



## ***Corporate Governance Compliance Rating Report***



***Turcas Petrol A.Ş.***

08 March 2011

Validity Period : 08.03.2011-08.03.2012

## LIMITATIONS

This Corporate Governance Rating Report issued by Kobirate International Credit Rating and Corporate Governance Services Inc. (herein after called "KOBIRATE") for Turcas Petrol A.Ş. (herein after called "Company") is compiled in accordance with the Corporate Governance Principles Compliance Rating Methodology prepared by KOBIRATE on the basis of the Corporate Governance Principles issued by the CMB in 2005, which are approved by the CMB with its letter of 24.04.2009, no. 5347.

The Rating Report issued by Kobirate International Credit Rating and Corporate Governance Services Inc is based on 67 copies of documents, data, files transmitted by the concerned Company electronically, including data open to general public and examinations made by our rating experts on site.

KOBIRATE has formulated its Ethical Rules according to the Banking Act, the CMB and BRSA Directives on the Operations of Rating Firms, generally accepted ethical rules of the IOSCO and OECD including generally accepted ethical customs, which are shared with the public through its Internet website ([www.kobirate.com.tr](http://www.kobirate.com.tr))

Although rating is an assessment based on numerous data, it is consequently the institutional opinion of KOBIRATE formed in accordance with the methodology disclosed.

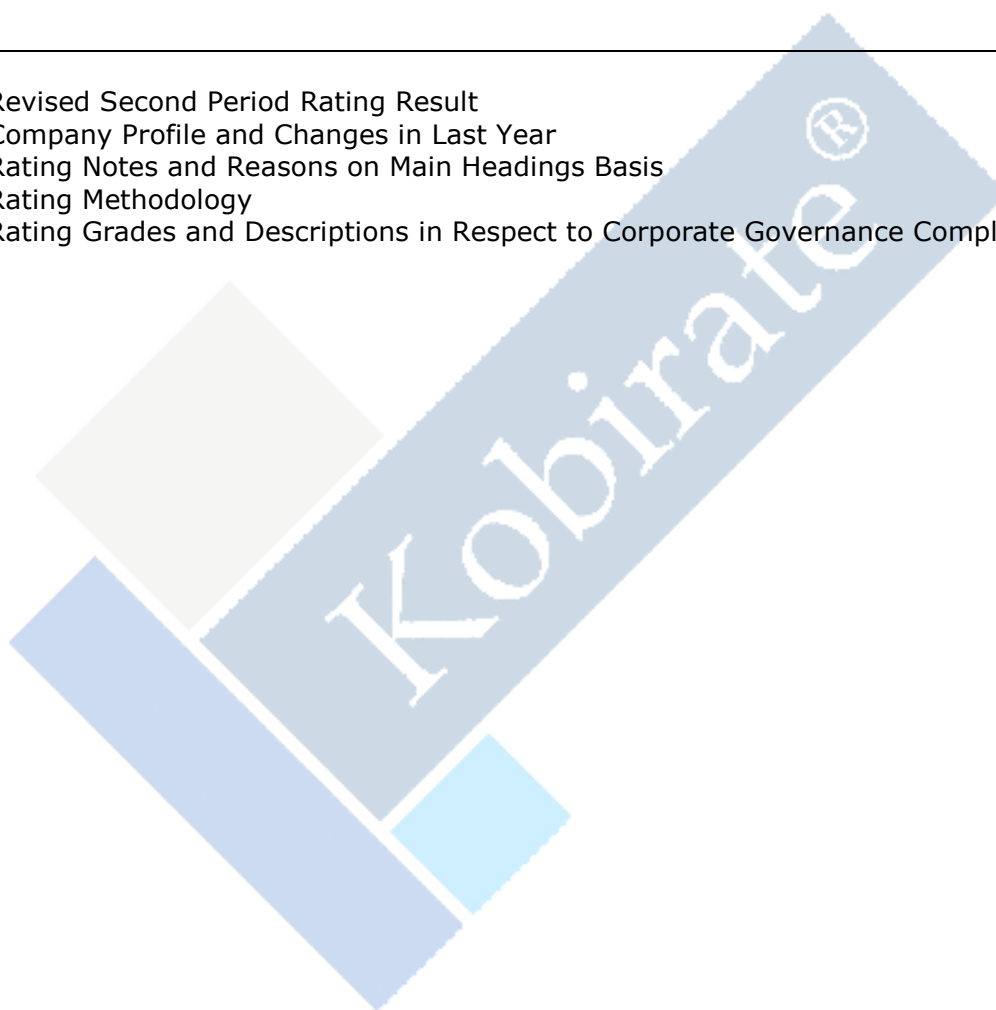
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## TURCAS PETROL A.Ş.

