

**TURCAS PETROL A.Ş.**

**CONVENIENCE TRANSLATION INTO ENGLISH OF  
CONDENSED INTERIM CONSOLIDATED  
FINANCIAL STATEMENTS FOR THE INTERIM  
PERIOD 1 JANUARY - 30 JUNE 2012  
TOGETHER WITH AUDITOR'S REVIEW REPORT**

**(ORIGINALLY ISSUED IN TURKISH)**

# TURCAS PETROL A.Ş.

## CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2012

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**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM  
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN  
TURKISH**

**TURCAS PETROL A.Ş.**

**CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS  
AT 30 JUNE 2012 AND 31 DECEMBER 2011**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

	Notes	30 June 2012	31 December 2011
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	99,479,746	118,261,958
Trade receivables		3,335,119	1,610,552
<i>Trade receivables from related parties</i>	18	266,218	185,650
<i>Trade receivables from third parties</i>		3,068,901	1,424,902
Other receivables		65,262,864	49,654,537
<i>Other receivables from related parties</i>	18	26,128,668	12,575,456
<i>Other receivables from third parties</i>		39,134,196	37,079,081
Other current assets	9	49,828,016	2,252,179
		<b>217,905,745</b>	<b>171,779,226</b>
Assets held for sale		246,953	246,953
<b>Total currents assets</b>		<b>218,152,698</b>	<b>172,026,179</b>
<b>Non-current assets</b>			
Other receivables		195,967,021	138,320,236
<i>Trade receivables from related parties</i>	18	195,881,945	138,243,752
<i>Other receivables from third parties</i>		85,076	76,484
Financial assets	6	58,240	58,240
Associates	5	526,371,689	541,927,870
Property, plant and equipment		2,853,449	3,506,354
Intangible assets		1,916	14,077
Other non-current assets		3,817,941	4,141,217
Deferred tax assets	16	-	126,057
<b>Total non-current assets</b>		<b>729,070,256</b>	<b>688,094,051</b>
<b>TOTAL ASSETS</b>		<b>947,222,954</b>	<b>860,120,230</b>

These condensed interim consolidated financial statements as at and for the period ended 30 June 2012 have been approved for issue by the Board of Directors on 29 August 2012 and signed on its behalf by Cabbar Yılmaz, Coordination and editor directors and by Nurettin Demircan, Accounting Manager.

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM  
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN  
TURKISH**

**TURCAS PETROL A.Ş.**

**CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS  
AT 30 JUNE 2012 AND 31 DECEMBER 2011**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

	Notes	30 June 2012	31 December 2011
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Financial liabilities	7	13,457,458	-
Trade payables		3,012,388	2,333,533
<i>Trade payables from related parties</i>	18	281,079	253,531
<i>Trade payables from third parties</i>		2,731,309	2,080,002
Other payables		13,039,169	11,688,970
<i>Trade payables from related parties</i>	18	374,501	544,517
<i>Trade payables from third parties</i>		12,664,668	11,144,453
Current income tax liabilities	16	1,329,344	1,788,605
Provisions		4,500	6,500
Provisions for employee benefits		342,210	516,024
Other current liabilities		7,455	15,816
<b>Total current liabilities</b>		<b>31,192,524</b>	<b>16,349,448</b>
<b>Non-current liabilities</b>			
Financial liabilities	7	241,962,977	212,212,104
Provisions for employee benefits		316,252	332,968
Other non-current liabilities		1,948,471	1,948,570
Deferred tax liabilities	16	2,731,650	-
<b>Total non-current liabilities</b>		<b>246,959,350</b>	<b>214,493,642</b>
<b>Shareholders' Equity</b>			
Paid in capital	10	225,000,000	225,000,000
Adjustment to share capital	10	41,247,788	41,247,788
Treasury shares	10	(22,850,916)	(22,850,916)
Restricted reserves	10	32,356,963	29,863,083
Prior years' income		346,419,109	258,095,696
Net income for the period		46,894,174	97,915,312
Attributable to			
equity holders of the parent		669,067,118	629,270,963
Non-controlling interest		3,962	6,177
<b>Total shareholders' equity</b>		<b>669,071,080</b>	<b>629,277,140</b>
<b>Total liabilities and shareholders' equity</b>		<b>947,222,954</b>	<b>860,120,230</b>

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM  
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN  
TURKISH**

**TURCAS PETROL A.Ş.**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF  
INCOME FOR THE SIX - MONTH PERIODS ENDED 30 JUNE**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

	<b>Notes</b>	<b>Reviewed 1 January - 30 June 2012</b>	<b>Reviewed 1 January - 30 June 2011</b>	<b>Not reviewed 1 April - 30 June 2012</b>	<b>Not reviewed 1 April - 30 June 2011</b>
Net sales	11	7,276,095	4,960,743	4,306,968	3,493,361
Cost of sales	11	(7,101,945)	(4,030,883)	(3,837,495)	(2,998,218)
<b>Gross profit</b>		<b>174,150</b>	<b>929,860</b>	<b>469,473</b>	<b>495,143</b>
Marketing, selling and distribution expenses		(660,785)	(611,905)	(373,769)	(295,319)
General administrative expenses		(5,625,423)	(4,783,824)	(3,023,460)	(2,797,812)
Other income	13	21,591,295	13,302,492	20,799,879	13,239,716
Other expenses		(43,354)	(51,819)	(42,516)	(28,489)
<b>Operating profit</b>		<b>15,435,883</b>	<b>8,784,804</b>	<b>17,829,607</b>	<b>10,613,239</b>
Income from associates	5	15,648,606	15,644,448	(688,486)	271,464
Financial income	14	40,928,718	4,302,583	25,179,151	2,420,258
Financial expenses	15	(20,818,514)	(9,535,955)	(7,225,446)	(7,934,744)
<b>Income before tax</b>		<b>51,194,693</b>	<b>19,195,880</b>	<b>35,094,826</b>	<b>5,370,217</b>
<b>Tax expense</b>					
- Taxes on income	16	(1,445,158)	(2,466,444)	(1,445,158)	(2,466,444)
- Deferred tax income	16	(2,857,707)	350,718	(3,191,830)	92,153
<b>Net income</b>		<b>46,891,828</b>	<b>17,080,154</b>	<b>30,457,838</b>	<b>2,995,926</b>
Other comprehensive income		-	-	-	-
<b>Total comprehensive income</b>		<b>46,891,828</b>	<b>17,080,154</b>	<b>30,457,838</b>	<b>2,995,926</b>
Distribution of total comprehensive income:					
Equity holders of the parent		46,894,174	17,080,110	30,459,098	2,995,895
Non-controlling interest		(2,346)	44	(1,260)	31
Earnings per share	17	0.21	0.08	0.14	0.01

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
ORIGINALLY ISSUED IN TURKISH**

**TURCAS PETROL A.Ş.**

**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE SIX-MONTH PERIODS ENDED 30 JUNE**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

	Paid in capital	Inflation adjustment of capital	Treasury shares	Restricted reserves	Retained Earnings	Net Profit for the period	Equity attributable to equity holders of the parent	Minortiy interest	Total equity
<b>1 January 2011</b>	<b>225,000,000</b>	<b>41,247,788</b>	<b>(22,850,916)</b>	<b>26,996,418</b>	<b>220,825,272</b>	<b>56,382,717</b>	<b>547,601,279</b>	<b>6,934</b>	<b>547,608,213</b>
Transfers	-	-	-	2,866,664	53,516,053	(56,382,717)	-	-	-
Capital increase - minority interest	-	-	-	-	-	-	-	286	286
Shell Gaz A.Ş. acquisition (Note 5)	-	-	-	-	(1,918,200)	-	(1,918,200)	-	(1,918,200)
Dividends paid	-	-	-	-	(10,647,028)	-	(10,647,028)	-	(10,647,028)
Total comprehensive income	-	-	-	-	-	17,080,110	17,080,110	44	17,080,154
<b>30 June 2011</b>	<b>225,000,000</b>	<b>41,247,788</b>	<b>(22,850,916)</b>	<b>29,863,082</b>	<b>261,776,097</b>	<b>17,080,110</b>	<b>552,116,161</b>	<b>7,264</b>	<b>552,123,425</b>
<b>1 January 2012</b>	<b>225,000,000</b>	<b>41,247,788</b>	<b>(22,850,916)</b>	<b>29,863,083</b>	<b>258,095,696</b>	<b>97,915,312</b>	<b>629,270,963</b>	<b>6,177</b>	<b>629,277,140</b>
Transfers	-	-	-	2,493,880	95,421,432	(97,915,312)	-	-	-
Capital increase - minority interest	-	-	-	-	-	-	-	131	131
Dividends paid	-	-	-	-	(7,098,019)	-	(7,098,019)	-	(7,098,019)
Total comprehensive income	-	-	-	-	-	46,894,174	46,894,174	(2,346)	46,891,828
<b>30 June 2012</b>	<b>225,000,000</b>	<b>41,247,788</b>	<b>(22,850,916)</b>	<b>32,356,963</b>	<b>346,419,109</b>	<b>46,894,174</b>	<b>669,067,118</b>	<b>3,962</b>	<b>669,071,080</b>

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

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CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN  
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**TURCAS PETROL A.Ş.**

**CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENTS FOR THE  
SIX MONTH PERIODS ENDED 30 JUNE**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

