TURCAS PETROL A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2010 TOGETHER WITH AUDITOR'S REPORT (ORIGINALLY ISSUED IN TURKISH)

TURCAS PETROL A.Ş.

CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2010

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

TURCAS PETROL A.Ş.

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2010 AND 2009

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

	Notes	31 December 2010	31 December 2009
ASSETS			
Current assets			
Cash and cash equivalents	4	45,882,464	62,932,961
Trade receivables	7	6,813,869	6,384,332
Trade receivables from related parties	*25*	*5,243,824*	*293,911*
Trade receivables from third parties		*1,570,045*	*6,090,421*
Other receivables	8	140,913	1,770,207
Other receivables from related parties	*25*	*116,884*	*1,406,956*
Other receivables from third parties		*24,029*	*363,251*
Inventories		-	128,522
Other current assets	15	3,762,083	2,011,937
		56,599,329	**73,227,959**
Assets held for sale	10	1,098,871	-
Total currents assets		**57,698,200**	**73,227,959**
Non-current assets			
Other receivables	8	54,509	2,336
Financial assets	5	58,240	28,240
Associates	10	496,994,264	435,747,202
Property, plant and equipment	11	4,081,814	5,520,496
Intangible assets	12	65,525	230,760
Other non-current assets	16	2,259,992	2,164,638
Deferred tax assets	24	-	205,386
Total non-current assets		**503,514,344**	**443,899,058**
TOTAL ASSETS		**561,212,544**	**517,127,017**

These consolidated financial statements as at and for the year ended 31 December 2010 have been approved for issue by the Board of Directors on 7 April 2011 and signed on its behalf by Cabbar Yılmaz, Coordination and Regulatory Director and by Nurettin Demircan, Accounting Department Manager. These consolidated financial statements are subject to the approval of General Assembly.

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

TURCAS PETROL A.Ş.

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2010 AND 2009
(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

	Notes	**31 December 2010**	**31 December 2009**
LIABILITIES			
Current liabilities			
Financial liabilities	6	258,930	358,405
Trade payables	7	7,007,726	7,057,229
Trade payables to related parties	*25*	*238,716*	*232,139*
Trade payables to third parties		*6,769,010*	*6,825,090*
Other payables	8	716,502	568,384
Other payables to related parties	*25*	*184,453*	*251,639*
Other payables to third parties		*532,049*	*316,745*
Current income tax liabilities	23	-	317,342
Provisions		866,500	5,500
Provisions for employee benefits		234,938	105,235
Other current liabilities	15	12,626	173,705
Total current liabilities		**9,097,222**	**8,585,800**
Non-current liabilities			
Financial liabilities	6	529,417	530,044
Provisions for employee benefits	14	250,319	198,764
Other non-current liabilities	15	3,708,076	3,669,982
Deferred tax liabilities	23	19,297	-
Total non-current liabilities		**4,507,109**	**4,398,790**
EQUITY			
Paid-in capital	16	225,000,000	136,500,000
Adjustment to share capital	16	41,247,788	41,247,788
Treasury shares	16	(22,850,916)	(22,850,916)
Restricted reserves	16	26,996,418	24,842,674
Retained earnings		220,825,272	296,755,739
Net income for year		56,382,717	27,641,671
Attributable to equity holders of the parent		547,601,279	504,136,956
Minority interest		6,934	5,471
Total equity		**547,608,213**	**504,142,427**
TOTAL LIABILITIES AND EQUITY		**561,212,544**	**517,127,017**

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

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

TURCAS PETROL A.Ş.

CONSOLIDATED STATEMENTS OF INCOME FOR THE YEARS ENDED 31 DECEMBER 2010 AND 2009

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

	Notes	2010	2009
Net sales	17	52,337,960	45,026,333
Cost of sales	17	(51,813,309)	(44,736,563)
Gross profit		**524,651**	**289,770**
General administrative expenses	18	(10,877,437)	(8,823,916)
Other income	20	18,285,273	14,569,443
Other expenses	20	(326,790)	(257,524)
Operating profit		**7,605,697**	**5,777,773**
Income from associates	9	48,010,950	14,993,224
Financial incomes	21	10,706,679	14,373,376
Financial expenses	22	(6,596,345)	(3,986,053)
Income before tax		**59,726,981**	**31,158,320**
Income tax expense			
- Taxes on income	23	(3,119,707)	(3,312,834)
- Deferred tax (expense)/income	23	(224,683)	(204,402)
Net income		**56,382,591**	**27,641,084**
Attributable to:			
Minority interest		56,382,717	27,641,671
Equity holders of the parent		(126)	(587)
Earnings per share (Kr)	24	0.2506	0.1228

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

TURCAS PETROL A.Ş.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEARS ENDED 31 DECEMBER 2010 AND 2009

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

	Paid in capital	Adjustment to share capital	Treasury shares	Restricted reserves	Retained earnings	Net income for year	Equity attributable to equity holders of the parent	Minority interest	Total equity
Balances at 1 January 2009	**136,500,000**	**41,247,788**	**(19,520,506)**	**17,485,702**	**284,784,599**	**45,164,899**	**505,662,482**	**41**	**505,662,523**
Transfers	-	-	-	7,356,972	37,807,927	(45,164,899)	-	-	-
Capital increase - minority interest	-	-	-	-	-	-	-	6,017	6,017
Dividends paid	-	-	-	-	(25,836,787)	-	(25,836,787)	-	(25,836,787)
Purchase of treasury shares (Note 16)	-	-	(3,330,410)	-	-	-	(3,330,410)	-	(3,330,410)
Total comprehensive income	-	-	-	-	-	27,641,671	27,641,671	(587)	27,641,084
Balances at 31 December 2009	**136,500,000**	**41,247,788**	**(22,850,916)**	**24,842,674**	**296,755,739**	**27,641,671**	**504,136,956**	**5,471**	**504,142,427**
Transfers	-	-	-	2,153,744	25,487,927	(27,641,671)	-	-	-
Capital increase - minority interest	-	-	-	-	-	-	-	1,589	1,589
Capital increase	88,500,000	-	-	-	(88,500,000)	-	-	-	-
Dividends paid	-	-	-	-	(12,918,394)	-	(12,918,394)	-	(12,918,394)
Total comprehensive income	-	-	-	-	-	56,382,717	56,382,717	(126)	56,382,591
Balances at 31 December 2010	**225,000,000**	**41,247,788**	**(22,850,916)**	**26,996,418**	**220,825,272**	**56,382,717**	**547,601,279**	**6,934**	**547,608,213**

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

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

TURCAS PETROL A.Ş.

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2010 AND 2009

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

	Notes	31 December 2010	31 December 2009
Operating activities:			
Income before tax		59,726,981	31,158,320
Adjustments to reconcile net cash provided from operating activities to income before taxes			
Depreciation and amortization	3,19	1,502,747	1,067,948
Fixed asset sales income		(57,041)	(262,016)
Provision for employee benefits	14	51,555	395
Provision for unused vacation		129,703	(142,629)
Provision for doubtful receivables	7	-	36,906
Associates	9	(48,010,950)	(14,993,224)
Interest expenses	22	690,097	395,296
Interest income	21	(5,169,364)	(11,514,288)
Cash flows before changes in operating assets and liabilities		**8,863,728**	**5,746,708**
Changes in operating assets and liabilities			
Changes in trade receivables and related party receivables	7,25	(481,710)	(112,602)
Changes in other receivables and assets		(89,939)	(719,356)
Changes in other payables and liabilities		886,130	(263,038)
Changes in trade payables and related party payables	7,25	(49,503)	403,172
Energy Market Regulatory Agency penalty paid	15	-	(450,000)
Corporate taxes paid	23	(3,437,049)	(4,741,504)
Cash flows provided by/(used in) operating activities		**5,691,656**	**(136,620)**
Investing activities:			
Acquisition of tangible and intangible assets	10,11	(1,015,020)	(1,229,119)
Cash outflow due to repurchased treasury shares	16	-	(3,330,410)
Cash provided from sales of tangible and intangible assets		76,617	286,336
Capital increase in associates		(58,236,112)	(46,884,980)
Capital increase in available-for-sale financial investments		(30,000)	-
Dividends received		45,000,000	14,472,002
Cash flows used in investing activities		**(14,204,514)**	**(36,686,171)**
Financing activities:			
Change in short term bank borrowings	6	(99,475)	(102,719)
Change in long term bank borrowings	6	(627)	(356,669)
Interest received	21	5,345,557	11,280,929
Interest paid	22	(690,097)	(395,296)
Capital increase-minority interest		1,589	6,017
Dividends paid		(12,918,394)	(25,836,787)
Cash flows used in financing activities		**(8,361,447)**	**(15,404,525)**
Net decrease in cash and cash equivalents		**(16,874,304)**	**(52,227,316)**
Cash and cash equivalents at the beginning of the year		**62,699,602**	**114,926,918**
Cash and cash equivalents at the end of the year	**2,3**	**45,825,298**	**62,699,602**

Group has reclassfied tangible asset amounting to TRY1,098,871 as "assets held for sale" (Note 10).

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

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

NOTE 1 - GROUP'S ORGANISATION AND NATURE OF OPERATIONS

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

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

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

As of 1 July 2006, Turcas Petrol A.Ş. transferred its part of shares to Shell & Turcas Petrol A.Ş. 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 The Shell Company of Turkey Ltd.. Since this date, main operations of Turcas Petrol A.Ş.; which were 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 subsectors like petroleum, fuel, electricity and natural gas; and to establish new companies and/or to join the management and establishment of the companies that focus on developing new business lines with commercial, industrial, agricultural and financial purposes.

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

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

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

The Company's main shareholders are Aksoy Holding A.Ş. and Aksoy Petrol Dağıtım Yatırımları A.Ş.. The capital structure of the Company as of the related balance sheet dates have been provided at Note 17.

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

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

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

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

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

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

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

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

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

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

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..

