TURCAS PETROL A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2013
TOGETHER WITH AUDITOR'S REVIEW REPORT

(ORIGINALLY ISSUED IN TURKISH)

pwc

CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REVIEW REPORT ORIGINALLY ISSUED IN TURKISH (SEE NOTE 2.5)

REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

To the Board of Directors of Turcas Petrol A.Ş.

Introduction

1. We have reviewed the accompanying condensed consolidated interim balance sheet of Turcas Petrol A.Ş. ("Turcas") and its subsidiaries (collectively referred to as the "Group"), as of 30 June 2013, and the related condensed consolidated interim statement of comprehensive income, condensed consolidated interim statement of changes in equity and condensed consolidated interim statement of cash flows for the six-month period then ended. The Group management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with the financial reporting standards accepted by the Capital Markets Board. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of review

2. We conducted our review in accordance with the principles and standards on the review of interim financial statements as set out in communique on the auditing standards issued by the Capital Markets Board. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with independent auditing standards issued by the Capital Markets Board and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an independent audit opinion.

Conclusion

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

Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. a member of PricewaterhouseCoopers
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Additional Paragraph for Convenience Translation into English

4. As described in Note 2.5, the accounting principles described in Note 2 to the condensed consolidated interim financial statements (defined as the "CMB Financial Reporting Standards") differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting for the period between 1 January - 31 December 2005. Accordingly, the accompanying condensed consolidated interim financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

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

Ediz Günsel, SMMM
Partner

Istanbul, 26 August 2013

TURCAS PETROL A.Ş.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2013

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

TURCAS PETROL A.Ş.

CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS AT 30 JUNE 2013 AND 31 DECEMBER 2012

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

	Notes	30 June 2013		31 December 2012	
ASSETS					
Current assets					
Cash and cash equivalents	4		128,200,688		118,140,599
Financial assets			6,700,837		2,090,187
Trade receivables			5,914,688		4,493,835
Trade receivables from related parties	17	232,037		202,135	
Trade receivables from third parties		5,682,651		4,291,700	
Other receivables			29,986,515		69,081,439
Other receivables from related parties	17	29,690,189		27,827,010	
Other receivables from third parties		296,326		41,254,429	
Prepaid expenses			1,568,938		1,539,005
Current income tax assests			-		62,700
Other current assets			2,080,134		1,572,923
			174,451,800		**196,980,688**
Assets held for sale			246,953		246,953
Total Currents Assets			**174,698,753**		**197,227,641**
Non-current assets					
Other receivables			264,748,807		251,622,904
Trade receivables from related parties	17	264,663,861		251,538,413	
Other receivables from third parties		84,946		84,491	
Financial assets	6		58,240		58,240
Associates	5		629,722,009		553,928,943
Property, plant and equipment			17,027,313		3,060,567
Intangible assets					
…Other intangible assets			1,967		20,672
Prepaid expenses			-		10,708,554
Deferred tax assets	15		3,040,200		2,040,971
Other non-current assets			3,886,297		3,828,715
Total Non-Current Assets			**918,484,833**		**825,269,566**
Total Assets			**1,093,183,586**		**1,022,497,207**

These condensed interim consolidated financial statements as at and for the period ended 30 June 2013 have been approved for issue by the Board of Directors ("BOD") on 26 August 2013 and signed on behalf of the BOD by Erkan İlhantekin, Finance Director (CFO) and Nurettin Demircan, Accounting Manager.

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

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

TURCAS PETROL A.Ş.

CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS AT 30 JUNE 2013 AND 31 DECEMBER 2012

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

	Notes	30 June 2013		31 December 2012	
LIABILITIES					
Current liabilities					
Financial liabilities	7		37,228,720		16,363,885
Short-term financial liabilities		82,993		75,259	
Short-term portion of long term financial liabilities		37,145,727		16,288,626	
Trade payables			9,698,314		4,593,492
Trade payables from related parties	17	312,478		265,237	
Trade payables from third parties		9,385,836		4,328,255	
Other payables			3,054,194		14,030,945
Trade payables from related parties	17	51,148		535,897	
Trade payables from third parties		3,003,046		13,495,048	
Current income tax liabilities	15		2,392,402		-
Short term provisions					
- Short-term provisions related to employee benefits			374,341		294,594
- Other short term provisions	8		4,412,500		4,500
Other current liabilities			4,846		36,656
Total Current Liabilities			**57,165,317**		**35,324,072**
Non-current liabilities					
Long-term financial liabilities	7		316,233,284		292,796,276
Long term provisions for employee benefits			446,861		353,913
Other non-current liabilities			1,148,753		1,148,583
Deferred tax liabilities	15		49,669		54,691
Total Non-Current Liabilities			**317,878,567**		**294,353,463**
Shareholders' Equity					
Share capital	9		225,000,000		225,000,000
Adjustment to share capital	9		41,247,788		41,247,788
Treasury shares	9		(22,850,916)		(22,850,916)
Restricted reserves	9		34,823,299		32,356,963
Retained earnings			407,493,624		346,419,109
Net income for the period			32,416,284		70,638,974
Equity attributable to equity holders of the parent			718,130,079		692,811,918
Non-controlling interest			9,623		7,754
Total equity			**718,139,702**		**692,819,672**
Total Liabilities and Equity			**1,093,183,586**		**1,022,497,207**

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

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

TURCAS PETROL A.Ş.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE SIX - MONTH PERIODS ENDED 30 JUNE

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

	Notes	Reviewed 1 January - 30 June 2013	Reviewed 1 January - 30 June 2012	Not reviewed 1 April - 30 June 2013	Not reviewed 1 April - 30 June 2012
CONTINUING OPERATIONS					
Revenue	10	20,222,291	7,276,095	9,869,070	4,306,968
Cost of sales	10	(18,398,399)	(7,101,945)	(8,766,357)	(3,837,495)
GROSS PROFIT		**1,823,892**	**174,150**	**1,102,713**	**469,473**
General administrative expenses (-)		(7,187,426)	(5,625,423)	(3,155,898)	(3,023,460)
Marketing, selling and distribution expenses (-)		(910,748)	(660,785)	(640,989)	(373,769)
Other income	12	15,743,822	21,591,295	14,954,792	20,799,879
Other expenses (-)	12	(4,565,000)	(43,354)	(4,502,191)	(42,516)
OPERATING PROFIT		**4,904,540**	**15,435,883**	**7,758,427**	**17,829,607**
Income/ (expense) from associates	5	41,646,323	15,648,606	25,130,619	(688,486)
OPERATING PROFIT BEFORE FINANCIAL INCOME/ EXPENSES		**46,550,863**	**31,084,489**	**32,889,046**	**17,141,121**
Financial income	13	29,516,496	40,928,718	16,781,208	25,179,151
Financial expenses (-)	14	(41,698,574)	(20,818,514)	(32,881,716)	(7,225,446)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		**34,368,785**	**51,194,693**	**16,788,538**	**35,094,826**
Tax From Continued Operations Income / (Expense)					
- Current income tax expense	15	(2,955,369)	(1,445,158)	(2,503,762)	(1,445,158)
- Deferred tax income/ (expense)	15	1,004,251	(2,857,707)	992,731	(3,191,830)
CONTINUED OPERATIONS PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		**32,417,667**	**46,891,828**	**15,277,507**	**30,457,838**
Other comprehensive income		-	-	-	-
TOTAL COMPREHENSIVE INCOME		**32,417,667**	**46,891,828**	**15,277,507**	**30,457,838**
Equity holders of the parent		32,416,284	46,894,174	15,276,881	30,459,098
Non-controlling interest		1,383	(2,346)	626	(1,260)
Earnings per share	16	0,14	0,21	0,07	0,14

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

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

TURCAS PETROL A.Ş.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE SIX-MONTH PERIODS ENDED 30 JUNE

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

	Share capital	Adjustment to share capital	Treasury shares	Restricted reserves	Retained Earnings	Net Income for the period	Equity attributable to equity holders of the parent	Non-Controlling interest	Total equity
1 January 2012	**225,000,000**	**41,247,788**	**(22,850,916)**	**29,863,083**	**258,095,696**	**97,915,312**	**629,270,963**	**6,177**	**629,277,140**
Transfers	-	-	-	2,493,880	95,421,432	(97,915,312)	-	-	-
Changes in minority shares	-	-	-	-	-	-	-	131	131
Dividends paid	-	-	-	-	(7,098,019)	-	(7,098,019)	-	(7,098,019)
Total comprehensive income	-	-	-	-	-	46,894,174	46,894,174	(2,346)	46,891,828
30 June 2012	**225,000,000**	**41,247,788**	**(22,850,916)**	**32,356,963**	**346,419,109**	**46,894,174**	**669,067,118**	**3,962**	**669,071,080**
1 January 2013	**225,000,000**	**41,247,788**	**(22,850,916)**	**32,356,963**	**346,419,109**	**70,638,974**	**692,811,918**	**7,754**	**692,819,672**
Transfers	-	-	-	2,466,336	68,172,638	(70,638,974)	-	-	-
Changes in minority shares	-	-	-	-	-	-	-	486	486
Dividends paid	-	-	-	-	(7,098,123)	-	(7,098,123)		(7,098,123)
Total comprehensive income	-	-	-	-	-	32,416,284	32,416,284	1,383	32,417,667
30 June 2013	**225,000,000**	**41,247,788**	**(22,850,916)**	**34,823,299**	**407,493,624**	**32,416,284**	**718,130,079**	**9,623**	**718,139,702**

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

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

TURCAS PETROL A.Ş.

CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENTS FOR THE SIX MONTH PERIODS ENDED 30 JUNE

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

	Notes	30 June 2013	30 June 2012
A. Cash flows from operating activities		**83,942,151**	**(92,659,715)**
Net income		32,417,667	46,891,828
Adjustments to reconcile net income		**28,051,259**	**(11,542,270)**
Tax income		1,951,118	4,302,865
Unrealized foreign exchange losses / (gains)		25,645,988	(16,282,537)
Depreciation and amortization of property, plant and equipment and intangible assets	11	484,109	627,931
Changes in financial assets		(4,610,650)	-
Provision for employee termination benefits		92,948	(16,715)
Provision for unused vacation		79,746	(173,814)
Provision for debt		4,408,000	-
Changes in working capital		**29,817,854**	**(118,888,675)**
Changes in receivables from trade receivables and related parties		(424,131)	(69,680,925)
Changes in other receivables		25,969,021	(4,223,213)
Changes in other payables and liabilities		(11,008,392)	1,339,738
Changes in payables from trade payables and related parties		5,104,823	678,856
Changes in prepaid expenses and other current assets		(474,445)	(47,575,840)
Changes in prepaid expenses and other non-current assets		10,650,978	572,709
Cash generated from operations		**90,286,780**	**(83,539,117)**
Taxes paid		(562,967)	(1,904,420)
Interest expense	14	6,394,968	6,689,045
Interest income	13	(12,176,630)	(13,905,223)
B. Net cash used in/ (generated from) investing activities		**(78,993,665)**	**28,189,937**
Purchase of property, plant and equipment and intangible assets		(14,432,153)	(212,291)
Transactions with associates	5	(38,229,202)	(11,443,819)
Capital advances given to associates	5	(67,563,864)	-
Interest received		11,231,554	12,846,047
Dividends received	5	30,000,000	27,000,000
C. Net cash generated from financing activities		**5,163,250**	**45,703,928**
Proceeds from bank borrowings		19,099,174	59,828,140
Repayment of bank borrowings		(428,983)	(315,540)
Interest paid		(6,409,304)	(6,710,784)
Dividends paid		(7,098,123)	(7,098,019)
Capital increase-minority interest		486	131
Net increase / (decrease) in cash and cash equivalents		**10,111,736**	**(18,765,850)**
Cash and cash equivalents balance at the beginning of the period	4	**117,987,702**	**118,181,140**
Cash and cash equivalents balance at the end of the period	4	**128,099,438**	**99,415,290**

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

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

NOTE 1 - GROUP'S ORGANISATION AND NATURE OF OPERATIONS

Turcas Petrol A.Ş. and its subsidiaries ("The Group") consists of, Turcas Petrol A.Ş. ("The Company"), a total of 6 subsidiaries and 3 associates.

Turcas Petrolcülük A.Ş. was established in 1988 by Türkpetrol Holding and Burmah-Castrol, In 1996, Tabaş Petrolcülük A.Ş. ("Tabaş") purchased shares of Turcas Petrolcülük A.Ş. resulting in an ownership of 82,16%.

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

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

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

Dikilitaş Mahallesi Emirhan Caddesi No: 109 Beşiktaş/İstanbul.

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

The Company's main shareholders are Aksoy Holding A.Ş.,The capital structure of the Company as of the related balance sheet dates have been provided at Note 9.

The number of employees of the Group as of 30 June 2013 is 41 (31 December 2012: 46).

Subsidiaries	**Country**	**Nature of business**
Turcas Enerji Holding A.Ş. (Former Marmara Petrol ve Rafineri İşleri A.Ş.)	Turkey	Holding
Turcas Elektrik Üretim A.Ş.	Turkey	Electricity
Turcas Elektrik Toptan Satış A.Ş.	Turkey	Electricity
Turcas Gaz Toptan Satış A.Ş.	Turkey	Gas
Turcas Yenilenebilir Enerji Üretim A.Ş.	Turkey	Electricity
Turcas Rafineri Yatırımları A.Ş.	Turkey	Petroleum refineries

NOTE 1 - GROUP'S ORGANISATION AND NATURE OF OPERATIONS

Associates	**Country**	**Nature of business**
Shell & Turcas Petrol A,Ş("STAŞ")	Turkey	Petroleum products
Star Rafineri A.Ş.("STAR")	Turkey	Refinery
RWE&Turcas Güney Elektrik Üretim A.Ş. ("RWE&Turcas Güney") (*)	Turkey	Energy, electricity

(*) RWE &Turcas Güney Elektrik Üretim A.Ş.'s consolidated financial statements consist of the financial statements of RWE& Turcas Enerji Toptan Satış A.Ş. which is a subsidiary of the Company.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Financial Reporting Standards

Principles Governing the Preparation of Condensed Consolidated Interim Financial Statements

The condensed consolidated interim financial statements of the Group have been prepared in accordance with financial reporting standards issued by the Capital Markets Board of Turkey ("CMB Financial Reporting Standards"). CMB regulated the principles and procedures of preparation, presentation and announcement of financial statements prepared by the entities with the Communiqué No: II-14.1, "Principles of Financial Reporting in Capital Markets" published on "Official Gazette" dated 13 June 2013. Turkish Accounting Standards/Turkish Financial Reporting Standards ("TAS/TFRS") issued by Turkish Accounting Standards Board ("TASB") shall be applied and aforementioned standards shall be considered related to the 5th article of the principles.

In accordance with the Communiqué No: II-14.1 of the CMB, the entities are allowed to prepare a complete or condensed set of interim financial statements in accordance with TAS 34, "Interim Financial Reporting". In this respect, the Group has preferred to prepare condensed consolidated financial statements in the interim periods and prepared the aforementioned condensed consolidated financial statements in compliance with CMB Financial Reporting Standards.

The entities are free to prepare their interim financial statements as a full set or condensed based on the TAS 34 "Interim Financial Reporting" standard. In this respect, the company preferred to prepare condensed consolidated financial statements for interim periods and prepared its condensed consolidated interim financial statements according to the CMB Financial Reporting Standards.

Condensed consolidated financial statements of the Group should be considered along with the 31 December 2012 dated financial statements since all notes required for a full set are not included.

The Group prepares its statutory financial statements and maintains its book account in accordance with Turkish Commercial Code ("TCC"), tax legislation and Turkish Uniform Chart of Accounts. The condensed consolidated interim financial statements have been prepared in line with the historical cost principal and in order to be in line with the financial reporting standards announced by CMB required adjustments and classifications have been made. The condensed consolidated interim financial statements are prepared in Turkish Lira ("TL") based, which is the functional currency of the Group, based on the historical cost principal except for the financial assets and liabilities expressed with their fair values.

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Financial Reporting Standards (continued)

<u>Adjustments of Financial Statements in Hyperinflation Periods</u>

With the decision taken on 17 March 2005, the CMB has announced that, effective from 1 January 2005, the application of inflation accounting is no longer required for companies operating in Turkey and preparing their financial statements in accordance with the accounting and financial reporting principles issued by the CMB ("CMB Financial Reporting Standards"). Accordingly, the Company did not apply TAS 29 "Financial Reporting in Hyperinflationary Economies" ("TAS 29") issued by TASB in its financial statements for the accounting periods starting 1 January 2005.

2.2 Basis of Consolidation

a) The condensed consolidated interim financial statements include the accounts of the parent company, Turcas, and its Subsidiaries on the basis set out in sections (b) to (c) below. The financial statements of the companies included in the scope of consolidation have been prepared at the date of the consolidated financial statements and have been prepared in accordance with CMB Financial Reporting Standards by applying uniform accounting policies and presentation. The results of operations of Subsidiaries are included or excluded from their effective dates of acquisition or disposal respectively.

b) Subsidiaries are companies in which Turcas has the power to control the financial and operating policies for the benefit of itself, either through the power to exercise more than 50% of voting rights related to shares in the companies as a result of shares owned directly and/or indirectly by itself.

The table below sets out all Subsidiaries and demonstrates the proportion of ownership interest as of 30 June 2013 and 31 December 2012:

	30 June 2013		**31 December 2012**	
	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.	100.00	100.00	100.00	100.00
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 Yenilenebilir Enerji Üretim A.Ş.	100.00	100.00	100.00	100.00
Turcas Rafineri Yatırımları A.Ş.	99.60	99.60	99.60	99.60

Subsidiaries are consolidated from the date on which the control is transferred to the Group and are deconsolidated 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.

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.2 Basis of Consolidation (continued)

Carrying values of the Subsidiaries' shares held by the Company are eliminated against the related equity of Subsidiaries. Intercompany transactions and balances between Turcas and its Subsidiaries are eliminated on consolidation. Dividends arising from shares held by the Company in its Subsidiaries are eliminated from income for the period and equity, respectively.

c) Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting.

The table below sets out all Associates and demonstrates the proportion of ownership interest as of 30 June 2013 and 31 December 2012:

	30 June 2013 (%)	**31 December 2012 (%)**
Shell & Turcas Petrol A.Ş.	30.00	30.00
RWE & Turcas Güney Elektrik Üretim A.Ş.	30.00	30.00
Star Rafineri A.Ş.	18.50	18.50

d) The minority shareholders' share in the net assets and results of Subsidiaries for the period are separately classified as "minority interest" in the condensed consolidated balance sheets and statements of comprehensive income.

2.3 Summary of the Significant Accounting Policies

The accounting policies applied during the preparation of these interim condensed consolidated financial statements are consistent with the accounting policies applied for the financial year between 1 January - 31 December 2012. These condensed consolidated interim financial statements should be read on a comparative basis with annual financial statements for the year between 1 January - 31 December 2012.

