TÜRKİYE PETROL RAFİNERİLERİ A,Ş,
AND ITS SUBSIDIARY

CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2005

(Translated to English from its original Turkish)

TÜRKİYE PETROL RAFİNERİLERİ A,Ş, AND ITS SUBSIDIARY

CONSOLIDATED BALANCE SHEETS AS OF 31 DECEMBER 2005 AND 2004

(Amounts are expressed in New Turkish Lira (NTL) unless otherwise indicated,)

	Note	31 December 2005 NTL	(As Restated) 31 December 2004 NTL
CURRENT ASSETS			
Cash and Cash Equivalents	4	983,758,694	1,118,559,093
Marketable Securities (net)	5	-	-
Trade Receivables (net)	7	744,681,370	549,472,615
Finance Lease Receivables (net)	8	-	-
Due from Related Parties (net)	9	7,180,582	6,900,685
Other Receivables (net)	10	227,626	436,316
Biological Assets (net)	11	-	-
Inventories (net)	12	1,319,395,790	987,426,176
Receivables from Ongoing Construction Contracts (net)	13	-	-
Deferred Tax Assets	14	-	-
Other Current Assets	15	35,866,403	7,952,428
Total Current Assets		3,091,110,465	2,670,747,313
LONG TERM ASSETS			
Trade Receivables (net)	7	54,176	54,246
Finance Lease Receivables (net)	8	-	-
Due from Related Parties (net)	9	3,265	4,525
Other Receivables (net)	10	-	-
Financial Assets (net)	16	1,398	1,398
Positive / Negative Goodwill (net)	17	-	(3,655,672)
Investment Property (net)	18	-	-
Property, Plant and Equipment (net)	19	2,318,297,781	2,232,654,347
Intangible Assets (net)	20	1,766,920	1,753,207
Deferred Tax Assets	14	-	-
Other Long Term Assets	15	325,591,049	286,321,387
Total Long Term Assets		2,645,714,589	2,517,133,438
TOTAL ASSETS		5,736,825,054	5,187,880,751

The accompanying notes form an integral part of these financial statements,

TÜRKİYE PETROL RAFİNERİLERİ A,Ş, AND ITS SUBSIDIARY

CONSOLIDATED BALANCE SHEETS AS OF 31 DECEMBER 2005 AND 2004

(Amounts are expressed in New Turkish Lira (NTL) unless otherwise indicated,)

	Note	31 December 2005 NTL	(As Restated) 31 December 2004 NTL
CURRENT LIABILITIES			
Short Term Borrowings (net)	6	-	-
Short Term Portions of Long Term Borrowings (net)	6	73,795,884	70,714,524
Finance Lease Payables (net)	8	-	-
Other Financial Liabilities (net)	10	-	-
Trade Payables (net)	7	1,019,890,727	681,876,311
Due to Related Parties (net)	9	16,055,268	7,787,165
Advanced Received	21	8,554,099	16,066,868
Ongoing Construction Progress Payments (net)	13	-	-
Provisions	23	135,074,770	163,817,905
Deferred Tax Liabilities	14	-	-
Other Liabilities (net)	10	553,636,771	645,781,128
Total Current Liabilities		1,807,007,519	1,586,043,901
LONG TERM LIABILITIES			
Short Term Borrowings (net)	6	405,442,995	288,958,322
Finance Lease Payables (net)	8	-	-
Other Financial Liabilities (net)	10	-	-
Trade Payables (net)	7	-	-
Due to Related Parties (net)	9	-	-
Advanced Received	21	-	-
Provisions	23	114,212,570	92,257,834
Deferred Tax Liabilities	14	100,537,205	76,212,728
Other Liabilities (net)	10	37,700,401	3,478,181
Total Long Term Liabilities		657,893,171	460,907,065

The accompanying notes form an integral part of these financial statements,

TÜRKİYE PETROL RAFİNERİLERİ A,Ş, AND ITS SUBSIDIARY

CONSOLIDATED BALANCE SHEETS AS OF 31 DECEMBER 2005 AND 2004

(Amounts are expressed in New Turkish Lira (NTL) unless otherwise indicated,)

	Note	31 December 2005 NTL	(As Restated) 31 December 2004 NTL
MINORITY INTEREST	24	19,410,682	18,487,796
SHAREHOLDERS' EQUITY			
Capital	25	250,419,200	250,419,200
Reciprocal Equity Capital Adjustment	25	-	-
Capital Reserves	26	1,762,992,615	1,762,992,615
Premium in Excess of Par		171,969	171,969
Gain on Cancellation of Equity Shares		-	-
Revaluation Fund		-	-
Revaluation Fund on Financial Assets		-	-
Shareholders' Equity Inflation Restatement Differences		1,762,820,646	1,762,820,646
Profit Reserves	27	222,398,141	168,272,000
Legal Reserves		222,398,141	168,272,000
Statutory Reserves		-	-
Extraordinary Reserves		-	-
Special Reserves		-	-
Gain on Sales of Properties and Equity Participations which will be Transferred to Capital		-	-
Currency Transfer Reserve		-	-
Net Profit for the Period		658,440,381	616,851,106
Retained Earnings	28	358,263,345	323,907,068
Total Shareholders' Equity		3,252,513,682	3,122,441,989
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		5,736,825,054	5,187,880,751

The accompanying notes form an integral part of these financial statements,

TÜRKİYE PETROL RAFİNERİLERİ A,Ş, AND ITS SUBSIDIARY

CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEAR ENDED 31 DECEMBER 2005

(Amounts are expressed in New Turkish Lira (NTL) unless otherwise indicated,)

	Note	1 January – 31 December 2005 NTL
Operating Income		
Sales Revenue	36	14,844,803,951
Cost of Sales (-)	36	(13,823,212,627)
Income from Services	36	12,670,970
Other Operating Income: Interest, Dividend and Rent	36	11,013,237
Gross Profit/ (Loss)		1,045,275,531
Operating Expenses (-)	37	(234,656,352)
Net Operating Profit/ (Loss)		810,619,179
Other Income and Profit	38	296,390,001
Other Expenses and Losses (-)	38	(215,557,763)
Financing Expense (-)	39	(6,907,591)
Profit Before Monetary Gain/(Loss) and Tax		884,543,826
Net Monetary Gain/ (Loss)	40	-
Minority Interest	24	(4,203,362)
Profit/ (Loss) Before Taxation		880,340,464
Taxation	41	(221,900,083)
Net Profit/ Loss for the Period		658,440,381
Earnings per Share	42	2,62935

The accompanying notes form an integral part of these financial statements,

TÜRKİYE PETROL RAFİNERİLERİ AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2005

(Amounts are expressed in New Turkish Lira (NTL) unless otherwise indicated,)

	Capital NTL	Premium in Excess of Par NTL	Legal Reserves NTL	Shareholders' Equity Inflation Restatement Differences NTL	(As Restated) Retained Earnings NTL	Total NTL
Balance as of 31 December 2004	250,419,200	171,969	168,272,000	1,762,820,646	956,345,247	3,138,029,062
Restatement effect (Note 44)	-	-	-	-	(15,587,073)	(15,587,073)
Balance as of 1 January 2005	250,419,200	171,969	168,272,000	1,762,820,646	940,758,174	3,122,441,989
Negative Goodwill Adjustments (Note 3,h and 17)	-	-	-	-	3,655,672	3,655,672
Profit distribution						
Legal reserves	-	-	54,126,141	-	(54,126,141)	-
Dividends	-	-	-	-	(532,024,360)	(532,024,360)
Net Profit for the period	-	-	-	-	658,440,381	658,440,381
Balance as of 31 December 2005	250,419,200	171,969	222,398,141	1,762,820,646	1,016,703,726	3,252,513,682

The accompanying notes form an integral part of these financial statements,

TÜRKİYE PETROL RAFİNERİLERİ A,Ş, AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2005

(Amounts are expressed in New Turkish Lira (NTL) unless otherwise indicated,)

	Note	2005 NTL
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit for the period		658,440,381
Adjustments to renconcile net income to net cash provided by operating activities:		
Depreciation of property, plant and equipment	19	247,460,842
Amortization of intangible assets	20	719,197
Impairment loss on fixed assets	19	(15,748,783)
Net book value of disposed fixed assets	19	5,379,846
Changes in minority interest		922,886
Retirement provision expense	23	30,271,957
Other provisions		23,690,640
Change in allowance for diminuation in value of inventories	12	(6,509,142)
Cost of borrowing	6	20,854,582
Financial borrowing fx gain/loss accruals		(10,281,317)
Discount interest income	38	(25,098,968)
Discount interest expense	38	24,837,658
Accrued taxation net of monetary gain	41	221,900,083
Operating profit before changes in working capital		1,176,839,862
Changes in working capital	43	
Trade receivables		(220,046,413)
Inventories		(325,460,472)
Due from related parties		(279,897)
Other current assets		(27,913,975)
Other receivables		208,690
Trade payables		363,268,909
Due to related parties		8,268,103
Advances received		(7,512,769)
Provisions		14,051,282
Other liabilities		(92,299,883)
Changes in tangible assets and long-term liabilities		(5,046,340)
Cash generated from operations		884,077,097
Taxes paid		(264,060,663)
Retirement pay provision paid	23	(8,317,221)
Interest paid		(18,041,620)
Net cash provided by operating activities		593,657,593
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment	19	(322,735,339)
Purchases of intangible assets	20	(732,910)
Cash used in investing actvities		(323,468,249)

TÜRKİYE PETROL RAFİNERİLERİ A,Ş, AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2005

(Amounts are expressed in New Turkish Lira (NTL) unless otherwise indicated,)

	Note	2005 NTL
CASH FLOWS FROM FINANCING ACTIVITIES		
New borrowings		191,772,429
Paid borrowings		(64,737,812)
Dividend paid		(532,024,360)
Net cash provided by financing activities		(404,989,743)
NET CHANGES IN CASH AND CASH EQUIVALENTS		(134,800,399)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	4	1,118,559,093
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	4	983,758,694

1. ORGANIZATION AND OPERATIONS OF THE GROUP

The Group's parent is Türkiye Petrol Rafinerileri A.Ş. ("TÜPRAŞ" or the "Company") and has the control over Ditaş Deniz İşletmeciliği ve Tic. A.Ş. (DİTAŞ) with a shareholding of 79,98%,

The Company's commercial name: Türkiye Petrol Rafinerileri A.Ş.

