

TURCAS PETROL A.Ş.

**CONVENIENCE TRANSLATION INTO ENGLISH OF
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2015**

(ORIGINALLY ISSUED IN TURKISH)

TURCAS PETROL A.Ş.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2015

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TURCAS PETROL A.Ş.**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED
CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
AT 31 MARCH 2015 AND 31 DECEMBER 2014**

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

	Notes	Non-audited 31 March 2015	Audited 31 December 2014
ASSETS			
Current assets			
Cash and cash equivalents	4	209,790,260	193,719,985
Financial assets	5	7,785,672	7,774,969
Trade receivables		1,164,761	5,561,889
-Trade receivables from related parties	17	369,679	218,224
-Trade receivables from third parties		795,082	5,343,665
Other receivables		47,190,913	44,442,208
-Other receivables from related parties	17	46,773,475	44,213,731
-Other receivables from third parties		417,438	228,477
Prepaid expenses		1,664,860	1,573,960
Current income tax assets		-	278,558
Other current assets		12,414,835	7,190,824
		280,011,301	260,542,393
Assets held for sale		98,781	246,953
Total Currents Assets		280,110,082	260,789,346
Non-current assets			
Other receivables		299,025,594	302,185,867
-Trade receivables from related parties	17	298,949,715	302,109,988
-Other receivables from third parties		75,879	75,879
Financial assets	5	63,240	63,240
Investments accounted by equity method	7	472,061,482	498,513,898
Property, plant and equipment		20,010,581	20,105,490
Intangible assets		-	4,733
Deferred tax assets	15	13,762,854	11,951,345
Other non-current assets		4,061,356	4,018,182
Total Non-Current Assets		808,985,107	836,842,755
Total Assets		1,089,095,189	1,097,632,101

These condensed interim consolidated financial statements as at and for the period ended 31 March 2015 have been approved for issue by the Board of Directors ("BOD") on 8 May 2015 and signed on behalf of the BOD by Erkan İlhanterkin, Finance Director (CFO) and Nurettin Demircan, Accounting Manager.

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

TURCAS PETROL A.Ş.**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED
CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
AT 31 MARCH 2015 AND 31 DECEMBER 2014**

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

	Notes	Non-audited 31 March 2015	Audited 31 December 2014
LIABILITIES			
Current liabilities			
Financial liabilities	6	57,780,737	52,912,203
-Short-term portion of long term financial liabilities		57,780,737	52,912,203
Trade payables		538,942	6,309,794
-Trade payables from related parties	17	-	3,602,170
-Trade payables from third parties		538,942	2,707,624
Other payables		1,070,197	4,487,900
-Trade payables from related parties	17	391,370	418,430
-Trade payables from third parties		678,827	4,069,470
Current income tax liabilities	15	3,540,173	579,951
Short term provisions		626,907	556,204
-Short-term provisions related to employee benefits		396,458	325,755
-Other short term provisions	8	230,449	230,449
Other current liabilities		107,867	-
Total Current Liabilities		63,664,823	64,846,052
Non-current liabilities			
Long-term financial liabilities	6	362,697,825	350,566,964
Long term provisions for employee benefits		551,239	507,932
Deferred tax liabilities	15	21,895	587,980
Other non-current liabilities		1,079,254	1,093,079
Total Non-Current Liabilities		364,350,213	352,755,955
Shareholders' Equity			
Share capital	9	225,000,000	225,000,000
Adjustment to share capital	9	41,247,788	41,247,788
Treasury shares	9	(22,850,916)	(22,850,916)
Restricted reserves	9	36,674,580	36,674,580
Actuarial gain for employee benefits		(5,515,500)	(5,515,500)
Retained earnings		405,474,133	420,252,091
Net loss for the period		(18,950,715)	(14,777,958)
Equity attributable to equity holders of the parent		661,079,370	680,030,085
Non-controlling shares		783	9
Total equity		661,080,153	680,030,094
Total Liabilities and Equity		1,089,095,189	1,097,632,101

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

TURCAS PETROL A.Ş.**CONVENIENCE TRANSLATION INTO ENGLISH OF
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE
INCOME FOR THE THREE - MONTH PERIODS ENDED 31 MARCH**

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

	Notes	Non-audited 31 March 2015	Non- audited 31 March 2014
CONTINUING OPERATIONS			
Revenue	10	526,365	19,908,733
Cost of sales	10	(451,446)	(19,759,448)
GROSS PROFIT		74,919	149,285
General administrative expenses (-)	11	(5,430,845)	(3,416,343)
Marketing, selling and distribution expenses (-)	11	(207,131)	(496,438)
Other operating income		262,523	688,997
Other operating expenses (-)		(144,607)	(339,371)
OPERATING LOSS		(5,445,141)	(3,413,870)
Income from investment activities	12	247,451	-
(Loss)/ income from investments accounted by equity method	7	(26,643,895)	26,044,009
OPERATING (LOSS)/ PROFIT BEFORE FINANCIAL INCOME/ EXPENSES		(31,841,585)	22,630,139
Financial income	13	40,535,202	31,657,390
Financial expenses (-)	14	(26,482,816)	(34,034,732)
(LOSS)/ PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		(17,789,199)	20,252,797
Tax From Continued Operations Income / (Expense)			
-Current income tax expense	15	(3,540,173)	(92,842)
-Deferred tax income	15	2,377,594	874,250
CONTINUED OPERATIONS (LOSS)/ PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		(18,951,778)	21,034,205
Attributable to:			
Equity holders of the parent		(18,950,715)	21,034,125
Non-controlling shares		(1,063)	80
(Loss)/ earnings per share	16	(0.084)	0.09

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

TURCAS PETROL A.Ş.

**CONVENIENCE TRANSLATION INTO ENGLISH OF
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE
INCOME FOR THE THREE - MONTH PERIODS ENDED 31 MARCH**

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

OTHER COMPREHENSIVE INCOME	Notes	2015	2014
CONTINUED OPERATIONS NET (LOSS)/ INCOME		(18,951,778)	21,034,205
Currency translation difference		-	8,488,760
Other comprehensive income (after tax)		-	8,488,760
Total comprehensive (loss)/ income		(18,951,778)	29,522,965
Attributable to:			
Equity holders of the parent		(18,950,715)	29,522,885
Non-controlling interest		(1,063)	80
		(18,951,778)	29,522,965

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

TURCAS PETROL A.Ş.

**CONVENIENCE TRANSLATION INTO ENGLISH OF
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE-MONTH PERIODS ENDED 31 MARCH**

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

	Capital	Adjustment to share capital	Treasury shares	Restricted reserves	Other Comprehensive income and expense not to be reclassified to profit/(loss)	Other Comprehensive income and expense to be reclassified to profit/(loss)	Retained earnings	Net (loss)/ income for period	Equity holders of the parent	Non controlling interest	Total Equity
1 January 2014	225,000,000	41,247,788	(22,850,916)	34,823,299	(4,280,400)	-	407,493,623	25,256,777	706,690,171	7,963	706,698,134
Transfers	-	-	-	-	-	-	25,256,777	(25,256,777)	-	-	-
Total comprehensive income	-	-	-	-	-	8,488,760	-	21,034,125	29,522,885	80	29,522,965
31 March 2014 (*)	225,000,000	41,247,788	(22,850,916)	34,823,299	(4,280,400)	8,488,760	432,750,400	21,034,125	736,213,056	8,043	736,221,099
1 January 2015	225,000,000	41,247,788	(22,850,916)	36,674,580	(5,515,500)	-	420,252,091	(14,777,958)	680,030,085	9	680,030,094
Transfers	-	-	-	-	-	-	(14,777,958)	14,777,958	-	-	-
Total comprehensive loss	-	-	-	-	-	-	-	(18,950,715)	(18,950,715)	(1,063)	(18,951,778)
Increases/(decreases) due to changes in ownership rate of subsidiaries that do not result in control losses	-	-	-	-	-	-	-	-	-	1,837	1,837
31 March 2015 (*)	225,000,000	41,247,788	(22,850,916)	36,674,580	(5,515,500)	-	405,474,133	(18,950,715)	661,079,370	783	661,080,153

(*) Non-audited.

