

**TURCAS PETROL A.Ş.**

**CONVENIENCE TRANSLATION INTO ENGLISH OF  
CONDENSED INTERIM CONSOLIDATED  
FINANCIAL STATEMENTS FOR THE INTERIM  
PERIOD 1 JANUARY - 30 JUNE 2010  
TOGETHER WITH AUDITOR'S REVIEW REPORT**

**(ORIGINALLY ISSUED IN TURKISH)**

**CONVENIENCE TRANSLATION INTO ENGLISH OF  
INDEPENDENT AUDITOR'S REVIEW REPORT  
ORIGINALLY ISSUED IN TURKISH**

**REPORT ON REVIEW OF  
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

To the Board of Directors of Turcas Petrol Anonim Şirketi

*Introduction*

1. We have reviewed the accompanying condensed interim consolidated balance sheet of Turcas Petrol Anonim Şirketi and its subsidiaries (collectively referred to as the "Group") as of 30 June 2010, and the related condensed interim consolidated statement of comprehensive income, interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the six-month period then ended. The Group management is responsible for the preparation and fair presentation of these condensed consolidated interim financial statements in accordance with the financial reporting standards accepted by the Capital Markets Board. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

*Scope of review*

2. We conducted our review in accordance with the principles and standards on the review of interim financial statements as set out in "Section 34 of the Communiqué No: X-22 on the auditing standards issued by the Capital Markets Board". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with independent auditing standards issued by the Capital Markets Board and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an independent audit opinion.

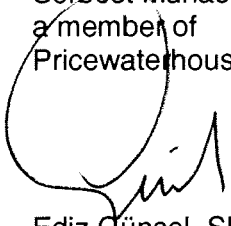
*Conclusion*

3. Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with financial reporting standards accepted by the Capital Markets Board (Note 2).

*Additional paragraph for convenience translation into English*

4. The accounting principles described in Note 2 to the condensed interim consolidated financial statements differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting for the period between 1 January - 31 December 2005. Accordingly, the accompanying interim consolidated financial statements are not intended to present the consolidated financial position, consolidated results of operations and consolidated cash flows of the Group in accordance with IFRS.

Başaran Nas Bağımsız Denetim ve  
Serbest Muhasebeci Mali Müşavirlik A.Ş.  
a member of  
PricewaterhouseCoopers

  
Ediz Günsel, SMMM  
Partner

Istanbul, 27 August 2010

**TURCAS PETROL A.Ş.**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
AT 30 JUNE 2010**

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

**TURCAS PETROL A.Ş.**

**CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS  
AT 30 JUNE 2010 AND 31 DECEMBER 2009**

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

	Notes	30 June 2010	31 December 2009
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	96,506,330	62,932,961
Trade receivables		2,793,714	6,384,332
<i>Trade receivables from related parties</i>	17	432,813	293,911
<i>Trade receivables from other</i>		2,360,901	6,090,421
Other receivables		1,689,147	1,770,207
<i>Other receivables from related parties</i>	17	1,672,042	1,406,956
<i>Other receivables from other</i>		17,105	363,251
Inventories		130,243	128,522
Other current assets		2,180,611	2,011,937
<b>Total current assets</b>		<b>103,300,045</b>	<b>73,227,959</b>
<b>Non-current assets</b>			
Other receivables		14,036	2,336
Financial assets	6	58,240	28,240
Associates	5	444,439,215	435,747,202
Property, plant and equipment		5,587,836	5,520,496
Intangible assets		172,216	230,760
Other non-current assets		2,015,575	2,164,638
Deffered tax assets	15	301,902	205,386
<b>Total non-current assets</b>		<b>452,589,020</b>	<b>443,899,058</b>
<b>TOTAL ASSETS</b>		<b>555,889,065</b>	<b>517,127,017</b>

These condensed interim consolidated financial statements as at and for the period ended 30 June 2010 have been approved for issue by the Board of Directors on 27 August 2010 and signed on its behalf by Cabbar Yilmaz, Coordination and Regulatory Director and by Nurettin Demircan, Accounting Department Manager.

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

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

**TURCAS PETROL A.Ş.**

**CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS  
AT 30 JUNE 2010 AND 31 DECEMBER 2009**

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

	Notes	30 June 2010	31 December 2009
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Financial liabilities		3,623,245	358,405
Trade payables		2,584,300	7,057,229
<i>Trade payables from related parties</i>	17	271,090	232,139
<i>Trade payables from third parties</i>		2,313,210	6,825,090
Other payables		294,817	568,384
<i>Trade payables from related parties</i>	17	84,515	251,639
<i>Trade payables from third parties</i>		210,302	316,745
Current income tax liabilities	15	3,343,903	317,342
Provisions		378,874	5,500
Provisions for employee benefits		240,446	105,235
Other current liabilities		7,851	175,809
<b>Total current liabilities</b>		<b>10,473,436</b>	<b>8,587,904</b>
<b>Non-current liabilities</b>			
Financial liabilities		670,638	530,044
Provisions for employee benefits		175,834	196,660
Other non-current liabilities		3,819,822	3,669,982
<b>Total non-current liabilities</b>		<b>4,666,294</b>	<b>4,396,686</b>
<b>EQUITY</b>			
Paid-in Capital	8	136,500,000	136,500,000
Adjustment to share capital	8	41,247,788	41,247,788
Treasury shares	8	(22,850,916)	(22,850,916)
Restricted reserves	8	26,996,418	24,842,674
Retained earnings		309,325,272	296,755,739
Net income for the period		49,523,495	27,641,671
Attributable to:			
Equity holders of the parent		540,742,057	504,136,956
Minority interest		7,278	5,471
<b>Total equity</b>		<b>540,749,335</b>	<b>504,142,427</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>555,889,065</b>	<b>517,127,017</b>

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

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

**TURCAS PETROL A.Ş.**

**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF INCOME  
FOR THE SIX - MONTH PERIODS ENDED 30 JUNE 2010 AND 2009**

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

	<b>Notes</b>	<b>Reviewed 1 January - 30 June 2010</b>	<b>Reviewed 1 January - 30 June 2009</b>	<b>Not reviewed 1 April - 30 June 2010</b>	<b>Not reviewed 1 April - 30 June 2009</b>
Net sales	9	28,037,768	18,023,954	13,025,453	12,992,430
Cost of sales	9	(27,415,650)	(17,257,333)	(12,948,892)	(11,463,998)
<b>Gross profit</b>		<b>622,118</b>	<b>766,621</b>	<b>76,561</b>	<b>1,528,432</b>
Selling and marketing expenses		(30,497)	(300,262)	(19,577)	(142,109)
General administrative expenses	10	(4,761,675)	(4,635,014)	(2,365,341)	(1,959,739)
Other income	12	17,175,492	13,568,508	16,646,278	10,710,812
Other expenses		(76,937)	(65,055)	(31,393)	(445)
<b>Operating profit</b>		<b>12,928,501</b>	<b>9,334,798</b>	<b>14,306,528</b>	<b>10,136,951</b>
Income from associates	5	36,486,823	(11,054,698)	15,763,053	30,699,302
Financial income	13	6,021,437	9,648,853	3,399,182	3,379,644
Financial expenses	14	(2,622,059)	(2,135,125)	(1,474,440)	(1,409,591)
<b>Income before tax</b>		<b>52,814,702</b>	<b>5,793,828</b>	<b>31,994,323</b>	<b>42,806,306</b>
<b>Tax expense</b>					
- Taxes on income	15	(3,387,505)	(3,116,189)	(3,369,546)	(2,232,797)
- Deferred tax income	15	96,516	(109,128)	20,509	(76,069)
<b>Net income</b>		<b>49,523,713</b>	<b>2,568,511</b>	<b>28,645,286</b>	<b>40,497,440</b>
Other comprehensive income			-		-
<b>Total comprehensive income</b>		<b>49,523,713</b>	<b>2,568,511</b>	<b>28,645,286</b>	<b>40,497,440</b>
Attributable to:					
Equity holders of the parent		49,523,495	2,568,645	28,645,339	40,496,834
Minority interest		218	(134)	(53)	606
Earnings per share	16	0.36	0.02	0.21	0.30