Address of the head office: PK: 211-212 41002 İzmit/Kocaeli

Name of the stock exchange: İstanbul Stock Exchange National Market

Core businesses of the parent company are as follows:

- to supply and refine crude oil, export and import oil products when necessary, and to build foreign and domestic oil refineries for importing and exporting.

- to establish and operate plants and units in petrochemical industry and other relevant industries;

- to procure and process necessary raw materials, equipments, chemicals and other feedstocks from any domestic and international sources for production of petrochemical materials and other retaled materials, or to produce, and to trade these products in the domestic or international market;
- to establish packaging units to pack products in each stage of production and
- to recycle waste, semi and off-spec product and/or to sell or to establish and operate necessary disposal plants, and to sell all kinds of unused or scrap materials;

  to establish units relevant to energy production, to use any kind of equipments, material and chemicals by obtaining from domestic and international sources for necessary production, procurement and sale of energy and to trade these materials domestically and internationally;

- to perform domestic , international, wholesale or retail purchases of all kind of petroleum products, liquefied petroleum gas and natural gas, their sales, their imports , their exports, their warehousing, their marketing and their distribution or procure their distribution, to establish filling stations by providing the retail sales of these products, operate them, transfer them, take over others or to rent, to work with dealerships, to give transportation services, in line with these subjects to establish joint partnerships to operate fully or partially or to acquire shares or stocks of existing partnerships, to sell them, to acquire their interest shares or to transfer them.

Core businesses of the consolidated subsidiary are as follows:

- to render maritime shipping for all kinds of crude oil and petroleum products.

1. THE ORGANIZATION AND OPERATION OF THE GROUP (cont'd)

Structure of the Shareholder: As of 31 December 2005, the main parent of the Group is (%51) Republic of Turkey Prime Ministry Privatization Administration.

The average number of the categorized personnel during the year is as follows:

Period	In Scope	Out of Scope	Temporary	Total
31 December 2005	3,515	787	851	5,153
31 December 2004	3,525	804	858	5,187

The subsidiaries of the Group: As of 31 December 2005, the Company does not have any unconsolidated subsidiaries and affiliates apart from DITAŞ.

2. BASIS OF THE FINANCIAL STATEMENTS

Accounting Standards

The Group prepares its books and legal financial statements in accordance with the Turkish Commercial Code ("TCC") and accounting principles in accordance with the tax legislation.

Communiqué No: XI/25 "Capital Markets Accounting Standards" issued by the CMB, provides a detailed accounting principals set. The Communiqué becomes valid for the first period ended financial statements as of 1 January 2005. The 5th article of the Communiqué No:XI/27, which had brought some modifications on the Communiqué mentioned above, declared that the application of the IFRS should be in line with the adjustments and declaration obligations of the Communiqué No: XI/25.

The Communiqué declared that as an alternative the compliance with the accounting standards issued by the International Accounting Standards Board (IASB) and the International Accounting Standards Committee (IASC) will be counted as in compliance with the CMB Accounting principles. The financial statements were prepared in accordance with the CMB's Communiqué mentioned above and with the CMB's Communiqué announced on 20 December 2004 regarding the format of the financial statements and footnotes. The CMB's resolution dated 17 March 2005 declared that companies operating in Turkey which prepare their financial statements in accordance with the CMB Accounting standards, effective 1 January 2005, will not be subject to the application of inflation accounting. Consequently, the Company has not applied inflation accounting required by IAS 29 "Financial Reporting in Hyperinflationary Economies" for the financial statements prepared for the period between 1 January 2005 – 31 December 2005.

2. BASIS OF THE FINANCIAL STATEMENTS (cont'd)

Adjustment of Financial Statements in Hyperinlationary Periods Before 1 January 2005:

Financial statements of the Group dated 31 December 2004 include restatements to reflect changes in the purchasing power of the Turkish Lira as required by IAS 29 ("Financial Reporting in Hyperinflationary Economies"), IAS 29 requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the balance sheet date.

Restatement adjustments as of December 31, 2004 have been made according to the wholesale price index published by the State Institute of Statistics.

Such index and conversion factors used to restate the accompanying financial statements as of 31 December 2004 are given below:

	Index	Conversion Factor
31 December 2001	4,951.7	1,6972
31 December 2002	6,478.8	1,2971
31 December 2003	7,382.1	1,1384
31 December 2004	8,403.8	1,0000

The annual change in the TL exchange rate against the US Dollar can be compared with the rates of the price inflation in Turkey according to the WPI is set out as below:

Years:	2005	2004	2003	2002	2001
Currency (Devaluation)/Revaluation US$	(%0.02)	(%3.9)	(%14.6)	%13.6	%114.3
WPI Inflation	%4.54	%13.8	%13.9	%30.8	%88.6

As of 31 December 2005; 1 US Dollar = 1,3418 NTL. (31 December 2004: 1 US Dollar = 1,3421 NTL); published by the Central Bank of Republic of Turkey.

The main guidelines for the restatement are as follows:

- All amounts as of 31 December 2004 not already expressed in terms of the measuring unit current at the balance sheet date are restated by applying a general wholesale price index (the WPI).
- As of December 31 2004 monetary assets and liabilities are not restated because they are already expressed in terms of the measuring unit current at the balance sheet date, Monetary items are money held and items to be received or paid in money.

2. BASIS OF FINANCIAL STATEMENTS (cont'd)

Adjustment of Financial Statements in Hyperinlationary Periods Before 1 January 2005 (cont'd):

- As of December 31, 2004 non-monetary assets and liabilities are restated by applying, to the initial acquisition cost and any accumulated depreciation, the change in the general price index from the date of acquisition or initial recording to the balance sheet date, Hence, property, plant and equipment, investments and similar assets are restated from the date of their purchase, not to exceed their market value, Depreciation is calculated at their restated amounts, Official registration date or cash injection date is used for the restatement of capital. Collection date is used for the restatement of the premium in excess of par. The components of shareholders' equity are restated by applying the applicable general price index from the dates when components were contributed or otherwise arose.
- The financial statement of December 31,2004, nonmonetary assets and liabilities are stated again in order to be reflected on the purchasing cost and accrued amortization amount of the exchange in general price index from purchase of nonmonetary assets and liabilities or from the first date of entry up until balance sheet due date. Therefore tangible, intangible and similar assets are indexed to purchase value which will not exceed the market value. So is the same with amortizations. The amount in the equity capital are corrected as a result of application of price index of wholesale of goods when added to the company or occured within the company.
- The gain or loss on the net monetary position is the result of the effect of general inflation and is the difference resulting from the restatement of non-monetary assets, shareholders' equity and income statement items. The gain or loss on the net monetary position is included in net income.

The New Turkish Lira

A new law number 5083 on the Monetary Unit of the Republic of Turkey was enacted with effect from 1 January 2005, which deletes six zeroes from the former currency of the Turkish republic, the Turkish Lira ("TL"), to form a new currency the New Turkish Lira ("NTL"), Thus 1 NTL = 1,000,000 TL, The New Turkish Lira is divided into 100 New Turkish cents ("YKr"). As per the CMB decision MSD-10/832-43399 dated 1 December 2004, the financial statements to be publicly announced in 2005 should be prepared in NTL monetary unit including comperatives. Accordingly, the accompanying financial statements are presented in NTL.

Consolidation

The consolidated financial statements incorporate the financial statements of the Company and enterprises controlled by the Company as explained in the "Subsidiaries" note below.

a- Subsidiaries

Subsidiaries are the entities which are directly controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities. The financial statements of the subsidiaries are included in the consolidated financial statements from the effective date of acquisition or up to the effective date of disposal, as appropriate.

b- Consolidation eliminations

Adjustments are made to eliminate intercompany sales and purchases, intercompany receivables and payables and intercompany equity investments. Unrealised losses due to intercompany transactions are eliminated by wiping out the unrealized losses in the condition of not having an evident of diminishing in value.

2. BASIS OF FINANCIAL STATEMENTS (cont'd)

Adaptation of New and Updated International Financial Reporting Standards:

The Group applied whole comments of the Commitee of International Financial Reporting Interpretation and whole new and updated standards published by the Council of International Acconting Standards Council regarding the operations during year and started as of 1 January 2005 for the accounting periods.