Associates	**Country**	**Nature of business**
Shell & Turcas Petrol A.Ş.	Turkey	Petroleum products
SOCAR & Turcas Enerji A.Ş.	Turkey	Energy & petroleum
RWE&Turcas Güney Elektrik Üretim A.Ş.	Turkey	Electricity

Shell&Turcas Petrol A.Ş. operates in every aspect of the purchase, sale, import, export, storage and distribution of all types of fuel and oil.

Socar&Turcas Enerji A.Ş. has been established and registered in Trade Registry Gazete on 28 December 2006 with a capital of TRY 50.000. Turcas Petrol A.Ş. has 25% of shares and Aksoy Holding A.Ş. 24% of shares of the newly established company. 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 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 10.

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.

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

The Company maintains its books of account and prepares its statutory financial statements in TRY in accordance with the Turkish Commercial Code ("TCC"), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance and accounting principles issued by the CMB. These consolidated financial statements are based on the statutory records, which are maintained under historical cost conversion, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the CMB Financial Reporting Standards. These consolidated financial statements have been prepared by taking into consideration the historical costs.

The preparation of financial statements in conformity with IFRS requires management to exercise its judgement in the process of applying the group's accounting policies. The significant assumptions and estimates applied in the preparation of the consolidated financial statements, are disclosed in note 2.4.

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

Amendments in International Financial Reporting Standards

Standards, amendments and interpretations effective from 1 January 2010 and applied by Group

- IAS 1 (Amendment), “Presentation of Financial Statements”
- IFRS 3 (Revised), “Business Combinations”, IAS 27 (Revised), “Consolidated and Separate Financial Statements” and IAS 28, “Invesments in Associates” and IAS 31, “Interests in Joint Ventures”
- IAS 38 (Amendment), “Intangible Assets”
- IFRS 5 (Amendment), “Non-current Assets Held for Sale and Discontinued Operations”
- IAS 36 (Amendment), “Impairment of Assets”
- IFRIC 9, “Re-assessment of Embedded Derivatives” and IAS 39 (Revised), “Financial Instruments: Recognition and Measurement”
- IFRIC 16, “Hedges of net investment in a foreign operation”
- IFRS 2 (Amendment), “Share Based Payments”
- IFRIC 17, “Distributions of Non-cash Assets to Owners”
- IFRIC 18, “Transfers of Assets from Customers”

Standards, amendments and interpretations to existing standards those are not yet effective in 2010

- IFRS 9, “Financial Instruments” effective after 1 January 2011,
- IAS 24 “Related party disclosure” effective after 1 January 2011,
- IAS 32 (Amendment), “Financial Instruments: Presentation” effective after 1 February 2010,
- IFRIC 19 “Extinguishing Financial Liabilities with Equity Instruments” effective after 1 January 2011
- IFRIC 14 (Amendment) “The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction” effective after 1 January 2011.

The impacts of the amendments mentioned above are evaluated and it is not expected to result in material impact on the Group’s consolidated financial statements.

Functional and Presentation Currency

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

Consolidation Principles

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

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

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

(b) Subsidiaries are companies over which Turcas has capability to control the financial and operating policies for the benefit of Turcas, either (a) through the power to exercise more than 50% of the voting rights relating to shares in the companies owned directly and indirectly by itself; or (b) although not having the power to exercise more than 50% of the voting rights, otherwise having the power to exercise control over the financial and operating policies.

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

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

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

	31 December 2010		31 December 2009	
	Ownership interest	Economic interest	Ownership interest	Economic interest
Turcas Enerji Holding A.Ş.	100.00	100.00	100.00	100.00
Turcas Elektrik Üretim A.Ş.	97.50	97.50	97.50	97.50
Turcas Elektrik Toptan Satış A.Ş.	100.00	100.00	100.00	100.00
Turcas Gaz Toptan Satış A.Ş.	100.00	100.00	100.00	100.00
Turcas Rüzgar Enerji Üretim A.Ş.	100.00	100.00	100.00	100.00

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

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

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

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

The table below sets out all Associates and shows their direct and indirect ownership at 31 December (%):

	2010	**2009**
Shell & Turcas Petrol A.Ş.	30.00	30.00
SOCAR & Turcas Enerji A.Ş.	25.00	25.00
RWE & Turcas Güney Elektrik Üretim A.Ş.(*)	30.00	30.00

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

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

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

Going Concern

Group prepared consolidated financial statements in accordance with the going concern assumption.

Offsetting

Financial assets and liabilities are offset and reported in the net amount when there is a legally enforceable right or when there is an intention to settle the assets and liabilities on a net basis or realise the assets and settle the liabilities simultaneously.

Comparatives and restatement of prior periods' financial statements

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

2.2 Restatement and Errors in the Accounting Policies and Estimates

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

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

2.3 Summary of significant accounting policies

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

Related parties

For the purpose of these consolidated financial statements, shareholders, key management personnel and Board members, in each case together with their families and companies controlled by/or affiliated with them, associated companies and other companies within the Aksoy Holding group are considered and referred to as related parties (Note 26).

Trade receivables

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

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

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

Credit finance income/charges

Credit finance income/charges represent imputed finance income/charges on credit sales and purchases. Such income/charges calculated by using the effective interest method are recognised as financial income or expenses over the period of credit sale and purchases, and included under financial income and expenses (Notes 22,23).

Financial investments

Classification

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

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

(a) Loans and receivables

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

(b) Available-for-sale financial assets

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

Recognition and measurement

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

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

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

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

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

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

Cash and cash equivalents

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

Property, plant, equipment and related depreciation

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

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

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

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits with the item will flow to the company. Repairs and maintenance are charged to the statements of income during the financial year in which they are incurred (Note 19).

Intangible assets

Intangible assets are comprised of acquired brands, trademarks, patents, developments costs and computer software (Note12).

a) Trademark licenses and patents

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

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

Intangible assets (Continued)

b) Computer software

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

Financial Leases

The Group as the lessee

Finance Leases

Assets acquired under finance lease agreements are capitalised at the inception of the lease at the fair value of the leased asset, net of grants and tax credits receivable, or at the present value of the lease payment, whichever is the lower. Lease payments are treated as comprising capital and interest elements, the capital element is treated as reducing the capitalised obligation under the lease and the interest element is charged as expense to the statement of income. Depreciation on the relevant asset is also charged to the statement of income over its useful life.

Operational Leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

Financial liabilities and borrowing costs

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

Current and deferred income tax

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

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

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

Current and deferred income tax (Continued)

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the consolidated financial statements. Currently enacted tax rates are used to determine deferred income tax at the balance sheet date (Note 24).

The principal temporary differences arise from the carrying value of property, plant and equipment and available-for-sale-investments and their historical cost, presently non-deductible/taxable provisions and unused tax allowances and exemptions.

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

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

Trade payables

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

Employment termination benefits

Employment termination benefits, as required by the Turkish Labour Law, represent the estimated present value of the total reserve of the future probable obligation of the Company arising in case of the retirement of the employees, termination of employment without due cause, call for military service, be retired or death upon the completion of a minimum one year service (Note 15). Provision which is allocated by using defined benefit pension's current value is calculated by using estimated liability method. All actuarial profits and losses are recognised in consolidated statements of income.

Foreign currency transactions

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

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

Revenue recognition

Revenues are recognised on an accrual basis at the fair values incurred or to be incurred when the goods are delivered, the risks and rewards of ownership of the goods are transferred, when the amount of revenue can be reliably measured and it is probable that the future economic benefits associated with the transaction will flow to the entity. Net sales represent the fair value of goods shipped less sales discounts and returns. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognised in the period on an accrual basis as financial income (Notes 22 and 23).

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

Dividends

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

Paid-in capital

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

Treasury Shares

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

Provisions

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

Contingent assets and liabilities

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group are not included in the consolidated balance sheets and are disclosed as contingent assets or liabilities (Note 13).

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

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

Earnings per share

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

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

Segment reporting

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

Reporting of cash flows

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

The analysis of cash and cash equivalents included in the consolidated statements of cash flows for the years ended 2010 and 2009 are as follows:

	2010	**2009**
Cash and cash equivalents - maturities of less than 3 months (Note 4)	45,882,464	62,932,961
Less: Interest Accrual	(57,166)	(233,359)
	45,825,298	**62,699,602**

2.4 Critical accounting estimates and judgements

The preparation of consolidated financial statements requires estimates and assumptions to be made regarding the amounts for the assets and liabilities at the balance sheet date, and explanations for the contingent assets and liabilities as well as the amounts of income and expenses realised in the reporting period. The Group makes estimates and assumptions concerning the future. The accounting estimates and assumptions, by definition, may not be equal the related actual results. The estimates and assumptions that may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

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

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

Deferred Taxes:

Group accounts the deferred tax assets and liabilities for the temporary differences arising from the timing differences between the statutory financial statements and the financial statements prepared in accordance with the CMB financial reporting standards. Subsidiaries of the Group have deferred tax assets consisting of carry forward tax losses which may be deducted from the future taxable income and other deductible temporary differences. Amount of the deferred tax assets which may be partially or completely recovered are anticipated according to the current conditions. During the projections, future taxable income, current period losses, expiration dates of the carry forward tax losses, other tax assets and the tax planning strategies, if necessary, are taken into account. As a result, deferred tax asset for the carry forward tax losses in the amount of TRY 1,048,368 (31 December 2009: TRY1,048,368) have been recorded in the consolidated financial statements. No deferred tax asset has been recognized for the remaining carry-forward tax losses amounting to 20,021,270 (31 December 2009: TRY16,553,694).

