TURCAS PETROL A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2016

(ORIGINALLY ISSUED IN TURKISH)

TURCAS PETROL A.Ş.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2016

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CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION AT 31 MARCH 2016 AND 31 DECEMBER 2015

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

	Notes	Unaudited 31 March 2016	Audited 31 December 2015
ASSETS			
Current assets			
Cash and cash equivalents	4	211,442,605	168,562,550
Financial assets	5	-	10,368,039
Trade receivables		535,942	512,073
-Trade receivables from third parties		*535,942*	*512,073*
Other receivables		38,195,390	47,010,265
-Other receivables from related parties	*16*	*37,728,331*	*46,555,414*
-Other receivables from third parties		*467,059*	*454,851*
Prepaid expenses		1,639,963	1,526,650
Other current assets		1,612,922	2,000,901
Total Currents Assets		253,426,822	229,980,478
Non-current assets			
Other receivables		177,872,159	183,329,818
-Trade receivables from related parties	*16*	*177,846,926*	*183,304,585*
-Other receivables from third parties		*25,233*	*25,233*
Financial assets	5	63,240	63,240
Investments accounted by equity method	7	618,702,319	617,944,470
Property, plant and equipment		19,246,957	19,702,714
Intangible assets		668	6,247
Deferred tax assets	14	16,965,279	18,985,199
Other non-current assets		1,672,437	1,724,287
Total Non-Current Assets		834,523,059	841,755,975
Total Assets		1,087,949,881	1,071,736,453

These condensed interim consolidated financial statements as at and for the period ended 31 March 2016 have been approved for issue by the Board of Directors ("BOD") on 9 May 2016 and signed on behalf of the BOD by Erkan İlhantekin, Finance Director (CFO) and Nurettin Demircan, Accounting Manager.

TURCAS PETROL A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION AT 31 MARCH 2016 AND 31 DECEMBER 2015

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

	Notes	Unaudited 31 March 2016	Audited 31 December 2015
LIABILITIES			
Current liabilities			
Financial liabilities	6	78,283,867	78,299,317
-Short-term portion of long term financial liabilities		78,283,867	78,299,317
Trade payables		313,229	497,460
-Trade payables from related parties	*16*	-	-
-Trade payables from third parties		*313,229*	497,460
Other payables		5,003,241	5,234,976
-Trade payables from related parties	*16*	*516,030*	552,644
-Trade payables from third parties		*4,487,211*	4,682,332
Current income tax liabilities	14	3.715.585	5,630,891
Short term provisions		464,279	497,535
-Short-term provisions related to employee benefits		*233,830*	267,086
-Other short term provisions	*8*	230,449	230,449
Other current liabilities		280	287
Total Current Liabilities		87,780,481	90,160,466
Non-current liabilities			
Long-term financial liabilities	6	350,054,396	346,508,276
Long term provisions for employee benefits		322,905	626,573
Deferred tax liabilities	14	21,942	21,943
Other non-current liabilities		996,753	996,831
Total Non-Current Liabilities		351,395,996	348,153,623
Shareholders' Equity			
Share capital	9	270,000,000	270,000,000
Adjustment to share capital	9	41,247,788	41,247,788
Actuarial gain for employee benefits		(3,393,300)	(3,393,300)
Treasury shares	9	(22,850,916)	(22,850,916)
Restricted reserves	9	36,674,580	36,674,580
Retained earnings		311,749,290	348,170,904
Net profit/(loss) for the period		15,351,041	(36,421,614)
Equity attributable to equity holders of the parent		648,778,483	633,427,442
Non-controlling shares		(5,079)	(5,078)
Total equity		648,773,404	633,422,364
Total Liabilities and Equity		1,087,949,881	1,071,736,453

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 OTHER COMPREHENSIVE INCOME FOR THE THREE - MONTH PERIODS ENDED 31 MARCH

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

	Notes	Unaudited 1 January - 31 March 2016	Unaudited 1 January - 31 March 2015
Revenue	10	-	526,365
Cost of sales	10	-	(451,446)
GROSS PROFIT		**-**	**74,919**
General administrative expenses (-)	11	(4,951,668)	(5,430,845)
Marketing, selling and distribution expenses (-)	11	(602)	(207,131)
Other operating income	16	24,256,047	262,523
Other operating expenses (-)		(153,645)	(144,607)
OPERATING PROFIT / (LOSS)		**19,150,132**	**(5,445,141)**
Income from investment activities		-	247,451
(Loss)/ income from investments accounted by equity method	7	757,849	(26,643,895)
OPERATING PROFIT / (LOSS)BEFORE FINANCIAL INCOME/ EXPENSES		**19,907,981**	**(31,841,585)**
Financial income	12	19,712,858	40,535,202
Financial expenses (-)	13	(18,534,295)	(26,482,816)
PROFIT /(LOSS)BEFORE TAX FROM CONTINUING OPERATIONS		**21,086,544**	**(17,789,199)**
Tax From Continued Operations Income / (Expense)			
-Current income tax expense	14	(3,715,585)	(3,540,173)
-Deferred tax income	14	(2,019,919)	2,377,594
PROFIT/(LOSS) FROM CONTINUING OPERATIONS		**15,351,040**	**(18,951,778)**
Attributable to:			
Equity holders of the parent		15,351,041	(18,950,715)
Non-controlling shares		(1)	(1,063)
Earnings/(Loss) per share	16	0.06	(0.084)

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

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

OTHER COMPRENSIVE INCOME	Notes	1 January – 31 March 2016	1 January – 31 March 2015
CONTINUED OPERATIONS NET INCOME/(LOSS)		**15,351,040**	(18,951,778)
Shares not to be reclassified to profit or loss from other comprehensive income of associates		-	-
Total comprehensive income/(loss)		**15,351,040**	(18,951,778)
Attributable to:			
Equity holders of the parent		**15,351,041**	(18,950,715)
Non-controlling interest		**(1)**	(1,063)

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.)

	Paid-in Capital	Adjustment to share capital	Treasury shares	Restricted Reserves	Other Comprehensive income and expense not to be reclassified to profit/(loss)	Retained earnings	Net (loss)/ income for period	Equity holders of the parent	Non controling interest	Total Equity
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**
1 January 2016	**270,000,000**	**41,247,788**	**(22,850,916)**	**36,674,580**	**(3,393,300)**	**348,170,904**	**(36,421,614)**	**633,427,442**	**(5,078)**	**633,422,364**
Transfers	-	-	-	-	-	(36,421,614)	36,421,614	-	-	-
Total comprehensive income/(loss)	-	-	-	-	-	-	15,351,041	15,351,041	(1)	15,351,040
31 March 2016 (*)	270,000,000	41,247,788	(22,850,916)	36,674,580	(3,393,300)	311,749,290	15,351,041	648,778,483	(5,079)	648,773,404

(*) Unaudited.

