TURCAS PETROL A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF
CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2012
TOGETHER WITH AUDITOR'S REPORT
(ORIGINALLY ISSUED IN TURKISH)

TURCAS PETROL A.Ş.

CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2012

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

TURCAS PETROL A.Ş.

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2012 AND 2011
(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

	Notes	31 December 2012	31 December 2011
ASSETS			
Current assets			
Cash and cash equivalents	4	118,140,599	118,261,958
Financial assets	5	2,090,187	-
Trade receivables	7	4,493,835	1,610,552
Trade receivables from related parties	*25*	*202,135*	*185,650*
Trade receivables from third parties		*4,291,700*	*1,424,902*
Other receivables	8	69,081,439	49,654,537
Other receivables from related parties	*25*	*27,827,010*	*12,575,456*
Other receivables from third parties	*8*	*41,254,429*	*37,079,081*
Other current assets	15	3,174,628	2,252,179
		196,980,688	**171,779,226**
Assets held for sale	10	246,953	246,953
Total currents assets		**197,227,641**	**172,026,179**
Non-current assets			
Other receivables	8	251,622,904	138,320,236
Other receivables from related parties	*25*	*251,538,413*	*138,243,752*
Other receivables from third parties		*84,491*	*76,484*
Financial assets	5	58,240	58,240
Associates	9	553,928,943	541,927,870
Property, plant and equipment	10	3,060,567	3,506,354
Intangible assets	11	20,672	14,077
Other non-current assets	15	14,537,270	4,141,217
Deferred tax assets	23	1,986,279	126,057
Total non-current assets		**825,214,875**	**688,094,051**
TOTAL ASSETS		**1,022,442,516**	**860,120,230**

These consolidated financial statements as at and for the year ended 31 December 2012 have been approved for issue by the Board of Directors on 11 April 2013 and signed on its behalf by Cabbar Yılmaz, Coordination and Regulatory Director and by Nurettin Demircan, Accounting Department Manager. These consolidated financial statements are subject to the approval of General Assembly.

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

TURCAS PETROL A.Ş.

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2012 AND 2011

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

	Notes	31 December 2012	31 December 2011
LIABILITIES			
Current liabilities			
Financial liabilities	6	16,363,885	-
Trade payables	7	4,593,492	2,333,533
Trade payables to related parties	*25*	*265,237*	*253,531*
Trade payables to third parties		*4,328,255*	*2,080,002*
Other payables	8	14,030,945	11,688,970
Other payables to related parties	*25*	*535,897*	*544,517*
Other payables to third parties		*13,495,048*	*11,144,453*
Current income tax liabilities	23	-	1,788,605
Provisions		4,500	6,500
Provisions for employee benefits		294,594	516,024
Other current liabilities		36,656	15,816
Total current liabilities		**35,324,072**	**16,349,448**
Non-current liabilities			
Financial liabilities	6	292,796,276	212,212,104
Provisions for employee benefits	14	353,913	332,968
Other non-current liabilities	15	1,148,583	1,948,570
Total non-current liabilities		**294,298,772**	**214,493,642**
EQUITY			
Paid-in capital	16	225,000,000	225,000,000
Adjustment to share capital	16	41,247,788	41,247,788
Treasury shares	16	(22,850,916)	(22,850,916)
Restricted reserves	16	32,356,963	29,863,083
Retained earnings		346,419,109	258,095,696
Net income for year		70,638,974	97,915,312
Attributable to equity holders of the parent		692,811,918	629,270,963
Minority interest		7,754	6,177
Total equity		**692,819,672**	**629,277,140**
TOTAL LIABILITIES AND EQUITY		**1,022,442,516**	**860,120,230**

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

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

TURCAS PETROL A.Ş.

CONSOLIDATED STATEMENTS OF INCOME FOR THE YEARS ENDED
31 DECEMBER 2012 AND 2011
(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

	Notes	2012	2011
Net sales	17	23,300,403	10,984,619
Cost of sales	17	(22,498,681)	(9,712,549)
Gross profit		**801,722**	**1,272,070**
Marketing, sales and distribution expenses	18	(1,450,844)	(1,413,084)
General administrative expenses	18	(11,545,514)	(10,265,125)
Other income	20	19,476,581	101,122,476
Other expenses	20	(169,441)	(149,360)
Operating profit		**7,112,504**	**90,566,977**
Income from associates	9	47,091,004	13,709,962
Financial incomes	21	67,013,119	24,345,780
Financial expenses	22	(47,533,720)	(25,828,178)
Income before tax		**73,682,907**	**102,794,541**
Income tax expense			
- Taxes on income	23	(4,908,672)	(5,025,626)
- Deferred tax (expense)/income	23	1,860,222	145,354
Net income		**70,634,457**	**97,914,269**
Other comprehensive income		-	-
Total comprehensive income		**70,634,457**	**97,914,269**
Attributable to:			
Minority interest		70,638,974	97,915,312
Equity holders of the parent		(4,517)	(1,043)
Earnings per share (Kr)	24	0.3140	0.4352

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

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

TURCAS PETROL A.Ş.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2012 AND 2011
(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

	Paid in capital	Adjustment to share capital	Treasury shares	Restricted reserves	Retained earnings	Net income for year	Equity attributable to equity holders of the parent	Minority interest	Total equity
Balances at 1 January 2011	**225,000,000**	**41,247,788**	**(22,850,916)**	**26,996,418**	**220,825,272**	**56,382,717**	**547,601,279**	**6,934**	**547,608,213**
Transfers	-	-	-	2,866,665	53,516,052	(56,382,717)	-	-	-
Capital increase - minority interest	-	-	-	-	-	-	-	286	286
Purchase of Shell Gaz A.Ş.(Note 9)	-	-	-	-	(5,598,600)	-	(5,598,600)	-	(5,598,600)
Dividends paid	-	-	-	-	(10,647,028)	-	(10,647,028)	-	(10,647,028)
Total comprehensive income	-	-	-	-	-	97,915,312	97,915,312	(1,043)	97,914,269
Balances at 31 December 2011	**225,000,000**	**41,247,788**	**(22,850,916)**	**29,863,083**	**258,095,696**	**97,915,312**	**629,270,963**	**6,177**	**629,277,140**
Transfers	-	-	-	2,493,880	95,421,432	(97,915,312)	-	-	-
Capital increase - minority interest	-	-	-	-	-	-	-	6,094	6,094
Dividends paid	-	-	-	-	(7,098,019)	-	(7,098,019)	-	(7,098,019)
Total comprehensive income	-	-	-	-	-	70,638,974	70,638,974	(4,517)	70,634,457
Balances at 31 December 2012	**225,000,000**	**41,247,788**	**(22,850,916)**	**32,356,963**	**346,419,109**	**70,638,974**	**692,811,918**	**7,754**	**692,819,672**

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

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

TURCAS PETROL A.Ş.

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2012 AND 2011

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

	Notes	31 December 2012	31 December 2011
Operating activities:			
Income before tax		73,682,907	102,794,541
Adjustments to reconcile net cash provided from operating activities to income before taxes			
Depreciation and amortization	3,19	1,202,209	1,343,187
Sales income of assets held for sales	20	-	492,239
Profit from sales of associates	20	-	(83,818,943)
Provision for employee benefits	14	20,945	82,649
Provision for unused vacation		(221,429)	281,086
Income from associates	9	(39,001,073)	(13,709,962)
Foreign exchange (gain) / loss related to financial debts		(6,670,297)	8,434,921
Interest expenses	22	13,427,644	6,620,656
Interest income	21	(29,497,216)	(11,516,182)
Cash flows before changes in operating assets and liabilities		**12,943,690**	**11,004,192**
Changes in operating assets and liabilities			
Changes in trade receivables	7	(2,883,283)	5,203,315
Changes in financial assets		(2,090,187)	-
Changes in other receivables and assets		(18,479,990)	(59,339,726)
Changes in other payables and liabilities		1,560,828	8,356,154
Changes in trade payables and related party payables	7,25	2,259,960	(4,674,196)
Corporate taxes paid	23	(6,697,277)	(3,237,021)
Cash flows used in operating activities		**(13,386,259)**	**(42,687,282)**
Investing activities:			
Acquisition of tangible and intangible assets	10,11	(790,202)	(963,232)
Cash provided to associates for capital expenditure	25	(124,594,637)	(138,265,730)
Cash provided from sales of tangible and intangible assets		27,185	-
Cash provided by sales of assets held for sale		-	811,418
Capital increase in associates	9	-	(58,395,114)
Cash-used from sales of associates	20	-	83,818,943
Dividends received	9	27,000,000	30,822,870
Cash flows used in investing activities		**(98,357,654)**	**(82,170,845)**
Financing activities:			
Proceeds from bank borrowings	6	105,391,804	210,224,573
Repayment of bank borrowings	6	(1,797,345)	(7,236,154)
Interest received	21	28,451,691	11,492,531
Interest paid	22	(13,403,750)	(6,620,656)
Capital increase-minority interest		6,094	286
Dividends paid		(7,098,019)	(10,647,028)
Cash flows provided from financing activities		**111,550,475**	**197,213,552**
Net increase / (decrease) in cash and cash equivalents		**(193,438)**	**72,355,842**
Cash and cash equivalents at the beginning of the year		**118,181,140**	**45,825,298**
Cash and cash equivalents at the end of the year	**4**	**117,987,702**	**118,181,140**

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

(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") consist of Turcas Petrol A.Ş. ("The Company"), 6 subsidiaries and 3 associates.

Turcas Petrolcülük A.Ş. was established in 1988 by Türkpetrol 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.("STAŞ") by partial spin-off. 30% shares of STAŞ. were owned by Turcas Petrol A.Ş. and 70% of shares were owned by The Shell Company of Turkey Ltd("Shell Türkiye"). Since this date, main operations of Turcas Petrol A.Ş.; which were purchasing, selling, importing, exporting of petroleum products, have been carried by STAŞ whose selling and export activities has recently begun. 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 subsectors 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 business lines with commercial, industrial, agricultural and financial purposes.

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

Dikilitaş mah. Emirhan Cad. No: 109 Beşiktaş/İstanbul

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

The Company's main shareholder is Aksoy Holding A.Ş. The capital structure of the Company as of the related balance sheet dates have been provided at Note 16.

The number of employees of the Group at the end of the period is 46. (31 December 2011: 42).

Subsidiaries	**Country**	**Nature of business**
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

In 1996, the Company acquired 100% of Turcas Enerji Holding A.Ş ("Marmara"). During the year, The Company also bought Turcas Enerji Holding A.Ş shares (5%) from Ataş Anadolu Tasfiyehanesi A.Ş, which was established in 1958, owned by "Marmara".

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

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

Based on the resolution of the Board of Directors of the Company dated 7 June 2004, the Company's subsidiary Marmara Petrol ve Rafineri İşleri A.Ş. and the other ATAŞ partners returned their Certificate of Refinery to the General Directorate of Petroleum Affairs, put an end to the refining operations of ATAŞ and obtained a Terminal License for ATAŞ from the Energy Market Regulatory Authority ("EMRA"). The entity continues its storage and service operations as of the balance sheet date.