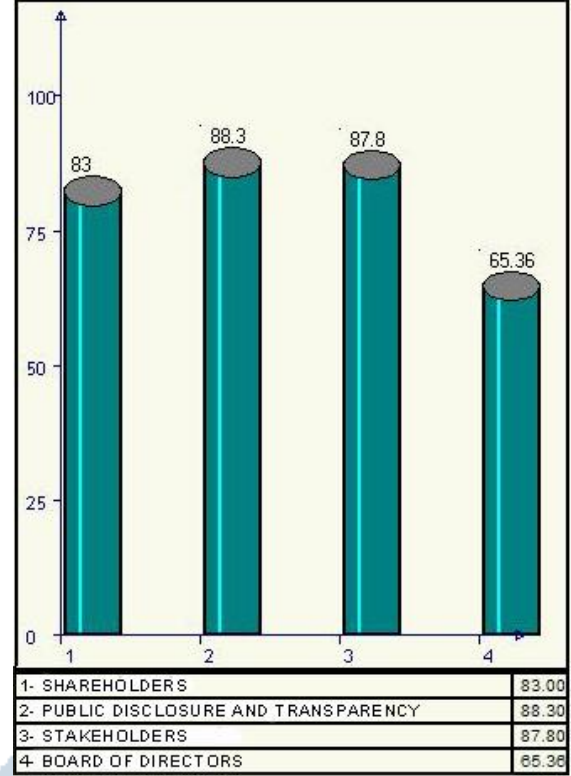
### CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE GRADE

**8.12**

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## 1. REVISED SECOND PERIOD RATING RESULT

At the end of examining relevant documents, interviews held with management and related parties including other reviews, rating compliance of **Turcas Petrol A.Ş.** with Corporate Governance Principles is revised in accordance with the Corporate Governance Principles Compliance Rating Methodology developed by **Kobirate A.Ş.** in accordance with Corporate Governance Principles issued and also approved by CMB.

At the end of examining 388 criteria, data and documents under the headings of Shareholders, Public Disclosure and Transparency, Stakeholders and the Board of Directors as specified in the CMB's Corporate Governance Principles and methodology of **Kobirate A.Ş.**, the revised Corporate Governance Compliance Rating of **Turcas Petrol A.Ş.** is **8,12**

This result indicates that the Company has ensured substantial compliance with the Corporate Governance Principles issued by the CMB and that it is entitled to continue to be traded on the ISE's Corporate Governance Index at high level.

By internalizing Corporate Governance Principles in compliance with the mentioned issues within the last year including willingness and steady approach to produce solutions to areas that require improvement of both Board of Directors and top management side has been the biggest factor in achieving the revised note.

This result refers to a substantial compliance of **Turcas Petrol A.Ş.** with CMB's published Corporate Governance Principles. The risks that may occur within the company are significantly identified and can be controlled. Rights of shareholders are fairly regarded. Public Disclosure and Transparency activities are at high level. Rights of stakeholders are fairly regarded. The structure and working conditions of Board of Directors are in compliance with the Corporate Governance Principles; but although it doesn't pose great risks within the framework of Corporate Governance Principles, some improvements are needed.