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	Unaudited 1 January- 31 March 2016	Unaudited 1 January- 31 March 2015
A. Cash flows from operating activities		**142,470,667**	**5,622,919**
Net income/(loss)		15,351,040	(18,951,778)
Adjustments to reconcile net income/(loss)		**118,591,399**	**34,519,991**
Depreciation and amortization of property, plant and equipment and intangible assets	11	527,762	249,907
Income from sale of assets held for sale		-	247,451
Provision for employee termination benefits		(303,668)	43,307
Provision for unused vacation		(33,258)	70,703
Unrealized foreign exchange expense / (income)		107,260,980	14,553,425
Changes in financial assets		10,368,039	(10,703)
Expense/ (income) from investment accounted for under equity accounting	7	(757,849)	26,643,895
Tax expense/(income)		5,735,504	1,162,579
Transactions with associates		-	(191,478)
Interest expense	14	5,220,317	3,187,452
Interest income	13	(9,426,428)	(11,436,547)
Changes in working capital		**14,159,119**	**(9,365,344)**
Changes in receivables from trade receivables and related parties		8,791,006	4,397,128
Changes in other receivables		5,457,659	411,568
Changes in prepaid expenses and other current assets		274,666	(5,036,353)
Changes in prepaid expenses and other non-current assets		51,850	(43,174)
Changes in other payables and liabilities		(231,831)	(3,323,661)
Changes in payables from trade payables and related parties		(184,231)	(5,770,852)
Cash generated from/ (used in) operations		**148,101,558**	**6,202,869**
Tax payments		(5,630,891)	(579,951)
B. Net cash generated from investing activities		**9,172,140**	**11,291,581**
Acquisition of tangible and intangible assets		(66,426)	(154,275)
Cash provided from sales of tangible and intangible assets		-	4,010
Changes in assets held for sale		-	(99,279)
Capital increase of associates		-	-
Interest received		9,238,566	11,541,125
C. Net cash used in financing activities		**(108,950,614)**	**(739,646)**
Proceeds from bank borrowings		-	-
Repayment of bank borrowings		(106,112,102)	(53,375)
Interest paid		(2,838,512)	(688,108)
Capital increase in non-controlling interest		-	1,837
Net increase in cash and cash equivalents		**42,692,193**	**16,174,854**
Cash and cash equivalents balance at the beginning of the period		**168,448,589**	**193,559,426**
Cash and cash equivalents balance at the end of the period	**4**	**211.140.782**	**209,734,280**

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

(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 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:

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

The shares of the Company have been traded on Borsa İstanbul 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 9.

The number of employees of the Group as of 31 March 2016 is 53 (31 December 2015: 49).

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 Yenilenebilir Enerji Üretim A.Ş.	Turkey	Electricity

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

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 Rüzgar Enerji Üretim A.Ş. has been established on 25 October 2007 and it operates in the establishment and opearation 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.).

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.

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").

The Group has prepared its condensed interim consolidated financial statements in accordance with Communiqué Serial II, No:14.1, "Principles of Financial Reporting in Capital Markets" and TAS 34. Condensed interim consolidated financial statements and notes has been prepared in accordamce with the minimum requirements published by CMB.

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 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.

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 2015.

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.

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 2015. 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 2015.

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.

The new standards, amendments and interpretations

The accounting policies adopted in preparation of the interim condensed consolidated financial statements as at March 31, 2016 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of January 1, 2016. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

i) The new standards, amendments and interpretations which are effective as at January 1, 2016 are as follows:

TFRS 11 Acquisition of an Interest in a Joint Operation (Amendment)

TFRS 11 is amended to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. This amendment requires the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in TFRS 3 Business Combinations, to apply all of the principles on business combinations accounting in TFRS 3 and other TFRSs except for those principles that conflict with the guidance in this TFRS. In addition, the acquirer shall disclose the information required by TFRS 3 and other TFRSs for business combinations. The amendments did not have an impact on the financial position or performance of the Group.

TAS 16 and TAS 38 - Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to TAS 16 and TAS 38)

The amendments to TAS 16 and TAS 38, have prohibited the use of revenue-based depreciation for property, plant and equipment and significantly limiting the use of revenue-based amortisation for intangible assets. The amendments did not have an impact on the financial position or performance of the Group.

TAS 16 Property, Plant and Equipment and TAS 41 Agriculture (Amendment) – Bearer Plants

TAS 16 is amended to provide guidance that bearer plants, such as grape vines, rubber trees and oil palms should be accounted for in the same way as property, plant and equipment in TAS 16. Once a bearer plant is mature, apart from bearing produce, its biological transformation is no longer significant in generating future economic benefits. The only significant future economic benefits it generates come from the agricultural produce that it creates. Because their operation is similar to that of manufacturing, either the cost model or revaluation model should be applied. The produce growing on bearer plants will remain within the scope of TAS 41, measured at fair value less costs to sell. The amendment is not applicable for the Group and did not have an impact on the financial position or performance of the Group.

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

TAS 27 Equity Method in Separate Financial Statements (Amendments to TAS 27)

Public Oversight Accounting and Auditing Standards Authority (POA) of Turkey issued an amendment to TAS 27 to restore the option to use the equity method to account for investments in subsidiaries and associates in an entity's separate financial statements. Therefore, an entity must account for these investments either:
• At cost
• In accordance with IFRS 9,
Or
• Using the equity method defined in TAS 28

The entity must apply the same accounting for each category of investments. The amendment is not applicable for the Group and did not have an impact on the financial position or performance of the Group.

TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)

Amendments issued to TFRS 10 and TAS 28, to address the acknowledged inconsistency between the requirements in TFRS 10 and TAS 28 in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture, to clarify that an investor recognises a full gain or loss on the sale or contribution of assets that constitute a business, as defined in TFRS 3, between an investor and its associate or joint venture. The gain or loss resulting from the re-measurement at fair value of an investment retained in a former subsidiary should be recognised only to the extent of unrelated investors' interests in that former subsidiary. The amendment is not applicable for the Group and did not have an impact on the financial position or performance of the Group.

TFRS 10, TFRS 12 and TAS 28: Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 and IAS 28)

Amendments issued to TFRS 10, TFRS 12 and TAS 28, to address the issues that have arisen in applying the investment entities exception under TFRS 10 Consolidated Financial Statements. The amendment is not applicable for the Group and did not have an impact on the financial position or performance of the Group.

TAS 1: Disclosure Initiative (Amendments to TAS 1)

The amendments issued to TAS 1. Those amendments include narrow-focus improvements in the following five areas: Materiality, Disaggregation and subtotals, Notes structure, Disclosure of accounting policies, Presentation of items of other comprehensive income (OCI) arising from equity accounted investments. These amendments did not have significant impact on the notes to the interim condensed consolidated financial statements of the Group.

Annual Improvements to TFRSs - 2012-2014 Cycle

POA issued, Annual Improvements to TFRSs 2012-2014 Cycle. The document sets out five amendments to four standards, excluding those standards that are consequentially amended, and the related Basis for Conclusions. The standards affected and the subjects of the amendments are:

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

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations – clarifies that changes in methods of disposal (through sale or distribution to owners) would not be considered a new plan of disposal, rather it is a continuation of the original plan
- IFRS 7 Financial Instruments: Disclosures – clarifies that i) the assessment of servicing contracts that includes a fee for the continuing involvement of financial assets in accordance with IFRS 7; ii) the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report
- IAS 19 Employee Benefits – clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located
- IAS 34 Interim Financial Reporting –clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report

The amendment did not have significant impact on the financial position or performance of the Group.

ii) Standards issued but not yet effective and not early adopted

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the interim condensed consolidated financial statements are as follows. The Group will make the necessary changes if not indicated otherwise, which will be affecting the consolidated financial statements and disclosures, when the new standards and interpretations become effective.