As a result of the Extraordinary General Assembly meeting held on 27 May 2008, the company resolved for the change of its title from "Marmara Petrol ve Rafineri İşleri A.Ş." to "Turcas Enerji Holding A.Ş.". This decision was published on the Turkish Trade Registry Gazzette numbered 7105 on 15 July 2008 and the title is registered and declared as Turcas Enerji Holding A.Ş.

Turcas Elektrik Üretim A.Ş. has been established on 23 December 2003 and obtained Electric Production License with the EMRA's decision numbered 658-2 dated 16 February 2006, for 20 years starting from 16 February 2006.

Turcas Elektrik Toptan Satış A.Ş. has been established on 30 October 2000 and obtained the license to operate in electric wholesale business for 10 years starting from 5 June 2003 in accordance with the Electricity Market Regulation numbered 4628.

Turcas Gaz Toptan Satış A.Ş. has been established on 6 June 2005, in order to operate in the import of natural gas and wholesale activities. The company has obtained sales licence for 30 years period on 17 May 2007.

Turcas Rüzgar Enerji Üretim A.Ş. has been established on 25 October 2007 and it operates in the installation and administration of electric energy production facilities, electric energy production, the sale of the energy or capacity that has been generated. Turcas Elektrik Üretim A.Ş. owns 99.99% of Turcas Yenilenebilir Enerji Üretim A.Ş.

Turcas Rafineri Yatırımları A.Ş.has been established on 28 December 2011. It operates in the installation of petroleum refineries and additional plants, purchasing and operating of these plants, processing raw petroleum and ensuring that raw petroleum is processed both in domestic and abroad refineries.

Associates	**Country**	**Nature of business**
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

STAŞ operates in every aspect of the purchase, sale, import, export, storage and distribution of all types of fuel and oil.

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

Socar & Turcas Rafineri A.Ş.(newly established name as Star Rafineri A.Ş. ("STAR")) has been established on 10 September 2008. Turcas Petrol A.Ş. has 18.5% of the Company's shares and the rest 81.5% of shares are owned by SOCAR Turkey Enerji A.Ş. which is 100% subsidiary of State Oil Company of the Azerbaijan Republic ("SOCAR") in Turkey. In order to realize SOCAR&Turcas Ege Rafinerisi project in Izmir Aliaga, STAR applied to the Energy Market Regulatory Authority ("EMRA") for the licence and obtained Refinery Licence numbered RAF/2610-3/27891 dated 23 June 2010, for 49 years starting from 23 June 2010.

RWE & Turcas Güney Elektrik Üretim A.Ş has been established on 7 December 2007 in order to construct and operate electricity power plant, generate electrical energy, heat and steam from power plants, perform maintenance services and market the recycled and waste materials (Note 9).

SOCAR & Turcas Enerji A.Ş. ("STEAŞ") has been established on 28 December 2006 by registering Turkish Trade gazette with TRY50,000 capital. Since the date of 26 December 2011; Turcas had 25%, Aksoy Holding A.Ş. had 24% and State Oil Company of the Azerbaijan Republic ("SOCAR") had 51% of the shares. 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 in accordance with "Share Sale&Purchase Agreement" (Note 2.1.d).

The detailed information about the associates are given in Note 9.

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.

With the decision taken on 17 March 2005, the CMB announced that, effective from 1 January 2005, the application of inflation accounting is no longer required for companies operating in Turkey and preparing their financial statements in accordance with CMB Financial Reporting Standards. Accordingly, IAS 29, "Financial Reporting in Hyperinflationary Economies", issued by the IASB, has not been applied in the financial statements for the accounting year commencing from 1 January 2005.

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

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 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 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.

The Company maintains its books of account and prepares its statutory financial statements in TRY 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. These 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. These consolidated financial statements have been prepared by taking into consideration the historical costs.

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. The significant assumptions and estimates applied in the preparation of the consolidated financial statements, are disclosed in note 2.4.

Amendments in International Financial Reporting Standards

(a) Standards, amendments and interpretations effective from 1 January 2012:

- IFRS 7 (Amendment), "Financial Instruments: Disclosures" (effective for annual periods beginning on or after 1 July 2011);
- IAS 12 (Amendment), "Income taxes" (effective for annual periods beginning on or after 1 January 2012)

(b) Standards, amendments and interpretations to existing standards that are not yet effective as of 31 December 2012 and have not been early adopted by the Company:

- IAS 19 (Amendment), "Employee benefits" (effective for annual periods beginning on or after 1 January 2013);
- IAS 1 (Amendment), "Presentation of financial statements", regarding other comprehensive income (effective for annual periods beginning on or after 1 July 2012);
- IFRS 10, "Consolidated financial statements" (effective from 1 January 2013 or later annual reporting periods.);
- IFRS 11, "Joint arrangements" (effective for annual periods beginning on or after 1 January 2013);
- IFRS 12, "Disclosures of interests in other entities" (effective for annual periods beginning on or after 1 January 2013);
- IFRS 10, 11 and 12 on transition guidance (Amendment) (effective for annual periods beginning on or after 1 January 2013);

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

- IFRS 13, "Fair value measurement" (effective for annual periods beginning on or after 1 January 2013);
- IAS 27 (Revised), "Separate financial statements" (effective for annual periods beginning on or after 1 January 2013);
- IAS 28 (Revised), "Associates and joint ventures" (effective for annual periods beginning on or after 1 January 2013);
- IFRS 7 (Amendment), "'Financial instruments: Disclosures', on offsetting financial assets and financial liabilities" (effective for annual periods beginning on or after 1 January 2013);
- IAS 32 (Amendment), "'Financial instruments: Presentation', on offsetting financial assets and financial liabilities" (effective for annual periods beginning on or after 1 January 2014);
- IFRS 1 (Amendment), "'First time adoption', on government loans" (effective for annual periods beginning on or after 1 January 2013);
- IFRS 9, "Financial instruments: Classification and Measurement" (effective for annual periods beginning on or after 1 January 2015);
- IFRS 10, "Consolidated Financial Statements", IFRS 12 and IAS 27, "Investment Entities" (Amendment) (effective for annual periods beginning on or after 1 January 2014);
- IFRIC 20, "Stripping costs in the production phase of a surface mine"

The Group will evaluate the effects of the changes mentioned above and apply the ones applicable to the Group starting from 1 January 2012. It has not been estimated that the standarts and applications above will cause any major changes in the Group's consolidated financial statements.

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.

Consolidation Principles

(a) The consolidated financial statements include the accounts of the parent company, Turcas, and its Subsidiaries and Associates on the basis set out in sections (b) to (d) below. The financial statements of the companies included in the consolidation have been prepared as of the date of the consolidated financial statements and are based on the statutory records, which are maintained under the historical cost convention, with adjustments and reclassifications for the purpose of presentation in conformity with CMB Financial Reporting Standards and applying uniform accounting policies and presentations**.**

(b) Subsidiaries are companies over which Turcas has capability to control the financial and operating policies for the benefit of Turcas through the power to exercise more than 50% of the voting rights relating to shares in the companies owned directly and indirectly by itself.

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

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

(c) Subsidiaries are consolidated from the date on which the control is transferred to the Group and are no longer consolidated from the date that the control ceases. Where necessary, accounting policies for Subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

The balance sheets and statements of income of the Subsidiaries are consolidated on a line-by-line basis and the carrying value of the investment held by Turcas and its Subsidiaries is eliminated against the related shareholders' equity. Intercompany transactions and balances between Turcas and its Subsidiaries are eliminated on consolidation. The cost of, and the dividends arising from, shares held by Turcas in its Subsidiaries are eliminated from shareholders' equity and income for the year, respectively.

The table below sets out all Subsidiaries included in the scope of consolidation and shows their direct and indirect ownership, which are identical to their economic interests, at years ended 31 December 2012 and 2011(%):

	31 December 2012		**31 December 2011**	
	Ownership interest	**Economic interest**	**Ownership interest**	**Economic interest**
Turcas Enerji Holding A.Ş.	100.00	100.00	100.00	100.00
Turcas Elektrik Üretim A.Ş.	100.00	100.00	100.00	100.00
Turcas Elektrik Toptan Satış A.Ş.	100.00	100.00	100.00	100.00
Turcas Gaz Toptan Satış A.Ş.	100.00	100.00	100.00	100.00
Turcas Yenilenebilir Enerji Üretim A.Ş.	100.00	100.00	100.00	100.00
Turcas Rafineri Yatırımları A.Ş.	99.60	99.60	99.60	99.60

(d) Associates are companies in which the Group has attributable interest of more than 20% and less than 50% of the ordinary share capital held for the long-term and over which a significant influence is exercised. Associates are accounted for using the equity method.

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables or the significant influence ceases the Group does not continue to apply the equity method, unless it has incurred obligations or made payments on behalf of the associate. Subsequent to the date of the caesura of the significant influence the investment is carried either at fair value when the fair values can be measured reliably or otherwise at cost when the fair values cannot be reliably measured.

The table below sets out all Associates and shows their direct and indirect ownership at 31 December 2012 and 2011:

	2012 (%)	**2011 (%)**
Shell & Turcas Petrol A.Ş.	30.00	30.00
RWE & Turcas Güney Elektrik Üretim A.Ş.	30.00	30.00
Star Rafineri A.Ş.	18.50	18.50

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

(e) Available-for-sale investments, in which the Group has controlling interests equal to or above 20%, or over which are either immaterial or where a significant influence is not exercised by the Group, that do not have quoted market prices in active markets and whose fair values cannot be reliably measured are carried at cost less any provision for impairment.

Available-for-sale investments, in which the Group has attributable interests below 20% or in which a significant influence is not exercised by the Group, that have quoted market prices in active markets and whose fair values can be reliably measured are carried at fair value(Note 5).

(f) The minority shareholders' share in the net assets and results of Subsidiaries for the year are separately classified as minority interest in the consolidated balance sheets and statements of income.

Going Concern

Group prepared 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.

Comparatives and restatement of prior periods' financial statements

The 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 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 periods' 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.

Where necessary, comparative figures are reclassified to conform to changes in presentation in the current period and material differences are disclosed.

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

2.3 Summary of significant accounting policies

Significant accounting policies applied in the preparation of these consolidated financial statements are summarised below:

Related parties

For the purpose of these consolidated financial statements, shareholders, key management personnel and Board members, in each case together with their families and companies controlled by/or affiliated with them, associated companies and other companies within the Aksoy Holding group are considered and referred to as related parties (Note 25).

Trade receivables

Trade receivables that are created by the Group by way of providing goods or services directly to a debtor are carried at amortised cost. Short duration receivables with no stated interest rate are measured at the original invoice amount unless the effect of imputing interest is significant (Note 7).

A doubtful receivable provision for trade receivables is established if there is objective evidence that the Group will not be able to collect all amounts due. The amount of provision is the difference between the carrying amount and the recoverable amount, being the present value of all cash flows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate of the originated receivables at inception.

If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited to other income.

Credit finance income/charges

Credit finance income/charges represent imputed finance income/charges on credit sales and purchases. Such income/charges calculated by using the effective interest method are recognised as financial income or expenses over the period of credit sale and purchases, and included under financial income and expenses (Notes 21,22).