On the approval date of these financial statements; though the following standards and interpretations are published, they were not in force:

IFRS 6	Exploration for and Evaluation of mineral resources
IFRS 7	Financial Instruments: Explanations
IFRIC 4	Determining whether an Arrangement contains a Lease
IFRIC 5	Right to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IFRIC 6	Liabilities Arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment
IFRIC 7	Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies
IFRIC 8	Scope of IFRS 2

The Company management anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Group.

Comparative Information and Perior Period Financial Statement Correction:

Comparative information is disclosed in the notes with respect to previous period for all amounts reported in the financial statement. In case of a change in the presentation of the financial statements or the reclassification of the balance, the perior year is taken into account in order to adjust the current year.

Offsetting:

Financial assets and liabilities are offset and the net amount reported in the 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of the accompanying financial statements are as follows:

a. Revenue:

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes.

Sales of goods are recognized when goods are delivered and title has passed.

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

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

b. Inventories:

Inventories are stated at the lower of cost and net realizable value. Costs comprise direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Indexation of Spare Parts and Other Inventories

Inventories related for the items acquired before 1 January 2005 are recognised with their adjusted inflation cost values and the items acquired after1 January 2005 are recognised with their cost value. Since the company's refineries are established in different dates, checking especially the supply inventories would make a difference when compared to all inventories. Therefore, different methods are followed when supply inventories are indexed according to inflation.

<u>İzmit Refinery:</u>

The spare parts and other inventory tracking system which is currently used at the İzmit Refinery was initiated on 1 January 2000. Stocks currently used at the İzmit Refinery, but purchased prior to 1 January 2000, was valued at average cost established on 1 January 2000 if no invoice information is available. After this date, unit cost of merchandise added to the refinery's inventory was indexed from the purchase date. Then the inflation adjusted unit price of each stock item is multiplied by its quantity.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

b. Inventories (cont'd)

Restatement of Spare Parts and Other Inventory (cont'd)

İzmir Refinery:

Additions to the inventory at the Izmir Refinery prior to 31 December 1990 were assessed using a value based on the average unit cost calculated on 31 December 1990. Average unit costs of subsequent additions were indexed using the conversion factor of the final addition date. Then the inflation adjusted average unit cost of each inventory item is multiplied by its quantity.

Kırıkkale Refinery:

Stocks at the Kırıkkale Refinery are valued using the First-In, First-Out (FIFO) method. The fair value of inventories on balance sheet date is calculated by indexation of them according to entry date, cost and amount of stocks until it reaches the limit of stocks on hand beginning from 31 December 2005 until 31 December 2004.The stock tracking system for the Kırıkkale Refinery was initiated on 30 June 2000. Stocks currently used at the Kırıkkale Refinery, but purchased prior to 30 June 2000, was valued at average cost established on 30 June 2000 if no invoice information is available. Subsequent additions were indexed from the entry date. Transfers between İzmit, İzmir, Kırıkkale rafineries and entries that do not express additions of invoiced such as entry of exchange stocks are indexed in accordance with unit cost that appears during invoiced additions.

Batman Refinery:

In the indexation of raw material at Batman Refinery the figures related to 31 December 1992 were taken into account. Additions prior to that date were calculated using average unit costs calculated on that date, acquisitions subsequent to that date were valued using the conversion factor of the final addition date. The total indexed value of inventory as of the balance sheet date is calculated by multiplying the inflation adjusted average unit cost of each inventory item by the number of material in the inventory as of the balance sheet date.

Körfez Refinery:

Körfez Refinery was purchased from PETKİM on 30 November 2001. As of the accompanying balance sheet date, if there is no indication regarding the acquisition of inventory as of 30 November 2001, the average unit cost of stock-on-hand as of November 2001 are adjusted using the November 2001 conversion factor. The average unit costs of the inventories acquired were indexed as of the addition date till the balance sheet date. As of the balance sheet date, the fair value of the total inventory was calculated by multiplying the adjusted unit costs of the stocks on hand.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

c. Tangible assets

Tangible assets purchased before 1 January 2005 are carried at indexed historical cost in accordance with IAS 29, purchases in 2005 are carried at historical cost and are presented after depreciation and impairment loss. Depreciation is charged so as to write off the cost or valuation of assets, other than land and construction in progress, over their estimated useful lives, using the straight line method.

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.

Expense for the repair of property, plant and equipment are normally charged against income.

d. Intangible assets

Intangible assets purchased before 1 January 2005 are carried at indexed historical cost in accordance with IAS 29, purchases in 2005 are carried at historical cost and are presented after amortization and impairment loss. Purchased intangible assets, primarily software, are amortized over five years using the straight-line method.

e. Impairment of Assets

At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets at cost less accumulated depreciation to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use, In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

f. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale, Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

g. Financial Assets

Financial assets and financial liabilities are recognized on the Company's balance sheet when the Company becomes a party to the contractual provisions of the financial instrument.

Trade and Other Receivables

Trade and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortized cost using the effective interest rate method, Appropriate allowances for estimated irrecoverable amounts are recognized in profit or loss when there is objective evidence that the asset is impaired. The allowance recognized is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. The Company Management considers that the carrying amount of trade and other receivables approximates their fair value.

Cash and Cash Equivalents

Cash and cash equivalents comprise of cash on hand and demand deposits, and other short-term highly liquid investments whose 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. The carrying amount of these assets approximates their fair value.

Borrowings

Interest-bearing bank loans are initially measured at fair value, and are subsequently measured at amortized cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognized over the term of the borrowings in accordance with the Company's accounting policy for borrowing costs

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

g. Financial assets (cont'd)

Trade and other payables

Trade and other payables are initially measured at fair value, and are subsequently measured at amortized cost, using the effective interest rate method. The Management considers that the carrying amount of trade and other payables approximates their fair value.

Credit Risk

The Company's principal financial assets are bank balances and cash, trade and other receivables.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.

Collection Risk

The Group's Collection risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net off allowances for doubtful receivables, estimated by the Group's management based on prior experience and the current economic environment.

Currency Risk

The Company is exposed to foreign exchange risk through the impact of depreciation/appreciation of the Turkish Lira against the US dollar. All operational activities, imports and exports, in the sector are linked to the US dollar, Some portions of the borrowings of the group are subject to fluctuations in accordance with prevailing interest rates in the domestic and foreign markets. The Company is also exposed to an interest rate risk through the impact of rate changes on interest bearing liabilities and assets.

Liquidity risk

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

h. Business Combinations

Goodwill

IFRS 3 has been adopted for business combinations for which the agreement date is on or after 31 March 2004. The option of limited retrospective application of the Standard has not been taken up, thus avoiding the need to restate past business combinations. The principal impact of the new Standard on the accounting for that transaction has been the recognition of contingent liabilities that would not have been recognized separately from goodwill under the predecessor Standard. IAS 22, The recognition of these liabilities has had no material impact on the results for the period.

IFRS 3 requires that, after reassessment, any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the business combination should be recognized immediately in profit or loss, IFRS 3 prohibits the recognition of negative goodwill in the balance sheet.

Previously under IAS 22 (superseded by IFRS 3), the Group released negative goodwill to income over a number of accounting periods, based on an analysis of the circumstances from which the balance resulted. Negative goodwill was reported as a deduction from assets in the balance sheet.

In accordance with the transitional rules of IFRS 3, the Group has applied the revised accounting policy prospectively from 1 January 2005. Therefore, the change had no impact on amounts reported for 2004 or prior periods.

The carrying amount of negative goodwill on 1 January 2005 has been derecognized at the transition date. Therefore, an adjustment of NTL 3,655,672 is made to opening retained earnings and negative goodwill at 1 January 2005.

Under the previous accounting policy, NTL 174,080 of negative goodwill would have been released to income during 2005, leaving a balance of negative goodwill of NTL 3,481,634 on 31 December 2005. Therefore, the impact of the change in accounting policy in 2005 is a reduction in other operating income of NTL 174,080 and an increase in net assets at 31 December 2005 of is NTL 174,080.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

ı. 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 NTL, which is both the functional currency of the Company, and the presentation currency for the consolidated financial statements.

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

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period.

i. Earnings per Share

Earning per share stated on statements of income is calculated by dividing net profit by the weighted average number of ordinary shares outstanding during the year.

j. Events After Balance Sheet Date:

Events after the balance sheet date are those events, favourable and unfavourable, that occur between the balance sheet date and the date when the financial statements are authorised for issue, Two types of events can be identified:

- those that provide evidence of conditions that existed at the balance sheet date (adjusting events after the balance sheet date); and

- those that are indicative of conditions that arose after the balance sheet date (non-adjusting events after the balance sheet date).

The Group records adjusting events after the balance sheet date and disclose non-adjusting events after the balance sheet date on the attached financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

k. Provisions, Contingent Assets and Liabilities and

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. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

A contingent liability is a possible obligation that arises from the past events and whose existence will be confirmed only by the occurence or non-occurence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from the past events but is not recognised because; it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability. A contingent liability is disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurence or non-occurence of one or more uncertain future events not wholly within the control of the entity. A contingent assets is disclosed, where an inflow of economic benefits is probable.

l. Change in Accounting Policies, Accounting Estimates and Errors

Adjustments due to the changes in accounting policies or accounting errors are applied retrospectively and the financial statements of the previous year are restated changes in accounting estimates are deemed to affect that period only, and thus adjustments applied in the current period, If however the estimated changes are for the following periods, changes are applied both on the current and following periods prospectively.

m. Financial Leases

Leases of property. plant and equipment where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Other leases are classified as capital lease.