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

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

**TURCAS PETROL A.Ş.**

**INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE SIX - MONTH PERIODS  
ENDED 30 JUNE 2010 AND 2009**

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

	Paid in capital	Treasury shares	Adjustment to share capital	Restricted reserves	Retained Earnings	Net income for the period	Equity attributable to equity holders of the parent	Minortiy interest	Total equity
<b>Balances at 1 January 2009</b>	<b>136,500,000</b>	<b>(19,520,506)</b>	<b>41,247,788</b>	<b>17,485,702</b>	<b>284,784,599</b>	<b>45,164,899</b>	<b>505,662,482</b>	<b>41</b>	<b>505,662,523</b>
Transfers	-	-	-	7,356,972	37,807,927	(45,164,899)	-	-	-
Bağlı ortaklık sermaye artırımına katılan azınlık payları	-	-	-	-	-	-	-	4,920	4,920
Dividends paid	-	-	-	-	(25,836,787)	-	(25,836,787)	-	(25,836,787)
Capital adjustment due to cross-ownership	-	(3,330,410)	-	-	-	-	(3,330,410)	-	(3,330,410)
Total comprehensive income	-	-	-	-	-	2,568,645	2,568,645	(134)	2,568,511
<b>Balances at 30 June 2009</b>	<b>136,500,000</b>	<b>(22,850,916)</b>	<b>41,247,788</b>	<b>24,842,674</b>	<b>296,755,739</b>	<b>2,568,645</b>	<b>479,063,930</b>	<b>4,827</b>	<b>479,068,757</b>
<b>Balances at 1 January 2010</b>	<b>136,500,000</b>	<b>(22,850,916)</b>	<b>41,247,788</b>	<b>24,842,674</b>	<b>296,755,739</b>	<b>27,641,671</b>	<b>504,136,956</b>	<b>5,471</b>	<b>504,142,427</b>
Transfers	-	-	-	2,153,744	25,487,927	(27,641,671)	-	-	-
Capital increase - minority interest	-	-	-	-	-	-	-	1,589	1,589
Dividends paid	-	-	-	-	(12,918,394)	-	(12,918,394)	-	(12,918,394)
Total comprehensive income	-	-	-	-	-	49,523,495	49,523,495	218	49,523,713
<b>Balances at 30 June 2010</b>	<b>136,500,000</b>	<b>(22,850,916)</b>	<b>41,247,788</b>	<b>26,996,418</b>	<b>309,325,272</b>	<b>49,523,495</b>	<b>540,742,057</b>	<b>7,278</b>	<b>540,749,335</b>

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



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

**TURCAS PETROL A.Ş.**

**INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE SIX - MONTH PERIODS ENDED 30 JUNE 2010 AND 2009**

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

	<b>Notes</b>	<b>30 June 2010</b>	<b>30 June 2009</b>
<b>Operating activities:</b>			
Income before tax		52,814,702	5,793,828
<i>Adjustments to reconcile net cash provided from operating activities to income before taxes</i>			
Depreciation and amortisation	10	718,800	406,225
Provision for employee benefits		(20,826)	(79,729)
Provision of unused vacation		135,211	(133,231)
Provision due to SOCAR & Turcas Enerji A.Ş. capital increase		-	37,500,000
Provision for doubtful receivables		36,906	(37,966)
Associates	5	(36,486,823)	(26,445,302)
Interest expenses	14	581,905	467,112
Interest income	13	(2,688,958)	(7,230,178)
<b>Cash flows before changes in operating assets and liabilities</b>		<b>15,090,917</b>	<b>10,240,759</b>
<i>Changes in operating assets and liabilities</i>			
Changes in trade receivables and related party receivables	17	3,542,014	(2,825,287)
Changes in other receivables and assets		59,728	(360,979)
Changes in other payables and liabilities		81,687	813,187
Changes in trade payables and related party payables	17	(4,472,930)	(1,850,922)
Energy Market Regulatory Authority penalty paid		-	(450,000)
Corporate taxes paid	15	(360,944)	(2,629,404)
<b>Cash flows provided by operating activities</b>		<b>13,940,472</b>	<b>2,937,354</b>
<b>Investing activities:</b>			
Cash provided from sales of tangible and intangible assets		(727,595)	(514,617)
Cash outflow due to repurchased shares		-	(3,330,410)
Capital increase in financial assets		(30,000)	(991,189)
Associates capital increase	5	(17,205,190)	(9,375,000)
Capital increase by minority interests		1,589	4,920
Cash provided from sales of tangible and intangible assets		-	14,363
<b>Cash flows used in investing activities</b>		<b>(17,961,196)</b>	<b>(14,191,933)</b>
<b>Financing activities:</b>			
Increase/(decrease) in bank borrowings		3,405,434	(284,747)
Interest received	13	2,688,958	7,230,178
Interest paid	14	(581,905)	(467,112)
Dividends received	5	45,000,000	14,472,002
Dividends paid		(12,918,394)	(25,836,787)
<b>Cash flows provided by financing activities</b>		<b>37,594,093</b>	<b>(4,881,546)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>33,573,369</b>	<b>(16,141,045)</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>62,932,961</b>	<b>114,926,918</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>96,506,330</b>	<b>98,785,873</b>

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

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

**TURCAS PETROL A.Ş.**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS THE SIX - MONTH PERIODS ENDED 30 JUNE 2010**

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

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

Turcas Petrol A.Ş. and its subsidiaries ("The Group") consists of, Turcas Petrol A.Ş. ("The Company"), a total of 5 subsidiaries and 3 associates.

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

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

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

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

Dikilitaş Mahallesi Emirhan Caddesi No: 109 Beşiktaş/İstanbul.

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

The Company's main shareholders are Aksoy Holding A.Ş., The capital structure of the Company as of the related balance sheet dates have been provided at Note 8.

The number of employees of the Group as of 30 June 2010 is 34 (31 December 2009: 32).

<b>Subsidiaries</b>	<b>Country</b>	<b>Nature of business</b>
Turcas Enerji Holding A.Ş. (former Marmara Petrol ve Rafineri İşleri A.Ş. ("Marmara"))	Turkey	Fuel Storage
Turcas Elektrik Üretim A.Ş.	Turkey	Electricity
Turcas Elektrik Toptan Satış A.Ş.	Turkey	Electricity
Turcas Gaz Toptan Satış A.Ş.	Turkey	Gas
Turcas Rüzgar Enerji Üretim A.Ş.	Turkey	Electricity

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

## TURCAS PETROL A.Ş.

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS THE SIX - MONTH PERIODS ENDED 30 JUNE 2010

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

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

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

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

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

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

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

Turcas Gaz Toptan Satış A.Ş. has been established on 6 June 2005, in order to operate in the import of natural gas and wholesale activities.

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

<b>Associates</b>	<b>Country</b>	<b>Nature of business</b>
Shell & Turcas Petrol A.Ş. ("STAŞ")	Turkey	Petroleum products
SOCAR & Turcas Enerji A.Ş. ("STEAŞ")	Turkey	Energy, petroleum
RWE&Turcas Güney Elektrik Üretim A.Ş.	Turkey	Energy, electricity

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

STEAŞ has been established and registered in Trade Registry Gazete on 28 December 2006 with a capital of TRY50,000. Turcas Petrol A.Ş. has 25% of shares and Aksoy Holding A.Ş. 24% of shares of the newly established company.

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

**TURCAS PETROL A.Ş.**

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS THE SIX - MONTH PERIODS ENDED 30 JUNE 2010

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

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

The main operation of the company is to operate in petroleum and energy industry under the operations of production, sale, distribution, investment, research, development, export and import.

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

The detailed information about the associates are given in Note 5.

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

#### 2.1 Basis of presentation

##### Financial reporting standards

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

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

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

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## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS THE SIX - MONTH PERIODS ENDED 30 JUNE 2010

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

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

Turcas and its subsidiaries registered in Turkey maintain their books of account and prepare their statutory financial statements in accordance with the Turkish Commercial Code (“TCC”), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance and accounting principles issued by the CMB. These condensed interim consolidated financial statements are based on the statutory records, which are maintained under historical cost conversion, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the CMB Financial Reporting Standards.

The condensed consolidated interim financial statements are prepared in Turkish Lira (“TL”) based on the historical cost convention except for the financial assets and liabilities which are expressed with their fair values.