NOTE 3 - SEGMENT REPORTING

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

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

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

Earnings before interest, tax, depreciation and amortisation (EBITDA) have been taken into consideration for evaluation of the performance of the operational segments. Management considers EBITDA as the most adequate indicator for making comparison with competitors in the sector.

a) Operational segments which have been prepared in accordance with the reportable segments for the year ended 31 December 2010 are as follows:

	Oil	Petrochemicals	Natural gas	Electricity	Other	Total
Total segment revenue	-	-	48,396,993	3,940,967	-	52,337,960
EBITDA	-	-	(644,062)	(2,262,328)	(5,943,649)	(8,850,039)
Financial income	-	-	1,593,466	965,685	8,147,528	10,706,679
Financial expenses	-	-	(1,195,837)	(949,718)	(4,450,790)	(6,596,345)
Amortization and depreciation expenses	-	-	(32)	(379,627)	(1,123,088)	(1,502,747)
Income/(expense) from associates	49,230,900	-	-	(1,219,950)	-	48,010,950
Purchase of tangible and intangible assets	-	-	-	3,346	1,011,674	1,015,020

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

NOTE 3 - SEGMENT REPORTING (Continued)

b) Operational segments which have been prepared in accordance with the reportable segments for the year ended 31 December 2009 are as folllows:

	Oil	Petrochemicals	Natural gas	Electricity	Other	Total
Total segment revenue	-	-	42,874,869	2,151,464	-	45,026,333
Inter-segment revenue	-	-	-	20,672	-	20,672
EBITDA	-	-	(1,234,065)	(1,989,240)	(4,242,893)	(7,466,198)
Financial income	-	-	1,234,838	1,170,364	11,968,174	14,373,376
Financial expenses	-	-	(1,109,843)	(392,334)	(2,483,876)	(3,986,053)
Amortization and depreciation expenses	-	-	-	(559,975)	(507,973)	(1,067,948)
Income/(expense) from associates	53,467,502	(37,500,000)	-	(974,278)	-	14,993,224
Purchase of tangible and intangible assets	-	-	-	633,451	595,668	1,229,119

c) Operating segment information as of 31 December 2010 is shown below:

	Oil	Petrochemicals	Natural gas	Electricity	Other	Total
Segment Assets	-	-	15,220,724	7,046,714	41,950,842	64,218,280
Associates	428,567,400	-	-	68,426,864	-	496,994,264
Segment Liabilities	-	-	5,286,025	915,710	7,402,596	13,604,331

d) Operating segment information as of 31 December 2009 is shown below:

	Oil	Petrochemicals	Natural gas	Electricity	Other	Total
Segment Assets	-	-	10,361,842	22,458,457	48,559,516	81,379,815
Associates	424,336,500	-	-	11,410,702	-	435,747,202
Segment Liabilities	-	-	6,845,235	2,382,891	3,756,464	12,984,590

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

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

	31 December 2010	31 December 2009
Income		
Segment revenue	52,337,960	45,047,005
Elimination between segments	-	(20,672)
Consolidated income	**52,337,960**	**45,026,333**

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

NOTE 3 - SEGMENT REPORTING (Continued)

	31 December 2010	31 December 2009
EBITDA		
Segment EBITDA	(2,906,390)	(3,223,305)
Other EBITDA	(5,943,649)	(4,242,893)
Consolidated EBITDA	**(8,850,039)**	**(7,466,198)**
Financial income	10,706,679	14,373,376
Financial expense	(6,596,345)	(3,986,053)
Other operational income	17,958,483	14,311,919
Income from associates	48,010,950	14,993,224
Amortization and depreciation	(1,502,747)	(1,067,948)
Consolidated income before tax	**59,726,981**	**31,158,320**

	31 December 2010	31 December 2009
Assets		
Segment assets	15,327,072	11,966,668
Other assets	3,008,744	6,480,186
Associates	496,994,264	435,747,202
Unallocated assets	45,882,464	62,932,961
Total assets	**561,212,544**	**517,127,017**

	31 December 2010	31 December 2009
Liabilities		
Segment liabilities	6,201,735	9,228,126
Other liabilities	6,686,094	2,870,738
Unallocated liabilities	716,502	885,726
Total liabilities	**13,604,331**	**12,984,590**

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

NOTE 4 - CASH AND CASH EQUIVALENTS

	31 December 2010	31 December 2009
Cash	19,705	12,674
Banks		
- demand deposits	15,985,322	174,508
- time deposits	29,877,437	62,745,766
Other	-	13
	45,882,464	**62,932,961**

The maturities of cash and cash equivalents are as follows:

	31 December 2010	31 December 2009
Up to 30 days	45,882,464	62,932,961
	45,882,464	**62,932,961**

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

	2010	2009
TRY	7,63	8,55
US Dollars	3,39	3,45

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

NOTE 5 - FINANCIAL ASSETS

<u>Financial assets available for sale</u>

	31 December 2010		31 December 2009	
	Participation amount	Participation rate (%)	Participation amount	Participation rate (%)
ATAŞ	13,240	5,00	13,240	5,00
RWE & Turcas Kuzey Elektrik Üretim A,Ş, (*)	45,000	30,00	15,000	30,00
	58,240		**28,240**	

(*) Since the company is currently non-operating and does not have significant effect on the consolidated financial statements, it has been stated at cost in the financial statements rather than being accounted for by the equity method.

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

NOTE 6 - FINANCIAL LIABILITIES

	2010	2009
Short-term bank borrowings	258,930	358,405
Long-term bank borrowings	529,417	530,044
	788,347	**888,449**

Short-term bank borrowings

	2010	2009
EURO denominated bank borrowings	58,185	4,790
Leasing Liabilities	200,745	353,615
	258,930	**358,405**

Long-term bank borrowings

	2010	2009
EURO denominated bank borrowings	228,062	-
Leasing Liabilities	301,355	530,044
	529,417	**530,044**

The effective interest rates (%) of short-term bank borrowings are as follows:

	2010	2009
Foreign currency loans (Euro)	6,20	6,37
Leasing	6,37	6,37

Maturities of the financial liabilities are as follows:

	2010	2009
0 - 1 year	258,930	358,405
1 - 2 years	363,214	420,826
2 - 3 years	65,896	109,218
3 - 4 years	70,164	-
4 - 5 years	30,143	-
	788,347	**888,449**

The redemption schedule of borrowings as of 31 December 2010 according to their contractual repricing dates is as follows:

	2010	2009
Between 1-3 years	502,100	888,449
Between 3-5 years	286,247	-
	788,347	**888,449**

There is no guarantees given for financial liabilities (2009: None).

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

NOTES 7 - TRADE RECEIVABLES AND PAYABLES

Short-term trade receivables	**2010**	**2009**
Due from related parties (Note 26)	5,243,824	293,911
Trade receivables	2,867,638	7,498,553
Other trade receivables	61,341	3,554
Notes receivables	-	60,547
	8,172,803	**7,856,565**
Less:Provision for doubtful trade receivables	(1,341,153)	(1,449,958)
Less:Deferred financial income	(17,781)	(22,275)
Short-term trade receivables (net)	**6,813,869**	**6,384,332**

Movement of provision for doubtful receivables are as follows:

	2010	**2009**
Balance at the beginning of the year	**1,449,958**	**1,417,448**
Current year additions	-	36,906
Recovery of doubtful receivables (Note 19)	(108,805)	(4,396)
Balance at the end of the year	**1,341,153**	**1,449,958**

Short-term trade payables	**2010**	**2009**
Trade payables	6,787,175	6,849,956
Due to related parties (Note 26)	238,716	232,139
	7,025,891	**7,082,095**
Less: Deferred financial expense	(18,165)	(24,866)
Short-term trade payables (net)	**7,007,726**	**7,057,229**

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

NOTE 8 - OTHER RECEIVABLES AND PAYABLES

Other receivables	**2010**	**2009**
Receivables from related parties	116,884	1,406,956
Receivables from government offices	-	361,008
Other	24,029	2,243
	140,913	**1,770,207**

Other payables	**2010**	**2009**
Taxes and duties payables	531,193	316,465
Due to related parties(Note 26)	184,453	251,639
Other	856	280
	716,502	**568,384**

NOTE 9 - ASSOCIATES

	%	**31 December 2010**	**%**	**31 December 2009**
STAŞ	30.00	428,567,400	30,00	424,336,500
RWE & Turcas Güney Elektrik Üretim A.Ş. (*)	30,00	68,426,864	30.00	11,410,702
STEAŞ	25.00	-	25.00	-
		496,994,264		**435,747,202**

	31 Aralık 2010	**31 Aralık 2009**
Balance at the beginning of the year	**435,747,202**	**385,341,000**
Income from associates (net)	48,010,950	14,993,224
Dividends received	(45,000,000)	(14,472,002)
Additions to the scope of consolidation	-	3,000,000
Capital increases of participates(*)	58,236,112	46,884,980
Balance at the end of the year	**496,994,264**	**435,747,202**

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

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

NOTE 9 - ASSOCIATES (Continued)

STAŞ

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

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

STAŞ, as one of the most important associates of the group, has generated TRY 9,395,195 thousands of sales revenue for the year 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 1,050 stations all over the country.

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

STAŞ	**31 December 2010**	**31 December 2009**
Total assets	2,465,606,000	2,122,737,000
Total liabilities	(1,037,049,000)	(708,282,000)
Net assets	1,428,557,000	1,414,455,000
Group's share of associate's net assets	**428,567,400**	**424,336,500**

	1 January - 31 December 2010	**1 January - 31 December 2009**
Net sales	9,395,195,000	7,860,954,000
Profit for the period	164,103,000	178,225,000
Group's share of associate's profit for the period	**49,230,900**	**53,467,500**

STEAŞ

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 privatization of 51% of the shares of Petkim Petrokimya Holding A.Ş. and purchased these shares as of 30 May 2008. The company paid USD 1.660.000.000 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 USD 380.000.000; USD 40.000.000 has been paid on 30 May 2010 and the due date of USD 340.000.000 is 30 May 2011.

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

NOTE 9 - 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 Aliağa. Environmental Impact Assesment of the investment have been completed and sent to the Ministry for evaluation. Positive Certificate of Environmental Impact Assesment has been taken at June 08,2009. 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. Such work has been completed and within the framework licensers have been determined for the technologies to be used on units. Merchandising agreements have been signed for License and Basic Engineering Package with five different Licensor at February of 2010. On the other hand carry out the work of basic engineering studies of non-licensed production units of the refinery, utilities, auxiliary service and facilities and by integrating the Basic Engineering Package prepared by the Licensors, detail of Engineering / Materials Purchasing / Engineering Construction and installation will be tender for the technical base to prepare a bidding package and the agreement has been signed with Foster Wheeler, Italian firm and the agreement has entered into force as of February 26,2010.