Assets which are gained by financial leasing get activated by using the lowest minimum lease payment value of the asset than today, same amount as lease date of the asset. Obligation to the leaser is shown in financial statement as financial leasing obligation. The payment of financial leasing is separated as financial expense and payment of principal capital that lowers the financial leasing obligation, so that debt can be calculated in fixed ratio out of principal balance. Financial expenses are recorded in income statement within the context of liability policy other than activation of relevant assets.

Incentives that are received or will be received from the leaser in order to emerge the business transaction are recorded to income statement by using linear method along the period of lease. The payments that are made for modal operating lease, are recorded to income statement with linear method along the lease period

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

n. Related Parties

For the purpose of the accompanying financial statements, shareholders of the Company and related companies, and the companies related to those companies, their directors and any groups to which they are known to be related, are considered and referred to as related companies.

o. Segmental Information

The main operation of the Group is the production of petroleum products by supplying and refining crude oil. There is no industrial or geographical segmentation since the transportation of crude petroleum products, income generated from petrohemical industry and foreign sales is less than 10% of the total income.

ö. Construction Agreements

None.

p. Discontinued Operations

None.

r. Government Grants and Incentives

All government grants including non monetary government grants at fair value attributed to the company can be recognized in the financial statements if all necessary requirements for government grants are fulfilled and reasonable assurance related with the grant is obtained.

Even if government grants obtained in cash or as a deduction of a liability, they should be presented in the financial statements

s. Investment Property

None.

t. Taxation and deferred tax:

Income tax expense represents the sum of current tax and deferred 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 Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

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 are accounted for using the balance sheet liability method.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

t. Taxation and deferred tax: (cont'd)

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which 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.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realized, Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Prepaid corporation taxes and corporation tax liabilities are offset as they relate to income taxes levied by the same taxation authority. Deferred tax assets and liabilities are also offset.

u. Employee Benefits / Retirement Pay Provision

Under the Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Group.

As detailed in the foonote in the accompanying financial statements, International Accounting Standards Number:19; 'Benefits Provided to Personnel' is applied.

ü. Retirement Plans

None.

v. Agricultural Activities

None.

y. Statement of Cash Flows

The Group prepares statement of cash flow to inform financial statement analyst about the change in the assets, financial structure and the ability to direct cash flow amounts and timing according to the economic situation.

4. CASH AND CASH EQUIVALENTS

	31 December 2005 NTL	31 December 2004 NTL
Cash	5,190	1,966
Demand deposits	939,739,224	1,067,268,516
Time deposits	44,014,280	51,288,611
	983,758,694	1,118,559,093

NTL 774,964,152 of the NTL deposits as of 31 December 2005 are idle funds deposited at public banks. Group earns interest from idle funds on a daily basis. Average interest rate on idle funds as of 31 Decemer 2005 is % 11.35 approximately. The accrued interest of NTL 98,280 of time deposits is included in time deposits balance as at 31 December 2005.

Time Deposits:

Currency Type	Interest Rate	Maturity	31 December 2005 NTL
NTL	%16.50	17.01.2006-03.02.2006	44,014,280
			44,014,280

Currency Type	Interest Rate	Maturity	31 December 2004 NTL
NTL	%13.00-23.00	03.01.2005-29.03.2005	50,872,124
USD	% 4.00	17.06.2005	416,487
			51,288,611

5. MARKETABLE SECURITIES (NET)

None.

6. BORROWINGS

	31 December 2005 NTL	31 December 2004 NTL
Short term portions of long term borrowings	67,443,615	67,202,543
Interest accrual of long term borrowings	6,352,269	3,511,981
Total short term borrowings	73,795,884	70,714,524
Long term portions of long term borrowings	405,442,995	288,958,322
Total long term borrowings	479,238,879	359,672,846

Maturity analysis of borrowings are as follows:

	31 December 2005 NTL	31 December 2004 NTL
Upto 1 year	73,795,884	70,714,524
1 – 2 years	95,129,486	72,781,011
2 – 3 years	104,024,267	88,695,729
3 – 4 years	65,766,756	70,294,231
4 – 5 years	35,340,020	29,594,969
	105,182,466	27,592,382
	479,238,879	359,672,846

(*) Bank Loan amounting to US$ 224,714,638 and EUR 14,641,411 (NTL 324,765,341) is comprised of flexible interest rates and make the Group exposured to interest rate risk. The loans used by the Group; those of which are US$ 102,720,464 and JPY 3,684,855,480 (amounting to NTL 175,837,671) do not have treasury guarantee.

6. BORROWINGS (cont'd)

Short term principal payments and interests of long term loans

Maturity	Foreign Currency Amount	Type	Interest Rate	Interest Accrual NTL	Principal NTL	31 December 2005 NTL
January 2006-November2006	33,641,772	USD	Libor+%0.25 -Libor+%4.75	6,061,138	39,079,393	45,140,531
April 2006- June 2006	23,872	EUR	Euribor+%0.04 –Euribor+%4.0	37,896	-	37,896
March 2006-October 2006	2,510,302,947	JPY	%4.4-%5.2	253,235	28,364,222	28,617,457
				6,352,269	67,443,615	73,795,884

Short term principal payments and interests of long term loans

Maturity	Foreign Currency Amount	Type	Interest Rate	Interest Accrual NTL	Principal NTL	31 December 2004 NTL
February 2005-November 2005	29,831,717	USD	Libor+%0.25 -Libor+%4.75	2,999,788	31,075,613	34,075,401
March 2005-October 2005	2,837,382,708	JPY	%4.4-%5.2	549,664	36,089,459	36,639,123
				3,549,452	67,165,072	70,714,524

6. BORROWINGS (cont'd)

Long term Loans:

Foreign Currency Amount	Type	Maturity	Interest rate	31 December 2005
274,673,293	USD	February 2008 - March 2016	Libor+%0.25 -Libor+%4.75	368,556,624
14,641,411	EUR	March 2010 - March 2016	Euribor+%0.04 –Euribor+%4.0	23,243,240
1,196,765,820	JPY	October 2007	%4.4-%5.2	13,643,131
				405,442,995

Foreign Currency Amount	Type	Maturity	Interest rate	31 December 2004
172,815,162	USD	February 2008 – March 2016	Libor+%0.25 -Libor+%4.75	231,935,230
5,167,809	EUR	March 2010 - March2016	Euribor+%0.04 –Euribor+%4.0	9,440,553
3,684,855,483	JPY	October 2007	%4.4-%5.2	47,582,539
				288,958,322

7, TRADE RECEIVABLES AND PAYABLES (NET)

SHORT TERM TRADE RECEIVABLES (NET)

	31 December 2005 NTL	31 December 2004 NTL
Trade receivables (*)	747,001,104	550,130,897
Notes receivable	4,603,800	5,137,723
Other trade receivables	300,704	233,019
Discount on trade and notes receivable	(7,224,427)	(6,029,024)
Deposits and guarantees given	189	-
Doubtful receivables	24,164	24,164
Less: Provision for doubtful receivables	(24,164)	(24,164)
	744,681,370	549,472,615

(*) NTL 3,811,437of receivables represents special consumption tax and value added taxes to be netted off against special consumption and value added taxes payable when related export custom documents are cleared by the customers to whom they would declare the export goods received from Tüpraş (see note 10).

7, TRADE RECEIVABLES AND PAYABLES (NET)

LONG TERM TRADE RECEIVABLES (NET)

	31 December 2005 NTL	31 December 2004 NTL
Deposits and guarantees given	54,176	54,246
	54,176	54,246

SHORT TERM TRADE RECEIVABLES (NET)

	31 December 2005 NTL	31 December 2004 NTL
Trade receivables	983,504,275	669,199,120
Notes receivable	18,631,387	72,844
Discount on trade and notes receivable	(2,826,135)	(1,369,422)
Deposits and guarantees given	1,236,320	1,170,527
Other trade receivables	19,344,880	12,803,242
	1,019,890,727	681,876,311

8, FINANCE LEASE RECEIVABLES AND PAYABLES

None,

9, DUE FROM/TO RELATED PARTIES (NET)

	31 December 2005 NTL	31 December 2004 NTL
Due from personnel (short term)	7,180,582	6,900,685
Due from personnel (long term)	3,265	4,525
	7,183,847	6,905,210
Due to personnel	16,055,268	7,787,165

10. OTHER RECEIVABLES AND LIABILITIES

OTHER SHORT TERM RECEIVABLES

	31 December 2005 NTL	31 December 2004 NTL
Other Receivables	227,626	436,316
Doubtful receivables	1,804,411	1,627,628
Less: Provision for doubtful receivables	(1,804,411)	(1,627,628)
	227,626	436,316

OTHER SHORT TERM LIABILITIES

	31 December 2005 NTL	31 December 2004 NTL
VAT payable (*)	84,337,498	109,284,666
Special consumption tax payable (*)	444,131,531	519,304,000
Other taxes and dues	17,003,608	16,600,456
Other	8,164,134	592,006
	553,636,771	645,781,128

(*) NTL 2,274,977 of deferred special consumption and NTL 1,536,460 value added taxes will be netted against to receivables when related export custom documents are cleared by the customers to whom they would declare the export goods received from Tüpraş (see note 7).