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.3 Summary of the Significant Accounting Policies (continued)

(a) Standards, amendments and interpretations effective from 1 January 2013 that are relevant and applied to the consolidated financial statements of the Group:

- TAS 19 (amendment), "Employee benefits", is effective for annual periods beginning on or after 1 January 2013. Amendments require removal of the corridor method and the financial expenses to be calculated on the basis of net funding. The standard includes the provision of past service cost recognized in the income statement. The new concept of re-measurement includes the recognition in other comprehensive income rather than profit or loss.

- TFRS 10 (amendment), "Consolidated financial statements", is effective for annual periods beginning on or after 1 January 2013. Standard develops the existing principles by taking the control concept as the decisive element for an entity included in the consolidation.

- TFRS 7 (amendment), "Financial instruments: Disclosures", is effective for annual periods beginning on or after 1 January 2013. This amendment will promote the understanding of comparative information between the entities entitled to TFRS and US GAAP by improving the descriptions of the notes.

- TMS 1 (amendment), "Presentation of financial statements, other comprehensive income", is effective for annual periods beginning on or after 1 July 2012. These amendments include two changes to IFRS 1. This amendment requires the accounts under other comprehensive income must be potentially grouped in associate with the statement of income. The amendment does not mention which accounts to be presented under other comprehensive income.

(b) Standards, amendments and interpretations effective from 1 January 2012 that are not relevant to the consolidated financial statements of the Group:

- TFRS 11, "Joint arrangements", is effective for annual periods beginning on or after 1 January 2013. The standard, common arrangement rather than its legal form of the arrangement provided by the rights and obligations of highlighting of a more realistic perspective on common regulations.

- TFRS 12, "Disclosure of interests in other entities", is effective for annual periods beginning on or after 1 January 2013. This amendment contains the responsibilities to declare all the shares including associates, special instruments and off-balance instruments.

- TFRS 13, "Fair value measurement", is effective for annual periods beginning on or after 1 January 2013. Standart purposes that fair value definition and measurement which uses in all TFRS and provides a source of description for the improvement of consistency and the decrement of complexity.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.3 Summary of the Significant Accounting Policies (continued)

(b) Standards, amendments and interpretations effective from 1 January 2012 that are not relevant to the consolidated financial statements of the Group (continued):

- TFRS 10, 11 and 12 transition guide (amendment) from 1 January 2013 and applies to annual periods beginning on or after that date. This change, the transition to IFRS 10, 11 and 12 limit the financial statements of the prior period must be corrected to bring the transition period should be compared with the previous year have been limiting the financial statement. The consolidated structure for businesses change in the comparative financial statements, and the presentation of the TFRS 12, for the first time, it will be valid until the date of the abolished.

- TAS 27 (revised), "Separate financial statements", is effective for annual periods beginning on or after 1 January 2013. Standart contains the rules about separate financial statements which are remaining from rules of TAS 27 about control evaluated in new TFRS 10.

- TAS 28 (revised), "Investments in associates and joint ventures", is effective for annual periods beginning on or after 1 January 2013. The standard, after the publication of the new TFRS 11, contains the related liabilities of contractual joint ventures and associates accounted through the equity method.

- TFRS 1 (amendment), "First time adoption", on government loans", is effective for annual periods begining on or after 1 January 2013. The amendment contains accounting of government loans which cost less than the market rate for the companies applying TFRS for the first time.

- Development project of IAS/ IFRS, in 2011, introduced an amendment to the standard five units. TFRS 1, TAS 1, TAS 16, TAS 32 and TAS 34. These changes on 1 January 2013 Effective for annual periods beginning on or after that date.

- TFRIC 20, "Open pit mine costs in produciton phase jigsaws", is effective for annual periods begining on or after 1 January 2013. This comment was included to account for dismantling costs in the production phase.

(*c*) *Not yet entered into force by the Group but not early adopted the standards to existing standards, amendments and interpretations:*

- TAS 32 (amendment), "Financial instruments: Presentation", is effective for annual periods begining on or after 1 January 2014. Implementation guidance in TAS 32 has been updated due to be explanatory about the net-off of financial assets and liabilites in general ledger.

- TFRS 9 "Financial Instruments", is effective for annual periods begining on or after 1 January 2015. The amendment contains classification, measurement and recognition of financial assets and liabilities. The principles of classification and measurement of financial instruments implemented as in TAS 39.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.3 Summary of the Significant Accounting Policies (continued)

(*c*) *Not yet entered into force by the Group but not early adopted the standards to existing standards, amendments and interpretations (continued):*

- TAS 36 (amendment), "Impairment in assets", is effective for annual periods beginning on or after 1 January 2014. These measurements, if impairment in asset is calculated as the difference between the fair value and the cost of sales, contains additional explanations about the declaration of information about the recoverable amount.

- TAS 39 (amendment), "Financial Instruments: recognition and measurement", is effective for annual periods beginning on or after 1 January 2014. These amendments are related to the renewal of derivatives and hedge accounting with the conditions provided in the law and regulations due to the derivative of the renewal in the case of hedge accounting allows continued.

- TFRS 10 (revised) "Consolidated Financial Statements", TFRS 12 and TAS 27 "Investments in Associates", is effective for annual periods beginning on or after 1 January 2014. This amendment contains the fair values of many funds and fund qualified firms will be monitored in income statements instead of including in the consolidation. An exception has been made for the firms described as investment in associates. There have been changes in the explanations related to investment in associates.

2.4 Comparatives and restatement of prior year financial statements

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

The Group has made required classifications in prior financial statements due to the current changes in presentation of condensed consolidated financial statements with the decision made by CMB on 7 June 2013.

i) Respectively TL1,539,005 and TL10,708,554 of prepaid expenses classified in "other current assets" and "other non-current assets" at the consolidated financial statements dated 31 December 2012 has been reclassified under "prepaid expenses".

ii) TL62,700 of prepaid taxes classified in "other current assets" at the consolidated financial statements dated 31 December 2012 has been reclassified under "current income tax assets".

2.5 Convenience translation into English of condensed interim consolidated financial statements originally issued in Turkish

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

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

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, The Group has sold all its shares in Socar&Turcas Enerji A.Ş. which is an associate of the Group operates in petrochemical section on 26 December 2011, Correspondingly, the Group has no activity in petrochemical section since then, Electricity group consists of the production, wholesale and distribution of electricity products, Natural gas group consists of wholesale business of natural gas.

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

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

Detailed information about each segment is given below, 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 other players in the sector.

a) Operating segments which have been prepared in accordance with the reportable segments as of 1 January-30 June 2013 are as folllows:

	Oil	**Natural gas**	**Electricity**	**Other***	**Total**
Segment revenue	-	-	20,222,291	-	20,222,291
EBITDA	(8,455)	(125,620)	(116,577)	(5,539,521)	(5,790,173)
Financial income	303,861	-	17,104,352	12,108,283	29,516,496
Financial expense	-	(20,254)	(39,515,898)	(2,162,422)	(41,698,574)
Depreciation and amortisation expense	-	(190)	(92,244)	(391,675)	(484,109)
Income from associates	30,604,709	-	11,041,614	-	41,646,323
Purchase of tangible and intangible assets	-	-	2,153	14,430,000	14,432,153

b) Operating segments which have been prepared in accordance with the reportable segments as of 1 January- 30 June 2012 are as follows:

	Oil	**Natural gas**	**Electricity**	**Other***	**Total**
Segment revenue	-	-	7,276,095	-	7,276,095
EBITDA	(200,254)	(108,104)	(1,645,863)	(3,529,906)	(5,484,127)
Financial income	497	340,994	31,621,597	8,965,630	40,928,718
Financial expense	(641,240)	(149,787)	(11,135,706)	(8,891,781)	(20,818,514)
Depreciation and amortisation expense	-	(190)	(98,241)	(529,500)	(627,931)
Income/(expense) from associates	17,795,316	-	(2,146,710)	-	15,648,606
Purchase of tangible and intangible assets	-	-	3,710	208,581	212,291

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

NOTE 3 - SEGMENT REPORTING (Continued)

c) Operating segments which have been prepared in accordance with the reportable segments for the period between 1 April - 30 June 2013 are as follows:

	Oil	Natural gas	Electricity	Other*	Total
Segment revenue	-	-	9,869,070	-	9,869,070
EBITDA	(6,732)	(63,645)	(96,905)	(2,387,405)	(2,554,687)
Financial income	303,861	(114,827)	8,642,047	7,950,127	16,781,208
Financial expense	-	(11,899)	(31,580,813)	(1,289,004)	(32,881,716)
Depreciation and amortisation expense	-	(95)	(45,455)	(93,937)	(139,487)
Income from associates	14,639,540	-	10,491,079	-	25,130,619
Purchase of tangible and intangible assets	-	-	(1,271)	8,665,467	8,664,196

d) Operating segments which have been prepared in accordance with the reportable segments for the period between 1 April - 30 June 2013 are as follows:

	Oil	Natural gas	Electricity	Other*	Total
Segment revenue	-	-	4,306,968	-	4,306,968
EBITDA	(198,319)	(55,196)	(301,949)	(2,081,996)	(2,637,460)
Financial income	-	190,455	21,069,517	3,919,179	25,179,151
Financial expense	(329,569)	(36,992)	(5,162,329)	(1,696,556)	(7,225,446)
Depreciation and amortisation expense	-	(95)	(46,290)	(243,911)	(290,296)
Income/(expense) from associates	1,744,903	-	(2,433,389)	-	(688,486)
Purchase of tangible and intangible assets	-	-	2,439	163,422	165,861

e) Operating segment information as of 30 June 2013 are shown below:

	Oil	Natural gas	Electricity	Other*	Eliminations	Total
Segment Assets	1,788,670	7,989,583	398,668,245	374,727,525	(319,712,446)	463,461,577
Associates	510,157,123	-	119,564,886	-	-	629,722,009
Segment Liabilities	81,061,908	80,393	363,539,079	12,588,536	(82,226,032)	375,043,884

f) Operating segment information as of 31 December 2012 are shown below:

	Oil	Natural gas	Electricity	Other*	Eliminations	Total
Segment Assets	1,665,260	7,863,310	371,387,078	326,519,240	(238,866,624)	468,568,264
Associates	441,978,153	-	111,950,790	-	-	553,928,943
Segment Liabilities	10,625,756	104,384	316,682,526	3,114,900	(850,031)	329,677,535

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

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

NOTE 3 - SEGMENT REPORTING (Continued)

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

	1 January - 30 June 2013	1 January - 30 June 2012	1 April - 30 June 2013	1 April - 30 June 2012
Income				
Segment revenue	20,222,291	7,276,095	9,869,070	4,306,968
Consolidated Income	**20,222,291**	**7,276,095**	**9,869,070**	**4,306,968**
EBITDA				
EBITDA of segment	(250,652)	(1,954,221)	(167,282)	(555,464)
Other EBITDA	(5,539,521)	(3,529,906)	(2,387,405)	(2,081,996)
Consolidated EBITDA	**(5,790,173)**	**(5,484,127)**	**(2,554,687)**	**(2,637,460)**
Financial income	29,516,496	40,928,718	16,781,208	25,179,151
Financial expense	(41,698,574)	(20,818,514)	(32,881,716)	(7,225,446)
Other income (net)	11,178,822	21,547,941	10,452,601	20,757,363
Income/(expense) from associates	41,646,323	15,648,606	25,130,619	(688,486)
Amortisation and depreciation	(484,109)	(627,931)	(139,487)	(290,296)
Profit before consolidated tax	**34,368,785**	**51,194,693**	**16,788,538**	**35,094,826**

NOTE 4 - CASH AND CASH EQUIVALENTS

	30 June 2013	31 December 2012
Cash	17,297	10,806
Banks		
- demand deposit	397,330	232,905
- time deposit	127,786,061	117,896,888
	128,200,688	**118,140,599**

The maturities of cash and cash equivalents are as follows:

	30 June 2013	31 December 2012
Up to 30 days	128,200,688	118,140,599
	128,200,688	**118,140,599**

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

NOTE 4 - CASH AND CASH EQUIVALENTS (Continued)

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

	30 June 2013	31 December 2012
TL	6,08	6,30
USD	2,43	2,35

Cash and cash equivalents as of 30 June 2013, 31 December 2012 and 30 June 2012, as seen in condensed interim consolidated cash flow statements, are as follows:

	30 June 2013	31 December 2012	30 June 2012
Cash and cash equivalents	128,200,688	118,140,599	99,479,746
Less: Interest accrual	(101,250)	(152,897)	(64,456)
	128,099,438	**117,987,702**	**99,415,290**

The company has no blocked deposits as of 30 June 2013 (31 December 2012: None).

NOTE 5 - ASSOCIATES

	%	30 June 2013	%	31 December 2012
STAŞ	30,00	419,379,300	30,00	429,460,200
RWE & Turcas Güney	30,00	119,564,886	30,00	111,950,790
STAR	18,50	90,777,823	18,50	12,517,953
		629,722,009		**553,928,943**

	30 June 2013	30 June 2012
Balance at the beginning of the period	**553,928,943**	**541,927,870**
Incomes and expenses from associates (net)	41,646,323	15,648,606
Dividends received	(30,000,000)	(27,000,000)
Capital advances given (*)	67,563,864	-
Transactions with associates (**)	(3,417,121)	(4,204,787)
Balance at the end of the period	**629,722,009**	**526,371,689**

(*) In accordance with the decision made by Star Rafineri A.Ş. which is the Group's associates, Turcas Rafineri Yatırımları A.Ş. has given capital advances amounting to TL67,563.864 as of 30 June 2013 to Star Rafineri A.Ş.

(**) The balance consists of the adjustments to the capitilization of expenses by RWE&Turcas Güney during the consolidation about the debt that the Group has given to RWE&Turcas Güney, one of the Group's associates, to finance Denizli Plant investment.

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

NOTE 5 - ASSOCIATES (Continued)

STAŞ

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

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 TL6,430,979 thousunds of sales revenue during the first six months of 2013 and continues to strengthen its place in the Turkey's oil & lubricants market, The company maintains its first place in gasoline and lubricants sales and third place in white product (total of gasoline and diesel sales) sales with its 1,050 stations all over the country.

The summarized financial informations of STAŞ, which is an associate of the Group accounted for by equity method is as follows:

STAŞ

	30 June 2013	31 December 2012
Total assets	3,235,584,000	3,015,835,000
Total liabilities	(1,837,653,000)	(1,584,301,000)
Net assets	1,397,931,000	1,431,534,000
The Group's share of net assets	**419,379,300**	**429,460,200**

	1 January - 30 June 2013	1 January - 30 June 2012
Net sales revenue	6,430,979,000	5,565,721,000
Net income for the year	66,397,000	60,056,000
Group's share	**19,919,100**	**18,016,800**

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

NOTE 5 - ASSOCIATES (Continued)

RWE&Turcas Güney Elektrik Üretim A.Ş.

Turcas Elektrik Üretim A.Ş. which is 100% subsidiary due to the direct and indirect shares regarding the electricity generation of Turcas, established two joint ventures, titled RWE & Turcas Güney Elektrik Üretim A.Ş. and RWE & Turcas Kuzey Elektrik Üretim A.Ş.. The share Turcas Elektrik A.Ş. has in these companies, founded in 2009, is 30%, RWE & Turcas Güney Elektrik Üretim A.Ş. obtained positive response for its Environmental Impact Statement from the Republic of Turkey Ministry of the Environment and Forestry in 2008 in order to establish and operate a natural gas combined cycle power plant with installed power of 775 MW, and also obtained an Electricity Generation Licence from the Energy Market Regulatory Authority in 2009, and completed the land purchases.

Moreover, for the power plant which is put into use by RWE & Turcas Güney Elektrik Üretim A.Ş. in Denizli, a turnkey engineering, acquisition and construction contract was signed with the Greek “METKA” firm on 27 October 2009, The construction licence of the power plant was also obtained during the period, In 2010 system connection agreements were finalised with the Turkish Electricity Transmission Corporation and the final decision was reached, and at the end of 2010 loan agreements were signed with Portigon AG, Bayern LB and TSKB under appropriate conditions for the financing of the project. Construction of the power plant has started on 19 July 2010 and with the temporary acceptance of Ministry made on 24 June 2013 the power plant has became operational.

	30 June 2013	**31 December 2012**
Total assets	1,532,071,367	1,392,208,084
Total liabilities	(1,095,114,038)	(992,056,136)
Net assets	436,957,329	400,151,948
The Group’s share of net assets	**131,087,199**	**120,045,584**

	1 January - 30 June 2013	**1 January - 30 June 2012**
Net sales revenue	56,507,459	3,414,342
Loss for the period	36,805,381	(7,155,699)
Group’s share	**11,041,614**	**(2,146,710)**

Denizli Natural Gas Cycle Plant built by RWE&Turcas Güney Elektrik Üretim A.Ş. has been put into use as of 24 June 2013. On the other hand, since the completion of the project was delayed as of 1 January 2013 according to the EPC Agreement signed between RWE&Turcas Güney Elektrik Üretim A.Ş. (owner and operator of the plant in question), Metal Constructions of Greece SA (METKA) and Power Projects Sanayi Insaat Ticaret LTD Companies (PPL); the right to claim damages for delay in performance has emerged due to this delay as per the relevant articles of the EPC Agreement and RWE&Turcas Güney Elektrik Üretim A.Ş. management has decided to recognise an income accrual of TL52,322,666 in its financial statement dated 30 June 2013. The part of this income accrual reflected on the Group's consolidated financial statements amounts to TL15,696,800.

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

NOTE 5 - ASSOCIATES (Continued)

Star Rafineri A.Ş.

The Group has purchased 18,5% of the shares of Star Rafineri A.Ş. whose TL49,996,996 out of TL50,000,000 paid-in share capital is owned by SOCAR Turkey Enerji A.Ş. at 29 December 2011, Production of LPG, naphta, products of xylene, diesel and fuel oil are the main activities of Star Rafineri A.Ş.

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

	30 June 2013	**31 December 2012**
Total assets	599,855,025	361,986,941
Total liabilities	(484,203,852)	(304,152,038)
Net assets	115,651,173	57,834,903
Group's share of associate's net assets	**21,395,467**	**10,699,461**
Goodwill	1,818,492	1,818,492
Capital advance	67,563,864	-
Total	**90,777,823**	**12,517,953**

	1 January - 30 June 2013	**1 January - 30 June 2012**
Comprehensive expense	57,760,048	(1,197,211)
Group's share of loss for the period	10,685,609	(221,484)

NOTE 6 - FINANCIAL ASSETS

	30 June 2013			**31 December 2012**		
	Short term	**Long term**	**Total**	**Short term**	**Long term**	**Total**
Available for sale financial assets	-	58,240	58,240	-	58,240	58,240
Held-to-maturity financial assets	6,700,837	-	6,700,837	2,090,187	-	2,090,187
	6,700,837	**58,240**	**6,759,077**	**2,090,187**	**58,240**	**2,148,427**

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

NOTE 6 - FINANCIAL ASSETS (Continued)

a) Available for sale financial assets

	30 June 2013		31 December 2012	
	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	45,000	30,00
	58,240		**58,240**	

(*) 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.

