

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

**TÜRKİYE PETROL RAFİNERİLERİ A.Ş.**

**1 JANUARY - 31 MARCH 2019 CONDENSED INTERIM  
CONSOLIDATED FINANCIAL STATEMENTS**

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

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# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019

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

Assets	Notes	Unaudited	Audited
		31 March 2019	31 December 2018
<b>Current assets</b>		<b>28.061.876</b>	<b>20.962.205</b>
Cash and cash equivalents	4	11.328.854	5.982.828
Trade receivables	6	6.429.066	5.428.738
Due from related parties	6, 28	1.071.315	1.132.117
Trade receivables from third parties		5.357.751	4.296.621
Other receivables	7	90.855	29.048
Other receivables from third parties		90.855	29.048
Derivative Instruments	18	328.836	175.532
Inventories	8	8.410.339	6.764.745
Prepaid expenses	13	105.789	108.689
Other current assets	14	1.368.137	2.472.625
<b>Non-current assets</b>		<b>25.544.161</b>	<b>19.073.522</b>
Investments accounted for using the equity method	9	1.259.577	1.266.334
Investment properties	10	-	4.621
Property, plant and equipment	11	19.244.328	12.339.167
Right of use assets		197.898	-
Intangible assets	12	53.312	58.185
Other intangible assets		53.312	58.185
Derivative instruments	18	209.821	168.266
Prepaid expenses	13	364.575	378.000
Deferred tax assets	26	2.789.436	3.566.132
Other non-current assets	14	1.425.214	1.292.817
<b>Total assets</b>		<b>53.606.037</b>	<b>40.035.727</b>
<b>Liabilities</b>			
<b>Current liabilities</b>		<b>25.145.175</b>	<b>15.949.538</b>
Short-term financial liabilities	5	2.592.930	1.141.869
Current portion of long term financial liabilities	5	2.962.179	2.971.529
Trade payables	6	13.229.192	7.496.141
Due to related parties	6, 28	160.234	77.096
Trade payables, third parties		13.068.958	7.419.045
Liabilities for employee benefits	16	95.034	127.500
Other payables	17	1.889.336	39.300
Due to related parties	17, 28	9.596	24.279
Other payables to third parties		1.879.740	15.021
Derivative instruments	18	271.956	236.050
Deferred income		6.856	4.878
Current income tax liabilities	26	-	98.749
Provisions	15	182.609	80.345
Provisions for employee benefits		67.953	8.863
Other provisions		114.656	71.482
Other current liabilities	14	3.915.083	3.753.177
<b>Non-current liabilities</b>		<b>16.646.186</b>	<b>14.140.360</b>
Long-term financial liabilities	5	16.367.782	13.836.142
Provisions	15	248.545	257.392
Provisions for employee benefits		248.545	257.392
Deferred income		6.102	3.638
Derivative Instruments	18	22.834	42.237
Other non-current liabilities		923	951
<b>Total liabilities</b>		<b>41.791.361</b>	<b>30.089.898</b>
<b>Equity</b>		<b>11.814.676</b>	<b>9.945.829</b>
Share capital	20	250.419	250.419
Adjustment to share capital	20	1.344.243	1.344.243
Accumulated other comprehensive income/(expense) not to be reclassified to profit or loss		6.158.038	3.478
Gains/ losses on revaluation and remeasurement		6.138.750	5.021
Property, plant and equipment revaluation increases (decreases)		6.133.729	-
Actuarial gain/(loss) arising from defined benefit plans		5.021	5.021
Share of other comprehensive income of investments accounted for using equity method that will not be reclassified to profit or loss		19.288	(1.543)
Accumulated other comprehensive income/(expense) to be reclassified to profit or loss		(1.944.766)	(1.822.867)
Currency translation differences		(384)	-
Hedging gains/(losses)		(2.221.079)	(2.094.224)
Cash flow hedge gains/(losses)		(2.221.079)	(2.094.224)
Share of other comprehensive income of investments accounted for using equity method that will be reclassified to profit or loss		276.697	271.357
Restricted reserves	20	503.343	597.086
Retained earnings		5.752.162	5.739.481
Net income		(375.158)	3.712.789
<b>Total equity attributable to equity holders of the parent</b>		<b>11.688.281</b>	<b>9.824.629</b>
<b>Non-controlling interests</b>		<b>126.395</b>	<b>121.200</b>
<b>Total equity and liabilities</b>		<b>53.606.037</b>	<b>40.035.727</b>

The condensed interim consolidated financial statements for the period ended 31 March 2019 have been approved by the Board of Directors on 8 May 2019.

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

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2019

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

	Notes	Unaudited 1 January - 31 March 2019	Unaudited 1 January - 31 March 2018
Revenue	21	20.707.888	13.421.408
Cost of sales	21	(19.716.595)	(12.352.218)
<b>Gross profit</b>		<b>991.293</b>	<b>1.069.190</b>
General administrative expenses	22	(280.373)	(195.886)
Marketing, selling and distribution expenses	22	(85.773)	(67.165)
Research and development expenses	22	(6.819)	(4.910)
Other operating income	23	175.743	106.040
Other operating expenses	23	(565.939)	(217.081)
<b>Operating profit / (loss)</b>		<b>228.132</b>	<b>690.188</b>
Income from investment activities	24	-	-
Expense from investment activities	24	(140)	(6.383)
Income/(loss) from investments accounted by equity method	9	63.072	58.586
<b>Operating profit before financial income/(expense)</b>		<b>291.064</b>	<b>742.391</b>
Financial income	25	704.842	653.816
Financial expense (-)	25	(1.306.035)	(924.397)
<b>Profit/(loss) before tax from continued operations</b>		<b>(310.129)</b>	<b>471.810</b>
<b>Tax income / (expense)</b>		<b>(52.166)</b>	<b>(85.023)</b>
Taxes on income (-)	26	(3.422)	(5.118)
Deferred tax income / (expense)	26	(48.744)	(79.905)
<b>Net profit/(loss) from continued operations</b>		<b>(362.295)</b>	<b>386.787</b>
<b>Other comprehensive income:</b>			
<b>Items not to be reclassified to profit or loss</b>		<b>6.154.560</b>	<b>-</b>
Property, plant and equipment revaluation increases (decreases)		6.891.830	-
Share of other comprehensive income accounted for investment using equity method that will be not reclassified to profit or loss		20.831	-
Property, plant and equipment of investments valued by equity method revaluation increases (decreases)		20.831	-
Tax effect of other comprehensive income/(loss) not to be reclassified to profit or loss		(758.101)	-
Deferred tax income/(expense)		(758.101)	-
<b>Items to be reclassified to profit or loss</b>		<b>(129.567)</b>	<b>(116.546)</b>
Currency translation differences		(384)	-
Share of other comprehensive income accounted for investment using equity method that will be reclassified to profit or loss		5.340	2.282
Gain/(loss) from translation of foreign currency of investments using equity method		5.340	2.282
Income/(expense) relating to avoidance of risk of cash flow		(164.672)	(149.929)
Income/(loss) of avoidance of risk cash flow		(164.672)	(149.929)
Tax effect of other comprehensive income/(loss) to be reclassified to profit or loss		30.149	31.101
Deferred tax income/(expense)		30.149	31.101
<b>Other comprehensive income/(expense)</b>		<b>6.024.993</b>	<b>(116.546)</b>
<b>Total comprehensive income/(expense)</b>		<b>5.662.698</b>	<b>270.241</b>
<b>Distribution of income for the period:</b>			
Non-controlling interests		12.863	8.351
Attributable to equity holders of the parent		(375.158)	378.436
<b>Distribution of total comprehensive income</b>			
Non-controlling interests		5.195	4.501
Attributable to equity holders of the parent		5.657.503	265.740
<b>Earnings (loss) per share from continued operations</b>			
Earnings per share with nominal value Kr1 each (Kr)	27	(1,50)	1,51

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



# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2019

(Amounts expressed in thousands of Turkish Lira (“TRY”), unless otherwise indicated)

	Accumulated other comprehensive income/(expense) not to be reclassified to profit or loss						Accumulated other comprehensive income/(expense) not to be reclassified to profit or loss			Retained earnings						
	Gain/(losses) on valuation and remeasurement			Property plant and equipment	Actuarial gains/(losses) arising from defined benefit plans	Share of other comprehensive income of investments accounted using equity method that will be not reclassified to profit or loss	Currency translation difference	Hedge gains/ losses	Cash flow hedge	Share of other comprehensive income of investments accounted using equity method that will be reclassified to profit or loss	Restricted reserves	Retained earnings	Net Income/ Expense	Equity		Total equity
	Share capital	Adjustment to share capital	Share premiums (discounts)											increases(decreases) revaluation	holders of parent	
				Share capital	Adjustment to share capital	Share premiums (discounts)	increases(decreases) revaluation	holders of parent	Non-Controlling Interest							
Unaudited																
1 January 2018	250.419	1.344.243	-	-	(2.211)	(1.150)	-	(1.141.847)	180.874	279.668	5.651.805	3.811.546	10.373.347	104.314	10.477.661	
Transfers	-	-	-	-	-	-	-	-	-	317.418	3.494.128	(3.811.546)	-	-	-	
Dividends paid	-	-	-	-	-	-	-	-	-	-	(3.406.452)	-	(3.406.452)	-	(3.406.452)	
- Profit (loss) for period	-	-	-	-	-	-	-	-	-	-	-	378.436	378.436	8.351	386.787	
- Other comprehensive income (expense)	-	-	-	-	-	-	(114.978)	2.282	-	-	(112.696)	(3.850)	(116.546)	(3.850)	(116.546)	
Total comprehensive income (expense)	-	-	-	-	-	-	(114.978)	2.282	-	-	378.436	265.740	4.501	270.241		
31 March 2018	250.419	1.344.243	-	-	(2.211)	(1.150)	-	(1.256.825)	183.156	597.086	5.739.481	378.436	7.232.635	108.815	7.341.450	
Unaudited																
1 January 2019	250.419	1.344.243	-	-	5.021	(1.543)	-	(2.094.224)	271.357	597.086	5.739.481	3.712.789	9.824.629	121.200	9.945.829	
Transfers	-	-	-	-	-	-	-	-	-	-	3.712.789	(3.712.789)	-	-	-	
Dividends paid	-	-	-	-	-	-	-	-	-	(93.743)	(3.700.108)	-	(3.793.851)	-	(3.793.851)	
- Profit (loss) for period	-	-	-	-	-	-	-	-	-	-	(375.158)	(375.158)	12.863	(362.295)		
- Other comprehensive income (expense)	-	-	-	6.133.729	-	20.831	(384)	(126.855)	5.340	-	-	6.032.661	(7.668)	6.024.993		
Total comprehensive income (expense)	-	-	-	6.133.729	-	20.831	(384)	(126.855)	5.340	-	(375.158)	5.657.503	5.195	5.662.698		
31 March 2019	250.419	1.344.243	-	6.133.729	5.021	19.288	(384)	(2.221.079)	276.697	503.343	5.752.162	(375.158)	11.688.281	126.395	11.814.676	

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

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2019

(Amounts expressed in thousands of Turkish Lira (“TRY”), unless otherwise indicated)

		Unaudited 1 January - 31 March 2019	Unaudited 1 January - 31 March 2018
<b>Cash flows from operating activities</b>		<b>4.477.841</b>	<b>(618.947)</b>
<b>Profit/(loss)</b>		<b>(362.295)</b>	386.787
<b>Adjustment for reconciliation of profit/(loss)</b>		<b>940.874</b>	630.756
Adjustment for depreciation and amortisation expense	11, 12	171.048	155.462
Adjustments for stock impairment(cancellation)		(87.855)	2.275
Adjustments for stock impairment	8	(87.855)	2.275
Adjustment for provisions	15	108.162	43.136
Adjustment for interest (income) and expense	26	430.214	104.756
Adjustment for unrealized foreign currency translation differences	26	(469.074)	(445.696)
Adjustment for fair value (gain) or loss		61.011	20.291
Adjustment for income of investments accounted by equity method	9	(63.072)	(58.586)
Adjustment for tax expenses(income)	27	52.166	85.023
Adjustment for (gain) / loss on sales of property, plant and equipment	25	140	6.383
Adjustment for other items related with cash flow of investment or financial activities	26	757.990	710.698
Other adjustments for reconciliation of profit/(loss)		(19.856)	7.014
<b>Changes in working capital</b>		<b>4.075.268</b>	<b>(1.588.481)</b>
Adjustment for decrease/(increase) in trade receivables		(993.591)	(475.677)
Adjustment for decrease/(increase) in other receivables related with operations		913.220	(104.595)
Adjustment for decrease/(increase) in assets of derivative instruments		(194.859)	(144.757)
Adjustment for decrease/(increase) in inventories		(1.557.739)	(1.427.550)
Adjustment for increase/(decrease) in trade payables		5.753.360	457.891
Adjustment for increase/(decrease) in other payables related with operations		138.374	138.260
Adjustment for decrease/(increase) in liabilities of derivative instruments		16.503	(32.053)
<b>Cash flows from operating activities</b>		<b>4.653.847</b>	<b>(570.938)</b>
Tax returns/(payments)		(102.171)	(21.892)
Other cash inflow/(outflow)		(73.835)	(26.117)
<b>Cash flows from investing activities</b>		<b>(57.969)</b>	<b>(122.828)</b>
Cash inflows from the sales of property, plant and equipment and intangible assets		(6)	552
Cash outflows from the purchase of property, plant and equipment and intangible assets		(153.963)	(243.380)
Dividends received	9	96.000	120.000
<b>Cash flows from financing activities</b>		<b>416.451</b>	<b>(1.844.636)</b>
Cash inflows from financial liabilities	5	16.721.995	8.823.513
Cash outflows from financial liabilities	5	(14.052.566)	(8.874.590)
Cash inflows from derivative instruments		26.358	14.054
Cash outflows from derivative instruments		(54.980)	(68.767)
Cash outflows from debt payments of lease contracts		(23.200)	-
Dividends paid		(1.925.317)	(1.728.721)
Interest paid		(343.269)	(108.731)
Interest received		67.430	98.606
<b>Net increase/(decrease) in cash and cash equivalents before the effect of foreign currency translation differences</b>		<b>4.836.323</b>	<b>(2.586.411)</b>
<b>Impact of foreign currency translation differences on cash and cash equivalents</b>		<b>469.074</b>	<b>445.696</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>5.305.397</b>	<b>(2.140.715)</b>
<b>Cash and cash equivalents at beginning of period</b>		<b>4.553.080</b>	<b>7.592.735</b>
<b>Cash and cash equivalents at end of period</b>	4	<b>9.858.477</b>	<b>5.452.020</b>