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

TURCAS PETROL A.Ş.

**CONVENIENCE TRANSLATION INTO ENGLISH OF
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOW
FOR THE THREE MONTH PERIODS ENDED 31 MARCH**

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

	Notes	Non-audited 1 January- 31 March 2015	Non- audited 1 January- 31 March 2014
A. Cash flows from operating activities		5,622,919	(15,368,557)
Net (loss)/ income		(18,951,778)	21,034,205
Adjustments to reconcile net (loss)/ income		42,769,087	(22,024,739)
Depreciation and amortization of property, plant and equipment and intangible assets		249,907	528,611
Income from sale of assets held for sale	12	247,451	-
Provision for employee termination benefits		43,307	47,729
Provision for unused vacation		70,703	101,742
Unrealized foreign exchange expense / (income)		14,553,425	12,350,242
Changes in financial assets		(10,703)	(185,482)
Expense/ (income) from investment accounted for under equity accounting	7	26,643,895	(26,044,009)
Tax expense/(income)		1,162,579	(781,408)
Transactions with associates		(191,478)	(8,042,164)
Changes in working capital		(9,365,344)	(6,428,470)
Changes in receivables from trade receivables and related parties		4,397,128	3,742,177
Changes in other receivables		411,568	(1,374,995)
Changes in prepaid expenses and other tangible assets		(5,036,353)	(4,497,927)
Changes in prepaid expenses and other intangible assets		(43,174)	(26,299)
Changes in other payables and liabilities		(3,323,661)	(1,883,835)
Changes in payables from trade payables and related parties		(5,770,852)	(2,387,591)
Cash generated from/ (used in) operations		14,451,965	(7,419,004)
Taxes payments	15	(579,951)	(31,486)
Interest expense	14	3,187,452	3,839,801
Interest income	13	(11,436,547)	(11,757,868)
B. Net cash generated from investing activities		11,291,581	26,813,793
Acquisition of tangible and intangible assets		(154,275)	(215,101)
Changes in assets held for sale		(99,279)	-
Cash provided from sales of tangible and intangible assets		4,010	91,527
Interest received		11,541,125	11,937,367
Dividends received	7	-	15,000,000
C. Net cash used in financing activities		(739,646)	(824,612)
Repayment of bank borrowings		(53,375)	(21,341)
Interest paid		(688,108)	(803,271)
Capital increase in non-controlling interest		1,837	-
Net increase in cash and cash equivalents		16,174,854	10,620,624
Cash and cash equivalents balance at the beginning of the period	4	193,559,426	81,421,815
Cash and cash equivalents balance at the end of the period		209,734,280	92,042,439

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

TURCAS PETROL A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2015

(Amounts expressed in Turkish Lira (“TL”) 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 Türkp petrol Holding and Burmah-Castrol. In 1996, Tabaş Petrolcülük A.Ş. (“Tabaş”) purchased shares of Turcas Petrolcülük A.Ş., resulting in an ownership of 82.16%.

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

As of 1 July 2006, Turcas Petrol A.Ş. transferred its part of shares to Shell & Turcas Petrol A.Ş. (“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:

Ahi Evran Cad. No:6 Aksoy Plaza. Kat: 7. Maslak/Sarıyer/İstanbul

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

The Company’s main shareholders are Aksoy Holding A.Ş., The capital structure of the Company as of the related balance sheet dates have been provided at Note 7.

The number of employees of the Group as of 31 March 2015 is 49 (31 December 2014: 48).

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

TURCAS PETROL A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2015

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

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

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”.

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 Gazette 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. Electricity Production License has been terminated as of 31 January 2015 by the EMRA Board Decision No. 5440-17 dated 29 January 2015.

Turcas Elektrik Toptan Satış A.Ş. has been established on 30 October 2000 and obtained the license to operate in electricity trading 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 and wholesale of natural gas. The Company has obtained sales licence for a period of 30 years on 17 May 2007.

Turcas Rüzgar Enerji Üretim A.Ş. has been established on 25 October 2007 and it operates in the establishment and operation of electricity production facilities, electricity generation, and sale of electricity or electricity capacity. Turcas Elektrik Üretim A.Ş. owns 99.99% of Turcas Yenilenebilir Enerji Üretim A.Ş. (former Turcas Rüzgar Enerji Üretim A.Ş.).

Turcas Rafineri Yatırımları A.Ş. has been established on 28 December 2011. It operates in the establishment 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 foreign refineries.

Associates	Company	Nature of business
Shell & Turcas Petrol A.Ş. (“STAŞ”)	Turkey	Petroleum products
RWE&Turcas Güney Elektrik Üretim A.Ş. (“RWE&Turcas Güney”)	Turkey	Energy, electricity
Turcas BM Kuyucak Jeotermal Elektrik Üretim A.Ş. (“Turcas&BM”)	Turkey	Energy, electricity

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

TURCAS PETROL A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2015

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

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

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

Turcas&BM Kuyucak Jeotermal Elektrik Üretim A.Ş, partnership with Turcas Enerji Holding A.Ş. (46%), BM Mühendislik ve İnşaat A.Ş. (46%) and Alte Enerji A.Ş. (8%), was established in order to operate in geothermal power generation in September 2013.

The detailed information about the investments accounted by equity method is given in Note 7.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

Principles Governing the Preparation of Condensed Consolidated Interim Financial Statements

The accompanying condensed interim consolidated financial statements are prepared in accordance with Communiqué Serial II, No:14.1, “Principles of Financial Reporting in Capital Markets” (“the Communiqué”) published in the Official Gazette numbered 28676 on 13 June 2013. According to Article 5 of the Communiqué, condensed interim consolidated financial statements are prepared in accordance with the Turkish Accounting Standards 34 (“TAS 34”) “Interim Financial Reporting” issued by Public Oversight Accounting and Auditing Standards Authority (“POAASA”).

In compliance with the TAS 34, entities have preference in presenting their condensed interim consolidated financial statements whether full set or condensed. In this framework, Group preferred to present its condensed interim consolidated financial statements in condensed. Therefore the interim condensed consolidated financial statements should be examined together with the year-end consolidated financial statements as of 31 December 2014.

The Group maintains its books of account and prepares its statutory financial statements in TL 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 Capital Market Board (“CMB”). The consolidated financial statements, except for the financial asset and liabilities presented with their fair values, are maintained under historical cost conversion, 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 TAS.

With the decision taken on 17 March 2005, the CMB has 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 the accounting and financial reporting principles issued by the CMB. Accordingly, the Company did not apply TAS 29 “Financial Reporting in Hyperinflationary Economies” (“TAS 29”) issued by POAASA in its financial statements for the accounting periods starting 1 January 2005.

The preparation of financial statements in conformity with Turkish Accounting Standards 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.

**CONVENIENCE TRANSLATION INTO ENGLISH OF
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2015**

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

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

2.2 Summary of the Significant Accounting Policies

The accounting policies applied during the preparation of these interim condensed consolidated financial statements are consistent with the accounting policies applied for the financial year between 1 January - 31 December 2014. These condensed interim consolidated financial statements should be read on a comparative basis with annual financial statements for the year between 1 January - 31 December 2014.

There is no difference in the accounting policy applied to the condensed consolidated interim financial statements from the annual consolidated financial statements which have been prepared within the framework of Communiqué II, No: 14.1 and related promulgations to this Communiqué as issued by the CMB in accordance with CMB Financial Reporting Standards which is based on IAS/IFRS.

(a) Standards, amendments and interpretations applicable to 31 March 2015

- Amendment to IAS 19 regarding defined benefit plans, effective from annual periods beginning on or after 1 July 2014.
- Annual improvements 2012; effective from annual periods beginning on or after 1 July 2014.
- Annual improvements 2013; effective from annual periods beginning on or after 1 July 2014.