## 2. COMPANY PROFILE AND CHANGES IN LAST YEAR



<b>Company Name</b>	: Turcas Petrol Anonim Şirketi
<b>Company Address</b>	: Emirhan Caddesi 109 Atakule Kat:6 Beşiktaş 34349 İstanbul
<b>Company Telephone</b>	: (0212) 2590000 / 18 lines
<b>Company Facimile</b>	: (0212) 2590018 / 19
<b>Company Web Site</b>	: <a href="http://www.turcas.com.tr">www.turcas.com.tr</a>
<b>Time of Incorporaton</b>	: 07/03/1980
<b>Trade Registry Number</b>	: 171118 / 118598
<b>Paid-in Capital</b>	: 225.000.000.-TL
<b>Scope of Business</b>	: Local and international operations, investments in exploration, production, transport, distribution, storage, import, export and trading in such sectors as energy and subsectors of oil, petrochemicals, fuel, electricity and natural gas.
<b>Company's Sector</b>	: Energy

### **Company Representative for rating :**

C.Yusuf Ata

Head of Shareholders Relations Department

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## Company's Capital Structure



Shareholder	Capital Amount (TL)	Capital Ratio (%)
■ Aksoy Holding A.Ş.	115.979.909,81	51,55
■ ISE	65.118.683,77	28,94
■ Other Shareholders	43.901.406	19,51
■ TOTAL	225.000.000,00	100,00

Source: Turcas Petrol A.Ş. Web Site

### The Board of Directors

Ad/ Soyadı	Unvanı
Erdal Aksoy	Chairman
Yılmaz Tecmen	Vice-Chairman
N.Süreyya Serdengeçti	Member
M.İlhan Nebioğlu	Member
Bülent Çorapçı	Member
Banu Aksoy Tarakçioğlu	Member
S.Batu Aksoy	Member and CEO

### Executive Committee

Ad/ Soyadı	Unvanı
Erdal Aksoy	Chairman
Yılmaz Tecmen	Vice-Chairman
S.Batu Aksoy	Board Member and CEO
Banu Aksoy Tarakçioğlu	Board Member
Cemal Şafak Ayışığı	CFO
Cabbar Yılmaz	Director of Coordination and Regulatory Affairs
Arkin Akbay	Director of Electricity Projects

### Executives

Ad/ Soyadı	Unvanı
Cabbar Yılmaz	Director of Coordination and Regulatory Affairs
Cemal Şafak Ayışığı	CFO
Arkin Akbay	Director of Electricity Projects

**Balance-Sheet Comparison of Company's selected items as of third quarters of the last two years**

	2009/9	2010/9	Changes %
Current Assets	83.548.996	66.131.061	-20,85
Fixed Assets	424.904.365	499.716.151	17,61
Total Assets	508.453.361	565.847.212	11,29
Short Term Liabilities	5.894.636	2.898.681	-50,83
Long Term Liabilities	4.526.607	4.476.805	-1,10
Equity Capital	498.032.118	558.471.726	12,14

Source : [www.kap.gov.tr](http://www.kap.gov.tr) Web-Site

**Comparisons of some items in Company's Income Statement as of third quarters of the last two years**

	2009/09	2010/09	Değişim %
Sales revenues	30.815.639	39.180.193	27,14
Cost of Sales (-)	(29.067.294)	(38.942.772)	33,97
Gross Margin Operating P/L	1.748.345	237.421	-86,42
Operating Expenses (-)	(7.106.834)	(6.893.345)	-3,00
Net Main Operating P/L	8.632.055	11.373.791	31,76
Before Tax P/L	24.783.250	70.097.171	182,84
Net P/L for the period	21.527.267	67.246.107	212,38

Source : [www.kap.gov.tr](http://www.kap.gov.tr) Web-Site

**The Least and Highest Company's Stock Values on the ISE During Last Year**

Least	Highest
2.79	4.28

Source : Turcas Petrol A.Ş.