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



# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2019

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

### 1. Organization and nature of operations of the Group

Türkiye Petrol Rafinerileri A.Ş. (“Tüpraş” or the “Company”) was established on 16 November 1983. The Company is mainly engaged in the following fields:

- To provide and refine crude oil, to import and export petroleum products when necessary, and to establish and operate domestic and foreign refineries for this purpose,
- To establish and operate factories and facilities in petrochemical and other related industries,
- To provide the necessary raw and supplementary materials and process, produce or trade these materials in order to obtain petrochemical and other related products,
- To package the products produced during various phases of production and to establish a packaging industry for this purpose, to evaluate and/or to sell waste, by products and substandard products, to establish and operate the necessary facilities for the destruction of the waste products,
- To establish and operate facilities and plants related with all kinds of energy and energy related industries within the framework of the laws and regulations. To obtain, use and trade all kinds of equipment, materials and chemical substances for this purpose,
- To purchase, sell, import, export, store, market all kinds of petroleum products, LPG and natural gas, to establish marketing and distributing companies or similar partnerships with legal entities or real persons or to acquire, transfer or sell the shares of partnerships, when necessary.

The main operations of Tüpraş and its subsidiaries (collectively referred as “the Group”) are in Turkey and the Group’s business segment has been identified as refining.

The Company is registered at the Capital Markets Board (“CMB”) of Turkey and its shares have been quoted at Borsa İstanbul A.Ş. (“BIST”) since 1991. As at 31 December 2018, the shares quoted on the BIST are 49% of the total shares. As of 31 March 2019, the principal shareholders and their respective shareholdings in the Company are as follows (Note 20):

	(%)
Enerji Yatırımları A.Ş.	51,00
Publicly held	49,00
	<b>100,00</b>

Parent of the Company is controlled by Koç Holding A.Ş., Koç Family and the companies owned by Koç Family.

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2019

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

### 1. Organization and nature of operations of the Group (Continued)

The nature of the business of the subsidiaries and joint ventures of the Group is as follows:

<b>Subsidiaries</b>	<b>Country of Incorporation</b>	<b>Nature of business</b>
Ditaş Deniz İşletmeciliği ve Tankerciliği A.Ş. (“Ditaş”)	Turkey	Crude oil and petroleum products transportation
Üsküdar Tankercilik A.Ş. (“Üsküdar”)	Turkey	Crude oil and petroleum products transportation
T Damla Denizcilik A.Ş. (“Damla”)	Turkey	Mooring and tug service
Kadıköy Tankercilik A.Ş. (“Kadıköy”)	Turkey	Crude oil and petroleum products transportation
Beykoz Tankercilik A.Ş. (“Beykoz”)	Turkey	Crude oil and petroleum products transportation
Sarıyer Tankercilik A.Ş. (“Sarıyer”)	Turkey	Crude oil and petroleum products transportation
Kartal Tankercilik A.Ş. (“Kartal”)	Turkey	Crude oil and petroleum products transportation
Maltepe Tankercilik A.Ş. (“Maltepe”)	Turkey	Crude oil and petroleum products transportation
Salacak Tankercilik A.Ş. (“Salacak”)	Turkey	Crude oil and petroleum products transportation
Karşıyaka Tankercilik A.Ş. (“Karşıyaka”)	Turkey	Crude oil and petroleum products transportation
Bakırköy Tankercilik A.Ş. (“Bakırköy”)	Turkey	Crude oil and petroleum products transportation
Karaköy Tankercilik A.Ş. (“Karaköy”)	Turkey	Crude oil and petroleum products transportation
Çengelköy Tankercilik A.Ş. (“Çengelköy”)	Turkey	Crude oil and petroleum products transportation
Pendik Tankercilik A.Ş. (“Pendik”)	Turkey	Crude oil and petroleum products transportation
Tuzla Tankercilik A.Ş. (“Tuzla”)	Turkey	Crude oil and petroleum products transportation
Körfez Ulaştırma A.Ş. (“Körfez”)	Turkey	Air carriage and transportation

  

<b>Joint ventures</b>	<b>Country of Incorporation</b>	<b>Nature of business</b>
OPET Petrolcülük A.Ş. (“Opet”)	Turkey	Petroleum products retail distribution
THY Opet Havacılık Yakıtları A.Ş.	Turkey	Jet fuel supply services
Opet International Limited	United Kingdom	Petroleum products trading
Opet Trade B.V.	Netherlands	Petroleum products trading
Opet Trade Singapore (In liquidation)(*)	Singapore	Petroleum products trading
Opet Fuchs Madeni Yağ San. ve Tic. A.Ş.	Turkey	Lube oil trading
Op Ay Akaryakıt Ticaret Ltd. Şti.	Turkey	Petroleum products trading
Akdeniz Akaryakıt Depolama Nakliyat ve Tic. A.Ş.	Turkey	Petroleum products trading
Nemrut Liman ve Boru İşl. Nak. İç ve Dış Tic. Ltd. Şti.	Turkey	Marine services
Opet Aygaz Gayrimenkul A.Ş.	Turkey	Real estate

(\*) The company discontinued its activities as of 15 July 2015.

The total number of employees of the Group as at 31 March 2019 is 6.014 (31 December 2018 – 5.952).

The address of the registered office of the Company is as follows:

Türkiye Petrol Rafinerileri A.Ş.  
Güney Mahallesi  
Petrol Caddesi No:25 41790  
Körfez, Kocaeli

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2019

(Amount expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

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### 2. Basis of presentation of consolidated financial statements

#### 2.1. Basis of presentation

##### 2.1.1 Financial reporting standards

The condensed interim consolidated financial statements and disclosures have been prepared in accordance with the communiqué numbered II-14,1 “Communiqué on the Principles of Financial Reporting In Capital Markets” (the Communiqué) announced by the Capital Markets Board (“CMB”) on 13 June 2013 which is published on Official Gazette numbered 28676. In accordance with article 5th of the Communiqué, companies should apply Turkish Accounting Standards/Turkish Financial Reporting Standards and interpretations regarding these standards as published by the Public Oversight Accounting and Auditing Standards Authority of Turkey (“POA”).

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 listed companies in Turkey. The Group’s financial statements have been prepared in accordance with this decision.

In accordance with the Turkish Accounting Standard No: 34 “Interim Financial Reporting”, entities are allowed to prepare a complete or condensed set of interim financial statements. In this respect, the Group has preferred to prepare condensed consolidated financial statements in the interim periods. Accordingly, these interim condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2017.

The Group and the group companies established in Turkey maintain their books of account and prepare their statutory financial statements (“Statutory Financial Statements”) in accordance with rules and principles published by POA, the Turkish Commercial Code (“TCC”), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance. These consolidated financial statements have been prepared under the historical cost convention except for available for sale financial assets and derivative instruments that are carried at fair value. These consolidated financial statements are based on the statutory records with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the Turkish Financial Reporting Standards.

#### 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 interim condensed consolidated financial statements are presented in TRY, which is the functional currency of Tüpraş and the presentation currency of the Group.

##### 2.1.2 Amendments in Turkish Financial Reporting Standards (TFRS)

#### The new standards, amendments and interpretations

The accounting policies adopted in preparation of the interim condensed consolidated financial statements as at 31 March 2019 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and IFRIC interpretations effective as of 1 January 2019. The effects of these standards and interpretations on the Group’s financial position and performance have been disclosed in the related paragraphs.

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2019

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

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### 2. Basis of presentation of consolidated financial statements (Continued)

#### 2.1 Basis of presentation (Continued)

##### 2.1.2 Amendments in Turkish Financial Reporting Standards (TFRS) (Continued)

###### a) *Standards, amendments and interpretations applicable as at 31 March 2019:*

- **Amendment to IFRS 9, ‘Financial instruments’;** effective from annual periods beginning on or after 1 January 2019. This amendment confirm that when a financial liability measured at amortised cost is modified without this resulting in de-recognition, a gain or loss should be recognised immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. This means that the difference cannot be spread over the remaining life of the instrument which may be a change in practice from IAS 39.
- **Amendment to IAS 28, ‘Investments in associates and joint venture’;** effective from annual periods beginning on or after 1 January 2019. These amendments clarify that companies account for long-term interests in associate or joint venture to which the equity method is not applied using IFRS 9.
- **IFRS 16, ‘Leases’;** effective from annual periods beginning on or after 1 January 2019, with earlier application permitted if IFRS 15 ‘Revenue from Contracts with Customers’ is also applied. This standard replaces the current guidance in IAS 17 and is a farreaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a ‘right of use asset’ for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.
- **IFRIC 23, ‘Uncertainty over income tax treatments’;** effective from annual periods beginning on or after 1 January 2019. This IFRIC clarifies how the recognition and measurement requirements of IAS 12 ‘Income taxes’, are applied where there is uncertainty over income tax treatments. The IFRS IC had clarified previously that IAS 12, not IAS 37 ‘Provisions, contingent liabilities and contingent assets’, applies to accounting for uncertain income tax treatments. IFRIC 23 explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. For example, a decision to claim a deduction for a specific expense or not to include a specific item of income in a tax return is an uncertain tax treatment if its acceptability is uncertain under tax law. IFRIC 23 applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates.
- **Annual improvements 2015-2017;** effective from annual periods beginning on or after 1 January 2019. These amendments include minor changes to:
  - IFRS 3, ‘Business combinations’, – a company remeasures its previously held interest in a joint operation when it obtains control of the business.
  - IFRS 11, ‘Joint arrangements’, – a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
  - IAS 12, ‘Income taxes’ – a company accounts for all income tax consequences of dividend payments in the same way.
  - IAS 23, ‘Borrowing costs’ – a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2019

(Amount expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

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### 2. Basis of presentation of consolidated financial statements (Continued)

#### 2.1 Basis of presentation (Continued)

##### 2.1.2 Amendments in Turkish Financial Reporting Standards (TFRS) (Continued)

###### a) *Standards, amendments and interpretations applicable as at 31 March 2019 (continued):*

- **Amendments to IAS 19, ‘Employee benefits’ on plan amendment, curtailment or settlement’;** effective from annual periods beginning on or after 1 January 2019. These amendments require an entity to:
  - use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
  - recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

###### b) *Standards, amendments and interpretations that are issued but not effective as at 31 March 2019:*

- **Amendments to IAS 1 and IAS 8 on the definition of material;** effective from Annual periods beginning on or after 1 January 2020. These amendments to IAS 1, ‘Presentation of financial statements’, and IAS 8, ‘Accounting policies, changes in accounting estimates and errors’, and consequential amendments to other IFRSs:
  - i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting;
  - ii) clarify the explanation of the definition of material; and
  - iii) incorporate some of the guidance in IAS 1 about immaterial information.
- **Amendments to IFRS 3 - definition of a business;** effective from Annual periods beginning on or after 1 January 2020. This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations.
- **IFRS 17, ‘Insurance contracts’;** effective from annual periods beginning on or after 1 January 2021. This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

##### 2.1.3 Financial statements of joint ventures operating in foreign countries

Financial statements of joint ventures operating in foreign countries are prepared according to the legislation of the country in which they operate, and adjusted to the Turkish Financial Reporting Standards to reflect the proper presentation and content. Foreign joint ventures’ assets and liabilities are translated into TRY with the foreign exchange rate at the balance sheet date. Exchange differences arising from the retranslation of the opening net assets of foreign undertakings and differences between the average and balance sheet date rates are included in the “Income/(loss) from translation of foreign currency of investments using equity method” under the other comprehensive income statement and shareholders’ equity.