TFRS 9 Financial Instruments – Classification and measurement

As amended in is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. Phase 1 of this new TFRS introduces new requirements for classifying and measuring financial instruments. The amendments made to TFRS 9 will mainly affect the classification and measurement of financial assets and measurement of fair value option (FVO) liabilities and requires that the change in fair value of a FVO financial liability attributable to credit risk is presented under other comprehensive income. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is adopted by POA.

iii) The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not issued by Public Oversight Authority (POA)

The following standards, interpretations and amendments to existing IFRS standards are issued by the IASB but not yet effective up to the date of issuance of the financial statements. However, these standards, interpretations and amendments to existing IFRS standards are not yet adapted/issued by the POA, thus they do not constitute part of TFRS. The Group will make the necessary changes to its consolidated financial statements after the new standards and interpretations are issued and become effective under TFRS.

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

Annual Improvements – 2010–2012 Cycle

IFRS 13 Fair Value Measurement

As clarified in the Basis for Conclusions short-term receivables and payables with no stated interest rates can be held at invoice amounts when the effect of discounting is immaterial. The amendment is effective immediately.

IFRS 15 Revenue from Contracts with Customers

The IASB issued IFRS 15 Revenue from Contracts with Customers. The new five-step model in the standard provides the recognition and measurement requirements of revenue. The standard applies to revenue from contracts with customers and provides a model for the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., the sale of property, plant and equipment or intangibles). IFRS 15 effective date is January 1, 2018, with early adoption permitted. Entities will transition to the new standard following either a full retrospective approach or a modified retrospective approach. The modified retrospective approach would allow the standard to be applied beginning with the current period, with no restatement of the comparative periods, but additional disclosures are required. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

Clarifications to IFRS 15 'Revenue from Contracts with Customers' (Amendment)

IASB has published final clarifications to IFRS 15 in April 2016. The amendments address three of the five topics identified (identifying performance obligations, principal versus agent considerations, and licensing) and provide some transition relief for modified contracts and completed contracts. The amendments are effective for annual reporting periods beginning on or after January 1, 2018. Earlier application is permitted. The Group is in the process of assessing the impact of the amendment on financial position or performance of the Group.

IFRS 9 Financial Instruments - Final standard (2014)

The IASB published the final version of IFRS 9 Financial Instruments. The final version of IFRS 9 brings together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 is built on a logical, single classification and measurement approach for financial assets that reflects the business model in which they are managed and their cash flow characteristics. Built upon this is a forward-looking expected credit loss model that will result in more timely recognition of loan losses and is a single model that is applicable to all financial instruments subject to impairment accounting. In addition, IFRS 9 addresses the so-called 'own credit' issue, whereby banks and others book gains through profit or loss as a result of the value of their own debt falling due to a decrease in credit worthiness when they have elected to measure that debt at fair value. The Standard also includes an improved hedge accounting model to better link the economics of risk management with its accounting treatment. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. However, the Standard is available for early application. In addition, the own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

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

IFRS 16 Leases

The IASB has published a new standard, IFRS 16 'Leases'. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 supersedes IAS 17 'Leases' and related interpretations and is effective for periods beginning on or after January 1, 2019, with earlier adoption permitted if IFRS 15 'Revenue from Contracts with Customers' has also been applied. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses (Amendments)

The IASB issued amendments to IAS 12 Income Taxes. The amendments clarify how to account for deferred tax assets related to debt instruments measured at fair value. The amendments clarify the requirements on recognition of deferred tax assets for unrealised losses, to address diversity in practice. These amendments are to be retrospectively applied for annual periods beginning on or after January 1, 2017 with earlier application permitted. However, on initial application of the amendment, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. If the Company/Group applies this relief, it shall disclose that fact. The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

IAS 7 'Statement of Cash Flows (Amendments)

The IASB issued amendments to IAS 7 'Statement of Cash Flows'. The amendments are intended to clarify IAS 7 to improve information provided to users of financial statements about an entity's financing activities. The improvements to disclosures require companies to provide information about changes in their financing liabilities. These amendments are to be applied for annual periods beginning on or after January 1, 2017 with earlier application permitted. When the Company/Group first applies those amendments, it is not required to provide comparative information for preceding periods. The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

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

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 2016 has been provided with the comparative financial information of 31 December 2015 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 2016 have been provided with the comparative financial information, for the period ended 31 March 2015.

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 TL 94,060,872 from which can be utilized with future profits, as of 31 March 2016 (31 December 2015: TL 88,928,163). 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 89,109,409 (31 December 2015: TL 83,488,382) has been recognized for total TL 17,821,882 carryforward tax losses (31 December 2015 TL 16,697,676) (Note 14).

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

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 2016 are as folllows:

	Oil	Natural gas	Electricity	Other*	Total
Revenue from external customers	-	-	-	-	-
EBITDA	19,784,766	-	(18,666)	(88,206)	19,677,894
Financial income	4,790,924	-	14,110,397	811,537	19,712,858
Financial expense	(6,218,752)	-	(12,313,802)	(1,741)	(18,534,295)
Depreciation and amortisation expense	(527,762)	-	-	-	(527,762)
Expense/Income from associates	3,573,000	-	(2,815,151)	-	757,849
Purchase of tangible and intangible assets	66,213	-	-	-	66,213

(*) Operating activities consist of Turcas Petrol A.Ş

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

NOTE 3 - SEGMENT REPORTING (Continued)

b) 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**
Revenue from external customers	-	-	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)
Income from associates	(16,027,200)	-	(10,616,695)		(26,643,895)
Purchase of tangible and intangible assets	-	-	-	154,275	154,275

c) Operating segment information as of 31 March 2016 are shown below:

	Oil	**Natural gas**	**Electricity**	**Other***	**Eliminations**	**Total**
Segment Assets	643,472,650	-	553,613,263	252,138,910	(361,274,942)	1,087,949,881
Associates	392,656,200	-	226,046,119	-	-	618,702,319
Segment Liabilities	27,882,932	-	478,987,477	93,085,442	160,779,374	439,176,477

d) Operating segment information as of 31 December 2015 are shown below:

	Oil	**Natural gas**	**Electricity**	**Other***	**Eliminations**	**Total**
Segment Assets	-	467,698,501	497,651,771	(511,558,289)	453,791,983	
Investments accounted for under equity accounting	389,083,200	-	228,861,270	-	-	617,944,470
Segment Liabilities	-	-	583,021,331	23,259,605	(167,966,847)	438,314,089

(*) Operating activities consist of Turcas Petrol A.Ş

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

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 2016	1 January - 31 March 2015
Income		
Segment revenues	-	526,365
Consolidated Income	**-**	**526,365**
EBITDA		
EBITDA of segment	19,766,100	(1,122,665)
Other EBITDA	(88,206)	(4,072,570)
Consolidated EBITDA	**19,677,894**	**(5,195,235)**
Financial income	19,712,858	40,535,202
Financial expense	(18,534,295)	(26,482,815)
Income from investment activities	-	247,451
Income/(loss) from investments accounted by equity method	757,849	(26,643,895)
Amortisation and depreciation	(527,762)	(249,907)
Consolidated profit/(loss) before tax	**21,086,544**	**(17,789,199)**