	Notes	30 June 2012	30 June 2011
<b>Operating activities:</b>			
Income before tax		51,194,693	19,195,880
Adjustments to reconcile net cash provided from operating activities to income before taxes			
Foreign exchange (gains)/ losses regarding financial liabilities		(16,282,537)	9,003,230
Depreciation and amortisation	12	627,931	639,934
Provision for employee benefits		(16,715)	164,847
Provision of unused vacation		(173,814)	140,504
Provision for doubtful receivables		-	116,606
Transactions with associates	5	(11,443,819)	(15,644,448)
Interest expenses	15	6,689,045	2,057,662
Interest income	14	(13,905,223)	(1,578,976)
<b>Cash flows before changes in operating assets and liabilities</b>		<b>16,689,561</b>	<b>14,095,239</b>
<i>Changes in operating assets and liabilities</i>			
Changes in receivables from trade receivables and related parties		(69,680,925)	(49,045,528)
Changes in other receivables and assets		(24,226,344)	(33,775,471)
Changes in other payables and liabilities		1,339,738	1,240,855
Changes in payables from trade payables and related parties		678,856	(4,963,881)
Corporate taxes paid		(1,904,420)	(26,815)
<b>Cash flows used in from operating activities</b>		<b>(77,103,534)</b>	<b>(72,475,601)</b>
<b>Investing activities:</b>			
Acquisition of tangible and intangible assets		(212,291)	(282,000)
Associates capital increase	5	-	(11,061,439)
<b>Cash flows used in from investing activities</b>		<b>(212,291)</b>	<b>(11,343,439)</b>
<b>Financing activities:</b>			
Proceeds from bank borrowings		59,828,140	75,339,106
Repayment of bank borrowings		(315,540)	(213,356)
Interest received		12,846,047	1,618,251
Interest paid		(6,710,784)	(2,057,662)
Dividends paid		(7,098,019)	(10,647,028)
Capital increase-minority interest		131	286
<b>Cash flows provided from financing activities</b>		<b>58,549,975</b>	<b>64,039,597</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(18,765,850)</b>	<b>(19,779,443)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	4	<b>118,181,140</b>	<b>45,825,298</b>
<b>Cash and cash equivalents at the end of the period</b>	4	<b>99,415,290</b>	<b>26,045,855</b>

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**TURCAS PETROL A.Ş.**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2012**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

**NOTE 1 - GROUP’S ORGANISATION AND NATURE OF OPERATIONS**

Turcas Petrol A.Ş. and its subsidiaries (“The Group”) consists of, Turcas Petrol A.Ş. (“The Company”), a total of 6 subsidiaries and 3 associates.

Turcas Petrolcülük A.Ş. was established in 1988 by Türkp petrol Holding and Burmah-Castrol, In 1996, Tabaş Petrolcülük A.Ş. (“Tabaş”) purchased shares of Turcas Petrolcülük A.Ş. resulting in an ownership of 82.16%.

On 30 September 1999, Tabaş merged with Turcas Petrolcülük A.Ş.. As a result of the merger, the assets and liabilities of Turcas Petrolcülük A.Ş. were transferred to Tabaş and Turcas Petrolcülük A.Ş. was dissolved. As of the same date, the commercial title of Tabaş was changed to Turcas Petrol A.Ş.

As of 1 July 2006, Turcas Petrol A.Ş. transferred its part of shares to Shell & Turcas Petrol A.Ş. (STAS) by partial spin-off. 30% shares of Shell & Turcas Petrol A.Ş. were owned by Turcas Petrol A.Ş. and 70% shares of Shell & Turcas Petrol A.Ş. were owned by Shell Company of Turkey Ltd. Since this date, main operations of Turcas Petrol A.Ş.; purchasing, selling, importing, exporting of petroleum products, have been carried by Shell & Turcas Petrol A.Ş. By the decision of the Company’s Board of Directors, the main operations of the Company changed into search, research, production, transportation, distribution, storage, export, import, re-export, and national and international investments about trade in the energy sector and its sub sectors like petroleum, fuel, electricity and natural gas; and to establish new companies and/or to join the management and establishment of the companies that focus on developing new businesses with commercial, industrial, agricultural and financial purposes.

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

Dikilitaş Mahallesi Emirhan Caddesi No: 109 Beşiktaş/İstanbul.

The shares of the Company are traded on İstanbul Stock Exchange since 1992.

The Company’s main shareholders are Aksoy Holding A.Ş..The capital structure of the Company as of the related balance sheet dates have been provided at Note 10.

The number of employees of the Group as of 30 June 2012 is 48 (31 December 2011: 42).

<b>Subsidiaries</b>	<b>Country</b>	<b>Nature of business</b>
Turcas Enerji Holding A.Ş. (Former Marmara Petrol ve Rafineri İşleri A.Ş.)	Turkey	Holding
Turcas Elektrik Üretim A.Ş.	Turkey	Electricity
Turcas Elektrik Toptan Satış A.Ş.	Turkey	Electricity
Turcas Gaz Toptan Satış A.Ş.	Turkey	Gas
Turcas Yenilenebilir Enerji Üretim A.Ş.	Turkey	Electricity
Turcas Rafineri Yatırımları A.Ş.	Turkey	Petroleum refineries



**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**TURCAS PETROL A.Ş.**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2012**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

**NOTE 1 - GROUP’S ORGANISATION AND NATURE OF OPERATIONS (Continued)**

<b>Associates</b>	<b>Country</b>	<b>Nature of business</b>
Shell & Turcas Petrol A.Ş.(“STAŞ”)	Turkey	Petroleum products
Star Rafineri A.Ş.(“STAR”)	Turkey	Refinery
RWE&Turcas Güney Elektrik Üretim A.Ş. (*)	Turkey	Energy, electricity

(\*) RWE &Turcas Güney Elektrik Üretim A.Ş.’s consolidated financial statements consist of the financial statements of RWE& Turcas Enerji Toptan Satış A.Ş. which is a subsidiary of the Company.

**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS**

**2.1 Basis of presentation**

**Financial reporting standards**

The consolidated financial statements of the Group have been prepared in accordance with the accounting and reporting principles published by the CMB, namely “CMB Financial Reporting Standards”. CMB regulated the principles and procedures of preparation, presentation and announcement of financial statements prepared by the entities with Communiqué No, XI-29, “Principles of Financial Reporting in Capital Markets” (“the Communiqué”). The Communiqué is effective for the annual periods starting from 1 January 2008 and supersedes Communiqué No, XI-25, “The Accounting Standards in the Capital Markets”.According to the Communiqué, entities shall prepare their financial statements in accordance with International Financial Reporting Standards (“IAS/IFRS”) endorsed by the European Union. Until the differences of the IAS/IFRS as endorsed by the European Union from the ones issued by the International Accounting Standards Board (“IASB”) are announced by Public Oversight, Accounting and Auditing Standards Board (“POAASB”). IAS/IFRS issued by the IASB shall be applied. Accordingly, Turkish Accounting Standards/Turkish Financial Reporting Standards (“TAS/TFRS”) issued by the POAASB which are in line with the aforementioned standards shall be considered.

In accordance with the Communiqué No: XI-29, the entities are allowed to prepare a complete or condensed set of interim financial statements in accordance with IAS 34, “Interim Financial Reporting”. In this respect, the Group has preferred to prepare condensed consolidated financial statements in the interim periods and prepared the aforementioned condensed consolidated financial statements in compliance with CMB Financial Reporting Standards.

As the differences of the IAS/IFRS endorsed by the European Union from the ones issued by the IASB have not been announced by TASB as of the date of preparation of these consolidated financial statements, the condensed interim consolidated financial statements have been prepared within the framework of Communiqué XI, No: 29 and related promulgations to this Communiqué as issued by the CMB, in accordance with the CMB Financial Reporting Standards which are based on IAS/IFRS. The condensed interim consolidated financial statements and the related notes to them are presented in accordance with the formats recommended by the CMB, with the announcement dated 14 April 2008 and 9 January 2009, including the compulsory disclosures.

# CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

TURCAS PETROL A.Ş.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2012

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Turcas and its subsidiaries registered in Turkey maintain their books of account and prepare their statutory financial statements in accordance with the Turkish Commercial Code (“TCC”), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance and accounting principles issued by the CMB for listed companies. These condensed interim consolidated financial statements are based on the statutory records, which are maintained under historical cost conversion, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the CMB Financial Reporting Standards. The preparation of financial statements in conformity with IFRS requires management to exercise its judgement in the process of applying the group’s accounting policies.

#### Amendments in International Financial Reporting Standards

Effective from 1 January 2011, The Group applied the new and revised standards, amendments and interpretations that published by International Accounting Standards Board (IASB) and International Financial Reporting Interpretations Committee(IFRIC) related to its operations in the current period.

#### *Standards, amendments and interpretations, effective from 1 January 2012 and adopted by the Group*

- IAS 24 (Amendment), “Related party disclosures”
- IFRS 7 (Amendment), “Financial Instruments: Disclosures”

#### *Standards, amendments and interpretations, effective from 1 January 2012 that are not relevant to the consolidated financial statements of the Group*

- IFRS 1 (Amendment), “First-time Adoption of International Financial Reporting Standards”
- IFRIC 14 (Amendment), “The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction”
- There have been 6 changes to standards through the year of 2011 in scope of the project of developing IFRS.
  - > IFRS 1, “First-time Adoption”
  - > IFRS 3, “Business Combinations”
  - > IFRS 7, “Financial instruments: Disclosures”
  - > IAS 1, “Presentation of Financial Statements”
  - > IAS 27, “Separate Financial Statements”
  - > IAS 34, “Interim Financial Reporting”

#### *Standards, amendments and interpretations to existing standards that are not yet effective as of 30 June 2012 and have not been early adopted by the Company*

- IFRS 7 (Amendment), “Financial Instruments: Disclosures”
- IFRS 1 (Amendment), “First-time Adoption of International Financial Reporting Standards”
- IAS 32 (amendment), “Financial instruments: Presentation”
- IAS 12 (amendment), “Income taxes”
- IAS 19 (Amendment), “Employee Benefits”
- IAS 1 (Amendment), “Presentation of Financial Statements”

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**TURCAS PETROL A.Ş.**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2012**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

*Standards, amendments and interpretations to existing standards that are not yet effective as of 30 June 2012 and have not been early adopted by the Company (continued)*

- IFRS 9, “Financial Instruments”
- IFRS 10, “Consolidated Financial Statements”
- IFRS 11, “Joint Arrangements”
- IFRS 12, “Disclosure of Interest in Other Entities”
- IFRS 13, “Fair Value Measurement”
- IAS 27, “Separate Financial Statements”
- IAS 28, “Investments in Associates”
- IFRIC 20, “Stripping Costs in the Production Phase of a Surface Mine”
- There have been 5 changes in standards through the year of 2013 in scope of the project of developing IFRS.
  - > IFRS 1, “First Time Adoption”
  - > IFRS 3, “Business Combinations”
  - > IFRS 7, “Financial instruments: Disclosures”
  - > IAS 1, “Presentation of Financial Statements”
  - > IAS 27, “Separate Financial Statements”
  - > IAS 34, “Interim Financial Reporting”

Group will evaluate the effect of the aforementioned changes within its operations and apply changes starting from 1 July 2012. It is expected that the application of the standards and the interpretations above will not have a significant effect on the consolidated financial statements of the Group.