Financial investments

Classification

The group classifies its financial assets in the following categories: loans and receivables and available-for-sale investments. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

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

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. Those with maturities greater than 12 months are classified as non-current assets. The group's loans and receivables are classified as "trade and other receivables" in the balance sheet.

(b) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the related investments within 12 months of the balance sheet date.

(c) Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets that are not classified under loans and receivables and are held-for-trading at the time of acquisition and are not included in available-for-sale financial assets, with fixed maturities and fixed or determinable payments where management has the intent and ability to hold the financial assets to maturity. Held-to-maturity financial assets are initially recognized at cost which is considered as their fair value. The fair values of held-to-maturity financial assets on initial recognition are either the transaction prices at acquisition or the market prices of similar financial instruments. Held-to-maturity securities are carried at "amortized cost" using the "effective interest method" after their recognition. Interest income earned from held-to-maturity financial assets is reflected to the statement of income.

There are no financial assets of the Company that were previously classified as held-to-maturity but cannot be subject to this classification for two years due to the contradiction of classification principles.

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss is initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as "gains and losses from investment securities".

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

Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement as part of other income. Dividends on available-for-sale equity instruments are recognised in the income statement as part of other income when the group's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models.

The group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement. Impairment testing of trade receivables is described in the related accounting policies.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts (Note 4).

Property, plant, equipment and related depreciation

Property, plant and equipment are carried at cost less accumulated depreciation. Depreciation is provided on restated amounts of property, plant and equipment using the straight-line method based on the estimated useful lives of the assets, except for land due to their indefinite useful life. The depreciation periods for property and equipment, which approximate the economic useful lives of assets concerned, are as follows:

Machinery and equipment	5 - 10 years
Motor vehicles, furniture and fixtures	5 - 10 years
Special costs	5 years

Property, plant and equipment are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of asset net selling price or value in use. The recoverable amount of the property, plant and equipment is the higher of future net cash flows from the utilisation of this property, plant and equipment or fair value less cost to sell.

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

Gains or losses on disposals of property, plant and equipment are included in the related income or expense accounts, as appropriate.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits with the item will flow to the company. Repairs and maintenance are charged to the statements of income during the financial year in which they are incurred (Note 10).

Intangible assets

Intangible assets are comprised of acquired brands, trademarks, patents, developments costs and computer software (Note 11).

a) Trademark licenses

Separately acquired trademark licenses and patents are carried at their acquisition costs. Trademarks and licenses have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licenses over their estimated useful lives (five years).

b) Computer software

Computer software is recognised at its acquisition cost. Computer software is amortised on a straight-line basis over their estimated useful lives of five years and carried at cost less accumulated amortization.

Financial liabilities and borrowing costs

Borrowings are recognised initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective yield method; any difference between proceeds, net of transaction costs, and the redemption value is recognised in the income statement over the period of the borrowings. Borrowing costs are charged to the income statement when they are incurred (Note 6). Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Current and deferred income tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised directly in equity. In such case, the tax is also recognised in shareholders' equity.

The current income tax charge is calculated in accordance with the tax laws enacted or substantively enacted at the balance sheet date in the countries where the subsidiaries and associates of the Group operate.

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

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the consolidated financial statements. Currently enacted tax rates are used to determine deferred income tax at the balance sheet date (Note 23).

Deferred tax liabilities are recognised for all taxable temporary differences, where deferred tax assets resulting from deductible temporary differences are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilised.

Provided that deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority and it is legally eligible, they may be offset against one another.

Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Employment termination benefits

Employment termination benefits, as required by the Turkish Labour Law, represent the estimated present value of the total reserve of the future probable obligation of the Company arising in case of the retirement of the employees, termination of employment without due cause, call for military service, be retired or death upon the completion of a minimum one year service. Provision which is allocated by using defined benefit pension's current value is calculated by using estimated liability method. All actuarial profits and losses are recognised in consolidated statements of income (Note 14).

Foreign currency transactions

Transactions in foreign currencies during the period have been translated at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated into TRY at the exchange rates prevailing at the balance sheet dates. Exchange gains or losses arising from the settlement and translation of foreign currency items have been included in the consolidated statements of income.

Revenue recognition

Revenues are recognized on an accrual basis when the electricity is delivered (risk and rewards are transferred), the amount of the revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Group, at the fair value of consideration received or receivable. Net sales represent the invoiced value of electricity delivered less sales returns and commission. Transmission revenue are netted off with its related costs in consolidated financial statements (Notes 21 and 22).

Interest income is recognised on a time proportion basis that takes into account the effective yield on the assets.

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

Dividends

Dividends receivable are recognised as income in the period when they are declared. Dividends payable are recognised as an appropriation of profit in the period in which they are declared .

Paid-in capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Treasury Shares

Where any group company purcases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs(net of income taxes) is deducted from equity attributable to the company's equity holders until the shares are cancelled or resissued and is shown as treasury shares in balance sheet. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the company's equity holders (Note 16).

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. No provision is recognised for operating losses expected in later periods (Note 13).

Contingent assets and liabilities

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group are not included in the consolidated balance sheets and are disclosed as contingent assets or liabilities (Note 12).

Earnings per share

Earnings per share presented in the consolidated statement of income are determined by dividing consolidated net income attributable to that class of shares by the weighted average number of such shares outstanding during the year concerned.

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issued without a corresponding change in resources by giving them retroactive effect for the year in which they were issued and for each earlier period.

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

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision-maker, who is responsible for allocating resources and assessing the performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions (Note 3).

Reporting of cash flows

For the purposes of the consolidated statement of cash flows, cash and cash equivalents include cash and cash equivalents with maturity periods of less than three months.

2.4 Critical accounting estimates and judgements

The preparation of 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 TRY16,343,032 from which can be utilized with future profits, as of 31 December 2012 (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 23).

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

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 thermoplacstics 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 (Note 2.1.d.). Correspondingly, the Group has no activity in petrochemical section since then. Electricity group consists of the production, wholesale and distribution of electricity products.

Accounting policies applied by each operational segment of Turcas are the same as those are applied in Turcas's 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 seperately by the necessity of requiring different technologies and marketing strategies.

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 competitors in the sector.

a) Operational segments which have been prepared in accordance with the reportable segments for the year ended 31 December 2012 are as follows:

	Oil	Petrochemicals	Natural gas	Electricity	Other*	Total
Revenue from external customers	-	-	-	23,300,403	-	23,300,403
EBITDA	(13,694)	-	(213,851)	(3,723,752)	(7,041,130)	(10,992,427)
Financial income	-	-	579,488	47,661,602	18,772,029	67,013,119
Financial expenses	-	-	(185,491)	(37,287,308)	(10,060,921)	(47,533,720)
Amortization and depreciation expenses	-	-	(380)	(188,719)	(1,013,110)	(1,202,209)
Income/(expense) from associates	51,626,988	-	-	(4,535,984)	-	47,091,004
Purchase of tangible and intangible assets	-	-	-	3,710	786,492	790,202

b) Operational segments which have been prepared in accordance with the reportable segments for the year ended 31 December 2011 are as folllows:

	Oil	Petrochemicals	Natural gas	Electricity	Other*	Total
Revenue from external customers	-	-		10,984,619	-	10,984,619
EBITDA	(79,671)	-	(285,383)	(1,704,245)	(6,993,653)	(9,062,952)
Financial income	-	-	867,829	14,345,821	9,132,130	24,345,780
Financial expenses	-	-	(223,153)	(22,957,468)	(2,647,557)	(25,828,178)
Amortization and depreciation expenses	-	-	(380)	(384,445)	(958,362)	(1,343,187)
Income/(expense) from associates	15,950,400	-	-	(2,240,438)	-	13,709,962
Purchase of tangible and intangible assets	-	-	-	77,842	885,390	963,232

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

NOTE 3 - SEGMENT REPORTING (Continued)

c) Operating segment information as of 31 December 2012 is shown below:

	Oil	Petrochemicals	Natural gas	Electricity	Other*	Eliminations	Total
Segment Assets	1,665,260	-	7,861,030	371,338,749	326,515,158	(238,866,624)	468,513,573
Associates	441,978,153	-	-	111,950,790	-	-	553,928,943
Segment Liabilities	10,625,756	-	102,104	316,634,197	3,110,818	(850,031)	329,622,844

d) Operating segment information as of 31 December 2011 is shown below:

	Oil	Petrochemicals	Natural gas	Electricity	Other*	Eliminations	Total
Segment Assets	50,000	-	7,571,135	232,444,018	290,922,449	(212,795,241)	318,192,361
Associates	417,346,300	-	-	124,581,570	-	-	541,927,870
Segment Liabilities	9,329,847	-	7,294	233,984,256	1,852,224	(14,330,531)	234,843,090

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

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

	31 December 2012	31 December 2011
Income		
Segment revenue	23,300,403	10,984,619
Consolidated income	**23,300,403**	**10,984,619**

	31 December 2012	31 December 2011
EBITDA		
Segment EBITDA	(3,951,297)	(2,069,299)
Other EBITDA	(7,041,130)	(6,993,653)
Consolidated EBITDA	**(10,992,427)**	**(9,062,952)**
Financial income	67,013,119	24,345,780
Financial expense	(47,533,720)	(25,828,178)
Other operational income	19,307,140	100,973,116
Income from associates	47,091,004	13,709,962
Amortization and depreciation	(1,202,209)	(1,343,187)
Consolidated income before tax	**73,682,907**	**102,794,541**

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

NOTE 4 - CASH AND CASH EQUIVALENTS

	31 December 2012	**31 December 2011**
Cash	10,806	7,095
Banks		
- demand deposits	232,905	428,653
- time deposits	117,896,888	117,826,210
	118,140,599	**118,261,958**

The maturities of cash and cash equivalents are as follows:

	31 December 2012	**31 December 2011**
Up to 30 days	118,140,599	118,261,958
	118,140,599	**118,261,958**

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

	2012	**2011**
TRY	6.30	10.55
US Dollars	2.35	2.40
Euro	-	2.50

The analysis of cash and cash equivalents included in the consolidated statements of cash flows for the years ended 2012 and 2011 are as follows:

	31 December 2012	**31 December 2011**
Cash and cash equivalents	118,140,599	118,261,958
Less: Interest Accrual	(152,897)	(80,818)
	117,987,702	**118,181,140**

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

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

NOTE 5 - FINANCIAL ASSETS

	2012			2011		
	Short Term	**Long Term**	**Total**	**Short Term**	**Long Term**	**Total**
Financial assets held for sale	-	58,240	58,240	-	58,240	58,240
Held-to-maturity financial assets	2,090,187	-	2,090,187	-	-	-
	2,090,187	**58,240**	**2,148,427**	**-**	**58,240**	**58,240**

a) Financial assets available for sale:

	31 December 2012		31 December 2011	
	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	45,000	30.00
	58,240		**58,240**	

(*) 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.