NOTE 4 - CASH AND CASH EQUIVALENTS

	31 March 2016	31 December 2015
Cash Banks	11,868	91
- demand deposit	213,393	316,109
- time deposit	211,217,344	168,246,350
	211,442,605	**168,562,550**

The maturities of cash and cash equivalents are as follows:

	31 March 2016	31 December 2015
Up to 30 days	150,798,070	168,562,550
Up to 60 days	60,644,535	-
	211,442,605	**168,562,550**

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

NOTE 4 - CASH AND CASH EQUIVALENTS (Continued)

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

	31 March 2016	31 December 2015
TL	11.84	9.96
USD	2.15	2.78
EUR	2.03	1.45

Cash and cash equivalents as of 31 March 2016 and 31 December 2015, as seen in condensed interim consolidated cash flow statements, are as follows:

	31 March 2016	31 December 2015
Cash and cash equivalents	211,442,605	168,562,550
Less: Interest accrual	(301,823)	(113,961)
	211,140,782	**168,448,589**

The company has no blocked deposits as of 31 March 2016 (31 December 2015: None).

NOTE 5 - FINANCIAL ASSETS

	31 March 2016			31 December 2015		
	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	-	-	-	10,368,039	-	10,368,039
	-	**63,240**	**63,240**	**10,368,039**	**63,240**	**10,431,279**

a) Financial assets held for sale

	31 March 2016		31 December 2015	
	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 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.

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

NOTE 5 - FINANCIAL ASSETS (Continued)

b) Held to maturity financial assets:

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

	31 March 2016	31 December 2015
Bonds:		
Public sector bonds	-	5,372,809
Private sector bonds	-	4,995,230
	-	**10,368,039**

NOTE 6 - FINANCIAL LIABILITIES

As of 31 March 2016 and on 31 December 2015 financial liabilities are as follows:

	31 March 2016	31 December 2015
Short term bank borrowings	**78,283,867**	78,299,317
Long term bank borrowings	350,054,396	346,598,276
Total financial liabilities	**428,338,263**	**424,807,593**

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

NOTE 6 - FINANCIAL LIABILITIES (Continued)

	31 March 2016		
	Yearly average effective interest rate(%)	**Original amount**	**TL**
EUR borrowings			
- Fixed interest rate (***)	3.18	5,157,216	16,544,864
- Floating interest rate (*)	0.01	13,493,270	41,007,814
USD borrowings			
- Floating interest rate (**)	0.04	7,333,333	20,731,189
Total short term financial liabilities			**78,283,867**
EUR borrowings			
- Floating interest rate (*)	3.19	185,081	265,070,483
- Fixed interest rate	-	-	-
- Interest accrual of floating rate loan		-	-
USD borrowings			
- Floating interest rate (**)	0.04	-	82,467,472
- Interest accrual of floating rate loan		-	2,516,441
Total long term financial liabilities			**350,054,396**
Total financial liabilities			**428,338,263**

(*) Original amount of loan obtained from consortium of Bayern LB and Portigon AG is TL 324,318,070 (EUR 101,199,528), ECA premium of TL 18,239,773 (EUR 5,685,475) 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 TL 103,426,201 (USD 36,666,667) and management fee of TL227,543 (USD80,308) have been deducted from the original amount. These amounts will be amortised until the end of loan agreement

(***) Original amount of loan related to geothermal power plant investment of Turcas BM Kuyucak Jeotermal Elektrik Üretim A.Ş., obtained from TSKB on 26 June 2015 is EUR5,000,000 with a maturity dated 4 July 2016 and interest rate of 2.3%. Remaining balance of the short term financial liabilities is obtained from Garanti Malta at interest rate of 4.35%.

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

NOTE 6 - FINANCIAL LIABILITIES (Continued)

	31 December 2015		
	Yearly average effective interest rate(%)	**Original amount**	**TL**
EUR borrowings			
- Fixed interest rate (***)	3.18	5,127,483	16,293,090
- Floating interest rate (*)	1.78	12,814,195	40,718,386
USD borrowings			
- Floating interest rate (**)	3.74	7,321,448	21,287,841
Total short term financial liabilities			**78,299,317**
EUR borrowings			
- Floating interest rate (*)	1.78	82,025,570	260,644,451
- Fixed interest rate	4.35	202,777	644,343
- Interest accrual of floating rate loan		38,431	122,117
USD borrowings			
- Floating interest rate (**)	3.74	29,262,913	85,084,846
- Interest accrual of floating rate loan		4,306	12,519
Total long term financial liabilities			**346,508,276**
Total financial liabilities			**424,807,593**

(*) Original amount of loan obtained from consortium of Bayern LB and Portigon AG is TL 324,658,204 (EUR 101,199,528).ECA premium of TL18,809,559 (EUR5,919,423) and management fee of TL1,399,220 have been deducted from the original amount. These amounts are amortised until the end of loan agreement.

(**) Original amount of loan obtained TSKB is TL103,891,333 (USD 36,666,667) and management fee of TL 239,313 (USD82,306) have been deducted from the original amount. These amounts are amortised until the end of loan agreement.

(***) Original amount of loan related to geothermal power plant investment of Turcas BM Kuyucak Jeotermal Elektrik Üretim A.Ş. obtained from TSKB on 26 June 2015 is EUR5,000,000 with a maturity dates 4 July 2016 and interest rate of 2.3%. Remaining balance of the short term financial liabilities is obtained from Garanti Malta at interest rate of 4.35%.

Floating interest rate financial borrowings denominated in foreign currencies are converted to TL using effective exchange rates at period end. Interest rates of floating interest rate financial borrowings 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:

	31 March 2016	**31 December 2015**
0 - 1 year	78,283,867	78,299,317
1 - 2 years	61,701,609	61,616,823
2 - 3 years	61,712,448	61,627,391
3 - 4 years	61,596,612	61,576,952
4 - 5 years	61,472,304	61,392,275
After 5 years	103,571,423	100,294,835
	428,338,263	**424,807,593**

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

NOTE 6 - FINANCIAL LIABILITIES (Continued)

The following is the information compiled regarding the loans utilized 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 signed 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 outstanding amount of the loan received from the bank consortium formed by Bayern LB and Portigon AG is EUR 101,199,528 and the outstanding amount of the loan received from TSKB is USD 36,666,667 as of 31 March 2016.

