A.Ş.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR  
ENDED 31 DECEMBER 2007**

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

**NOTE 9 – DUE TO/FROM RELATED PARTIES****i) Due to/from related parties:****a) Due from related parties**

	<b>December 31, 2007</b>	<b>December 31, 2006</b>
Çankaya Bel-Pet Ltd. Şti.	808.649	1.041.373
OMV Refining & Marketing GMBH	596.961	-
Petrom S.A.	422.854	-
Hürriyet Gazetecilik ve Matbaacılık A.Ş.	54.250	62.527
Doğan Haber Ajansı A.Ş.	23.852	17.856
Dergi Pazarlama Planlama ve Ticaret A.Ş.	18.873	19.993
Doğan Yayın Holding A.Ş.	16.620	15.008
Doğan Dağıtım Satış ve Pazarlama A.Ş.	15.184	23.466
DTV Haber ve Görsel Yayıncılık A.Ş.	13.778	1.577
Çelik Halat ve Tel San. A.Ş.	8.206	16.268
Doğan Şirketler Grubu Holding A.Ş.	8.434	5.937
Ray Sigorta A.Ş.	5.634	-
Milta Turizm İşletmeleri A.Ş.	4.225	19.219
Doğan Dış Ticaret ve Mümessillik A.Ş.	3.195	45.166
Doğan Havacılık Sanayi ve Ticaret A.Ş.	-	3.895
Other	50.648	65.132
<b>Total</b>	<b>2.051.363</b>	<b>1.337.417</b>

**b) Due to related parties**

	<b>December 31, 2007</b>	<b>December 31, 2006</b>
Petrom S.A.	8.168.659	2.091.128
Çevresel Kimya San. Tic. A.Ş.	1.400.519	-
Ray Sigorta A.Ş.	697.698	254.290
D-Yapı İnşaat San. Tic. A.Ş.	528.448	6.509.370
Hürriyet Gazetecilik ve Matbaacılık A.Ş.	267.029	84.383
Doğan Gazetecilik A.Ş.	265.969	11.803
Milta Turizm İşletmeleri A.Ş.	162.689	255.468
OMV Refining & Marketing GMBH	152.208	7.204
Eko Televizyon Yayıncılık A.Ş.	-	35.400
Other	229.336	300.375
<b>Total</b>	<b>11.872.555</b>	<b>9.549.421</b>

**PETROL OFİSİ A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR  
ENDED 31 DECEMBER 2007**

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

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

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

**a) Product sales to related parties**

	<b>January 1- December 31, 2007</b>	<b>January 1- December 31, 2006</b>
Çankaya Bel-Pet Ltd. Şti.	11.282.212	8.644.509
Petrom S.A.	2.187.224	-
Milta Turizm İşletmeleri A.Ş.	1.783.388	2.419.897
OMV Refining & Marketing GMBH	1.632.331	-
Doğan Dış Ticaret ve Mümessillik A.Ş.	1.607.737	1.924.547
Hürriyet Gazetecilik ve Matbaacılık A.Ş.	1.257.628	1.343.674
Doğan Dağıtım Satış ve Pazarlama A.Ş.	516.905	728.024
Other	3.531.786	3.806.253
<b>Total</b>	<b>23.799.211</b>	<b>18.866.904</b>

**b) Fixed asset sales to related parties**

	<b>January 1- December 31, 2007</b>	<b>January 1- December 31, 2006</b>
Ortadoğu Otomotiv Ticaret A.Ş.	11.227	10.050.000
Aydın Doğan Vakfı	-	2.840.000
<b>Total</b>	<b>11.227</b>	<b>12.890.000</b>

**PETROL OFİSİ A.Ş.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR  
ENDED 31 DECEMBER 2007**

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

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

	January 1- December 31, 2007	January 1- December 31, 2006
Petrom S.A.	153.789.159	153.112.918
OMV Refining & Marketing GMBH	4.698.727	-
Ray Sigorta A.Ş.	6.150.279	10.707.474
Milta Turizm İşletmeleri A.Ş.	3.730.510	3.898.761
DTV Haber ve Görsel Yayıncılık A.Ş.	3.468.886	8.400.895
Çevresel Kimya San. Tic. A.Ş.	2.855.179	-
Doğan Şirketler Grubu Holding A.Ş.	2.387.548	2.388.242
Hürriyet Gazetecilik ve Matbaacılık A.Ş.	1.988.156	2.042.869
Işıl Televizyon Yayıncılık Yap. San. ve Tic. A.Ş.	1.714.587	2.684.768
Doğan Gazetecilik A.Ş.	1.694.649	2.811.010
Eko Televizyon Yayıncılık A.Ş.	275.063	2.275.457
Other	913.624	1.253.423
<b>Total</b>	<b>183.666.367</b>	<b>189.575.817</b>

**d) Fixed asset purchases from related parties**

	January 1- December 31, 2007	January 1- December 31, 2006
D-Yapı İnşaat San. ve Tic. A.Ş.	5.034.496	35.984.358
<b>Total</b>	<b>5.034.496</b>	<b>35.984.358</b>

**iii) Other income from and expense made to related companies:****a) Benefits provided to board members and key management personnel:**

	January 1- December 31, 2007	January 1- December 31, 2006
Paid to Board members	1.456.931	442.570
Paid to key management personnel	5.273.345	4.445.000
<b>Total</b>	<b>6.730.276</b>	<b>4.887.570</b>

**PETROL OFİSİ A.Ş.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR  
ENDED 31 DECEMBER 2007**

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

**NOTE 10 – OTHER RECEIVABLES AND PAYABLES**

<b>OTHER RECEIVABLES</b>	<b>December 31, 2007</b>	<b>December 31, 2006</b>
Receivables from personnel	494.400	631.333
Special consumption tax exemption(*)	41.411.428	58.473.461
Receivable from Privatization Administration	4.587.480	4.612.289
Deposits and guarantees given(**)	44.793.277	3.305.351
Other	3.793.579	7.384.074
<b>Total other receivables</b>	<b>95.080.164</b>	<b>74.406.508</b>

(\*) 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 represents the guarantees for future transactions and realized future trading losses.

<b>OTHER PAYABLES</b>	<b>December 31, 2007</b>	<b>December 31, 2006</b>
Taxes, dues and other payables	264.183.144	287.594.158
Fuel purchase certificates(*)	104.105.152	90.611.768
Fair value hedge accruals	25.844.984	-
Expense accruals	16.229.734	15.869.832
Other payables under guarantees	12.080.095	7.662.860
Unused vacation accruals	6.714.352	5.746.221
Income accruals	4.237	8.237.761
Legal liabilities (**)	-	17.418.831
Other	24.552.614	6.812.915
<b>Total other short term payables</b>	<b>453.714.312</b>	<b>439.954.346</b>

Income related to future years	18.644	22.881
Letter of credit expenses	6.241.776	5.738.996
<b>Total other long term payables</b>	<b>6.260.420</b>	<b>5.761.877</b>

(\*) Fuel purchase certificates are issued and given to certain customers for future consumption. On December 31, 2007 and December 31, 2006, the certificates shown in current liabilities are the certificates issued but not used by the customers.