## Changes Experienced Within The Last Year in The Company:

General Meeting is held on 26.04.2010 and net period profit amounting TL 27.641.084.- obtained from financial statements prepared according to IFRS as of 2009 is decided unanimously to be distributed to shareholders for every TL 1.- nominal share gross TL 0,10 net TL 0,085 a total of TL 13.650.000.- starting from 17.05.2010 as lump payment in cash after deducting legal reserve of TL 2.153.744,18 according to articles of CMB Series IV, No: 27 and Turkish Commercial Law No: 466, and the rest amount to be leaved to retained earnings. Due to the decision of General Meeting the dividend payment has fulfilled on the date to shareholders.

At the aforementioned meeting the Board of Directors hasn't been changed and the existing members were reelected for 3 more years.

After the reports date Members of Board of Directors has been changed and same members are continuing on their duties. According to the changes the committees are formed as follows;

### AUDITING COMMITTEE

Bülent Çorapçı  
Mehmet İlhan Nebioğlu

### CORPORATE GOVERNANCE COMMITTEE

Necip Süreyya Serdengeçti  
Banu Aksoy Tarakçıoğlu  
Cabbar Yılmaz

### RISK MANAGEMENT COMMITTEE

Yılmaz Tecmen  
Banu Aksoy Tarakçıoğlu  
Cemal Şafak Ayıışı

### BUSINESS DEVELOPMENT COMMITTEE

Erdal Aksoy  
Saffet Batu Aksoy  
Fikret Şehsuvar Aladağ

Under the reorganization of the company; an Executive Committee from Board of Directors and some top management executives has been formed to guide top management.

11.05.2010 tarih ve 2010/14 sayılı Yönetim Kurulu kararıyla Yönetim Kurulu Üyesi **Saffet Batu AKSOY** CEO ve İcra Kurulu Başkanı olarak atanmıştır.

The company has made an extraordinary general meeting at 30.11.2010 and necessary arrangements and amendments in the articles of association were held for book-entry capital transition according to CMB regulations. At the same meeting, the paid in capital was raised from TL 136.500.000.- to TL 225.000.000.- , a total of TL 88.500.000.- increase - TL 85.153.605,97 from previous years profit, TL 3.346.394,03 from extraordinary reserves. The nominal value shares of TL 88.500.000.- increase was recorded with 08/12/2010 dated and 72/901 No. Document in CMB and registered by İstanbul Commercial Registry Bureau at 17/12/2010. Shareholders, without any time limitations according to book-entry system arrangements started to get their free of charge share acquisition rights subject to % 64.83516 increase in capital and the

distribution has been completed until our report date. It was announced via Public Disclosure Platform that the issued shares with a nominal value of TL 88.500. 000.- is entitled to a dividend payment as of 2010 accounting period including they could receive dividends for the first time if a profit is gained and distributed in 2010.

In accordance with the compliance of Corporate Governance Principles and transition to book-entry system, amendment of 3-4-7-8-9-10-11-12-13-14-15-19-22-26-27-28-29-30-31-34-41-47-48 and 52 th articles in the Company's Articles of Association and including a new article no. 53 has been presented to the approval and unanimously adopted at the extraordinary general meeting. Contribution of aforementioned changes to Corporate Governance compliance rating degree will be discussed in the related sections.

Our rating experts participated to both of the general meetings and observed that Turcas Oil Inc. has accorded Corporate Governance Principles- Section 1 and 3 on general meeting applications – at high level.



### 3. RATING NOTES AND THEIR REASONS ON MAIN HEADING BASIS

It's seen that **Turcas** Petrol A.Ş. has reached **83,00** points from **Shareholders** section.

Just like in the previous period, Shareholders Relations Dept. has fulfilled its tasks effectively, preparation and announcements relating to general meeting are timely and accurate and results are shared with public including any obstacles for the use of proxy voting determined. Minority shares are defined as CMB's criteria in the Articles and regulations to extend the rights of such shares were made. A detailed dividend distribution policy was prepared and shared with public, in the distribution of TL 13.650.000.- portion of 2009 profit; it is observed that the company acted in accordance with the legal arrangements, Articles of Association and dividend share policy and was paid on 17.05.2010 to shareholders. Necessary arrangements were made in the Articles on advance dividends.