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 3 August 2016. 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 2016**	**(%)**	**31 December 2015**
STAŞ	30,00	392.656.200	30,00	389.083.200
RWE & Turcas Güney Elektrik Üretim A.Ş.	30,00	217.104.303	30,00	219.614.001
Turcas & BM Kuyucak Jeotermal Elektrik Üretim A.Ş.	46,00	8.941.816	46,00	9.247.269
		618.702.319		**617.944.470**

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

NOTE 7 - INVESTMENTS ACCOUNTED BY EQUITY METHOD (Continued)

	31 March 2016	**31 March 2015**
Balance at the beginning of the period	**617,944,470**	**498,513,898**
Incomes and expenses from associates (net) (*)	757,849	(26,643,895)
Transactions with associates (**)	-	191,479
Balance at the end of the period	**618,702,319**	**472,061,482**

(*) The Group's income and expense balances from associates amounting to TL 757.849 consist of expense balance from Turcas BM Kuyucak Jeotermal Elektrik Üretim A.Ş.amounting to TL (305,453), expense balance from RWE&Turcas Güney Elektrik Üretim A.Ş. amounting to TL(2,509,698), income balance from Shell & Turcas Petrol A.Ş.amounting to TL 3,573,000.

(**) 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.

STAŞ

As explained in Note 1, STAŞ 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. STAŞ is one of the leading companies in Turkish fuel distribution sector with 1,036 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 TL3,258,864,000 sales in the first three months of 2016 (31 December 2015: TL15,354,978,000). Shell & Turcas Petrol A.Ş. is market leader in white product sales per station (throughput) 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 26% in gasoline and lubricants as of 31 March 2016, 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.

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

NOTE 7 - INVESTMENTS ACCOUNTED BY EQUITY METHOD (Continued)

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

STAŞ

	31 March 2016	31 December 2015
Total assets	3,984,537,000	3,958,599,000
Total liabilities	(2,675,683,000)	(2,661,655,000)
Net assets	1,308,854,000	1,296,944,000
The Group's share in net assets	**392,656,200**	**389,083,200**

	1 January - 31 March 2016	1 January - 31 March 2015
Net sales revenue	3,258,864,000	2,983,047,000
Net (loss)/ income for the period	11,910,000	(53,424,000)
The Group's share in net assets	**3,573,000**	**(16,027,200)**

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 2016	31 December 2015
Total assets	1,530,535,022	1,542,168,937
Total liabilities	(806,854,012)	(774,461,923)
Net assets	723,681,010	767,707,014
The Group's share in net assets	**217,104,303**	**230,312,104**

	1 January - 31 March 2016	1 January - 31 March 2015
Net sales revenue	163,224,852	155,724,415
Loss for the period	(8,365,660)	(35,414,861)
The Group's share in net assets	**(2,509,698)**	**(10,624,458)**

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

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 been 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 2016	31 December 2015
Total asset	49,775,260	43,346,363
Total liabilities	(30,336,529)	(23,243,607)
Net assets	19,438,731	20,102,756
The Group's share in net assets	**8,941,816**	**9,247,268**

	1 January - 31 March 2016	1 January - 31 March 2015
Income/ (loss) for the period	(664,025)	16,877
The Group's share in net income/(loss)	**(305,453)**	**7,764**

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

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 2016 and 31 December 2015 are as follows:

		31 March 2016		31 December 2015	
	Currency	**Original Amount**	**TL Amount**	**Original Amount**	**TL Amount**
A. CPM's given for companies' Own legal personality	TL	25,861,300	25,861,300	25,417,500	25,417,500
B. CPM's given on behalf of fully Consolidated companies (**)	TL	1,160,000	1,160,000	2,642,642	2,642,642
C. CPM's given for continuation of its economic activities on behalf of third parties(*)	USD	168,000,000	476,011,200	77,000,000	223,885,200
	Eur	157,851,894	506,404,950	157,851,984	501,590,464
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 notin scope of C					
			1,009,437,450		**753,535,806**

(*) 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 utilized 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 2016. Therefore, Turcas Petrol A.Ş. has provided a collateral amounting to EUR8,500,000 to Garanti Bank in order to prepare the mentioned guarantee. Collateral amounting to USD 91,000,000 has been provided for project finance loan of Turcas BM Kuyucak Jeotermal Elektrik Üretim A.Ş in 2016.

(**) It consists of the guarantees that Turcas Yenilenebilir Enerji Üretim A.Ş. has given to electricity distributer firms.

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

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

	31 March 2016	31 December 2015
Letter of guarantees received	-	-
Mortgage received	-	-
Letter of other guarantees received	-	27,000
	-	**27,000**

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 2016	31 December 2015
Letters of guarantee given to the customs office	833,566,800	866,476,500
Letters of guarantee given to the tax office	61,931,100	55,696,500
Letters of guarantee given to the EMRA	15,000,000	15,001,500
Other	2,264,400	1,991,100
	912,762,300	**939,165,600**

	31 March 2016	31 December 2015
Mortgages taken	351,339,600	246,508,500
Letters of guarantees received	171,979,800	167,716,200
Other guarantees received	116,141,400	106,716,900
	639,460,800	**520,941,600**

Shell&Turcas Petrol A.Ş. has committed to pay TL856,692,000 to the dealers for the station improvement in the periods mentioned below (31 December 2015: 838,212,000). The payment terms of group's share of warranty is as follows:

	31 March 2016	31 December 2015
Within 1 year	35,217,600	34,540,800
1-5 years	132,509,400	129,255,000
5-22 years	89,280,600	87,667,800
	257,007,600	**251,463,600**

(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 critisized 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 critisized regaring 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. According to the Material Event Disclosure made on May 9, 2016 by the Company, written court decision, stating that the decision is made in favour of STAŞ, was submitted to the Company.

<u>Contingent assets and liabilities of Turcas regarding RWE & Turcas Güney Elektrik Üretim A.Ş.</u>

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

	31 March 2016	31 December 2015
Letters of guarantees given to EMRA	1,307,844	1,307,844
Letters of guarantees given to Turkish Electricity Transmission Company	1,158,857	1,158,857
Other	10,500	6,000
	2,477,201	**2,472,701**

	31 March 2016	31 December 2015
Letters of guarantees received	12,512,707	11,899,665
	12,512,707	**11,899,665**

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

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

Contingent assets and liabilities of Turcas 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 2016	31 December 2015
Letters of guarantees given to the Sub-Governorship of Kuyucak	186,444	274,225
Letters of guarantees given to the Governorship of Aydın	135,864	135,700
Letters of guarantees given to EMRA	1,133,983	61,962
Letters of guarantees given to AYDEM	59,340	55,200
Total	**1,515,630**	**527,087**

NOTE 9- EQUITY

a) Share Capital

Shareholders	Group	Allocation (%)	31 March 2016	Allocation (%)	31 December 2015
Aksoy Holding A.Ş.	A/C Group	51.55	139,175,892	51.6	139,175,892
Publicly Traded	A Group	25.05	67,621,972	25.1	67,621,972
Turcas Petrol A.Ş. (*)	A Group	5.36	14,471,336	5.36	14,471,336
YTC Turizm ve Enerji A.Ş.	A Group	4.02	10,865,362	4.02	10,865,362
Suna Baban	A/B Group	3.46	9,347,663	3.46	9,347,663
Müeddet Hanzat Öz	A/B Group	3.46	9,353,058	3.46	9,353,058
Yılmaz Tecmen	A/B Group	2.21	5,962,540	2.21	5,962,540
Other	A/B Group	4.89	13,202,177	4.89	13,202,177
Total			**270,000,000**	**100.00**	**270,000,000**
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 Buy Back Programme prepared in accordance with the communiqué no 26/767 "Buy Back Principles for the listed Companies"" by CMB on 10 August 2011.