Financial assets are valuated by using purchase cost of financial assets less provision for impairment (if any) under the circumstances of no fair value of financial assets available for sale recorded in stock market or no other available methods to calculate the fair value.

b) Held to maturity financial assets:

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

	30 June 2013	**31 December 2012**
Bonds:		
Private sector bonds	6,700,837	2,090,187
	6,700,837	**2,090,187**

Remaining time to maturity dates of held-to-maturity financial assets in agreements as of 30 June 2013 and 31 December 2012 are as follows:

	30 June 2013			31 December 2012		
	Banking	**Other firms**	**Total**	**Banking**	**Other firms**	**Total**
Less than 3 months	6,700,837	-	6,700,837	2,090,187	-	2,090,187
	6,700,837	**-**	**6,700,837**	**2,090,187**	**-**	**2,090,187**

Remaining time to repricing dates of held-to-maturity financial assets in agreements as of 30 June 2013 and 31 December 2012 are as follows:

	30 June 2013			31 December 2012		
	Banking	**Other firms**	**Total**	**Banking**	**Other firms**	**Total**
Less than 3 months	6,700,837	-	6,700,837	2,090,187	-	2,090,187
	6,700,837	**-**	**6,700,837**	**2,090,187**	**-**	**2,090,187**

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

NOTE 6 - FINANCIAL ASSETS (Continued)

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

	2013	2012
1 January	**2,090,187**	**-**
Purchases	6,689,271	-
Disposals through sales and redemptions	(2,090,187)	-
Additions due to amortized cost	11,566	-
30 June	**6,700,837**	**-**

NOTE 7 - FINANCIAL LIABILITIES

As of 30 June 2013 and on 31 December 2012 financial liabilities are as follows:

	30 June 2013	31 December 2012
Short term bank borrowings	82,993	75,259
Short term portions of long term bank borrowings	37,145,727	16,288,626
Total short term financial liabilities	**37,228,720**	**16,363,885**
Long term financial liabilities	316,233,284	292,796,276
Total financial liabilities	**353,462,004**	**309,160,161**

The details of short-term bank borrowings of the Group as of 30 June 2013 and 31 December 2012 is as follows:

	Original amount		Yearly average effective interest rate (%)		TL equivalent	
	30 June 2013	31 December 2012	30 June 2013	31 December 2012	30 June 2013	31 December 2012
EUR	33,016	32,002	6,20	6,20	82,993	75,259
					82,993	**75,259**

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

NOTE 7 - FINANCIAL LIABILITIES (Continued)

The detail of short-term portion of long-term bank borrowings of the Group as of 30 June 2013 and 31 December 2012 is as follows:

	Original amount		Yearly average effective interest rate (%)		TL equivalent	
	30 June 2013	31 December 2012	30 June 2013	31 December 2012	30 June 2013	31 December 2012
USD	3,775,270	1,885,974	3,91	4,08	7,266,639	3,361,938
EUR	11,886,497	5,496,742	1,87	2,28	29,879,088	12,926,688
					37,145,727	**16,288,626**

The detail of long-term bank borrowings of the Group as of 30 June 2013 and 31 December 2012 is as follows:

	Original amount		Yearly average effective interest rate (%)		TL equivalent	
	30 June 2013	31 December 2012	30 June 2013	31 December 2012	30 June 2013	31 December 2012
USD (*)						
- Floating interest rate	24,539,252	26,400,547	3,91	4,08	47,233,153	47,061,615
- Interest accrual of floating rate loan	-	3,096	-	-	-	5,518
EUR (**)						
- Floating interest rate	106,957,134	104,411,535	1,87	2,28	268,858,147	245,544,606
- Fixed interest rate	35,142	51,908	6,20	6,20	88,336	122,072
- Interest accrual of floating rate loan	21,342	26,562	-	-	53,648	62,465
					316,233,284	**292,796,276**

(*) The total amount of loan obtained from Türkiye Sınai Kalkınma Bankası A.Ş. ("TSKB") is TL54,856,800 (USD28,500,000) and management fee of TL357,008 (USD288,750) have been deducted from the original amount. These amounts will be amortised until the end of loan agreement.

(**) Original amount of loan obtained from consortium of Bayern LB and Portigon AG is TL324,645,881 (EUR129,150,607). ECA premium of TL24,509,426 (EUR13,678,207) and management fee of TL1,399,220 have been deducted from the original amount. These amounts will be amortised until the end of loan agreement.

Floating interest rated financial debts denominated in foreign currencies are valuated to TL using effective exchange rates at period end, Interest rates of floating interest rated financial debts are redetermined in 6 month periods, therefore carrying values are considered to be approximate fair values.

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

NOTE 7 - FINANCIAL LIABILITIES (Continued)

The redemption schedule of financial liabilities is as follows:

	30 June 2013	31 December 2012
0 - 1 year	37,228,720	16,363,885
1 - 2 years	37,234,063	32,657,350
2 - 3 years	37,145,727	32,619,226
3 - 4 years	37,145,727	32,577,252
4 - 5 years	37,145,727	32,577,252
After 5 years	167,562,040	162,365,196
	353,462,004	**309,160,161**

The following is the information compiled regarding the loans made available for the 775 MW Natural Gas Combined Cycle Power Plant investment, currently under construction within the scope of financing corresponding to the share of Turcas Elektrik Üretim A.Ş., an indirect subsidiary of the Group, in the Denizli Project:

- The loan agreement was entered into with the bank consortium composed of Bayerische Landesbank ("Bayern LB") and Portigon AG with respect to the amount EUR149,351,984, with a maturity of 13 years and no-payback period of three years at the interest rate Euribor + 1,65%, under the guarantee of Euler Hermes German Export Loan Agency.

- The loan agreement was entered into with Türkiye Sınai Kalkınma Bankası A.Ş. ("TSKB") with respect to the amount USD55,000,000, with a maturity of 10 years and no-payback period of three years at the interest rate Libor + 3,40%.

The portion EUR129.150.607 of the loan received from the bank consortium formed by Bayern LB and Portigon AG and the portion USD28.500.000 of the loan received from TSKB has been utilized as of 30 June 2013.

Turcas Petrol A.Ş. pledged USD77,000,000 to the bank within the scope of the loan agreement signed between TSKB and Turcas Elektrik Üretim A.Ş. and EUR149,351,984 within the scope of the loan agreement made with Bayern LB and Portigon AG.

As a requirement of the loan agreement signed with Portigon AG and Bayern LB and Turcas Elektrik Üretim A.Ş. with a view to financing the section corresponding to its part in the Denizli Project, a DSRA Standby Letter of Credit was arranged by Türkiye Garanti Bankası A.Ş. on behalf of Turcas Elektrik Üretim A.Ş. with Bayern LB as the drawee bank in the amount of EUR21,656,038 with maturity ending 15 July 2014, In order to ensure the above standby letter of credit is issued. Turcas Petrol A.Ş. pledged EUR21,656,038.

Within the scope of the Share Pledge Agreements entered into by and between Turcas Enerji Holding A.Ş., Turcas Petrol A.Ş. and Turcas Elektrik Üretim A.Ş., and Portigon AG, Bayern LB and TSKB, on 11 November 2010 a first degree pledge was established on the shares of Turcas Enerji Holding A.Ş. and Turcas Petrol A.Ş. in Turcas Elektrik Üretim A.Ş. as well as on the shares of Turcas Elektrik Üretim A.Ş. in RWE &Turcas Güney Elektrik Üretim A.Ş. on behalf of Portigon AG and Bayern LB and TSKB under equal terms and at the rate equalling the share of each bank in the relevant loans.

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

NOTE 8 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

8.1 Contingent assets and liabilities

a. Contingent assets and liabilities related with Turcas

Collaterals, pledges, mortgages (CPM) given by the Group, as of 30 June 2013 and 31 December 2012 are as follows:

		30 June 2013		31 December 2012	
	Currency	**Original Amount**	**TL Amount**	**Original Amount**	**TL Amount**
A. CPM's given for companies' Own legal personality	TL	437,976	437,976	420,776	420,776
B. CPM's given on behalf of fully Consolidated companies (**)	TL	11,041,865	11,041,865	6,639,446	6,639,446
	EUR	200,000	502,740	-	-
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	77,000,000	148,209,600	77,000,000	137,260,200
	EUR	172,508,022	433,633,415	172,508,022	405,687,115
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		-	-	-	-
			596,327,596		**552,509,537**

(*) The mortgage amount is TL2,502,000 for RWE&Turcas Güney Elektrik Üretim A.Ş. (31 December 2012: TL2,502,000).

(*) Turcas Elektrik Üretim A.Ş. has entered into a loan agreement for USD55,000,000 with TSKB, with a maturity of 10 years with a grace period of three years, regarding the loans made available for the 775 MW Natural Gas Combined Cycle Power Plant investment in Denizli. The amount of total guarantee given to TSKB by Turcas Petrol A.Ş. is USD77,000,000. As stated in note 7, as a requirement of the loan agreement signed with Portigon AG and Bayern LB. Turcas Petrol A.Ş. has provided a corporate guarantee amounting to EUR149,351,984 in favor of Portigon AG and Bayern LB. Again, as a requirement of the loan agreement, a DSRA Standby Letter of Credit was arranged by Türkiye Garanti Bankası A.Ş. on behalf of Turcas Elektrik Üretim A.Ş. with Bayern LB as the drawee bank in the amount of EUR21,656,038, with a maturity of 15 July 2014. As a collateral to this DSRA Standby Letter of Credit, Turcas Petrol A.Ş. has provided a Corporate Guarantee Amounting to EUR21,656,038 in favor of Türkiye Garanti Bankası A.Ş. In addition, Turcas Petrol A.Ş. has provided a guarantee of EUR1,500,000 to Siemens AG for the long term maintenance of gas tribunes in Denizli Project.