**Functional and presentation currency**

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The consolidated financial statements are presented in TRY, which is the functional currency of Turcas and the presentation currency of the Group.

**Going Concern**

Group prepared condensed interim consolidated financial statements in accordance with the going concern assumption.

**Offsetting**

Financial assets and liabilities are offset and reported in the net amount when there is a legally enforceable right or when there is an intention to settle the assets and liabilities on a net basis or realise the assets and settle the liabilities simultaneously.

# CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

TURCAS PETROL A.Ş.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2012

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### Comparatives and restatement of prior periods’ financial statements

The condensed interim consolidated financial statements of the Group include comparative financial information to enable the determination of the financial position and performance. Comparative figures are reclassified, where necessary, to conform to changes in presentation in the current year condensed interim consolidated financial statements and the significant changes are explained.

#### 2.2 Restatement and errors in the accounting policies and estimates

Material changes in accounting policies or material errors are corrected, retrospectively; by restating the prior year consolidated financial statements. The effect of changes in accounting estimates affecting the current period is recognised in the current period; the effect of changes in accounting estimates affecting current and future periods is recognised in the current and future periods.

#### 2.3 Summary of Significant Accounting Policies

The condensed interim consolidated financial statements of the Group for the period ended 30 June 2012 have been prepared in accordance with IAS 34 “Interim Financial Reporting”. The accounting policies used in the preparation of these condensed interim consolidated financial statements are consistent with those used in the preparation of annual consolidated financial statements for the year ended 31 December 2011. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2011.

#### 2.4 Critical accounting estimates and judgements

The preparation of condensed interim consolidated financial statements requires estimates and assumptions to be made regarding the amounts for the assets and liabilities at the balance sheet date, and explanations for the contingent assets and liabilities as well as the amounts of income and expenses realised in the reporting period. The Group makes estimates and assumptions concerning the future. The accounting estimates and assumptions, by definition, may not be equal the related actual results. The estimates and assumptions that may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

#### Deferred Taxes:

Group accounts the deferred tax assets and liabilities for the temporary differences arising from the timing differences between the statutory financial statements and the financial statements prepared in accordance with the CMB financial reporting standards. Subsidiaries of the Group have deferred tax assets consisting of carry forward tax losses which may be deducted from the future taxable income and other deductible temporary differences. Amount of the deferred tax assets which may be partially or completely recovered are anticipated according to the current conditions. During the projections, future taxable income, current period losses, expiration dates of the carry forward tax losses, other tax assets and the tax planning strategies, if necessary, are taken into account. Group has carry forward tax losses amounting to TRY15,222,813 from which can be utilized with future profits, as of 31 December 2011 (31 December 2011: TRY32,187,479). The Group has not booked any deferred tax asset related to carry forward tax losses considering the projections (Note 16).

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**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**2.5 Convenience translation into English of condensed interim consolidated financial statements originally issued in Turkish**

The accounting standards described in Note 2.1 (defined as the CMB Financial Reporting Standards) differ from International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board with respect to the application of inflation accounting for the period between 1 January - 31 December 2005. Accordingly, these financial statements are not intended to present the financial position and the results of operations in accordance with IFRS.

**NOTE 3 - SEGMENT REPORTING**

The reportable segments of Turcas have been organized by management as oil, petrochemicals, electricity and natural gas. The products which are included in oil are lubricants, engine oil and fuel products. Petrochemicals group mainly consists of the production and distribution of thermoplastic and other petrochemicals. The Group has sold all its shares in Socar&Turcas Enerji A.Ş. which is an associate of the Group operates in petrochemical section on 26 December 2011. Correspondingly, the Group has no activity in petrochemical section since then. Electricity group consists of the production, wholesale and distribution of electricity products. Natural gas group consists of wholesale business of natural gas.

Accounting policies applied by each operational segment of Turcas are the same as those are applied in Turcas’s condensed interim consolidated financial statements prepared in accordance with CMB Financial Reporting Standards.

Turcas’s reportable segments are strategical business units which presents various products and services. Each of these segments are administrated separately by the necessity of requiring different technologies and marketing strategies.

Detailed information about each segment is given below. Earnings before interest, tax, depreciation and amortisation (EBITDA) have been taken into consideration for evaluation of the performance of the operational segments. Management considers EBITDA as the most adequate indicator for making comparison with other players in the sector.

- a) Operating segments which have been prepared in accordance with the reportable segments as of 30 June 2012 are as follows:

	<b>Oil</b>	<b>Petrochemicals</b>	<b>Natural gas</b>	<b>Electricity</b>	<b>Other*</b>	<b>Total</b>
Segment revenue	-	-	-	7,276,095	-	7,276,095
EBITDA	(200,254)	-	(108,104)	(1,645,863)	(3,529,906)	(5,484,127)
Financial income	497	-	340,994	31,621,597	8,965,630	40,928,718
Financial expense	(641,240)	-	(149,787)	(11,135,706)	(8,891,781)	(20,818,514)
Depreciation and amortisation expense	-	-	(190)	(98,241)	(529,500)	(627,931)
Income/(expense) from associates	17,795,316	-	-	(2,146,710)	-	15,648,606
Purchase of tangible and intangible assets	-	-	-	3,710	208,581	212,291

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**NOTE 3 - SEGMENT REPORTING (Continued)**

- b) Operating segments which have been prepared in accordance with the reportable segments as of 30 June 2011 are as follows:

	Oil	Petrochemicals	Natural gas	Electricity	Other*	Total
Segment revenue	-	-	-	4,960,743	-	4,960,743
EBITDA	-	-	(122,841)	(357,316)	(3,345,778)	(3,825,935)
Financial income	-	-	365,562	717,713	3,219,308	4,302,583
Financial expense	-	-	(146,619)	(8,549,528)	(839,808)	(9,535,955)
Depreciation and amortisation expense	-	-	(189)	(248,636)	(391,109)	(639,934)
Income/(expense) from associates	16,218,900	-	-	(574,452)	-	15,644,448
Purchase of tangible and intangible assets	-	-	-	238,415	43,585	282,000

- c) Operating segments which have been prepared in accordance with the reportable segments for the period between 1 April - 30 June 2012 are as follows:

	Oil	Petrochemicals	Natural gas	Electricity	Other*	Total
Segment revenue	-	-	-	4,306,968	-	4,306,968
EBITDA	(198,319)	-	(55,196)	(301,949)	(2,081,996)	(2,637,460)
Financial income	-	-	190,455	21,069,517	3,919,179	25,179,151
Financial expense	(329,569)	-	(36,992)	(5,162,329)	(1,696,556)	(7,225,446)
Depreciation and amortisation expense	-	-	(95)	(46,290)	(243,911)	(290,296)
Income/(expense) from associates	1,744,903	-	-	(2,433,389)	-	(688,486)
Purchase of tangible and intangible state assets	-	-	-	2,439	163,422	165,861

- d) Operating segments which have been prepared in accordance with the reportable segments for the period between 1 April - 30 June 2011 are as follows:

	Oil	Petrochemicals	Natural gas	Electricity	Other*	Total
Segment revenue	-	-	-	3,493,361	-	3,493,361
EBITDA	-	-	(74,284)	(123,127)	(2,154,916)	(2,352,327)
Financial income	-	-	182,221	682,090	1,555,947	2,420,258
Financial expense	-	-	(28,992)	(7,549,005)	(356,747)	(7,934,744)
Depreciation and amortisation expense	-	-	(94)	(212,668)	(32,899)	(245,661)
Income/(expense) from associates	583,800	-	-	(312,336)	-	271,464
Purchase of tangible and intangible state assets	-	-	-	140,208	(87,695)	52,513

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**NOTE 3 - SEGMENT REPORTING (Continued)**

e) Operating segment information as of 30 June 2012 are shown below:

	Oil	Petrochemicals	Natural gas	Electricity	Other*	Eliminations	Total
Segment Assets	116,303	-	7,757,913	307,511,901	326,753,305	(221,288,157)	420,851,265
Associates	408,141,617	-	-	118,230,072	-	-	526,371,689
Segment Liabilities	10,041,268	-	88,963	278,252,505	8,448,418	(18,679,280)	278,151,874

f) Operating segment information as of 31 December 2011 are shown below:

	Oil	Petrochemicals	Natural gas	Electricity	Other*	Eliminations	Total
Segment Assets	50,000	-	7,571,135	232,444,018	290,922,449	(212,795,242)	318,192,360
Associates	417,346,300	-	-	124,581,570	-	-	541,927,870
Segment Liabilities	9,329,847	-	7,294	233,984,256	1,852,225	(14,330,532)	230,843,090

(\*) Other segment consists of holding activity of Turcas Petrol.

g) Reconciliation between reportable segment income, EBITDA, assets and liabilities and other significant items are as follows:

	1 January - 30 June 2012	1 January - 30 June 2011	1 April - 30 June 2012	1 April - 30 June 2011
<b>Income</b>				
Segment revenue	7,276,095	4,960,743	4,306,968	3,493,361
<b>Consolidated Income</b>	<b>7,276,095</b>	<b>4,960,743</b>	<b>4,306,968</b>	<b>3,493,361</b>
	1 January - 30 June 2012	1 January - 30 June 2011	1 April - 30 June 2012	1 April - 30 June 2011
<b>EBITDA</b>				
EBITDA of segment	(1,954,221)	(480,157)	(555,464)	(197,411)
Other EBITDA	(3,529,906)	(3,345,778)	(2,081,996)	(2,154,916)
<b>Consolidated EBITDA</b>	<b>(5,484,127)</b>	<b>(3,825,935)</b>	<b>(2,637,460)</b>	<b>(2,352,327)</b>
Financial income	40,928,718	4,302,583	25,179,151	2,420,258
Financial expense	(20,818,514)	(9,535,955)	(7,225,446)	(7,934,744)
Other operational income (net)	21,547,941	13,250,673	20,757,363	13,211,227
Income/(expense) from associates	15,648,606	15,644,448	(688,486)	271,464
Amortisation and depreciation	(627,931)	(639,934)	(290,296)	(245,661)
<b>Profit before consolidated tax</b>	<b>51,194,693</b>	<b>19,195,880</b>	<b>35,094,826</b>	<b>5,370,217</b>

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**NOTE 4 - CASH AND CASH EQUIVALENTS**

	<b>30 June 2012</b>	<b>31 December 2011</b>
Cash	8,078	7,095
Banks		
- demand deposit	176,536	428,653
- time deposit	99,295,132	117,826,210
	<b>99,479,746</b>	<b>118,261,958</b>

The maturities of cash and cash equivalents are as follows:

	<b>30 June 2012</b>	<b>31 December 2011</b>
Up to 30 days	99,479,746	118,261,958
	<b>99,479,746</b>	<b>118,261,958</b>

The effective interest rates (%) of time deposits are as follows:

	<b>30 June 2012</b>	<b>31 December 2011</b>
TRY	9.28	10.55
USD	2.85	2.40
EUR	1.90	2.50

Cash and cash equivalents as of 30 June 2012, 31 December 2011 and 30 June 2011, as seen in condensed interim consolidated cash flow statements, are as follows:

	<b>30 June 2012</b>	<b>31 December 2011</b>	<b>30 June 2011</b>
Cash and cash equivalents	99,479,746	118,261,958	26,063,747
Less: Interest accrual	(64,456)	(80,818)	(17,892)
	<b>99,415,290</b>	<b>118,181,140</b>	<b>26,045,855</b>

The company has no restricted deposits as of 30 June 2012 (31 December 2011: None).