Financial assets are valuated by using purchase cost of financial assets less provision for impairment (if any) under the circumstances of no fair value of financial assets available for sale recorded in stock market or no other available methods to calculate the fair value.

b) Held-to-maturity financial assets:

The details of held-to-maturity financial assets are as follows:

	31 December 2012	**31 December 2011**
Bonds:		
Private sector bonds	2,090,187	-
	2,090,187	**-**

Remaining time to maturity dates of held-to-maturity financial assets in agreements as of 31 December 2012 is as follows:

	Banking	**Other firms**	**Total**
Less than 3 months	2,090,187	-	2,090,187
Total	**2,090,187**	**-**	**2,090,187**

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

NOTE 5 - FINANCIAL ASSETS (Continued)

Remaining time to repricing dates of held-to-maturity financial assets in agreements as of 31 December 2012 is as follows:

	Banking	Other firms	Total
Less than 3 months	2,090,187	-	2,090,187
Total	**2,090,187**	**-**	**2,090,187**

The movement table of held-to-maturity financial assets is as follows:

	2012	2011
Balance at 1 January	**-**	**-**
Purchases	2,080,559	-
Additions due to amortized cost	9,628	-
Total	**2,090,187**	**-**

NOTE 6 - FINANCIAL LIABILITIES

	2012	2011
Short-term bank borrowings	16,363,885	-
Long-term bank borrowings	292,796,276	212,212,104
	309,160,161	**212,212,104**

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

NOTE 6 - FINANCIAL LIABILITIES(Continued)

	31 December 2012		
	Yearly average effective interest rate(%)	**Original amount**	**TRY**
EUR borrowings			
- Floating interest rate	6.20	32,002	75,259
- Fixed interest rate	2.28	5,496,742	12,926,688
USD borrowings			
- Floating interest rate	4.08	1,885,974	3,361,938
Total short term financial liabilities			**16,363,885**
EUR borrowings			
- Floating interest rate (*)	2.28	104,411,535	245,544,606
- Fixed interest rate	6.20	51,908	122,072
- Interest accrual of floating rate loan		26,562	62,465
USD borrowings			
- Floating interest rate (**)	4.08	26,400,547	47,061,615
- Interest accrual of floating rate loan		3,096	5,518
Total long term financial liabilities			**292,796,276**
Total financial liabilities			**309,160,161**

(*) Original amount of loan obtained from consortium of Bayern LB and Portigon AG is TRY285,519,913 (EUR121,410,007). ECA premium of TRY25,649,399 (EUR13,678,207) and management fee of TRY1,399,220 (EUR746,760) have been deducted from the original amount. These amounts will be amortised until the end of loan agreement.

(*) Original amount of loan obtained TSKB is TRY50,804,100 (EUR28,500,000) and management fee of TRY380,547 (EUR288,750) have been deducted from the original amount. These amounts will be amortised until the end of loan agreement.

	31 December 2011		
	Yearly average effective interest rate(%)	**Original amount**	**TRY**
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
Total long term financial liabilities			**212,212,104**
Total financial liabilities			**212,212,104**

(*) Original amount of loan obtained from consortium of Bayern LB and Portigon AG is TRY241,218,174 (EUR98,706,185). ECA premium of TRY27,929,346 (EUR13,687,207) 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.

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

NOTE 6 - FINANCIAL LIABILITIES(Continued)

Floating interest rated financial debts denominated in foreign currencies are valuated 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:

	2012	**2011**
0 - 1 year	16,363,885	-
1 - 2 years	32,657,350	21,249,961
2 - 3 years	32,619,226	21,253,534
3 - 4 years	32,577,252	21,257,461
4 - 5 years	32,577,252	21,261,612
After 5 years	162,365,196	127,189,536
	309,160,161	**212,212,104**

The redemption schedule of borrowings as of 31 December 2012 according to their contractual repricing dates of the Group is as follows:

	2012	**2011**
1-3 years	81,640,461	42,503,496
3-5 years	65,154,504	42,519,073
5-7 years	65,154,504	42,416,055
7-10 years	58,430,628	42,386,740
10-13 years	38,780,064	42,386,740
	309,160,161	**212,212,104**

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 associate of the Group, in the Denizli Project:

- The loan agreement was entered into with the bank consortium composing of Bayerische Landesbank ("Bayern LB") and Portigon AG with respect to the amount EUR149,351,984, with a maturity of 13 years and no-payback (grace) 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 (grace) period of three years at the interest rate Libor + 3.40%.

The portion EUR121,410,007 of the loan received from the bank consortium formed by Bayern LB and Portigon AG and the portion USD28,500,000 of the loan received from TSKB have been utilised as of 31 December 2012.

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

NOTE 6 - FINANCIAL LIABILITIES(Continued)

Turcas Petrol A.Ş. has provided a Corporate Guarantee as collateral amounting to USD77,000,000 in favor of TSKB and EUR149,351,984 in favor of Bayern LB and Portigon AG consortium within the scope of the respective loan agreements.

As a requirement of the loan agreement signed with Portigon AG and Bayern LB, a DSRA Standby Letter of Credit has been 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. 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..

Within the scope of the Share Pledge Agreements and Shareholder Assignment of Receivables Agreements entered into by and between Turcas Enerji Holding A.Ş., Turcas Petrol A.Ş., Turcas Elektrik Üretim A.Ş., and Portigon AG, Bayern LB and TSKB, on 11 November 2010 a first degree pledge and assignment of receivables were established, (i)on the shares owned by Turcas Enerji Holding A.Ş. and Turcas Petrol A.Ş. in Turcas Elektrik Üretim A.Ş. and their receivables from Turcas Elektrik Üretim A.Ş., (ii) on the shares owned by Turcas Elektrik Üretim A.Ş. in RWE &Turcas Güney Elektrik Üretim A.Ş. and its receivables from RWE &Turcas Güney Elektrik Üretim A.Ş. on behalf of Portigon AG, Bayern LB and TSKB o pari passu and pro rata basis.

NOTES 7 - TRADE RECEIVABLES AND PAYABLES

Short-term trade receivables	**2012**	**2011**
Trade receivables	5,112,253	2,639,639
Due from related parties (Note 25)	202,135	185,650
Other trade receivables	7,925	12,045
	5,322,313	**2,837,334**
Less:Provision for doubtful trade receivables	(689,646)	(881,398)
Less:Deferred financial income (Note 23)	(138,832)	(345,384)
Short-term trade receivables (net)	**4,493,835**	**1,610,552**

Movement of provision for doubtful receivables are as follows:

	2012	**2011**
Balance at the beginning of the year	**881,398**	**1,341,153**
Provisions no longer required (Note 20)	(191,752)	(459,755)
Balance at the end of the year	**689,646**	**881,398**

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

NOTES 7 - TRADE RECEIVABLES AND PAYABLES (Continued)

Short-term trade payables	**2012**	**2011**
Trade payables	4,336,823	2,186,358
Due to related parties (Note 25)	265,237	253,531
	4,602,060	**2,439,889**
Less: Deferred financial expense (Note 23)	(8,568)	(106,356)
Short-term trade payables (net)	**4,593,492**	**2,333,533**

NOTE 8 - OTHER RECEIVABLES AND PAYABLES

Short term other receivables	**2012**	**2011**
Receivables from related parties (Note 25)	27,827,010	12,275,456
Other (*)	41,254,429	37,079,081
	69,081,439	**49,654,537**

(*) TRY41,250,058 of other receivables balance (31 December 2011: TRY37,074,862) consist of the debt which was given to Socar Turkey Enerji A.Ş.. Interest income is accounted for amounting to TRY4,104,034 (31 December 2011: TRY1,726,517) using the current market interest rate (12.5%).

Long term other receivables	**2012**	**2011**
Receivables from related parties (Note 25)	251,538,413	138,243,752
Other	84,491	76,484
	251,622,904	**138,320,236**

Other payables	**2012**	**2011**
Taxes and duties payables	2,867,351	1,826,015
Due to related parties (Note 25)	535,897	544,517
Other (*)	10,627,697	9,318,438
	14,030,945	**11,688,970**

(*) TRY10,624,960 of other payables consist of the debt payables regarding the purchase of 18.5% of STAR Rafineri A.Ş.'s shares from Socar Turkey Enerji A.Ş (31 December 2011: TRY9,250,000). Interest expense is accounted for amounting to TRY1,165,221 (31 December 2011: None) using the current market interest rates (12.5%).

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

NOTE 9 - ASSOCIATES

	%	31 December 2012	%	31 December 2011
STAŞ	30.00	429,460,200	30.00	408,096,300
RWE & Turcas Güney Elektrik Üretim A.Ş.	30.00	111,950,790	30.00	124,581,570
STAR	18.50	12,517,953	18,50	9,250,000
		553,928,943		**541,927,870**

	31 December 2012	31 December 2011
Balance at the beginning of the year	**541,927,870**	**496,994,264**
Income from associates (net)	47,091,004	13,709,962
Dividends received	(27,000,000)	(30,822,870)
Transactions with associates (*)	(8,089,931)	-
Acqusition of Shell Gaz A.Ş.	-	(5,598,600)
Additions to the scope of consolidation	-	9,250,000
Capital increases of associates	-	58,395,114
Balance at the end of the year	**553,928,943**	**541,927,870**

(**) The balance consists of the adjustments to the capitilization of expenses by RWE&Turcas Güney during the consolidation about the debt that the Group has given to RWE&Turcas Güney, one of the Group's associates, to finance Denizli Plant investment.

<u>STAŞ</u>

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

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 TRY 12,245,408 thousands of sales revenue for the year 2012 and continues to strengthen its place in the Turkey's oil & lubricants market. The company maintains its first place in gasoline and lubricants sales and second place in white products (total of gasoline and diesel sales) sales with its 1,050 stations all over the country.

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

NOTE 9 - ASSOCIATES (Continued)

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

STAŞ	**31 December 2012**	**31 December 2011**
Total assets	3,015,835,000	2,835,487,000
Total liabilities	(1,584,301,000)	(1,475,166,000)
Net assets	1,431,534,000	1,360,321,000
Group's share of associate's net assets	**429,460,200**	**408,096,300**

	1 January - 31 December 2012	**1 January - 31 December 2011**
Net sales	12,245,408,000	10,760,269,000
Profit for the period	161,213,000	53,168,000
Group's share of associate's profit for the period	**48,363,900**	**15,950,400**

RWE&Turcas Güney Elektrik Üretim A.Ş.

Turcas Elektrik Üretim A.Ş. which is a %100 subsidiary of Turcas Petrol through the direct and indirect shares and the world's leading energy companies, RWE Holding A.Ş., a subsidiary of RWE AG in Turkey, have established 2 joint ventures companies named RWE & Turcas Güney Elektrik Üretim A.Ş. and RWE & Turcas Kuzey Elektrik Üretim A.Ş.. The share percentage of Turcas Elektrik Üretim A.Ş. is %30 in these companies. RWE & Turcas Güney Elektrik Üretim A.Ş., in order to establish natural gas thermal power plant with775 MW in Denizli, has obtained the certificate of Environmental Impact Assesment from Ministry of Environment and Forestry in 2008 and applied to Energy Market Regulatory Authority for Electricity Production Pre-Licence, and received the license in 2009.