(\*\*) The Company appealed a case to Supreme Court of Appeals, in which the Company's receivable was ruled out as TRY 9.680.936 by the Supreme Court of Üsküdar Asliye Hukuk Mahkemesi. As a result of the ruling of Supreme Court of Appeals, the Group paid back to Vakıflar Bölge Müdürlüğü on 05.06.2007, TRY 13.605.270 of the amount previously collected and the case process ended.

**PETROL OFİSİ A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR  
ENDED 31 DECEMBER 2007**

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

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**NOTE 11 – BIOLOGICAL ASSETS**

None.

**NOTE 12 – INVENTORIES**

	<b>December 31, 2007</b>	<b>December 31, 2006</b>
Trade goods	650.833.264	597.958.995
Raw materials	28.119.785	40.360.796
Finished goods	11.376.994	15.309.682
Order advances given	212.679	669.056
Work in process	2.673.560	2.331.515
Other	53.573.968	135.315.399
<b>Total</b>	<b>746.790.250</b>	<b>791.945.443</b>

Other inventories consist of fuels and lubricants in transit. The advances given to refineries for fuel purchases are also presented in order advances given.

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

None.

**PETROL OFİSİ A.Ş.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR  
ENDED 31 DECEMBER 2007**

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

**NOTE 14 – DEFERRED TAX ASSETS AND LIABILITIES**

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between 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% (2006: %20).

	<b>Temporary Differences</b>		<b>Deferred Tax Asset / (Liability)</b>	
	<b>December 31, 2007</b>	<b>December 31, 2006</b>	<b>December 31, 2007</b>	<b>December 31, 2006</b>
Difference between tax base and carrying value of property, plant and equipment and intangibles	(405.928.721)	(410.258.088)	(60.504.978)	(61.370.851)
Deferred finance expense of long term trade payables	(39.422.652)	(39.786.617)	(7.884.530)	(7.957.323)
Provision for doubtful receivables and lawsuits	46.588.384	58.238.897	9.317.677	11.647.779
Provision for employment termination benefit	8.549.291	7.801.634	1.709.858	1.560.327
Carry forward tax losses	5.103.676	2.904.974	1.020.735	580.995
Mark to market future contract accrual	25.844.984	-	5.168.997	-
Deferred finance income of short term trade receivables	7.956.017	11.264.564	1.591.203	2.252.913
Deferred finance expense of short term trade payables	4.892.909	(6.638.569)	978.582	(1.327.714)
Prepaid stamp taxes adjustment	(9.177.289)	(5.834.257)	(1.835.458)	(1.166.851)
Other temporary differences	1.198.291	(2.201.047)	239.657	(440.209)
<b>Deferred tax asset / (liability), net</b>			<b>(50.198.257)</b>	<b>(56.220.934)</b>

At the balance sheet date, the Group has unused tax losses of TRY 5.103.676 (December 31, 2006: TRY 4.474.872) available for offset against future profits. A deferred tax asset of TRY 1.020.735 has been recognized for these losses (December 31, 2006: TRY 580.995).

Unrecognized tax losses will expire as follows:

	<b>December 31, 2007</b>	<b>December 31, 2006</b>
Expire in 2010	1.586.193	1.796.046
Expire in 2011	2.678.826	2.678.826
Expire in 2012	838.657	-
	<b>5.103.676</b>	<b>4.474.872</b>

**PETROL OFİSİ A.Ş.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR  
ENDED 31 DECEMBER 2007**

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

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

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

<u>Deferred tax asset movement :</u>	<b>2007</b>	<b>2006</b>
January 1, opening balance	246.384	-
Deferred tax income/(expense) (Note 41)	316.446	246.384
<b>December 31, closing balance</b>	<b>562.830</b>	<b>246.384</b>
<u>Deferred tax liability movement :</u>	<b>2007</b>	<b>2006</b>
January 1, opening balance	(56.467.318)	(80.207.584)
Deferred tax income/(expense) (Note 41)	5.706.231	23.740.266
<b>December 31, closing balance</b>	<b>(50.761.087)</b>	<b>(56.467.318)</b>

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

<u>OTHER CURRENT ASSETS</u>	<b>December 31, 2007</b>	<b>December 31, 2006</b>
Prepaid expenses	25.968.061	17.750.939
Special consumption tax to be offset	14.179.010	14.972.212
Business advances	3.668.178	800.456
VAT carried forward	1.552.778	2.072.530
Prepaid taxes and funds	3.018	102.437
Fair value hedge accruals	-	7.837.204
Advances given to subcontractors	-	7.663
Other	734.427	36.427
	<b>46.105.472</b>	<b>43.579.868</b>
<u>OTHER LONG TERM ASSETS</u>	<b>December 31, 2007</b>	<b>December 31, 2006</b>
Prepaid expenses	14.799.057	9.159.208
Deposits and guarantees given	101.792	101.792
Other long term assets	632.061	390.684
	<b>15.532.910</b>	<b>9.651.684</b>

## PETROL OFİSİ A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

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

#### NOTE 16 – FINANCIAL ASSETS

Financial assets available for sale are as follows:

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

(\*) Çankaya Bel-Pet Limited Şirketi, in which the Company has 49% participation is, carried at restated cost for changes in the general purchasing power of Turkish Lira as at December 31, 2004, because it is not material for consolidated financial statements.

#### NOTE 17 – POSITIVE/NEGATIVE GOODWILL

IFRS 3 (“Business Combinations”) is applied to the business combinations and to any goodwill arising on these business combinations for which the agreement date is on or after 31 March 2004. IFRS 3 requires goodwill acquired in a business combination to be measured after initial recognition at cost less any accumulated impairment losses. In accordance with the transitional provisions of IFRS 3, the Company discontinues amortising previously recognised goodwill from the beginning of the first annual period beginning on or after 31 March 2004. Accordingly, the Company has ceased amortising goodwill in the year beginning on January 1, 2005. Total goodwill of the Company 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 off 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 realised between 22 November and 9 December 2002. As a result of these share purchases, the total percentage of shares owned by İş Doğan increased to 96,3% and İş Doğan transferred 14% of these shares to its shareholders, namely Türkiye İş Bankası A.Ş. and Doğan Şirketler Grubu Holding A.Ş. equally as 7% , before the merger. After the share transfer made by İş Doğan to its shareholders, the remaining shares collected via call back representing 5,5% of the total. Goodwill of TRY 51.771.489 related 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.