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**NOTE 5 - ASSOCIATES**

	%	30 June 2012	%	31 December 2011
STAŞ	30.00	399,113,100	30.00	408,096,300
RWE & Turcas Güney Elektrik Üretim A.Ş.	30.00	118,230,072	30.00	124,581,570
STAR	18.50	9,028,517	18.50	9,250,000
		<b>526,371,689</b>		<b>541,927,870</b>
		<b>30 June 2012</b>		<b>30 June 2011</b>
<b>Balance at the beginning of the period</b>		<b>541,927,870</b>		<b>496,994,264</b>
Incomes and expenses from associates (net)		15,648,606		15,644,448
Dividends received		(27,000,000)		(30,822,870)
Transactions with associates (*)		(4,204,787)		-
Capital increase of associates		-		11,061,439
Acquisition of Shell Gaz A.Ş.		-		(1,918,200)
<b>Balance at the end of the period</b>		<b>526,371,689</b>		<b>490,959,081</b>

(\*) These transactions stem from the consolidation adjustment on borrowing costs capitalised by RWE&Turcas Güney in connection with the shared loans granted by the Group to Group affiliate RWE&Turcas Güney for financing the investment in RWE&Turcas Güney’s Denizli plant.

**STAŞ**

STAŞ operates for the sales, purchase, export and import, storage and distribution of each kind of fuel products as stated in Note 1.

The Shell Company of Turkey Ltd. and Turcas Petrol A.Ş. have established Shell & Turcas Petrol A.Ş. on 1 July 2006 by merging part of their assets. Turcas Petrol A.Ş. owns %30 of the new company. The main fields of activity of Turcas Petrol A.Ş., i.e. purchasing, selling, export and import of petroleum and petroleum products have started to be undertaken by Shell & Turcas Petrol A.Ş. as of 1 July 2006.

STAŞ, as one of the most important associates of the group, has generated TRY5,565,721,000 of sales revenue as of 30 June 2012 and continues to strengthen its place in the Turkey’s oil & lubricants market. The company maintains its first place in benzine and lubricants business and third place in white product business with its 1000 stations all over the country.

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**NOTE 5 - ASSOCIATES (Continued)**

The summarized financial informations of STAŞ, which is an associate of the Group accounted for by equity method is as follows:

**STAS**

	<b>30 June 2012</b>	<b>31 December 2011</b>
Total assets	3,068,187,000	2,835,487,000
Total liabilities	(1,737,810,000)	(1,475,166,000)
Net assets	1,330,377,000	1,360,321,000
<b>The Group’s share of net assets</b>	<b>399,113,100</b>	<b>408,096,300</b>
	<b>1 January - 30 June 2012</b>	<b>1 January - 30 June 2011</b>
Net sales revenue	5,565,721,000	4,922,799,000
Net profit for the year	60,056,000	54,063,000
<b>Group’s share</b>	<b>18,016,800</b>	<b>16,218,900</b>

**RWE&Turcas Güney Elektrik Üretim A.Ş.**

Turcas Elektrik Üretim A.Ş., which is 100% subsidiary due to the direct and indirect shares regarding the electricity generation of Turcas, established two joint ventures, titled RWE & Turcas Güney Elektrik Üretim A.Ş. and RWE & Turcas Kuzey Elektrik Üretim A.Ş.. The share Turcas Elektrik A.Ş. has in these companies, founded in 2009, is 30%. RWE & Turcas Güney Elektrik Üretim A.Ş. obtained positive response for its Environmental Impact Statement from the Republic of Turkey Ministry of the Environment and Forestry in 2008 in order to establish and operate a natural gas combined cycle power plant with installed power of 775 MW, and also obtained an Electricity Generation Licence from the Energy Market Regulatory Authority in 2009, and completed the land purchases.

Moreover, for the power plant to be established by RWE & Turcas Güney Elektrik Üretim A.Ş. in Denizli, a turnkey engineering, acquisition and construction contract was signed with the Greek “METKA” firm on 27 October 2009. The construction licence of the power plant was also obtained during the period. In 2010 system connection agreements were finalised with the Turkish Electricity Transmission Corporation and the final decision was reached, and at the end of 2010 loan agreements were signed with West LB, Bayern LB and TSKB under appropriate conditions for the financing of the project. The second phase of the final construction was initiated on 30 April 2010 as planned.

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**NOTE 5 - ASSOCIATES (Continued)**

The construction of the power plant started on 19 July 2010. Agreements for gas provision, usage and connection were signed with BOTAŞ and Kentgaz (the local gas distribution company) in 2011. The gas procurement agreement covering 2012 was signed in February 2012 with BOTAŞ. The progress of power plant's construction is 89% as of 30 June 2012. Afyon-Denizli line which is linked with the energy transmission lines has been energized and now in use. The commercial operation of the plant is targeted to be achieved before the end of 2012.

	<b>30 June 2012</b>	<b>31 December 2011</b>
Total assets	1,173,568,623	906,959,648
Total liabilities	(765,452,427)	(491,687,749)
Net assets	408,116,196	415,271,899
<b>The Group's share of net assets</b>	<b>122,434,859</b>	<b>124,581,570</b>
	<b>1 Jan - 30 June 2012</b>	<b>1 Jan - 30 June 2011</b>
Net sales revenue	3,414,342	-
Loss for the period	(7,155,699)	(1,914,839)
<b>Group's share of loss for the period</b>	<b>(2,146,710)</b>	<b>(574,452)</b>

**Star Rafineri A.Ş.**

The Group has purchased 18.5% of the shares of Star Rafineri A.Ş., whose TRY49,996,996 out of TRY50,000,000 paid-in share capital is owned by SOCAR Turkey Enerji A.Ş, at 29 December 2011. Production of LPG, naphta, products of xylene, diesel and fuel oil are the main activities of Star Rafineri A.Ş.

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**NOTE 5 - ASSOCIATES (Continued)**

The summarized financial information of STAR, which is an associate of the Group accounted using the equity method is as follows:

	<b>30 June 2012</b>	<b>31 December 2011</b>
Total assets	156,372,829	111,064,251
Total liabilities	(117,399,723)	(70,893,934)
Net assets	38,973,106	40,170,317
<b>Group’s share of associate’s net assets</b>	<b>7,210,025</b>	<b>7,431,508</b>
Goodwill	1,818,492	1,818,492
<b>Total</b>	<b>9,028,517</b>	<b>9,250,000</b>
	<b>1 Jan -</b>	<b>1 Jan -</b>
	<b>30 June 2012</b>	<b>30 June 2011</b>
Comprehensive expense	(1,197,211)	-
Group’s share of loss for the period	(221,484)	-

**NOTE 6 - FINANCIAL ASSETS**

**Available for sale financial assets**

	<u>30 June 2012</u>		<u>31 December 2011</u>	
	Participation amount	Participation rate (%)	Participation amount	Participation rate (%)
ATAŞ	13,240	5,00	13,240	5,00
RWE & Turcas Kuzey Elektrik Üretim A,Ş, (*)	45,000	30,00	55,000	30,00
	<b>58,240</b>		<b>58,240</b>	

(\*) Since the company is currently non-operating and does not have significant effect on the consolidated financial statements, it has been stated at cost in the financial statements rather than being accounted for by the equity method.

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**NOTE 7 - FINANCIAL LIABILITIES**

	<b>30 June 2012</b>		
	<b>Yearly average effective interest rate(%)</b>	<b>Original amount</b>	<b>TRY</b>
EUR borrowings			
- Floating interest rate(*)	2.80	4,789,445	10,892,156
- Fixed interest rate	6.20	33,060	75,185
USD borrowings			
- Floating interest rate(**)	4.14	1,378,421	2,490,117
<b>Total short term financial liabilities</b>			<b>13,457,458</b>
EUR borrowings			
- Floating interest rate(*)	2.80	90,989,628	206,928,611
- Fixed interest rate	6.20	66,120	150,369
- Interest accrual of floating rate loan		9,828	22,350
USD borrowings			
- Floating interest rate(**)	4.14	19,297,895	34,861,647
<b>Total long term financial liabilities</b>			<b>241,962,977</b>
<b>Total financial liabilities</b>			<b>255,420,435</b>

(\*) Original amount of loan obtained from consortium of Bayern LB and West LB is TRY246,009,359 (EUR108,174,021). ECA premium of TRY26,789,373 (EUR13,678,207) and management fee of TRY1,399,220 have been deducted from the original amount. These amounts will be amortised until the end of loan agreement.

(\*) The total amount of loan obtained from Türkiye Sınai Kalkınma Bankası A.Ş. (“TSKB”) is TRY37,755,850 (USD20,900,000) and management fee of TRY404,086 (USD288,750) have been deducted from the original amount. These amounts will be amortised until the end of loan agreement.