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2019

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

### 2. Basis of presentation of consolidated financial statements (Continued)

#### 2.1 Basis of presentation (Continued)

##### 2.1.4 Principles of consolidation

- a) The condensed consolidated financial statements for the interim period ended 31 March 2019 have been prepared in accordance with principles stated on the consolidated financial statements for the year ended 31 December 2018 and include financial statements of Tüpraş, and its Subsidiaries.
- b) At 31 March 2019, there are no changes in voting rights or proportion of effective interest on subsidiaries and joint ventures that are subject to consolidation from the information stated on consolidated financial statements for the year ended 31 December 2018.

	30 March 2019		31 December 2018	
	Direct and indirect voting right possessed by the company (%)	Proportion of effective interest (%)	Direct and indirect voting right possessed by the company (%)	Proportion of effective interest (%)
<b>Subsidiary</b>				
Ditaş	79,98	79,98	79,98	79,98
Üsküdar	79,98	79,98	79,98	79,98
Damla	79,98	79,98	79,98	79,98
Beykoz	79,98	79,98	79,98	79,98
Kadıköy	79,98	79,98	79,98	79,98
Sarıyer	79,98	79,98	79,98	79,98
Kartal	79,98	79,98	79,98	79,98
Maltepe	79,98	79,98	79,98	79,98
Salacak	79,98	79,98	79,98	79,98
Karşıyaka	79,98	79,98	79,98	79,98
Bakırköy	79,98	79,98	79,98	79,98
Karaköy	79,98	79,98	79,98	79,98
Çengelköy	79,98	79,98	79,98	79,98
Pendik	79,98	79,98	79,98	79,98
Tuzla	79,98	79,98	79,98	79,98
Körfez	100,00	100,00	100,00	100,00

The statement of financial position and statement of comprehensive income of the subsidiaries are consolidated on a line-by-line basis and the carrying value of the investment held by the Company is eliminated against the related equity. Intercompany transactions and balances between the Company and its subsidiary are eliminated on consolidation. The cost of and the dividends arising from, shares held by the Company in its subsidiary are eliminated from equity and income for the year, respectively.

- c) Joint ventures are companies in which the Group has joint control. Joint control is the contractually agreed sharing of control. The control, exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The Group’s interest in joint ventures is accounted for with equity method. Investments accounted by equity method are presented in consolidated statement of financial position with additions or deductions of changes on share of the Group on net assets of the affiliate and with deduction of provisions for the decline in the value. The changes of the amount, not reflected on income or loss of the joint venture, on the equity of the joint venture can requisite an adjustment on the net book value of the joint venture in proportion of the Group’s share.

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2019

(Amount expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

### 2. Basis of presentation of consolidated financial statements (Continued)

#### 2.1 Basis of presentation (Continued)

##### 2.1.4 Principles of consolidation (Continued)

The table below shows the total interest of the Group in its joint ventures accounted by equity method as at 31 March 2019 and 31 December 2018:

	31 March 2019		31 December 2019	
	Direct and indirect voting rights possessed by the Company (%)	Proportion of effective interest (%)	Direct and indirect voting rights possessed by the Company (%)	Proportion of effective interest (%)
<b>Joint ventures accounted by equity method</b>				
Opet	50,00	40,00	50,00	40,00
Opet International Limited (*)	50,00	40,00	50,00	40,00
Opet Trade B.V. (*)	50,00	40,00	50,00	40,00
Opet Trade Singapore (In liquidation) (*) (**)	50,00	40,00	50,00	40,00
THY Opet Havacılık Yakıtları A.Ş. (*)	25,00	20,00	25,00	20,00
Opet Fuchs Madeni Yağ San. ve Tic. A.Ş. (*)	25,00	20,00	25,00	20,00
Op Ay Akaryakıt Ticaret Ltd. Şti. (*)	25,00	20,00	25,00	20,00
Akdeniz Akaryakıt Depolama Nakliyat ve Tic. A.Ş. (*)	16,65	13,32	16,65	13,32
Nemrut Liman ve Boru İşl. Nak. İç ve Dış Tic. Ltd. Şti. (*)	12,50	10,00	12,50	10,00
Opet Aygaz Gayrimenkul A.Ş. (*)	25,00	20,00	25,00	20,00

(\*) Related companies are consolidated or accounted by equity method in Opet's financial statements.

(\*\*) The company discontinued its activities as of 15 July 2015.

- d) The non-controlling shareholders' share of the net assets and results for the period for the subsidiaries are classified separately in the consolidated statement of financial position and statements of comprehensive income as non-controlling interest.

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2019

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

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### 2. Basis of presentation of consolidated financial statements (Continued)

#### 2.2. Changes in accounting policies (Continued)

The Group has adopted TFRS 16 “Leases” as at 1 January 2019 for the first time, in line with the transition provisions of the standard.

Impacts of the first time adoption of TFRS 16 on the condensed interim consolidated financial statements of the Group are as below:

#### TFRS 16 Leases

##### The Group – as a lessee

At inception of a contract, the Group assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, The Group assess whether:

- a) the contract involved the use of an identified asset – this may be specified explicitly or implicitly.
- b) the asset should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, the asset is not identified.
- c) the Group has the right to obtain substantially all of the economic benefits from the use of an asset throughout the period of use; and
- d) the Group has the right to direct use of the asset. The Group concludes to have the right of use, when it is predetermined how and for what purpose the Group will use the asset. The Group has the right to direct use of asset if either:
  - i) the Group has the right to operate (or to have the right to direct others to operate) the asset over its useful life and the lessor does not have the rights to change the terms to operate or;
  - ii) the Group designed the asset (or the specific features) in a way that predetermines how and for what purpose it is used

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

##### *Right of use asset*

The right of use asset is initially recognized at cost comprising of:

- a) amount of the initial measurement of the lease liability;
- b) any lease payments made at or before the commencement date, less any lease incentives received;
- c) any initial direct costs incurred by the Group; and
- d) an estimate of costs to be incurred by the lessee for restoring the underlying asset to the condition required by the terms and conditions of the lease (unless those costs are incurred to produce inventories)

The Group re-measure the right of use asset:

- a) after netting-off depreciation and reducing impairment losses from right of use asset,
- b) adjusted for certain re-measurements of the lease liability recognized at the present value

The Group applies TMS16 “Property, Plant and Equipment” to amortize the right of use asset and to assess for any impairment.



# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2019

(Amount expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

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### 2. Basis of presentation of consolidated financial statements (Continued)

#### 2.2. Changes in accounting policies (Continued)

##### TFRS 16 Leases (Continued)

###### Lease Liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. Lease liabilities are discounted to present value by using the interest rate implicit in the lease if readily determined or with the Group’s incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- a) fixed payments, including in-substance fixed payments;
- b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as the commencement date,
- c) the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewable period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain to terminate early.

After initial recognition, the lease liability is measured:

- a) increasing the carrying amount to reflect interest on lease liability
- b) reducing the carrying amount to reflect the lease payments made and
- c) remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

###### *Extension and termination options*

In determining the lease liability, the Group considers the extension and termination options. The majority of extension and termination options held are exercisable both by the group and by the respective lessor. Extension options are included in the lease term if the lease is reasonably certain to be extended. The group remeasures the lease term, if a significant event or a significant change in circumstances occurs which affects the initial assessment.

###### *Variable lease payments*

Group’s lease contracts also include variable lease payments which are not in the scope of TFRS 16. Variable lease payments are recognised in profit or loss in the related period.

###### *Exemptions and simplifications*

Short-term lease payments and payments for leases of low-value assets like IT equipments (mainly printers, laptops and mobile phones etc.) are not included in the measurement of the lease liabilities in the scope of TFRS 16. Lease payments of these contracts are continued to be recognised in profit or loss in the related period.

The Group applied a single discount rate to a portfolio of leases which have similar characteristics (asset classes which have similar remaining rent periods in a similar economic environment).

### **The Group – as a lessor**

The Group leases as operating leases. In operating leases, leased assets are classified under investment property, tangible assets or other current assets in the consolidated balance sheet and rental income is recognized in the consolidated statement of income on a straight-line basis over the lease term. Lease income is recognized on a straight-line basis over the period of the lease.

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2019

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

### 2. Basis of presentation of consolidated financial statements (Continued)

#### 2.2. Changes in accounting policies (Continued)

##### IFRS 16 Leases (Continued)

##### First time adoption of IFRS 16 Leases

The Group has applied IFRS 16 “Leases”, which replaces TAS 17, for the effective period beginning on 1 January 2019. The cumulative impact of applying IFRS 16 is accounted in the condensed interim consolidated financial statements retrospectively (“cumulative impact approach”) at the start of the current accounting period. The simplified transition approach of the related standard does not require a restatement in the comparative periods or in the retained earnings.

With the transition to IFRS 16 “Leases”, a “lease liability” is recognized in the condensed interim consolidated financial statements for the lease contracts which were previously measured under TAS 17 as operational leases. At transition, lease liabilities are measured at the net present value of the remaining lease payments, discounted at the Group’s incremental borrowing rate on the effective transition date. The Group measured right-of-use assets at an amount equal to the lease liability (adjusted by the amount of any prepaid or accrued lease payments) under IFRS 16 simplified transition approach.

The reconciliation of operating lease commitments under TAS 17 before the transition date and the lease liabilities measured under IFRS 16 as of 1 January 2019 is as below:

	<b>1 January 2019</b>
<b>Operating lease commitments within the scope of TAS 17</b>	<b>413.589</b>
- Short term leases (-)	(10.044)
- Low value leases (-)	(133)
- Contracts considered within the scope of service procurement (-)	(41.871)
- Adjustments for extension or early termination options	20.188
<b>Total lease liabilities within the scope of IFRS 16 (non-discounted)</b>	<b>381.729</b>
<b>Total lease liabilities within the scope of IFRS 16 (discounted with alternative borrowing rate)</b>	<b>198.739</b>
- Short term lease liabilities	<b>23.629</b>
- Long term lease liabilities	<b>175.110</b>

The weighted average of the Group’s incremental borrowing rates for all currencies as at 1 January 2019 is TRY 20,80% EUR 3,23%.

As of January 1, 2019 and March 31, 2019, the details of the right of use assets that are accounted in the condensed consolidated financial statements are as follows:

	<b>31 March 2019</b>	<b>1 January 2019</b>
Buildings	38.260	38.816
Machinery and equipment	2.189	2.543
Motor vehicles	37.071	35.237
Land improvements	120.378	122.143
<b>Total right of use assets</b>	<b>197.898</b>	<b>198.739</b>

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2019

(Amount expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

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### 2. Basis of presentation of consolidated financial statements (Continued)

#### 2.2. Changes in accounting policies (Continued)

##### Property plant and equipment

As of March 31, 2019, the Group has revalued all of its land amounting to TRY 66,782 thousand in its asset in accordance with TAS 16 Property, Plant and Equipment and re-evaluated with a fair value of TRY 6,891,830 thousand including the revaluation amount in the table (Note 11). The items other than the land in the tangible fixed assets are reflected to the consolidated financial statements on the basis of their acquisition costs and accumulated depreciation and, if applicable, permanent impairment.

In determining the fair value of the land belonging to the Group, "Peer Comparison Method" was used.

The increase in property plant and equipment is recorded after the deferred tax effect is netted in the balance sheet. The land is not depreciated since its useful lives are considered unlimited.

The appraisal of Tüpraş land plots is carried out by Acı Kurumsal Gayrimenkul Değerleme ve Danışmanlık A.Ş. which is CMB accredited organization by the company; The valuation of the lands of OPET and its subsidiaries, which are consolidated according to the equity method, is valued by TSKB Gayrimenkul Değerleme A.Ş..

#### 2.2.1 Comparative Information

In order to allow for the determination of the financial situation and performance trends, the Group's consolidated financial statements have been presented comparatively with the previous year.

The Group presented the consolidated statement of financial position as of 31 March 2019 comparatively with the consolidated statement of financial position as of 31 December 2018. Also the consolidated statement of profit or loss and other comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the interim period ended 31 March 2019 are presented comparatively with the consolidated financial statements for the interim period ended 31 March 2018.

#### 2.2.2 Offsetting

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

#### 2.2.3 Seasonality of operations

There is no seasonality effect depending on the dynamics of petroleum sector that the Group operates in which could affect the financial statements.

### 2.3. Summary of significant accounting policies

Condensed consolidated financial statements for the period ended 31 March 2019, have been prepared in compliance with TAS 34, the TFRS standard on interim financial reporting. Furthermore, condensed consolidated financial statements as of 31 March 2019 have been prepared applying accounting policies which are consistent with the accounting policies used for the preparation of consolidated financial statements for the year ended 31 December 2018. Thus, these condensed consolidated financial statements must be evaluated together with the consolidated financial statements for the year ended 31 December 2018.