## **PETROL OFİSİ A.Ş.**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007**

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

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

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

The Group assesses goodwill for impairment annually or more frequently when there is an indication of impairment. Recoverable amount is determined by calculating the value in use. Principal estimates such as discount rate, growth rate, sale prices and direct costs during the period are taken into account in assessing the value in use. For value in use calculation, goodwill is not allocated to each cash-generating unit and the whole Petrol Ofisi A.S 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.

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.

#### **NOTE 18 – INVESTMENT PROPERTY**

None.

**PETROL OFİSİ A.Ş.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007**

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

**NOTE 19 – PROPERTY, PLANT AND EQUIPMENT**

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

	<b>January 1,</b>	<b>Classifications</b>	<b>Additions</b>	<b>Disposals</b>	<b>Transfer</b>	<b>December 31, 2007</b>
<b>Cost:</b>						
Land and buildings	253.572.592	108.270	1.253.701	-	2.249.459	257.184.022
Land improvements	162.719.417	4.957.796	-	(98.055)	9.634.198	177.213.356
Machinery and equipment	611.488.569	(9.785.059)	9.896.851	(1.585.875)	-	610.014.486
Motor vehicles	16.763.216	-	1.080.462	(2.786.959)	-	15.056.719
Furniture and fixtures	23.735.447	(419.590)	2.624.947	(731.911)	-	25.208.893
Other tangibles	445.703.269	5.332.169	18.033.372	(2.993.457)	64.277.558	530.352.911
Leasehold improvements	210.391.689	10.849	114.104.869	(1.390.255)	12.624.207	335.741.359
Construction in progress	29.698.125	-	84.566.172	(2.095.554)	(88.785.422)	23.383.321
	<b>1.754.072.324</b>	<b>204.435</b>	<b>231.560.374</b>	<b>(11.682.066)</b>	<b>-</b>	<b>1.974.155.067</b>
<b>Accumulated Depreciation:</b>						
Buildings	14.236.154	121.288	5.213.709	-		19.571.151
Land improvements	48.192.771	3.888.621	9.828.270	(37.286)		61.872.376
Machinery and equipment	516.970.144	(12.092.530)	13.693.738	(1.364.793)		517.206.559
Motor vehicles	9.058.429	-	2.200.664	(2.631.469)		8.627.624
Furniture and fixtures	14.574.557	(119.459)	3.245.488	(694.541)		17.006.045
Other tangibles	179.961.288	8.466.651	45.530.419	(789.519)		233.168.839
Leasehold improvements	37.966.055	(62.476)	31.353.679	(344.253)		68.913.005
	<b>820.959.398</b>	<b>202.095</b>	<b>111.065.967</b>	<b>(5.861.861)</b>		<b>926.365.599</b>
<b>Net book value:</b>						
Land and buildings	239.336.438					237.612.871
Land improvements	114.526.646					115.340.980
Machinery and equipment	94.518.425					92.807.927
Motor vehicles	7.704.787					6.429.095
Furniture and fixtures	9.160.890					8.202.848
Other tangibles	265.741.981					297.184.072
Leasehold improvements	172.425.634					266.828.354
Construction in progress	29.698.125					23.383.321
<b>Net book value</b>	<b>933.112.926</b>					<b>1.047.789.468</b>

The Group has reviewed property, plant and equipment during the year and made certain transfers between the asset groups.

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

**PETROL OFİSİ A.Ş.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007**

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

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

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

	<b>January 1,</b>	<b>Classifications</b>	<b>Additions</b>	<b>Disposals</b>	<b>Transfer</b>	<b>December 31, 2006</b>
<b>Cost:</b>						
Land and buildings	260.396.402	11.969.750	755.045	(21.454.003)	1.905.398	253.572.592
Land improvements	151.581.440	(1.903.086)	-	(1.355.860)	14.396.923	162.719.417
Machinery and equipment	610.802.814	(9.910.904)	11.426.587	(829.928)	-	611.488.569
Motor vehicles	12.006.713	226.049	5.453.930	(923.476)	-	16.763.216
Furniture and fixtures	20.567.673	127.229	3.329.970	(333.913)	44.488	23.735.447
Other tangibles	346.199.299	(722.972)	28.017.624	(3.476.504)	75.685.822	445.703.269
Leasehold improvements	135.178.852	80.002	74.764.585	(550.526)	918.776	210.391.689
Construction in progress	15.539.033	-	110.996.977	(2.571.044)	(94.266.841)	29.698.125
	<b>1.552.272.226</b>	<b>(133.932)</b>	<b>234.744.718</b>	<b>(31.495.254)</b>	<b>(1.315.434)</b>	<b>1.754.072.324</b>
<b>Accumulated Depreciation:</b>						
Buildings	10.773.954	22.741	5.137.222	(1.697.763)		14.236.154
Land improvement	39.724.012	4.854	9.292.585	(828.680)		48.192.771
Machinery and equipment	499.250.487	(188.027)	18.128.147	(220.463)		516.970.144
Motor vehicles	8.078.457	199.677	1.634.438	(854.143)		9.058.429
Furniture and fixtures	10.526.364	48.902	4.205.988	(206.697)		14.574.557
Other tangibles	137.081.131	(91.295)	43.774.273	(802.821)		179.961.288
Leasehold improvements	19.440.348	443	18.597.693	(72.429)		37.966.055
	<b>724.874.753</b>	<b>(2.705)</b>	<b>100.770.346</b>	<b>(4.682.996)</b>		<b>820.959.398</b>
<b>Net book value:</b>						
Land and buildings	249.622.448					239.336.438
Land improvements	111.857.428					114.526.646
Machinery and equipment	111.552.327					94.518.425
Motor vehicles	3.928.256					7.704.787
Furniture and fixtures	10.041.309					9.160.890
Other tangibles	209.118.168					265.741.981
Leasehold improvements	115.738.504					172.425.634
Construction in progress	15.539.033					29.698.125
<b>Net book value</b>	<b>827.397.473</b>					<b>933.112.926</b>

**PETROL OFİSİ A.Ş.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR  
ENDED 31 DECEMBER 2007**

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

**NOTE 20 – INTANGIBLE ASSETS**

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

	<b>January 1,</b>	<b>Classifications</b>	<b>Additions</b>	<b>Disposals</b>	<b>Transfer</b>	<b>December 31, 2007</b>
<b>Cost:</b>						
Other intangible assets	17.454.050	(204.435)	5.134.545	-	-	22.384.160
	<b>17.454.050</b>	<b>(204.435)</b>	<b>5.134.545</b>	<b>-</b>	<b>-</b>	<b>22.384.160</b>
<b>Accumulated depreciation:</b>						
Other intangible assets	12.534.778	(202.095)	1.239.566	-	-	13.572.249
	<b>12.534.778</b>	<b>(202.095)</b>	<b>1.239.566</b>	<b>-</b>	<b>-</b>	<b>13.572.249</b>
<b>Net book value</b>	<b>4.919.272</b>					<b>8.811.911</b>