The Refinery Management Licence has been given to SOCAR & Turcas Rafineri A.Ş. by EMRA at June 23, 2010. 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 whose demands have not been fulfilled and are still being imported. Following in financing for the refinery project in 2011, at the beginning of 2012 construction is planned to start and at 2015 the facility is planned to begin production.

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

STEAŞ	**31 December 2010**	**31 December 2009**
Total assets	5,720,263,712	5,561,017,150
Total liabilities	(4,482,407,353)	(4,217,014,715)
Minority shareholders	(1,927,881,497)	(1,904,707,130)
Net assets	(690,025,138)	(560,704,695)
The Group's share of net assets (*)	-	-

	31 Aralık 2010	**31 Aralık 2009**
Net sales	2,939,184,113	2,057,459,379
Loss for the period	(106,146,076)	(25,738,293)
Accumulated losses	(862,813,847)	(733,704,695)
The Group' total share of losses	(32,277,288)	(6,434,573)
The Group' total share of accumulated losses	(215,703,462)	(183,433,674)
Valuation effect under the equity method (*)	-	37,500,000

(*) STEAŞ's equity has turned negative due to the loss for the period and previous periods losses in consolidated financials statements as of 31 December 2010.

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

NOTE 9 - ASSOCIATES (Continued)

RWE&Turcas Güney Elektrik Üretim A.Ş.

	31 December 2010	**31 December 2009**
Total assets	236,593,984	38,545,698
Total liabilities	(8,504,435)	(86,978)
Net assets	228,089,549	38,458,720
The Group's share of net assets	**68,426,864**	**11,410,702**

	31 Aralık 2010	**31 Aralık 2009**
Net sales income	-	-
Loss for the period	(4.066.499)	(953.966)
The Group' total share of losses	(1.219.950)	(283.042)

Turcas Elektrik Üretim A.Ş. which is a subsidiary of Turcas Petrol through the direct and indirect shares related to electricity production and the world's leading energy companies, RWE Holding A.Ş., a subsidiary of RWE AG in Turkey, have established 2 joint ventures companies named RWE & Turcas Güney Elektrik Üretim A.Ş. ve RWE & Turcas Kuzey Elektrik Üretim A.Ş.. The share percentage of Turcas Elektrik Üretim A.Ş. is %30 in the newly established company. The certificate of Environmental Impact Assesment has been received from ministry of environment and forestry at 2008 and RWE & Turcas Güney Elektrik Üretim A.Ş. applied to Energy Market Regulatory Authority for Electricity Production Pre-Licence, and received the license at 2009; in order to establish natural gas thermal power plant with 775 MW power in Denizli.

In addition, at 27 October 2009 RWE & Turcas Güney Elektrik Üretim A.Ş. has signed a turnkey engineering, procurement and construction contract with "METKA" which is a quoted Greek company for the power plant in Denizli. The plant's construction permit was taken during the period. Processes of system connection agreements in 2010 with TEİAŞ were completed and the final investment decision has been taken and at the end of 2010, bank credit supply contract was signed with West LB and Bayern LB Banks with very suitable conditions for the financing of the project. As planned, second stage of final production process has started at the date of April 30,2010. Construction of the power plant was started on July 19, 2010. Natural gas supply usage and the linkage of electricity agreement is planned into year 2011.

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

NOTE 10 - PROPERTY, PLANT AND EQUIPMENT

	1 January 2010	Additions	Disposals	Transfers (*)	31 December 2010
Cost					
Machinery and equipment	12,834,895	396,728	(7,647)	(1,758,193)	11,465,783
Motor vehicles, furniture and fixtures	1,443,300	367,628	(139,530)	50,940	1,722,338
Leasehold improvements	303,147	7,672	-	-	310,819
Investment on Progress	-	142,467	-	(50,940)	91,527
	14,581,342	**914,495**	**(147,177)**	**(1,758,193)**	**13,590,467**
Accumulated depreciation					
Machinery and equipment	7,618,217	1,069,448	(2,254)	(659,323)	8,026,088
Motor vehicles, furniture and fixtures	1,307,365	111,023	(127,602)	-	1,290,786
Leasehold improvements	135,264	56,515	-	-	191,779
	9,060,846	**1,236,986**	**(129,856)**	**(659,323)**	**9,508,653**
Net book value	**5,520,496**				**4,081,814**

(*) Turcas Elektrik Üretim A.Ş. has decided to sell the power generator which is owned by Turcas Elektrik Üretim A.Ş and stated at Yeditepe Beynelmilel Otelcilik Turizm ve Ticaret A.Ş.. The transaction of sale was planned at November of 2011 therefore the power generator has been reclassed to "Assets held for sale" account.

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

NOTE 10 - PROPERTY, PLANT AND EQUIPMENT

	1 January 2010	Additions	Disposals	Transfers	31 December 2010
Cost					
Machinery and equipment	12,697,875	1,173,132	(1,036,112)	-	12,834,895
Motor vehicles, furniture and fixtures	1,446,712	29,549	(32,960)	-	1,443,301
Leasehold improvements	299,181	3,965	-	-	303,146
	14,443,768	**1,206,646**	**(1,069,072)**		**14,581,342**
Accumulated depreciation					
Machinery and equipment	(7,840,816)	(803,556)	1,026,155	-	(7,618,217)
Motor vehicles, furniture and fixtures	(1,271,437)	(68,888)	32,960	-	(1,307,365)
Leasehold improvements	(79,379)	(55,885)	-	-	(135,264)
	(9,191,632)	**(928,329)**	**1,059,115**		**(9,060,846)**
Net book value	**5,252,136**				**5,520,496**

The depreciation expenses of 31 December 2010 and 2009 have been added to general administrative expenses.

There is no mortgage on property, plant and equipment as of 31 December 2010.

Net book value of the machinery and equipment which is obtained with leasing is TRY 1,098,871. (2009: TRY1,429,726),

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

NOTE 11 - INTANGIBLE ASSETS

	1 January 2010	Additions	Disposals	Transfers	31 December 2010
Cost					
Rights	29,478,517	100,526	-	-	29,579,043
	29,478,517	**100,526**	**-**	**-**	**29,579,043**
Accumulated depreciation					
Rights	29,247,757	265,761	-	-	29,513,518
	29,247,757	**265,761**	**-**	**-**	**29,513,518**
Net book value	**230,760**				**65,525**

	1 January 2009	Additions	Disposals	Transfers	31 December 2009
Cost					
Rights	29,485,451	22,473	(29,407)	-	29,478,517
	29,485,451	**22,473**	**(29,407)**	**-**	**29,478,517**
Accumulated depreciation					
Rights	29,123,182	139,619	(15,044)	-	29,247,757
	29,123,182	**139,619**	**(15,044)**	**-**	**29,247,757**
Net book value	**362,269**				**230,760**

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

NOTE 12 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

Contingent Liabilities

Contingent Liabilities related with Turcas

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

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

		31 December 2010		31 December 2009	
	Currency	**Original Amount**	**TL Amount**	**Original Amount**	**TL Amount**
A. CPM's given for companies Own legal personality	TL	126,650	126,650	126,650	126,650
B. CPM's given on behalf of fully Consolidated companies	TL	4,787,878	4,787,878	4,159,035	4,159,035
	USD	8,500,000	13,141,000	6,000,000	11,809,488
C. CPM's given for continuation of its Economic activities on behalf of third parties(*)	TL	2,502,000	2,502,000	2,502,000	2,502,000
	USD	98,251,000	151,896,046	97,843,188	147,322,488
D. Total amount of other CPM's					
i) Total amount CPM's given on behalf of the majority shareholders		-	-	-	-
ii) Total amount of CPM's given to on behalf of other group companies which are not in scope of B and C		-	-	-	-
iii) Total amount of CPM's given on behalf of third parties which are not in scope of C		-	-	-	-
			172,453,574		**165,919,661**

(*) 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 31 December 2010 (31 December 2009: USD90,000,000).

(*) The guarantees given to banks related to the contract signed with Shell Enerji A.Ş. about the purchase of natural gas amounts to USD8,251,000 as of 31 December 2010 (31 December 2009: USD7,843,188). Such guarantee letters have been returned in March 2011.

(*) The bail amount is TRY2,502,000 for RWE&Turcas Güney Elektrik Üretim A.Ş. (31 December 2009: TRY2,502,000).

	31 December 2010	**31 December 2009**
Mortgage received	2,201,150	2,301,150
Letter of guarantees received	117,195	10,022,195
Letter of other guarantees received	-	12,000
	2,318,345	**12,335,345**

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

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

a) If Shell Turkey, decides to hand over its shares in Shell & Turcas A.Ş. to a third party, Turcas will have the right to sell them under the same circumstances and the same price (or if the sale option referred below is applicable, or greater than an amount of USD 150 million). However, if the third party makes an offer to the entire Shell Turkey Joint Venture Company, Shell Turkey can force Turcas to sell its shares under the same conditions and (1) Amount offered for the shares, (2) fair value, or (3) (If Turcas is forced to sell its shares 7 years and 13 days after (or before) the date partial separation took place) whichever is greater than USD 150 million. In this situation, Turcas, will not have to sell its shares if there is an objective reason not to sell its shares.