(b) New IFRS standards, amendments and IFRICs effective after 31 March 2015:

- Amendment to IFRS 11, 'Joint arrangements' on acquisition of an interest in a joint operation, effective from annual periods beginning on or after 1 January 2016.
- Amendments to IAS 16 'Property, plant and equipment', and IAS 41, 'Agriculture', regarding bearer plants, effective from annual periods beginning on or after 1 January 2016.
- Amendment to IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets', on depreciation and amortisation, effective from annual periods beginning on or after 1 January 2016.
- IFRS 14 'Regulatory deferral accounts', effective from annual periods beginning on or after 1 January 2016.
- Amendments to IAS 27, 'Separate financial statements' on the equity method, effective from annual periods beginning on or after 1 January 2016.
- Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures', effective from annual periods beginning on or after 1 January 2016.
- Annual improvements 2014, effective from annual periods beginning on or after 1 January 2016.
- Amendments to IAS 1, 'Presentation of financial statements' effective from annual periods beginning on or after 1 January 2016.
- Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures', effective from annual periods beginning on or after 1 January 2016.
- IFRS 15 'Revenue from contracts with customers', effective from annual periods beginning on or after 1 January 2017.
- IFRS 9 'Financial instruments', effective from annual periods beginning on or after 1 January 2018.

The Group assumed that the given amendments and interpretations has no material effect on the financial statements.

TURCAS PETROL A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2015

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

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

2.3 Summary of the Significant Accounting Policies

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 condensed interim consolidated financial statements are presented in TL, which is the functional currency of Turcas and the presentation currency of the Group.

Consolidated subsidiaries and associates are regarded as foreign entities since they are financially, economically and organizationally autonomous. Their reporting currencies are the respective local currencies. Financial statements of consolidated subsidiaries and associates are translated at year-end exchange rates with respect to the financial position and at exchange rates at the dates of the transactions with respect to the income statement. All resulting translation differences between the closing balances and opening balances due to the difference in inflation and devaluation are included in currency translation adjustment in equity.

2.3 Comparatives and restatement of prior year financial statements

The Group prepares comparative consolidated financial statements, to enable readers to determine financial position and performance trends. For the purposes of effective comparison, comparative financial statements can be reclassified when deemed necessary by the Group, where descriptions on significant differences are disclosed.

The condensed interim consolidated financial position of the Group at 31 March 2015 has been provided with the comparative financial information of 31 December 2014 and the condensed interim consolidated statements of comprehensive income, the condensed interim consolidated statement of changes in equity and the condensed interim consolidated statement of cash flows for the period ended 31 March 2015 have been provided with the comparative financial information, for the period ended 31 March 2014.

2.4 Critical accounting estimates and judgements

The preparation of condensed consolidated interim 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 Turkish Accounting 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 TL72,191,458 from which can be utilized with future profits, as of 31 March 2015 (31 December 2014: TL 55,186,214). Since the Group projects that Turcas Elektrik Üretim A.Ş. is going to generate taxable income within the next five years, deferred tax assets amounting to TL 65,154,903 (31 December: TL 48,342,964) has been recognized for total TL 13,030,981 carryforward tax losses (31 December 2014: TL 9,668,593).

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

2.4 Critical accounting estimates and judgements (Continued)

Contingent Liabilities:

Regarding the tax inspection carried out for STAŞ, STAŞ management considers that matters criticized in the tax inspection report are in compliance and consistent with the related regulations; accordingly no provision regarding the inspection has been recognized in the financial statements of STAŞ (Note 8).

NOTE 3 - SEGMENT REPORTING

The reportable segments of Turcas have been organized by management as oil, electricity and natural gas. The products which are included in oil are lubricants, engine oil and fuel products. Electricity group consists of the production, wholesale and distribution of electricity products. Natural gas group consists of wholesale business of natural gas.

Accounting policies applied by each operational segment of Turcas are the same as those are applied in Turcas’s consolidated financial statements prepared in accordance with Public Oversight 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) Operating segments which have been prepared in accordance with the reportable segments as of 1 January-31 March 2015 are as follows:

	Oil	Natural gas	Electricity	Other*	Total
Segment revenue	-	-	526,365	-	526,365
EBITDA	(4,452)	(8,765)	(1,109,448)	(4,072,570)	(5,195,235)
Financial income	17,707,911	360,431	18,947,193	3,519,667	40,535,202
Financial expense	(92)	(3,226)	(26,452,986)	(26,511)	(26,482,815)
Depreciation and amortisation expense	-	-	(396)	(249,511)	(249,907)
Expense/Income from associates	(16,027,200)	-	(10,616,695)	-	(26,643,895)
Purchase of tangible and intangible assets	-	-	-	154,275	154,275

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NOTE 3 - SEGMENT REPORTING (Continued)

- b) Operating segments which have been prepared in accordance with the reportable segments as of 1 January- 31 March 2014 are as follows:

	Oil	Natural gas	Electricity	Other*	Total
Segment revenue	-	-	19,908,733	-	19,908,733
EBITDA	(4,193)	(142,059)	(890,153)	(1,848,854)	(2,885,259)
Financial income	-	267,851	27,542,271	3,847,268	31,657,390
Financial expense	(15,881)	(106,992)	(32,372,309)	(1,539,550)	(34,034,732)
Depreciation and amortisation expense	-	-	(72,105)	(456,506)	(528,611)
Income from associates	34,025,696	-	(7,981,687)	-	26,044,009
Purchase of tangible and intangible assets	-	-	-	215,101	215,101

- c) Operating segment information as of 31 March 2015 are shown below:

	Oil	Natural gas	Electricity	Other*	Eliminations	Total
Segment Assets	152,701,118	8,845,065	519,698,786	429,488,297	(493,699,559)	617,033,707
Associates	388,384,200	-	83,677,282	-	-	472,061,482
Segment Liabilities	3,042	934	479,849,767	5,948,200	(57,786,907)	428,015,036

- d) Operating segment information as of 31 December 2014 are shown below:

	Oil	Natural gas	Electricity	Other*	Eliminations	Total
Segment Assets	139,590,016	8,505,351	520,481,235	435,139,785	(504,598,184)	599,118,203
Investments accounted for under equity accounting	404,411,400	-	94,102,498	-	-	498,513,898
Segment Liabilities	23,322	9,665	464,917,296	5,193,138	(52,541,414)	417,602,007

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

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NOTE 3 - SEGMENT REPORTING (Continued)

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

	1 January - 31 March 2015	1 January - 31 March 2014
Income		
Segment revenue	526,365	19,908,733
Consolidated Income	526,365	19,908,733
EBITDA		
EBITDA of segment	(1,122,665)	(1,036,405)
Other EBITDA	(4,072,570)	(1,848,854)
Consolidated EBITDA	(5,195,235)	(2,885,259)
Financial income	40,535,202	31,657,390
Financial expense	(26,482,815)	(34,034,732)
Income from investment activities	247,451	-
(Loss)/ income from investments accounted by equity method	(26,643,895)	26,044,009
Amortisation and depreciation	(249,907)	(528,611)
Profit before consolidated tax	(17,789,199)	20,252,797

NOTE 4 - CASH AND CASH EQUIVALENTS

	31 March 2015	31 December 2014
Cash	12,866	6,454
Banks		
- demand deposit	638,015	484,069
- time deposit	209,139,379	193,229,462
	209,790,260	193,719,985

The maturities of cash and cash equivalents are as follows:

	31 March 2015	31 December 2014
Up to 30 days	209,790,260	193,719,985
	209,790,260	193,719,985

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NOTE 4 - CASH AND CASH EQUIVALENTS (Continued)

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

	31 March 2015	31 December 2014
TL	8.71	8.58
USD	1.56	1.56

Cash and cash equivalents as of 31 March 2015, 31 December 2014 and 31 March 2014, as seen in condensed interim consolidated cash flow statements, are as follows:

	31 March 2015	31 December 2014	31 March 2014
Cash and cash equivalents	209,790,260	193,719,985	92,133,198
Less: Interest accrual	(55,980)	(160,559)	(90,759)
	209,734,280	193,559,426	92,042,439

The company has no blocked deposits as of 31 March 2015 (31 December 2014: None).