	<b>31 December 2011</b>		
	<b>Yearly average effective interest rate(%)</b>	<b>Original amount</b>	<b>TRY</b>
EUR borrowings			
- Floating interest rate(*)	2.88	86,704,971	211,889,608
- Fixed interest rate	6.20	113,924	278,407
- Interest accrual of floating rate loan		18,041	44,089
<b>Total long term financial liabilities</b>			<b>212,212,104</b>
<b>Total financial liabilities</b>			<b>212,212,104</b>

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**NOTE 7 - FINANCIAL LIABILITIES (Continued)**

Floating interest rated financial debts denominated in foreign currencies are valued to TRY using effective exchange rates at period end. Interest rates of floating interest rated financial debts are redetermined in 6 month periods, therefore carrying values are considered to be approximate fair values.

The redemption schedule of financial liabilities is as follows:

	<b>30 June 2012</b>	<b>31 December 2011</b>
0 - 1 year	13,457,458	-
1 - 2 years	26,839,732	21,249,961
2 - 3 years	26,839,732	21,253,534
3 - 4 years	26,764,547	21,257,461
4 - 5 years	26,764,547	21,261,612
After 5 years	134,754,419	127,189,536
	<b>255,420,435</b>	<b>212,212,104</b>

The redemption schedule of borrowings as of 30 June 2012 according to their contractual repricing dates of the Group is as follows:

	<b>30 June 2012</b>	<b>31 December 2011</b>
1-3 years	67,136,921	42,503,496
3-5 years	53,529,094	42,519,073
5-7 years	53,529,094	42,416,055
7-10 years	48,548,859	42,386,740
10-13 years	32,676,467	42,386,740
	<b>255,420,435</b>	<b>212,212,104</b>

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**NOTE 7 - FINANCIAL LIABILITIES (Continued)**

The following is the information compiled regarding the loans made available for the 775 MW Natural Gas Combined Cycle Power Plant investment, currently under construction within the scope of financing corresponding to the share of Turcas Elektrik Üretim A.Ş., an indirect subsidiary of the Group, in the Denizli Project:

- The loan agreement was entered into with the bank consortium composed of Bayerische Landesbank (“Bayern LB”) and West Landesbank (“West LB”) with respect to the amount EUR149,351,984, with a maturity of 13 years and no-payback period of three years at the interest rate Euribor + 1.65%, under the guarantee of Euler Hermes German Export Loan Agency,
- The loan agreement was entered into with Türkiye Sınai Kalkınma Bankası A.Ş. (“TSKB”) with respect to the amount USD55,000,000, with a maturity of 10 years and no-payback period of three years at the interest rate Libor + 3.40%.

The portion EUR108,174,021 of the loan received from the bank consortium formed by Bayern LB and West LB and the portion USD20,900,000 of the loan received from TSKB has been utilized as of 30 June 2012.

Turcas Petrol A.Ş. pledged USD77,000,000 to the bank within the scope of the loan agreement signed between TSKB and Turcas Elektrik Üretim A.Ş., and EUR149,351,984 within the scope of the loan agreement made with Bayern LB and West LB.

As a requirement of the loan agreement signed with West LB and Bayern LB and Turcas Elektrik Üretim A.Ş. with a view to financing the section corresponding to its part in the Denizli Project, a DSRA Standby Letter of Credit was arranged by Türkiye Garanti Bankası A.Ş. on behalf of Turcas Elektrik Üretim A.Ş. with Bayern LB as the drawee bank in the amount of EUR21,656,038 with maturity ending 15 July 2014. In order to ensure the above standby letter of credit is issued, Turcas Petrol A.Ş. pledged EUR21,656,038.

Within the scope of the Share Pledge Agreements entered into by and between Turcas Enerji Holding A.Ş., Turcas Petrol A.Ş. and Turcas Elektrik Üretim A.Ş., and WestLB, Bayern LB and TSKB, on 11 November 2010 a first degree pledge was established on the shares of Turcas Enerji Holding A.Ş. and Turcas Petrol A.Ş. in Turcas Elektrik Üretim A.Ş. as well as on the shares of Turcas Elektrik Üretim A.Ş. in RWE & Turcas Güney Elektrik Üretim A.Ş. on behalf of WestLB and Bayern LB and TSKB under equal terms and at the rate equalling the share of each bank in the relevant loans.

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**NOTE 8 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES**

**Contingent Liabilities**

**Contingent Liabilities related with Turcas**

Collaterals, pledges, mortgages (CPM) given by the Group, as of 30 June 2012 and 31 December 2011 are as follows:

	Currency	30 June 2012		31 December 2011	
		Original Amount	TRY Amount	Original Amount	TRY Amount
A. CPM’s given for companies’ Own legal personality	TRY	250,061	250,061	250,061	250,061
B. CPM’s given on behalf of fully Consolidated companies (**)	TRY	7,539,418	7,539,418	1,923,457	1,923,457
	EUR	250,000	568,550	250,000	610,950
C. CPM’s given for continuation of its economic activities on behalf of third parties(*)	TRY	2,502,000	2,502,000	2,502,000	2,502,000
	USD	77,000,000	139,100,500	77,000,000	145,445,300
	EUR	172,508,022	392,317,744	172,508,022	421,575,104
D. Total amount of other CPM’s					
i) Total amount CPM’s given on behalf of the majority shareholders	-	-	-	-	-
ii) Total amount of CPM’s given to on behalf of other group companies which are not in scope of B and C	-	-	-	-	-
iii) Total amount of CPM’s given on behalf of third parties which are not in scope of C	-	-	-	-	-
				<b>542,278,273</b>	<b>572,306,872</b>

(\*) The mortgage amount is TRY2,502,000 for RWE&Turcas Güney Elektrik Üretim A.Ş. (31 December 2011: TRY2,502,000).

(\*) Turcas Elektrik Üretim A.Ş. has entered into a loan agreement for USD55,000,000 with TSKB, with a maturity of 10 years with a grace period of three years, regarding the loans made available for the 775 MW Natural Gas Combined Cycle Power Plant investment in Denizli. The amount of total guarantee given to TSKB by Turcas Petrol A.Ş. is USD77,000,000. As stated in Note 7, as a requirement of the loan agreement signed with West LB and Bayern LB, Turcas Petrol A.Ş. has provided a corporate guarantee amounting to EUR 149,351,984 in favor of West LB and Bayern LB. Again, as a requirement of the loan agreement, a DSRA Standby Letter of Credit was arranged by Türkiye Garanti Bankası A.Ş. on behalf of Turcas Elektrik Üretim A.Ş. with Bayern LB as the drawee bank in the amount of EUR21,656,038, with a maturity of 15 July 2014. As a collateral to this DSRA Standby Letter of Credit, Turcas Petrol A.Ş. has provided a Corporate Guarantee Amounting to EUR21,656,038 in favor of Türkiye Garanti Bankası A.Ş.. In addition, Turcas Petrol A.Ş. has provided a guarantee of EUR1,500,000 to Siemens AG for the long term maintenance of gas tribunes in Denizli Project.

(\*\*) Turcas Elektrik Toptan Satış A.Ş. has given guarantee letters amounting to TRY7,384,911 to electricity distribution companies.



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**NOTE 8 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)**

The rate of GPM’s given by the Company to equity is 81% as of 30 June 2012 (31 December 2011: 91%).

	<b>30 June 2012</b>	<b>31 December 2011</b>
Mortgage received	2,201,150	2,201,150
Letter of guarantees received	1,491,195	39,195
Letter of other guarantees received	62,000	35,000
	<b>3,754,345</b>	<b>2,275,345</b>

Contingent assets and liabilities of Turcas Petrol A.Ş. regarding Shell & Turcas Petrol A.Ş.

The contingent assets and liabilities of the Group related to Shell&Turcas Petrol A.Ş. are follows:

	<b>30 June 2012</b>	<b>31 December 2011</b>
Letters of guarantee given to the customs office	93,557,100	84,217,800
Letters of guarantee given to the EMRA	15,000,000	15,000,000
Letters of guarantee given to the tax office	188,400	207,900
Other	2,039,100	2,986,800
<b>Total</b>	<b>110,784,600</b>	<b>102,412,500</b>

	<b>30 June 2012</b>	<b>31 December 2011</b>
Mortgages taken	269,604,000	240,114,900
Letters of guarantees received	124,865,400	114,857,100
Other guarantees received	7,232,100	7,232,100
<b>Total</b>	<b>401,701,500</b>	<b>362,204,100</b>

Shell&Turcas Petrol A.Ş. has committed to pay TRY115,912,000 to the station owners for the station improvement in the periods mentioned below (31 December 2011: TRY85,868,000). The payment terms of group’s share of warranty is as follows:

	<b>30 June 2012</b>	<b>31 December 2011</b>
Within 1 year	8,636,100	6,174,900
1-5 years	19,597,200	16,863,000
5-22 years	6,540,300	2,722,500
	<b>34,773,600</b>	<b>25,760,400</b>

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**NOTE 8 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)**

According to the environmental laws in effect, Shell & Turcas Petrol A.Ş. (“STAŞ”) is responsible for any environmental pollution that may arise as a result of its operations. In the case that STAŞ causes an environmental pollution, STAŞ may be required to recover the damages. There are no environmental lawsuits claimed against STAŞ as of the balance sheet date, however in the case of abandoning the currently operating terminals in the future, STAŞ may be charged for the soil clean-up costs for these terminals. On the other hand, according to the BCA, any environmental liabilities that have arisen prior to the acquisition date are the responsibility of shareholders. STAŞ is accountable only for the environmental liabilities that occur subsequent to the Acquisition Date. However, STAŞ management does not foresee any liabilities that should be reflected in these consolidated financial statements.

Commitment and contingent liabilities of Turcas Petrol A.Ş. regarding RWE & Turcas Güney Elektrik Üretim A.Ş.

The contingent assets and liabilities of the Group related to RWE & Turcas Güney Elektrik Üretim A.Ş. are follows:

	<b>30 June 2012</b>	<b>31 December 2011</b>
Letters of guarantees given to the EMRA	5,499,480	2,802,000
Other	1,542,383	556,007
<b>Total</b>	<b>7,041,863</b>	<b>3,358,007</b>

	<b>30 June 2012</b>	<b>31 December 2011</b>
Letters of guarantees received	109,608,689	117,773,939
<b>Total</b>	<b>109,608,689</b>	<b>117,773,939</b>

Commitment and contingent liabilities of Turcas Petrol A.Ş. regarding Star Rafineri A.Ş.