   Turcas Petrol A.Ş. has the sale option which grants the right to sell the shares of Shell&Turcas Petrol A.Ş. to Shell Turkey, provided that it obtains the required governmental and legal approvals. This sale option grants Turcas Petrol A.Ş. to sell the entire of Turcas shares to Shell Turkey within any time between the third and the seventh anniversary of the completion of partial divisions and the transfer of the assets to the Joint Venture Company, against 150 million USD (on condition that Shell is the shareholder of the Joint Venture Company at that date). Moreover, the mentioned sale option can be used within 30 days as of the seventh year following the completion of the partial division and transfer of the assets to the Joint Venture Company, without being subject to the above condition regarding the cumulative share distribution, and the amount to be paid by Shell Turkey for all of the Joint Venture Company shares possessed by Turcas shall be 150 million USD.

b) The indemnification commitments given by Turcas are related to the following liabilities related to these subjects:

   (1) In the event that the responsibility of the Joint Venture Company would be greater if the existing guarantees and other securities are transferred to the Joint Venture Company, indemnification of the sums indebted to the Joint Venture Company by any dealer to the extent that the responsibility of the Joint Venture Company is greater;

   (2) Re-marking of the retail sale station with "Shell" brand;

   (3) Regarding the transfer of any right to BP and Total over the land parcel acquired by Turcas in Ambarlı, for which BP and Total has paid 50% for the existing right to Turcas, if the Joint Venture Company is forced to complete such transfer, Turcas is obliged to pay the Joint Venture Company the sum which has the lesser amount: (i) USD1,000,000 and (ii) an amount equal to the current market value of Ambarlı Land as of the transfer date or an amount equal to the income from sale, in both cases the payment shall be made by the Joint Venture Company along with the costs and expenses undertaken regarding the issue;

   (4) Excluded Turcas assets;

   (5) Pursuant to the Business Transfer Contract, any Turcas Contract where the debts are transferred to the Joint Venture Company but the right corresponding to the related debts is not transferred to the Joint Venture Company;

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

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

(6) Any existing liability of Turcas;

(7) Any tax relating liabilities to the transfer of the assets of Turcas, relating to the division process to the Joint Venture Company;

(8) Matters regarding taxation of Turcas.

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

	31 December 2010	31 December 2009
Letters of guarantee given to the customs office	54,176,400	42,622,800
Letters of guarantee given to the EMRA	15,000,000	15,000,000
Letters of guarantee given to the tax office	226,200	804,000
Other	10,289,251	2,722,500
	79,691,851	**61,149,300**

	31 December 2010	31 December 2009
Mortgages taken	191,955,900	188,217,300
Letters of guarantees received	80,856,300	71,071,200
Other guarantees received	7,255,200	265,800
	280,067,400	**259,554,300**

Shell&Turcas Petrol A.Ş. has committed to pay TRY1,124,000 to the station owners for the station improvement in the periods mentioned below (31 December 2009: TRY4,996,000). The payment terms of group's share of warranty is as follows:

	31 December 2010	31 December 2009
Within 1 year	124,200	486,000
1-5 years	158,400	680,000
5-14 years	54,600	333,000
	337,200	**1,499,000**

According to the environmental laws in effect, Shell & Turcas Petrol A.Ş. ("STAŞ") is responsible for any environmental pollution that may arise as a result of its operations. In the case that STAŞ causes an environmental pollution, STAŞ may be required to recover the damages. There are no environmental lawsuits claimed against STAŞ as of the balance sheet date, however in the case of abandoning the currently operating terminals in the future, STAŞ may be charged for the soil clean-up costs for these terminals. On the other hand, according to the BCA, any environmental liabilities that have arisen prior to the acquisition date are the responsibility of shareholders. STAŞ is accountable only for the environmental liabilities that occur subsequent to the Acquisition Date. However, STAŞ management does not foresee any liabilities that should be reflected in these consolidated financial statements.

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

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 distributers are jointly responsible with the dealers. As a result of the investigation, the Company has been charged a tax penalty of TL 56 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 Court has not come to verdict as of the date of the issue of these consolidated financial statements, however, the Company management is of the opinion that the likelihood of winning the case is probable and has not recorded any provision with regards to the aforementioned penalty in the consolidated financial statements as of 31 December 2010.

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.

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 a stay of execution has been rejected by the court but cancellation of the retroactive application has not come to verdict stage yet as of the issue date of these consolidated financial statements. In order to comply the decision of the Authority with respect to contracts affected by this decision, new agreements between STAS management and dealers are limited to 5 years.

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

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

As of 30 May 2008, letters of guarantees amounting to USD 491.750.000 equivalent of TRY743,673,525 has been given to Privatization Administration regarding the acquisition of Petkim by SOCAR & Turcas Petrokimya A.Ş., 100% subsidiary of SOCAR & Turcas Enerji A.Ş. Guarantee cheques amounting to TRY70,000,000 were given to Türkiye Petrol Rafinerileri A.Ş. related to raw material purchases, whereas the letters of guarantee amounting to TRY57,826,473 consist of TRY26,310,215 of letters of guarantee given to the banks for the loans utilized, TRY20,786,000 of letters of guarantee given to the customs, TRY8,780,314 of letters of guarantee given to TETAŞ and TEİAŞ regarding the electricity purchases, TRY1,761,000 of letters of guarantee given to EMRA and the remaining TRY188,944 of letters of guarantee given to other service providers.

With respect to the loan amounting to USD 625 million received by STPAŞ for the acquisition of Petkim; all of the shares of Petkim belonging to STPAŞ have been pledged in favor of the creditor banks.

With respect to the aforementioned credit facility obtained for the acquisition of Petkim shares, there are certain restrictions on the Group related to the distribution of cash and non-cash dividends and related to investment of the dividends received from Petkim. In addition, STEAŞ and its associates have to meet several financial and non-financial covenants. In the event that these covenants are not fulfilled by STEAŞ and its associates, the aforementioned banks have the right to recall the outstanding borrowing. Another requirement brought by the same credit facility is that STEAŞ and its associates have committed to identify and complete the necessary work at Petkim in order to provide compliance of Petkim with the currently effective environmental regulations.

Letters of guarantee given to Administration were provided by STPAŞ based on payment, investment, production and inspection commitments stated in the “Share Sales Agreement”. The aforementioned commitments will be cancelled by the Administration as soon as they have been fulfilled in accordance with the clauses of the “Share Sales Agreement”.

Based on the Share Sales Agreement, STPAŞ has accepted and committed to take the Administration’s approval for any kind of stock transfer that will result in change in controlling interest of Petkim for the following three years after signing the Share Sales Agreement.

STPAŞ has committed to preserve the rights of union member personnel subject to Labor Law Article 4857 and to pay their employment termination benefits (including periods they have worked in other public institutions) along with all other rights they have earned. STPAŞ has accepted and committed that Petkim has the responsibility to compensate for the unused vacation rights of the personnel whose service contracts are still valid and have the right to be transferred to other public institutions as of the effective date of the Share Sales Agreement.

STPAŞ has accepted and committed to make investments over a certain amount for infrastructure and services for Petkim harbour, increase production capacities of factories and establish new factories for the following three years after the Share Sales Agreement. STPAŞ also has accepted and committed to continue production in the Ethylene Factory and produce a certain amount for at least three years after signing the Share Sales Agreement unless there are unforeseen situations that do not involve STPAŞ.

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

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

STPAŞ is responsible for all operations, all unrecorded receivables, payables and liabilities that are related to the period prior to the acquisition of Petkim. STPAŞ has accepted and committed that it has

no right of application or rescinding that may result in binding of Administration or Petkim about aforementioned matters. This liability will be valid for continuing share transfers.

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

	31 December 2010	31 December 2009
Letters of guarantees received	123,060,683	98,155,205
Total letters of guarantees received	**123,060,683**	**98,155,205**
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	10,746,217	14,463,952
Total guarantees given	**181,846,392**	**205,224,852**

Commitment and contingent liabilities of Turcas regarding acquisition of RWE & Turcas Güney Elektrik Üretim A,Ş.

Commitment and contingent liabilities of the Group regarding acquisition of RWE & Turcas Güney Elektrik Üretim A,Ş.:

	31 December 2010	31 December 2009
Letters of guarantees given for EMRA	2,802,000	2,802,000
Other	556,007	-
	3,358,007	**2,802,000**

	31 December 2010	31 December 2009
Letters of guarantees received	98,053,262	-
	98,053,262	**-**

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

NOTE 13 - PROVISIONS

	31 December 2010	31 December 2009
Provision for general administrative expenses	6,500	5,500
Penalty provision (*) (Note 18)	860,000	-
	866,500	**5,500**

(*) As the date of June 30, 2006, "Partial division" realized between Turcas Petrol Company and Shell Company of Turkey Ltd.. Group became the owner of %30 share of Shell & Turcas Petrol A.Ş. As a result of division the companies has assigned a portion of assets as non-cash capital for newly established Shell & Turcas Petrol A.S. In tax notification which's arranged by T.C. Ministry of Finance Directorate of Tax Administration-Mecidiyeköy Tax Office on 24 th of August 2010, tax amounting to TRY 5,662,824.48 which equals to VAT of fixed assets that constitutes to "Partial division" and transferred to established partnership, was confirmed to Group . For the fine, reconciliation settlement was required and TRY 860.000 provisioned for expenditures. In addition to provision total, there is no expectation to occur any obligation.

NOTE 14 - PROVISION FOR EMPLOYMENT TERMINATION BENEFITS

Under the Turkish Legislations, the Company and its Turkish subsidiaries and associates are required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service and reaches the retirement age (58 for women and 60 for men).

The amount payable consists of one month's salary limited to a maximum of TRY2,623.23 (31 December 2009: TRY2,365.16) for each period of service at 31 December 2010.

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

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

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

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

NOTE 14 - PROVISION FOR EMPLOYMENT TERMINATION BENEFITS (Continued)

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

	2010	**2009**
Discount rate (%)	4,66	5,92
Rate used to estimate the probability of retirement (%)	99	99

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. As the maximum liability is revised semi-annually, the maximum amount of TRY2,623.23(1 January 2009: TRY2,427.04) which is effective from 1 January 2011 has been taken into consideration in calculating the reserve for employment termination benefits of the Company.