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

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

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

8.1 Contingent assets and liabilities (continued)

a. Contingent assets and liabilities related with Turcas (continued)

The rate of GPM's given by the Company to equity is 83% as of 30 June 2013 (31 December 2012: 80%).

	30 June 2013	31 December 2012
Mortgage received	3,451,278	2,483,881
Letter of guarantees received	2,201,150	2,201,150
Letter of other guarantees received	82,000	62,000
	5,734,428	**4,747,031**

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

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

	30 June 2013	31 December 2012
Letters of guarantee given to the customs office	113,611,800	103,406,700
Letters of guarantee given to the EMRA	15,000,000	15,000,000
Letters of guarantee given to the tax office	781,500	781,500
Other	2,594,700	2,862,300
Total	**131,988,000**	**122,050,500**

	30 June 2013	31 December 2012
Mortgages taken	300,168,600	292,341,000
Letters of guarantees received	132,667,200	194,030,400
Other guarantees received	6,222,300	4,548,900
Total	**439,058,100**	**490,920,300**

Shell&Turcas Petrol A.Ş. has committed to pay TL141,910,000 to the station owners for the station improvement in the periods mentioned below (31 December 2012: TL118,504,000). The payment terms of group's share of warranty is as follows:

	30 June 2013	31 December 2012
Within 1 year	5,489,700	9,104,400
1-5 years	27,471,300	21,087,900
5-22 years	9,612,000	5,358,900
	42,573,000	**35,551,200**

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

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

8.1 Contingent assets and liabilities (continued)

b. Contingent assets and liabilities of Turcas Petrol A.Ş. regarding Shell & Turcas Petrol A.Ş. (continued)

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

c. Commitment and contingent liabilities of Turcas Petrol A.Ş. regarding RWE & Turcas Güney Elektrik Üretim A.Ş.

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

	30 June 2013	31 December 2012
Letters of guarantees given to the EMRA	5,499,480	5,499,480
Other	1,559,473	6,815,820
Total	**7,058,953**	**12,315,300**

	30 June 2013	31 December 2012
Letters of guarantees received (*)	131,247,687	128,907,412
Total	**131,247,687**	**128,907,412**

(*) The GPMs which have received for the entity in its own general contractor is constituted from guarantee letters of the company Metka.

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

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

8.1 Contingent assets and liabilities (continued)

d. Commitment and contingent liabilities of Turcas Petrol A.Ş. regarding Star Rafineri A.Ş.

The contingent assets and liabilities of the Group related to Star Rafineri A.Ş. are follows:

	30 June 2013	31 December 2012
Letters of guarantees given	10,262	11,890
Total	**10,262**	**11,890**

	30 June 2013	31 December 2012
Letters of guarantees received	18,892,469	6,338,936
Total	**18,892,469**	**6,338,936**

8.2 Provisions

As of 30 June 2013, there are various lawsuits against or in favor of the Group. The Group management estimates the outcomes of these lawsuits and the financial effects thereof, and the required provisions are accounted for based on these estimates. The amount of provisions for the lawsuits as of 30 June 2013 is TL245.500 (31 December 2012: None).

	30 June 2013	31 December 2012
Provision for lawsuits	245,500	-
Other provisions (*)	4,167,000	4,500
	4,412,500	**4,500**

(*) Energy Market Regulatory Authority has decided to impose an administrative fine of TRY5,550,000.00 based on the justification that the Group violated Articles 2, 3 and 4 of Petroleum Market Law No. 5015. Since this amount was paid within 30 days after the official letter regarding the issue was received, a discount of 25% was applied and consequently a payment of TRY4,162,500.00 was made on 06 August 2013.

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

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

8.2 Provisions (continued)

The movement of lawsuits's provision is as follows:

	2013	2012
1 January	-	-
Current period lawsuits provision	245,500	-
30 June	**245,500**	**-**

The movement of other provisions is as follows:

	2013	2012
1 January	4,500	6,500
Current period other provision	4,162,500	-
Payment of other provisions	-	(2,000)
30 June	**4,167,000**	**4,500**

NOTE 9 - EQUITY

a) Share capital

Shareholders	Group	Allocation (%)	30 June 2013	Allocation (%)	31 December 2012
Aksoy Holding A.Ş.	A/C Grubu	51,55	115,979,872	51,55	115,979,872
Public Traded	A Grubu	24,90	56,035,672	24,86	55,928,634
Turcas Petrol A.Ş. (*)		5,36	12,059,447	5,36	12,059,447
YTC Turizm ve Enerji Ltd. Şti.	A Grubu	4,02	9,045,000	4,02	9,054,468
Suna Baban	A/B Grubu	3,46	7,785,000	3,46	7,789,719
Müeddet Hanzat Öz	A/B Grubu	3,46	7,785,000	3,46	7,794,215
Yılmaz Tecmen	A/B Grubu	2,21	4,972,500	2,21	4,968,783
Other	A/B Grubu	5,04	11,337,509	5,08	11,424,862
Total		**100,00**	**225,000,000**	**100,00**	**225,000,000**
Treasury shares adjustment (*)			(22,850,916)		(22,850,916)
Inflation adjustment			41,247,788		41,247,788
Adjusted capital			243,396,872		243,396,872

(*) %5.36 shares of Turcas Petrol A.Ş. which was owned by Turcas Enerji Holding A.Ş., one of Turcas Petrol A.Ş.'s subsidiaries, have been purchased by Turcas Petrol A.Ş. on 29 November 2012 as a consequence of Repurchasing Programme prepared in accordance with the communiqué no 26/767 "Principles for the Firms whose shares are quoted in ISE (Istanbul Stock Exchange) during the purchase of their own shares" by CMB on 10 August 2011.

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

NOTE 9 - EQUITY (Continued)

a) Sahre capital (continued)

The issued capital of the Company in 2013 is composed of 225,000,000 shares (2012: 225,000,000 shares). The nominal value of shares is TL 1 per share.

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

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

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

b) Restricted reserves excepted from profit

	30 June 2013	31 December 2012
Legal Reserves	34,823,299	32,356,963
	34,823,299	**32,356,963**

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

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

NOTE 10 - SALES AND COST OF SALES

	1 January - 30 June 2013	1 January - 30 June 2012	1 April - 30 June 2013	1 April - 30 June 2012
Electricity sales	19,969,240	6,749,268	9,735,476	4,053,547
Sales returns	(33,903)	-	(33,903)	-
Other sales	286,954	526,827	167,497	253,421
	20,222,291	**7,276,095**	**9,869,070**	**4,306,968**

	1 January - 30 June 2013	1 January - 30 June 2012	1 April - 30 June 2013	1 April - 30 June 2012
Electricity costs	18,392,006	7,072,031	8,761,052	3,810,902
Transmission capacity and service fee	-	17,282	-	15,563
Other costs	6,393	12,632	5,305	11,030
	18,398,399	**7,101,945**	**8,766,357**	**3,837,495**

NOTE 11 - EXPENSE BY NATURE

	1 January - 30 June 2013	1 January - 30 June 2012	1 April - 30 June 2013	1 April - 30 June 2012
Cost of goods sold	18,398,399	7,101,945	8,766,357	3,837,495
Personnel expenses	4,104,287	2,700,758	1,852,553	1,327,853
Outsourced services	1,105,467	754,928	125,193	405,503
Depreciation and amortization expenses	484,109	627,931	139,487	290,296
Travel expenses	382,573	351,943	163,919	56,788
Rent expenses	346,416	266,611	173,151	115,610
Taxes and other liabilities	212,872	299,769	147,730	272,684
Repair and maintenance expenses	93,316	85,024	58,227	51,503
Other	1,369,134	1,199,244	1,136,627	876,992
	26,496,573	**13,388,153**	**12,563,244**	**7,234,724**

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

NOTE 12 - OTHER INCOME AND EXPENSES

a) Other income:

	1 January - 30 June 2013	1 January - 30 June 2012	1 April - 30 June 2013	1 April - 30 June 2012
Shell Company Joint Venture Contract revenue (*) (Note 9)	14,455,219	19,168,240	14,455,219	19,168,240
Service revenue	626,783	230,955	219,655	224,522
Rent income	64,555	719,587	33,131	688,170
Stamp tax income	-	686,070	-	-
Other	597,265	786,443	246,787	718,947
	15,743,822	**21,591,295**	**14,954,792**	**20,799,879**

(*) Associate Initiative Agreement gives the right to reflect the predetermined amount about Turcas to Shell Türkiye under the circumstances of exceeding amounts of reflected administration expenses from the main associate abroad of Shell Türkiye to STAŞ.

b) Other expenses:

	1 January - 30 June 2013	1 January - 30 June 2012	1 Nisan - 30 June 2013	1 Nisan - 30 June 2012
EPDK fine expenses (*)	4,162,500	-	4,162,500	-
Provision for lawsuits	245,500	-	245,500	-
Loss from the sales of property	-	20,122	-	-
Other	157,000	23,232	94,191	42,516
	4,565,000	**43,354**	**4,502,191**	**42,516**

(*) Energy Market Regulatory Authority decided for an administrative fine of TL5,550,000 for the Group, due to the violation of Articles 2, 3 and 4 of Petroleum Market Law No. 5015. In case the fine is paid within 30 days after the official letter on the matter is received by the Group, a discount of 25% is applied to said amount. The Group benefited from this discount and paid the administrative fine of TL4,162,500 on 6 August 2013 with reservation of the right to claim and action. Regarding the said amount, the expense accrual is recognised in consolidated financial statements dated 30 June 2013