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

NOTE 9 - EQUITY (Continued)

a) Share capital (Continued)

The issued capital of the Company as of 31 March 2016 is composed of 270,000,000 shares (2015: 270,000,000 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 2016	31 December 2015
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.

It is allowed to pay dividends to shareholders as bonus share which shall be issued through the addition of dividends to equity or in cash or distributing to shareholders at a certain ratio in cash and at a certain rate as bonus share depending upon the resolutions taken in the general assemblies of companies provided that it is decided to realize dividend payment and also to remain the amount in question in partnership body without distribution if the amount of determined first dividend is less than 5% of paid/issued capital but it has become obligatory for the joint stock companies, which shall pay dividends from net income for the period as a result of their activities and having their shares separated as "old" and "new" since they have made a capital increase without realizing dividend payment related to previous period, to pay the first dividend, which shall be calculated, in cash.

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

NOTE 10 - SALES AND COST OF SALES

	31 March 2016	31 March 2015
Electricity sales	-	433,525
Other sales	-	92,840
	-	**526,365**

	31 March 2016	31 March 2015
Cost of electricity sold	-	445,194
Transmission capacity and service fee	-	1,412
Other costs	-	4,840
	-	**451,446**

NOTE 11 - OPERATING EXPENSES

	1 January - 31 March 2016	1 January - 31 March 2015
Personnel expenses	2.799.277	3.806.232
Outsourced services	516.062	448.021
Rent expenses	26.810	48.196
Depreciation and amortization expenses	527.762	249.907
Travel expenses	121.581	125.544
Repair and maintenance expenses	232.055	246.575
Taxes and other liabilities	41.542	166.968
Donations	334.972	20.326
Other	352.209	526.207
	4.952.270	**5.637.976**

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

NOTE 12 - FINANCIAL INCOME

	1 January - 31 March 2016	1 January - 31 March 2015
Foreign exchange gains	10,286,430	29,078,420
Interest income	9,426,428	11,436,547
Credit finance income	-	20,235
	19,712,858	**40,535,202**

NOTE 13 - FINANCIAL EXPENSE

	1 January - 31 March 2016	1 January - 31 March 2015
Foreign exchange losses	13,313,978	23,265,918
Interest expenses	5,220,317	3,187,452
Credit finance charges	-	29,446
Subsidiary interest expense	-	-
	18,534,295	**26,482,816**

NOTE 14 - TAX ASSETS AND LIABILITIES

Corporate tax for the period

Current tax liability	**31 March 2016**	**31 December 2015**
Corporate tax provision	(3,715,585)	(12,245,134)
Less: Prepaid tax and funds	-	6,614,243
Prepaid tax and funds / (Current tax liability) , net	**(3,715,585)**	**(5,630,891)**

Tax expense is comprised of the following:

	1 January - 31 March 2016	1 January - 31 March 2015
Current period corporate tax provision	(3,715,585)	(3,540,173)
Deferred tax income	2,019,919	2,377,594
	(5,735,504)	**(1,162,579)**

NOTE 14 - 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 2015: 20%). Losses are allowed to be carried 5 years maximum to be deducted from the taxable profit of the following years. However, losses occurred cannot be deducted from the profit occurred in the prior years retroactively.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. The companies file their tax returns between 1^{st}-25^{th} 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 2015: 20%).

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

NOTE 14 - 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:

	Total temporary differences		Deferred tax asset/(liability)	
	31 March 2016	**31 December 2015**	**31 March 2016**	**31 December 2015**
Carryforward tax loss	(89,109,409)	(83,488,382)	17,821,882	16,697,676
Interest accrual	(3,393,959)	(10,515,308)	678,793	2,103,062
Income accrual	-	-	-	-
RWE&Turcas Güney interest accrual	8,329,163	1.141.528	(1,665,883)	(228,306)
Litigation provision	(225,949)	(225,949)	45,190	45,190
Tangible and intangible assets	(1,372,639)	(834,512)	274,528	166,902
Provision for employee termination benefit	577,091	(626,573)	(115,418)	125,315
Unused vacation provisions	479,020	(267,086)	(95,805)	53,417
Unearned credit finance income	-	-	-	-
Unearned credit finance expense	-	-	-	-
Deferred tax (liabilities)/ assets (net)			**16,943,337**	**18,963,256**

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

	31 March 2016	**31 December 2015**
2018	48,342,964	48,342,964
2020	40,766,445	35,145,418
Closing balance	**89,109,409**	**83,488,382**

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

NOTE 14 - TAX ASSETS AND LIABILITIES (Continued)

The movement of deferred tax assets and liabilities as of 31 March 2016 and 2015 are as follows:

	1 January-31 March 2016	**1 January-31 March 2015**
Opening balance	18,963,256	11,363,365
Deferred tax income	(2,019,919)	2,377,594
Closing balance	**16,943,337**	**13,740,959**

NOTE 15 - EARNINGS PER SHARE

At 31 March 2016 and 2015, the weighted average number of shares and earnings per share are as follows:

	31 March 2016	**31 March 2015**
Weighted average number of outstanding shares	247,500,000	225,000,000
Profit/(losses) attributable to the equity holders of the parent	15,351,041	(18,950,715)
Earnings per share	**0,06**	**(0,084)**

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

NOTE 16 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

	31 March 2016							
	Receivables				Payables			
	Short term		Long term		Short term		Long term	
Balances with related parties	**Trade**	**Other**	**Trade**	**Other**	**Trade**	**Other**	**Trade**	**Other**
Associates								
RWE & Turcas Güney Elektrik Üretim A.Ş. (*)	-	36,659,993	-	177,846,926	-	-	-	-
Turcas & BM Kuyucak Elektrik Üretim A.Ş.	-	925,265	-	-	-	-	-	-
Other entities			-		-			
					-			
Dividend payable to real person shareholders	-	-	-	-	-	209,170	-	-
Ataş Anadolu Tasfiyehanesi A.Ş.	-	133	-	-	-	99,588	-	-
Aksoy Petrol Taşınmaz Yatırımları A.Ş.	-	8,313	-	-	-	-	-	-
Aksoy Maslak Taşınmaz Yatırımları A.Ş.	-	134,627	-	-	-	207,271	-	-
	-	**37,728,331**	**-**	**177,846,926**	**-**	**516,030**	**-**	**-**

(*) The Group has received loans from Portigon AG, Bayern LB and TSKB banks in order to provide the funds which shall be required for the power plant engaged in Denizli province by RWE & Turcas Güney Elektrik Üretim A.Ş. The aforementioned received loans have been used as shareholder loan to RWE & Turcas Güney Elektrik Üretim A.Ş in accordance with shareholders loan agreement concluded on December 3, 2010.The mentioned receivables have been arranged in order to be collected in 20 equal installments once in 6 months starting after 6 months following the engagement of Denizli power plant. Interest rate related to aforementioned receivables mentioned in the contract has been recognized as interest income at an amount of TL 7 million using (TL Libor+2). There is no guarantee, mortgage or pledge received for the mentioned receivable.