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

	2010	**2009**
Beginning of the period	**196,660**	**196,265**
Service Cost	30,483	46,682
Interest Cost	11,634	9,150
Paid compensation	(3,083)	(66,879)
Actuarial losses	14,625	13,546
End of the period	**250,319**	**198,764**

NOTE 15 - OTHER ASSETS AND LIABILITIES

Other current assets

	31 December 2010	**31 December 2009**
VAT transferred	1,977,438	1,946,702
Prepaid expenses (*)	1,399,220	-
Prepaid Taxes	317,318	-
Income accruals	66,673	51,025
Work advances given	1,434	14,210
	3,762,083	**2,011,937**

(*) On 11 November 2010, a loan agreement was signed between Bayerische Landesbank and Turcas Elektrik Üretim A.Ş. amounting to maximum 149.351.984 Euro. According to contract, the amount is going to be used for provide the financing of the investment in Denizli Project therefore the commission expense paid for loan agreement has been capitalized and has been recorded as income for the group.

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

NOTE 15 - OTHER ASSETS AND LIABILITIES (Continued)

Other non-current assets

	31 December 2010	31 December 2009
Deferred VAT	2,167,596	2,072,242
Others	92,396	92,396
	2,259,992	**2,164,638**

Other short-term liabilities

	31 December 2010	31 December 2009
Unearned revenue	12,626	173,705
	12,626	**173,705**

Other long-term liabilities

	31 December 2010	31 December 2009
Advances received (*)	1,575,930	1,555,582
Other payables (**)	1,387,736	1,514,227
Income accruals	744,410	600,173
	3,708,076	**3,669,982**

(*) On 17 August 1995, an agreement was signed between four companies; Turcas Petrolcülük A.Ş., Tabaş Petrolcülük A.Ş., Selyak Petrol Ürünleri Üretim ve Pazarlama A.Ş. (Total Oil A.Ş.) and BP Petrolleri A.Ş. in order to use the Filling Establishment of BP Petrolleri A.Ş. in the Ambarlı region jointly. However, due to a dispute between BP Petrolleri A.Ş. and the third parties (around 600 partners) about the ownership of the land on which the establishment was built, Turcas Petrolcülük A.Ş. obtained USD1.000.000 from BP Petrolleri A.Ş. and Selyak Petrol Ürünleri Üretim ve Pazarlama A.Ş. to sell its own land to the other companies if this dispute can not be solved.

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

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

NOTE 16 - EQUITY

a) Paid in capital/treasury shares

Shareholders	Group	Allocation (%)	31 December 2010	Allocation (%)	31 December 2009
Aksoy Holding A.Ş.	A Group	51.55	115,979,910	51.55	70,361,109
Publicly Traded (*)	A Group	28.94	65,118,684	28.73	39,220,393
YTC Turizm ve Enerji Ltd.Şti.	A Group	4.02	9,054,468	4.02	5,486,425
Suna Baban	A Group	3.46	7,789,719	3.46	4,722,146
Müeddet Hanzat Öz	A Group	3.46	7,794,215	3.46	4,722,146
Yılmaz Tecmen	A Group	2.21	4,968,783	2.21	3,016,169
Other	A/B Group	6.36	14,294,221	6.57	8,971,612
Total		**100.00**	**225,000,000**	**100.00**	**136,500,000**
Treasury shares adjustment (*)			(22,850,916)		(22,850,916)
Inflation adjustment			41,247,788		41,247,788
Adjusted capital			243,396,872		154,896,872

(*) Treasury shares represent 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 225,000,000 shares (2009: 136,500,000 shares). The nominal value of shares is TRY1 per share. The company has realized capital increase TRY85,153,606 from accumulated profit, TRY3,346,394 from extraordinary reserves, total TRY88,500,000 in 2010.

At least three members of the Board of Directors are elected among the candidates nominated by Group "B" shareholders. At least two members of the Board of Directors are elected among the candidates nominated by Group C shareholders. Group C shareholders have at least forty percent (40%) right, Group A shareholders have the right of nominating and electing three (3) members of the Board of Directors at the General Assembly Meeting where the members of the Board of Directors are elected. However, the remaining members of the Board of Directors are nominated and elected by the Group B shareholders.

One of the two members of the Audit Committee of the Company is elected among the nominees of the Group C shareholders, and the other member is elected among the candidates who are nominated by the majority of the Group B shareholders.

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

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

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

NOTE 16 - EQUITY

b) Restricted reserves

	31 December 2010	31 December 2009
Legal reserves	26,996,418	24,842,674
	26,996,418	**24,842,674**

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.

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

According to the Board's decision and Communiqué No. IV-27 issued by the CMB regarding the allocation basis of profit of publicly owned companies, the distribution of the relevant amount may be realised as cash or as bonus shares or partly as cash and bonus shares; and in the event that the first dividend amount to be specified is less than 5% of the paid-up capital, the relevant amount can be retained within the Company.

In addition, according to the aforementioned Board decision, who are required to prepare consolidated financial statements the entities can provide the necessary amount from their statutory reserves, the distributable profit can be calculated based on the net income declared at the publicly announced consolidated financial statements in the accordance with Communiqué XI No. 29.

The remaining current year income and the reserves of the Company that can be subject to the dividend distribution is TRY53,684,227 (31 December 2010: TRY26,380,154).

NOTE 17 - SALES AND COST OF SALES

	2010	2009
Natural gas sales	49,027,338	42,908,898
Electricity sales	3,307,488	1,797,975
Other sales	2,681,911	24,875
Service sales	633,478	285,076
Steam sales	-	9,509
Sales discounts (*)	(3,312,255)	-
	52,337,960	**45,026,333**

(*) This amount is related to price difference which has been invoiced by Petkim Petrokimya A.Ş to Turcas Gaz Toptan Satış A.Ş.

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

NOTE 17 - SALES AND COST OF SALES (Continued)

	2010	**2009**
Cost of natural gas sales	46,986,177	42,687,963
Transmission capacity and service fee	4,827,132	2,048,600
	51,813,309	**44,736,563**

NOTE 18 - OPERATING EXPENSES

General Administrative Expenses

	2010	**2009**
Personnel expenses	3,682,473	2,935,928
Depreciation and amortization expenses	1,502,747	1,067,948
Other services received	1,398,901	1,183,060
Penalty payments (*)	860,000	450,000
Travel expenses	591,658	375,582
Rent expenses	560,049	542,832
Taxes and other liabilities	559,762	214,184
Repair and maintenance expenses	317,463	1,170,345
Doubtful receivable and other provision expenses	31,899	166,238
Other	1,372,485	717,799
	10,877,437	**8,823,916**

NOTE 19 - EXPENSES BY NATURE

	2010	**2009**
Cost of finished goods	51,813,309	44,736,563
Personnel expenses	3,682,473	2,935,928
Depreciation and amortization expenses	1,502,747	1,067,948
Services received	1,398,901	1,183,060
Penalty Payments(*)	860,000	450,000
Travel expenses	591,658	375,582
Rent expenses	560,049	542,832
Taxes and other liabilities	559,762	214,184
Repair and maintenance expenses	317,463	1,170,345
Doubtful receivable and other provision expenses	31,899	166,238
Other	1,372,485	717,799
	62,690,746	**53,560,479**

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

NOTE 20 - OTHER INCOME AND EXPENSES

Other operating income

	2010	2009
Shell Company Joint Venture Contract revenue	16,280,680	10,375,582
Service revenue	1,429,492	774,400
Rent income	289,944	315,315
Adjustments of Unused Allowances	108,804	4,396
EMRA penalty return (*)	-	2,258,000
Other	176,353	841,750
	18,285,273	**14,569,443**

(*) 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.

Other operating expense

	2010	2009
Provision expenses	149,770	166,238
Loss on sale of fixed assets	57,041	-
Other	119,979	91,286
	326,790	**257,524**

NOTE 21 - FINANCIAL INCOME

	2010	2009
Foreign exchange gains	5,533,734	2,837,042
Interest income	5,169,364	11,514,288
Credit finance income	3,581	22,046
	10,706,679	**14,373,376**

NOTE 22 - FINANCIAL EXPENSES

	2010	2009
Foreign exchange losses	5,905,248	3,587,176
Interest expenses	690,097	395,296
Rediscount interest expenses	1,000	3,581
	6,596,345	**3,986,053**

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

NOTE 23 - TAX ASSETS AND LIABILITIES

Current tax liability	**31 December 2010**	**31 December 2009**
Corporate tax provision	(3,119,707)	(3,312,834)
Less: Prepaid tax and funds	3,437,025	2,995,492
	317,318	**(317,342)**

Tax expense is comprised of the following:

	2010	**2009**
Current year corporate tax expense	(3,119,707)	(3,312,834)
Deferred tax expense	(224,683)	(204,402)
	(3,344,390)	**(3,517,236)**

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 retrospectively.

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

Income withholding tax

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

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

NOTE 23 - TAX ASSETS AND LIABILITIES (Continued)

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)

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

	Total temporary differences		**Deferred tax asset/(liability)**	
	31 December 2010	**31 December 2009**	**31 December 2010**	**31 December 2009**
Tangible and intangible assets	682,296	476,492	(136,459)	(95,298)
Carry-forward losses	(1,048,368)	(1,048,368)	209,674	209,674
Provision for employment termination benefits	(250,319)	(198,764)	50,064	39,751
Doubtful receivables provision	(151,055)	(151,055)	30,211	30,211
Unused vacation provisions	(234,938)	(105,235)	46,987	21,048
Prepaid commission expenses	(1,098,871)	-	(219,774)	-
Deferred tax asset (net)			**(19,297)**	**205,386**

As of the balance sheet date, the Group has carry-forward tax losses amounting to TRY 20,021,270 (2009: TRY 16,553,694) to be deducted from future profits and has recognized deferred tax assets for the carried forward tax losses amounting to TRY 1,048,368 (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:

	31 December 2010	**31 December 2009**
2010	-	7,652
2011	34,161	34,161
2012	3,301,603	3,301,603
2013	11,081,941	11,081,941
2014	2,128,337	2,128,337
2015	3,475,228	-
	20,021,270	**16,553,694**

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

NOTE 23 - TAX ASSETS AND LIABILITIES (Continued)

The movement of deferred tax assets and liabilities as of 31 December 2010 and 2009 are as follows:

	31 December 2010	**31 December 2009**
Opening balance	205,386	409,788
Deferred tax expense	(224,683)	(204,402)
Closing balance	**(19,297)**	**205,386**