10. OTHER RECEIVABLES AND LIABILITIES (cont'd)

OTHER LONG TERM LIABILITIES

	31 December 2005 NTL	31 December 2004 NTL
Customers shares to pipelines	3,223,887	3,478,181
Income share(*)	34,476,514	-
	37,700,401	3,478,181

(*) In accordance with the 16th article of the Petroleum Market Law No:1015 and international agreements, to ensure continuity and to prevent risks in case of crises and unusual circumstances, refineries are responsible to conserve the complementary part of the national petroleum inventory by reserving an amount of at least 90 days petroleum stock based on the net import within the consumption usage of previous year to fulfill the obligation about petroleum stocks in case of emergencies. According to the law, the required fund, financing expenses, warehousing and continuation costs to provide the complemantary part of the compulsory stock inventory are financed by the fee the revenue obtained from the refineries collected by the refineries added into product prices and the fee determined by the commission(maximum US $ 10) and added to consumer price.

In the 50th article of Petroleum Market License Regulation published inthe official gazette dated 17 June 2004, income share for petroleum products is determined as NTL 1,5 for each metric ton or its equivalent volume and it is stated that ton fractions will not be taken into consideration in calculation.

In case of imports excluding import made by refineries, this revenue is paid to the refinery by importers. As of 1 January 2005, the regulation takes effect and the Company collects income share from sales of petroleum products and imports of petroleum products made by others than the refinery.

The Company additionally to the collected income share, collects NTL 3 of income share per ton for liquefied petroleum gas (LPG) in accordance with the 40th article of Liquefied Petroleum Gas Market Regulation published in the official gazette of the same date.

In the meeting numbered 2005/2 of International Petroleum Inventory Commitee held on 6 May 2005, it is decided that the income shares should be deposited in the "Income Share Account" of T.C Ziraat Bankası (Bank) at the latest till the 20th of the following month, the secreteriat of the Commission should be informed about the deposited income shares, collected income shares should be recorded in accounts by Tüpraş and the accrued amount in the account should be valued with overnight repo.

In line with the decision, as of 31 December 2005 NTL 34,476,514 is under "the Income Share" account of the Long Term Other Liabilities whereas NTL 32,253,844 is calculated relative to "the Income Share" and is under blocked bank deposits of Other Long Term Liabilities (please refer to note 15).

11. BIOLOGICAL ASSETS

None.

12. INVENTORIES

	31 December 2005 NTL	31 December 2004 NTL
Raw materials	493,261,979	340,055,500
Semi-finished goods	118,831,915	128,549,473
Finished goods	426,046,469	360,323,387
Trade goods	35,659,765	5,833,399
Goods in transit – trade goods	36,048,123	22,282,845
Goods in transit – raw materials	211,378,728	130,057,429
Advances given	4,356,299	13,051,852
Other inventory	68,445	37,366
	1,325,651,723	1,000,191,251
Less: Provision for diminution in value	(6,255,933)	(12,765,075)
	1,319,395,790	987,426,176

Movements in the allowance for diminution in value during 2005 and 2004 are as follows:

	31 December 2005 NTL	31 December 2004 NTL
Beginning balance at 1 January	(12,765,075)	(6,235,802)
Period charge	(10,267,451)	(7,287,396)
Release from provision for the period/year	16,776,593	-
Monetary gain / (loss)	-	758,123
Ending balance	(6,255,933)	(12,765,075)

13. RECEIVABLES FROM ONGOING CONSTRUCTION CONTRACTS

None.

14. DEFERRED TAX ASSET AND LIABILITIES

The Company recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for IFRS purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for IFRS and tax purposes and are set out below.

Deferred Tax (cont'd)

Temporary differences subject to deferred tax	31 December 2005 NTL	(As Restated) 31 December 2004 NTL
Useful life difference on fixed assets	615,699,816	490,983,680
Retirement pay provision	(114,212,570)	(92,257,834)
Investment incentive carried forward	(41,355,338)	(49,385,436)
Changes in inventories	-	(959,214)
Others	(152,302,416)	(126,933,161)
	307,829,492	221,447,035

Deferred tax rate excluding investment incentive is %30 (2004: %30), Investment incentive tax rate is %10.2, (2004: %10.2)

Deferred tax (assets) / liabilities:	31 December 2005 NTL	(As Restated) 31 December 2004 NTL
Useful life difference on fixed assets	184,709,945	147,295,104
Retirement pay provision	(34,263,771)	(27,677,350)
Investment incentive carried forward	(4,218,244)	(5,037,314)
Changes in inventories	-	(287,764)
Others	(45,690,725)	(38,079,948)
	100,537,205	76,212,728

Deferred tax (asset) / liability movement:	2005 NTL	(As Restated) 2004 NTL
1 January, opening balance	76,212,728	37,313,119
Monetary gain	-	(4,536,378)
Deferred tax (benefit) / expense	24,324,477	43,435,917
31 December, closing balance	100,537,205	76,212,728

15. OTHER CURRENT / LONG TERM ASSETS AND CURRENT / LONG TERM LIABILITIES

OTHER CURRENT ASSETS

	31 December 2005 NTL	31 December 2004 NTL
Prepaid personnel expenses	1,852,379	1,801,827
Prepaid insurance and other expenses	3,110,721	3,458,634
Prepaid stamp taxes	234,423	513,905
Prepaid catalyst expenses	2,059,169	828,630
Business advances	-	363,632
Personel advances	42,593	9,711
Deposits and gurantees given	128,169	202,153
Blocked bank deposits(*)	28,404,555	689,683
Other current assets	34,394	84,253
	35,866,403	7,952,428

(*)As of 31 December 2005, NTL 28,404,555 (US $ 21,168,994) is held as a blocked bank deposit in the bank as a provision for the cost of goods that will be imported.
(On 31 December 2004; NTL 689,683 (US $ 513,885) was a blocked bank deposit whereas NTL 10,666,814 (US $ 7,947,853) was advance for orders given).

OTHER LONG TERM ASSETS

	31 December 2005 NTL	31 December 2004 NTL
Blocked bank deposits(*)	32,253,844	-
Prepaid catalyst expenses	10,555,540	3,063,639
Prepaid insurance expenses	392,394	-
Spare parts and other materials inventory	282,389,271	283,257,748
	325,591,049	286,321,387

(*) As of 31 December 2005, NTL 32,253,844 of blocked bank deposits is related to the amount of "Income Share" (pls refer to note 10).

16. FINANCIAL ASSETS

As of 31 December 2005 and 31 December 2004 the Group's share in unconsolidated participations is as below:

Company name	Share %	31 December 2005 NTL	Share %	31 December 2004 NTL
Non –trading at Stock Exchange	<1	1,398	<1	1,398

17. NEGATIVE GOODWILL (NET)

	2005 NTL	2004 NTL
Cost		
As of 1 January	4,177,910	4,177,910
Negative goodwill adjustment (*)	(4,177,910)	-
As of 31 December	-	4,177,910
Accumulated amortization		
As of 1 January	(522,238)	(348,158)
Negative goodwill adjustment *	522,238	(174,080)
As of 31 December	-	(522,238)
Net book value as of 31 December	-	3,655,672

(*) Negative goodwill resulting from previous acquisitions' net recorded amount is classified as "Previous Years' Profits" according to IFRS 3 ("Mergers"); starting the application initially on 31 March 2004 and then (Footnote 3.h.).

18. INVESTMENT PROPERTY

None.

19. PROPERTY, PLANT AND EQUIPMENT (NET)

	Land	Land Improvements	Buildings	Machinery & Equipment	Vehicles	Furniture & Fixtures	Other Fixed Assets	Construction in Progress & Advances Given	Total
	NTL	NTL	NTL	NTL	NTL	NTL	NTL	NTL	NTL
Acquisition cost									
Opening balance January 1 2005	28,179,056	663,177,447	226,544,780	4,385,030,497	208,584,006	61,392,930	237,461	384,485,903	5,957,632,080
Additions	-	-	-	11,304	-	11,275	-	322,712,760	322,735,339
Disposals	(147,057)	(1,472,633)	(602,726)	(19,554,243)	-	(131,477)	-	-	(21,908,136)
Transfer from construction in progress	-	12,618,219	5,275,932	184,556,449	61,000	288,782	-	(202,800,382)	-
Closing balance December 31 2005	28,031,999	674,323,033	231,217,986	4,550,044,007	208,645,006	61,561,510	237,461	504,398,281	6,258,459,283
Accumulated depreciation									
Opening balance January 1 2005	-	(430,043,117)	(113,424,400)	(2,982,122,136)	(119,218,340)	(54,462,864)	(166,873)	-	(3,699,437,730)
Charge for the period	-	(45,255,276)	(10,551,510)	(182,948,198)	(5,251,781)	(3,410,514)	(43,563)	-	(247,460,842)
Disposals	-	575,616	200,662	15,623,974	-	128,038	-	-	16,528,290
Closing balance December 31 2005	-	(474,722,777)	(123,775,248)	(3,149,446,360)	(124,470,121)	(57,745,340)	(210,436)	-	(3,930,370,282)
Accumulated Impairment - December 31 2005	-	(1,634,273)	(2,138,349)	(5,941,465)	(64,611)	(12,522)	-	-	(9,791,220)
Net book value at December 31 2005	28,031,999	197,965,983	105,304,389	1,394,656,182	84,110,274	3,803,648	27,025	504,398,281	2,318,297,781