NOTE 5 - FINANCIAL ASSETS

	31 March 2015			31 December 2014		
	Short term	Long term	Total	Short term	Long term	Total
Financial assets held for sale	-	63,240	63,240	-	63,240	63,240
Held-to-maturity financial assets	7,785,672	-	7,785,672	7,774,969	-	7,774,969
	7,785,672	63,240	7,848,912	7,774,969	63,240	7,838,209

a) Financial assets held for sale

	31 March 2015		31 December 2014	
	Participation amount	Participation rate (%)	Participation amount	Participation rate (%)
ATAŞ	13,240	5,00	13,240	5,00
Elektrik Piyasaları İşletmeleri A.Ş.	50,000	0,08	50,000	0,08
	63,240		63,240	

Financial assets are valued 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.

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NOTE 5 - FINANCIAL ASSETS(Continued)

b) Held to maturity financial assets:

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

	31 March 2015	31 December 2014
Bonds:		
Private sector bonds	2,412,864	2,402,161
Public sector bonds	5,372,808	5,372,808
	7,785,672	7,774,969

Remaining time to maturity dates of held-to-maturity financial assets in agreements as of 31 March 2015 is as follows:

Less than 3 months	5.948.092
Until the one year	1.837.580
Total	7.785.672

Remaining time to maturity dates of held-to-maturity financial assets in agreements as of 31 December 2014 are as follows:

Less than 3 months	5.937.675
Until the one year	1.837.294
Total	7.774.969

Movement table of held-to-maturity financial assets are as follows:

	2015	2014
1 January	7,774,969	7,011,076
Purchases	21,815	123,379
Disposal due to sale and amortization	(51,507)	-
Additions due to amortized cost	40,395	62,103
31 March	7,785,672	7,196,558

NOTE 6 - FINANCIAL LIABILITIES

As of 31 March 2015 and on 31 December 2014 financial liabilities are as follows:

	31 March 2015	31 December 2014
Short term bank borrowings	57,780,737	52,912,203
Long term bank borrowings	362,697,825	350,566,964
Total financial liabilities	420,478,562	403,479,167

TURCAS PETROL A.Ş.**CONVENIENCE TRANSLATION INTO ENGLISH OF
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2015**

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NOTE 6 - FINANCIAL LIABILITIES (Continued)

	31 March 2015		
	Yearly average effective interest rate(%)	Original amount	TL
EUR borrowings			
- Fixed interest rate	5.28	57,582	163,010
- Floating interest rate (*)	1.87	13,237,647	37,474,456
USD borrowings			
- Floating interest rate (**)	3.74	7,717,137	20,143,271
Total short term financial liabilities			57,780,737
EUR borrowings			
- Floating interest rate (*)	1.87	93,555,477	264,846,201
- Fixed interest rate	4.35	269,611	763,241
- Interest accrual of floating rate loan		568,226	1,608,591
USD borrowings			
- Floating interest rate (**)	3.74	36,177,652	94,430,908
- Interest accrual of floating rate loan		401,840	1,048,884
Total long term financial liabilities			362,697,825
Total financial liabilities			420,478,562

(*) Original amount of loan obtained from consortium of Bayern LB and Portigon AG is TL 324,239,396 (EUR114,535,800), ECA premium of TL 20,519,519 (EUR 7,248,408) and management fee of TL1,399,220 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 TL114,848,800 (USD44,000,000) and management fee of TL274,621 (USD105,211) have been deducted from the original amount. These amounts will be amortised until the end of loan agreement.

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**CONVENIENCE TRANSLATION INTO ENGLISH OF
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2015**

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

NOTE 6 - FINANCIAL LIABILITIES (Continued)

	31 December 2014		
	Yearly average effective interest rate(%)	Original amount	TL
EUR borrowings			
- Fixed interest rate	5,28	82,276	232,077
- Floating interest rate	1,87	12,660,435	35,711,288
USD borrowings			
- Floating interest rate	3,74	7,317,624	16,968,838
Total short term financial liabilities			52,912,203
EUR borrowings			
- Floating interest rate (*)	1,87	93,902,617	264,871,110
- Fixed interest rate	4,35	269,916	761,351
- Interest accrual of floating rate loan		52,286	147,482
USD borrowings			
- Floating interest rate (**)	3,74	36,558,873	84,776,372
- Interest accrual of floating rate loan		4,592	10,649
Total long term financial liabilities			350,566,964
Total financial liabilities			403,479,167

(*) Original amount of loan obtained from consortium of Bayern LB and Portigon AG is TL323,071,125 (EUR114,535,798), ECA premium of TL21,089,506 (EUR7,476,692) and management fee of TL1,399,220 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 TL102,031,600 (USD44,000,000) and management fee of TL286,391 (USD123,503) have been deducted from the original amount, These amounts will be amortised until the end of loan agreement.

Floating interest rated financial debts denominated in foreign currencies are valuated to TL using effective exchange rates at period end, Interest rates of floating interest rated financial debts are redetermined in 3 month periods, therefore carrying values are considered to be approximate fair values.

The redemption schedule of financial liabilities is as follows:

	31 March 2015	31 December 2014
0 - 1 year	57,780,737	52,912,203
1 - 2 years	54,764,728	52,483,456
2 - 3 years	54,821,018	52,492,544
3 - 4 years	54,830,317	52,501,925
4 - 5 years	54,840,233	52,456,292
After 5 years	143,441,529	140,632,747
	420,478,562	403,479,167

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NOTE 6 - FINANCIAL LIABILITIES (Continued)

The following is the information compiled regarding the loans made available for the 775 MW Natural Gas Combined Cycle Power Plant investment, 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 EUR114,535,800 of the loan received from the bank consortium formed by Bayern LB and Portigon AG and the portion USD44,000,000 of the loan received from TSKB have been utilised as of 31 March 2015.

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 EUR 8,500,000, with maturity ending 15 February 2015. As a collateral to this DSRA Standby Letter of Credit, Turcas Petrol A.Ş. has provided a Corporate Guarantee amounting to EUR8,500,000 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.

NOTE 7 - INVESTMENTS ACCOUNTED BY EQUITY METHOD

	%	31 March 2015	%	31 December 2014
STAŞ	30,00	388,384,200	30,00	404,411,400
RWE & Turcas Güney Elektrik Üretim A.Ş.,	30,00	80,025,945	30,00	90,458,925
Turcas & BM Kuyucak Jeotermal Elektrik Üretim A.Ş.,	46,00	3,651,337	46,00	3,643,573
		472,061,482		498,513,898

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NOTE 7 - INVESTMENTS ACCOUNTED BY EQUITY METHOD (Continued)

	31 March 2015	31 March 2014
Balance at the beginning of the period	498,513,898	696,777,036
Incomes and expenses from associates (net) (**)	(26,643,895)	26,044,009
Currency translation differences	-	16,339,446
Dividends received	-	(15,000,000)
Transactions with associates (*)	191,479	191,481
Balance at the end of the period	472,061,482	724,351,972

(*) The balance consists of the consolidation adjustment for capitalized finance expenses by RWE&Turcas Güney related to the borrowing from the Group in order to finance Denizli Plant investment of RWE&Turcas Güney.

(**) The Group's income and expense balances from associates amounting to TL(26.643.895) consist of expense balance from Shell & Turcas Petrol A.Ş amounting to TL(16,027,200), expense balance from RWE&Turcas Güney Elektrik Üretim A.Ş. amounting to TL(10,624,459), income balance from Turcas BM Kuyucak Jeotermal Elektrik Üretim A.Ş. amounting to TL7.764.

STAS

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

Shell & Turcas Petrol A.Ş. has become operational on 1 July 2006. STAS is one of the leading companies in Turkish fuel distribution sector with 1,071 fuel stations, lubricant production facilities, retail and commercial sale.