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

	31 December 2010	**31 December 2009**
Profit before tax	**59,726,981**	**31,158,320**
Tax Effect (%)	20%	20%
Tax expense of the Group	(11,945,396)	(6,231,664)
Unused portion of retained earning	(695,046)	(425,667)
Divident income	9,000,000	2,894,400
Tax effect of non deductible expenses	(29,107)	(140,942)
Tax effect of exemptions	-	481,251
Other	325,159	(94,614)
Income tax expense	**3,344,390**	**3,517,236**

NOTE 24 - EARNINGS PER SHARE

At 31 December 2010 and 2009, the weighted average number of shares and earnings per share are as follows:

	31 December 2010	**31 December 2009**
Weighted average number of outstanding shares	225,000,000	225,000,000
Net profit of shareholders	56,382,717	27,641,671
Earnings per share	**0.2506**	**0.1228**

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

NOTE 25 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

	31 December 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**
Associates								
SOCAR & Turcas Enerji A.Ş.	-	-	-	-	-	-	-	-
Shell&Turcas Petrol A,Ş,	-	-	-	-	-	-	-	-
SOCAR & Turcas Petrokimya A,Ş,	-	66,776	-	-	-	-	-	-
Socar & Turcas Rafineri A,Ş,	-	50,108	-	-	-	-	-	-
Petkim Petrokimya A,Ş,	4,894,434	-	-	-	-	-	-	-
RWE & Turcas Güney Elektrik Üretim A,Ş,	131,952	-	-	-	-	-	-	-
Other entities controlled by the main shareholder								
Conrad Yeditepe Beyn, Otelcilik Turz,ve Tic, A,Ş,	217,438	-	-	-	-	-	-	-
Ataş Anadolu Tasfiyehanesi A,Ş	-	-	-	-	-	184,453		
Dividend payable to real person shareholders	-	-	-	-	238,716	-	-	-
	5,243,824	**116,884**	**-**	**-**	**238,716**	**184,453**	**-**	**-**

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

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

	1 January- 31 December 2010							
Transactions with related parties	**Purchases**	**Sales**	**Interest received**	**Interest given**	**Rent income**	**Divident income**	**Other income**	**Other expenses**
Associates								
SOCAR & Turcas Enerji A.Ş.	-	20,362	137,537	-	50,224	-	267,556	-
Shell & Turcas Petrol A,Ş,	195,012	392,915	-	-	561,996	45,000,000	1,591	-
SOCAR & Turcas Petrokimya A,Ş,	-	-	151,668	-	8,446	-	221,105	-
SOCAR & Turcas Rafineri A,Ş,	-	-	22,843	-	8,446	-	237,308	-
SOCAR Bosphorus Enerji ve Ticaret Ltd, Şti,	-	-	-	-	720	-	-	-
Petkim Petrokimya A.Ş.	-	-	-	-	60,363	-	-	-
Petkim Petrokimya Holding A.Ş.	49,725,940	-	-	-	-	-	373,298	3,857,324
RWE & Turcas Güney Elektrik Üretim A,Ş,	-	-	-	-	-	-	690,280	-
Other entities controlled by the main shareholder								
Conrad Yeditepe Beyn. Otelcilik Turz. ve Tic A.Ş.	-	2,326,555	-	-	-	-	-	-
Etiler Dış Ticaret Ltd, Şti,	-	-	-	-	4,921	-	-	-
Aksoy Holding A,Ş,	-	-	-	-	4,922	-	-	-
Aksoy Petrol ve Enerji Yatırımları A,Ş,								
Enak Yapı ve Dış Ticaret A,Ş,	-	-	-	-	4,922	-	2,969	-
Aksoy Petrol Dağıtım Yatırımları A,Ş,	-	-	-	-	-	-	-	-
Ataş Anadolu Tasfiyehanesi A,Ş,	1,071,204	-	-	-	90,195	-	59,244	-
	50,992,156	**2,739,832**	**312,048**	**-**	**795,155**	**45,000,000**	**1,853,351**	**3,857,324**

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

NOTE 25 - 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**
Associates								
SOCAR & Turcas Enerji A.Ş.	108,518	-	-	-	-	-	-	-
SOCAR & Turcas Petrokimya A,Ş,	-	959,080	-	-	-	-	-	-
Socar & Turcas Rafineri A,Ş,	-	447,876	-	-	-	-	-	-
Other entities controlled by the main shareholder								
Conrad Yeditepe Beyn. Otelcilik Turz.ve Tic. A.Ş.	185,393							
Ataş Anadolu Tasfiyehanesi A,Ş,	-	-	-	-	-	251,639	-	-
Dividend payable to real person shareholders	-	-	-	-	232,139	-	-	-
	293,911	**1,406,956**	**-**	**-**	**232,139**	**251,639**	**-**	**-**

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

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

	1 January- 31 December 2009							
Transactions with related parties	**Purchases**	**Sales**	**Interest received**	**Interest given**	**Rent income**	**Divident income**	**Other income**	**Other expenses**
Associates								
SOCAR & Turcas Enerji A.Ş.	-	-	170,517	-	57,041	-	325,736	-
SOCAR & Turcas Petrokimya A.Ş.	-	-	59,754	-	9,507	-	250,022	-
SOCAR & Turcas Rafineri A.Ş.	-	-	8,187	-	9,507	-	250,022	-
Shell & Turcas Petrol A.Ş.	-	-	-	-	552,816	14,472,002	-	-
Petkim Petrokimya A.Ş.	-	-	-	-	79,567	-	-	-
RWE & Turcas Güney Elektrik Üretim A.Ş.	-	13,131	-	-	-	-	-	-
Other entities controlled by the main shareholder								
Conrad Yeditepe Beyn. Otelcilik Turz. ve Tic A.Ş.	-	2,082,545	-	-	-	-	-	-
Etiler Dış Ticaret Ltd. Şti.	-	-	-	-	4,768	-	-	-
Aksoy Holding A.Ş.	-	-	623	-	4,768	-	-	-
Aksoy Petrol ve Enerji Yatırımları A.Ş.	-	-	-	-	2,662	-	-	-
Enak Yapı ve Dış Ticaret A.Ş.	-	-	-	-	4,768	-	919	-
Aksoy Petrol Dağıtım Yatırımları A.Ş.	-	-	-	-	2,662	-	-	-
Ataş Anadolu Tasfiyehanesi A.Ş.	-	12,043	-	-	93,198	-	72,514	-
	-	**2,107,719**	**239,081**	**-**	**821,264**	**14,472,002**	**899,213**	**-**

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

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

Total compensation provided to key management personnel by the Company during the year ended 31 December 2010 are as follows:

	1 January - 31 December 2010	1 January - 31 December 2009
Salaries and other short term benefits	908,484	1,029,746

NOTE 26 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

(a) Capital risk management

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

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

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

The Group controls its capital using the net debt/total capital ratio. This ratio is the calculated as net debt divided by the total capital amount. Net debt is calculated as total liability amount (comprises of financial liabilities, leasing and trade payables as presented in the balance sheet) less cash and cash equivalents. Total capital is calculated as shareholders' equity plus the net debt amount as presented in the balance sheet. Group's total cash and cash equivalents are greater than total liabilities as of 31 December 2010 and 31 December 2009

As of 31 December 2010 and 31 December 2009 net debt/total capital ratio is as follows:

	31 December 2010	31 December 2009
Total liabilities	8,512,575	8,514,062
Cash and cash equivalents	(45,882,464)	(62,932,961)
Net debt	(37,369,889)	(54,418,899)
Total equity	547,601,279	504,136,956
Total capital	510,231,390	449,718,057
Net debt / total capital ratio	**(7%)**	**(12%)**

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

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

(b) Financial risk factors

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

Credit risk management

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

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

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

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

	Receivables						
	Trade receivables		Other receivables				
31 December 2010	**Related party**	**Third party**	**Related party**	**Third party**	**Deposits at banks**	**Derivative instruments**	**Other**
Maximum net credit risk as of balance sheet date (*) (A +B+C+D+E)	5,243,824	1,990,676	116,884	24,029	45,862,759	-	19,705
- The part of maximum risk under guarantee with collateral etc,		287,525					
A- Net book value of financial assets that are neither past due nor impaired	5,243,824	1,570,045	116,884	24,029	45,862,759	-	19,705
- The part under guarantee with collateral etc,							
B- Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-	-	-
- The part under guarantee with collateral etc,	-	-	-	-	-	-	-
C- Carrying value of financial assets that are past due but not impaired							
- The part under guarantee with collateral etc,	-	-	-	-	-	-	-
D- Net book value of impaired assets	-	420,631	-	-	-	-	-
- Past due (gross carrying amount)	-	1,507,744	-	-	-	-	-
- Impairment (-)	-	(1,087,113)	-	-	-	-	-
- The part of net value under guarantee with collateral etc,	-	287,525	-	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
- The part of net value under guarantee with collateral etc,	-	-	-	-	-	-	-
E- Off-balance sheet items with credit risk							

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

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

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

	Receivables						
	Trade receivables		Other receivables				
31 December 2009	**Related party**	**Third party**	**Related party**	**Third party**	**Deposits at banks**	**Derivative instruments**	**Other**
Maximum net credit risk as of balance sheet date (*) (A +B+C+D+E)	293,911	6,511,352	1,406,956	363,251	62,920,274	-	-
- The part of maximum risk under guarantee with collateral etc.	-	6,159,434	-	-	-	-	-
A- Net book value of financial assets that are neither past due nor impaired	293,911	6,090,421	1,406,956	363,251	62,920,274	-	-
- The part under guarantee with collateral etc.	-	5,871,909	-	-	-	-	-
B- Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-	-	-
- The part under guarantee with collateral etc.	-	-	-	-	-	-	-
C- Carrying value of financial assets that are past due but not impaired	-	-	-	-	-	-	-
- The part under guarantee with collateral etc.	-	-	-	-	-	-	-
D- Net book value of impaired assets	-	420,931	-	-	-	-	-
- Past due (gross carrying amount)	-	1,654,815	-	-	-	-	-
- Impairment (-)	-	(1,233,884)	-	-	-	-	-
- The part of net value under guarantee with collateral etc.	-	287,525	-	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-	-	-
E- Off-balance sheet items with credit risk	-	-	-	-	-	-	-

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

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

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

As of 31 December 2010, trade receivables of TRY6,813,869 (31 December 2009:TRY6,384,332) were neither due nor impaired.