19. PROPERTY, PLANT AND EQUIPMENT (NET) (cont'd)

	Land	Land Improvements	Buildings	Machinery & Equipment	Vehicles	Furniture & Fixtures	Other Fixed Assets	Construction in Progress & Advances Given	Total
	NTL	NTL	NTL	NTL	NTL	NTL	NTL	NTL	NTL
Acquisition cost									
Opening balance January 1 2004	28,179,056	658,055,085	212,168,100	4,376,070,735	208,310,690	61,013,785	237,461	194,393,339	5,738,428,251
Additions	-	-	-	30,125	-	67,774	-	220,555,628	220,653,527
Disposals	-	(4,991)	-	(1,237,262)	(35)	(207,410)	-	-	(1,449,698)
Transfer from construction in progress	-	5,127,353	14,376,680	10,166,899	273,351	518,781	-	(30,463,064)	-
Closing balance December 31 2004	28,179,056	663,177,447	226,544,780	4,385,030,497	208,584,006	61,392,930	237,461	384,485,903	5,957,632,080
Accumulated depreciation									
Opening balance January 1 2004	-	(385,367,256)	(103,240,988)	(2,803,925,520)	(113,534,381)	(51,217,554)	(123,310)	-	(3,457,409,009)
Charge for the period	-	(44,680,852)	(10,183,412)	(179,384,209)	(5,683,994)	(3,452,375)	(43,563)	-	(243,428,405)
Disposals	-	4,991	-	1,187,593	35	207,065	-	-	1,399,684
Closing balance December 31 2004	-	(430,043,117)	(113,424,400)	(2,982,122,136)	(119,218,340)	(54,462,864)	(166,873)	-	(3,699,437,730)
Accumulated Impairment - December 31 2004	-	(4,459,410)	(4,703,150)	(16,200,775)	(148,361)	(28,307)	-	-	(25,540,003)
Net book value at December 31 2004	28,179,056	228,674,920	108,417,230	1,386,707,586	89,217,305	6,901,759	70,588	384,485,903	2,232,654,347

19. PROPERTY, PLANT AND EQUIPMENT (NET) (cont'd)

Depreciation rates for tangible assets are as follows:

	(%)
Buildings	2-10
Land Improvements	2-10
Machinery & Equipment	4-25
Vehicles	4-20
Furniture & Fixtures	5-20

20. INTANGIBLE ASSETS (NET)

	Rights NTL	Other Intangible Assets NTL	Total NTL
Acquisition cost			
Opening balance January 1 2005	929,754	2,540,351	3,470,105
Additions	40,791	692,119	732,910
Disposals	-	(45,362)	(45,362)
Closing balance December 31 2005	970,545	3,187,108	4,157,653
Accumulated depreciation			
Opening balance January 1 2005	(487,963)	(1,228,935)	(1,716,898)
Charge for the period	(191,287)	(527,910)	(719,197)
Disposals	-	45,362	45,362
Closing balance December 31 2005	(679,250)	(1,711,483)	(2,390,733)
Net book value at December 31 2005	291,295	1,475,625	1,766,920

20. INTANGIBLE ASSETS (NET) (cont'd)

	Rights NTL	Other Intangible Assets NTL	Total NTL
Acquisition cost			
Opening balance January 1 2004	856,871	2,001,740	2,858,611
Additions	72,883	633,247	706,130
Disposals	-	(94,636)	(94,636)
Closing balance December 31 2004	929,754	2,540,351	3,470,105
Accumulated depreciation			
Opening balance January 1 2004	(312,397)	(880,907)	(1,193,304)
Charge for the period	(175,566)	(410,098)	(585,664)
Disposals	-	62,070	62,070
Closing balance December 31 2005	(487,963)	(1,228,935)	(1,716,898)
Net book value at December 31, 2004	441,791	1,311,416	1,753,207

21. ADVANCES RECEIVED

	31 December 2005 NTL	31 December 2004 NTL
Advances received	8,554,099	16,066,868
	8,554,099	16,066,868

22. RETIREMENT PLANS

None

23. PROVISIONS

	31 December 2005 NTL	(As Restated) 31 December 2004 NTL
Provision for corporate tax	32,561,984	99,047,041
Other short term provisions	102,512,786	64,770,864
Short term provisions	135,074,770	163,817,905
Long term provisions	114,212,570	92,257,834
	249,287,340	256,075,739

23. PROVISIONS (cont'd)

	(As Restated) Provision for legal claims	Provision of environmenta l liability	(As Restated) Vacational pay liability (*)	Provision of Incentive to seniority premiums (**)	(As Restated) Tax penalty provision	Freight cost difference provision	Loss of tank bottom provision	(As Restated) IOPC participation share provision	(As Restated) Total
As of 31 December 2004	5,896,916	11,490,505	19,106,384	9,390,301	-	-	-	-	45,884,106
The effect of the restatement (Footnote 44)	8,570,884	-	1,214,217	-	7,887,804	-	-	1,213,853	18,886,758
1 Ocak 2005 itibariyle	14,467,800	11,490,505	20,320,601	9,390,301	7,887,804	-	-	1,213,853	64,770,864
Provision alloated during period	25,582,348	12,272,895	10,089,147	3,732,359	335,933	1,533,297	830,165	-	54,376,144
Provision released during the period	-	(9,802,283)	(3,231,830)	(1,297,949)	-	-	-	-	(14,332,062)
Payments done in the period	-	(1,987,112)	(247,928)	(67,120)	-	-	-	-	(2,302,160)
As of 31 December 2005 itibariyle	40,050,148	11,974,005	26,929,990	11,757,591	8,223,737	1,533,297	830,165	1,213,853	102,512,786

(*) The Company, in accordance with IAS 19 allocates provisions for accrued vacations of its employees as at the end of the period,
(**)Seniority premiums are given to personnel in order to encourage their devotion to their work. For each month, personnel complete a specific indemnity level, a wage of determined days relative to the indemnity level which is given just for once in addition to their monthly wage. For 5 years of indemnity, a wage of 45 days, for 10 years of indemnity a wage of 55 days, for 20 years of indemnity a wage of 80 days, for 25 years of indemnity a wage of 90 days and for 30 years of indemnity a wage of 100 days is paid to personnel in addition to their monthly wages. According to IAS 19, the Company allocates provisions at the end of periods for accrued parts of seniority premiums that will be paid in the future.

23. PROVISIONS (cont'd)

LONG TERM PROVISIONS

	31 December 2005 NTL	31 December 2004 NTL
Retirement pay provision	114,212,570	92,257,834
	114,212,570	92,257,834

Under the Turkish Law, the Company is required to pay employment termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men).

As of 31 December 2005; the retirement pay liability is subject to NTL 1,727,15 for each service year on monthly salary.

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

Retirement pay provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees.

IFRS state the calculation of the description of the Company's liabilities with the actuarial methods within the framework benefit plans. Actuarial assumptions in the calculation of total liabilities are stated below.

The real assumption is the increase of maximum liability of each service year in paralel to inflation. Therefore, applied discount rate repesents the anticipated real interest rate after the adjustment of inflation effects. Consequently, in the accompanying financial statements as at 31 December 2005, 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 6.175% and a discount rate of 12 %.

	2005 NTL	2004 NTL
Provision as of 1 January 2005	92,257,834	84,760,268
Service cost	25,666,786	19,740,219
Interest cost	4,605,171	4,090,464
Payments within period	(8,317,221)	(5,765,112)
Monetary gain / loss	-	(10,568,005)
Provision as of 31 December	114,212,570	92,257,834

24. MINORITY INTEREST

	2005 NTL
Opening balance at 1 January	18,487,796
Minority share on operating results of the period/year	4,203,362
Minority share on dividends	(3,280,476)
Ending balance 31 December	19,410,682

25. SHARE CAPITAL

As of 31 December 2005 and 31 December 2004 , share capital of the Group is as follows:

TÜPRAŞ:	31 December 2005		31 December 2004	
Shareholders	Share %	Capital Share Amount NTL	Share %	Capital Share Amount NTL
T.C Başbakanlık Özelleştirme İdaresi Başkanlığı	51.00	127,713,792	65.76	164,683,491
Other	49.00	122,705,408	34.24	85,735,709
		250,419,200		250,419,200
Restatement effect		1,344,242,642		1,344,242,642
Restated capital	100.00	1,594,661,842	100.00	1,594,661,842

As at 31 December 2005, the Group's issued and paid-in share capital consists of 250,041,919,199 of class A shares with a par value of Ykr 1 each and 1 class C share which belongs to the Privatization Administration (PA). According to Article of Association of Tüpraş one member of the board of directors has to be nominated by class C shareholder. The following Board of Directors' decisions are subject to class C shareholder's affirmative vote:

a) All kinds of amendments in the Articles of Association which may directly affect the meeting and the resolution quorum of the Board of Directors, and the rights that belong to the "Privileged share", and the obligation of accommodating the needs of the Turkish Armed Forces, and the rights of the privileged share that relates to this obligation.

b) Accommodation of the petroleum products demand of Turkish Armed Forces outside the required quality, timing and quantity and with higher prices than suitable market prices in the line with similar products since it is essential that the petroleum products demand of the Turkish Armed Forces-including the procurement and the protection of the production capability and all systems related to transportation of such petroleum products-shall be accommodated with priority in accordance with the required quality, timing and quantity and with suitable market prices that are in line with similar products.

c) Closure, sale, limitation of any kind of capacity decrease of more than 10 percent of any of the refineries that are owned by the company, or, partition of the company or merger with another company, that may restrict and/or hinder the accommodation of the petroleum products demand of Turkish Armed Forces.

d) Liquidation of the group.