Shell & Turcas Petrol A.Ş. continued its strong position in fuel distribution and lubricants sector in Turkey and recorded TL2,983,047,000 sales in the first three months of 2015 (31 December 2014: TL15,823,878,000). Shell & Turcas Petrol A.Ş. is a market leader in sales per station which is the most important indicator of profitability in the sector. While Shell & Turcas Petrol A.Ş. has maintained sector leadership with market share of 25% in gasoline sales and 25% in lubricants as of 31 March 2015, Shell & Turcas Petrol A.Ş is third in the white products market that is total of gasoline and diesel sales with 17% market share according to PETDER data.

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NOTE 7 - INVESTMENTS ACCOUNTED BY EQUITY METHOD (Continued)

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

STAS

	31 March 2015	31 December 2014
Total assets	3,339,627,000	3,338,590,000
Total liabilities	(2,044,975,000)	(1,990,550,000)
Net assets	(1,294,652,000)	1,348,040,000
The Group's share	388,384,200	404,411,400

	1 January - 31 March 2015	1 January - 31 March 2014
Net sales revenue	2,983,047,000	3,447,199,000
Net (loss)/ income for the period	(53,424,000)	61,109,000
The Group's share	(16,027,200)	18,332,700

RWE&Turcas Güney Elektrik Üretim A.Ş.

Turcas Elektrik Üretim A.Ş. which is 100% direct and indirect subsidiary of Turcas in electricity generation, has established a joint venture company named RWE & Turcas Güney Elektrik Üretim A.Ş. with RWE Holding A.Ş. that is a subsidiary of RWE AG which is one of the leading energy companies in the world. Shareholding ratio of Turcas Elektrik Üretim A.Ş is 30 % in this joint venture established in 2007. Natural gas combined cycle power plant with a 775 MW installed capacity, which is established in Denizli by RWE & Turcas Güney Elektrik Üretim A.Ş., has become operational with completion of temporary admission process conducted by the Ministry as of 24 June 2013.

	31 March 2015	31 December 2014
Total assets	1,557,283,013	1,558,555,411
Total liabilities	(1,252,954,724)	(1,218,812,261)
Net assets	304,328,289	339,743,150
The Group's share	91,298,487	101,922,945

	1 January - 31 March 2015	1 January - 31 March 2014
Net sales revenue	155,724,415	153,752,234
Loss for the period	(35,414,861)	(26,574,328)
The Group's share	(10,624,458)	(7,972,298)

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NOTE 7 - INVESTMENTS ACCOUNTED BY EQUITY METHOD (Continued)

Turcas BM Kuyucak Jeotermal Elektrik Üretim A.Ş.

Turcas&BM Kuyucak Jeotermal Elektrik Üretim A.Ş., has established to operate in the field of geothermal power generation with joint ventures of Turcas Enerji Holding A.Ş. (%46), BM Mühendislik ve İnşaat A.Ş. (%46) and Alte Enerji A.Ş. (%8).

	31 March 2015	31 December 2014
Total asset	21,877,550	15,506,952
Total liabilities	(13,939,866)	(7,586,142)
Net assets	7,937,684	7,920,810
The Group’s share	3,651,335	3,643,573
	1 January - 31 March 2015	1 January - 31 March 2014
Income/ (loss) for the period	16,877	(20,410)
The Group’s share	7,764	(9,389)

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NOTE 8 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

a. Contingent assets and liabilities

Contingent assets and liabilities of Turcas Petrol

Collaterals, pledges, mortgages (CPM) given by the Group, as of 31 March 2015 and 31 December 2014 are as follows:

	Currency	31 March 2015		31 December 2014	
		Original Amount	TL Amount	Original Amount	TL Amount
A. CPM's given for companies' Own legal personality	TL	417,500	417,500	381,500	381,500
B. CPM's given on behalf of fully Consolidated companies (**)	TL	3,829,511	3,829,511	4,618,402	4,618,402
	Eur	-	-	200,000	564,140
C. CPM's given for continuation of its economic activities on behalf of third parties(*)	USD	77,000,000	200,985,400	77,000,000	178,555,300
	Eur	157,851,984	446,863,182	157,851,984	445,253,091
D. Total amount of other CPM's					
i) Total amount CPM's given on behalf of the majority shareholders		-	-	-	-
ii) Total amount of CPM's given to on behalf of other group companies which are not in scope of B and C		-	-	-	-
iii) Total amount of CPM's given on behalf of third parties which are not in scope of C		-	-	-	-
			652,095,593		629,372,433

(*) Turcas Elektrik Üretim A.Ş. has entered into a loan agreement for USD55,000,000 with TSKB, with a maturity of 10 years with a grace period of three years, regarding the loans made available for the 775 MW Natural Gas Combined Cycle Power Plant investment in Denizli. The amount of total guarantee given to TSKB by Turcas Petrol A.Ş. is USD77,000,000. As stated in note 6, 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 EUR149,351,984 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 EUR8,500,000, with a maturity of 3 August 2015. Therefore, Turcas Petrol A.Ş. has provided a collateral amounting to EUR8,500,000 to Garanti Bank in order to prepare the said guarantee.

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

TURCAS PETROL A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2015

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

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

The rate of GPM's given by the Company to equity is 99% as of 31 March 2015 (31 December 2014: 88%).

	31 March 2015	31 December 2014
Letter of guarantees received	340,800	7,361,109
Mortgage received	-	2,201,150
Letter of other guarantees received	57,000	57,000
	397,800	9,619,259

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

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

	31 March 2015	31 December 2014
Letters of guarantee given to the customs office	863,221,200	824,856,000
Letters of guarantee given to the tax office	31,275,600	24,577,800
Letters of guarantee given to the EMRA	15,001,500	15,000,000
Other	3,224,400	3,699,300
Total	912,722,700	868,133,100

	31 March 2015	31 December 2014
Mortgages taken	416,919,600	391,216,200
Letters of guarantees received	163,944,000	160,657,200
Other guarantees received	67,347,900	50,101,200
Total	648,211,500	601,974,600

Shell&Turcas Petrol A.Ş. has committed to pay TL105,195,000 to the station owners for the station improvement in the periods mentioned below (31 December 2014: 139,500,000). The payment terms of group's share of warranty is as follows:

	31 March 2015	31 December 2014
Within 1 year	4,687,800	10,438,200
1-5 years	20,694,300	20,816,400
5-22 years	6,176,700	10,595,400
	31,558,800	41,850,000

TURCAS PETROL A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2015

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

NOTE 8 - PROVISIONS, 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.

The Supervisory Board of the Ministry of Finance has launched a general tax inspection for financial years 2009 to 2012 on STAŞ as part of the sector wide tax review. As a result of the inspection, services received from the foreign institution by STAŞ were criticized and STAŞ has been notified to pay TL45,214,582 as tax base and TL67,821,873 as tax penalty on 30 December 2014. Similarly, STAŞ has been criticized regarding VAT and stamp duty and has been notified on 31 December 2014 to pay penalty amounting TL10,765,666 as tax base and TL11,572,683 as tax penalty. According to STAŞ management, such practices subject to criticism were performed in compliance and consistent with the related regulations. STAŞ has been utilizing all its legal rights, including settlement and all applicable legal processes with respect to notifications issued and have not recognised any provision in relation to the inspection.

Contingent assets and liabilities of Turcas Petrol A.Ş. regarding RWE & Turcas Güney Elektrik Üretim A.Ş.

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

	31 March 2015	31 December 2014
Letters of guarantees given to Turkish Electricity Transmission Company	2,466,701	2,466,701
Letters of guarantees given to suppliers	699,858	-
Other	10,500	10,500
Total	3,177,059	2,477,201

	31 March 2015	31 December 2014
Letters of guarantees received	7,017,364	3,434,423
Cheque of guarantees received	80,400	80,400
Total	7,097,764	3,514,823

TURCAS PETROL A.Ş.

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

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

Contingent assets and liabilities of Turcas Petrol A.Ş. regarding Turcas BM Kuyucak Jeotermal Elektrik Üretim A.Ş.