### 3. Business Combinations

No business combinations occurred during the period 31 March 2019.

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2019

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

### 4. Cash and cash equivalents

	31 March 2019	31 December 2018
Cash at banks		
Revenue share (blocked)	1.461.214	1.425.142
Time deposit	9.850.231	4.551.877
Demand deposits	8.246	1.203
Time deposit interest accruals	9.163	4.606
<b>Total</b>	<b>11.328.854</b>	<b>5.982.828</b>

#### Revenue Share (blocked)

As required by the Petroleum Market License Regulation, the revenue share collected from the customers by the Group is held at banks and considered as blocked deposit in the Company’s books. The revenue share was invested as demand deposits with overnight interest rate as at 31 March 2019 and 31 December 2018 (Note 14).

#### Time deposits and other cash and cash equivalents

As at 31 March 2019 and 31 December 2018, the maturity and the currency information of the time deposits, is as follows:

#### 31 March 2019

	Effective rate of interest (%)	Less than 1 month	1 - 3 months	Total
<b>TL</b>	<b>21,58</b>	<b>354.187</b>	-	<b>354.187</b>
<b>USD</b>	<b>3,78</b>	<b>8.047.045</b>	<b>12.135</b>	<b>8.059.180</b>
<b>EUR</b>	<b>1,65</b>	<b>1.436.296</b>	-	<b>1.436.296</b>
<b>GBP</b>	<b>1,25</b>	<b>568</b>	-	<b>568</b>
<b>Time deposit</b>		<b>9.838.096</b>	<b>12.135</b>	<b>9.850.231</b>

#### 31 December 2018

	Effective rate of interest (%)	Less than 1 month	1 - 3 months	Total
TL	23.91	149,375	-	149,375
USD	4.68	2,635,014	107,196	2,742,210
EUR	2.71	1,653,547	6,631	1,660,178
GBP	1.40	114	-	114
Time deposit		4,438,050	113,827	4,551,877

Cash and cash equivalents included in the consolidated statements of cash flows for the periods ended 31 March 2019 and 31 March 2018 are as follows:

	31 March 2019	31 March 2018
Cash and cash equivalents	11.328.854	6.716.597
Less: Blocked deposits (Revenue share)	(1.461.214)	(1.252.925)
Less: Time deposit interest accruals	(9.163)	(11.652)
<b>Cash and cash equivalents</b>	<b>9.858.477</b>	<b>5.452.020</b>

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2019

(Amount expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

### 5. Financial liabilities

	31 March 2019	31 December 2018
<b>Short-term borrowings:</b>		
Short-term bank borrowings	2.586.330	1.139.773
Interest accruals of bank borrowings	6.600	2.096
<b>Total</b>	<b>2.592.930</b>	<b>1.141.869</b>
<b>Short-term portion of long-term borrowings</b>		
Short-term portion of long-term bank borrowings	2.600.986	2.780.773
Short-term portion of long-term lease liabilities	22.425	-
Interest accruals of bank borrowings	232.823	156.611
Interest accruals of bonds issued	105.945	34.145
<b>Total</b>	<b>2.962.179</b>	<b>2.971.529</b>
<b>Long-term borrowings:</b>		
Long-term bank borrowings	11.604.828	10.148.979
Bonds issued	4.589.880	3.682.630
Long-term lease liabilities	167.221	-
Interest accruals of bank borrowings	5.853	4.533
<b>Total</b>	<b>16.367.782</b>	<b>13.836.142</b>
<b>Total borrowings</b>	<b>21.922.891</b>	<b>17.949.540</b>

Tupras, on February 8, 2019 with a nominal value of TL 400 million, 728-day maturity, coupon and principal at maturity and coupon payments every 3 months, 3MTRLIB it has issued additional bonds yield 75 bps over the reference rate.

Tüpraş on January 25, 2019 at the nominal value of TL 250 million, 728-day maturity, coupon and principal at maturity and coupon payments every 3 months, 3MTRLIB it has issued additional bonds yield 75 bps over the reference rate.

Tüpraş has issued a bond with a nominal value of USD700 million, with a maturity of 7 years, coupon payment every 6 months and repayment of principal and coupon at maturity, with an annual interest rate of 4.5%, on the London Stock Exchange on October 12, 2017.

As explained in material disclosure, Tüpraş signed a long term loan facility agreement with a group of lenders, consisting of HSBC (Coordinator), ING (Facility Agent), The Bank of Tokyo-Mitsubishi UFJ, Ltd., Citibank N.A, Intesa Sanpaolo and JPMorgan Chase Bank, N.A. London Branch, to meet the working capital requirements for forthcoming period and extent the weighted-average of debt maturities. The loans amounting to USD157.5 million and EUR261.5 million were utilized on 29 March 2016 and the loans have semi-annual interest payments, 5 years maturity with 3 years grace period.

On 30 April 2018, Tüpraş paid a bond with a nominal value of USD700 million, with a maturity of 5.5 years, a coupon payment of 6 months and a principal and coupon payment at maturity, with an annual interest rate of 4.125%, quoted on the London Stock Exchange on 2 November 2012.

In 2011, Tüpraş has signed three loan agreements in order to finance Residuum Upgrading Project (“RUP”) and further to the agreements the loans amounting to USD1,998 million were utilized between 2011 and 2015 for credit insurance payments and capital expenditures. According to financing package loan was insured by SACE and CESCE have 12 years to maturity also there will be no principal and interest payment in first 4 years. The third loan has 7 years to maturity and there will be no principal payment in the first four years. The repayment of the loans has started in 2015 and as at 31 March 2019 the outstanding amount of the loans is USD955 million (31 December 2018 – USD954 million).

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2019

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

### 5. Financial liabilities (Continued)

Foreign currency balances and effective interest rates for the short and long-term financial liabilities as at 31 March 2019 and 31 December 2018 are as follows:

			31 March 2019
	Effective interest rate (%)	Original currency	Thousand TRY
<b>Short-term borrowings:</b>			
USD bank borrowing	3,03	116.000.000	652.894
TRY bank borrowings (*)	24,25	1.933.435.546	1.933.436
Interest accruals			6.600
<b>Total short-term financial liabilities</b>			<b>2.592.930</b>
<b>Short-term portion of long-term borrowings:</b>			
USD bank borrowings	4,33	305.127.976	1.717.382
EUR bank borrowings	2,02	113.343.183	716.193
TRY bank borrowings	28,95	167.411.445	167.411
EUR lease liabilities	3,20	1.331.238	8.412
TRY lease liabilities	19,82	14.012.721	14.013
			2.623.411
Interest accruals			338.768
<b>Total short-term portion of long-term borrowings</b>			<b>2.962.179</b>
<b>Long-term borrowings:</b>			
USD bank borrowings	4,52	1.153.432.951	6.491.982
USD bonds issued	4,55	700.000.000	3.939.880
EUR bank borrowings	1,90	119.985.933	758.167
TRY bank borrowings	23,53	4.354.678.778	4.354.679
TRY bonds issued	26,41	650.000.000	650.000
EUR lease liabilities	3,24	6.542.540	41.341
TRY lease liabilities	20,90	125.879.701	125.880
			16.361.929
Interest accruals			5.853
<b>Total long-term borrowings</b>			<b>16.367.782</b>

(\*) Banks provide interest-free loans to the Group for the payment of SCT, Customs and Social Security debts amounting to TRY 180.436 thousand as of 31 March 2019 (31 December 2018 - TRY 245.028 thousand).

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2019

(Amount expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

### 5. Financial liabilities (Continued)

		31 December 2018	
	Effective interest rate (%)	Original currency	Thousand TRY
Short-term borrowings:			
USD bank borrowing	3.83	160,000,000	841,745
TRY bank borrowings (*)	24.25	298,027,981	298,028
Interest accruals			2,096
<b>Total short-term financial liabilities</b>			<b>1,141,869</b>
Short-term portion of long-term borrowings:			
USD bank borrowings	4.34	303,932,787	1,598,959
EUR bank borrowings	2.07	117,138,055	706,108
TRY bank borrowings	18.80	475,705,563	475,706
			2,780,773
Interest accruals			190,756
<b>Total short-term portion of long-term borrowings</b>			<b>2,971,529</b>
Long-term borrowings:			
USD bank borrowings	4.36	1,194,244,687	6,282,802
USD bonds issued	4.55	700,000,000	3,682,630
EUR bank borrowings	2.05	174,435,583	1,051,498
TRY bank borrowings	24.11	2,814,678,778	2,814,679
			13,831,609
Interest accruals			4,533
<b>Total long-term borrowings</b>			<b>13,836,142</b>

As at 31 March 2019 and 31 December 2018, the redemption schedule of long-term bank borrowings is as follows:

	31 March 2019	31 December 2018
1-2 years	<b>3.318.601</b>	4.188.207
2-3 years	<b>5.623.003</b>	2.860.518
3-4 years	<b>1.459.718</b>	1.349.307
4-5 years	<b>1.445.005</b>	1.347.878
Over 5 years	<b>4.521.455</b>	4.090.232
<b>Total</b>	<b>16.367.782</b>	13.836.142

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2019

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

### 5. Financial liabilities (Continued)

The movement of borrowings as of 31 March 2019 and 31 March 2018 is as follows:

	2019	2018
1 January	17.949.540	15.050.984
New financial borrowings	16.721.995	8.823.513
Principal payments	(14.052.566)	(8.874.590)
Increases due to lease contracts	205.564	-
Cash outflows from debt payments of lease contracts	(23.200)	-
Changes in interest accruals	158.933	95.159
Changes in foreign exchange rates	962.625	826.581
<b>31 March</b>	<b>21.922.891</b>	<b>15.921.647</b>

### 6. Trade receivables and payables

#### Short-term trade receivables:

	31 March 2019	31 December 2018
Trade receivables	5.381.722	4.327.765
Due from related parties (Note 28)	1.071.315	1.132.117
Doubtful trade receivables	5.180	4.740
Other trade receivables	17	21
Less: Unearned credit finance income		
Less: Provision for doubtful receivables	(23.988)	(31.165)
Trade receivables	(5.180)	(4.740)
<b>Total short-term trade receivables (net)</b>	<b>6.429.066</b>	<b>5.428.738</b>

Tüpraş discounts the domestic receivables by using domestic government bonds and foreign receivables by using monthly libor rates.

As at 31 March 2019, Tüpraş has offsetted TRY 2.190.000 thousand (31 December 2018 - TRY 2.332.000 thousand) from trade receivables that are collected from factoring companies as part of the irrevocable factoring

Movement of the provision for doubtful receivables for the years ended 31 March 2019 and 2018 is as follows:

	2019	2018
1 January	4.740	3.184
Change within the period	440	-
Payments during the period	-	(88)
<b>31 March</b>	<b>5.180</b>	<b>3.096</b>

#### Short-term trade payables:

	31 March 2019	31 December 2018
Trade payables	13.095.388	7.425.166
Due to related parties (Note 28)	160.234	77.096
Less: Unrealised credit finance charges		
Trade payables	(26.430)	(6.121)
<b>Total short term trade payables (net)</b>	<b>13.229.192</b>	<b>7.496.141</b>

Tüpraş discounts short-term trade payables by using monthly libor rates.



# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2019

(Amount expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

### 7. Other receivables and payables

#### Other short-term receivables:

	31 March 2019	31 December 2018
Advances and guarantees given	52.762	8.088
Receivable from personnel	11.828	12.809
Receivable from insurance recoveries	26.265	8.151
Other doubtful receivables	324	324
Less: Provision for other doubtful receivables	(324)	(324)
<b>Total</b>	<b>90.855</b>	<b>29.048</b>

### 8. Inventories

	31 March 2019	31 December 2018
Raw materials and supplies	1.434.687	1.117.820
Work-in-progress	1.771.382	1.799.367
Finished goods	2.052.896	2.122.910
Trade goods	188.334	76.043
Goods in transit	2.921.111	1.705.496
Other	41.929	30.964
	<b>8.410.339</b>	<b>6.852.600</b>
Less: Provision for impairment in inventories	-	(87.855)
<b>Total</b>	<b>8.410.339</b>	<b>6.764.745</b>

Movement of the provision for inventories for the periods ended 31 March 2019 and 2018 is as follows:

	2019	2018
1 January	87.855	1.246
Change within the period	-	3.521
Cancellations within the period	(87.855)	(1.246)
<b>31 Mart</b>	<b>-</b>	<b>3.521</b>

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2019

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

### 9. Investments accounted for using the equity method

	31 March 2019		31 December 2018	
	Participation share (%)	Amount	Participation share (%)	Amount
OPET Petrolcülük A.Ş.	40,00	1.259.577	40,00	1.266.334
		<b>1.259.577</b>		<b>1.266.334</b>

The goodwill amounting to TRY 189.073 thousand arising from the purchase of Opet shares on 28 December 2006 were classified on the investments accounted for using the equity method in the financial statements.