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

NOTE 13 - FINANCIAL INCOME

	1 January - 30 June 2013	1 January - 30 June 2012	1 April - 30 June 2013	1 April - 30 June 2012
Foreign exchange gains	17,213,311	26,909,195	6,556,703	14,624,838
Interest income	12,176,630	13,905,223	10,106,429	10,528,853
Deferred finance income	126,555	114,300	118,076	25,460
	29,516,496	**40,928,718**	**16,781,208**	**25,179,151**

NOTE 14 - FINANCIAL EXPENSE

	1 January - 30 June 2013	1 January - 30 June 2012	1 April - 30 June 2013	1 April - 30 June 2012
Foreign exchange losses	35,302,649	14,040,765	29,483,567	3,569,016
Interest expenses	6,394,968	6,689,045	3,475,379	3,658,443
Deferred finance charges	957	88,704	(77,230)	(2,013)
	41,698,574	**20,818,514**	**32,881,716**	**7,225,446**

NOTE 15 - TAX ASSETS AND LIABILITIES

Corporate tax for the period

Current tax liability	**30 June 2013**	**31 December 2012**
Corporate tax provision	(2,955,369)	(4,908,672)
Less: Prepaid tax and funds	562,967	4,971,372
Tax (liabilities)/ assets	**(2,392,402)**	**62,700**

Tax expense is comprised of the following:

	1 January - 30 June 2013	1 January - 30 June 2012	1 April - 30 June 2013	1 April - 30 June 2012
Current period corporate tax provision	(2,955,369)	(1,445,158)	(2,503,762)	(1,445,158)
Deferred tax income/ (expense)	1,004,251	(2,857,707)	992,731	(3,191,830)
	(1,951,118)	**(4,302,865)**	**(1,511,031)**	**(4,636,988)**

NOTE 15 - TAX ASSETS AND LIABILITIES (Continued)

Corporate Tax

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

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

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate is 20% in 2012 (2011: 20%). Losses are allowed to be carried 5 years maximum to be deducted from the taxable profit of the following years. However, losses occurred cannot be deducted from the profit occurred in the prior years retroactively.

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

Income withholding tax

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

Deferred tax assets and liabilities

The Group, recognizes deferred tax assets and liabilities based upon temporary differences arising between their financial statements prepared in accordance with 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% (2012: 20%).

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

NOTE 15 - TAX ASSETS AND LIABILITIES (Continued)

Deferred tax assets and liabilities (continued)

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

	Total temporary differences		Deferred tax asset/(liability)	
	30 June 2013	**31 December 2012**	**30 June 2013**	**31 December 2012**
Interest accruals	(11,522,313)	(8,094,794)	2,304,463	1,618,959
Tangible and intangible assets	(2,358,977)	(906,776)	471,795	181,355
Provision for unused vacation	(374,341)	(294,594)	74,868	58,919
Provision for employment termination benefits	(446,861)	(353,913)	89,372	70,783
Provision for lawsuits	(245,500)	-	49,100	-
Provision for doubtful receivable	-	(151,055)	-	30,211
Deferred interest income	12,277	138,832	2,455	27,766
Deferred interest expense	7,611	8,568	(1,522)	(1,713)
Deferred tax (liabilities)/ assets (net)			**2,990,531**	**1,986,280**

As of the balance sheet date, the Group has carry forward tax losses amounting to TL34,667,600 (31 December 2012: TL16,343,032) to be deducted from future profits. The expiration dates of unrecognized carry forward tax losses are as follows:

	30 June 2013	**31 December 2012**
2013	9,978,376	10,034,994
2014	2,112,546	2,128,337
2015	787,323	792,820
2016	543,041	543,041
2017	1,650,303	2,843,840
2018	19,596,011	-
	34,667,600	**16,343,032**

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

NOTE 15 - TAX ASSETS AND LIABILITIES (Continued)

The movement of deferred tax assets and liabilities as of 30 June 2013 and 2012 are as follows:

	30 June 2013	**30 June 2012**
Opening balance	1,986,280	126,057
Deferred tax (expense)/ income	1,004,251	(2,857,707)
Closing balance	**2,990,531**	**(2,731,650)**

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

	30 June 2013	**30 June 2012**
Profit before tax	**34,368,785**	**51,194,693**
Tax effect (%)	20%	20%
Tax expense calculated by using effective tax rate	(6,873,757)	(10,238,939)
Tax effect of exemptions	1,157,707	1,847,799
Utilized carry forward tax losses	92,695	2,901,073
Unused portion of carry forward tax losses	(3,174,182)	(323,980)
Transactions with associates	7,645,820	3,129,721
Tax effect of non deductible expenses	(946,316)	(1,197,496)
Other	146,915	(421,043)
Income tax expense	**(1,951,118)**	**(4,302,865)**

NOTE 16 - EARNINGS PER SHARE

At 30 June 2013 and 2012, the weighted average number of shares and earnings per share are as follows:

	1 January - 30 June 2013	**1 January - 30 June 2012**	**1 April - 30 June 2013**	**1 April - 30 June 2012**
Weighted average number of outstanding shares	225,000,000	225,000,000	225,000,000	225,000,000
Income attributable to the equity holders of the parent	32,416,284	46,894,174	15,276,881	30,459,098
Earnings per share	**0,14**	**0,21**	**0,07**	**0,14**

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

NOTE 17 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

	30 June 2013							
	Receivables				Payables			
	Short term		Long term		Short term		Long term	
Balances with related parties	**Trade**	**Other**	**Trade**	**Other**	**Trade**	**Other**	**Trade**	**Other**
Associates								
Shell&Turcas Petrol A.Ş.	-	-	-	-	-	4,624	-	-
RWE & Turcas Güney Elektrik Üretim A.Ş. (*)	-	29,296,386	-	264,663,861	-	-	-	-
RWE& Turcas Enerji Toptan Satış A.Ş.	-	300,000	-	-	-	-	-	-
Other entities								
Yeditepe Beyn, Otelcilik Turz.ve Tic. A.Ş. (**)	232,037	-	-	-	-	-	-	-
Dividend payable to real person shareholders	-	-	-	-	312,478	-	-	-
Ataş Anadolu Tasfiyehanesi A.Ş.	-	-	-	-	-	46,524	-	-
Aksoy Holding A.Ş.	-	18,060	-	-	-	-	-	-
Aksoy Taşınmaz Yatırımları A.Ş.	-	75,743	-	-	-	-	-	-
	232,037	**29,690,189**	**-**	**264,663,861**	**312,478**	**51,148**	**-**	**-**

(*) In order to finance the section corresponding to its part in the Denizli Project of RWE & Turcas Güney Elektrik Üretim A.Ş., the Group has entered into a loan agreement with Bayern LB, Portigon AG and TSKB, Principal and interest of the loan (TLLibor+2) is reflected to RWE & Turcas Güney Elektrik Üretim A.Ş., as stated in Shareholder Loan Agreement signed on 3 December 2010, TL11.347.477 of interest income has been booked regarding related receivables.

(**) Turcas Elektrik Toptan Satış A.Ş., one of the Group's subsidiary, sells electricity to Conrad Yeditepe Beynelmilel Otelcilik Turizm ve Ticaret A.Ş., as with other clients, according to sales contract signed between them. This amount has been collected in subsequent period.

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

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

	1 January - 30 June 2013						
Transactions with related parties	**Purchases**	**Sales**	**Interest received**	**Rent income**	**Dividend income**	**Other income**	**Other expense**
Associates							
Shell & Turcas Petrol A.Ş.	34,773	1,018,560	-	-	30,000,000	-	-
RWE & Turcas Güney Elektrik Üretim A.Ş.	-	-	11,347,477	-	-	-	-
Star Rafineri A.Ş.	-	-	593,101	-	-	-	-
Other Entities							
Conrad Yeditepe Beyn, Otelcilik Turz. ve Tic. A.Ş.	31,825	1,116,954	-	-	-	-	-
Etiler Dış Ticaret Ltd. Şti.	-	-	-	600	-	-	-
Aksoy Holding A.Ş.	-	-	-	7,892	-	15,098	17,100
Enak Yapı ve Dış Ticaret A.Ş.	-	-	-	1,300	-	22,154	-
Ataş Anadolu Tasfiyehanesi A.Ş.	397,667	-	-	54,055	-	-	-
YTC Turizm ve Enerji Ltd. Şti.	-	-	-	-	-	3,030	72,589
Aksoy Bodrum Taşinmaz Yatirimlari A.Ş.	-	-	-	500	-	1,907	-
Aksoy Taşinmaz Yatirimlari A.Ş.	-	-	-	600	-	-	-
	464,265	**2,135,514**	**11,940,578**	**64,947**	**30,000,000**	**42,189**	**89,689**

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

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

	31 December 2012							
	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								
Shell & Turcas Petrol A.Ş.	-	-	-	-	-	11,671	-	-
Star Rafineri A.Ş. (***)	-	14,559,646	-	-	-	-	-	-
RWE & Turcas Güney Elektrik Üretim A.Ş. (*)	-	13,242,973	-	251,538,413	-	-	-	-
Other entities controlled by the main shareholder								
Conrad Yeditepe Beyn, Otelcilik Turz.ve Tic. A.Ş.(**)	202,135	-	-	-	-	254,577	-	-
Ataş Anadolu Tasfiyehanesi A.Ş.	-	-	-	-	-	269,649	-	-
Dividend payable to real person shareholders	-	-	-	-	265,237	-	-	-
Aksoy Holding A.Ş.	-	24,391	-	-	-	-	-	-
	202,135	**27,827,010**	**-**	**251,538,413**	**265,237**	**535,897**	**-**	**-**

(*) In order to finance the Denizli Project of RWE & Turcas Güney Elektrik Üretim A.Ş., the Group has entered into a loan agreement with Bayern LB, Portigon AG and TSKB. This Loan is being utilized to RWE & Turcas Güney Elektrik Üretim A.Ş., as Shareholder Loans as per the terms stated in Shareholder Loan Agreement signed on 3 December 2010, TL23,737,828 interest income is booked related to these receivables using interest rate (TLLibor+2) as stated in the agreement.