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

	<b>January 1,</b>	<b>Classifications</b>	<b>Additions</b>	<b>Disposals</b>	<b>Transfer</b>	<b>December 31, 2006</b>
<b>Cost:</b>						
Other intangible assets	15.964.094	133.932	710.820	(670.230)	1.315.434	17.454.050
	<b>15.964.094</b>	<b>133.932</b>	<b>710.820</b>	<b>(670.230)</b>	<b>1.315.434</b>	<b>17.454.050</b>
<b>Accumulated depreciation:</b>						
Other intangible assets	11.800.431	2.705	841.673	(110.031)		12.534.778
	<b>11.800.431</b>	<b>2.705</b>	<b>841.673</b>	<b>(110.031)</b>		<b>12.534.778</b>
<b>Net book value</b>	<b>4.163.663</b>					<b>4.919.272</b>

## PETROL OFİSİ A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

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

#### NOTE 21 – ADVANCES RECEIVED

The detail of short-term and long-term advances received as of balance sheet date is as follows:

	December 31, 2007	December 31, 2006
Long-term advances received	112.225	63.025
<b>Total advances received</b>	<b>112.225</b>	<b>63.025</b>

Long-term advances are received from K.K.T.C. Ekonomi ve Maliye Bakanlığı Hazine and Muhasebe Dairesi.

#### NOTE 22 – RETIREMENT BENEFITS

None.

#### NOTE 23 – PROVISIONS

	December 31, 2007	December 31, 2006
Provision for corporate tax (Note 41)	34.080.239	46.087.188
Provision for lawsuits (Note 31)	22.791.411	35.747.897
Provisions for other debts and expenses	150.058	150.058
<b>Total short term provisions</b>	<b>57.021.708</b>	<b>81.985.143</b>
Retirement pay provision	9.461.569	8.607.942
Provisions for other debts and expenses	1.253.340	372.708
<b>Total long term provisions</b>	<b>10.714.909</b>	<b>8.980.650</b>

A provision of TRY 22.791.410, 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 - December 31, 2007	January 1 - December 31, 2007
January 1,	35.747.897	409.481
Increase during the period	8.418.744	35.338.416
Amounts paid	(21.375.230)	-
<b>Closing Balance</b>	<b>22.791.411</b>	<b>35.747.897</b>

#### **Retirement Pay Provision:**

Under Turkish Labour 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 60<sup>th</sup> article that has been changed. The amount payable consists of one month's salary limited to a maximum of TRY 2.030,19 for each period of service at December 31, 2007 (December 31, 2006: TRY 1.857,44).

## PETROL OFİSİ A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

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

#### NOTE 23 – PROVISIONS (cont'd)

##### **Retirement Pay Provision (cont'd):**

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

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

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 2.087,92 effective from 1 January 2008 has been taken into consideration in calculation of provision from employment termination benefits. Movement of retirement pay provision for the year ended December 31, 2007 and 2006 is as follows:

	<b>January 1 - December 31, 2007</b>	<b>January 1 - December 31, 2007</b>
January 1,	8.607.942	7.642.550
Increase during the period	2.024.933	2.098.303
Amounts paid	(1.171.306)	(1.132.911)
<b>Closing Balance</b>	<b>9.461.569</b>	<b>8.607.942</b>

#### NOTE 24 – MINORITY INTEREST/INCOME (LOSS) BEFORE 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 4.602.888 and TRY 516.326 respectively (December 31, 2006: TRY 4.086.562; December 31, 2006: TRY 1.066.801).

## PETROL OFİSİ A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

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

#### NOTE 25 – SHARE CAPITAL

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

	<u>December 31, 2007</u>		<u>December 31, 2006</u>	
	Share (%)	TRY	Share (%)	TRY
Doğan Holding	52,73	259.435.790	52,73	220.124.940
OMV Aktiengesellschaft	34,00	167.280.000	34,00	141.933.000
Public quotation	13,27	65.284.210	13,27	55.392.060
<b>Total</b>	<b>100</b>	<b>492.000.000</b>	<b>100</b>	<b>417.450.000</b>
Adjustment to capital		874.738.210		874.738.210
<b>Total paid-in capital</b>		<b>1.366.738.210</b>		<b>1.292.188.210</b>

In 2007, the Company increased its share capital from TRY 417.450.000 to TRY 492.000.000 by TRY 74.550.000, from retained earnings and profit reserves. TRY 74.550.000 share capital increase include TRY 30.257.713 profit on sale of property and TRY 44.292.287 net income of 2006.

Dogan Holding has purchased Petrol Ofisi shares which have TRY 3.502.847 par value and paid TRY 21.007.312 in the ISE secondary market during 2007. As a result of the share purchases, the share of Dogan Holding in the Company's paid-in capital has increased from 52,73% to 53,50%

OMV Aktiengesellschaft purchased Petrol Ofisi shares which have TRY 16.167.113 par value and paid TRY 94.990.367 in the ISE secondary market during 2007. As a result of the share purchases, the share of OMV in the Company's paid-in capital has increased from 34% to 39,58%.

## PETROL OFİSİ A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

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

#### NOTE 26 – CAPITAL RESERVES

	December 31, 2007	December 31, 2006
Additional paid in capital (*)	247.461.598	247.461.598
Shareholder's equity inflation restatement differences	995.386.122	995.386.122
<b>Total</b>	<b>1.242.847.720</b>	<b>1.242.847.720</b>

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

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

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

Public companies distribute dividends according to CMB regulations as follows:

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.