The movement in the investments accounted for using the equity method during the period ended 31 March 2019 and 2018 is as follows:

	2019	2018
1 January	1.266.334	1.134.364
Investments accounted for using the equity method;		
Shares in current year profit	63.072	58.586
Dividend payment	(96.000)	(120.000)
Revaluation increases of tangible fixed assets	20.831	-
Currency translation differences	5.340	2.282
<b>31 March</b>	<b>1.259.577</b>	<b>1.075.232</b>

Consolidated summary financial statements of investments accounted for using the equity method (before Group’s effective interest) are as follows:

	31 March 2019	31 December 2018
Current assets	4.909.578	4.948.159
Non-current assets	3.483.119	2.963.133
<b>Total assets</b>	<b>8.392.697</b>	<b>7.911.292</b>
Short term liabilities	3.515.996	3.282.386
Long term liabilities	2.200.440	1.935.753
Equity	2.676.261	2.693.153
<b>Total liabilities</b>	<b>8.392.697</b>	<b>7.911.292</b>
	<b>1 January - 31 March 2019</b>	<b>1 January - 31 March 2018</b>
Sales (net)	9.578.957	8.284.196
Gross profit	450.561	408.343
Operating profit	206.582	198.070
Net income for the period	157.680	146.464

### 10. Investment property

As at 31 March 2019, investment properties have been classified on land and have been subject to revaluation together with land plots. (31 December 2018 - TRY 4.621 thousand). The fair value of the investment property has been determined as TRY 156.767 thousand as a result of fair value assessments.

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2019

(Amount expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

### 11. Property, plant and equipment

The movements in property, plant and equipment and related depreciation expenses as of March 31, 2019 and 2018 are as follows:

	1 January 2019	Revaluation increases	Additions	Transfers	Disposals	31 March 2019
<b>Cost:</b>						
Land	62.161	6.891.830	-	4.621	-	6.958.612
Land improvements	3.721.772	-	-	4.323	-	3.726.095
Buildings	789.073	-	-	469	-	789.542
Machinery and equipment	12.657.231	-	5	(84.791)	(49)	12.572.396
Motor vehicles	1.249.363	-	-	-	-	1.249.363
Furniture and fixtures	128.559	-	42	(19.986)	(2.070)	106.545
Construction in progress	339.919	-	138.610	95.801	-	574.330
Leasehold improvements	1.070	-	-	4.184	-	5.254
Other tangible assets	4.057	-	27.899	-	-	31.956
	18.953.205	6.891.830	166.556	4.621	(2.119)	26.014.093
<b>Accumulated depreciation:</b>						
Land improvements	(1.456.256)	-	(38.498)	(2.185)	-	(1.496.939)
Buildings	(210.688)	-	(4.282)	(8)	-	(214.978)
Machinery and equipments	(4.611.075)	-	(99.593)	(12.999)	49	(4.723.618)
Motor vehicles	(252.335)	-	(11.511)	-	-	(263.846)
Furniture and fixtures	(81.852)	-	(3.639)	15.192	1.936	(68.363)
Leasehold improvements	(44)	-	(54)	-	-	(98)
Other tangible assets	(1.788)	-	(135)	-	-	(1.923)
	(6.614.038)	-	(157.712)	-	1.985	(6.769.765)
<b>Net book value</b>	<b>12.339.167</b>					<b>19.244.328</b>

	1 January 2018	Additions	Transfers	Disposals	31 March 2018
<b>Cost:</b>					
Land	48.814	-	17.700	-	66.514
Land improvements	3.645.079	-	1.066	(3)	3.646.142
Buildings	771.147	-	-	-	771.147
Machinery and equipment	12.001.323	77	2.356	(12.430)	11.991.326
Motor vehicles	1.221.669	7.294	162	-	1.229.125
Furniture and fixtures	134.130	222	568	(189)	134.731
Construction in progress	500.802	132.452	(24.280)	-	608.974
Leasehold improvements	2.614	112	-	-	2.726
	18.325.578	140.157	(2.428)	(12.622)	18.450.685
<b>Accumulated depreciation:</b>					
Land improvements	(1.304.166)	(38.020)	-	3	(1.342.183)
Buildings	(193.944)	(4.087)	-	-	(198.031)
Machinery and equipments	(4.235.088)	(90.491)	-	5.506	(4.320.073)
Motor vehicles	(206.631)	(12.984)	-	1	(219.614)
Furniture and fixtures	(80.869)	(4.598)	-	177	(85.290)
Leasehold improvements	(1.443)	(70)	-	-	(1.513)
	(6.022.141)	(150.250)	-	5.687	(6.166.704)
<b>Net book value</b>	<b>12.303.437</b>				<b>12.283.981</b>

Total depreciation expense amounting to TRY 157.712 thousand (31 March 2018 - TRY 150.250 thousand) in the consolidated statement of comprehensive income for the period ended 31 March 2019 has been allocated to cost of goods sold amounting to TRY 150.635 thousand (31 March 2018 - TRY 142.432 thousand), to marketing, sales and distribution expenses amounting to TRY 1 thousand (31 March 2018- TRY 1 thousand), to general administration expenses amounting to TRY 7.076 thousand (31 March 2018 - TRY 7.817 thousand)

For the period ended 31 March 2019, depreciation expense related to the right to use assets is TRY7.667 thousand in the consolidated statement of comprehensive income (31 March 2018 - None).

As of March 31, 2019, there are no mortgages on property, plant and equipment. (31 March 2018- None).

## TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2019

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

#### 12. Intangible assets

##### Other intangible assets:

The movements of intangible assets and related accumulated amortisation for the period ended 31 March 2019 and 2018 are as follows:

	1 January 2018	Additions	Transfers	Disposals	31 March 2019
<b>Cost:</b>					
Rights and software	91.242	796	-	-	92.038
Development expenses	85.407	-	-	-	85.407
	<b>176.649</b>	<b>796</b>	-	-	<b>177.445</b>
<b>Accumulated amortisation:</b>					
Rights and software	(54.295)	(3.201)	-	-	(57.496)
Development expenses	(64.169)	(2.468)	-	-	(66.637)
	<b>(118.464)</b>	<b>(5.669)</b>	-	-	<b>(124.133)</b>
<b>Net book value</b>	<b>58.185</b>				<b>53.312</b>

	1 January 2017	Additions	Transfers	Disposals	31 March 2018
<b>Cost:</b>					
Rights and software	81.464	-	15	-	81.479
Development expenses	80.039	-	2.413	-	82.452
	161.503	-	2.428	-	163.931
<b>Accumulated amortisation:</b>					
Rights and software	(43.060)	(2.531)	-	-	(45.591)
Development expenses	(53.256)	(2.681)	-	-	(55.937)
	(96.316)	(5.212)	-	-	(101.528)
<b>Net book value</b>	<b>65.187</b>				<b>62.403</b>

Total amortisation expenses amounting to TRY 5.669 thousand (31 March 2018 - TRY 5.212 thousand) in the consolidated statement of comprehensive income for the period ended 31 March 2019 have been allocated to the general administration expenses.

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2019

(Amount expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

### 13. Prepaid expenses

#### Short term prepaid expenses:

	31 March 2019	31 December 2018
Insurance and other expenses	49.345	81.320
Advances given	56.444	27.369
<b>Total</b>	<b>105.789</b>	<b>108.689</b>

#### Long term prepaid expenses:

	31 March 2019	31 December 2018
Advances given to related parties for property, plant and equipment (Note 31)	273.366	252.101
Advances given to third parties for property, plant and equipment	90.231	124.885
Prepaid other expenses	978	1.014
<b>Total</b>	<b>364.575</b>	<b>378.000</b>

### 14. Other assets and liabilities

#### Other current assets:

	31 March 2019	31 December 2018
Deferred Value Added Tax (“VAT”)	889.822	843.703
.VAT Receivable	248.596	622.111
Deferred Special Consumption Tax (“SCT”)	77.116	67.912
Spare parts and material stocks	60.322	67.081
Deferred VAT	35.115	2.579
Income accruals	22.866	16.141
Taxes and funds to be offsetted	13.323	57.120
Income accruals from commodity hedge	-	761.184
Other current assets	20.977	34.794
<b>Total</b>	<b>1.368.137</b>	<b>2.472.625</b>

As of 31 December 2018, expense accruals consists of commodity derivatives transactions for inventory of Tüpraş which are exposed to commodity price risk (swap transactions and zero-cost transactions). Weighted average price of outstanding commodity derivatives transactions is USD71.43/barrel for 5,625 thousand crude oil barrel. Weighted average buying price of zero cost derivatives transactions is USD69.37 /barrel for 5,625 thousand crude oil barrel inventory weighted average selling price of zero cost derivatives transactions is USD74.21 /barrel. The expense accruals recognition made as of 31 December 2018 is recognized under cost of goods sold and paid as of 8 January 2019.

#### Other non-current assets:

	31 March 2019	31 December 2018
Spare parts and materials	1.413.587	1.284.892
Other	11.627	7.925
<b>Total</b>	<b>1.425.214</b>	<b>1.292.817</b>

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2019

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

### 14. Other assets and liabilities (Continued)

#### Other short-term liabilities:

	31 March 2019	31 December 2018
Revenue share	1.467.320	1.430.111
SCT payable	1.384.068	1.254.611
Deferred VAT	889.822	843.703
Deferred SCT	77.116	67.912
Other taxes and liabilities	19.107	66.127
VAT payable	1.211	11.873
Other	76.439	78.840
<b>Total</b>	<b>3.915.083</b>	<b>3.753.177</b>

Deferred VAT and SCT include VAT and SCT amounts related to export committed sales and are classified within “Other current assets” under assets and within “Other current liabilities” under liabilities. Such SCT and VAT amounts are offset when the export transaction is certified and the related taxes are cancelled by the tax office.

According to the Petroleum Market Law, financing needs of refinery owners to maintain the National Petroleum Stock are supplied by the revenue share, which is a surplus added to the sales price, limited to a ceiling of USD 10/ton as determined by Energy Market Regulatory Authority (“EMRA”). In the case of importation of petroleum products, the revenue share is to be paid to the refinery owner by the importer. The Group has been collecting the revenue share over the sales of petroleum products and non-refinery imports of petroleum products since 1 January 2005, the date the relevant article of the regulation came into force.

The Group has been collecting the revenue share over the sales of petroleum products and non-refinery imports of petroleum products since 1 January 2005, the date the relevant article of the regulation came into force.

The Group has been collecting revenue share for LPG sales since 16 September 2005 in addition to the revenue share collected for petroleum products, in accordance with the Liquefied Petroleum Gas (“LPG”) Market Regulation.

It has been decided by the National Petroleum Reserves Commission that the investment management of the revenue share collected will be conducted by the General Directorate of Tüpraş, and the collected amount will be invested in overnight reverse repurchase agreements.

As a result of these regulations, the revenue share amounting to TRY 1.467.320 thousand accumulated as at 31 March 2019 (31 December 2018 – TRY 1.430.111 thousand) which is not recognized in the comprehensive income statement, has been classified as “Revenue Share” within “Other short-term liabilities”. TRY 1.461.214 thousand that is (31 December 2018 - TRY 1.425.142 thousand) blocked in banks as demand deposits related to the calculated revenue share has been classified as Revenue share “Blocked” within “Cash and cash equivalents” (Note 4).

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2019

(Amount expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

### 15. Provisions

#### Provision for employee benefits:

#### Short term provision for employee benefits:

	31 March 2019	31 December 2018
Personnel bonus accruals	64.432	5.342
Seniority incentive bonus provision	3.521	3.521
<b>Total</b>	<b>67.953</b>	<b>8.863</b>

#### Long term employee benefits:

	31 March 2019	31 December 2018
Provision for employment termination benefits	174.270	186.525
Provision for unused vacation	62.585	59.787
Seniority incentive bonus provision	11.690	11.080
<b>Total</b>	<b>248.545</b>	<b>257.392</b>

#### *Seniority incentive bonus provision:*

The Group has an employee benefit plan called “Seniority Incentive Bonus”, which is paid to the employees with a certain level of seniority.

Seniority incentive bonus is paid to personnel together with their monthly salary when certain seniority levels are reached. The bonus amounts to 45 days of salary for 5 years of seniority level, 55 days of salary for 10 years of seniority level, 70 days of salary for 15 years of seniority level, 80 days of salary for 20 years of seniority level, 90 days of salary for 25 years of seniority level and 100 days of salary for 30 years of seniority level, paid once for each seniority level.

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2019

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

### 15. Provisions (Continued)

The movements in the provision for seniority incentive bonus during the period are as follows:

	2019	2018
1 January	14.601	13.196
Charge for the period	10.740	3.126
Payments during the period	(10.130)	(2.466)
<b>31 March</b>	<b>15.211</b>	<b>13.856</b>

#### *Provision for employment termination benefits:*

Under the Labour Law, the Group is 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 (20 years for women) and achieves the retirement age (58 for women and 60 for men). Since the legislation was changed on 23 May 2002, there are certain transitional provisions relating to length of service prior to retirement.

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

The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees.