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

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

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

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

#### **2.3 Summary of Significant Accounting Policies**

The condensed interim consolidated financial statements of the Group for the period ended 30 June 2010 have been prepared in accordance with IAS 34 “Interim Financial Reporting”. The accounting policies used in the preparation of these condensed interim consolidated financial statements are consistent with those used in the preparation of annual consolidated financial statements for the year ended 31 December 2009. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2009.

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

Provision for taxation on income at interim periods is calculated by considering the effective tax rate on the annual results. Expenses that are incurred unevenly during the financial year are anticipated or deferred for interim reporting purposes if it is also appropriate to anticipate or defer that type of expenses as at the end of the financial year.

#### **Group accounting**

The condensed interim consolidated financial statements have been prepared in accordance with the standards for the period ended as of 31 December 2009 and contains the accounts of subsidiaries and associates.

During the period between 1 January and 30 June 2010, there have been no change in the voting rights or majority rates of subsidiaries or financial investments using equity method.

#### **Functional and presentation currency**

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

#### **Changes in International Financial Reporting Standards (IFRS)**

Effective from 1 January 2010, the Group applied the new and revised standards, amendments and interpretations that were published by International Accounting Standards Board (IASB) and International Financial Reporting Interpretations Committee (IFRIC) related to its operations in the current period.

#### ***Standards, amendments and interpretations, effective from 1 January 2010***

- IAS 1 (Revised), "Presentation of Financial Statements"
- IAS 27 (Revised), "Consolidated and Separate Financial Statements"
- IAS 38 (Revised), "Intangible Assets"
- IFRS 3 (Revised), "Business combinations"
- IFRS 5 (Revised), "Non-current assets held-for-sale and discontinued operations"
- IFRS 2 (Revised), "Share-based Payment"
- IFRIC 17, "Distributions of non-cash assets to owners"
- IFRIC 18, "Transfers of assets from customers"
- IFRS 2009 Improvements

The implementation of the standards and interpretations stated above have no material impact on Company's condensed interim consolidated financial statements.

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

*Standards, amendments and interpretations to existing standards that are not yet effective as of 30 June 2010*

- IFRS 9 (Revised) "Financial Instruments"
- IAS 24 (Revised), "Related Party Disclosures"
- IAS 32 (Revised), "Financial Instruments: Presentation and IAS1 Presentation of Financial Statements "
- IFRIC 14(Revised), "The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction"
- IFRIC 19 (Revised), "Extinguishing Financial Liabilities with Equity Instruments"
- IFRS 2010 Amendments

Group will evaluate the effect of the aforementioned changes within its operations and apply changes starting from 1 January 2011.

#### 2.4 Convenience Translation into English of Condensed Interim Consolidated Financial Statements Originally Issued in Turkish

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

### NOTE 3 - SEGMENT REPORTING

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

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

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

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.

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

- a) Operational segments which have been prepared in accordance with the reportable segments for the period ended 30 June 2010 are as follows:

	<b>Oil</b>	<b>Petrochemicals</b>	<b>Natural gas</b>	<b>Electricity</b>	<b>Other</b>	<b>Total</b>
Total segment revenue	-	-	26,724,943	1,312,825	-	28,037,768
EBITDA	-	-	283,851	(817,639)	(2,917,467)	(3,451,255)
Financial income	-	-	964,187	800,175	4,257,075	6,021,437
Financial expenses	-	-	(652,024)	(282,487)	(1,687,548)	(2,622,059)
Amortisation and depreciation expenses	-	-	-	(297,282)	(421,518)	(718,800)
Income/(expense) from associates	37,618,107	-	-	(1,131,284)	-	36,486,823
Purchase of tangible and intangible assets	-	-	-	1,068	744,799	745,867

- b) Operational segments which have been prepared in accordance with the reportable segments as of 30 June 2009 are as follows:

	<b>Oil</b>	<b>Petrochemicals</b>	<b>Natural gas</b>	<b>Electricity</b>	<b>Other</b>	<b>Total</b>
Total segment revenue	-	-	17,102,344	921,610	-	18,023,954
Inter-segment revenue	-	-	-	20,632	-	20,632
EBITDA	-	-	(396,319)	(1,414,032)	(2,685,366)	(4,495,717)
Financial income	-	-	758,531	611,188	8,279,134	9,648,853
Financial expenses	-	-	(768,592)	(15,433)	(1,351,100)	(2,135,125)
Amortisation and depreciation expenses	-	-	-	(294,697)	(111,528)	(406,225)
Income/(expenses) from associates	26,445,302	(37,500,000)	-	-	-	(11,054,698)
Purchase of tangible and intangible assets	-	-	-	431,676	82,941	514,617

- c) Operational segments which have been prepared in accordance with the reportable segments for the period between 1 April - 30 June 2010 are as follows:

	<b>Oil</b>	<b>Petrochemicals</b>	<b>Natural gas</b>	<b>Electricity</b>	<b>Other</b>	<b>Total</b>
Total segment revenue	-	-	12,290,844	734,609	-	13,025,453
EBITDA	-	-	(246,542)	(376,026)	(1,385,196)	(2,007,764)
Financial income	-	-	521,649	354,097	2,523,436	3,399,182
Financial expenses	-	-	(427,853)	(221,020)	(825,567)	(1,474,440)
Amortisation and depreciation expenses	-	-	-	(297,282)	(216,762)	(514,044)
Income/(expenses) from associates	16,850,007	-	-	(1,086,954)	-	15,763,053
Purchase of tangible and intangible asset	-	-	-	1,068	620,453	621,521



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

d) Operational segments which have been prepared in accordance with the reportable segments for the period between 1 April - 30 June 2009 are as follows:

	Oil	Petrochemicals	Natural gas	Electricity	Other	Total
Total segment revenue	-	-	12,503,071	489,359	-	12,992,430
Inter-segment revenue	-	-	-	(366,717)	-	(366,717)
EBITDA	-	-	1,121,568	(787,188)	(805,685)	(471,305)
Financial income	-	-	722,189	243,849	2,413,606	3,379,644
Financial expenses	-	-	(354,711)	(34,479)	(1,020,401)	(1,409,591)
Amortisation and depreciation expenses	-	-	-	(76,571)	(28,979)	(105,550)
Income/(expenses) from associates	30,699,302	-	-	-	-	30,699,302
Purchase of tangible and intangible assets	-	-	-	231,971	44,570	276,541

e) Operating segment information as of 30 June 2010 are shown below:

	Oil	Petrochemicals	Natural gas	Electricity	Other	Total
Segment Assets (*)	-	-	8,189,703	4,220,148	2,533,669	14,943,520
Investments valued by equity method	416,954,855	-	-	27,484,360	-	444,439,215
Segment Liabilities	-	-	2,331,023	1,484,784	11,323,923	15,139,730

f) Operating segment information as of 31 December 2009 are shown below:

	Oil	Petrochemicals	Natural gas	Electricity	Other	Total
Segment Assets (*)	-	-	7,944,738	4,021,929	6,480,187	18,446,854
Investments valued by equity method	424,336,500	-	-	11,410,702	-	435,747,202
Segment Liabilities (**)	-	-	6,845,235	2,382,891	3,756,464	12,984,590

(\*) Excluding cash & cash equivalents and deferred tax assets.

(\*\*) Excluding deferred tax liabilities and other legal deductions.