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

**PETROL OFİSİ A.Ş.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR  
ENDED 31 DECEMBER 2007**

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

**NOTE 26 – CAPITAL RESERVES (cont'd)**

The detail of shareholders equity accounts are as follows:

	<b>December 31, 2007</b>	<b>December 31, 2006</b>
Capital	492.000.000	417.450.000
Additional capital	247.461.598	247.461.598
Legal reserves	60.419.761	50.772.707
Extraordinary reserves	2.827.642	2.827.642
Other reserves	2.650.980	2.650.980
Cost increase fund	325.478	325.478
Shareholders' equity inflation restatement differences	995.386.122	995.386.122
Currency translation reserve	(36.497)	(7.007.336)
Net income/(loss)	310.708.212	230.115.954
Retained earnings	534.184.075	402.470.791
<b>Total Shareholders' Equity</b>	<b>2.645.927.371</b>	<b>2.342.453.936</b>

**NOTE 27 – PROFIT RESERVES**

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

	<b>Historical</b>	<b>Adjusted</b>	<b>December 31, 2007</b>
	<b>Value</b>	<b>Value</b>	<b>Shareholder's Equity Inflation Restatement Differences</b>
Capital	492.000.000	1.366.738.210	874.738.210
Legal reserves	60.419.761	174.497.317	114.077.556
Extraordinary reserves	2.827.642	8.150.984	5.323.342
Cost increase fund (*)	325.478	510.968	185.490
Other reserves (*)	2.650.980	3.712.504	1.061.524
<b>Total</b>	<b>558.223.861</b>	<b>1.553.609.983</b>	<b>995.386.122</b>

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

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

**NOTE 28 –RETAINED EARNINGS / ACCUMULATED DEFICIT**

The Group's accumulated profit as of December 31, 2007 amounting to TRY 534.184.075 have been presented in retained earnings in the consolidated balance sheets (December 31, 2006: TRY 402.470.791).

**PETROL OFİSİ A.Ş.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007**

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

**NOTE 29 – FOREIGN CURRENCY POSITION**

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

<b>December 31, 2007 (TRY Equivalent of Foreign Currency Amount)</b>				
	<b>USD</b>	<b>EURO</b>	<b>Other</b>	<b>Total TRY</b>
<b>Assets</b>				
Cash and cash equivalents	191.326.184	2.012.849	4.570	193.343.603
Short-term trade receivables	190.100.488	1.222.551	-	191.323.039
Other current assets	4.633.320	12.047	1.216	4.646.583
Long-term trade receivables	399.335	7.952	-	407.287
Other long-term assets	-	-	-	-
	<b>386.459.327</b>	<b>3.255.399</b>	<b>5.786</b>	<b>389.720.512</b>
<b>Liabilities</b>				
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
	<b>2.226.324.972</b>	<b>9.119.590</b>	<b>7.164</b>	<b>2.235.451.726</b>
<b>Net foreign currency position</b>	<b>(1.839.865.645)</b>	<b>(5.864.191)</b>	<b>(1.378)</b>	<b>(1.845.731.214)</b>

<b>December 31, 2006 (TRY Equivalent of Foreign Currency Amount)</b>				
	<b>USD</b>	<b>EURO</b>	<b>Other</b>	<b>Total TRY</b>
<b>Assets</b>				
Cash and cash equivalents	154.255.113	907.850	25.108	155.188.071
Short-term trade receivables	181.785.212	1.317.088	-	183.102.300
Other current assets	9.217.143	19.262	-	9.236.405
Long-term trade receivables	-	64.904	-	64.904
Other long-term assets	481.931	1.333	-	483.264
	<b>345.739.399</b>	<b>2.310.437</b>	<b>25.108</b>	<b>348.074.944</b>
<b>Liabilities</b>				
Short-term borrowings	220.719.807	1.410.275	-	222.130.082
Short-term trade payables	1.161.996.727	551.023	54.604	1.162.602.354
Finance lease payables and other current liabilities	19.836.589	1.369.475	-	21.206.064
Long-term borrowings	675.791.769	4.738.058	-	680.529.827
Long-term trade payables	673.925.792	4.031.422	-	677.957.214
Finance lease payables and other long-term liabilities	17.357.838	-	-	17.357.838
	<b>2.769.628.522</b>	<b>12.100.253</b>	<b>54.604</b>	<b>2.781.783.379</b>
<b>Net foreign currency position</b>	<b>(2.423.889.123)</b>	<b>(9.789.816)</b>	<b>(29.496)</b>	<b>(2.433.708.435)</b>

**NOTE 30 – GOVERNMENT INCENTIVES AND GRANTS**

## PETROL OFİSİ A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

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

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None.

#### NOTE 31 – PROVISIONS, CONTINGENT LIABILITIES, CONTINGENT ASSETS

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

	December 31, 2007	December 31, 2006
Letter of guarantees given	263.132.578	544.292.062
Lawsuit against the Company sued by PA (*)	-	15.603.434
Other lawsuits against the Group	16.506.393	7.455.967

#### Penalty Imposed by the Energy Market Regulatory Authority

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

#### *Request for Cancellation of EMRA Fine Process*

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

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

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

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR  
ENDED 31 DECEMBER 2007**

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

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

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

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

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

*Request for Cancellation of Payment Orders Process*

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

Simultaneously, the Company and Erk applied to the Ministry of Finance for payment in instalments of the administrative fines to avoid cash-out flows during the judicial process and since the approval of this claim required submission of guarantee, 8 real-estates amounting TRY 204.892.000 and inventory amounting TRY 280.960.086 are given as guarantee for the Company and 33 real-estates amounting TRY 89.053.744 and inventory amounting TRY 11.267.870 are given as guarantee for Erk. Ministry of Finance has accepted that the fines to be paid in 18 monthly instalments, starting in December 2006 and the first two being in smaller amounts. TRY 5.206.720 has been paid (TRY 2.966.229 through set-off and the remaining TRY 2.240.491 in cash) as the December 2006 instalment.

Consistent with the decision of the 13th Division of Council of State, 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 1<sup>st</sup> instalment, because execution of the payment orders was suspended.

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

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

(\*) The lawsuit filed by the Turkish Privatisation Administration (PA) at the Fifth Commercial Court of First Instance for TRY 3.420.107 under principal file 01/1526 was based on the Company's application of a net-off processed for the dividends payable to PA against the unpaid amounts due to the Company by PA. Court of Appeals ruled for the reversal of one matter in the case, which was rejected by the relevant court. The case has finalized in favour of the Company. The Company made payments to PA for the part finalized against the Company and the decision in this case is final.

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 annulment by the Administrative Tribunal of the resolution of Privatisation High Commission which has revised the Share Sale Agreement with regard to the purchase of 25,8% shares owned by PA. The suit has been finalised against the Company, and the Company appealed at 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. 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. A provision of TRY 20.843.011 has been provided for probable claim amount, interest and expenses as of December 31, 2006. 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 Istanbul Metropolitan Municipality with Beykoz First Civil Court of First Instance (File No: 2001/320), with a request for damages for the unlawful occupation of the Çubuklu Storage Facilities, resulted against the Company. An application was made to the Supreme Court of Appeals, which ruled for the amendment of the resolution and the trial process started again. The case for an amount of TRY 2.555.850 which was filed by Istanbul Metropolitan Municipality with Beykoz 1st Civil Court of First Instance (File No: 2006/101), related to the damages payable for the unlawful occupation of the Çubuklu Storage Facilities, is currently pending. A provision of TRY 8.732.944 (December 31, 2006: TRY 8.085.971) 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 14.058.467 (December 31, 2006: TRY 7.410.351), regarding court expenses and possible interests and charges, has been provided for various court cases filed against the Company.