The contingent assets and liabilities of the Group related to Star Rafineri A.Ş. are follows:

	<b>30 June 2012</b>	<b>31 December 2011</b>
Letters of guarantees given	1,628	1,628
<b>Total</b>	<b>1,628</b>	<b>1,628</b>

	<b>30 June 2012</b>	<b>31 December 2011</b>
Letters of guarantees received	8,238,606	2,922,266
<b>Total</b>	<b>8,238,606</b>	<b>2,922,266</b>

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**NOTE 9 - OTHER ASSETS**

**Other current assets**

	<b>30 Haziran 2012</b>	<b>31 Aralık 2011</b>
Dividends received (*) (Note 5)	27,000,000	-
Income accruals (**) (Note 13)	19,168,240	-
Work advances given	1,488,877	234,348
Prepaid expenses	1,431,265	1,431,265
Deferred VAT	525,019	468,384
Expenses for future months	138,076	118,182
Prepaid taxes	76,539	-
	<b>49,828,016</b>	<b>2,252,179</b>

(\*) STAŞ, one of the associates of the Group, has decided to make dividend payments to its shareholders according to Board of Director's resolution dated 24 April 2012, and Group's share of dividends has not been received as of 30 June 2012. Therefore, dividend of TRY27,000,000 has been accounted as an income accrual in the consolidated financial statements as of 30 June 2012.

(\*\*) The Group accounted for an income accrual amounting to TRY19,168,240 in accordance with the Joint Venture Contract between Turcas Petrol A.Ş. and Shell Turkey. The related amount was received on 23 August 2012.

**NOTE 10 - EQUITY**

**a) Paid in capital**

<b>Shareholders</b>	<b>Group</b>	<b>Allocation (%)</b>	<b>30 June 2012</b>	<b>Allocation (%)</b>	<b>31 December 2011</b>
Aksoy Holding A.Ş.	A/C Grubu	51.55	115,979,910	51.55	115,979,910
Public Traded	A Grubu	28.95	65,206,463	28.95	65,140,738
YTC Turizm ve Enerji Ltd. Şti.	A Grubu	4.02	9,054,468	4.02	9,054,468
Suna Baban	A/B Grubu	3.46	7,789,719	3.46	7,789,719
Müeddet Hanzat Öz	A/B Grubu	3.46	7,794,215	3.46	7,794,215
Yılmaz Tecmen	A/B Grubu	2.21	4,968,783	2.21	4,968,783
Other	A/B Grubu	6.35	14,206,442	6.35	14,272,167
<b>Total</b>		<b>100.00</b>	<b>225,000,000</b>	<b>100.00</b>	<b>225,000,000</b>

Treasury shares adjustment (*)	(22,850,916)	(22,850,916)
Inflation adjustment	41,247,788	41,247,788

Adjusted capital	243,396,872	243,396,872
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(\*) Treasury shares represent the shares of Turcas Petrol A.Ş. owned by Turcas Enerji Holding A.Ş..

The issued capital of the Company in 2012 is composed of 225,000,000 shares (2011: 225,000,000 shares). The nominal value of shares is TRY 1 per share.

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**NOTE 10 - EQUITY (Continued)**

At least three members of the Board of Directors are elected among the candidates nominated by Group “B” shareholders. At least two members of the Board of Directors are elected among the candidates nominated by Group C shareholders. Group C shareholders have at least forty percent (40%) right, Group A shareholders have the right of nominating and electing three (3) members of the Board of Directors at the General Assembly Meeting where the members of the Board of Directors are elected. However, the remaining members of the Board of Directors are nominated and elected by the Group B shareholders.

One of the two members of the Audit Committee of the Company is elected among the nominees of the Group C shareholders, and the other member is elected among the candidates who are nominated by the majority of the Group B shareholders.

At least one of the the Group C shareholders is required to vote in the affirmative for some critical decisions determined in the establishment agreement of the Company.

There is no privilege assigned to any group of shares in terms of dividend distribution.

**b) Restricted reserves excepted from profit**

	<b>30 June 2012</b>	<b>31 December 2011</b>
Legal Reserves	32,356,963	29,863,083
	<b>32,356,963</b>	<b>29,863,083</b>

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. In accordance with the Turkish Commercial Code, legal reserves can be used for offsetting the losses as long as they do not exceed 50% of the paid in capital. Apart from that, they can not be used in anyhow.

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**NOTE 11 - SALES AND COST OF SALES**

	<b>1 January - 30 June 2012</b>	<b>1 January - 30 June 2011</b>	<b>1 April - 30 June 2012</b>	<b>1 April - 30 June 2011</b>
Electricity sales	6,749,268	4,211,537	4,053,547	3,053,788
Other sales	526,827	749,206	253,421	439,573
	<b>7,276,095</b>	<b>4,960,743</b>	<b>4,306,968</b>	<b>3,493,361</b>

	<b>1 January - 30 June 2012</b>	<b>1 January - 30 June 2011</b>	<b>1 April - 30 June 2012</b>	<b>1 April - 30 June 2011</b>
Electricity costs	7,072,031	2,691,886	3,810,902	2,140,781
Transmission capacity and service fee	17,282	91,447	15,563	80,639
Other costs	12,632	1,247,550	11,030	776,798
	<b>7,101,945</b>	<b>4,030,883</b>	<b>3,837,495</b>	<b>2,998,218</b>

**NOTE 12 - EXPENSE BY NATURE**

	<b>1 January - 30 June 2012</b>	<b>1 January - 30 June 2011</b>	<b>1 April - 30 June 2012</b>	<b>1 April - 30 June 2011</b>
Cost of goods sold	7,101,945	4,030,883	3,837,495	2,998,218
Personnel expenses	2,700,758	2,084,484	1,327,853	1,027,106
Outsourced services	754,928	762,935	405,503	462,278
Depreciation and amortization expenses	627,931	639,934	290,296	245,661
Travel expenses	351,943	422,321	56,788	211,353
Taxes and other liabilities	299,769	279,921	272,684	221,622
Rent expenses	266,611	278,848	115,610	141,650
Repair and maintenance expenses	85,024	20,650	51,503	12,220
Other	1,199,244	906,636	876,992	771,241
	<b>13,388,153</b>	<b>9,426,612</b>	<b>7,234,724</b>	<b>6,091,349</b>

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**NOTE 13 - OTHER INCOME**

**Other operating income**

	<b>1 January - 30 June 2012</b>	<b>1 January - 30 June 2011</b>	<b>1 April - 30 June 2012</b>	<b>1 April - 30 June 2011</b>
Shell Company Joint Venture				
Contract revenue (*) (Note 9)	19,168,240	12,764,169	19,168,240	12,764,169
Rent income	719,587	51,767	688,170	25,691
Stamp tax income (**)	686,070	-	-	-
Service revenue	230,955	376,716	224,522	374,553
Other	786,443	109,840	718,947	75,303
	<b>21,591,295</b>	<b>13,302,492</b>	<b>20,799,879</b>	<b>13,239,716</b>

(\*) Joint Venture Contract gives Turcas Petrol A.Ş. the right of reflecting a predefined portion of management expenses to Shell Turkey, in case management expenses charged by parent company of Shell Turkey on STAS exceeds a certain amount. Related amount was received on 23 August 2012.

(\*\*) The shares, which the Group has TRY50,000,000, out of TRY200,000,000 paid-in capital of SOCAR & Turkey Enerji A.Ş., was sold to SOCAR on 26 December 2011 amounting to USD44,000,000 (TRY83,818,943) in accordance with “Share Sale&Purchase Agreement”. The full amount of related agreement ‘s stamp tax has been paid by the Group in 2011. TRY363,000 of this stamp tax has been reflected to State Oil Company of Azerbaijan Republic and accounted as other income.

**NOTE 14 - FINANCIAL INCOME**

	<b>1 January - 30 June 2012</b>	<b>1 January - 30 June 2011</b>	<b>1 April - 30 June 2012</b>	<b>1 April - 30 June 2011</b>
Foreign exchange gains	26,909,195	2,206,234	14,624,838	1,567,022
Interest income	13,905,223	1,578,976	10,528,853	929,026
Deferred finance income	114,300	517,373	25,460	(75,790)
	<b>40,928,718</b>	<b>4,302,583</b>	<b>25,179,151</b>	<b>2,420,258</b>

**NOTE 15 - FINANCIAL EXPENSE**

	<b>1 January - 30 June 2012</b>	<b>1 January - 30 June 2011</b>	<b>1 April - 30 June 2012</b>	<b>1 April - 30 June 2011</b>
Foreign exchange losses	(14,040,765)	(6,810,385)	(3,569,016)	(6,183,350)
Interest expenses	(6,689,045)	(2,057,662)	(3,658,443)	(1,885,090)
Deferred finance charges	(88,704)	(667,908)	2,013	133,696
	<b>(20,818,514)</b>	<b>(9,535,955)</b>	<b>(7,225,446)</b>	<b>(7,934,744)</b>

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**NOTE 16 - TAX ASSETS AND LIABILITIES**

**Corporate tax for the period**

<b>Current tax liability</b>	<b>30 June 2012</b>	<b>31 December 2011</b>
Corporate tax provision	(1,445,158)	(5,025,626)
Less: Prepaid tax and funds	115,814	3,237,021
<b>Tax liability</b>	<b>(1,329,344)</b>	<b>(1,788,605)</b>

Tax expense is comprised of the following:

	<b>1 January - 30 June 2012</b>	<b>1 January - 30 June 2011</b>	<b>1 April - 30 June 2012</b>	<b>1 April - 30 June 2011</b>
Current period corporate tax provision	(1,445,158)	(2,466,444)	(1,445,158)	(2,466,444)
Deferred tax (expense)/ income	(2,857,707)	350,718	(3,191,830)	92,153
	<b>(4,302,865)</b>	<b>(2,115,726)</b>	<b>(4,636,988)</b>	<b>(2,374,291)</b>

*Corporate Tax*

Turkish tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, tax liabilities, as reflected in these consolidated financial statements, have been calculated on a separate-entity basis.