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

	1 January - 30 June 2010	1 January - 30 June 2009	1 April - 30 June 2010	1 April - 30 June 2009
<b>Income</b>				
Segment revenue	28,037,768	18,044,586	13,025,453	13,359,147
Elimination between segments	-	(20,632)	-	(366,717)
<b>Consolidated income</b>	<b>28,037,768</b>	<b>18,023,954</b>	<b>13,025,453</b>	<b>12,992,430</b>

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

	<b>1 January - 30 June 2010</b>	<b>1 January - 30 June 2009</b>	<b>1 April - 30 June 2010</b>	<b>1 April - 30 June 2009</b>
<b>EBITDA</b>				
Segment EBITDA	(533,788)	(1,810,351)	(622,569)	334,380
Other EBITDA	(2,917,466)	(1,952,079)	(1,171,744)	(802,246)
<b>Consolidated EBITDA</b>	<b>(3,451,254)</b>	<b>(3,762,430)</b>	<b>(1,794,313)</b>	<b>(467,866)</b>
Financial income	6,021,437	9,648,853	3,399,182	3,379,644
Financial expense	(2,622,059)	(2,135,125)	(1,474,440)	(1,409,591)
Other operational income	17,098,555	13,503,453	16,614,885	10,710,367
Income from associates	36,486,823	(11,054,698)	15,763,053	30,699,302
Amortisation and depreciation	(718,800)	(406,225)	(514,044)	(105,550)
<b>Profit before consolidated tax</b>	<b>52,814,702</b>	<b>5,793,828</b>	<b>31,994,323</b>	<b>42,806,306</b>

	<b>30 June 2010</b>	<b>31 December 2009</b>
<b>Assets</b>		
Segment assets	14,943,520	18,446,854
Associates	444,439,215	435,747,202
Unallocated assets	96,506,330	62,932,961
<b>Total assets</b>	<b>555,889,065</b>	<b>517,127,017</b>

	<b>30 June 2010</b>	<b>31 December 2009</b>
<b>Liabilities</b>		
Segment liabilities	11,501,010	12,098,864
Unallocated liabilities	3,638,720	885,726
<b>Total liabilities</b>	<b>15,139,730</b>	<b>12,984,590</b>

**NOTE 4 - CASH AND CASH EQUIVALENTS**

	<b>30 June 2010</b>	<b>31 December 2009</b>
Cash	6,126	12,674
Banks		
- time deposits	96,393,909	62,745,766
- demand deposits	106,295	174,508
Other	-	13
	<b>96,506,330</b>	<b>62,932,961</b>

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**NOTE 4 - CASH AND CASH EQUIVALENTS (Continued)**

The maturities of cash and cash equivalents are as follows:

	<b>30 June 2010</b>	<b>31 December 2009</b>
Up to 30 days	96,506,330	62,932,961
	<b>96,506,330</b>	<b>62,932,961</b>

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

TRY	6.50%	10.40%
US Dollars	4.00%	4.50%

The Group has no restricted deposits as of 30 June 2010 (31 December 2009: None).

**NOTE 5 - ASSOCIATES**

	<b>%</b>	<b>30 June 2010</b>	<b>%</b>	<b>31 December 2009</b>
STAŞ	30	416,954,855	30.00	424,336,500
RWE & Turcas Güney Elektrik Üretim A.Ş.	29.67	27,484,360	29.67	11,410,702
STEAŞ	25.00	-	25.00	-
		<b>444,439,215</b>		<b>435,747,202</b>

	<b>30 June 2010</b>	<b>30 June 2009</b>
<b>Balance at the beginning of the period</b>	<b>435,747,202</b>	<b>385,341,000</b>
Income from associates (net)	36,486,823	26,445,302
Dividends received	(45,000,000)	(14,472,000)
Capital increases (*)	17,205,190	-
<b>Balance at the end of the period</b>	<b>444,439,215</b>	<b>397,314,302</b>

(\*) The capital increase is related to RWE&Turcas Güney.

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**NOTE 5 - ASSOCIATES (Continued)**

**STAŞ**

STAŞ operates for the sales, purchase, export and import, storage and distribution of each kind of fuel products.

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

STAŞ, as one of the most important associates of the group, has generated TRY4,249,970,282 of sales revenue as of 30 June 2010 and continues to strengthen its place in the Turkey's oil & lubricants market. The company maintains its first place in low sulfur diesel and lubricants business and second place in high sulphur diesel business with its 1.197 stations all over the country.

The summary financial informations of STAŞ, equity accounted by the Group is as follows:

**STAS**

	<b>30 June 2010</b>	<b>31 December 2009</b>
Total assets	2,212,421,520	2,122,737,000
Total liabilities	(822,572,003)	(708,282,000)
Net assets	1,389,849,517	1,414,455,000
<b>The Group's share of net assets</b>	<b>416,954,855</b>	<b>424,336,500</b>
	<b>1 January - 30 June 2010</b>	<b>1 January - 30 June 2009</b>
Net sales revenue	4,249,970,282	3,448,064,000
Net profit for the year	125,393,690	88,151,007
<b>The Group's share of profit for the period</b>	<b>37,618,107</b>	<b>26,445,302</b>

**STEAS**

The associate of the Group, STEAŞ, established SOCAR & Turcas Petrokimya A.Ş. owning 99,75% of the shares of the company; and SOCAR & Turcas Petrokimya A.Ş. became the preferred bidder for the specialization of 51% of the shares of Petkim Petrokimya Holding A.Ş. and purchased these shares as of 30 May 2008. The company paid USD1.660.000.000 of the total sale amount of USD 2.040.000.000 to the Privatization Administration as of 28 and 29 May 2008. Among the remaining portion of USD380.000.000; USD40.000.000 has been paid on the due date which is 30 May 2010 and the due date of USD 340.000.000 is 30 May 2011.

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**NOTE 5 - ASSOCIATES (Continued)**

Also in 2008; SOCAR & Turcas Enerji A.Ş. established SOCAR & Turcas Rafineri A.Ş. ("STRAŞ") owning 99,99% of the shares and this company commenced the necessary studies and applications to establish a petroleum refinery at Petkim Aliğa. Environmental Impact Assessment of the investment have been complete and sent to the Ministry for appreciation. Agreements have been signed with Technip (Italy) and UOP (England) which are among the leading foreign engineering firms of the world for the preliminary engineering studies. Aforementioned refinery will have 10 million tones crude oil capacity and will primarily guarantee the supply of naphtha, and to contribute to the operations of Petkim by selling the other petroleum products. Moreover, it will provide supply of other petroleum products those demands have not been fulfilled and are stil being imported.

The summary financial informations of STEAŞ, equity accounted by the Group is as follows:

<b>STEAŞ</b>	<b>30 June 2010</b>	<b>31 December 2009</b>
Total assets	5,605,462,048	5,561,017,150
Total liabilities	(4,404,318,109)	(4,217,014,715)
Minority shareholders	(1,916,949,682)	(1,904,707,130)
Net assets	(715,805,743)	(560,704,695)
<b>The Group's share of net assets (*)</b>	<b>-</b>	<b>-</b>

	<b>1 Ocak - 30 Haziran 2010</b>
Net sales	1,401,571,730
Loss for the period	(143,400,578)
Accumulated losses	(889,347,825)
The Group' total share of current period loss	(35,858,144)
The Group' total share of prior year loss	(222,336,956)
Share of losses over the current period loss - not allocated	(35,858,144)
Share of losses over the total loss - not allocated	258,195,100
Valuation impact under the equity method (*)	-

(\*) STEAŞ's equity has turned negative due to the loss for the period and previous periods losses on interim consolidated financials statements as of 30 June 2010.

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**NOTE 5 - FINANCIAL INVESTMENTS USING EQUITY METHOD (Continued)**

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

	<b>30 June 2010</b>	<b>31 December 2009</b>
Total assets	95,540,102	38,545,698
Total liabilities	(3,186,743)	(86,978)
Net assets	92,353,359	38,458,720
<b>The Group's share of net assets</b>	<b>27,484,360</b>	<b>11,410,702</b>
		<b>1 Jan - 30 June 2010</b>
Net sales		-
Loss for the period		(3,801,357)
<b>Group's share of loss for the period</b>		<b>(1,131,284)</b>

RWE & Turcas Güney Elektrik Üretim A.Ş. started to purchase land, applied to Energy Market Regulatory Authority for Electricity Production Pre-Licence, and received the license on 22 April 2009; in order to establish natural gas thermal power plant with 775 MW power in Denizli. The newly established company completed not only technical and economic feasibility studies but also completed base engineering and geotechnical studies, applied for Environmental Impact Assessment and completed the approval process. After approval, a turn key agreement with a contractor company have been signed and the construction of the facility has begun. The planned operations in 2010 are the necessary approvals for construction and operation of the plant, the agreement with BOTAŞ for supply, usage and linkage of natural gas and signing the agreement with TEİAŞ for usage and linkage of electricity.

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**NOTE 6 - FINANCIAL INVESTMENTS**

Available-for-sale financial assets

	<u>30 June 2010</u>		<u>31 December 2009</u>	
	<u>Participation amount</u>	<u>Participation rate (%)</u>	<u>Participation amount</u>	<u>Participation rate (%)</u>
ATAŞ	13,240	5.00	13,240	5.00
RWE & Turcas Kuzey Elektrik Üretim A.Ş. (*)	45,000	30.00	15,000	30.00
RWE & Turcas Güney Elektrik Üretim A.Ş. (**)	-			30.00
	<b>58,240</b>		<b>28,240</b>	

(\*) Since these companies are currently non-operating and do not have significant effect on the consolidated financial statements, they have been stated at cost in the financial statements rather than being accounted for with the equity method.