General meeting was held on 26.04.2010 with calls 3 weeks prior. Our specialists also attended to the meeting and observed that the meeting is held according to legislation and questions forwarded to Board of Directors and auditors are answered. General meeting invitation, memorandum sheet, meeting minutes, list of attendants, voting method and proxy examples are published on the website of the company.

As it was mentioned in our previous report; no provision was allocated for STEAŞ's- subsidiary of Turcas Oil. Inc- TL 37.500.000.- capital increase share, external auditors have made a qualified certificate only on this matter but as the amount of subscribed capital was paid, the topic was not made subject on external auditors' report of 31.03.2009 period.

**The most important developments to increase the note in this section are;**

- Records of oral requests of information demands are also recorded as written demands in the Shareholders Relations Dept,
- Memorandum sheet of the general meeting has been prepared,
- General meeting held was open to public with the invited stakeholders and media.
- Minority shares are redefined according to CMB criteria.
- Dividend policy is submitted to the approval of shareholders in the general meeting,
- Dividend payment has been made according to the legislation's timing.

**The Article of Association changes to increase the note in this section are;**

- **Article 26:** The decisions of Company's capital, management structure and asset changes leading to a divisioning and exchange of shares, are going to be taken on general meeting.
- **Article 27:** Calls of meeting will be done at least 3 weeks prior, except call date and meeting date taken into account.
- **Article 27:** Board of Directors and auditors including nominees for such duties, also, responsables and all concerned that needed to give discriptions on the agenda have to participate to general meetings.
- **Article 27:** Unless otherwise decided by the general assembly, meetings are open to public including other stakeholders. But if a shareholder or his/her representative who doesn't have an access card for the meeting, doesn't have the right to vote and speak.
- **Article 29:** Voting in general meeting is done open with hand raise. However, a confidential voting can be made with the demand of 1/20 th of capital share representing shareholders ready in the meeting.

- **Article 41:** Board of Directors can distribute an interim dividend if authorized by the general assembly and comply with the CMB Article 15 and related regulations of CMB.
- **Article 52:** Company itself and all its organs meticulously endeavor to comply with CMB's Corporate Governance Principles. If aforementioned principles could not be applied in full, the results will be presented in the annual report including comments on the situations.

With the articles mentioned above, a broader sense and use of shareholders rights have been provided.

The Company reached to **88,30** points from **Public Disclosure and Transparency** Section.

**Turcas** Petrol A.Ş. realizes Public Disclosure operations via its Disclosure Policy which is approved in the general meeting and disclosed to public. Company website is used as an effective platform on this subject and contains updated information. The commercial relations of the company with its subsidiaries and affiliated companies are shared with public in the annual reports and via website. The company's periodic financial statements are prepared in accordance with IFRS and are subject to independent auditing in a regular basis. Annual reports are prepared according to principles indicated and shared to public. Likewise, the ethical rules and principles, people or organizations that may be subject to insider trading are announced to public through annual reports and website.

**The most important developments to increase the note in this section are;**

- The amendments in Disclosure Policy are submitted to shareholders at the general meeting.
- In the annual report content, there has been Board of Directors and top managements declaration that periodic financial statements fully reflects the company's financial situation and the

company fully complied with the legislations.

The Company reached **87,80** points on **Stakeholders** section.

**Turcas** Petrol A.Ş., with a support of a management consultant company, has prepared a new management organization including appropriate regulations and intercompany arrangements. As expressed by the company officials, after finalizing the procedures, they will be presented to the shareholders in the general meeting after approval of Board of Directors. To prevent loss of company assets by both the ethical rules in force and renewed internal regulations is studied including relevant sanctions in case of such situation clearly have been set forth.