The contingent assets and liabilities of the Group related to Turcas BM Kuyucak Jeotermal Elektrik Üretim A.Ş. are follows:

	31 March 2015	31 December 2014
Letters of guarantees given to the Sub-Governorship of Kuyucak	358,356	97,578
Letters of guarantees given to the Governorship of Aydın	135,700	135,700
Letters of guarantees given to EMRA	61,962	61,962
Letters of guarantees given to AYDEM	4,140	51,980
Total	560,158	347,220

NOTE 9 - EQUITY

a) Share capital

Shareholders	Group	Allocation (%)	31 March 2015	Allocation (%)	31 December 2014
Aksoy Holding A.Ş.	A/C Group	51,55	115,979,910	51,55	115,979,910
Publicly Traded	A Group	25,04	56,337,766	25,03	56,312,433
Turcas Petrol A.Ş. (*)	A Group	5,36	12,059,447	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	4,90	11,015,692	4,91	11,041,025
Total			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 March 2015 and 31 December 2014 consist of this transaction.

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CONVENIENCE TRANSLATION INTO ENGLISH OF NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2015

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

NOTE 9 - EQUITY (Continued)

a) Share capital (Continued)

The issued capital of the Company in 2015 is composed of 225,000,000 shares (2014: 225,000,000 shares). The nominal value of shares is TL 1 per share.

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.

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

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

b) Restricted reserves excepted from profit

	31 March 2015	31 December 2014
Legal Reserves	36,674,580	36,674,580
	36,674,580	36,674,580

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code (TCC). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the company’s paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in share capital. In accordance with the Turkish Commercial Code, legal reserves can be used for offsetting the losses as long as they do not exceed 50% of the paid in capital. Apart from that, they can not be used in anyhow.

Dividend distribution

Dividends are distributed according to Communiqué Serial: IV, No: 27 on “Principles Regarding Distribution of Interim Dividends for quoted entities subject to Capital Market Board Law”, principles on corporate articles and dividend distribution policy which is declared by Companies. In addition to the CMB, it is stipulated that companies which have the obligation to prepare consolidated financial statements, calculate the net distributable profit amount by taking into account the net profits for the period in the consolidated financial statements that will be prepared and announced to the public in accordance with the Communiqué II-14.1 that sufficient reserves exists in the unconsolidated statutory books.

TURCAS PETROL A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2015

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

NOTE 10 - SALES AND COST OF SALES

	31 March 2015	31 March 2014
Electricity sales	433,525	17,246,566
Other sales	92,840	2,662,167
	526,365	19,908,733

	31 March 2015	31 March 2014
Cost of electricity sold	445,194	18,193,417
Transmission capacity and service fee	1,412	1,562,616
Other costs	4,840	3,415
	451,446	19,759,448

NOTE 11 - OPERATING EXPENSES

	31 March 2015	31 March 2014
Personnel expenses	3,806,232	2,046,620
Outsourced services	448,021	505,634
Depreciation and amortization expenses	249,907	528,611
Repair and maintenance expenses	246,575	153,133
Taxes and other liabilities	166,968	61,036
Travel expenses	125,544	184,970
Rent expenses	48,196	82,442
Donations	20,326	-
Other	526,207	350,335
	5,637,976	3,912,781

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL
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NOTE 12 - INCOME FROM INVESTMENT ACTIVITIES

	31 March 2015	31 March 2014
Income on sale of tangible	247.451	-
	247.451	-

NOTE 13 - FINANCIAL INCOME

	31 March 2015	31 March 2014
Foreign exchange gains	29,078,420	19,362,725
Interest income	11,436,547	11,757,868
Credit finance income	20,235	536,797
	40,535,202	31,657,390

NOTE 14 - FINANCIAL EXPENSE

	31 March 2015	31 March 2014
Foreign exchange losses	23,265,918	30,005,898
Interest expenses	3,187,452	3,839,801
Credit finance charges	29,446	189,033
	26,482,816	34,034,732

NOTE 15 - TAX ASSETS AND LIABILITIES**Corporate tax for the period**

Current tax liability	31 March 2015	31 December 2014
Corporate tax provision	(3,540,173)	(8,614,968)
Less: Prepaid tax and funds	-	8,035,017
Prepaid tax and funds / (Current tax liability) , net	(3,540,173)	(579,951)

Tax expense is comprised of the following:

	31 March 2015	31 March 2014
Current period corporate tax provision	(3,540,173)	(92,842)
Deferred tax income	2,377,594	874,250
	(1,162,579)	781,408

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

NOTE 15 - TAX ASSETS AND LIABILITIES (Continued)

Corporate Tax

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

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

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate is 20% (31 December 2014: 20%). Losses are allowed to be carried 5 years maximum to be deducted from the taxable profit of the following years. However, losses occurred cannot be deducted from the profit occurred in the prior years retroactively.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. The companies file their tax returns between 1st-25th of fourth month after fiscal year end.

Income withholding tax

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are resident companies in Turkey and Turkish branches of foreign companies. The rate of income withholding tax is 15 %. Undistributed dividends incorporated in share capital are not subject to income withholding taxes.

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 Turkish 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 Turkish Financial Reporting Standards and tax purposes.

The rate applied in the calculation of deferred tax assets and liabilities is 20% (31 December 2014: 20%).

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NOTE 15 - TAX ASSETS AND LIABILITIES (Continued)

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

	<u>Total temporary differences</u>		<u>Deferred tax asset/(liability)</u>	
	<u>31 March 2015</u>	<u>31 December 2014</u>	<u>31 March 2015</u>	<u>31 December 2014</u>
Carryforward tax loss	(65,154,903)	(48,342,964)	13,030,981	9,668,593
Interest accrual	10,515,308	10,506,708	2,103,062	2,101,342
RWE&Turcas Güney interest accrual	9,372,983	-	(1,874,597)	-
Income accrual	-	4,162,500	-	(832,500)
Tangible and intangible assets	1,233,919	1,079,224	246,784	215,845
Provision for employee termination benefit	(551,239)	(507,932)	110,248	101,586
Litigation provision	(225,949)	(225,949)	45,190	45,190
Unused vacation provisions	(396,458)	(325,755)	79,291	65,151
Unearned credit finance income	-	20,235	-	4,047
Unearned credit finance expense	-	29,444	-	(5,889)
Deferred tax (liabilities)/ assets (net)			13,740,959	11,363,365

As of the balance sheet date, the Group has carryforward tax losses amounting to TL72,191,458 (31 December 2014: TL55,186,214) to be deducted from future profits.

The expiration dates of unrecognized carry forward tax losses are as follows:

	31 March 2015	31 December 2014
2014	-	1,688,540
2015	620,807	926,802
2016	739,644	739,644
2017	1,130,847	1,130,847
2018	494,090	494,090
2019	1,863,327	1,863,327
2020	2,187,840	-
	7,036,555	6,843,250

The expiration dates of recognized carry-forward tax losses are as follows:

	31 March 2015	31 December 2014
2018	48,342,964	48,342,964
2019	16,811,939	-
Closing balance	65,154,903	48,342,964

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NOTE 15 - TAX ASSETS AND LIABILITIES (Continued)

The movement of deferred tax assets and liabilities as of 31 March 2015 and 2014 are as follows:

	1 January- 31 March 2015	1 January- 31 March 2014
Opening balance	11,363,365	18,028,625
Deferred tax income	2,377,594	874,250
Closing balance	13,740,959	18,902,875

NOTE 16 - EARNINGS PER SHARE

At 31 March 2015 and 2014, the weighted average number of shares and earnings per share are as follows:

	31 March 2015	31 March 2014
Weighted average number of outstanding shares	225,000,000	225,000,000
(Loss)/ profit attributable to the equity holders of the parent	(18,950,715)	21,034,125
Earnings per share	(0,084)	0,09