TAS 19 requires that actuarial valuation methods to be developed to estimate the Group’s employment termination benefit provision. The following actuarial assumptions have been used in the calculation of the total provision:

	31 March 2019	31 December 2018
Discount rate (%)	5,65%	5,65%
Turnover rate to estimate probability of retirement (%)	99,39%	99,39%

The principal assumption is that maximum liability of employment termination benefits 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 TRY 6.017,60 which is effective as at 1 July 2019, has been taken into consideration in calculating the provision for employment termination benefits of the joint ventures of the Group, which are registered In Turkey (31 December 2018: TRY 6.017,60).

The movement in the provision for employment termination benefits during the period is as follows:

	2019	2018
1 January	186.525	167.907
Interest expense	7.803	4.941
Increase during the period	4.435	1.995
Payments during the period	(24.493)	(15.404)
<b>31 March</b>	<b>174.270</b>	<b>159.439</b>



# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2019

(Amount expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

### 15. Provisions (Continued)

#### *Provision for unused vacation:*

The movement in the provision for unused vacation during the period is as follows:

	2019	2018
1 January	59.787	50.655
Charge for the period	8.537	6.261
Payments during the period	(5.739)	(3.238)
<b>31 March</b>	<b>62.585</b>	<b>53.678</b>

#### **Other short term provisions:**

	31 March 2019	31 December 2018
EMRA participation share	41.736	33.473
Provision for demurrage	28.227	18.108
Provisions for pending claims and law suits	19.259	19.038
Other	25.434	863
<b>Total</b>	<b>114.656</b>	<b>71.482</b>

Movement of the short-term provisions for the period ended 31 March 2019 and 2018 are as follow:

	Provision for pending claims and	EMRA participation share	Provision for demurrage	Other	Total
<b>1 January 2019</b>	<b>19.038</b>	<b>33.473</b>	<b>18.108</b>	<b>863</b>	<b>71.482</b>
Charges for the period, net	221	41.736	10.119	24.571	76.647
Payments during the period	-	(33.473)	-	-	(33.473)
<b>31 March 2019</b>	<b>19.259</b>	<b>41.736</b>	<b>28.227</b>	<b>25.434</b>	<b>114.656</b>
1 January 2019	12.523	20.159	13.787	5.016	51.485
Charges for the period, net	4.045	23.823	(2.303)	20.763	46.328
Payments during the period	(359)	(20.159)	-	-	(20.518)
31 March 2018	16.209	23.823	11.484	25.779	77.295

EMRA participation share is the participation fee that is paid by the refinery license owners in accordance with the Petroleum Market License Regulation, calculated by multiplying net sales with the participation share rate determined by EMRA.

## TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2019

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

#### 16. Liabilities for employee benefits

	31 March 2019	31 December 2018
Social security withholdings payment	48.603	26.646
Due to the personnel	46.431	100.854
<b>Total</b>	<b>95.034</b>	<b>127.500</b>

#### 17. Other payables

	31 March 2019	31 December 2018
Dividend payables to related parties (Note 28)	9.596	-
Dividend payables to third parties	1.858.938	-
Deposits and guarantees received	20.802	15.021
Other payables to related parties (Note 28)	-	24.279
<b>Total</b>	<b>1.889.336</b>	<b>39.300</b>

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2019

(Amount expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

### 18. Derivative instruments

	31 March 2019				31 December 2018			
	Purchase contract amount	Sales contract amount	Fair values		Purchase contract amount	Sales contract amount	Fair values	
			Assets	Liabilities			Assets	Liabilities
<i>Cash flow hedge</i>								
Interest rate swap	554.144	554.144	32.965	4.111	519.039	519.039	12.607	2.694
Cross currency swap	493.282	441.835	140.948	21.442	463.224	438.266	95.282	42.123
Commodity derivative	2.166.770	2.166.770	85.581	228.962	2.146.042	2.146.042	66.580	184.388
<i>Derivatives held for trading</i>								
Currency forwards	1.463.384	1.423.093	69.342	-	2.156.969	2.177.520	1.063	6.845
Commodity derivative	636.741	636.741	-	17.441	-	-	-	-
<b>Short term derivative financial instruments</b>			<b>328.836</b>	<b>271.956</b>			<b>175.532</b>	<b>236.050</b>
<i>Cash flow hedge</i>								
Interest rate swap	2.860.423	2.860.423	37.852	8.924	2.096.063	2.096.063	21.942	5.648
Cross currency swap	742.360	573.553	171.969	13.910	884.668	759.476	146.324	36.589
<b>Long term derivative financial instruments</b>			<b>209.821</b>	<b>22.834</b>			<b>168.266</b>	<b>42.237</b>
<b>Total</b>			<b>538.657</b>	<b>294.790</b>			<b>343.798</b>	<b>278.287</b>

As of 31 March 2019, forward foreign exchange transactions consist of forward transactions which generate a sales obligation of TRY1.423.093 thousand in exchange of USD260.000 thousand and will expire on January 2019.( As of 31 December 2018, forward foreign exchange transactions consist of forward transactions which generate a sales obligation of TRY2.177.520 thousand in exchange of USD410.000 thousand and which has expired on January 2019.)

As of 31 December 2018, interest rate swap consists of exchange of floating rate instalment payments of long term borrowings amounting to USD463.837 thousand (31 December 2018: USD466,637 thousand) and EUR24.357 thousand (31 December 2018: EUR26,571) and TRY650.000 thousand of long-term loans and bonds with variable interest installment payments with fixed rate instalment payments for cash flow hedging.

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2019

(Amount expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

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### 18. Derivative instruments (Continued)

As of 31 March 2019, cross currency swap transactions consist of swaps with fixed interest rate transaction of foreign currency indexed, fixed interest rate long-term bonds amounting to USD184.895 thousand (31 December 2018: USD216.395 thousand) with foreign currency indexed floating interest long-term borrowing of TRY823,469 thousand, EUR11,071 thousand long-term borrowing (31 December 2018: EUR13,268 thousand) foreign currency indexed interest rate swap transactions with TRY currency indexed long term borrowings and fixed interest payments amounting to TRY41,073 thousand (31 December 2018: TRY49,228 thousand) and fixed interest payments with total of USD11,671 thousand (31 December 2018: USD14,005 thousand) with foreign currency indexed fixed interest payments and swap transaction of EUR13,286 thousand (31 December 2018:13,286) foreign currency indexed interest rate of long-term borrowing and USD15,130 thousand (31 December 2018: 15,130) foreign currency indexed fixed interest payments.

Commodity future purchase and sales transactions consist of transactions of product crack margin fixing, swap transactions and zero cost collar transactions as of 31 March 2019. Future sales product crack margin fixing transactions have been made for gasoline stocks of 315 thousand barrels, jet stocks of 4,188 thousand barrels, diesel stocks of 5,910 thousand barrels, fuel oil stocks of 3,957 barrels in second quarter of 2019, gasoline stocks of 1,800 thousand barrels, diesel stocks of 4,758 thousand barrels and fuel oil of 2,256 thousand barrels for third quarter of 2019, fuel oil stock of 279 thousand barrels for fourth quarter of 2019. The weighted average of the fixed margin of these transactions are USD9,54 for gasoline, USD14,36 for jet fuel, USD16,16 for diesel and USD-10,77 for fuel oil per barrel. Swap transactions has been made for a total of 600 thousand barrels of crude oil stocks and the weighted average fixed price of these transactions is USD 63.05 / barrel. The weighted average purchase price of the option transactions, which are made for zero-cost corridor option transactions and for which 600 thousand barrels of crude oil stocks are sold and which give the right to sell, is USD 60 / barrel and the weighted average selling price of the option transactions that give rise to the sale obligation is USD 65.5 / barrel.

Commodity future purchase and sales transactions consist of transactions of product crack margin fixing, swap transactions and zero cost collar transactions as of 31 December 2018. Future sales product crack margin fixing transactions have been made for jet stocks of 4,515 thousand barrels, diesel stocks of 5,580 thousand barrels, fuel oil stocks of 4,371 barrels in first quarter of 2018, gasoline stocks of 315 thousand barrels, jet fuel stocks of 4,188 thousand barrels, diesel stocks of 5,910 thousand barrels and fuel oil of 3,957 thousand barrels for second quarter of 2019, fuel oil stock of 1,650 thousand barrels for third quarter of 2018. The weighted average of the fixed margin of these transactions are USD9,54 for gasoline, USD13,98 for jet fuel, USD15,92 for diesel and USD-10,05 for fuel oil per barrel.

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2019

(Amount expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

### 19. Commitments and contingent assets and liabilities

		31 March 2019		31 December 2018
<b>Guarantees received:</b>	<b>Original currency:</b>	<b>TRY amount:</b>	<b>Original currency:</b>	<b>TRY amount:</b>
Letter of guarantees received		<b>1.362.301</b>		1.369.463
- Letter of guarantees in TRY	<i>690.501</i>	<i>690.501</i>	726.627	726.627
- Letter of guarantees in USD	<i>96.573</i>	<i>543.552</i>	99.623	524.106
- Letter of guarantees in EUR	<i>18.890</i>	<i>119.360</i>	18.830	113.509
- Letter of guarantees in other currencies	-	8.888	-	5.221
Guarantee notes received		<b>1.287</b>		1.137
- Guarantee notes in TRY	<i>1.287</i>	<i>1.287</i>	1.137	1.137
Guarantee letters received		<b>331.420</b>		313.045
- Guarantee letters received in TRY	<i>50.000</i>	<i>50.000</i>	50.000	50.000
- Guarantee letters received in USD	<i>50.000</i>	<i>281.420</i>	50.000	263.045
Guarantee letters of credit		<b>408.917</b>		784.400
- Letters of credit in USD	<i>72.652</i>	<i>408.917</i>	149.100	784.400
Direct debiting limits		<b>471.213</b>		405.337
- TRY direct debiting limits	<i>471.213</i>	<i>471.213</i>	405.337	405.337
<b>Total guarantees received</b>		<b>2.575.138</b>		2.873.382
<b>Guarantees given:</b>				
Letter of credits given		<b>3.680.391</b>		310.392
- Letter of credits in USD	<i>619.908</i>	<i>3.489.090</i>	40.260	211.804
- Letter of credits in EUR	<i>2.911</i>	<i>18.396</i>	1.309	7.888
- Letter of credits in other currencies	-	172.905	-	90.700
Letter of guarantees given		<b>1.601.183</b>		1.067.670
- Letter of guarantees in TRY	<i>1.001.176</i>	<i>1.001.176</i>	941.808	941.808
- Letter of guarantees in USD	<i>105.200</i>	<i>592.108</i>	20.200	106.271
- Letter of guarantees in EUR	<i>1.250</i>	<i>7.899</i>	3.250	19.591
Letters of guarantee given to customs offices		<b>1.323.322</b>		1.399.598
- Letter of guarantees in TRY	<i>1.310.684</i>	<i>1.310.684</i>	1.399.598	1.399.598
- Letter of guarantees in EUR	<i>2.000</i>	<i>12.638</i>	-	-
Letters of guarantee given to banks		<b>1.000.264</b>		970.480
- Letter of guarantees in USD	<i>140.044</i>	<i>788.226</i>	139.129	731.946
- Letter of guarantees in EUR	<i>33.557</i>	<i>212.038</i>	39.571	238.534
<b>Total guarantees given</b>		<b>7.605.160</b>		3.748.140

As at 31 March 2019 and 31 December 2018, letter of guarantees received are composed of guarantees from customers and suppliers. Guarantees given are mainly composed of guarantees given to government entities and customs offices. As at 31 March 2019, letters of guarantee given to banks are given for loans which were used by Companies within scope of consolidation amounting to TRY 887.536 thousand (31 December 2018: TRY 863.992 thousand) and for derivative financial instruments amounting to TRY 112.728 thousand (31 December 2018: TRY 106.488 thousand).

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2019

(Amount expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

### 19. Commitments and contingent assets and liabilities (Continued)

Collaterals, pledges, mortgages given by the Group as at 31 March 2019 and 31 December 2018 are as follows:

	31 March 2019	31 December 2018
A. CPMs given for companies in the name of its own legal personality	<b>6.604.896</b>	2.777.660
- TRY	<b>2.311.860</b>	2.341.406
- USD	<b>4.081.198</b>	318.075
- EUR	<b>38.933</b>	27.479
- Other	<b>172.905</b>	90.700
B. CPMs given on behalf of the fully consolidated companies	<b>1.000.264</b>	970.480
- USD	<b>788.226</b>	731.946
- EUR	<b>212.038</b>	238.534
C. CPMs given for continuation of its economic activities on behalf of third parties	-	-
D. Total amount of other CPMs	-	-
i) Total amount of CPMs given on behalf of the majority shareholder	-	-
ii) Total amount of CPMs given to on behalf of other Group companies which are not in scope of B and C.	-	-
iii) Total amount of CPMs given on behalf of third parties which are not in scope of C.	-	-
<b>Total</b>	<b>7.605.160</b>	3.748.140

### 21. Equity

The Company’s shareholders and their shareholding percentages as at 31 March 2019 and 31 December 2018 are as follows:

	31 March 2019	Share (%)	31 December 2018	Share (%)
Enerji Yatırımları A.Ş.	<b>127.714</b>	<b>51</b>	127.714	51
Publicly Owned	<b>122.705</b>	<b>49</b>	122.705	49
<b>Total</b>	<b>250.419</b>	<b>100</b>	250.419	100
Adjustment to share capital	<b>1.344.243</b>		1.344.243	
<b>Total paid-in capital</b>	<b>1.594.662</b>		1.594.662	

Adjustment to share capital represents the difference between the inflation adjusted amounts of cash and cash equivalents of the paid-in capital and the amounts before the inflation adjustment.