26. CAPITAL RESERVES

	31 December 2005 NTL	31 December 2004 NTL
Shareholders' Equity Inflation Restatement Differences		
Capital	1,344,242,642	1,344,242,642
Premium in Excess of Par	2,727,473	2,727,473
Legal Reserves	415,850,531	415,850,531
	1,762,820,646	1,762,820,646
Premium in Excess of Par	171,969	171,969
	1,762,992,615	1,762,992,615

27. PROFIT RESERVES

As of 31 December 2005 and 31 December 2004, nominal values of profit reserves of the Company were as follows:

	31 December 2005 NTL	31 December 2004 NTL
Legal Reserves	222,398,141	168,272,000
	222,398,141	168,272,000

According to Turkish Commercial Code, legal reserves consist of first and second legal reserves. The first legal reserves, appropriated out of historical statutory profit at the rate of 5% per annum, until the total reserve reaches %20 of the historical paid in share capital. The second legal reserve is appropriated after the first legal reserves and dividends, at the rate of 10% per annum of all cash distributions.

28. RETAINED EARNINGS

	31 December 2005 NTL	(As restated) 31 December 2004 NTL
Previous years' income	354,607,673	338,435,113
Restated effect (Footnote 44)	-	(14,528,045)
Negative goodwill adjustment effect(*)	3,655,672	-
	358,263,345	323,907,068

(*) IFRS 3 "business combinations" is effective since 31 March 2004 or the beginning of the first annual period after that date, Net book value of negative goodwill arising from acqusitions in prior periods are included in retained earnings in accordance with IFRS 3 (please see note 3h and 17)

29. FOREIGN CURRENCY POSITION:

As of 31 December 2005:

		Original Currency Amount	FX Rate	NTL
Foreign Curency Assets				
Bank deposits	USD	105,494,433	1.3418	141,552,430
Trade Receivables	USD	49,416,806	1.3418	66,307,470
Other current assets	USD	21,168,994	1.3418	28,404,556
Notes receivable	USD	464,614	1.3418	623,419
Discount of note receivables	USD	(50,942)	1.3418	(68,353)
Foreign currency liabilities				
Loans	USD	(308,311,674)	1.3418	(413,697,158)
Loans	EUR	(14,665,283)	1.5875	(23,281,137)
Loans	JPY	(3,707,068,767)	0.01140	(42,260,584)
Total				(479,238,879)
Trade payables	USD	(632,355,011)	1.3418	(848,493,954)
Trade payables	EUR	(18,420)	1.5875	(29,242)
Trade payables	GBP	(774)	2.3121	(1,790)
Total				(848,524,986)
Trade payables and discount of note payables	USD	1,349,761	1.3418	1,811,110
Other liabilities and provisions	USD	(35,719,814)	1.3418	(47,928,846)
Other liabilities and provisions	GBP	(525,000)	2.3121	(1,213,853)
				(49,142,669)
Net foreign currency position				(1,138,275,932)

29. FOREIGN CURRENCY POSITION (cont'd)

As of 31 December 2004:

		Original Currency Amount	FX Rate	NTL
Foreign currency assets				
Bank deposits	USD	128,178,402	1.3421	172,028,233
Trade Receivables	USD	14,767,432	1.3421	19,819,370
Order advances given	USD	7,947,853	1.3421	10,666,814
Order advances given	EUR	171,425	1.8268	313,159
Order advances given	GBP	22,330	2.5765	57,533
Total				11,037,506
Notes Receivable	USD	530,864	1.3421	712,473
Discount of note receivables (-)	USD	7,385	1.3421	9,911
Foreign currency liabilities				
Loans	USD	(198,176,856)	1.3421	(265,973,158)
Loans	JPY	(6,522,238,191)	0.012913	(84,221,662)
Loans	EUR	(5,167,809)	1.8268	(9,440,553)
Total				(359,635,373)
Trade payables	USD	(442,365,902)	1.3421	(593,699,277)
Trade payables	EUR	(2,207)	1.8268	(4,032)
Trade payables	GBP	(138)	2.5765	(356)
Total				(593,703,665)
Other liabilities and provisions	USD	(8,561,586)	1.3421	(11,490,505)
Deposits and guarantees received	USD	(62,843)	1.3421	(84,342)
Net foreign currency position				(761,306,392)

30. GOVERNMENT GRANTS AND INCENTIVES

None.

31. PROVISIONS, CONTINGENT LIABILITIES AND COMMITMENTS

	31 December 2005 NTL	31 December 2004 NTL
Letters of bank guarantees given	212,165,235	303,660,000
Other letters of guarantees	60,614,616	2,492,475
Guarantee checks given to custom authorities	-	9,662,001
	272,779,851	315,814,476

Legal cases:

No provision has been recorded by Ditaş for the legal case worth of USD 4,000,000 commenced by Kıyı Emniyeti ve Gemi Kurtarma İşletmeleri considering that the lawsuit is about to come to a conclusion in the Court of Appeals as of the balance sheet date and the ship subject to the lawsuit is insured.

Environmental issues:

Independent environmental consultants were commissioned to report on the potential investment needed by the Group in respect of environmental issues. In their report, issued in June 2005, three costing scenarios were developed for each of the environmental concern identified. Costing scenarios were based on the general market conditions in Turkey and Turkish and EU regulatory requirements, and reflected the costs of the technical solutions required to address a given issue. Those scenarios were defined as the "best case", the "reasonable case" and the "high case" with respect to cost estimates and they were completed referring to the time frame, specifying "immediate", "mid-term" and "long-term" improvements and investments in accordance with the priority of the corresponding condition.

- The "best case" scenario assumes the substantial absence of the issue, unless recognized, or the lower end of mitigating cost range estimated, In general, it refers to already planned and budgeted activities;

- The "reasonable case" calls for contamination of the vadose soil (limited impact), or the middle of the mitigation cost range estimated, In general, it refers to the situation identified during the visit and evident remediation or mitigation activities; and

- The "high case" anticipates more serious impact extending to the groundwater, direct untreated discharges to various mediums, or an estimate of the upper end of the mitigation cost range identified.

31. PROVISIONS, CONTINGENT LIABILITIES AND COMMITMENTS (cont'd)

Environmental issues: (cont'd)

In the consultants' report, expenditures to be made in the time frame defined as "immediate" have been estimated as USD 7,205,000, USD 9,150,000 and USD 15,848,000 under the "best case", the "reasonable case" and the "high case" assumptions respectively. The Group provided provision of NTL 12,272,895 (USD 9,150,000) for the environmental liability; assuming that the expenditures will be realized according to "reasonable case" scenario. As of 31 December 2005; the provision provided as a result of expenditure is NTL 11,974,005, Environmental liability provision is included in "Provisions" in the accompanying financial statements. According to the report, cost of environmental liability related property and plant improvements and investments of the Company; which have been planned to be completed in the time frame defined as "immediate"; is USD 6,100,000.

Environmental liability; which may arise as a result of the expenditures and property and plant investments to be completed within the "mid-term" and "long-term" time frame depending on the future changes in environmental standards (such as compliance with the standards determined by the European Union) and according to the regulations already in effect; has been estimated as USD 11,640,000, USD 23,810,000 and USD 36,458,000 under the "best case", the "reasonable case" and the "high case" assumptions, respectively.

32. BUSINESS COMBINATIONS

None.

33. SEGMENTAL INFORMATION

None.

34. SUBSEQUENT EVENTS

In accordance with the decision numbered 2005/128 of the Privatization Commitee on 7 November 2005, it was decided that 51% of the Company shares are sold to Koç-Shell Ortak Girişim Grubu in consideration of US $ 4,140,000,000, Based on the bid specification of the establishment of Enerji Yatırımları A,Ş, by Koç - Shell Ortak Girişim Grubu as of 26 January 2006, paid an amount of US $ 4,140,000,000 to the Turkish Privatization Administration in cash as to purchase the shares of Tüpraş.

As of 27 January 2006, Mustafa Vehbi Koç is assigned as a representative of Enerji Yatırımları A.Ş. and chairman of the supervisory board whereas Mehmet Ömer Koç is assigned as a representative of the chairman of the supervisory board, Fevzi Bülent Özaydınlı, Temel Kamil Atay, Erol Memioğlu ve Cüneyt Ağca are assigned as members of the board of directors, Ali Tarık Uzun and İbrahim Murat Çağlar are assigned as members of the auditing committee.

Regarding the acquisition of the company shares, for 1,800,000,000 USD of loan used by Enerji Yatırımları A.Ş., 51 % of the company shares is mortgaged by creditor banks.

34. SUBSEQUENT EVENTS (cont'd)

In the case filed by Petrol-İş Sendikası concerning both the cancellation and stay of execution of the preparation of the document about the bid conditions about the privatization of 51 % of the company shares, in regard to the claimant's objection about the decision of council of the state for refusing of the stay of execution, the council of state proceeding in contentious administrative matters department had inspected the case and finalized its decision by sustaining the objection and decided to stay of execution of transaction on 02 February, 2006 and 2005/864 numbered decision.

According to the 02 February, 2006 dated and 2005/864 numbered decision by the council of the state proceeding in Contentious Administrative Matters Department it is determined that the decision given by the bid committee on 12 September, 2005 became not resistant and the stay of execution is decided.