Moreover, for the power plant to be established by RWE & Turcas Güney Elektrik Üretim A.Ş. in Denizli, a turnkey engineering, procurement 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 same period. In 2010 system connection agreements were finalised with the Turkish Electricity Transmission Corporation and the final investment decision was reached. At the end of 2010 loan agreements have been signed with Portigon AG, Bayern LB and TSKB for the financing of the project. The second phase of the construction was initiated on 30 April 2010 as planned.

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 95% as of 31 December 2012. Afyon-Denizli line which is linked with the energy tranmission lines has been energized and now in use. The commercial operation of the plant is targeted to be achieved within the second quarter of 2013.

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

NOTE 9 - ASSOCIATES (Continued)

	31 December 2012	31 December 2011
Total assets	1,392,208,084	906,959,648
Total liabilities	(992,056,136)	(491,687,749)
Net assets	400,151,948	415,271,899
Group's share of associate's net assets	**120,045,584**	**124,581,570**

	31 December 2012	31 December 2011
Loss for the period	(15,119,947)	(7,468,128)
Group's share of loss for the period	(4,535,984)	(2,240,438)

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.

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

	31 December 2012	31 December 2011
Total assets	361,986,941	111,064,251
Total liabilities	(304,152,038)	(70,893,934)
Net assets	57,834,903	40,170,317
Group's share of associate's net assets	**10,699,461**	**7,431,508**
Net assets	1,818,492	1,818,492
Group's share of associate's net assets	**12,517,953**	**9,250,000**

	31 December 2012	31 December 2011
Profit for the period	17,664,586	-
Group's share of profit for the period	3,267,948	-

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

NOTE 10 - PROPERTY, PLANT AND EQUIPMENT

	1 January 2012	Additions	Disposals	31 December 2012
Cost				
Machinery and equipment	11,772,994	690,891	(53,765)	12,410,120
Motor vehicles, furniture and fixtures	1,803,479	58,901	(2,471)	1,859,909
Leasehold improvements	337,473	27,658	-	365,131
Construction in progress	91,527	-	-	91,527
	14,005,473	**777,450**	**(56,236)**	**14,726,687**
Accumulated depreciation				
Machinery and equipment	8,827,950	1,036,389	(27,774)	9,836,565
Motor vehicles, furniture and fixtures	1,423,869	118,259	(1,277)	1,540,851
Leasehold improvements	247,300	41,404	-	288,704
	10,499,119	**1,196,052**	**(29,051)**	**11,666,120**
Net book value	**3,506,354**			**3,060,567**

	1 January 2011	Additions	Disposals	Transfers	31 December 2011
Cost					
Machinery and equipment	11,465,783	777,598	-	(470,387)	11,772,994
Motor vehicles, furniture and fixtures	1,722,338	81,214	(73)	-	1,803,479
Leasehold improvements	310,819	26,654	-	-	337,473
Construction in progress	91,527	-	-	-	91,527
	13,590,467	**885,466**	**(73)**	**(470,387)**	**14,005,473**
Accumulated depreciation					
Machinery and equipment	8,026,088	1,025,296	-	(223,434)	8,827,950
Motor vehicles, furniture and fixtures	1,290,786	133,156	(73)	-	1,423,869
Leasehold improvements	191,779	55,521	-	-	247,300
	9,508,653	**1,213,973**	**(73)**	**(223,434)**	**10,499,119**
Net book value	**4,081,814**				**3,506,354**

The depreciation expenses of 31 December 2012 and 2011 have been added to general administrative expenses.

There is no mortgage on property, plant and equipment as of 31 December 2012 (2011: None).

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

NOTE 11 - INTANGIBLE ASSETS

	1 January 2012	Additions	Disposals	Transfers	31 December 2012
Cost					
Rights	29,656,809	12,752	-	-	29,669,561
	29,656,809	**12,752**	**-**	**-**	**29,669,561**
Accumulated depreciation					
Rights	29,642,732	6,157	-	-	29,648,889
	29,642,732	**6,157**	**-**	**-**	**29,648,889**
Net book value	**14,077**				**20,672**

	1 January 2011	Additions	Disposals	Transfers	31 December 2011
Cost					
Rights	29,579,043	77,766	-	-	29,656,809
	29,579,043	**77,766**	**-**	**-**	**29,656,809**
Accumulated depreciation					
Rights	29,513,518	129,214	-	-	29,642,732
	29,513,518	**129,214**	**-**	**-**	**29,642,732**
Net book value	**65,525**				**14,077**

The depreciation expenses of 31 December 2012 and 2011 have been added to general administrative expenses.

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

NOTE 12 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

Contingent Liabilities

Contingent Liabilities related with Turcas

Contingent assets and liabilities of the Group regarding its subsidiaries are as follows:

GPM's given by the Company (Guarantee-Pledge-Mortgage)

		31 December 2012		31 December 2011	
	Currency	**Original Amount**	**TRY Amount**	**Original Amount**	**TRY Amount**
A. GPM's given for companies Own legal personality	TRY	420,776	420,776	250,061	250,061
B. GPM's given on behalf of fully Consolidated companies (**)	TRY	6,639,446	6,639,446	1,923,457	1,923,457
	EUR	-	-	250,000	610,950
C. GPM'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	137,260,200	77,000,000	145,445,300
	EUR	172,508,022	405,687,115	172,508,022	421,575,104
D. Total amount of other GPM's					
i) Total amount GPM's given on behalf of the majority shareholders		-	-	-	-
ii) Total amount of GPM's given to on behalf of other group companies which are not in scope of B and C		-	-	-	-
iii) Total amount of GPM's given on behalf of third parties which are not in scope of C		-	-	-	-
			552,509,537		**572,306,872**

(*) The total guarantee amount given to RWE&Turcas Güney Elektrik Üretim A.Ş. is TRY2,502,000 (31 December 2011: TRY2,502,000).

Turcas Elektrik Üretim A.Ş. has entered into a loan agreement forUSD55,000,000 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 Portigon AG and Bayern LB, Turcas Petrol A.Ş. has provided a corporate guarantee amounting to EUR 149,351,984 in favor of Portigon AG 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.

(**) It consists of the guarantees that Turcas Elektrik Toptan Satış A.Ş. has given to electricity distributer firms.

The rate of GPM's given by the Company to equity is 80% as of 31 December 2012(31 December 2011: 91%).

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

NOTE 12 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

	31 December 2012	31 December 2011
Letter of guarantees received	2,483,881	39,195
Mortgage received	2,201,150	2,201,150
Letter of other guarantees received	62,000	35,000
	4,747,031	**2,275,345**

<u>Contingent assets and liabilities of Turcas Petrol A.Ş. regarding STAŞ</u>

The contingent assets and liabilities of the Group related to STAŞ are follows:

	31 December 2012	31 December 2011
Letters of guarantee given to the customs office	103,406,700	84,217,800
Letters of guarantee given to the EMRA	15,000,000	15,000,000
Letters of guarantee given to the tax office	781,500	207,900
Other	2,862,300	2,986,800
	122,050,500	**102,412,500**

	31 December 2012	31 December 2011
Mortgages taken	292,341,000	240,114,900
Letters of guarantees received	194,030,400	114,857,100
Other guarantees received	4,548,900	7,232,100
	490,920,300	**362,204,100**

STAŞ has committed to pay TRY118,504,000 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:

	31 December 2012	31 December 2011
Within 1 year	9,104,400	6,174,900
1-5 years	21,087,900	16,863,000
5-22 years	5,358,900	2,722,500
	35,551,200	**25,760,400**

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

NOTE 12 - 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 regarding of RWE & Turcas Güney Elektrik Üretim A,Ş.

	31 December 2012	**31 December 2011**
Letters of guarantees given for EMRA	5,499,480	2,802,000
Other	6,815,820	556,007
	12,315,300	**3,358,007**

	31 December 2012	**31 December 2011**
Letters of guarantees received	128,907,412	117,773,939
	128,907,412	**117,773,939**

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

	31 December 2012	**31 December 2011**
Letters of guarantees given	11,890	1,628
	11,890	**1,628**

	31 December 2012	**31 December 2011**
Letters of guarantees received	6,338,936	2,922,266
	6,338,936	**2,922,266**

NOTE 13 - PROVISIONS

	31 December 2012	**31 December 2011**
Provision for general administrative expenses	4,500	6,500
	4,500	**6,500**

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

NOTE 14 - PROVISION FOR EMPLOYMENT TERMINATION BENEFITS

Under the Turkish Legislations, the Company and its Turkish subsidiaries and associates are required to pay 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 and reaches the retirement age (58 for women and 60 for men).

The amount payable consists of one month's salary limited to a maximum of TRY3,033.98 (31 December 2011: TRY2,731.85) for each period of service at 31 December 2012.

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

The liability means recent value of which consists the total estimated provision of future liabilities for retired personnel of the Group.

In accordance with Turkish Labour Code, employment termination benefit is the present value of the total estimated provision for the liabilities of the personnel who may retire in the future. The group is obligated to pay employment termination benefit for the personnel who are called up to military service, passed away or retired. The provision made for present value of determined social relief is calculated by the prescribed liability method. All actuarial profits and losses are accounted in the consolidated income statement.

IFRS require actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. The group makes a calculation for the employment termination benefit by applying the prescribed liability method, by the experiences and by considering the personnel who become eligible for company pension. This provision is calculated by expecting the present value of the future liability which will be paid for the retired personnel.

Accordingly, the following actuarial assumptions were used in the calculation of the total liability.

	2012	**2011**
Discount rate (%)	2.50	4.66
Rate used to estimate the probability of retirement (%)	97.47	99.00

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. The amount payable consists of one month's salary limited to a maximum of TRY 3,129.25 for each period of service as of 1 January 2013 (1 January 2012: 2,731.85).The maximum liability is revised semi annually.

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

NOTE 14 - PROVISION FOR EMPLOYMENT TERMINATION BENEFITS(Continued)

Movements in the provisions for employment termination benefits for the years ended 31 December are as follows:

	2012	2011
Beginning of the year	**332,968**	**250,319**
Service cost	87,258	61,996
Interest cost	15,325	14,809
Actuarial losses	35,813	5,844
Compensation paid	(117,451)	-
End of the year	**353,913**	**332,968**

NOTE 15 - OTHER ASSETS AND LIABILITIES

Other current assets

	31 December 2012	31 December 2011
Prepaid expenses	1,431,265	1,431,265
Work advances given	827,277	234,348
VAT transferred	745,646	468,384
Income accruals	107,740	118,182
Prepaid taxes	62,700	-
	3,174,628	**2,252,179**

Other non-current assets

	31 December 2012	31 December 2011
Work advances given (*)	10,695,600	-
Deferred VAT	3,828,716	3,668,276
Income accruals	12,954	380,547
Others	-	92,394
	14,537,270	**4,141,217**

(*) TRY10,695,600 of work advances were given to Bay İnşaat İthalat ve Ticaret A.Ş. by the Group due to the purchase of property as the new center of the Group.