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31 MARCH 2015**

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NOTE 17 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Balances with related parties	31 March 2015							
	Receivables				Payables			
	Short term		Long term		Short term		Long term	
	Trade	Other	Trade	Other	Trade	Other	Trade	Other
Associates								
Shell&Turcas Petrol A.Ş.	-	-	-	-	-	6,464	-	-
RWE & Turcas Güney Elektrik Üretim A.Ş. (*)	-	40,655,585	-	298,949,715	-	-	-	-
Turcas & BM Kuyucak Elektrik Üretim A.Ş. (**)	-	6,072,000	-	-	-	35,231	-	-
Other entities								
Conrad Yeditepe Beyn. Otelcilik Turz.ve Tic. A.Ş. (***)	369,679	-	-	-	-	-	-	-
Gerçek kişi ortaklara ödenecek temettüleri	-	-	-	-	-	187,318	-	-
Ataş Anadolu Tasfiyehanesi A.Ş.	-	-	-	-	-	109,037	-	-
Aksoy Petrol Taşınmaz Yatırımları A.Ş.	-	590	-	-	-	-	-	-
Aksoy Maslak Taşınmaz Yatırımları A.Ş.	-	44,615	-	-	-	53,320	-	-
Aksoy Holding A.Ş.	-	685	-	-	-	-	-	-
	369,679	46,773,475	-	298,949,715	-	391,370	-	-

(*) In order to finance the section corresponding to its part in the Denizli Project of RWE & Turcas Güney Elektrik Üretim A.Ş., the Group has entered into a loan agreement with Bayern LB, Portigon AG and TSKB, Principal and interest of the loan (TL Libor+2) is reflected to RWE & Turcas Güney Elektrik Üretim A.Ş., as stated in Shareholder Loan Agreement signed on 3 December 2010, TL 9,372,983 of interest income has been booked regarding related receivables.

(**) It has been transferred by Turcas Enerji Holding A.S and consist of capital advance.

(***) Turcas Elektrik Toptan Satış A.Ş., one of the Group’s subsidiary, sells electricity to Conrad Yeditepe Beynelmlel Otelcilik Turizm ve Ticaret A.Ş., on an arm’s length basis, according to sales contract signed between them. This amount has been collected in subsequent period

TURCAS PETROL A.Ş.**CONVENIENCE TRANSLATION INTO ENGLISH OF
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31 MARCH 2015**

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NOTE 17 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

Transactions with related parties	1 January - 31 March 2015						
	Purchases	Sales	Interest received	Rent income	Dividend income	Other income	Other expense
Associates							
RWE & Turcas Güney Elektrik Üretim A.Ş.	-	-	9,372,983	-	-	-	-
Turcas & BM Kuyucak Elektrik Üretim A.Ş.	-	-	62	-	-	1,500	-
Other entities							
Conrad Yeditepe Beyn. Otelcilik Turz. ve Tic. A.Ş.	-	230,200	-	-	-	-	-
Etiler Dış Ticaret Ltd. Şti.	-	-	-	1,500	-	5,030	-
Aksoy Maslak Taşınmaz Yatırımları A.Ş.	-	-	-	1,500	-	5,030	-
Aksoy Holding A.Ş.	-	-	-	1,500	-	27,933	-
Aksoy Bodrum Taşınmaz Yatırımları A.Ş.	-	-	-	1,500	-	5,030	-
Aksoy Enternasyonal Ticaret A.Ş.	-	-	-	1,500	-	17,137	-
Aksoy Petrol Taşınmaz Yatırımları A.Ş.	-	-	-	1,500	-	5,030	-
Ataş Anadolu Tasfiyehanesi A.Ş.	-	-	-	36,544	-	16,239	-
YTC Turizm ve Enerji Ltd. Şti.	-	-	-	-	-	1,180	-
	-	230,200	9,373,045	45,544	-	84,109	-

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NOTE 17 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

Balances with related parties	31 December 2014							
	Receivables				Payables			
	Short term		Long term		Short term		Long term	
	Trading	Non-trading	Trading	Non-trading	Trading	Non-trading	Trading	Non-trading
Associates								
Shell & Turcas Petrol A.Ş.	-	-	-	-	284	5,415	-	-
RWE & Turcas Güney Elektrik Üretim A.Ş. (*)	-	41,076,955	-	302,109,988	3,601,886	-	-	-
Turcas & BM Kuyucak Elektrik Üretim A.Ş.	-	3,133,873	-	-	-	-	-	-
Conrad Yeditepe Beyn, Otelcilik Turz.ve Tic. A.Ş. (**)	218,224	-	-	-	-	-	-	-
Gerçek kişi ortaklara ödenecek temettüleri	-	-	-	-	-	190,071	-	-
Ataş Anadolu Tasfiyehanesi A.Ş.	-	-	-	-	-	177,007	-	-
Aksoy Petrol Taşınmaz Yatırımları A.Ş.	-	1,145	-	-	-	-	-	-
Aksoy Maslak Taşınmaz Yatırımları A.Ş.	-	-	-	-	-	45,937	-	-
Aksoy Taşınmaz Yatırımları A.Ş.	-	1,758	-	-	-	-	-	-
	218,224	44,213,731	-	302,109,988	3,602,170	418,430	-	-

(*) In order to finance the section corresponding to its part in the Denizli Project of RWE & Turcas Güney Elektrik Üretim A.Ş., the Group has entered into a loan agreement with Bayern LB, Portigon AG and TSKB, Principal and interest of the loan (TL Libor+2) is reflected to RWE & Turcas Güney Elektrik Üretim A.Ş., as stated in Shareholder Loan Agreement signed on 3 December 2010, TL 37,491,933 of interest income has been booked regarding related receivables.

(**) Turcas Elektrik Toptan Satış A.Ş., one of the Group’s subsidiary, sells electricity to Conrad Yeditepe Beynelmlel Otelcilik Turizm ve Ticaret A.Ş., on an arm’s length basis, according to sales contract signed between them. This amount has been collected in subsequent period

TURCAS PETROL A.Ş.**CONVENIENCE TRANSLATION INTO ENGLISH OF
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NOTE 17 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

Transactions with related parties	1 January - 31 March 2014						
	Purchases	Sales	Interest received	Rent income	Dividend income	Other income	Other expense
Associates							
Shell & Turcas Petrol A.Ş.	2,919	370,788	-	-	15,000,000	-	-
Star Rafineri A.Ş.	-	-	-	-	-	-	-
RWE & Turcas Güney Elektrik Üretim A.Ş.	-	-	9,931,803	-	-	-	-
Other Entities							
Conrad Yeditepe Beyn, Otelcilik Turz. ve Tic. A.Ş.	-	447,342	-	-	-	-	-
Etiler Dış Ticaret Ltd. Şti.	-	-	-	1,500	-	4,410	-
Aksoy Taşınmaz Yatırımları A.Ş.	-	-	-	3,000	-	8,819	-
Aksoy Holding A.Ş.	-	-	-	1,500	-	74,795	-
Aksoy Bodrum Taşınmaz Yatırımları A.Ş.	-	-	-	1,500	-	4,410	-
Enak Yapı ve Dış Ticaret A.Ş.	-	-	-	1,500	-	13,624	-
Ataş Anadolu Tasfiyehanesi A.Ş.	-	-	-	33,243	-	-	-
YTC Turizm ve Enerji Ltd. Şti.	3,399	-	-	-	-	-	-
	6,318	818,130	9,931,803	42,243	15,000,000	106,058	-

TURCAS PETROL A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2015

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

NOTE 17 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

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

	31 March 2015	31 March 2014
Salaries and other short term benefits	545,733	557,763
	545,733	557,763

Between 2015 and 2014, the senior management bonuses, daily allowance, retirement benefits, dismissal, post employment benefits, equity settled share-based payments, and other long-term benefits did not provided.

NOTE 18 - FOREIGN CURRENCY POSITION

Foreign currency transactions cause foreign currency risk.