(**) Turcas Elektrik Toptan Satış A.Ş., one of the Group's associates, sells electricity to Conrad Yeditepe Beynelmilel Otelcilik Turizm ve Ticaret A.Ş., as with other clients, according to sales contract signed between them. This amount has been collected in subsequent period. Conrad Yeditepe Beynelmilel Otelcilik Turizm ve Ticaret A.Ş. charged to Group due to unutilized capacity of cogeneration plant. This amount has been collected in subsequent period.

(***) A loan has been given to Star Rafineri A.Ş., one of the Group's associates, for financial purposes, In relation with this loan, a total of TL1,681,517 (31 December 2011: TL529,956) interest income is booked using current market interest rate (12,5%). No guarantee, pledge or mortgage has been received due to this receivable.

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

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

	1 January - 30 June 2012					
Transactions with related parties	**Purchases**	**Sales**	**Interest received**	**Rent income**	**Dividend income**	**Other expense**
Associates						
Shell & Turcas Petrol A.Ş.	36,945	313,834	-	-	27,000,000	-
RWE & Turcas Güney Elektrik Üretim A.Ş.	-	-	11,506,371	-	-	-
Star Rafineri A.Ş.	-	-	895,346	-	-	-
Other Entities						
Conrad Yeditepe Beyn, Otelcilik Turz. ve Tic A.Ş.	14,256	1,569,525	-	-	-	297,337
Etiler Dış Ticaret Ltd. Şti.	-	-	-	600	-	-
Aksoy Holding A.Ş.	-	-	-	600	-	20,019
Enak Yapı ve Dış Ticaret A.Ş.	-	-	-	600	-	-
Ataş Anadolu Tasfiyehanesi A.Ş.	255,089	-	-	54,011	-	10,611
	306,290	**1,883,359**	**12,401,717**	**55,811**	**27,000,000**	**327,967**

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

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

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

	1 January - 30 June 2013	1 January- 30 June 2012	1 April- 30 June 2013	1 April - 30 June 2012
Salaries and other short term benefits	1,165,082	1,103,590	582,674	551,795
	1,165,082	**1,103,590**	**582,674**	**551,795**

Between 2013 and 2012, the senior management bonuses, daily allowance, retirement benefits, dismissal, post employment benefits, equity settled share-basedpayments, and other long-term benefits did not provided.

NOTE 18 - FOREIGN CURRENY POSITION

Foreign currency transactions cause foreign currency risk.

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

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

NOTE 18 - FOREIGN CURRENY POSITION (Continued)

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

		30 June 2013			
		TL Equivalent (Functional currency)	US Dollar	Euro	Other
1-	Trade receivables	-	-	-	-
2a-	Monetary financial assets	71,557,046	37,176,108	188	-
2b-	Non-monetary financial assets	-	-	-	-
3-	Other	-	-	-	-
4-	**Current assets (1+2+3)**	**71,557,046**	**37,176,108**	**188**	**-**
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)**	**71,557,046**	**37,176,108**	**188**	**-**
10-	Trade payables	-	-	-	-
11-	Financial liabilities	37,228,720	3,775,270	11,919,514	-
12a-	Other monetary financial liabilities	-	-	-	-
12b-	Other non-monetary financial liabilities	-	-	-	-
13-	**Current Liabilities (10+11+12)**	**37,228,720**	**3,775,270**	**11,919,514**	**-**
14-	Trade payables	-	-	-	-
15-	Financial liabilities	316,233,284	24,539,252	107,013,618	-
16a-	Other monetary financial liabilities	-	-	-	-
16b-	Other non-monetary financial liabilities	-	-	-	-
17-	**Non-current liabilities (14+15+16)**	**316,233,284**	**24,539,252**	**107,013,618**	**-**
18-	**Total liabilities (13+17)**	**353,462,004**	**28,314,522**	**118,933,132**	**-**
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)**	**(281,904,958)**	**8,861,586**	**(118,932,944)**	**-**
21-	**Net foreign currency asset / liability position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)**	**(281,904,958)**	**8,861,586**	**(118,932,944)**	**-**
22-	**Fair value of foreign currency hedged financial assets**	**-** / **-**	**-** / **-**	**-** / **-**	**-** / **-**
23-	**Hedged foreign currency assets**	**-**	**-**	**-**	**-**
24-	**Hedged foreign currency liabilities**	**-**	**-**	**-**	**-**
25-	**Exports**	**-**	**-**	**-**	**-**
26-	**Imports**	**-**	**-**	**-**	**-**

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

NOTE 18 - FOREIGN CURRENY POSITION (Continued)

		31 December 2012			
		TL Equivalent (Functional currency)	**US Dollar**	**Euro**	**Other**
1-	Trade receivables	-	-	-	-
2a-	Monetary financial assets	81,841,762	45,911,456	-	-
2b-	Non-monetary financial assets	-	-	-	-
3-	Other	11,194,728	6,280,000	-	-
4-	**Current assets (1+2+3)**	**93,036,490**	**52,191,456**	**-**	**-**
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)**	**93,036,490**	**52,191,456**	**-**	**-**
10-	Trade payables	-	-	-	-
11-	Financial liabilities	16,363,885	1,885,974	5,528,744	-
12a-	Other monetary financial liabilities	-	-	-	-
12b-	Other non-monetary financial liabilities	-	-	-	-
13-	**Current Liabilities (10+11+12)**	**16,363,885**	**1,885,974**	**5,528,744**	**-**
14-	Trade payables	-	-	-	-
15-	Financial liabilities	292,796,276	26,403,643	104,490,004	-
16a-	Other monetary financial liabilities	-	-	-	-
16b-	Other non-monetary financial liabilities	-	-	-	-
17-	**Non-current liabilities (14+15+16)**	**292,796,276**	**26,403,643**	**104,490,004**	**-**
18-	**Total liabilities (13+17)**	**309,160,161**	**28,289,617**	**110,018,748**	**-**
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)**	**(216,123,671)**	**23,901,839**	**(110,018,748)**	**-**
21-	**Net foreign currency asset / liability position of monetary items (1+2a+5+6a+10-11-12a-14+15-16a)**	**(216,123,671)**	**23,901,839**	**(110,018,748)**	**-**
22-	**Fair value of foreign currency hedged financial assets**	**-**	**-**	**-**	**-**
23-	**Hedged foreign currency assets**	**-**	**-**	**-**	**-**
24-	**Hedged foreign currency liabilities**	**-**	**-**	**-**	**-**
25-	**Exports**	**-**	**-**	**-**	**-**
26-	**Imports**	**-**	**-**	**-**	**-**

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

NOTE 18 - FOREIGN CURRENY POSITION (Continued)

Foreign currency sensitivity

	30 June 2013			
	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	1,705,678	(1,705,678)	1,705,678	(1,705,678)
2- Part of hedged from US Dollar risk (-)	-	-	-	-
3- US Dollar net effect (1+2)	**1,705,678**	**(1,705,678)**	**1,705,678**	**(1,705,678)**
+/-10% fluctuation of EUR rate				
4- Euro net asset / liability	(29,896,174)	29,896,174	(29,896,174)	29,896,174
5- Part of hedged from Euro risk (-)	-	-	-	-
6- Euro net effect (4+5)	**(29,896,174)**	**29,896,174**	**(29,896,174)**	**29,896,174**
Total (3+6)	**(28,190,496)**	**28,190,496**	**(28,190,496)**	**28,190,496**

	31 December 2012			
	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	4,260,742	(4,260,742)	4,260,742	(4,260,742)
2- Hedged from US Dollar risk (-)	-	-	-	-
3- US Dollar net effect (1+2)	**4,260,742**	**(4,260,742)**	**4,260,742**	**(4,260,742)**
+/-10% fluctuation of EUR rate				
4- Euro net asset / liability	(25,873,109)	25,873,109	(25,873,109)	25,873,109
5- Hedged from Euro risk (-)	-	-	-	-
6- Euro net effect (4+5)	**(25,873,109)**	**25,873,109**	**(25,873,109)**	**25,873,109**
TOTAL (3+6+9)	**(21,612,367)**	**21,612,367**	**(21,612,367)**	**21,612,367**

NOTE 19 - SUBSEQUENT EVENTS

1) Energy Market Regulatory Authority decided for an administrative fine of TL5,550,000 for the Group, due to the violation of Articles 2, 3 and 4 of Petroleum Market Law No. 5015. In case the fine is paid within 30 days after the official letter on the matter is received by the Group, a discount of 25% is applied to said amount. The Group benefited from this discount and paid the administrative fine of TL4,162,500 on 6 August 2013 with reservation of the right to claim and action. Regarding the said amount, the expense accrual is recognised in consolidated financial statements dated 30 June 2013 (Note 8).

2) Decision regarding the increase of the paid-in capital of Turcas Rafineri Ytırımları A.Ş., which is a subsidiary of the Group, from TL1,500,000 to TL83,250,000 is taken on 10 July 2013.

3) In accordance with the future decision of capital increase, which will be taken by STAR Rafineri A.Ş., an affiliate of the Group; Turcas Rafineri Yatırımları A.Ş., which is a direct subsidiary with an effective rate of 99.6%, has transferred TL67,563,864.00 as of 30 June 2013 and TL23,738,175.00 after the balance sheet date, as capital advance payments to STAR Rafineri A.Ş.

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