As of 31 December 2010, trade receivables of TRY287,525(31 December 2009: TRY287,525) were past due but not impaired. As a result of the sect oral conditions and dynamics, the Group does not consider any collection risk for the over due receivables which are up to 60 days. For the receivables which the Group could not collect in 60 days, the Group has guarantees like mortgage and does not consider any collection risk.

As of 31 December 2010, trade receivables of TRY1,507,744(31 December 2009: TRY1,654,815) were assessed as impaired. The collaterals held for these receivables were deducted and TRY1,087,113provision has been provided for as of 31 December 2010 (31 December 2009: TRY1,233,884). This provision is determined as the past experience of the Group on not to being able to collect.

The aging of the past due receivables are as follows:

	Receivables	
31 December 2010	**Trade Receivables**	**Other Receivables**
Past due 1-5 years	975,378	-
Past due more than 5 years	532,366	-
	1,507,744	

	Receivables	
31 December 2009	**Trade Receivables**	**Other Receivables**
Past due 1-5 years	1,122,449	-
Past due more than 5 years	532,366	-
	1,654,815	**-**

Liquidity risk management

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

Liquidity risk tables

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

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

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

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

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

31 December 2010

Contractual Maturity Analysis	Carrying value	Total contractual cash flow (I-II-III-IV)	Less than 3 Months (I)	3-12 Months (II)	1-5 Years (III)	More than 5 Years (IV)
Non-derivative Financial liabilities						
Financial borrowings	788,347	837,225	68,386	206,597	562,241	-
Trade payables	7,007,726	7,007,726	7,007,726	-	-	-
Total liabilities	**7,796,073**	**7,844,951**	**7,076,112**	**206,597**	**562,241**	**-**

31 December 2009

Contractual Maturity Analysis	Carrying value	Total contractual cash flow (I-II-III-IV)	Less than 3 Months (I)	3-12 Months (II)	1-5 Years (III)	More than 5 Years (IV)
Non-derivative Financial liabilities						
Financial borrowings	888,449	939,509	93,947	281,840	563,722	-
Trade payables	7,057,229	7,057,229	7,057,229	-	-	-
Total liabilities	**7,996,738**	**7,996,738**	**7,151,176**	**281,840**	**563,722**	**-**

Market risk management

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

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

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

(i) Foreign currency risk management

Foreign currency transactions cause foreign currency risk.

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

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

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

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

		31 December 2010			
		TL Equivalent (Functional currency)	**US Dollar**	**Euro**	**Other**
1-	Trade receivables				
2a-	Monetary financial assets	26,320,377	17,019,483	3,732	306
2b-	Non-monetary financial assets	-	-	-	-
3-	Other	-	-	-	-
4-	**Current assets (1+2+3)**	**26,320,377**	**17,019,483**	**3,732**	**306**
5-	Trade receivables	-	-	-	-
6a-	Monetary financial assets	-	-	-	-
6b-	Non-monetary financial assets	-	-	-	-
7-	Other	-	-	-	-
8-	**Non-current assets (5+6+7)**	**-**	**-**	**-**	**-**
9-	**Total Assets (4+8)**	**26,320,377**	**17,019,483**	**3,732**	**306**
10-	Trade payables	-	-	-	-
11-	Financial liabilities	502,100	-	245,034	-
12a-	Other monetary financial liabilities	-	-	-	-
12b-	Other non-monetary financial liabilities	-	-	-	-
13-	**Current Liabilities (10+11+12)**	**502,100**	**-**	**245,034**	**-**
14-	Trade payables	-	-	-	-
15-	Financial liabilities	588,020	-	286,965	-
16a-	Other monetary financial liabilities	-	-	-	-
16b-	Other non-monetary financial liabilities	1,547,855	1,001,200	-	-
17-	**Non-current liabilities (14+15+16)**	**2,135,875**	**1,001,200**	**286,965**	**-**
18-	**Total liabilities (13+17)**	**2,637,975**	**1,001,200**	**531,999**	**-**
19-	**Net asset / liability position of off-balance sheet derivatives (19a-19b)**		**-**	**-**	**-**
19a-	Off-balance sheet foreign currency derivative assets				
19b-	Off-balance sheet foreign currency derivative liabilities				
20-	**Net foreign currency asset liability position (9-18+19)**	**23,682,402**	**16,018,283**	**(528,267)**	**306**
21-	**Net foreign currency asset / liability position of monetary items (1+2a+5+6a+10+11-12a-14+15-16a)**	**25,230,258**	**17,019,483**	**(528,267)**	**306**
22-	**Fair value of foreign currency hedged financial assets**	**-**	**-**	**-**	**-**
23-	**Hedged foreign currency assets**	**-**	**-**	**-**	**-**
24-	**Hedged foreign currency liabilities**	**-**	**-**	**-**	**-**
25-	**Exports**	**-**	**-**	**-**	**-**
26-	**Imports**	**-**	**-**	**-**	**-**

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

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

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

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

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

Foreign currency sensitivity

	31 December 2010			
	Gain/Loss		Equity	
	Appreciation of foreign currency	Devaluation of foreign currency	Appreciation of foreign currency	Devaluation of foreign currency
+/-10% fluctuation of USD rate				
1- US Dollar net asset / liability	2,476,427	(2,476,427)	2,476,427	(2,476,427)
2- Hedged from US Dollar risk (-)	-	-	-	-
3- US Dollar net effect (1+2)	**2,476,427**	**(2,476,427)**	**2,476,427**	**(2,476,427)**
+/-10% fluctuation of EUR rate				
4- Euro net asset / liability	(108,248)	108,248	(108,248)	108,248
5- Hedged from Euro risk (-)	-	-	-	-
6- Euro net effect (4+5)	**(108,248)**	**108,248**	**(108,248)**	**108,248**
+/-10% fluctuation of Other foreign currency rates				
7- Other foreign currency net asset / liability	61	(61)	61	(61)
8- Hedged from other foreign currency risks (-)	-	-	-	-
9- Other foreign currency net effect (7+8)	61	(61)	61	(61)
TOTAL (3+6+9)	**2,368,240**	**(2,368,240)**	**2,368,240**	**(2,368,240)**

	31 December 2009			
	Gain/Loss		Equity	
	Appreciation of foreign currency	Devaluation of foreign currency	Appreciation of foreign currency	Devaluation of foreign currency
+/-10% fluctuation of USD rate				
1- US Dollar net asset / liability	1,333,512	(1,333,512)	1,333,512	(1,333,512)
2- Hedged from US Dollar risk (-)	-	-	-	-
3- US Dollar net effect (1+2)	**1,333,512**	**(1,333,512)**	**1,333,512**	**(1,333,512)**
+/-10% fluctuation of EUR rate				
4- Euro net asset / liability	(141,422)	141,422	(141,422)	141,422
5- Hedged from Euro risk (-)	-	-	-	-
6- Euro net effect (4+5)	**(141,422)**	**141,422**	**(141,422)**	**141,422**
Total (3+6)	**1,192,090**	**(1,192,090)**	**1,192,090**	**(1,192,090)**

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

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

(ii) Interest risk management

Financial liabilities of the Group expose it to interest rate risk. The Group's main financial liabilities are primarily based on fixed interest rates and the Group does not have any financial assets with floating rates. Therefore, the Group's interest rate risk sensitivity is insignificant.

Interest rate sensitivity

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

	31 December 2010	31 December 2009
Fixed interest rate financial instruments		
Financial assets	45,689,648	62,745,766
Fair value through profit and loss	-	-
Available for sale financial assets	-	-
Financial liabilities	788,764	1,063,509
Floating interest rate financial instruments		
Financial assets	-	-
Financial liabilities	-	-

NOTE 27 - FINANCIAL INSTRUMENTS

Fair value of financial instruments

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

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

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

NOTE 27 - FINANCIAL INSTRUMENTS (Continued)

Financial Assets

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

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

The fair values of financial assets carried fair value are determined by undisputed similar transactions method. The carrying values of financial assets along with the related allowances for impairment are estimated to be their fair values.

Financial Liabilities

The carrying values of trade payables denominated in foreign currencies, which are translated at period-end exchange rates, are considered to approximate fair values. The carrying values of other trade payables are estimated to be their fair values since they are short term.

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

The fair values of long-term financial liabilities are determined by discounting contractual cash flows with current market interest rate.

NOTE 28 - SUBSEQUENT EVENTS

- Decision regarding the increase of the paid-in capital of Turcas Gaz Toptan Satis A.S., which is a subsidiary of the Group, from TRY20,000,000 to TRY20,250,000 is taken as of 8 February 2011.

- In order to fulfill the requirements of the borrowing agreement secured by Turcas Elektrik Üretim A.Ş. in relation with Denizli Project from West Landesbank (West LB) – Bayerishe Landenbank, a DSRA Standby Letter of Credit was managed by Türkiye Garanti Bankası A.Ş. amounting to EUR 21,656,038 and with a maturity of 15 July 2014. For the mentioned letter of credit, a bail amounting to EUR 21,656,038 has been given by Turcas Petrol A.Ş.

- Corporate Governance rating, which was disclosed as 7.52 by Kobirate International Credit Rating and Corporate Governance Services A.S. in 2010, has revised as 8.12 by Kobirate International Credit Rating and Corporate Governance Services A.S. as result of evaluations during 2011.

- Decision regarding the increase of the paid-in capital of Turcas Rüzgar Enerji Üretim A.S. which is an associate of the Group, from 2.000.000 TL to 2.750.000 TL is taken in Ordinary Meeting of the 2010 General Assembly as of 15 March 2011.

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