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

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NOTE 18 - FOREIGN CURRENCY POSITION (Continued)

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

		31 March 2015			
		TL Equivalent (Functional currency)	USD	Euro	Other
1-	Trade receivables	-	-	-	-
2a-	Monetary financial assets	177,565,461	68,019,552	7,213	407
2b-	Non-monetary financial assets	-	-	-	-
3-	Other	-	-	-	-
4-	Current assets (1+2+3)	177,565,461	68,019,552	7,213	407
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)	177,565,461	68,019,552	7,213	407
10-	Trade payables	-	-	-	-
11-	Financial liabilities	57,780,737	7,717,137	13,295,230	-
12a-	Other monetary financial liabilities	-	-	-	-
12b-	Other non-monetary financial liabilities	-	-	-	-
13-	Current Liabilities (10+11+12)	57,780,737	7,717,137	13,295,230	-
14-	Trade payables	-	-	-	-
15-	Financial liabilities	362,697,825	36,579,492	94,393,314	-
16a-	Other monetary financial liabilities	-	-	-	-
16b-	Other non-monetary financial liabilities	-	-	-	-
17-	Non-current liabilities (14+15+16)	362,697,825	36,579,492	94,393,314	-
18-	Total liabilities (13+17)	420,478,562	44,296,629	107,688,543	-
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)	(242,913,101)	23,722,923	(107,681,330)	407
21-	Net foreign currency asset / liability position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	(242,913,101)	23,722,923	(107,681,330)	407
22-	Fair value of foreign currency hedged financial assets	-	-	-	-
23-	Hedged foreign currency assets	-	-	-	-
24-	Hedged foreign currency liabilities	-	-	-	-
25-	Exports	-	-	-	-
26-	Imports	-	-	-	-

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NOTE 18 - FOREIGN CURRENCY POSITION (Continued)

		31 December 2014			
		TL Equivalent (Functional currency)	USD	Euro	Other
1-	Trade receivables	-	-	-	-
2a-	Monetary financial assets	157,461,670	67,888,515	12,406	-
2b-	Non-monetary financial assets	-	-	-	-
3-	Other	-	-	-	-
4-	Current assets (1+2+3)	157,461,670	67,888,515	12,406	-
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)	157,461,670	67,888,515	12,406	-
10-	Trade payables	-	-	-	-
11-	Financial liabilities	52,912,203	7,317,624	12,742,711	-
12a-	Other monetary financial liabilities	-	-	-	-
12b-	Other non-monetary financial liabilities	-	-	-	-
13-	Current Liabilities (10+11+12)	52,912,203	7,317,624	12,742,711	-
14-	Trade payables	-	-	-	-
15-	Financial liabilities	350,566,966	36,563,465	94,224,819	-
16a-	Other monetary financial liabilities	-	-	-	-
16b-	Other non-monetary financial liabilities	-	-	-	-
17-	Non-current liabilities (14+15+16)	350,566,966	36,563,465	94,224,819	-
18-	Total liabilities (13+17)	403,479,169	43,881,089	106,967,530	-
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)	(246,017,499)	24,007,426	(106,955,124)	-
21-	Net foreign currency asset / liability position of monetary items (1+2a+5+6a+10-11-12a-14+15-16a)	(246,017,499)	24,007,426	(106,955,124)	-
22-	Fair value of foreign currency hedged financial assets	-	-	-	-
23-	Hedged foreign currency assets	-	-	-	-
24-	Hedged foreign currency liabilities	-	-	-	-
25-	Exports	-	-	-	-
26-	Imports	-	-	-	-

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NOTE 18 - FOREIGN CURRENCY POSITION (Continued)

Foreign currency sensitivity

	31 March 2015			
	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- USD net asset / liability	6,192,157	(6,192,157)	-	-
2- Part of hedged from USD risk (-)			-	-
3- US Dollar net effect (1+2)	6,192,157	(6,192,157)	-	-
+/-10% fluctuation of EUR rate				
4- Euro net asset / liability	(30,483,508)	30,483,508	-	-
5- Part of hedged from Euro risk (-)	-	-	-	-
6- Euro net effect (4+5)	(30,483,508)	30,483,508	-	-
+/-10% fluctuation of GBP rate				
7- GBP net asset / liability	157	(157)	-	-
8- Part of hedged from GBP risk (-)	-	-	-	-
9- GBP net effect (7+8)	157	(157)	-	-
TOTAL (3+6+9)	(24,291,194)	24,291,194	-	-
31 December 2014				
	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- USD net asset / liability	5,567,082	(5,567,082)	-	-
2- Hedged from USD risk (-)	-	-	-	-
3- US Dollar net effect (1+2)	5,567,082	(5,567,082)	-	-
+/-10% fluctuation of EUR rate				
4- Euro net asset / liability	(30,168,832)	30,168,832	-	-
5- Hedged from Euro risk (-)	-	-	-	-
6- Euro net effect (4+5)	(30,168,832)	30,168,832	-	-
TOTAL (3+6)	(24,601,750)	24,601,750	-	-

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NOTE 19 - SUBSEQUENT EVENTS

- a) The General Assembly decision regarding the capital decrease of Turcas Rafineri Yatırımları A.Ş., one of the Group's subsidiaries, from TL115,000,000 to TL520,000; the amendment letter for amending accordingly, Article 6 of the Articles of Association regarding the capital; and the Board of Directors' report have been registered by the Istanbul Trade Registry Office on 3 April 2015. Following the registration decision, on 8 April 2015, the fund amounting to TL114,480,000 was transferred from the accounts of Turcas Rafineri Yatırımları A.Ş. to the accounts of Turcas Petrol A.Ş.
- b) Turcas Yenilenebilir Enerji Üretim A.Ş., one of the Group's subsidiaries, submitted pre-licence applications to the Energy Market Regulatory Authority regarding four wind power plants on 27 April 2015. These four projects are planned for Balıkesir (35 MW), Çanakkale (40 MW), İzmir (21 MW), and Tekirdağ (20 MW), and target attaining a total production capacity of 116 MW.
- c) Pursuant to the Board of Directors' decision dated 6 May 2015 of the Group's 99.99% indirect subsidiary Turcas Elektrik Toptan Satış A.Ş., it was resolved to gradually reduce the retail electricity sales activities in parallel with the objective to channel resources to more efficient investments. Turcas Elektrik Toptan Satış A.Ş. will fulfil the contractual obligations regarding the existing retail customer portfolio; however it was resolved that no new customers will be added to the retail customer portfolio as of the mentioned date. The wholesale activities carried out within the scope of the supply licence currently owned by Turcas Elektrik Toptan Satış A.Ş. will continue.
- d) The Company's public disclosure dated 19 March 2015 indicated that the paid in capital of Turcas Enerji Holding A.Ş., one of the Group's subsidiaries, will be increased from TL131,000,000 to TL152,000,000, and the relevant capital increase will be presented for the approval of the shareholders at the first General Assembly meeting held after obtaining the required permits from the Ministry of Customs and Trade. The same material event statement indicated that Turcas Enerji Holding A.Ş. will use this inflow in the following ways.
- Current paid in capital of Turcas Elektrik Üretim A.Ş., one of the Group's subsidiaries, which amounts to TL120,000,000 will be increased to TL133,795,000 by adding TL13,795,000. This increase will be covered by the capital advances paid wholly by Turcas Enerji Holding A.Ş. in advance and will be presented for the approval of the shareholders in the first General Assembly meeting held.
 - Current paid in capital of Turcas Yenilenebilir Enerji Üretim A.Ş., one of the Group's subsidiaries, which amounts to TL7,000,000 will be increased to TL14,500,000 by adding TL7,500,000 in cash. This capital increase will be presented for the approval of the shareholders in the first General Assembly meeting held.
 - Current paid in capital of Turcas BM Kuyucak Jeotermal Elektrik Üretim A.Ş., the Group's direct subsidiary with 46%, which amounts to TL8,000,000 will be increased to TL19,800,000 by adding TL11,800,000 which will be covered by the capital advances paid wholly by Turcas Enerji Holding A.Ş. and other shareholders in advance. This capital increase will be presented for the approval of the shareholders in the first general assembly meeting held.