According to the 26 January 2006 dated and 412 numbered board of directors decision; The management of Türkiye Petrol Rafinerileri A.Ş. decided to cancel its uncovered personnel regulation, In this respect, the company paid 2,074,243 NTL of seniority encouragement bonus on 27 January 2006 to uncovered personnel in consideration of their rights relating to the former regulation.

With the statement of Privatization Department on 29 March, 2006, the decision given by the council of state was voted whether executing the stay of execution about sale of company and the decision of the related issue was left to the Privization High Commission.

35. DISCONTINUED OPERATIONS

None.

36. OPERATING INCOME

NET SALES

	1 January – 31 December 2005 NTL
Domestic sales	24,277,330,495
Exports	2,558,957,884
Other revenues	942,634
Other deductions (-)	(11,992,427,062)
Net sales	14,844,803,951

COST OF SALES

	1 January – 31 December 2005 NTL
Raw materials	(12,548,106,027)
Direct labor cost	(79,480,305)
General production expenses	(268,366,177)
Depreciation expense	(228,470,935)
Semi-finished goods	(9,721,623)
Change in finished goods	65,723,082
Change in provision for diminution in value	6,509,142
Cost of goods sold	(13,061,912,843)
Change in trade goods	43,591,644
Trade goods purchases	(655,341,629)
Cost of trade goods	(611,749,985)
Depreciation expenses	(3,442,679)
Other service expenses	(146,086,249)
Cost of services	(149,528,928)
Cost of other sales	(20,871)
Cost of sales	(13,823,212,627)

36. OPERATING INCOME (cont'd)

INCOME FROM SERVICES

	1 January – 31 December 2005 NTL
Transportation revenues	12,670,970

OTHER OPERATING INCOME/INTEREST+DIVIDEND+RENT

	1 January – 31 December 2005 NTL
Interest income from customers	11,013,237

37. OPERATING EXPENSES

	1 January – 31 December 2005 NTL
Research and development expenses(-)	(111,243)
Marketing, selling and distribution expenses(-)	(52,839,066)
General administrative expenses(-)	(181,706,043)
	(234,656,352)

The details of research and development expenses are as folows:

	1 January – 31 December 2005 NTL
Personnel expenses	(69,122)
Indirect material expenses	(2,068)
Service expense provided from outside	(3,803)
Taxes	(17,768)
Depreciation expenses	-
Others	(18,482)
	(111,243)

37. OPERATING EXPENSES (cont'd)

The details of marketing, sales and distriution expenses are as follows:

	1 January – 31 December 2005 NTL
Personnel expenses	(19,920,612)
Indirect material expenses	(5,223,776)
Service expense provided from outside	(21,283,822)
Taxes	(150,182)
Depreciation expenses	(4,896,230)
Others	(1,364,444)
	(52,839,066)

The details of general administration expenses are as follows:

	1 January – 31 December 2005 NTL
Personnel expenses	(104,986,533)
Indirect material expenses	(4,187,220)
Service expense provided from outside	(10,790,146)
Taxes	(25,328,154)
Depreciation expenses	(4,382,394)
Others	(32,031,596)
	(181,706,043)

38. OTHER INCOME AND EXPENSES

OTHER INCOME AND GAIN	1 January – 31 December 2005 NTL
Rent income	1,292,462
Provision released	30,183,368
Interest income from bank deposits	97,536,652
Foreign exchange gains	132,355,513
Discount interest income	25,098,968
Penalties and fines received	4,949,677
Others	4,973,361
	296,390,001

38. OTHER INCOME AND EXPENSES (cont'd)

OTHER INCOME/EXPENSES (-)	1 January – 31 December 2005 NTL
Provision expense for legal claims	(25,582,348)
Vacation accrual expenses	(10,089,147)
Seniority premium expenses	(3,732,359)
Environmental liability provision expenses	(12,272,895)
Taxation penalty provision	(335,933)
Freight charge difference provision	(1,533,297)
Other provision expenses	(328,498)
Commission expenses	(303,461)
Foreign exchange losses	(96,968,294)
Discount interest expense	(24,837,658)
Idle capacity expenses	(20,734,529)
Depreciation expenses - (idle capacity)	(6,987,801)
Penalties and fines paid	(5,085,914)
Others	(6,765,629)
	(215,557,763)

39. FINANCE EXPENSES

	1 January – 31 December 2005 NTL
Short term borrowing expenses	(2,793)
Long term borrowing expenses	(6,904,798)
	(6,907,591)

40. NET MONETARY GAIN / LOSS

There is no net monetary gain / loss since the application of inflation accounting has been ceased as of 1 December 2005 based on the Capital Markets Board's meeting dated 17 March 2005 and numbered 11/367 .

41. TAXATION

	1 January – 31 December 2005 NTL
Tax expense	
Current tax expense	197,575,606
Deferred tax expense	24,324,477
	221,900,083

Reconciliation of tax reconciliation:	31 December 2005 NTL
Profit / (loss) before taxation and monetary gain / (loss)	884,543,826
Monetary gain / (loss)	-
After monetary gain / (loss) and loss before taxation	884,543,826
Calculation of taxation with an effective tax rate(2005:%30)	265,363,148
Tax effects of non deductable expenses	28,739,723
Tax effects of dividend and other income exempt from tax	(14,398,704)
Tax effects of investment incentives used	(36,216,189)
Tax effects of monetary gain/loss not taxable/deductable	(21,587,895)
Taxation	221,900,083

Corporate Tax:

The Group is 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 year.

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 corporate tax rates are 30% for 2005 and 33% for 2004.

In Turkey. advance tax returns are filed on a quarterly basis. The advance corporate income tax rate in 2005 and following years is 30% (2004: 33%).

Losses can be carried forward for offset against future taxable income for up to 5 years, Losses cannot be carried back for offset against profits from previous periods.

41. TAXATION (cont'd)

Corporate Tax (cont'd)

In Turkey there is no procedure for a final and definitive agreement on tax assessments, Companies file their tax returns within 15 April following the close of the accounting year to which they relate. 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. Undistributed dividends incorporated in share capital are not subject to income withholding taxes. However, 19,8% withholding tax is still applied to investment allowances relating to investment incentive certificates obtained prior to 24 April 2003. Such allowances may be used to relieve corporation tax liability until the profits reach the calculated level of exemption. If companies fail to make a profit or incur losses, any investment allowance outstanding may be carried forward to following years so as to be deducted from taxable income of subsequent profitable years.

Inflation adjusted tax calculation:

For 2003 and previous years, taxable profits were calculated without any inflation adjustment to the statutory records, except that fixed assets and the related depreciation were revalued annually. Law No, 5024 published in the Official Gazette No. 25332 on 30 December 2003 requires the application of inflation accounting in Turkey in 2004 and future years for tax purposes, if the actual rate of inflation meets certain thresholds, using principles which do not differ substantially from the principles in IAS 29, Since the inflation for the year 2004 has exceeded some criterias, the Company has performed inflation adjustment in accordance with Law No. 5024. Those balances are taken as opening balances as of 1 January 2005. The Inflationary Accounting is not applied since the criterias defined by the law in 2005 are not realized.

42. EARNINGS PER SHARE

The earnings per share figure for the period ended 31 December 2005 is calculated considering the free shares issued, During the period of 2005, there were no dilutive equity instruments outstanding, which would require the calculation of separate diluted earnings per share.

A summary of the weighted average number of shares outstanding and the basic earnings per share calculation for the period ended 31 December 2005 are as follows:

	1 January- 31 December 2005
Weighted average number of shares outstanding during the period	25,041,920,000
Net income (NTL)	658,440,381
Basic earnings per share (NTL)	2.62935

43. STATEMENT OF CASH FLOW

The statement of cash flow is presented in the accompanying financial staements. There is no other issues to be explained inthe footnotes.

44. OTHER ISSUES

Provision of corporate tax of the Group relating to years 2002, 2003 and 2004 are adjusted by the reconciliation of the tax department, NTL 7,887,804 of unpaid corporate tax relating to these years was paid on 13 March 2006. Relating to this, the opening balances as of 31 December 2005 in the accompanying financial statements are adjusted.

In accordance with the decision taken in the "Managerial Coordination Meeting" dated on 7 October 2005, the Group has decided to journalize temporary personnel's annual vacation which belongs to the working period in contractor firms before union membership. Therefore, as the result of the work handled in the year 2005, the Group allocated provision for the annual vacation of temporary personnel qualified for the period between the employment date and the date of affiliation in the union. Relating to this, opening balances as of 31 December 2005 in the accompanying financial statements are adjusted.

In the year 2005, the Group paid an amount of 1,213,853 NTL for the petroleum products above 150,000 tones annual to be transferred on cabotage line relating to the year 2004. Due to this payment, the opening balances as of 31 December 2005 in the accompanying financial statements are adjusted.

In accordance with the decision taken in the year 2005, the Group has calculated probable interest liability that could arise from the suits in opposition of the Group. Therefore, the opening balance as of 31 December 2005 of legal provisions are adjusted.

44. OTHER ISSUES (cont'd)

As a result, the figures below show the balances of which were previously reported in 2004 and their restated values:

	2004 Previously reported NTL	2004 Restated NTL	The effect of restatement NTL
As of 31 December			
Borrowing provision	144,931,147	163,817,905	18,886,758
Deferred tax liability	79,512,344	76,212,658	(3,299,686)
Retained earnings	956,345,247	940,758,174	(15,587,073)
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