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

NOTE 15 - OTHER ASSETS AND LIABILITIES(Continued)

Other long-term liabilities

	31 December 2012	31 December 2011
Other payables (*)	1,118,357	1,189,604
Advances received	30,214	30,342
Income accruals	12	728,624
	1,148,583	**1,948,570**

(*) The amount represents the retirement pay provision of the employees until 30 June 2006 who were transferred from Turcas Petrol A.Ş to Shell & Turcas Petrol A.Ş., which is accounted for by the equity method, due to the spin-off. According to the 10th article of the 'Spin-off Agreement' that was signed between the The Shell Company of Turkey Limited Turkey Branch and Shell & Turcas Petrol A.Ş., Until the date of transfer, Accumulated severence pay amount of the transferred staff to Shell&Turcas Petrol A.Ş is under the responsibility of the Group.

NOTE 16 - EQUITY

a) Paid in capital/treasury shares

Shareholders	Group	Allocation (%)	31 December 2012	Allocation (%)	31 December 2011
Aksoy Holding A.Ş.	A/C Group	51.55	115,979,872	51.55	115,979,910
Publicly Traded	A Group	24.86	55,928,634	28.95	65,140,738
Turcas Petrol A.Ş. (*)	A Group	5.36	12,059,447	-	-
YTC Turizm ve Enerji Ltd.Şti.	A Group	4.02	9,054,468	4.02	9,054,468
Suna Baban	A/B Group	3.46	7,789,719	3.46	7,789,719
Müeddet Hanzat Öz	A/B Group	3.46	7,794,215	3.46	7,794,215
Yılmaz Tecmen	A/B Group	2.21	4,968,783	2.21	4,968,783
Other	A/B Group	5.08	11,424,862	6.35	14,272,167
Total		**100.00**	**225,000,000**	**100.00**	**225,000,000**
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

(*) %5.36 shares of Turcas Petrol A.Ş. which was owned by Turcas Enerji Holding A.Ş., one of Turcas Petrol A.Ş.'s subsidiaries, have been purchased by Turcas Petrol A.Ş. on 29 November 2012 as a consequence of Repurchasing Programme prepared in accordance with the communiqué no 26/767 "Principles for the Firms whose shares are quoted in ISE (Istanbul Stock Exchange) during the purchase of their own shares" by CMB on 10 August 2011. Treasury shares as of 31 December 2012 consist of this transaction (Treasury shares as of 31 December 2011 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 TRY1 per share.

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

NOTE 16 – 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

	31 December 2012	31 December 2011
Legal reserves	32,356,963	29,863,083
	32,356,963	**29,863,083**

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

Quoted companies are subject to dividend requirements regulated by CMB as follows:

It was announced in the CMB decision dated 9 January 2009, number 1/6 that without considering the fact that a profit distribution has been declared in the general assemblies of the subsidiaries, joint ventures and associates, which are consolidated into the parent company's financial statements, the net income from these companies that are consolidated into the financial statements of the parent company can be considered when calculating the distributable amount, as long as the statutory reserves of these entities are sufficient for a such profit distribution. After completing these requirements, the parent company may distribute profit by considering the net income included in the consolidated financial statements prepared in accordance with Communiqué No. XI-29 of CMB.

In accordance with the CMB decision dated 27 January 2010, it is decided to remove the obligation related with the minimum dividend distribution rate for publicly traded companies.

Inflation adjustment to shareholders' equity can only be netted-off against prior years' losses and used as an internal source for capital increase where extraordinary reserves can be netted-off against prior years' loss and used in the distribution of bonus shares and dividends to shareholders. In case inflation adjustment to issued capital is used as dividend distribution in cash, it is subject to corporation tax.

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

NOTE 17 - SALES AND COST OF SALES

	2012	2011
Electricity sales	23,218,358	10,495,910
Other sales	82,045	488,709
	23,300,403	**10,984,619**

	2012	2011
Cost of electricity sold	21,821,748	9,238,889
Transmission capacity and service fee	663,253	461,153
Other costs	13,680	12,507
	22,498,681	**9,712,549**

NOTE 18 - OPERATING EXPENSES

Marketing, Sales and Distribution Expenses

	2012	2011
Personnel expenses	857,903	807,286
Other services received (*)	249,783	412,107
Taxes and other liabilities	165,554	8,084
Travel expenses	73,344	69,695
Repair and maintenance expenses	13,933	18,754
Rent expenses	857	9,388
Other	89,470	87,770
	1,450,844	**1,413,084**

(*) TRY215,743 of other service received as of 31 December 2012 consist of the invoices which Yeditepe Beynelmilel Otelcilik Turizm ve Ticaret A.Ş. charged to Group due to unutilized capacity of cogeneration plant (31 December 2011: TRY359,973).

General Administrative Expenses

	2012	2011
Personnel expenses	4,758,991	3,861,677
Other services received	1,505,963	1,087,209
Depreciation and amortization expenses	1,202,209	1,343,187
Travel expenses	660,832	720,365
Rent expenses	547,851	554,284
Taxes and other liabilities	355,481	1,102,056
Repair and maintenance expenses	130,798	131,444
Other	2,383,389	1,464,903
	11,545,514	**10,265,125**

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

NOTE 19 - EXPENSES BY NATURE

	2012	2011
Cost of electricity sold	22,498,681	9,712,549
Personnel expenses	5,616,894	4,668,963
Services received	1,755,746	1,499,315
Depreciation and amortization expenses	1,202,209	1,343,187
Travel expenses	734,176	790,060
Rent expenses	548,707	563,672
Taxes and other liabilities	521,035	1,110,140
Repair and maintenance expenses	144,731	150,198
Other	2,472,860	1,552,674
	35,495,039	**21,390,758**

NOTE 20 - OTHER INCOME AND EXPENSES

Other operating income

	2012	2011
Shell Company Joint Venture Contract revenue (**)	16,244,271	12,764,169
Service revenue	660,944	798,471
Energy consultancy income (***)	359,973	379,708
Provisions no longer required (Note 7)	191,752	459,755
Rent income	125,812	112,422
Revenue from the sales of STEAS shares (*)	-	83,818,943
Compensation revenue	-	2,218,448
Profit from sales of current assets	-	492,239
Other	1,893,829	78,321
	19,476,581	**101,122,476**

(*) 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 in accordance with "Share Sales & Purchase Agreement".

(**) Associate Initiative Agreement gives the right to reflect the predetermined amount about Turcas to Shell Türkiye under the circumstances of exceeding amounts of reflected administration expenses from the main associate abroad of Shell Türkiye to STAŞ.

(****) The Group has given energy consultancy service to Yeditepe Beynelmilel Otelcilik Turizm ve Ticaret A.Ş. in accordance with the service agreement between the Group and Yeditepe Beynelmilel Otelcilik Turizm ve Ticaret A.Ş. at 27 October 2010.

Other operating expense

	2012	2011
Provision expenses	146,240	130,337
Other	23,201	19,023
	169,441	**149,360**

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

NOTE 21 - FINANCIAL INCOME

	2012	2011
Foreign exchange gains	37,342,951	12,731,892
Interest income	29,497,216	11,516,182
Credit finance income	172,952	97,706
	67,013,119	**24,345,780**

NOTE 22 - FINANCIAL EXPENSES

	2012	2011
Foreign exchange losses	34,019,691	18,892,470
Interest expenses	13,427,644	6,620,656
Credit finance charges	86,385	315,052
	47,533,720	**25,828,178**

NOTE 23 - TAX ASSETS AND LIABILITIES

Current tax liability	**31 December 2012**	**31 December 2011**
Corporate tax provision	(4,908,672)	(5,025,626)
Less: Prepaid tax and funds	4,971,372	3,237,021
Prepaid tax and funds / (Current tax liability) , net	**62,700**	**(1,788,605)**

Tax expense is comprised of the following:

	2012	2011
Current year corporate tax expense	(4,908,672)	(5,025,626)
Deferred tax income	1,860,222	145,354
	(3,048,450)	**(4,880,272)**

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.

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

NOTE 23 - TAX ASSETS AND LIABILITIES(Continued)

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate is 20% in 2012 (2011: 20%). Corporate Tax rate is applied to net corporate income which is calculated by adding corporate trade profits, non-discountable expenses according to tax laws and substracting expenses and discounts identified in tax laws. 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 retrospectively.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns by the 25th of the fourth month following the close of the financial year to which they relate.

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.

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:

	Total temporary differences		Deferred tax asset/(liability)	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
Interest accrual	(8,094,794)	-	1,618,959	-
Tangible and intangible assets	(906,776)	(822,471)	181,355	164,494
Provision for employment termination benefits	(353,913)	(332,968)	70,783	66,594
Doubtful receivables provision	(151,055)	(151,055)	30,211	30,211
Unused vacation provisions	(294,594)	(516,024)	58,919	103,204
Prepaid commission expenses	-	(1,431,265)	-	(286,253)
Unearned credit finance expense	138,832	345,384	27,766	69,078
Unearned credit finance income	8,568	106,356	(1,714)	(21,271)
Deferred tax asset / (liability), net			**1,986,279**	**126,057**

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

NOTE 23 - TAX ASSETS AND LIABILITIES(Continued)

As of the balance sheet date, the Group has carry-forward tax losses amounting to TRY 16,343,032 (2011: TRY 32,187,479) to be deducted from future profits. The expiration dates of unrecognized carry-forward tax losses are as follows(Note 2.4):

	31 December 2012	31 December 2011
2012	-	3,301,603
2013	10,034,994	11,081,941
2014	2,128,337	2,128,337
2015	792,820	3,475,228
2016	543,041	12,200,370
2017	2,843,840	-
	16,343,032	**32,187,479**

The movement of deferred tax assets and liabilities as of 31 December 2012 and 2011 are as follows:

	31 December 2012	31 December 2011
Opening balance	126,057	(19,297)
Deferred tax expense	1,860,222	145,354
Closing balance	**1,986,279**	**126,057**

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

	31 December 2012	31 December 2011
Profit before tax	**73,682,907**	**102,794,541**
Tax Effect (%)	20%	20%
Tax expense of the Group	(14,736,581)	(20,558,908)
Dividend income	5,400,000	6,164,574
Transactions with associates	7,801,186	2,741,993
Used portion of carry forward tax losses	3,055,911	105,843
Tax effect of exemptions	1,537,512	14,862,684
Unused portion of carry forward tax losses	(3,268,606)	(2,524,770)
Tax effect of non deductible expenses	(2,676,245)	(6,593,176)
Other	(161,627)	921,489
Income tax expense	**(3,048,450)**	**(4,880,272)**

NOTE 24 - EARNINGS PER SHARE

At 31 December 2012 and 2011, the weighted average number of shares and earnings per share are as follows:

	31 December 2012	31 December 2011
Weighted average number of outstanding shares	225,000,000	225,000,000
Net profit of shareholders	70,638,974	97,915,312
Earnings per share	**0.3140**	**0.4352**

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

NOTE 25 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

	31 December 2012							
	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**
Associates								
Shell & Turcas Petrol A.Ş.	-	-	-	-	-	11,671	-	-
Star Rafineri A.Ş. (***)	-	14,559,646	-	-	-	-	-	-
RWE & Turcas Güney Elektrik Üretim A.Ş. (*)	-	13,242,973	-	251,538,413	-	-	-	-
Other entities controlled by the main shareholder								
Conrad Yeditepe Beyn. Otelcilik Turz.ve Tic. A.Ş.(**)	202,135	-	-	-	-	254,577	-	-
Ataş Anadolu Tasfiyehanesi A,Ş,	-	-	-	-	-	269,649	-	-
Dividend payable to real person shareholders	-	-	-	-	265,237	-	-	-
Aksoy Holding A.Ş.	-	24,391	-	-	-	-	-	-
	202,135	**27,827,010**	**-**	**251,538,413**	**265,237**	**535,897**	**-**	**-**

(*) 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, Portigon AG and TSKB. This Loan is being utilized 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. TRY23,737,828 interest income is booked related to these receivables using interest rate (TLLibor+2) as stated in the agreement.