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

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

**PETROL OFİSİ A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR  
ENDED 31 DECEMBER 2007**

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

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

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 value inventory. Financial instruments whose maturities are 1 or 2 months are used for the import cargos, for oil inventories contracts with longer maturities are used. The maturities of all contracts are less than 1 year. Any gains or losses arising from changes in these transactions, are included in cost of goods sold.

	<b>December 31, 2007</b>		<b>December 31, 2006</b>	
	<b>Nominal</b>	<b>Fair Value (Decrease)</b>	<b>Nominal</b>	<b>Fair Value Increase</b>
Inventory	281.743.842	(25.844.984)	34.676.503	2.902.318
	<b>281.743.842</b>	<b>(25.844.984)</b>	<b>34.676.503</b>	<b>2.902.318</b>

**NOTE 32 – BUSINESS COMBINATIONS**

None.

**PETROL OFİSİ A.Ş.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR  
ENDED 31 DECEMBER 2007**

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

**NOTE 33 – SEGMENTAL INFORMATION**

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

<b>January 1 - December 31, 2007</b>				
	<b>Retail</b>	<b>Industrial and commercial</b>	<b>Other (*)</b>	<b>Total</b>
Sales revenue (net)	8.491.474.596	2.622.011.945	2.300.879.121	13.414.365.662
Cost of sales (-)	(7.853.828.381)	(2.520.005.032)	(2.182.654.536)	(12.556.487.949)
Other Revenues			65.379.784	65.379.784
<b>Gross operating profit/loss</b>	<b>637.646.215</b>	<b>102.006.913</b>	<b>183.604.369</b>	<b>923.257.497</b>
Operating expense(-)	(174.042.341)	(69.981.835)	(61.107.632)	(305.131.808)
<b>Segment operating profit</b>	<b>463.603.874</b>	<b>32.025.078</b>	<b>122.496.737</b>	<b>618.125.689</b>
Operating expenses – unallocated				(86.015.281)
Other income and profit				544.516.048
Other expense and losses				(575.626.445)
Finance expenses (-)				(41.978.725)
<b>Operating profit/ loss</b>				<b>459.021.286</b>
Minority interests				(516.326)
<b>Profit/loss before taxation</b>				<b>458.504.960</b>
Taxes				(147.796.748)
<b>Net profit/loss for the period</b>				<b>310.708.212</b>

  

<b>January 1 - December 31, 2006</b>				
	<b>Retail</b>	<b>Industrial and commercial</b>	<b>Other (*)</b>	<b>Total</b>
Sales revenue (net)	8.481.127.110	2.882.774.819	2.335.941.272	13.699.843.201
Cost of sales (-)	(7.925.329.576)	(2.777.039.902)	(2.150.784.307)	(12.853.153.785)
Other Revenues			46.450.274	46.450.274
<b>Gross operating profit/loss</b>	<b>555.797.534</b>	<b>105.734.917</b>	<b>231.607.239</b>	<b>893.139.690</b>
Operating expense(-)	(169.855.613)	(60.687.285)	(59.398.399)	(289.941.297)
<b>Segment operating profit</b>	<b>385.941.921</b>	<b>45.047.632</b>	<b>172.208.840</b>	<b>603.198.393</b>
Operating expenses – unallocated				(103.516.468)
Other income and profit				588.284.150
Other expense and losses (-)				(646.454.927)
Finance expenses (-)				(177.556.064)
<b>Operating profit/ loss</b>				<b>263.955.084</b>
Minority interests				(1.066.801)
<b>Profit/loss before taxation</b>				<b>262.888.283</b>
Taxes				(32.772.329)
<b>Net profit/loss for the period</b>				<b>230.115.954</b>

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

**PETROL OFİSİ A.Ş.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR  
ENDED 31 DECEMBER 2007**

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

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

<b>Total assets</b>	<b>December 31, 2007</b>	<b>December 31, 2006</b>
Retail	1.783.796.943	1.668.246.384
Industrial and commercial	350.853.313	443.275.923
Other	328.450.865	308.590.511
Unallocated	3.323.071.036	3.608.706.920
<b>Total</b>	<b>5.786.172.157</b>	<b>6.028.819.738</b>

<b>Total Liabilities</b>	<b>December 31, 2007</b>	<b>December 31, 2006</b>
Retail	1.160.294.201	1.316.006.757
Industrial and commercial	355.473.441	447.316.859
Other	351.273.212	362.465.325
Unallocated	1.268.601.044	1.556.490.299
<b>Total</b>	<b>3.135.641.898</b>	<b>3.682.279.240</b>

**Capital expenditures, depreciation and amortisation:**

	<b>January 1- December 31, 2007</b>	<b>January 1- December 31, 2006</b>
Retail	189.834.376	174.652.083
Industrial and commercial	7.923.191	9.480.842
Other	11.312.886	9.688.545
Unallocated	27.624.466	41.634.068
<b>Total</b>	<b>236.694.919</b>	<b>235.455.538</b>

<b>Depreciation and amortisation</b>	<b>January 1- December 31, 2007</b>	<b>January 1 - December 31, 2006</b>
Retail	66.237.408	57.541.206
Industrial and commercial	2.705.931	2.491.262
Other	8.382.256	7.250.239
Unallocated	34.979.938	34.329.312
<b>Total</b>	<b>112.305.533</b>	<b>101.612.019</b>

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

The Group has changed its segmental reporting methodology in 2007 and made certain transfers between the amounts reported in 2006.

## **PETROL OFİSİ A.Ş.**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007**

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

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#### **NOTE 34 – SUBSEQUENT EVENTS**

OMV, one of the shareholders of the Company, purchased on 04.02.2008 shares with a nominal value of TRY 1.000.000, on 12.02.2008 shares with a nominal value of TRY 1.000.000, on 21.02.2008 shares with a nominal value of TRY 1.000.000 in ISE. As a result of the share purchases, the share of OMV in the Company's paid-in capital has increased to 40,19%.

Doğan Holding, one of the shareholders of the Company, purchased on 08.02.2008 shares with a nominal value of TRY 173.643, on 19.02.2008 shares with a nominal value of TRY 163.935, on 20.02.2008 shares with a nominal value of TRY 41.064 and on 21.02.2008 shares with a nominal value of TRY 127.489 in ISE. As a result of the share purchases, the share of Doğan Holding in the Company's paid-in capital has increased to 53,60%.