**The most important developments to increase the note in this section are;**

- The company's human resources policy has been determined in a very wide range in accordance with current conditions.
- Under the company's reorganization a human resources unit has been established.
- Ethical principles and rules are presented to general assembly knowledge.

**Turcas** Petrol A.Ş. reached **65,36** points on **Board of Directors** section.

The Company's mission and vision are determined by the Board of Directors and announced to public. In order to fulfill the duties and responsibilities more healthily Corporate Governance, Audit, Risk Management and Business Development Committees are formed within the Board of Directors. A detailed regulation on working principles of the Board of Directors is formed. With this regulation, the board members responsibilities to fulfill their duties, prohibitions of transactions and competitions with the company, necessity of adequate time allocations

are all connected to written rules. In the last status, 3 of total 7 members of the Board of Directors are independent members.

On the other hand an Executive Committee has been established consisting of Board of Directors and some senior managers. This committee guides top management and topics within the authority of Board of Directors are presented to the opinion of executive committee before hand. The executive board gathers on a regular basis and meeting programs are determined on annual basis. In addition senior managers reports to Board of Directors on monthly basis.

**The most important developments to increase the note in this section are;**

- The Board of Director has made necessary arrangements in company's organizational structure to respond the current conditions.
- Decisions such as; appointment of executive director, dividend policy and determining the amount of term profit to be distributed, capital increase are taken by the actively participating members of the Board of Directors

**The Articles of Association changes to increase the note in this section are;**

- **Article 13:** The members of the Board of Directors are elected preferably from among the persons, who preferably have graduated from a university, have technical knowledge and/or general financial and law knowledge and managerial experience on the subjects of activity of the Company and who have the possibility and stability to attend all of the board of directors meetings.
- **Article 14:** The Board of Directors passes resolutions regarding task distribution of the board members and constitution of the committees besides appointment of the chairman and vice chairman at the initial meeting.
- **Article 15:** In the ordinary meetings, calls has to be made at least 7

days prior the meeting including agenda and required documents attached.

- **Article 15:** The Board of Directors may also convene upon the request of the shareholders, qualified as institutional investors and holding 5% or more shares in the capital.
- **Article 15:** It is essential that the members of the Board of Directors attend to the meeting in person. The Board of Directors establishes any kind of technological infrastructure enabling remote access in order to ensure attendance of the members, unable to attend the meeting in person for any reason.

## 4. RATING METHODOLOGY

The Corporate Governance Compliance Rating is a system which audits whether or not the management structures of the firms, the arrangements for shareholders and stakeholders and the process of informing in transparency and accuracy are performed in accordance with the modern corporate governance principles and which assigns a grade corresponding to the existing situation.

In 1999 the Economic Cooperation and Development Organisation (OECD) approved and published the Corporate Governance Principles at the Meeting of Ministers. Since then, these principles have been regarded as international references for the decision-makers, investors, shareholders and companies throughout the world. In 2002, these principles were revised and updated to reflect the requirements of the present day.

In Turkey, the Capital Market Board (CMB) is carrying out the Corporate Governance studies. The CMB established the Corporate Governance Principles first in 2003, later in 2005, it revised and published the principles. The principles are grouped under four main headings namely: the Shareholders, Public Disclosure and Transparency, Stakeholders and the Board of Directors.

Besides the CMB, by the Directive on Bank's Corporate Governance Principles, promulgated in Official Gazette of 01.11.2006, No: 26333, the Banking Regulation and Supervision Agency (BRSA) introduced the rules required to be complied by Banks.

Kobirate A.Ş. achieves the Corporate Governance Compliance Rating by a system identically based on the Corporate Governance Principles of the CMB (CGPCMB). Through this system, the firms are analyzed under four main headings: Shareholders, Public

Disclosure and Transparency, Stakeholders and the Board of Directors in accordance with CGPCMB.

In this analysis the full compliance of work flow and analysis technique with Kobirate A.Ş.'s Ethical Rules is considered.