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

NOTE 16 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

	1 January - 31 March 2016						
Transactions with related parties	**Purchases**	**Sales**	**Interest received**	**Rent income**	**Dividend income**	**Othe income**	**Other expense**
Associates							
Shell&Turcas Petrol A.Ş.	-	-	-	-	-	-	-
RWE & Turcas Güney Elektrik Üretim A.Ş.	-	-	7,191.837	-	-	28,763	-
Turcas & BM Kuyucak Elektrik Üretim A.Ş.	-	-	-	-	-	107	-
Other related parties							
The Shell Company of Turkey LTD.	-	-	-	-	-	24,010,230 (*)	-
Aksoy Maslak Taşınmaz Yatırımları A.Ş.	-	-	-	-	1,500	8,807	-
Aksoy Holding A.Ş.	-	-	-	-	1,500	47,071	-
Aksoy Bodrum Taşınmaz Yatırımları A.Ş.	-	-	-	-	1,500	8,807	-
Aksoy Enternasyonal Ticaret.A.Ş.	-	-	-	-	1,500	41,902	-
Aksoy Petrol Taşınmaz Yatırımları A.Ş.	-	-	-	-	1,500	8,807	-
Ataş Anadolu Tasfiyehanesi A.Ş.	-	-	-	-	43,885	-	-
YTC Turizm ve Enerji A.Ş	-	-	-	-	-	-	-
Daytona Turizm Ve Danişmanlik Ltd.Şti.	-	-	-	-	1,500	-	-
Pronegy Gayrimenkul Ve Enerji Yatirimlari A.Ş. .	-	-	-	-	1,500	8,807	-
-Tas.Hal.Transbalkan Denizyollari Deniz Taş.Aş.	-	-	-	-	1,500	-	-
Pd Turizm Ve Gayrimenkul A.Ş.	-	-	-	-	-	3,275	-
Aydin İmar San.Ve Tic.A.Ş.	-	-	-	-	-	-	281,780
			7,191,837		**55,885**	**24,166,577**	**281,780**

(*) Other operating income amounting to TRY 24,256,047 is mainly arising from the invoices issued by the Group to The Shell Company of Turkey Ltd.

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

NOTE 16 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

	31 December 2015							
	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								
RWE & Turcas Güney Elektrik Üretim A.Ş. (*)	-	28,285,223	-	183,304,585	-	-	-	-
Turcas & BM Kuyucak Elektrik Üretim A.Ş.	-	18,264,922	-	-	-	-	-	-
Other entities								
Dividend payable to real person shareholders	-	-	-	-	-	209,990	-	-
Ataş Anadolu Tasfiyehanesi A.Ş.	-	-	-	-	-	302,947	-	-
Aksoy Maslak Taşınmaz Yatırımları A.Ş.	-	-	-	-	-	39,707	-	-
Aksoy Petrol Taşınmaz Yatırımları A.Ş.	-	5,269	-	-	-	-	-	-
	-	**46,555,414**	**-**	**183,304,585**	**-**	**552,644**	**-**	**-**

(*) The Group has received loans from Portigon AG, Bayern LB and TSKB banks in order to provide the funds which shall be required for the power plant engaged in Denizli province by RWE & Turcas Güney Elektrik Üretim A.Ş. The aforementioned recieved loans have been used as shareholder loan to RWE & Turcas Güney Elektrik Üretim A.Ş in accordance with shareholders loan agreement concluded on December 3, 2010.The mentioned receivables have been arranged in order to be collected in 20 equal installments once in 6 months starting after 6 months following the engagement of Denizli power plant. Interest rate related to aforementioned receivables mentioned in the contract has been recognized as interest income at an amount of TL 9.372.983 using (TL Libor+2). There is no guarantee, mortgage or pledge received for the mentioned receivable.

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

NOTE 16 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

	1 January - 31 December 2015							
Transactions with related parties	**Purchases**	**Sales**	**Interest received**	**Interest given**	**Rent income**	**Dividend income**	**Other income**	**Other expenses**
Associates								
Shell & Turcas Petrol A.Ş.	-	-	-	-	964,836	-	-	-
RWE & Turcas Güney Elektrik Üretim A.Ş.	-	-	44,966,097	-	-	-	-	-
Turcas & BM Kuyucak Elektrik Üretim A.Ş.	-	-	97,403	-	6,000	-	621,342	-
Other entities								
The Shell Company of Turkey LTD.	-	-	-	-	-	-	36,275,875	-
Conrad Yeditepe Beyn. Otelcilik Turz. ve Tic A.Ş.	-	230,200	-	-	-	-	-	-
Etiler Dış Ticaret Ltd. Şti.	-	-	-	-	3,500	-	10,060	-
Aksoy Maslak Taşınmaz Yatırımları A.Ş.	-	-	-	-	6,000	-	21,230	-
Aksoy Holding A.Ş.	-	-	5,487	-	6,000	-	258,543	-
Aksoy Bodrum Taşınmaz Yatırımları A.Ş.	-	-	-	-	6,000	-	21,230	-
Aksoy Enternasyonel Ticaret. A.Ş.	-	-	-	-	6,000	-	525,073	-
Aksoy Petrol Taşınmaz Yatırımları A.Ş.	-	-	-	-	6,000	-	21,230	-
Ataş Anadolu Tasfiyehanesi A.Ş.	-	-	-	-	162,672	-	25,227	-
YTC Turizm ve Enerji Ltd. Şti.	-	-	-	-	-	-	17,707	-
	-	**230,200**	**45,068,987**	**-**	**1,167,008**	**-**	**37,797,517**	**-**

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

NOTE 16 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

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

	1 Jan- 31 March 2016	**1 Jan- 31 March 2015**
Salaries and other short term benefits	517,353	545,733

Between 2016 and 2015, the senior management bonuses, daily allowance, retirement benefits, dismissal, post employment benefits, equity settled share-basedpayments, and other long-term benefits did not provided.

NOTE 17 - FOREIGN CURRENCY POSITION

Foreign currency transactions cause foreign currency risk.

The Group is exposed to foreign exchange risk because of changes occurring in exchange rates used in translation of foreign currency assests and liabilities into Turkish lira. Exchange rate risk emerges because of the difference between assets and liabilities recorded in trade transactions which shall occur in the following periods. In this framework, the Group controls the risk in question with a natural method through offsetting the foreign curency assets and liabilities. The management analyses the foreign currency position of the Group and ensuring the Group to take required measurement, if required.