#### **NOTE 35 – DISCONTINUED OPERATIONS**

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

**PETROL OFİSİ A.Ş.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR  
ENDED 31 DECEMBER 2007**

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

**NOTE 36 – OPERATING INCOME**

<b><u>Sales</u></b>	<b>January 1- December 31, 2007</b>	<b>January 1- December 31, 2006</b>
Domestic sales	13.463.010.088	13.679.666.780
Foreign sales	224.036.406	276.660.291
Sales returns	(20.711.600)	(16.283.438)
Sales discounts	(175.924.009)	(166.453.178)
Other discounts	(76.045.223)	(73.747.254)
	<b>13.414.365.662</b>	<b>13.699.843.201</b>

<b><u>Cost of sales</u></b>	<b>January 1- December 31, 2007</b>	<b>January 1- December 31, 2006</b>
Raw materials	170.613.805	201.424.730
Direct labour costs	781.816	1.101.058
General production expenses	9.757.581	8.404.183
Depreciation expense	1.496.992	1.329.579
Changes in work in process	(342.045)	(1.320.972)
Changes in finished goods	3.932.688	(3.776.000)
Cost of finished goods sold	186.240.837	207.162.578
Cost of trade goods sold	12.361.014.990	12.641.716.420
Cost of services rendered (*)	9.232.122	4.274.787
Cost of sales	<b>12.556.487.949</b>	<b>12.853.153.785</b>

(\*) Cost of services rendered contains service/transportation cost of PO Gaz İletim A.Ş. of TRY 9.232.122 (2006: TRY 4.274.787) and includes depreciation and amortization of TRY 599.166 (2006: TRY 383.471).

**PETROL OFİSİ A.Ş.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR  
ENDED 31 DECEMBER 2007**

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

**NOTE 37 – OPERATING EXPENSES**

Operating expenses for the periods ended December 31, are as follows:

	<b>January 1- December 31, 2007</b>	<b>January 1- December 31, 2006</b>
Personnel expenses	(80.632.799)	(72.037.384)
Electricity-Water-Heating expenses	(3.248.979)	(2.725.138)
Communication expenses	(5.043.539)	(5.321.141)
Repair and maintenance expenses	(16.011.762)	(12.287.471)
Insurance expenses	(6.938.023)	(6.309.873)
Transportation expenses	(12.342.657)	(13.074.424)
Taxes and dues	(22.481.350)	(26.608.010)
Depreciation and amortization	(110.209.375)	(99.898.969)
Advertising expenses	(43.515.572)	(76.407.413)
Consultancy charges	(55.482.584)	(44.301.653)
Bank and commission expenses	(5.869.441)	(11.897.589)
Rent expenses	(8.981.856)	(8.870.884)
Other	(20.389.152)	(13.717.816)
	<b>(391.147.089)</b>	<b>(393.457.765)</b>

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

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

	<b>January 1- December 31, 2007</b>	<b>January 1- December 31, 2007</b>
Dividend income from subsidiaries	-	152.996
Interest income	75.520.219	48.006.143
Commission incomes	2.170.991	1.806.896
Provisions released	4.141.943	2.485.816
Gain on sale of marketable securities	11.794	-
Foreign exchange gain	431.203.249	492.009.544
Discount income	12.921.223	14.955.793
Gain on sale of fixed asset	1.280.111	13.202.088
Other income and profits	17.266.518	15.664.874
	<b>544.516.048</b>	<b>588.284.150</b>

## PETROL OFİSİ A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

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

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

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

	<b>January 1- December 31, 2007</b>	<b>January 1- December 31, 2006</b>
Commission expenses	(2.890.142)	(2.908.143)
Provision expenses	(45.695.204)	(67.018.703)
Tax dispute payment (*)	(275.362.170)	-
Loss on sale of marketable securities	-	(70.843)
Foreign exchange loss	(215.725.589)	(526.645.648)
Discount expenses	(7.951.667)	(22.106.130)
Loss on sale of fixed asset	(2.652.934)	-
Other expenses and losses	(25.348.739)	(27.705.460)
	<b>(575.626.445)</b>	<b>(646.454.927)</b>

(\*) 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.

Uncertainty over the judicial process and final decision of the court cases was ongoing as of the announcement date of the consolidated financial statements for the year ended December 31, 2006. Accordingly, no provision has been provided for this matter in the financial statements.

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, and TRY 275.362.170 was paid on 11 June 2007. Accordingly, the Company has no outstanding liability related with this tax audit.

**PETROL OFİSİ A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR  
ENDED 31 DECEMBER 2007**

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

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**NOTE 39 – FINANCE EXPENSES**

Finance expenses for the periods ended December 31, are as follows:

	<b>January 1- December 31, 2007</b>	<b>January 1- December 31, 2006</b>
Cost of borrowings	(119.692.408)	(147.353.104)
Foreign exchange gain/(loss) *	131.261.248	(20.646.022)
Discount of letter of credits	(53.547.565)	(9.556.938)
	<b>(41.978.725)</b>	<b>(177.556.064)</b>

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

**NOTE 40 – NET MONETARY GAIN/LOSS**

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

## PETROL OFİSİ A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

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

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#### NOTE 41 – TAXATION

##### Corporate Tax

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

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

The effective tax rate for the year ended December 31, 2007 is 20% (2006: 20%).

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate is 20% in 2007 (2006: 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.

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 1<sup>st</sup>-25<sup>th</sup> of fourth month after fiscal year end. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

##### Income withholding tax

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

Investment incentive certificates are revoked commencing from 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.

**PETROL OFİSİ A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR  
ENDED 31 DECEMBER 2007**

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

**NOTE 41 – TAXATION (cont'd)**

Income withholding tax (cont'd)

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

The Group has used 20% corporate tax rate as of December 31, 2007 and 2006 because it has chosen not to use investment incentive.

	<b>December 31, 2007</b>	<b>December 31, 2006</b>
<u>Corporate tax payable:</u>		
Current tax liability	153.819.425	56.758.979
Prepaid taxes and dues	(119.739.186)	(10.671.791)
<b>Provision for corporate tax (Note 23)</b>	<b>34.080.239</b>	<b>46.087.188</b>

	<b>January 1- December 31, 2007</b>	<b>January 1- December 31, 2006</b>
<u>Tax charge/(benefit):</u>		
Current tax	153.819.425	56.758.979
Deferred tax (benefit)/charge (Note 14)	(6.022.677)	(23.986.650)
	<b>147.796.748</b>	<b>32.772.329</b>

**PETROL OFİSİ A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR  
ENDED 31 DECEMBER 2007**

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

**NOTE 41 – TAXATION (cont'd)**

Current period tax reconciliation:

	<b>January 1- December 31, 2007</b>	<b>January 1- December 31, 2006</b>
Consolidated profit before taxes on income and minority interest	459.021.286	263.955.084
Tax at the effective rate 2007: 20% and 2006: 20%	91.804.257	52.791.017
Tax effect of non - deductible expenses	1.931.833	1.094.195
Tax effect of tax dispute payment	55.072.434	-
Tax effect of exempt income	(1.011.776)	(21.112.883)
Taxes on income per the consolidated statement of income	<b>147.796.748</b>	<b>32.772.329</b>

**NOTE 42 – EARNINGS PER SHARE**

	<b>January 1- December 31, 2007</b>	<b>January 1- December 31, 2006</b>
Net profit /(loss) for the period	310.708.212	230.115.954
Weighted-average number of outstanding shares (1 share equals to TRY 1 valued share)	492.000.000	492.000.000
<b>Net profit/(loss) per share (TRY)</b>	<b>0,632</b>	<b>0,468</b>

**NOTE 43 – STATEMENT OF CASH FLOWS**

Statement of cash flow is presented with the financial statements.