The Group is subject to Turkish corporate taxes. Provision is recognized in the accompanying financial statements for the estimated charge based on the Group's results for the period.

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate is 20% in 2012 (2011: 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. The companies file their tax returns between 1<sup>st</sup>-25<sup>th</sup> of fourth month after fiscal year end.

*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 15 %. Undistributed dividends incorporated in share capital are not subject to income withholding taxes.

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**NOTE 16 - TAX ASSETS AND LIABILITIES (Continued)**

**Deferred tax assets and liabilities**

The Group, recognizes deferred tax assets and liabilities based upon temporary differences arising between their financial statements prepared in accordance with CMB Financial Reporting Standards and their statutory financial statements. These temporary differences usually result in the recognition of revenue and expenses in different reporting periods for CMB Financial Reporting Standards and tax purposes.

The rate applied in the calculation of deferred tax assets and liabilities is 20% (2011: 20%).

The breakdowns of cumulative temporary differences and the resulting deferred tax assets/liabilities using principal tax rates are as follows:

	<b>Total temporary differences</b>		<b>Deferred tax asset/(liability)</b>	
	<b>30 June 2012</b>	<b>31 December 2011</b>	<b>30 June 2012</b>	<b>31 December 2011</b>
Income accruals (Note 9 and 13)	19,168,240	-	(3,833,648)	-
Interest accruals	(3,129,250)	-	625,850	-
Tangible and intangible assets	(1,380,078)	(822,471)	276,016	164,494
Unused vacation accrual	(342,210)	(516,024)	68,442	103,204
Employment termination benefit	(316,252)	(332,968)	63,250	66,594
Doubtful receivable provision	(151,055)	(151,055)	30,211	30,211
Prepaid commission expenses	-	1,431,265	-	(286,253)
Deferred interest income	(197,484)	(345,384)	39,497	69,078
Deferred interest expense	6,340	106,356	(1,268)	(21,271)
<b>Deferred tax (liabilities)/ assets (net)</b>			<b>(2,731,650)</b>	<b>126,057</b>

As of the balance sheet date, the Group has carry forward tax losses amounting to TRY15,222,813 (31 December 2011: TRY32,187,479) to be deducted from future profits. The expiration dates of unrecognized carry forward tax losses are as follows:

	<b>30 June 2012</b>	<b>31 December 2011</b>
2012	-	3,301,603
2013	9,733,981	11,081,941
2014	2,128,337	2,128,337
2015	921,306	3,475,228
2016	819,291	12,200,370
2017	1,619,898	-
	<b>15,222,813</b>	<b>32,187,479</b>



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**NOTE 16 - TAX ASSETS AND LIABILITIES (Continued)**

The movement of deferred tax assets and liabilities as of 30 June 2012 and 2011 are as follows:

	<b>30 June 2012</b>	<b>30 June 2011</b>
Opening balance	126,057	(19,297)
Deferred tax (expense)/ income	(2,857,707)	350,718
<b>Closing balance</b>	<b>(2,731,650)</b>	<b>331,421</b>

The reconciliation of tax expenses stated in consolidated income statements is as follows:

	<b>30 June 2012</b>	<b>30 June 2011</b>
<b>Profit before tax</b>	<b>51.194.693</b>	<b>19,195,880</b>
Tax effect (%)	20%	20%
Tax expense of the Group	(10,238,939)	(3,839,176)
Tax effect of exemptions	1,847,799	1,953,630
Utilized carry forward tax losses	2,901,073	-
Unused portion of carry forward tax losses	(323,980)	(1,777,057)
Transactions with associates	3,129,721	3,128,890
Tax effect of non deductible expenses	(1,197,496)	(1,817,088)
Other	(421,043)	235,075
<b>Income tax expense</b>	<b>(4,302,865)</b>	<b>(2,115,726)</b>

**NOTE 17 - EARNINGS PER SHARE**

At 30 June 2012 and 2011, the weighted average number of shares and earnings per share are as follows:

	<b>1 January - 30 June 2012</b>	<b>1 January - 30 June 2011</b>	<b>1 April - 30 June 2012</b>	<b>1 April - 30 June 2011</b>
Weighted average number of outstanding shares	225,000,000	225,000,000	225,000,000	225,000,000
Income attributable to the equity holders of the parent	46,894,174	17,080,110	30,459,098	2,995,895
<b>Earnings per share</b>	<b>0.21</b>	<b>0.08</b>	<b>0.14</b>	<b>0.01</b>

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**NOTE 18 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES**

Balances with related parties	30 June 2012							
	Receivables				Payables			
	Short term		Long term		Short term		Long term	
	Trade	Other	Trade	Other	Trade	Other	Trade	Other
<b>Associates</b>								
Shell&Turcas Petrol A.Ş.(****)	-	774,878	-	-	-	906	-	-
Star Rafineri A.Ş. (***)	-	13,631,964	-	-	-	-	-	-
RWE & Turcas Güney Elektrik Üretim A.Ş. (*)	-	11,706,825	-	195,881,945	-	318,666	-	-
<b>Other entities</b>								
Yeditepe Beyn, Otelcilik Turz.ve Tic. A.Ş. (**)	266,218	-	-	-	-	-	-	-
Ataş Anadolu Tasfiyehanesi A.Ş.	-	11,034	-	-	-	54,929	-	-
Dividend payable to real person shareholders	-	-	-	-	281,079	-	-	-
Aksoy Holding A.Ş.	-	3,967	-	-	-	-	-	-
	<b>266,218</b>	<b>26,128,668</b>	<b>-</b>	<b>195,881,945</b>	<b>281,079</b>	<b>374,501</b>	<b>-</b>	<b>-</b>

(\*) In order to finance the section corresponding to its part in the Denizli Project of RWE & Turcas Güney Elektrik Üretim A.Ş., the Group has entered into a loan agreement with Bayern LB, West LB and TSKB. Principal and interest of the loan is reflected to RWE & Turcas Güney Elektrik Üretim A.Ş., as stated in Shareholder Loan Agreement signed on 3 December 2010. TRY11,506,371 of interest income has been booked regarding related receivables.

(\*\*) Turcas Elektrik Toptan Satış A.Ş., one of the Group’s subsidiary, sells electricity to Conrad Yeditepe Beynelmillel Otelcilik Turizm ve Ticaret A.Ş., as with other clients, according to sales contract signed between them. This amount has been collected in subsequent period.

(\*\*\*) Group has given a loan to Star Rafineri A.Ş., one of the Group’s associates. In relation with this loan, interest income is accounted for using current market interest rates.

(\*\*\*\*) Shell & Turcas Petrol A.Ş. has a dealership agreement with Tamek Holding. Turcas has made annual rent payment amounting to TRY774,878 to Tamek Holding A.Ş. since the rent agreement has been signed between Turcas Petrol A.Ş. and Tamek Holding. This amount was reflected to Shell & Turcas Petrol A.Ş. and collected on 12 July 2012.

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**NOTE 18 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)**

Transactions with related parties	1 January - 30 June 2012				
	Purchases	Sales	Interest received	Rent income	Other Income
<b>Associates</b>					
Shell & Turcas Petrol A.Ş.	36,945	313,834	-	-	-
RWE & Turcas Güney Elektrik Üretim A.Ş.	-	-	11,506,371	-	-
<b>Other entities</b>					
Conrad Yeditepe Beyn. Otelcilik Turz. ve Tic A.Ş.	14,256	1,569,525	-	-	297,337
Star Rafineri A.Ş.	-	-	895,346	-	-
Etiler Dış Ticaret Ltdi Şti.	-	-	-	600	-
Aksoy Holding A.Ş.	-	-	-	600	20,019
Enak Yapı ve Dış Ticaret A.Ş.	-	-	-	600	-
Ataş Anadolu Tasfiyehanesi A.Ş.	255,089	-	-	54,011	10,611
	<b>306,290</b>	<b>1,883,359</b>	<b>12,401,717</b>	<b>55,811</b>	<b>327,967</b>

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**NOTE 18 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES(Continued)**

	31 December 2011							
	Receivables				Payables			
	Short term		Long term		Short term		Long term	
Balances with related parties	Trading	Non-trading	Trading	Non-trading	Trading	Non-trading	Trading	Non-trading
<b>Associates</b>								
Shell & Turcas Petrol A.Ş.	-	-	-	-	-	191,616	-	-
Star Rafineri A.Ş. (*)	-	12,575,456	-	-	-	-	-	-
RWE & Turcas Güney Elektrik Üretim A.Ş. (**)	-	-	-	138,243,752	-	-	-	-
<b>Other entities</b>								
Conrad Yeditepe Beyn. Otelcilik Turz.ve Tic. A.Ş.(***)	185,650	-	-	-	-	-	-	-
Ataş Anadolu Tasfiyehanesi A.Ş,	-	-	-	-	-	352,901	-	-
Dividend payable to real person shareholders	-	-	-	-	253,531	-	-	-
	<b>185,650</b>	<b>12,575,456</b>	<b>-</b>	<b>138,243,752</b>	<b>253,531</b>	<b>544,517</b>	<b>-</b>	<b>-</b>

(\*) A loan has been given to Star Rafineri A.Ş., one of the Group’s associates, for financial purposes. In relation with this loan, interest of TRY529,956 is accounted for using current market interest rate.

(\*\*) In order to finance the Denizli Project of RWE & Turcas Güney Elektrik Üretim A.Ş., the Group has entered into a loan agreement with Bayern LB and West LB. This Loan is being reflected to RWE & Turcas Güney Elektrik Üretim A.Ş., as Shareholder Loans as per the terms stated in Shareholder Loan Agreement signed on 31 December 2010.

(\*\*\*) Turcas Elektrik Toptan Satış A.Ş., one of the Group’s associates, sells electricity to Conrad Yeditepe Beynelmillel Otelcilik Turizm ve Ticaret A.Ş., as with other clients, according to sales contract signed between them. This amount has been collected in subsequent period.