(**) Turcas Elektrik Toptan Satış A.Ş., one of the Group's associates, sells electricity to Conrad Yeditepe Beynelmilel 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. Conrad Yeditepe Beynelmilel Otelcilik Turizm ve Ticaret A.Ş. charged to Group due to unutilized capacity of cogeneration plant. This amount has been collected in subsequent period.

(***) A loan has been given to Star Rafineri A.Ş., one of the Group's associates, for financial purposes. In relation with this loan, a total of TRY1,681,517 (31 December 2011: TRY529,956) interest income is booked using current market interest rate (12.5%). No guarantee, pledge or mortgage has been received due to this receivable.

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

NOTE 25 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

	1 January- 31 December 2012							
Transactions with related parties	**Purchases**	**Sales**	**Interest received**	**Interest given**	**Rent income**	**Divident income**	**Other income**	**Other expenses**
Associates								
Star Rafineri A.Ş.	-	-	1,681,517	-	-	-	-	-
Shell & Turcas Petrol A.Ş.	140,289	2,149,156	-	-	-	27,000,000	-	-
RWE & Turcas Güney Elektrik Üretim A.Ş.	-	-	23,737,828	-	-	-	-	-
Other entities controlled by the main shareholder								
Conrad Yeditepe Beyn. Otelcilik Turz. ve Tic A.Ş.	52,274	2,657,557	-	-	-	-	722,105	-
Etiler Dış Ticaret Ltd. Şti.	-	-	-	-	1,200	-	-	-
Aksoy Holding A.Ş.	-	-	-	-	1,200	-	40,189	-
Enak Yapı ve Dış Ticaret A.Ş.	-	-	-	-	1,200	-	-	-
Ataş Anadolu Tasfiyehanesi A.Ş.	984,592	-	-	-	107,912	-	10,611	-
	1,177,155	**4,806,713**	**25,419,345**	**-**	**111,512**	**27,000,000**	**772,905**	

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

NOTE 25 - 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**
Associates								
Shell & Turcas Petrol A.Ş.	-	-	-	-	-	191,616	-	-
Star Rafineri A.Ş. (*)	-	12,575,456	-	-	-	-	-	-
RWE & Turcas Güney Elektrik Üretim A.Ş. (**)	-	-	-	138,243,752	-	-	-	-
Other entities controlled by the main shareholder								
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	-	-	-
	185,650	**12,575,456**	**-**	**138,243,752**	**253,531**	**544,517**	**-**	**-**

(*) 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 booked 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 Portigon AG. This Loan is being utilized 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 Beynelmilel 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.

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

NOTE 25 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

	1 January- 31 December 2011							
Transactions with related parties	**Purchases**	**Sales**	**Interest received**	**Interest given**	**Rent income**	**Divident income**	**Other income**	**Other expenses**
Associates								
SOCAR & Turkey Petrokimya A.Ş.	-	-	2,094	-	-	-	-	-
Star Rafineri A.Ş.	-	-	529,956	-	-	-	-	-
Shell & Turcas Petrol A.Ş.	353,719	1,229,342	-	-	584,460	30,822,870	2,831,412	-
Petkim Petrokimya A.Ş.	-	-	-	-	-	-	921	-
RWE & Turcas Güney Elektrik Üretim A.Ş.	-	-	5,466,301	-	-	-	967,948	-
Other entities controlled by the main shareholder								
Conrad Yeditepe Beyn. Otelcilik Turz. ve Tic A.Ş.	-	2,636,844	-	-	-	-	379,708	-
Etiler Dış Ticaret Ltd. Şti.	-	-	-	-	1,200	-	-	-
Aksoy Holding A.Ş.	-	-	600,064	-	11,886	-	25,798	-
Aksoy Holding A.Ş.	-	-	-	-	1,200	-	-	-
	353,719	**3,866,186**	**6,598,415**	**-**	**598,746**	**30,822,870**	**4,205,787**	**-**

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

NOTE 25 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

Total compensation provided to key management personnel by the Company during the year ended 31 December 2012 are as follows:

	1 January - 31 December 2012	**1 January - 31 December 2011**
Salaries and other short term benefits	2,207,180	1,796,143

The Group did not provide key management with post-employment benefits, benefits due to outplacement, share-based payment and other long-term benefits in 2012 and 2011.

NOTE 26 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

(a) Capital risk management

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

The capital structure of the Group consists of debt, which includes the borrowings, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

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

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

As of 31 December 2012 and 2011 net debt/total capital ratio is as follows:

	31 December 2012	**31 December 2011**
Total liabilities	327,784,598	226,234,607
Cash and cash equivalents	(118,140,599)	(118,261,958)
Net debt	209,643,999	107,972,649
Total equity	692,811,918	629,270,963
Total capital	902,455,917	737,243,612
Net debt / total capital ratio	**23%**	**15%**

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

NOTE 26 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

(b) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the group's financial performance.

Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Group's exposure and the credit ratings of its counterparties are continuously monitored and the financial position of customers is reviewed taking into consideration of the historical experiences and other factors. Ongoing credit evaluation is performed on the financial condition of accounts receivable based on the group policies and procedures and, where appropriate, doubtful provision is booked and net position is disclosed on the balance sheet.

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

NOTE 26 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

	Receivables						
	Trade receivables		Other receivables				
31 December 2012	**Related party**	**Third party**	**Related party**	**Third party**	**Deposits at banks**	**Derivative instruments**	**Other**
Maximum net credit risk as of balance sheet date (*) (A +B+C+D+E)	202,135	4,712,726	15,561,592	41,254,429	118,129,793	-	10,806
- The part of maximum risk under guarantee with collateral etc.	-	1,772,900	-	-	-	-	-
A- Net book value of financial assets that are neither past due nor impaired	202,135	4,291,700	15,561,592	41,254,429	118,129,793	-	10,806
- The part under guarantee with collateral etc.	-	1,485,375	-	-	-	-	-
B- Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-	-	-
- The part under guarantee with collateral etc.	-	-	-	-	-	-	-
C- Carrying value of financial assets that are past due but not impaired							
- The part under guarantee with collateral etc.	-	-	-	-	-	-	-
D- Net book value of impaired assets	-	421,026	-	-	-	-	-
- Past due (gross carrying amount)	-	1,110,672	-	-	-	-	-
- Impairment (-)	-	(689,646)	-	-	-	-	-
- The part of net value under guarantee with collateral etc.	-	287,525	-	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-	-	-
E- Off-balance sheet items with credit risk	-	-	-	-	-	-	-

(*) The factors that increase in credit reliability such as guarantees received (mortgages) are not considered in the balance.

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

NOTE 26 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

	Receivables						
	Trade receivables		Other receivables				
31 December 2011	**Related party**	**Third party**	**Related party**	**Third party**	**Deposits at banks**	**Derivative instruments**	**Other**
Maximum net credit risk as of balance sheet date (*) (A +B+C+D+E)	185,650	1,845,533	12,575,456	37,079,081	118,254,863	-	7,095
- The part of maximum risk under guarantee with collateral etc.	-	287,525	-	-	-	-	-
A- Net book value of financial assets that are neither past due nor impaired	185,650	1,424,902	12,575,456	37,079,081	118,254,863	-	7,095
- The part under guarantee with collateral etc.	-	-	-	-	-	-	-
B- Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-	-	-
- The part under guarantee with collateral etc.	-	-	-	-	-	-	-
C- Carrying value of financial assets that are past due but not impaired	-	-	-	-	-	-	-
- The part under guarantee with collateral etc.	-	-	-	-	-	-	-
D- Net book value of impaired assets	-	420,631	-	-	-	-	-
- Past due (gross carrying amount)	-	1,086,955	-	-	-	-	-
- Impairment (-)	-	(666,324)	-	-	-	-	-
- The part of net value under guarantee with collateral etc.	-	287,525	-	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-	-	-
E- Off-balance sheet items with credit risk	-	-	-	-	-	-	-

(*) The factors that increase in credit reliability such as guarantees received (mortgages) are not considered in the balance.

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

NOTE 26 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

As of 31 December 2012, trade receivables of TRY4,493,835 (31 December 2011:TRY1,610,552) were neither due nor impaired.

As of 31 December 2012, there were no trade receivables (31 December 2011: None) past due but not impaired. As a result of the sect oral conditions and dynamics, the Group does not consider any collection risk for the over due receivables which are up to 60 days. For the receivables which the Group could not collect in 60 days, the Group has guarantees like mortgage and does not consider any collection risk.

As of 31 December 2012, trade receivables of TRY1,110,672 (31 December 2011: TRY1,086,955) were assessed as impaired. The collaterals held for these receivables were deducted and TRY689,646 provision has been provided for as of 31 December 2012 (31 December 2011: TRY666,324). This provision is determined as the past experience of the Group on not to being able to collect.

The aging of the past due receivables are as follows:

	Receivables	
31 December 2012	**Trade Receivables**	**Other Receivables**
Past due 1-5 years	578,306	-
Past due more than 5 years	532,366	-
	1,110,672	

	Receivables	
31 December 2011	**Trade Receivables**	**Other Receivables**
Past due 1-5 years	554,589	-
Past due more than 5 years	532,366	-
	1,086,955	**-**

Liquidity risk management

The group manages its liquidity risk by monitoring the expected and actual cash flow statements and matching financial assets and liabilities to keep to flow of necessary funds and debt reserves.

Liquidity risk tables

Careful liquidity risk management shows the ability to keep the right amount of cash, the usability of loan transactions and fund resources and the power of closing market positions.

The current and future loans' funding risk is managed by making the accessibility to adequate and high quality loan suppliers permanently.

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

NOTE 26 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

The table below shows the due dates of the non-derivative financial liabilities of The Group. Interests of future periods' liabilities has been distributed to the due dates below and the said interests has been shown in the corrections column in order to have reconciliation with the balance sheet values.