(\*\*) Since the company has started its operations in 2009 the consolidated financial statements of the company has been started to be accounted for with the equity method (Note 5).

**NOTE 7 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES**

Contingent Liabilities

Contingent Liabilities related with Turcas

Collaterals, pledges, mortgages (CPM) given by the Group, as of 30 June 2010 and 31 December 2009 are as follows:

<b>GPM's given by the Group (Guarantee-Pledge-Mortgage)</b>	<b>30 June 2010</b>	<b>31 December 2009</b>
A. CPM's given for companies own legal personality	126,650	126,650
B. CPM's given on behalf of fully consolidated companies	17,055,100	15,968,523
C. CPM's given for continuation of its economic activities on behalf of third parties(*)	144,225,000	138,015,000
D. Total amount of other CPMs	-	-
i) Total amount of CPM's given on behalf of the majority shareholder	-	-
ii) Total amount of CPM's given to on behalf of other Group companies which are not in scope of B and C	-	-
iii) Total amount of CPM's given on behalf of third parties which are not in scope of C	-	-
	<b>161,406,750</b>	<b>154,110,173</b>

(\*) The guarantees given to banks on behalf of SOCAR & Turcas Petrokimya A.Ş. related to the acquisition of Petkim amounts to USD90,000,000 as of 30 June 2010 (31 December 2009: USD90,000,000). The bail amount is TRY2,502,000 for RWE&Turcas Güney Elektrik Üretim A.Ş. (31 December 2009: TRY2,502,000).

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**NOTE 7 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)**

	<b>30 June 2010</b>	<b>31 December 2009</b>
Mortgage received	2,201,150	2,301,150
Letter of guarantees received	22,195	10,022,195
Letter of other guarantees received	-	12,000
	<b>2,223,345</b>	<b>12,335,345</b>

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

There have been no significant change except the ones mentioned below regarding the commitment and contingent liabilities of STAŞ between 31 December 2009 and 30 June 2010.

In compliance with the legislation, the dealers which fulfill the legal Special Consumption Tax Law Article 7/A requirements are allowed to make fuel sales to vehicles carrying export cargos without charging Special Consumption Taxes and Value Added Taxes as per stipulated by the law. In the first quarter of 2009, the tax authorities have completed a tax investigation on the Company's deliveries related with the exemption covering a period between July 2006 and December 2008. With an interpretation of the tax regulations by the tax authorities exemption with regards to such deliveries are incentives provided to transit vehicles limited to a maximum amount of 550 liter per vehicle and the distributors are jointly responsible with the dealers. As a result of the investigation, the Company has been charged a tax penalty of TRY56 million including penalties and interest charges with respect to portion of sales exceeding the restricted quantity of 550 liter per vehicle.

A conciliation meeting was held between the Company and the tax authorities on 10 June 2009, however the parties could not come to a settlement at the end of the meeting. The Company has filed a lawsuit on 24 June 2009 for the cancellation of the penalty claiming that the 550 liter restriction is valid solely for inbound vehicles entering Turkey and there is no restriction on this incentive for outbound vehicles leaving Turkey; accordingly the Company claims that the conclusion of the tax authority and the related penalty has no legal basis. The decree of the court has been recently announced (August 2010) in favour of the Company. The tax office has the right to file an appeal at the Council of State in 30 days after the announcement of the verdict.

The Turkish Competition Authority ("Authority") announced in March 2009 that the terms of the loan agreements, equipment agreements, long-term rent agreements or long-term usufruct agreements performed with the dealers aside the dealership agreements must be limited to a period of 5 years within the scope of the Block Exemption Communiqué on Vertical Agreements (Communiqué) dated 14 July 2002. According to the aforementioned announcement, long-term rental agreements and agreements granting long-term usufruct rights that are related to dealership agreements shall not be used to expand the duration of the non-compete obligation in such agreements. In accordance with the Communiqué, the authority also stated that the exemption period for agreements dated prior to 18 September 2005 will expire on 18 September 2010 whereas total effective period for agreements dated after 18 September 2005 will be limited to 5 years.



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**NOTE 7 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)**

Since the announcement of the Authority does not provide guidance for recovering the rights previously gained with regards to the agreements extending the fifth year, the Group filed a lawsuit at the 13th Judicial Office of the State Council on 1 June 2009 to cancel the retrospective application of the resolution of the Authority with a demand for a stay of execution. The demand for stay of execution has been rejected, however The State Council has not announced a verdict yet for the cancellation of the retrospective application as of the issue date of these consolidated financial statements. The Group management does not foresee an adverse impact on the consolidated financial statements due to this matter as of 30 June 2010 since the negotiations on agreement renewals are ongoing. The Company obtained written commitment by signing protocols from some of the dealers to secure the collection of the unamortised portion of the amount at 18 September 2010, previously invested as prepaid rent and usufruct rights. In addition, legal actions have been taken for the remaining dealers who have not provided such written commitment, in accordance with the Civil Law.

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

	<b>30 June 2010</b>	<b>31 December 2009</b>
Letters of guarantee given to the Customs Office	46,335,900	42,622,800
Letters of guarantee given to the EMRA	15,000,000	15,000,000
Letters of guarantee given to the Tax Office	229,800	804,000
Other	2,839,618	2,722,500
<b>Total</b>	<b>64,405,318</b>	<b>61,149,300</b>

	<b>30 June 2010</b>	<b>31 December 2009</b>
Mortgages received	189,775,500	188,217,300
Letters of guarantees received	66,625,800	71,071,200
Other guarantees received	7,266,000	265,800
<b>Total</b>	<b>263,667,300</b>	<b>259,554,300</b>

Shell&Turcas Petrol A.Ş. has committed to pay TRY4,901,000 to the station owners for the station improvement in the periods mentioned below (31 December 2009: TRY4,996,667).

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**NOTE 7 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)**

The redemption schedule of the share of the Group within the aforementioned liabilities is as follows:

	<b>30 June 2010</b>	<b>31 December 2009</b>
Within 1 year	538,800	486,000
1-5 years	643,200	680,000
5-14 years	288,300	333,000
	<b>1,470,300</b>	<b>1,499,000</b>

Commitment and contingent liabilities of SOCAR & Turcas Enerji A.Ş regarding the acquisition of Petkim

There have been no important change regarding the commitment and contingent liabilities of STEAŞ between 31 December 2009 and 30 June 2010.

Commitment and contingent liabilities of the Group regarding acquisition of Petkim:

	<b>30 June 2010</b>	<b>31 December 2009</b>
Letters of guarantees received	91,859,401	98,155,205
<b>Total letters of guarantees received</b>	<b>91,859,401</b>	<b>98,155,205</b>
Letters of guarantees given for purchase	153,600,175	173,260,900
Security cheques given	17,500,000	17,500,000
Letters of guarantees given	9,326,317	14,463,952
<b>Total guarantees given</b>	<b>180,467,007</b>	<b>205,224,852</b>

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**NOTE 8 - EQUITY**

**a) Paid-in capital/treasury shares**

<b>Shareholders</b>	<b>Group</b>	<b>Allocation (%)</b>	<b>30 June 2010</b>	<b>Allocation (%)</b>	<b>31 December 2009</b>
Aksoy Holding A.Ş.	A Grubu	51.55	70,361,109	51.55	70,361,109
Public Traded	A Grubu	28.74	39,238,882	28.73	39,220,393
YTC Turizm ve Enerji Ltd. Şti.	A Grubu	4.02	5,486,425	4.02	5,486,425
Suna Baban	A Grubu	3.46	4,722,146	3.46	4,722,146
Müeddet Hanzat Öz	A Grubu	3.46	4,722,146	3.46	4,722,146
Yılmaz Tecmen	A Grubu	2.21	3,016,169	2.21	3,016,169
Other	A Grubu	6.55	8,952,972	6.55	8,971,461
Erdal Aksoy	B Grubu	0.00005	58	0.00005	58
Aksoy Holding A.Ş.	B Grubu	0.00004	38	0.00004	38
Other	B Grubu	0.00005	55	0.00005	55
<b>Total</b>		<b>100.00</b>	<b>136,500,000</b>	<b>100.00</b>	<b>136,500,000</b>

Treasury shares (*)	(22,850,916)	(22,850,916)
Inflation adjustment	41,247,788	41,247,788
Adjusted capital	154,896,872	154,896,872

(\*) Treasury shares represent from the shares of Turcas Petrol A.Ş. owned by Turcas Enerji Holding A.Ş..