Registered capital of the Company is TRY 500.000 thousand and is divided into 50.000.000.000 shares with a registered nominal value of 1 Kuruş (“Kr”) (31 December 2018 - 1 Kr) each. The authorised and paid-in share capital of the Company comprises 25.041.919.999 Group A shares with a registered nominal value of Kr 1 and one Group C share with privileges belonging to the Privatisation Administration

As per the articles of association of the Company, one member of the Board of Directors should be nominated by the Group C shareholders. Board of Directors’ decisions on the supply needs of petroleum products of the Turkish military forces requires the consent of the member representing the Group C shareholders.

Retained earnings, as per the statutory financial statements other than legal reserves, are available for distribution, subject to the legal reserve requirement referred to below.

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2019

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### 20. Equity (Continued)

#### *Restricted reserves*

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. Under the TCC, the legal reserves can only be used to offset loss and are not available for any other usage unless the reserve exceeds 50% of paid-in share capital

In accordance with Turkish Financial Reporting Standards the aforementioned amounts should be classified under "Restricted Reserves". At 31 March 2019, the restricted reserves of the Company amount to TRY 503.343 thousand (31 December 2018 - TRY 597.086 thousand)

#### *Dividend distribution*

Listed companies distribute dividend in accordance with the Communiqué No. II-19.1 issued by the CMB which is effective from 1 February 2014.

Companies distribute dividends in accordance with their dividend payment policies settled and dividend payment decision taken in general assembly and also in conformity with relevant legislations. The communiqué does not constitute a minimum dividend rate. Companies distribute dividend in accordance with the method defined in their dividend policy or articles of incorporation. In addition, dividend can be distributed by fixed or variable instalments and advance dividend can be paid in accordance with profit on interim financial statements of the Company.

In accordance with the Turkish Commercial Code (TCC), unless the required reserves and the dividend for shareholders as determined in the article of association or in the dividend distribution policy of the company are set aside, no decision may be made to set aside other reserves, to transfer profits to the subsequent year or to distribute dividends to the holders of usufruct right certificates, to the members of the board of directors or to the employees; and no dividend can be distributed to these persons unless the determined dividend for shareholders is paid in cash

The total amount of net income of the Company in the statutory records and other equity accounts subject to dividend distribution amount to TRY 1.503.116 thousand as at 31 March 2019. This amount includes inflation adjustment differences of the equity accounts amounting to TRY 1.698.998 thousand and other reserves amounting to TRY 11.326 thousand which are subject to corporate taxation when distributed as dividends

In the period ended as of 31 March 2019, the Company committed to make dividend payment in cash amounting to TRY 3.793.851 thousand which is the total amount remained after first and second composition legal reserves deducted from 2018 distributable net profit of the period and a portion of second composition legal reserves. The Company paid a cash dividend at the rate of 1,515.0% which corresponds to TRY 15,15 gross and TRY 15,15 net cash dividend for the shares with a nominal value of TRY 1,00 to institutional shareholders who are full taxpayers or limited liable taxpayers and obtain dividends through a business or permanent representative in Turkey. The Company paid also a cash dividend at the rate of 1,515.0%, which corresponds to TRY15.15 gross and TRY12,875 net cash dividend for the shares with a nominal value of TRY 1.00 to other shareholders

In the period ended as of 31 December 2018, the Company committed to make dividend payment in cash amounting to TRY 3.406.452 thousand which is the total amount remained after first and second composition legal reserves deducted from 2017 distributable net profit of the period and a portion of second composition legal reserves. The Company paid a cash dividend at the rate of 1.360.3% which corresponds to TRY 13,603 gross and TRY 13,603 net cash dividend for the shares with a nominal value of TRY1.00 to institutional shareholders who are full taxpayers or limited liable taxpayers and obtain dividends through a business or permanent representative in Turkey. The Company paid also a cash dividend at the rate of 1.360.3%, which corresponds to TRY13,603 gross and TRY11,563 net cash dividend for the shares with a nominal value of TRY 1.00 to other shareholders.

## TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2019

(Amount expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

#### 21. Revenue and cost of sales

	1 January - 31 March 2019	1 January - 31 March 2018
Domestic revenue	15.493.773	11.476.562
Export revenue	5.431.100	2.167.875
<b>Gross revenue</b>	<b>20.924.873</b>	<b>13.644.437</b>
Less: Sales discount	(196.510)	(213.619)
Less: Sales returns	(20.475)	(9.410)
<b>Sales (net)</b>	<b>20.707.888</b>	<b>13.421.408</b>
Cost of goods sold	(19.716.595)	(12.352.218)
<b>Gross profit</b>	<b>991.293</b>	<b>1.069.190</b>

  

	1 January - 31 March 2019	1 January - 31 March 2018
Raw material, manufactured and consumable material	18.418.136	11.559.743
Energy expenses	612.505	292.169
Personnel expenses	226.372	178.527
Depreciation expenses (Note 11)	150.635	142.432
Other production expenses	308.947	179.347
<b>Cost of sales</b>	<b>19.716.595</b>	<b>12.352.218</b>



# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2019

(Amount expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

### 22. General administrative expenses, marketing expenses and research and development expenses

#### General administrative expenses:

	1 January - 31 March 2019	1 January - 31 March 2018
Personnel expenses	122.963	86.785
Taxes and duties	34.141	20.900
Insurance expenses	30.788	21.918
Depreciation and amortization (Note 11-12)	20.412	13.029
Outsourced services	19.272	15.566
Office expenses	15.382	6.565
Subscription fees	10.488	6.362
Donations	5.191	5.743
Lawsuit and consultancy expenses	4.347	3.984
Rent expenses	3.226	3.532
Transportation and travel expenses	1.134	1.365
Other	13.029	10.137
<b>Total general administrative expenses</b>	<b>280.373</b>	<b>195.886</b>

#### Marketing expenses:

	1 January - 31 March 2019	1 January - 31 March 2018
Personnel expenses	41.517	27.568
Carriage, storage and insurance expenses	9.081	5.792
Advertising expenses	6.857	324
Energy expenses	6.444	2.664
Outsourced services	6.135	19.891
Rent expenses	567	2.966
Depreciation and amortization (Note 11)	1	1
Other	15.171	7.959
<b>Total marketing expenses</b>	<b>85.773</b>	<b>67.165</b>

#### Research and development expenses:

	1 January - 31 March 2019	1 January - 31 March 2018
Personnel expenses	4.763	3.597
Licence expenses	896	604
Outsourced services	227	193
Lawsuit and consultancy expenses	119	34
Other	814	482
<b>Total research and development expenses</b>	<b>6.819</b>	<b>4.910</b>

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2019

(Amount expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

### 23. Other operating income/(expenses)

	1 January - 31 March 2019	1 January - 31 March 2018
<b>Other operating income:</b>		
Credit finance gains	155.774	74.009
Foreign exchange gain from trade receivables	1.238	6.119
Rent income	892	1.665
Provision no longer required	12	-
Other	17.827	24.247
<b>Total other operating income</b>	<b>175.743</b>	<b>106.040</b>
<b>Other operating expense::</b>		
Foreign exchange loss from trade payables	(492.850)	(187.881)
Credit finance charges	(52.736)	(21.023)
Other	(20.353)	(8.177)
<b>Total other operating expense</b>	<b>(565.939)</b>	<b>(217.081)</b>

### 24. Income/(expense) from investment activities

	1 January - 31 March 2019	1 January - 31 March 2018
Gain/(loss) on sales of property plant and equipment and intangible assets	(140)	(6.383)
<b>Total income/(expense) from investment activities</b>	<b>(140)</b>	<b>(6.383)</b>

### 25. Financial income/(expenses)

	1 January - 31 March 2019	1 January - 31 March 2018
<b>Financial income:</b>		
Interest income on deposits	71.987	99.135
Foreign exchange gains on deposits	469.074	445.696
Foreign exchange gains on derivatives instruments	163.781	108.985
<b>Total financial income</b>	<b>704.842</b>	<b>653.816</b>
<b>Financial expense:</b>		
Foreign exchange losses on borrowings	(757.990)	(710.698)
Interest expenses	(502.201)	(203.891)
Foreign exchange losses on derivative instruments	(40.813)	(8.528)
Other	(5.031)	(1.280)
<b>Total financial expense</b>	<b>(1.306.035)</b>	<b>(924.397)</b>

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2019

(Amount expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

### 26. Tax assets and liabilities

#### i) Corporate tax:

	31 March 2019	31 December 2018
Current period corporate tax provision	3.422	218.388
Current year tax assets	(3.422)	(119.639)
<b>Corporation tax provision</b>	<b>-</b>	<b>98.749</b>

Turkish tax legislation does not permit a parent company, its subsidiaries and its joint ventures to file a consolidated tax return. Therefore, provisions for taxes, as reflected in these consolidated financial statements, have been calculated on an individual-entity basis

The corporation tax rate for the fiscal year 2019 is 22 % (2018: 22%). Corporation tax is payable at a rate of 22% on the total income of the companies after adjusting for certain disallowable expenses, corporate income tax exemptions (participation exemption, investment allowance, etc.) and allowances (as research and development expenditures deduction

The analysis of cumulative temporary differences and the related deferred tax assets and liabilities in respect of items for which deferred income tax has been provided as at 31 March 2019 and 31 December 2018 using the enacted tax rates are as follows:

	Cumulative temporary differences		Deferred tax (liability)/asset	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
Fair value difference of derivative instruments	245.400	68.004	(53.988)	(14.961)
Revaluation increases of property, plant and equipment	6.891.831	-	(758.101)	-
Prepaid expenses	47.023	51.680	(10.345)	(11.370)
Deferred financial income, (net)	2.442	-	(537)	-
<b>Deferred tax liability</b>			<b>(822.971)</b>	<b>(26.331)</b>
Investment incentive income	10.029.879	10.029.879	3.228.333	3.228.333
Difference between the carrying values and tax base of property, plant, equipment and intangible assets	1.441.507	1.210.352	317.132	266.277
Employment termination benefits and seniority incentive bonus provision	179.856	190.477	39.568	41.905
Provision for unused vacation liability	54.160	51.646	11.915	11.362
Provisions for pending claims and lawsuits	18.891	18.547	4.156	4.080
Impairment on inventories	-	87.855	-	19.328
Deferred financial income, (net)	-	25.044	-	5.510
Other	51.381	71.219	11.303	15.668
<b>Deferred tax assets</b>			<b>3.612.407</b>	<b>3.592.463</b>
<b>Deferred tax asset/(liability), net</b>			<b>2.789.436</b>	<b>3.566.132</b>

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

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### 26. Tax assets and liabilities (Continued)

In the first quarter of 2011, within the scope of the decree of the Council of Ministers dated 14 July 2009 and numbered 2009/15199, the Company was granted a Large-Scaled Investment Incentive Certificate for Residuum Upgrading Project (RUP). Investment expenditures made within the scope of this certificate are subject to 30% contribution from the government, where the contribution is provided as a reduction in corporate tax payable by 50%. As of 7 October 2013, Residuum Upgrading Project was granted Strategic Investment Incentive by Incentive Implementation and Foreign Investment Department of Ministry of Economy of Republic of Turkey which became applicable after 19 October 2012. Expenditures made within the scope of Strategic Investment Incentive Certificate are subject to 50% contribution from the government, where the contribution is provided as a reduction in corporate tax payable by 90%. In addition to the government contribution within the scope of Strategic Investment Incentive, the Company benefits from VAT exemption, VAT refund, customs duty exemption, incentive for employer share of insurance premium and interest incentive from this certificate.

The movement of deferred taxes is as follows:

	2019	2018
<b>Deferred tax asset/(liability), net</b>		
1 January	3.566.132	3.067.871
Charge for the period	(48.744)	(79.905)
Charge to equity:		
- Cash flow hedge reserve	30.150	31.101
- Revaluation increases of property, plant and equipment	(758.101)	-
<b>31 March</b>	<b>2.789.436</b>	<b>3.019.067</b>

### 27. Earnings per share

	1 January - 31 March 2019	1 January - 31 March 2018
Profit for the year attributable to shareholders of the Company	(375.158)	378.436
Weighted average number of Shares with nominal value of Kr each	25.041.920.000	25.041.920.000
<b>Basic and diluted earnings per share in Kr</b>	<b>(1,50)</b>	<b>1,51</b>

### 28. Related party transactions

Related party transactions were classified according to the following groups and contain all descriptions in this footnote.