31 December 2012

Contractual Maturity Analysis	Carrying value	Total contractual cash flow (I-II-III-IV)	Less than 3 Months (I)	3-12 Months (II)	1-5 Years (III)	More than 5 Years (IV)
Non-derivative Financial liabilities						
Financial borrowings	309,160,161	336,391,996	-	17,666,427	141,331,414	177,394,155
Trade payables	4,593,492	4,602,061	4,602,061	-	-	-
Total liabilities	**313,753,653**	**340,994,057**	**4,602,061**	**17,666,427**	**141,331,414**	**177,394,155**

31 December 2011

Contractual Maturity Analysis	Carrying value	Total contractual cash flow (I-II-III-IV)	Less than 3 Months (I)	3-12 Months (II)	1-5 Years (III)	More than 5 Years (IV)
Non-derivative Financial liabilities						
Financial borrowings	212,212,104	241,584,759	-	-	48,545,631	193,039,128
Trade payables	2,333,533	2,439,887	2,439,887	-	-	-
Total liabilities	**214,545,637**	**244,024,646**	**2,439,887**	**-**	**48,545,631**	**193,039,128**

Market risk management

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates.

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

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

(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 foreign currency transactions. The foreign currency risk arises from future trade transactions and 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.

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

NOTE 26 - 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.

		31 December 2012			
		TRY Equivalent (Functional currency)	**US Dollar**	**Euro**	**Other**
1-	Trade receivables	-	-	-	-
2a-	Monetary financial assets	81,841,762	45,911,456	-	-
2b-	Non-monetary financial assets	-	-	-	-
3-	Other	11,194,728	6,280,000	-	-
4-	**Current assets (1+2+3)**	**93,036,490**	**52,191,456**	**-**	**-**
5-	Trade receivables	-	-	-	-
6a-	Monetary financial assets	-	-	-	-
6b-	Non-monetary financial assets	-	-	-	-
7-	Other	-	-	-	-
8-	**Non-current assets (5+6+7)**	**-**	**-**	**-**	**-**
9-	**Total Assets (4+8)**	**93,036,490**	**52,191,456**	**-**	**-**
10-	Trade payables	-	-	-	-
11-	Financial liabilities	16,363,885	1,885,974	5,528,744	-
12a-	Other monetary financial liabilities	-	-	-	-
12b-	Other non-monetary financial liabilities	-	-	-	-
13-	**Current Liabilities (10+11+12)**	**16,363,885**	**1,885,974**	**5,528,744**	**-**
14-	Trade payables	-	-	-	-
15-	Financial liabilities	292,796,276	26,403,643	104,490,004	-
16a-	Other monetary financial liabilities	-	-	-	-
16b-	Other non-monetary financial liabilities	-	-	-	-
17-	**Non-current liabilities (14+15+16)**	**292,796,276**	**26,403,643**	**104,490,004**	**-**
18-	**Total liabilities (13+17)**	**309,160,161**	**28,289,617**	**110,018,748**	**-**
19-	**Net asset / liability position of off-balance sheet derivatives (19a-19b)**	**-**	**-**	**-**	**-**
19a-	Off-balance sheet foreign currency derivative assets	-	-	-	-
19b-	Off-balance sheet foreign currency derivative liabilities	-	-	-	-
20-	**Net foreign currency asset liability position (9-18+19)**	**(216,123,671)**	**23,901,839**	**(110,018,748)**	**-**
21-	**Net foreign currency asset / liability position of monetary items (1+2a+5+6a+10+11-12a-14+15-16a)**	**(216,123,671)**	**23,901,839**	**(110,018,748)**	**-**
22-	**Fair value of foreign currency hedged financial assets**	**-**	**-**	**-**	**-**
23-	**Hedged foreign currency assets**	**-**	**-**	**-**	**-**
24-	**Hedged foreign currency liabilities**	**-**	**-**	**-**	**-**
25-	**Exports**	**-**	**-**	**-**	**-**
26-	**Imports**	**-**	**-**	**-**	**-**

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

NOTE 26 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

		31 December 2011			
		TRY Equivalent (Functional currency)	**US Dollar**	**Euro**	**Other**
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	-	-
4-	**Current assets (1+2+3)**	**96,742,287**	**51,214,130**	**1,334**	**225**
5-	Trade receivables	-	-	-	-
6a-	Monetary financial assets	-	-	-	-
6b-	Non-monetary financial assets	-	-	-	-
7-	Other	-	-	-	-
8-	**Non-current assets (5+6+7)**	**-**	**-**	**-**	**-**
9-	**Total Assets (4+8)**	**96,742,287**	**51,214,130**	**1,334**	**225**
10-	Trade payables	-	-	-	-
11-	Financial liabilities	-	-	-	-
12a-	Other monetary financial liabilities	-	-	-	-
12b-	Other non-monetary financial liabilities	-	-	-	-
13-	**Current Liabilities (10+11+12)**	**-**	**-**	**-**	**-**
14-	Trade payables	-	-	-	-
15-	Financial liabilities	241,218,174	-	98,706,185	-
16a-	Other monetary financial liabilities	-	-	-	-
16b-	Other non-monetary financial liabilities	-	-	-	-
17-	**Non-current liabilities (14+15+16)**	**241,218,174**	**-**	**98,706,185**	**-**
18-	**Total liabilities (13+17)**	**241,218,174**	**-**	**98,706,185**	**-**
19-	**Net asset / liability position of off-balance sheet derivatives (19a-19b)**	**-**	**-**	**-**	**-**
19a-	Off-balance sheet foreign currency derivative assets	-	-	-	-
19b-	Off-balance sheet foreign currency derivative liabilities	-	-	-	-
20-	**Net foreign currency asset liability position (9-18+19)**	**(144,475,887)**	**51,214,130**	**(98,704,851)**	**225**
21-	**Net foreign currency asset / liability position of monetary items (1+2a+5+6a+10+11-12a-14+15-16a)**	**(144,475,887)**	**51,214,130**	**(98,704,851)**	**225**
22-	**Fair value of foreign currency hedged financial assets**	**-**	**-**	**-**	**-**
23-	**Hedged foreign currency assets**	**-**	**-**	**-**	**-**
24-	**Hedged foreign currency liabilities**	**-**	**-**	**-**	**-**
25-	**Exports**	**-**	**-**	**-**	**-**
26-	**Imports**	**-**	**-**	**-**	**-**

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

NOTE 26 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Foreign currency sensitivity

		31 December 2012			
		Gain/Loss		Equity	
		Appreciation of foreign currency	Devaluation of foreign currency	Appreciation of foreign currency	Devaluation of foreign currency
+/-10% fluctuation of USD rate					
1-	US Dollar net asset / liability	4,260,742	(4,260,742)	4,260,742	(4,260,742)
2-	Hedged from US Dollar risk (-)	-	-	-	-
3-	**US Dollar net effect (1+2)**	**4,260,742**	**(4,260,742)**	**4,260,742**	**(4,260,742)**
+/-10% fluctuation of EUR rate					
4-	Euro net asset / liability	(25,873,109)	25,873,109	(25,873,109)	25,873,109
5-	Hedged from Euro risk (-)	-	-	-	-
6-	**Euro net effect (4+5)**	**(25,873,109)**	**25,873,109**	**(25,873,109)**	**25,873,109**
TOTAL (3+6+9)		**(21,612,367)**	**21,612,367**	**(21,612,367)**	**21,612,367**

		31 December 2011			
		Gain/Loss		Equity	
		Appreciation of foreign currency	Devaluation of foreign currency	Appreciation of foreign currency	Devaluation of foreign currency
+/-10% fluctuation of USD rate					
1-	US Dollar net asset / liability	9,673,837	(9,673,837)	9,673,837	(9,673,837)
2-	Hedged from US Dollar risk (-)	-	-	-	-
3-	**US Dollar net effect (1+2)**	**9,673,837**	**(9,673,837)**	**9,673,837**	**(9,673,837)**
+/-10% fluctuation of EUR rate					
4-	Euro net asset / liability	(24,121,491)	24,121,491	(24,121,491)	24,121,491
5-	Hedged from Euro risk (-)	-	-	-	-
6-	**Euro net effect (4+5)**	**(24,121,491)**	**24,121,491**	**(24,121,491)**	**24,121,491**
+/-10% fluctuation of Other foreign currency rates					
7-	Other foreign currency net asset / liability	66	(66)	66	(66)
8-	Hedged from other foreign currency risks (-)	-	-	-	-
9-	Other foreign currency net effect (7+8)	**66**	**(66)**	**66**	**(66)**
TOTAL (3+6+9)		**(14,447,588)**	**14,447,588**	**(14,447,588)**	**14,447,588**

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

NOTE 26 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

(ii) Interest risk management

Financial liabilities expose the Group to interest rate risk. This interest rate risk is managed by natural precautions which are formed by balancing the assets and liabilities that have interest rate sensitivity.

Interest rate sensitivity

The financial instruments that are sensitive to interest rate are as follows:

	31 December 2012	31 December 2011
Fixed interest rate financial instruments		
Financial assets	117,896,888	117,826,210
Held to maturity financial assets	2,090,187	-
Financial liabilities	197,331	278,407
Floating interest rate financial instruments		
Financial liabilities	308,962,830	211,933,697

The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated. Based on the simulations performed, if interest rates of borrowings with floating rates had been 1 basis points higher / lower with all other variables held constant, post tax profit of the Group would be TRY2,648,996 lower / higher. (2011:TRY1,111,761 lower / higher).

NOTE 27 - FINANCIAL INSTRUMENTS

Fair value of financial instruments

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

The estimated fair values of financial instruments have been determined by the Group, using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Group could realise in a current market exchange.

Following methods and assumptions were used to estimate the fair value of the financial instruments for which is practicable to estimate fair value:

NOTE 27 - FINANCIAL INSTRUMENTS(Continued)

Financial Assets

The fair values of trade receivables denominated in foreign currencies, which are translated at period-end exchange rates, are considered to be the approximate carrying values.

The carrying values of cash and cash equivalents are estimated to be their fair values since they are short term.

The carrying values of trade receivables along with the related allowances for uncollectibility are estimated to be their fair values since they are short term.

The fair values of financial assets along with the related allowances for impairment are estimated to be their carrying values.

Financial Liabilities

The fair values of short-term financial liabilities are estimated to be their carrying values since they are short term.

The fair values of long term credits denominated in foreign currencies, which have floating interest rates, are considered to be the approximate carrying values.

Liabilities for employee benefits are booked by their discounted values.

Fair Value Estimation

The disclosure of fair value measurements by level of the fair value measurement hierarchy is as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market data.

The carrying values of trade receivables along with the related allowances for uncollectibility are estimated to be their fair values.

The fair values of certain financial assets carried at cost, including cash and amounts due from banks are considered to approximate to their respective carrying values due to their short-term nature.

Trade receivables and payables are valued at amortized cost using the effective interest method. Trade receivables and payables are considered to approximate fair values.

NOTE 28 - SUBSEQUENT EVENTS

a) It has been decided on Extraordinary General Assembly of Turcas Elektrik Toptan Satış A.Ş., one of the Group's subsidiaries, to increase the paid-in-capital amount from TRY3,000,000 to TRY4,300,000 on 6 February 2013.

b) The Group has received the deed of real estate at İstanbul Şişli Ayazağa Mah. 2 Pafta, 1 Ada, 140 Parsel, sections 201,202,203 and 204 recorded on Ofis 2 Blok which will be used as registered office on 1 February 2013.

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