The issued capital of the Company in 2010 is composed of 136.500.000 shares (2009: 136.500.000 shares). The nominal value of shares is TRY 1 per share.

At least three members of the Board of Directors are elected among the candidates nominated by Group "B" shareholders.

One of the two members of the Audit Committee of the Company is elected among the candidates who are nominated by the majority of the Group B shareholders.

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

**b) Restricted reserves excepted from profit**

	<b>30 June 2010</b>	<b>31 December 2009</b>
Legal Reserves	26,996,418	24,842,674
	<b>26,996,418</b>	<b>24,842,674</b>

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code (TCC). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the company's paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in share capital.

"Adjustment to share capital" represents the difference between the amounts of the restatement effect of cash and cash equivalents contributions to share capital and the amounts before the restatements.

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**NOTE 9 - SALES AND COST OF SALES**

	<b>1 January - 30 June 2010</b>	<b>1 January - 30 June 2009</b>	<b>1 April - 30 June 2010</b>	<b>1 April - 30 June 2009</b>
Natural gas sales	25,613,231	17,088,926	11,618,405	12,503,071
Electricity sales	1,149,584	795,540	630,787	419,083
Service sales	163,241	126,070	103,822	70,276
Other sales	1,111,712	13,418	672,439	-
	<b>28,037,768</b>	<b>18,023,954</b>	<b>13,025,453</b>	<b>12,992,430</b>

	<b>1 January - 30 June 2010</b>	<b>1 January - 30 June 2009</b>	<b>1 April - 30 June 2010</b>	<b>1 April - 30 June 2009</b>
Cost of natural gas sales	25,633,496	14,861,471	12,057,728	9,479,311
Transmission capacity and service fee	270,191	-	9,164	37,516
Other costs	1,511,963	2,395,862	882,000	1,947,171
	<b>27,415,650</b>	<b>17,257,333</b>	<b>12,948,892</b>	<b>11,463,998</b>

**NOTE 10 - OPERATING EXPENSES**

**General Administrative Expenses**

	<b>1 January - 30 June 2010</b>	<b>1 January - 30 June 2009</b>	<b>1 April - 30 June 2010</b>	<b>1 April - 30 June 2009</b>
Personnel expenses	1,869,337	1,498,456	901,860	557,245
Other services received	811,828	737,938	395,526	420,064
Depreciation and amortization expenses	718,800	406,225	514,044	105,550
Rent expenses	273,902	279,537	137,992	140,575
Repair and maintenance expenses	219,257	629,359	82,378	485,607
Doubtful receivable and other provision expenses	146,774	29,847	114,646	2,062
Taxes and other liabilities	43,362	445,810	25,672	25,194
Other	678,415	607,842	193,223	223,442
	<b>4,761,675</b>	<b>4,635,014</b>	<b>2,365,341</b>	<b>1,959,739</b>

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**NOTE 11 - EXPENSE BY NATURE**

	<b>1 January - 30 June 2010</b>	<b>1 January - 30 June 2009</b>	<b>1 April - 30 June 2010</b>	<b>1 April - 30 June 2009</b>
Cost of finished goods	27,415,650	17,257,333	12,948,892	11,463,998
Personnel expenses	1,869,337	1,498,456	901,860	557,245
Other services received	811,828	737,938	395,526	420,064
Depreciation and amortization expenses	718,800	406,225	514,044	105,550
Rent expenses	273,902	279,537	137,992	140,575
Repair and maintenance expenses	219,257	629,359	82,378	485,607
Doubtful receivable and other provision expenses	146,774	29,847	114,646	2,062
Taxes and other liabilities	43,362	445,810	25,672	25,194
Other	678,415	607,842	193,223	223,442
	<b>32,177,325</b>	<b>21,892,347</b>	<b>15,314,233</b>	<b>13,423,737</b>

**NOTE 12 - OTHER INCOME**

**Other operating income**

	<b>1 January - 30 June 2010</b>	<b>1 January - 30 June 2009</b>	<b>1 April - 30 June 2010</b>	<b>1 April - 30 June 2009</b>
Shell Company Joint Venture				
Contract revenue	16,280,680	10,375,582	16,280,680	10,375,582
Service revenue	380,494	342,085	91,355	108,001
Rent income	201,413	208,026	53,366	55,916
EMRA penalty return (*)	-	2,258,000	-	-
Other	312,905	384,815	220,877	171,313
	<b>17,175,492</b>	<b>13,568,508</b>	<b>16,646,278</b>	<b>10,710,812</b>

(\*) The first two installments of the fine imposed by EMRA to the Group previously amounting to TRY2,258,000 was paid to the tax authority; however, as a result of the lawsuits filed, the previously paid amount of TRY2,258,000 has been collected by the Group in March 2009.

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**NOTE 13 - FINANCIAL INCOME**

	<b>1 January - 30 June 2010</b>	<b>1 January - 30 June 2009</b>	<b>1 April - 30 June 2010</b>	<b>1 April - 30 June 2009</b>
Interest income	2,688,958	7,230,178	1,395,694	2,549,507
Foreign exchange gains	2,954,354	2,173,119	2,003,488	710,605
Credit finance income	378,125	245,556	-	119,532
	<b>6,021,437</b>	<b>9,648,853</b>	<b>3,399,182</b>	<b>3,379,644</b>

**NOTE 14 - FINANCIAL EXPENSE**

	<b>1 January - 30 June 2010</b>	<b>1 January - 30 June 2009</b>	<b>1 April - 30 June 2010</b>	<b>1 April - 30 June 2009</b>
Foreign exchange losses	(2,039,349)	(1,834,895)	(1,434,399)	(1,593,426)
Interest expenses	(581,905)	(296,704)	(39,703)	170,408
Credit finance charges	(805)	(3,526)	(338)	13,427
	<b>(2,622,059)</b>	<b>(2,135,125)</b>	<b>(1,474,440)</b>	<b>(1,409,591)</b>

**NOTE 15 - TAX ASSETS AND LIABILITIES**

**Liability for Period Income Tax**

	<b>30 June 2010</b>	<b>31 December 2009</b>
<b>Current tax liability</b>		
Corporate tax provision	3,387,505	3,312,834
Less: Prepaid tax and funds	(43,602)	(2,995,492)
	<b>3,343,903</b>	<b>317,342</b>

Tax expense is comprised of the following:

	<b>1 January - 30 June 2010</b>	<b>1 January - 30 June 2009</b>	<b>1 April - 30 June 2010</b>	<b>1 April - 30 June 2009</b>
Current year corporate tax expense	(3,387,505)	(3,116,189)	(3,369,546)	(2,232,797)
Deferred tax income / (expense)	96,516	(109,128)	20,509	(76,069)
	<b>(3,290,989)</b>	<b>(3,225,317)</b>	<b>(3,349,037)</b>	<b>(2,308,866)</b>

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**NOTE 15 - TAX ASSETS AND LIABILITIES (Continued)**

*Corporate Tax*

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

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

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate is 20% in 2010 (2009: 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. Companies file their tax returns between 1-25 April following the close of the accounting year to which they relate.

*Income withholding tax*

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

**Deferred tax assets and liabilities**

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

The rate applied in the calculation of deferred tax assets and liabilities is 20% (2009: %20).