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**NOTE 18 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)**

Transactions with related parties	1 January - 30 June 2011				
	Purchases	Sales	Interest received	Rent income	Other income
<b>Associates</b>					
Shell & Turcas Petrol A.Ş.	117,624	589,235	-	-	2,831,412
RWE & Turcas Güney Elektrik Üretim A.Ş.	-	-	207,121	-	380,231
<b>Other entities</b>					
Yeditepe Beyn. Otelcilik Turz. ve Tic A.Ş.	-	976,986	-	-	-
Etiler Dış Ticaret Ltd, Şti,	-	-	-	600	-
Aksoy Holding A.Ş.	-	-	338,168	4,283	13,602
Enak Yapı ve Dış Ticaret A.Ş.	-	-	-	600	-
	<b>117,624</b>	<b>1,566,221</b>	<b>545,289</b>	<b>5,483</b>	<b>3,225,245</b>

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**NOTE 18 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES(Continued)**

Total compensation provided to key management personnel by the Company during the current period are as follows:

	<b>1 January - 30 June 2012</b>	<b>1 January- 30 June 2011</b>	<b>1 April- 30 June 2012</b>	<b>1 April - 30 June 2011</b>
Salaries and other short term benefits	707,183	647,509	348,019	323,898
	<b>707,183</b>	<b>647,509</b>	<b>348,019</b>	<b>323,898</b>

**NOTE 19 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT**

**(i) Foreign currency risk management**

Foreign currency transactions cause foreign currency risk.

The Group has foreign currency risk, due to the fluctuations in exchange rates used in used in foreign currency transactions. The foreign currency risk arises from future trade transactions, the difference between recorded assets and liabilities. Under such circumstances, the group controls this risk by netting off the foreign currency assets and liabilities. The management analyzes the group's foreign currency position and takes necessary precautions when needed. The Group is primarily exposed to risks from USD and EUR, other currency's effects are immaterial.

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**NOTE 19 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)**

The Group is primarily exposed to risks from US Dollar and EURO, other currency’s effects are immaterial.

		<b>30 June 2012</b>			
		<b>TRY Equivalent (Functional currency)</b>	<b>US Dollar</b>	<b>Euro</b>	<b>Other</b>
1-	Trade receivables	-	-	-	-
2a-	Monetary financial assets	83,964,083	46,317,292	128,275	61
2b-	Non-monetary financial assets	-	-	-	-
3-	Other	11,344,820	6,280,000	-	-
<b>4-</b>	<b>Current assets (1+2+3)</b>	<b>95,308,903</b>	<b>52,597,292</b>	<b>128,275</b>	<b>61</b>
5-	Trade receivables	-	-	-	-
6a-	Monetary financial assets	-	-	-	-
6b-	Non-monetary financial assets	-	-	-	-
7-	Other	-	-	-	-
<b>8-</b>	<b>Non-current assets (5+6+7)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>9-</b>	<b>Total Assets (4+8)</b>	<b>95,308,903</b>	<b>52,597,292</b>	<b>128,275</b>	<b>61</b>
10-	Trade payables	-	-	-	-
11-	Financial liabilities	13,457,458	1,378,421	4,822,505	-
12a-	Other monetary financial liabilities	-	-	-	-
12b-	Other non-monetary financial liabilities	-	-	-	-
<b>13-</b>	<b>Current Liabilities (10+11+12)</b>	<b>13,457,458</b>	<b>1,378,421</b>	<b>4,822,505</b>	<b>-</b>
14-	Trade payables	-	-	-	-
15-	Financial liabilities	241,962,977	19,297,895	91,065,576	-
16a-	Other monetary financial liabilities	-	-	-	-
16b-	Other non-monetary financial liabilities	-	-	-	-
<b>17-</b>	<b>Non-current liabilities (14+15+16)</b>	<b>241,962,977</b>	<b>19,297,895</b>	<b>91,065,576</b>	<b>-</b>
<b>18-</b>	<b>Total liabilities (13+17)</b>	<b>255,420,435</b>	<b>20,676,316</b>	<b>95,888,081</b>	<b>-</b>
<b>19-</b>	<b>Net asset / liability position of off-balance sheet derivatives (19a-19b)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
19a-	Off-balance sheet foreign currency derivative assets	-	-	-	-
19b-	Off-balance sheet foreign currency derivative liabilities	-	-	-	-
<b>20-</b>	<b>Net foreign currency asset liability position (9-18+19)</b>	<b>(160,111,532)</b>	<b>31,920,976</b>	<b>(95,759,806)</b>	<b>61</b>
<b>21-</b>	<b>Net foreign currency asset / liability position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>(160,111,532)</b>	<b>31,920,976</b>	<b>(95,759,806)</b>	<b>61</b>
<b>22-</b>	<b>Fair value of foreign currency hedged financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>23-</b>	<b>Hedged foreign currency assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>24-</b>	<b>Hedged foreign currency liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>25-</b>	<b>Exports</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>26-</b>	<b>Imports</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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**NOTE 19 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT  
(Continued)**

	<b>31 December 2011</b>			
	<b>TRY Equivalent (Functional currency)</b>	<b>US Dollar</b>	<b>Euro</b>	<b>Other</b>
1- Trade receivables	-	-	-	-
2a- Monetary financial assets	84,879,995	44,934,130	1,334	225
2b- Non-monetary financial assets	-	-	-	-
3- Other	11,862,292	6,280,000	-	-
<b>4- Current assets (1+2+3)</b>	<b>96,742,287</b>	<b>51,214,130</b>	<b>1,334</b>	<b>225</b>
5- Trade receivables	-	-	-	-
6a- Monetary financial assets	-	-	-	-
6b- Non-monetary financial assets	-	-	-	-
7- Other	-	-	-	-
<b>8- Non-current assets (5+6+7)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>9- Total Assets (4+8)</b>	<b>96,742,287</b>	<b>51,214,130</b>	<b>1,334</b>	<b>225</b>
10- Trade payables	-	-	-	-
11- Financial liabilities	-	-	-	-
12a- Other monetary financial liabilities	-	-	-	-
12b- Other non-monetary financial liabilities	-	-	-	-
<b>13- Current Liabilities (10+11+12)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
14- Trade payables	-	-	-	-
15- Financial liabilities	212,212,104	-	86,836,936	-
16a- Other monetary financial liabilities	-	-	-	-
16b- Other non-monetary financial liabilities	-	-	-	-
<b>17- Non-current liabilities (14+15+16)</b>	<b>212,212,104</b>	<b>-</b>	<b>86,836,936</b>	<b>-</b>
<b>18- Total liabilities (13+17)</b>	<b>212,212,104</b>	<b>-</b>	<b>86,836,936</b>	<b>-</b>
<b>19- Net asset / liability position of off-balance sheet derivatives (19a-19b)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
19a- Off-balance sheet foreign currency derivative assets	-	-	-	-
19b- Off-balance sheet foreign currency derivative liabilities	-	-	-	-
<b>20- Net foreign currency asset liability position (9-18+19)</b>	<b>(115,469,817)</b>	<b>51,214,130</b>	<b>(86,835,602)</b>	<b>225</b>
<b>21- Net foreign currency asset / liability position of monetary items (1+2a+5+6a+10+11-12a-14-15-16a)</b>	<b>(115,469,817)</b>	<b>51,214,130</b>	<b>(86,835,602)</b>	<b>225</b>
<b>22- Fair value of foreign currency hedged financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>23- Hedged foreign currency assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>24- Hedged foreign currency liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>25- Exports</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>26- Imports</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



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**NOTE 19 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)**

*Foreign currency sensitivity*

	30 June 2012			
	Gain/(Loss)		Equity	
	Appreciation of Foreign currency	Devaluation of Foreign currency	Appreciation of Foreign currency	Devaluation of Foreign currency
<b>+/-10% fluctuation of USD rate</b>				
1- US Dollar net asset / liability	5,766,524	(5,766,524)	5,766,524	(5,766,524)
2- Part of hedged from US Dollar risk (-)	-	-	-	-
<b>3- US Dollar net effect (1+2)</b>	<b>5,766,524</b>	<b>(5,766,524)</b>	<b>5,766,524</b>	<b>(5,766,524)</b>
<b>+/-10% fluctuation of EUR rate</b>				
4- Euro net asset / liability	(21,777,695)	21,777,695	(21,777,695)	21,777,695
5- Part of hedged from Euro risk (-)	-	-	-	-
<b>6- Euro net effect (4+5)</b>	<b>(21,777,695)</b>	<b>21,777,695</b>	<b>(21,777,695)</b>	<b>21,777,695</b>
<b>+/-10% fluctuation of other rates</b>				
7- Other foreign exchange net asset / liability	17	(17)	17	(17)
8- Part of hedged from foreign exchange risk (-)	-	-	-	-
<b>9- Net effect (7+8)</b>	<b>17</b>	<b>(17)</b>	<b>17</b>	<b>(17)</b>
<b>Total (3+6+9)</b>	<b>(16,011,154)</b>	<b>16,011,154</b>	<b>(16,011,154)</b>	<b>16,011,154</b>
<b>31 December 2011</b>				
	Gain/Loss		Equity	
	Appreciation of foreign currency	Devaluation of foreign currency	Appreciation of foreign currency	Devaluation of foreign currency
<b>+/-10% fluctuation of USD rate</b>				
1- US Dollar net asset / liability	9,673,837	(9,673,837)	9,673,837	(9,673,837)
2- Hedged from US Dollar risk (-)	-	-	-	-
<b>3- US Dollar net effect (1+2)</b>	<b>9,673,837</b>	<b>(9,673,837)</b>	<b>9,673,837</b>	<b>(9,673,837)</b>
<b>+/-10% fluctuation of EUR rate</b>				
4- Euro net asset / liability	(21,220,884)	21,220,884	(21,220,884)	21,220,884
5- Part of hedged from Euro risk (-)	-	-	-	-
<b>6- Euro net effect (4+5)</b>	<b>(21,220,884)</b>	<b>21,220,884</b>	<b>(21,220,884)</b>	<b>21,220,884</b>
<b>+/-10% fluctuation of Other foreign currency rates</b>				
7- Other foreign currency net asset / liability	66	(66)	66	(66)
8- Hedged from other foreign currency risks (-)	-	-	-	-
<b>9- Other foreign currency net effect (7+8)</b>	<b>66</b>	<b>(66)</b>	<b>66</b>	<b>(66)</b>
<b>TOTAL (3+6+9)</b>	<b>(11,546,981)</b>	<b>11,546,981</b>	<b>(11,546,981)</b>	<b>11,546,981</b>