## PETROL OFİSİ A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

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

#### **NOTE 44 – OTHER ISSUES THAT SIGNIFICANTLY AFFECT THE FINANCIAL STATEMENTS OR OTHER ISSUES REQUIRED FOR THE CLEAR UNDERSTANDING OF FINANCIAL STATEMENTS**

The consolidated financial statements prepared as of and for the year ended 31 December 2007 have been authorized for issue by the Board of Directors on March 11, 2008.

##### 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 maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 6, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in notes 25, 26, 27 and 28 respectively.

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 the calculated as net debt divided by the total capital amount. Net debt is calculated as total liability amount (comprises of loans, 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 December 31, 2007 and 2006 net debt / total capital ratio is as follows:

	<b>December 31, 2007</b>	<b>December 31, 2006</b>
Total Liabilities	2.557.057.237	3.089.066.881
Less: Cash and cash equivalents	404.538.084	647.146.167
Net Debt	2.152.519.153	2.441.920.714
Shareholders' Equity	2.645.927.371	2.342.453.936
Total Capital	4.798.446.524	4.784.374.650
Net Debt / Total Capital ratio	%45	%51

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

## PETROL OFİSİ A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

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

#### **NOTE 44 – OTHER ISSUES THAT SIGNIFICANTLY AFFECT THE FINANCIAL STATEMENTS OR OTHER ISSUES REQUIRED FOR THE CLEAR UNDERSTANDING OF FINANCIAL STATEMENTS (cont'd)**

##### Additional Information on Financial instruments (cont'd)

###### (b) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3.8 to the financial statements.

###### (c) Categories of financial instruments

	<b>December 31, 2007</b>	<b>December 31, 2006</b>
<b>Financial Assets</b>		
Cash and cash equivalents	404.538.084	647.146.167
Trade receivables	1.188.319.175	1.291.883.539
Due from related parties	2.051.363	1.337.417
Financial assets	135.892	135.892
<b>Financial Liabilities</b>		
Borrowings	662.074.444	936.389.979
Finance lease payables	27.941.939	26.887.962
Trade payables	1.855.168.299	2.116.239.519
Due to related parties	11.872.555	9.549.421

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

###### (d) 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 minimise the effects of these risks by using derivative financial instruments such as foreign currency forwards and diesel contracts during the period. The Group does not enter into or trade financial instruments (including derivative financial instruments) for speculative purposes.

###### (e) Market risk

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR  
ENDED 31 DECEMBER 2007**

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

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**NOTE 44 – OTHER ISSUES THAT SIGNIFICANTLY AFFECT THE FINANCIAL  
STATEMENTS OR OTHER ISSUES REQUIRED FOR THE CLEAR UNDERSTANDING OF  
FINANCIAL STATEMENTS (cont'd)**

Additional Information on Financial instruments (cont'd)

(f) 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 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 open position and provide measures if required (Note 29).

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 December 31, 2007, 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 152.143.594 (December 31, 2006: TRY 199.725.734).

(g) 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. Consequently the Group's sensitivity to interest rate risk is not material. Based on the current balance sheet as at December 31, 2007, if there is 1% decrease/increase in the interest rates and if the other variables are kept constant; the net profit of the Group is going to increase/decrease by TRY 1.770.344 (December 31,2006: TRY 1.958.282).

(h) Price Risk

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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR  
ENDED 31 DECEMBER 2007**

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

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**NOTE 44 – OTHER ISSUES THAT SIGNIFICANTLY AFFECT THE FINANCIAL  
STATEMENTS OR OTHER ISSUES REQUIRED FOR THE CLEAR UNDERSTANDING OF  
FINANCIAL STATEMENTS (cont'd)**

Additional Information on Financial instruments (cont'd)

(i) 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 7).

(j) 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.

**PETROL OFİSİ A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR  
ENDED 31 DECEMBER 2007**

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

**NOTE 44 – OTHER ISSUES THAT SIGNIFICANTLY AFFECT THE FINANCIAL  
STATEMENTS OR OTHER ISSUES REQUIRED FOR THE CLEAR UNDERSTANDING OF  
FINANCIAL STATEMENTS (cont'd)**

Additional Information on Financial instruments (cont'd)

(j) Liquidity risk management (cont'd)

Liquidity risk tables

<b>December 31, 2007</b>	<b>Less than 6 months</b>	<b>6-12 moths</b>	<b>1 + year</b>	<b>Adjustments</b>	<b>Total</b>
Financial Borrowings (net)	93.486.045	37.134.046	629.085.939	(97.631.587)	662.074.443
Financial Lease Payables	4.574.674	4.252.540	27.629.021	(8.514.296)	27.941.939
Trade Payables (net)	752.105.255	209.560.063	993.795.143	(100.292.162)	1.855.168.299
Due to related parties (net)	11.872.555	-	-	-	11.872.555
<b>Total Liabilities</b>	<b>862.038.529</b>	<b>250.946.649</b>	<b>1.650.510.103</b>	<b>(206.438.045)</b>	<b>2.557.057.236</b>

<b>December 31, 2006</b>	<b>Less than 6 months</b>	<b>6-12 moths</b>	<b>1 + year</b>	<b>Adjustments</b>	<b>Total</b>
Financial Borrowings (net)	213.531.464	44.481.046	815.020.999	(136.643.530)	936.389.979
Financial Lease Payables	4.256.935	4.096.908	26.353.588	(7.819.469)	26.887.962
Trade Payables (net)	1.243.297.214	213.068.463	715.116.544	(55.242.702)	2.116.239.519
Due to related parties (net)	9.549.421	-	-	-	9.549.421
<b>Total Liabilities</b>	<b>1.470.635.034</b>	<b>261.646.417</b>	<b>1.556.491.131</b>	<b>(199.705.701)</b>	<b>3.089.066.881</b>

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