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**NOTE 15 - TAX ASSETS AND LIABILITIES (Continued)**

The breakdown 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)	
	30 June 2010	31 December 2009	30 June 2010	31 December 2009
Tangible and intangible assets	111,029	476,492	(22,205)	(95,298)
Carry forward losses	(1,048,368)	(1,048,368)	209,674	209,674
Provision for employment termination benefits	(180,666)	(198,764)	36,133	39,751
Doubtful receivables provision	(151,055)	(151,055)	30,211	30,211
Unused vacation accrual	(240,446)	(105,235)	48,089	21,048
<b>Deferred tax asset (net)</b>			<b>301,902</b>	<b>205,386</b>

As of the balance sheet date, the Group has carry forward tax losses amounting to TRY14,898,581 (2009: TRY15,609,472) to be deducted from future profits and has recognized deferred tax assets for the carried forward tax losses amounting to TRY1,048,368 (31 December 2009: TRY1,048,368) for which the Group believes it will utilize in the future. The expiration dates of unrecognized carry forward tax losses are as follows:

	30 June 2010	31 December 2009
2010	-	1,915
2011	-	628
2012	1,013,269	1,690,136
2013	10,710,744	10,742,225
2014	2,126,200	2,126,200
	<b>13,850,213</b>	<b>14,561,104</b>

The movement of deferred tax assets and liabilities as of 30 June 2010 and 2009 are as follows:

	30 June 2010	30 June 2009
Opening balance	205,386	409,788
Deferred tax income/(expense)	96,516	(109,128)
<b>Closing balance</b>	<b>301,902</b>	<b>300,660</b>



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**NOTE 16 - EARNINGS PER SHARE**

At 2010 and 2009, the weighted average number of shares and earnings per share are as follows:

	<b>1 January - 30 June 2010</b>	<b>1 January - 30 June 2009</b>	<b>1 April - 30 June 2010</b>	<b>1 April - 30 June 2009</b>
Weighted average number of outstanding shares	136,500,000	136,500,000	136,500,000	136,500,000
Net profit of shareholders	49,523,495	2,568,645	28,645,339	40,496,834
<b>Earnings per share</b>	<b>0.36</b>	<b>0.02</b>	<b>0.21</b>	<b>0.30</b>

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**NOTE 17 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES**

	30 June 2010								
	Receivables				Payables				
	Short term		Long term		Short term		Long term		
Balances with related parties	Trading	Non trading	Trading	Non trading	Trading	Non trading	Trading	Non trading	
<b>Associates</b>									
SOCAR & Turcas Enerji A.Ş.	139,702	-	-	-	-	-	-	-	-
SOCAR & Turcas Petrokimya A.Ş.	-	1,601,751	-	-	-	-	-	-	-
Socar & Turcas Rafineri A.Ş.	-	70,291	-	-	-	-	-	-	-
<b>Other entities controlled by the main shareholder</b>									
Conrad Yeditepe Beyn. Otelcilik Turz.ve Tic. A.Ş.	293,111	-	-	-	-	-	-	-	-
Ataş Anadolu Tasfiyehanesi A.Ş.	-	-	-	-	-	84,515	-	-	-
Dividend payable to real person shareholders	-	-	-	-	271,090	-	-	-	-
	<b>432,813</b>	<b>1,672,042</b>	-	-	<b>271,090</b>	<b>84,515</b>	-	-	-

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM  
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**TURCAS PETROL A.Ş.**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX - MONTH PERIODS ENDED 30 JUNE 2010**

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

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

Transactions with related parties	1 January - 30 June 2010				
	Purchases	Sales	Interest received	Rent income	Other income
<b>Associates</b>					
SOCAR & Turcas Enerji A.Ş.	-	-	41,753	29,674	149,519
Shell & Turcas Petrol A.Ş.	95,938	-	-	-	45,001,405
SOCAR & Turcas Petrokimya A.Ş.	-	-	67,075	4,931	122,280
SOCAR & Turcas Rafineri A.Ş.	-	-	16,440	4,931	131,735
<b>Other entities controlled by the main shareholder</b>					
Conrad Yeditepe Beyn. Otelcilik Turz. ve Tic A.Ş.	-	1,552,803	-	-	-
Socar Bosphorus Enerji Ve Ticaret Ltd,Şti.	-	-	-	420	-
Etiler Dış Ticaret Ltd, Şti.	-	-	-	2,450	-
Aksoy Holding A.Ş.	-	-	-	2,450	-
Aksoy Petrol ve Enerji Yatırımları A.Ş.	-	-	-	-	-
Enak Yapı ve Dış Ticaret A.Ş.	-	-	-	2,450	2,556
Aksoy Petrol Dağıtım Yatırımları A.Ş.	-	-	-	-	-
Petkim Petrokimya Holding A.Ş.	-	28,563,391	-	36,270	234,150
Ataş Anadolu Tasfiyehanesi A.Ş.	626,368	-	-	45,557	59,244
	<b>722,306</b>	<b>30,116,194</b>	<b>125,268</b>	<b>129,133</b>	<b>45,700,889</b>

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

	31 December 2009							
	Receivables				Payables			
	Short term		Long term		Short term		Long term	
Balances with related parties	Trading	Non trading	Trading	Non trading	Trading	Non trading	Trading	Non trading
<b>Associates</b>								
SOCAR & Turcas Enerji A.Ş.	108,518	-	-	-	-	-	-	-
SOCAR & Turcas Petrokimya A.Ş.	-	959,080	-	-	-	-	-	-
Socar & Turcas Rafineri A.Ş.	-	447,876	-	-	-	-	-	-
<b>Other entities controlled by the main shareholder</b>								
Conrad Yeditepe Beyn. Otelcilik Turz.ve Tic. A.Ş.	185,393	-	-	-	-	251,639	-	-
Ataş Anadolu Tasfiyehanesi A.Ş.	-	-	-	-	-	-	-	-
Dividend payable to real person shareholders	-	-	-	-	232,139	-	-	-
	<b>293,911</b>	<b>1,406,956</b>	-	-	<b>232,139</b>	<b>251,639</b>	-	-

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

Transactions with related parties	1 January - 30 June 2009				
	Purchases	Sales	Interest received	Rent income	Other income
<b>Associates</b>					
SOCAR & Turcas Enerji A.Ş.	-	69,611	29,538	174,936	-
SOCAR & Turcas Petrokimya A.Ş.,	-	-	15,494	4,923	131,363
SOCAR & Turcas Rafineri A.Ş.	-	-	723	4,923	131,363
Shell & Turcas Petrol A.Ş.	114,414	-	-	-	14,472,002
EON & Turcas Güney Elektrik Üretim A.Ş.	-	13,131	-	-	-
<b>Other entities controlled by the main shareholder</b>					
Conrad Yeditepe Beyn. Otelcilik Turz. ve Tic A.Ş.	-	921,610	-	-	-
Etiler Dış Ticaret Ltd, Şti,	-	-	-	2,462	-
Aksoy Holding A.Ş.	-	-	623	2,462	-
Aksoy Petrol ve Enerji Yatırımları A.Ş.	-	-	-	2,462	-
Enak Yapı ve Dış Ticaret A.Ş.	-	-	-	2,462	605
Aksoy Petrol Dağıtım Yatırımları A.Ş.	-	-	-	2,462	-
EON & Turcas Güney Elektrik Üretim A.Ş.	-	-	-	43,682	-
Petkim Petrokimya Holding A.Ş.	-	-	-	43,682	-
Ataş Anadolu Tasfiyehanesi A.Ş.	-	12,043	-	48,124	-
	<b>114,414</b>	<b>946,784</b>	<b>86,451</b>	<b>143,500</b>	<b>14,910,269</b>

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**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX - MONTH PERIODS ENDED 30 JUNE 2010**

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

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

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

	<b>1 January - 30 June 2010</b>	<b>1 January - 30 June 2009</b>	<b>1 April - 30 June 2010</b>	<b>1 April - 30 June 2009</b>
Salaries and other short term benefits	338,397	498,832	169,620	248,014
	<b>338,397</b>	<b>498,832</b>	<b>169,620</b>	<b>248,014</b>

**NOTE 18 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT**

**(i) Foreign currency risk management**

Foreign currency transactions cause foreign currency risk.