In this analysis, 388 different criteria are considered to measure the compliance of firms whose shares are traded on ISE with the Corporate Governance Principles. Such criteria are translated into the Kobirate A.Ş. unique Corporate Governance Rating Questionnaire and firms' or banks' responses are received electronically. The responses are analyzed and re-examined by the rating experts and analysts and reported with results which is submitted to Kobirate Corporate Governance Rating Committee for final decision.

The grade to be assigned by the Corporate Governance Rating Committee to the firm ranges between 0-10. In this scale of grade "10" points mean excellent, full compliance with CMB's Corporate Governance Principles while grade "0" means that there is an unsatisfactory compliance with CMB's Corporate Governance Principles in the existing structure.

On this context, in order to reach the total grade, the following rates as adopted from Corporate Governance Principles of CMB are applied:

- Shareholders %25
- Public Disclosure and Transparency %35
- Stakeholders %15
- Board of Directors %25

**5. KOBİRATE ULUSLARARASI KREDİ DERECELENDİRME VE  
KURUMSAL YÖNETİM HİZMETLERİ A. Ş. CORPORATE GOVERNANCE  
COMPLIANCE RATING GRADES AND DESCRIPTIONS**

GRADE	DEFINITIONS
<b>9-10</b>	<p>The Company achieved a substantial compliance with to the Corporate Governance Principles issued by the Capital Market Board. Internal control systems are established and are operational. Any risks to which the Company might be exposed are recognised and controlled effectively. The rights of the shareholders are impartially taken care of. The level of public disclosure and transparency are high. Interests of the stakeholders are fairly considered. The structure and the working conditions of the Board of Directors are in full compliance with the Corporate Governance Principles. The Company is eligible for inclusion in the ISE corporate governance index.</p>
<b>7-8,9</b>	<p>The Company complied considerably with the Corporate Governance Principles issued by the Capital Market Board. Internal control systems are in place, and operational, although some improvements are required. Potential risks, which the Company may be exposed are identified and can be managed. Benefits of the shareholders are fairly taken care of. Public Disclosure and transparency are at high levels. Interests of the stakeholders are equitably considered. Composition and operational conditions of the Board comply with the Corporate Governance Principles. Some improvements are needed in compliance with the Corporate Governance Principles even though they do not constitute serious risks. The company is obviously eligible for inclusion in the ISE Corporate Governance Index.</p>
<b>6-6,9</b>	<p>The Company has moderately complied with the Corporate Governance Principles issued by the Capital Market Board. Internal Control systems at moderate level have been established, and operate, however, improvement is required. Potential risks that the Company may be exposed are identified and can be managed. The interest of the shareholders are taken care of although improvement is needed. Although public disclosure and transparency are taken care of, there is need for improvement. Benefits of the stakeholders are taken care of but improvement is needed. Some improvement is required in the structure and working conditions of the Board. Under these conditions, the Company is not eligible for inclusion in the ISE Corporate Governance Index.</p>

GRADE	DEFINITIONS
<p style="text-align: center;"><b>4-5,9</b></p>	<p>The Company has minimum compliance with the Corporate Governance Principles issued by the Capital Market Board. Internal control systems are in place at a minimum level, but are not true and efficient. Potential risks that the company is exposed to are not properly identified and are not under control. Substantial improvements are required to comply with the Corporate Governance Principles in terms of the benefits of both the shareholders and the stakeholders, public disclosure, transparency, the structure and working conditions of the Board. Under the current conditions, the Company is not eligible to be listed in the ISE Corporate Governance Index.</p>
<p style="text-align: center;"><b>&lt; 4</b></p>	<p>The Company has failed to comply with the Corporate Governance Principles issued by the Capital Market Board. It also failed to establish its internal control systems. Potential risks that the company might be exposed are not identified and cannot be managed. The company is not responsive to the Corporate Governance Principles at all levels. There are major weaknesses in the interest of the shareholders and the stakeholders, public disclosure, transparency, Structure and working conditions of the Board appears to be at a level that might cause the investor to incur material losses.</p>