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

NOTE 17 - FOREIGN CURRENY POSITION (Continued)

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

		31 March 2016			
		TL Equivalent (Functional currency)	**USD**	**Euro**	**Other**
1-	Trade receivables	-	-	-	-
2a-	Monetary financial assets	141,639,023	40,725,163	8,181,499	371
2b-	Non-monetary financial assets	-	-	-	-
3-	Other	-	-	-	-
4-	**Current assets (1+2+3)**	**141,639,023**	**40,725,163**	**8,181,499**	**371**
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)**	**141,639,023**	**40,725,163**	**8,181,499**	**371**
10-	Trade payables	-	-	-	-
11-	Financial liabilities	78,283,867	6,528,666	18,635,811	-
12a-	Other monetary financial liabilities	-	-	-	-
12b-	Other non-monetary financial liabilities	-	-	-	-
13-	**Current Liabilities (10+11+12)**	**78,283,867**	**6,528,666**	**18,635,811**	
14-	Trade payables	-	-	-	-
15-	Financial liabilities	350,054,396	29,511,940	83,050,798	-
16a-	Other monetary financial liabilities	-	-	-	-
16b-	Other non-monetary financial liabilities	-	-	-	-
17-	**Non-current liabilities (14+15+16)**	**350,054,396**	**29,511,940**	**83,050,798**	**-**
18-	**Total liabilities (13+17)**	**428,338,264**	**36,040,606**	**101,686,609**	**-**
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)**	**(286,699,241)**	**4,684,556**	**(93,505,110)**	**371**
21-	**Net foreign currency asset / liability position of monetary items(1+2a+5+6a-10-11-12a-14-15-16a)**	**(130,131,506)**	**17,741,888**	**(56.233.488)**	**371**
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 ("TL") unless otherwise indicated.)

NOTE 17 - FOREIGN CURRENY POSITION (Continued)

	31 December 2015			
	TRY Equivalent (Functional currency)	**USD**	**Euro**	**Other**
1- Trade receivables	-	-		-
2a- Monetary financial assets	148,276,776	44,701,198	5,760,187	-
2b- Non-monetary financial assets	-	-	-	-
3- Other	-	-	-	-
4- Current assets (1+2+3)	**148,276,776**	**44,701,198**	**5,760,187**	**-**
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)	**148,276,776**	**44,701,198**	**5,760,187**	**-**
10- Trade payables	-	-	-	-
11- Financial liabilities	78,299,317	7,321,448	17,941,678	-
12a-Other monetary financial liabilities	-	-	-	-
12b-Other non-monetary financial liabilities	-	-	-	-
13- Current Liabilities (10+11+12)	**78,299,317**	**7,321,448**	**17,941,678**	**-**
14- Trade payables	-	-	-	-
15- Financial liabilities	346,508,276	29,267,219	82,266,778	-
16a-Other monetary financial liabilities	-	-	-	-
16b-Other non-monetary financial liabilities	-	-	-	-
17- Non-current liabilities (14+15+16)	**346,508,276**	**29,267,219**	**82,266,778**	**-**
18- Total liabilities (13+17)	**424,807,593**	**36,588,667**	**100,208,456**	**-**
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)	**(276,530,817)**	**8,112,531**	**(94,448,269)**	**-**
21- Net foreign currency asset / liability position of (1+2a+5+6a+10+11-12a-14+15-16a)	**(276,530,817)**	**8,112,531**	**(94,448,269)**	**-**
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 ("TL") unless otherwise indicated.)

NOTE 17 - FOREIGN CURRENY POSITION (Continued)

Foreign currency sensitivity

	31 March 2016			
	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	1,327,322	(1,327,322)	-	-
2- Part of hedged from USD risk (-)	-	-	-	-
3- US Dollar net effect (1+2)	**1,327,322**	**(1,327,322)**	**-**	**-**
+/-10% fluctuation of EUR rate				
4- Euro net asset / liability	(29,997,374)	29,997,374	-	-
5- Part of hedged from Euro risk (-)	-	-	-	-
6- Euro net effect (4+5)	**(29,997,374)**	**29,997,374**	**-**	**-**
+/-10% fluctuation of GBP rate				
7- GBP net asset / liability	-	-	-	-
8- Part of hedged from GBP risk (-)	-	-	-	-
9- GBP net effect (7+8)	**-**	**-**	**-**	**-**
TOTAL (3+6+9)	**(28,670,052)**	**28,670,052**	**-**	**-**

	31 December 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	2,358,800	(2,358,800)	-	-
2- Hedged from USD risk (-)	-	-	-	-
3- USD net effect (1+2)	**2,358,800**	**(2,358,800)**	**-**	**-**
+/-10% fluctuation of EUR rate				
4- Euro net asset / liability	(30,011,882)	30,011,882	-	-
5- Hedged from Euro risk (-)	-	-	-	-
6- Euro net effect (4+5)	**(30,011,882)**	**30,011,882**	**-**	**-**
TOTAL (3+6)	**(27,653,082)**	**27,653,082**	**-**	**-**

NOTE 18 - SUBSEQUENT EVENTS

a) It was decided in meeting of Board of Directors of Turcas Petrol A.Ş. dated on 11.04.2016 and numbered 2016/14 that Mr. Ayşe Botan Berker, working as Independent Member of Board of Directors currently, to be determined as the candidate of Independent Member of Board of Directors again and Mr. Mehmet Sami to be determined as the candidate of Independent Member of Board of Directors in substitution for Ms Neslihan Tonbul, whose term of office has expired, in line with evaluation report prepared by Corporate Governance Committee in accordance with Corporate Governance Communique numbered II-17.1 of Capital Markets Board (CMB) and it has been accepted in the Ordinary General Assembly held on May 3, 2016.

b) The proposal regarding the distribution of TL14,300,000 (gross TL 0.52963 and net TL 0.045019 for share having a nominal value of TL 1), from Retained Earnings in accordance with consolidated financial statements and prepared in line with regulations of Capital Markets Board, to shareholders as dividend in cash as of 24.05.2016 in accordance with resolution of Board of Directors of the Company dated 01.04.2016 and numbered 2016/10 has been accepted in the Ordinary General Assembly of 2015.

c) As it is stated in the Public Disclosure announced by our Company on 22.03.2016, an application was made to Energy Market Regulatory Authority ("EMRA") by Turcas BM Kuyucak Jeotermal Elektrik Üretim A.Ş. ("TBK"), which is our indirect affiliate at a ratio of 46%, on 21.03.2016 in order to obtain electricity production license for Geothermal Power Plant project planned to have 18MW installed power in Aydın, Kuyucak. The aforementioned electricity production licence application was approved by EMRA on April 29, 2016.
The aforementioned geothermal power plant investment is planned to operate in the 4^{th} quarter of 2017.

d) The proposal regarding the election of Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi (A member of Ernst & Young Global Limited Company) in order to perform independent audit of financial statements in 2016 accounting year in line with the Turkish Commercial Code, Capital Markets Law, related legislation and positive opinion of Audit Committee of the Company in accordance with the resolution of Board of Directors of the Company dated 11.04.2016 and numbered 2016/13 has been accepted in Ordinary General Assembly of 2015.

e) It is agreed upon between Turcas Enerji Holding A.S (TEHAS), our subsidiary at a ratio of 100%, and BM Mühendislik ve İnsaat A.S (BM), having an equal partnership in capital of Turcas BM Kuyucak Jeotermal Elektrik Uretim A.S., which is our indirect subsidiary at a ratio of 46%, to increase current 46% shareholder rate of TEHAS to 92% through acquisition of 46% shares of BM in TBK. The closing of aforementioned transtacion shall be made following the approvals of related institutions.

f) Letter of guarantee amounting to TL 25 million, submitted to Privatization Administration by Turcas Petrol A.Ş., which placed bids to Doğankent, Kürtün and Torul Hydroelectric Power Plants in scope of privatization of hydroelectric power plants owned by Elektrik Üretim A.Ş., was written off from the risk through being returned in May since the result of tender was not in favour of our Company.