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

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

**NOTE 18 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT  
(Continued)**

		<b>30 June 2010</b>			
		<b>TRY Equivalent (Functional currency)</b>	<b>US Dollar</b>	<b>Euro</b>	<b>Other</b>
1-	Trade receivables				
2a-	Monetary financial assets	64,935,238	41,235,461	915	-
2b-	Non-monetary financial assets	-	-	-	-
3-	Other	-	-	-	-
<b>4</b>	<b>Current assets (1+2+3)</b>	<b>64,935,238</b>	<b>41,235,461</b>	<b>915</b>	<b>-</b>
5-	Trade receivables	-	-	-	-
6a-	Monetary financial assets	-	-	-	-
6b-	Non-monetary financial assets	-	-	-	-
7-	Other	-	-	-	-
<b>8</b>	<b>Non-current assets (5+6+7)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>9</b>	<b>Total Assets (4+8)</b>	<b>64,935,238</b>	<b>41,235,461</b>	<b>915</b>	<b>-</b>
10-	Trade payables	-	-	-	-
11-	Financial liabilities 629,149	-	327,392	-	-
12a-	Other monetary financial liabilities	-	-	-	-
12b-	Other non-monetary financial liabilities	-	-	-	-
<b>13</b>	<b>Current Liabilities (10+11+12)</b>	<b>629,149</b>	<b>-</b>	<b>327,392</b>	<b>-</b>
14-	Trade payables	-	-	-	-
15-	Financial liabilities	377,608	-	196,497	-
16a-	Other monetary financial liabilities	-	-	-	-
16b-	Other non-monetary financial liabilities	1,576,590	1,001,200	-	-
<b>17</b>	<b>Non-current liabilities (14+15+16)</b>	<b>1,954,198</b>	<b>1,001,200</b>	<b>196,497</b>	<b>-</b>
<b>18</b>	<b>Total liabilities (13+17)</b>	<b>2,583,347</b>	<b>1,001,200</b>	<b>523,889</b>	<b>-</b>
<b>19</b>	<b>Net asset / liability position of off-balance sheet derivatives (19a-19b)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
19a-	Off-balance sheet foreign currency derivative assets	-	-	-	-
19b-	Off-balance sheet foreign currency derivative liabilities	-	-	-	-
<b>20</b>	<b>Net foreign currency asset liability position (9-18+19)</b>	<b>62,351,891</b>	<b>40,234,261</b>	<b>(522,974)</b>	<b>-</b>
<b>21</b>	<b>Net foreign currency asset / liability position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>63,928,481</b>	<b>41,235,461</b>	<b>(522,974)</b>	<b>-</b>
<b>22</b>	<b>Fair value of foreign currency hedged financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>23</b>	<b>Hedged foreign currency assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>24</b>	<b>Hedged foreign currency liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>25</b>	<b>Exports</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>26</b>	<b>Imports</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

**NOTE 18 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT  
(Continued)**

		<b>31 December 2009</b>			
		<b>TRY Equivalent (Functional currency)</b>	<b>US Dollar</b>	<b>Euro</b>	<b>Other</b>
1-	Trade receivables				
2a-	Monetary financial assets	14,842,944	9,857,622	149	-
2b-	Non-monetary financial assets	-	-	-	-
3-	Other	-	-	-	-
<b>4-</b>	<b>Current Assets (1+2+3)</b>	<b>14,842,944</b>	<b>9,857,622</b>	<b>149</b>	<b>-</b>
5-	Trade receivables	-	-	-	-
6a-	Monetary financial assets	-	-	-	-
6b-	Non-monetary financial assets	-	-	-	-
7-	Other	-	-	-	-
<b>8-</b>	<b>Non-current assets (5+6+7)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>9-</b>	<b>Total assets (4+8)</b>	<b>14,842,944</b>	<b>9,857,622</b>	<b>149</b>	<b>-</b>
10-	Trade payables	-	-	-	-
11-	Financial liabilities	884,077	-	409,238	-
12a-	Other monetary financial liabilities	-	-	-	-
12b-	Other non-monetary financial liabilities	-	-	-	-
<b>13-</b>	<b>Current Liabilities (10+11+12)</b>	<b>884,077</b>	<b>-</b>	<b>409,238</b>	<b>-</b>
14-	Trade payables	-	-	-	-
15-	Financial liabilities	530,462	-	245,550	-
16a-	Other monetary financial liabilities	-	-	-	-
16b-	Other non-monetary financial liabilities	1,507,507	1,001,200	-	-
<b>17-</b>	<b>Non-current liabilities (14+15+16)</b>	<b>2,037,969</b>	<b>1,001,200</b>	<b>245,550</b>	<b>-</b>
<b>18-</b>	<b>Total liabilities (13+17)</b>	<b>2,922,046</b>	<b>1,001,200</b>	<b>654,788</b>	<b>-</b>
<b>19-</b>	<b>Net asset / liability position of off-balance sheet derivatives (19a-19b)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
19a-	Off-balance sheet foreign currency derivative assets				
19b-	Off-balance sheet foreign currency derivative liabilities				
<b>20-</b>	<b>Net foreign currency asset liability position yükümlülük pozisyonu (9-18+19)</b>	<b>11,920,898</b>	<b>8,856,422</b>	<b>(654,639)</b>	<b>-</b>
<b>21-</b>	<b>Net foreign currency asset / liability position monetary items (1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>13,428,405</b>	<b>9,857,622</b>	<b>(654,639)</b>	<b>-</b>
<b>22-</b>	<b>Fair value of foreign currency hedged financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>23-</b>	<b>Hedged foreign currency assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>24-</b>	<b>Hedged foreign currency liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>25-</b>	<b>Exports</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>26-</b>	<b>Imports</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



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**NOTE 18 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT  
(Continued)**

*Foreign currency sensitivity*

	<b>30 June 2010</b>			
	<b>Gain/(Loss)</b>		<b>Equity</b>	
	<b>Appreciation of Foreign currency</b>	<b>Devaluation of Foreign currency</b>	<b>Appreciation of Foreign currency</b>	<b>Devaluation of Foreign currency</b>
<b>+/-10% fluctuation of USD rate</b>				
1- US Dollar net asset / liability	4,023,426	(4,023,426)	4,023,426	(4,023,426)
2- Part of hedged from US Dollar risk (-)	-	-	-	-
<b>3- US Dollar net effect (1+2)</b>	<b>4,023,426</b>	<b>(4,023,426)</b>	<b>4,023,426</b>	<b>(4,023,426)</b>
<b>+/-10% fluctuation of EUR rate</b>				
4- Euro net asset / liability	(52,297)	52,297	(52,297)	52,297
5- Part of hedged from Euro risk (-)	-	-	-	-
<b>6- Euro net effect (4+5)</b>	<b>(52,297)</b>	<b>52,297</b>	<b>(52,297)</b>	<b>52,297</b>
<b>Total (3+6)</b>	<b>3,971,129</b>	<b>(3,971,129)</b>	<b>3,971,129</b>	<b>(3,971,129)</b>
	<b>31 December 2009</b>			
	<b>Gain/(Loss)</b>		<b>Equity</b>	
	<b>Appreciation of Foreign currency</b>	<b>Devaluation of Foreign currency</b>	<b>Appreciation of Foreign currency</b>	<b>Devaluation of Foreign currency</b>
<b>+/-10% fluctuation of USD rate</b>				
1- US Dollar net asset / liability	885,642	(885,642)	885,642	(885,642)
2- Part of hedged from US Dollar risk (-)	-	-	-	-
<b>3- US Dollar net effect (1+2)</b>	<b>885,642</b>	<b>(885,642)</b>	<b>885,642</b>	<b>(885,642)</b>
<b>+/-10% fluctuation of EUR rate</b>				
4- Euro net asset / liability	(65,464)	65,464	(65,464)	65,464
5- Part of hedged from Euro risk (-)	-	-	-	-
<b>6- Euro net effect (4+5)</b>	<b>(65,464)</b>	<b>65,464</b>	<b>(65,464)</b>	<b>65,464</b>
<b>Total (3+6)</b>	<b>820,178</b>	<b>(820,178)</b>	<b>820,178</b>	<b>(820,178)</b>

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**NOTE 19 - SUBSEQUENT EVENTS**

- a) Turcas Gaz, a subsidiary of the Group, has applied to EMRA for Import License (Spot LNG) on 29 April 2010. According to the the decision numbered 2624/6 taken by EMRA at the meeting dated 1 July 2010; it is approved to give Turcas Gaz Import License (Spot LNG) for 10 years.
- b) It has been unanimously resolved to call the Shareholders of the Company for the General Shareholders' Assembly to discuss the amendment to the Articles of Association of the Company after obtaining the permissions from the Republic of Turkey Prime Ministry Capital Markets Board, and the Ministry of Industry and Trade on 16 July 2010.

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