- (1) Joint venture
- (2) Koç Holding group companies
- (3) Parent, ultimate parent

#### a) Deposits:

	31 March 2019	31 December 2018
Yapı ve Kredi Bankası A.Ş. (2)	4.334.641	2.428.620
<b>Total</b>	<b>4.334.641</b>	<b>2.428.620</b>

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## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2019

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### 28. Related party transactions (Continued)

#### b) Due from related parties:

	31 March 2019	31 December 2018
Opet Petrolcülük A.Ş. (1)	644.641	642.361
THY OPET Havacılık Yakıtları A.Ş. (1)	308.348	420.121
Aygaz A.Ş. (2)	96.377	64.500
Opet Fuchs Madeni Yağ San. ve Tic. A.Ş. (1)	8.079	5.055
Other (2)	13.870	80
<b>Total</b>	<b>1.071.315</b>	<b>1.132.117</b>

As of 31 March 2019, Tüpraş has offset TRY995,000 thousand (31 December 2018: TRY650,000 thousand) from its trade receivables due from related parties that are collected from factoring companies as a part of irrevocable factoring agreements.

#### c) Trade payables:

	31 March 2019	31 December 2018
Aygaz Doğal Gaz Toptan Satış A.Ş. (2)	97.150	-
Opet International Limited (1)	20.373	-
Zer Merkezi Hizmetler ve Ticaret A.Ş. (2)	12.566	15.021
Aygaz A.Ş. (2)	8.374	6.885
Opet Petrolcülük A.Ş. (1)	6.873	6.368
Koç Sistem Bilgi ve İletişim A.Ş. (2)	5.217	18.343
RAM Sigorta Aracılık Hizmetleri A.Ş. (2)	4.044	9.348
Otokoç Otomotiv Tic. ve San. A.Ş. (2)	1.878	5.144
Setur Servis Turistik A.Ş. (2)	804	1.421
Ark İnşaat A.Ş. (2)	111	5.126
THY OPET Havacılık Yakıtları A.Ş. (1)	-	4.022
Other (2)	2.844	5.418
<b>Total</b>	<b>160.234</b>	<b>77.096</b>

#### d) Other payables:

	31 March 2019	31 December 2018
Enerji Yatırımları A.Ş. (3)	9.596	-
Koç Holding A.Ş. (3)	-	24.279
<b>Total</b>	<b>9.596</b>	<b>24.279</b>

#### e) Advances given for property, plant and equipment:

	31 March 2019	31 December 2018
RMK Marine Gemi Yapım Sanayii ve Deniz Taşımacılığı İşl. A.Ş. (2)	258.597	243.379
Ark İnşaat A.Ş. (2)	13.327	8.722
Other (2)	1.442	-
<b>Total</b>	<b>273.366</b>	<b>252.101</b>

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## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2019

(Amount expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

### 28. Related party transactions (Continued)

#### f) Bank loans:

	31 March 2019	31 December 2018
Yapı ve Kredi Bankası A.Ş. (2)	273.083	7.948
<b>Total</b>	<b>273.083</b>	<b>7.948</b>

#### g) Product and service sales:

	1 January - 31 March 2019	1 January - 31 March 2018
Opet Petrolcülük A.Ş. (1)	2.891.890	2.269.831
THY OPET Havacılık Yakıtları A.Ş. (1)	2.377.777	1.679.552
Aygaz A.Ş. (2)	176.250	131.050
Opet Fuchs Madeni Yağ San. ve Tic. A.Ş. (1)	11.230	13.305
Other (2)	1.205	8
<b>Total</b>	<b>5.458.352</b>	<b>4.093.746</b>

#### h) Product and service purchases:

	1 January - 31 March 2019	1 January - 31 March 2018
Aygaz Doğalgaz Toptan Satış A.Ş. (2)	187.757	-
Aygaz A.Ş. (2)	44.611	49.695
Opet Petrolcülük A.Ş. (1)	29.410	19.015
Zer Merkezi Hizmetler ve Ticaret A.Ş. (2)	20.591	18.789
Opet International Limited (1)	20.373	36.174
THY OPET Havacılık Yakıtları A.Ş. (1)	11.474	7.585
Koç Sistem Bilgi ve İletişim A.Ş. (2)	7.855	2.623
Koç Holding A.Ş. (3) (*)	5.015	4.485
Otokoç Otomotiv Tic. ve San. A.Ş. (2)	4.747	2.953
Ram Sigorta Aracılık Hizmetleri A.Ş. (2) (**)	835	1.086
Eltek Elektrik Enerjisi İthalat, İhracat ve Toptan Tic. A.Ş. (2)	-	551
Other (2)	13.215	11.051
<b>Total</b>	<b>345.884</b>	<b>154.007</b>

(\*) Consists of the Group's share of invoices issued by Koç Holding, the ultimate parent of Tüpraş in accordance with the "11-Intra-group Services" of General Communique numbered 1 on Distribution of Hidden Income through Transfer Pricing which represents the services provided for financing, legal, tax and remuneration of senior management by the ultimate parent to its group companies.

(\*\*) Includes paid and accrued insurance premiums in the periods ended 31 March 2019 and 2018 in connection with insurance policies signed with insurance companies through RAM Sigorta Aracılık Hizmetleri A.Ş. acting as an intermediary insurance agent

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## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2019

(Amount expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

### 28. Related party transactions (Continued)

#### i) Fixed asset purchases:

	1 January - 31 March 2019	1 January - 31 March 2018
Ark İnşaat A.Ş. (2)	6.698	-
Koç Sistem Bilgi ve İletişim A.Ş. (2)	1.144	480
Aygaz A.Ş. (2)	-	17.700
Other (2)	3.354	585
<b>Total</b>	<b>11.196</b>	<b>18.765</b>

#### j) Remuneration of board of directors and executive management:

The senior management of the Company is determined as members and chair of the Board of Directors and General Manager and General Manager Deputies. The total amount of benefits provided to senior management is TRY 7.061 thousand as of period ending on 31 March 2019. (31 March 2018- TRY 3.630 thousand). Of this amount, TRY 3,300 (31 March 2018 - None) is related to payments made due to termination of employment and the remaining portion consists of short term benefits.

#### k) Financial expenses paid to related parties:

	1 January - 31 March 2019	1 January - 31 March 2018
Yapı Kredi Faktoring A.Ş. (2)	1.819	390
Yapı ve Kredi Bankası A.Ş. (2)	5.862	-
Yapı Kredi Bank Nederland N.V.(2)	178	-
<b>Total</b>	<b>7.859</b>	<b>390</b>

#### l) Time deposit interest income:

	1 January - 31 March 2019	1 January - 31 March 2018
Yapı ve Kredi Bankası A.Ş. (2)	27.637	53.288
<b>Total</b>	<b>27.637</b>	<b>53.288</b>

#### m) Lease liabilities:

	31 March 2019	31 December 2018
Otokoç Otomotiv Tic. ve San. A.Ş. (2)	33.822	-
Zer Merkezi Hizmetler ve Ticaret A.Ş. (2)	720	-
<b>Total</b>	<b>34.542</b>	<b>-</b>

#### n) Donations:

As of 31 March 2019, total donation is amounting to TRY 17 thousand (31 March 2018- TRY 5.673 thousand).

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2019

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### 29. Financial instruments and financial risk management

The Group's activities expose it to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group.

#### Credit risk:

The Group is subject to credit risk arising from trade receivables related to credit sales, deposits at banks. These risks are managed by limiting the aggregate risk from any individual counterparty and obtaining sufficient collateral where necessary and making only cash based sales to customers considered as having a higher risk. Collectability of trade receivables are evaluated by management depending on their past experiences and current economic condition, and are presented in the consolidated financial statements net of adequate doubtful provision.

Credit risks of the Group for each financial instrument type as at 31 March 2019 and 31 December 2018 are as follows:

31 March 2019	Receivables				Bank deposits	Derivative instruments	Other
	Trade Receivables		Other Receivables				
	Related parties	Other parties	Related parties	Other parties			
<b>Maximum exposed credit risk as of reporting date</b>	<b>1.071.315</b>	<b>5.357.751</b>	<b>-</b>	<b>90.855</b>	<b>11.328.854</b>	<b>538.657</b>	<b>-</b>
- Secured portion of the maximum credit risk by guarantees, etc.	-	652.194	-	-	-	-	-
A. Net book value of financial asset either are not due or not impaired	1.071.315	5.286.461	-	90.855	11.328.854	538.657	-
B. Net book value of overdue but not impaired financial assets	-	71.290	-	-	-	-	-
C. Net book value of the impaired assets	-	-	-	-	-	-	-
- Overdue(gross book value)	-	5.180	-	324	-	-	-
- Impairment (-)	-	(5.180)	-	(324)	-	-	-
- Secured portion of the net value by guarantees, etc.	-	-	-	-	-	-	-
- Not due yet (gross book value)	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
- Secured portion of the net value by guarantees, etc.	-	-	-	-	-	-	-
D. Components which are including credit risk except financial statement	-	-	-	-	-	-	-

31 December 2018	Receivables				Bank deposits	Derivative instruments	Other
	Trade Receivables		Other Receivables				
	Related parties	Other parties	Related parties	Other parties			
<b>Maximum exposed credit risk as of reporting date</b>	<b>1,132,117</b>	<b>4,296,621</b>	<b>-</b>	<b>29,048</b>	<b>5,982,828</b>	<b>343,798</b>	<b>-</b>
- Secured portion of the maximum credit risk by guarantees, etc.	-	593,892	-	-	-	-	-
A. Net book value of financial asset either are not due or not impaired	1,132,117	4,225,420	-	29,048	5,982,828	343,798	-
B. Net book value of overdue but not impaired financial assets	-	71,201	-	-	-	-	-
C. Net book value of the impaired assets	-	-	-	-	-	-	-
- Overdue(gross book value)	-	4,740	-	324	-	-	-
- Impairment (-)	-	(4,740)	-	(324)	-	-	-
- Secured portion of the net value by guarantees, etc.	-	-	-	-	-	-	-
- Not due yet (gross book value)	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
- Secured portion of the net value by guarantees, etc.	-	-	-	-	-	-	-
D. Components which are including credit risk except financial statement	-	-	-	-	-	-	-



# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

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### 29. Financial instruments and financial risk management (Continued)

#### Credit risk (Continued):

31 Mart 2019	Receivables		Bank deposit	Derivative instruments	Other
	Trade receivables	Other receivables			
Overdue (1-30 days)	51.714	-	-	-	-
Overdue (1-3 months)	8.796	-	-	-	-
Overdue (3-12 months)	10.769	-	-	-	-
Overdue (1-5 years)	11	-	-	-	-
Overdue (5+ years)	-	-	-	-	-

  

31 December 2018	Receivables		Bank deposits	Derivative instruments	Other
	Trade receivables	Other receivables			
Overdue (1-30 days)	44,990	-	-	-	-
Overdue (1-3 months)	16,751	-	-	-	-
Overdue (3-12 months)	9,459	-	-	-	-
Overdue (1-5 years)	1	-	-	-	-
Overdue (5+ years)	-	-	-	-	-

During the impairment test of financial assets, the Group has considered the indicators regarding uncollectibility of receivables that are due. The Group has guarantees received amounting to TRY43.067 thousand (31 December 2018: TRY70.540 thousand) for trade receivables overdue but not impaired. Major part of receivables without guarantees are from government entities which regularly made sales, any collection risk is not projected.

#### *The credit quality of trade receivables that are neither past due nor impaired*

The Group categorizes the details of credit quality of trade receivables that are neither past due nor impaired or receivables whose conditions are examined under four groups. The details of credit quality of such trade receivables as at 31 March 2019 and 31 December 2018 are as follows:

	31 March 2019	31 December 2018
Group 1	979	4.842
Group 2	2.236.967	2.102.638
Group 3	4.079.313	3.137.892
Group 4	40.517	112.165
<b>Total</b>	<b>6.357.776</b>	<b>5.357.537</b>

Group 1 - New customers (less than three months)

Group 2 - State owned enterprises

Group 3 - Existing customers with no payment defaults in previous periods (have been customers by more than three months)

Group 4 - Customers with previous record of collection delays but from which all receivables due are collected (Excluding Group 1 and 2)

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2019

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### 29. Financial instruments and financial risk management (Continued)

#### *Market risk:*

Tüpraş identifies commodity price, interest rate and currency risk as major components of market risk. Foreign exchange and interest risk are evaluated separately based on portfolio and product.

#### *Commodity price risk*

The Company is exposed to effects of fluctuation in oil prices related to its crude oil inventory held for production. For the elimination of commodity price risk, the management regularly reviews the amount of stocks.

Sales prices' of Tüpraş's products, are determined based on Mediterranean product prices, which is described as the "closest accessible free market formation in the world" by the Turkish Petroleum Market Law N. 5015, and USD selling rates. Within the framework of legal definitions, changes of prices in Mediterranean petroleum products market and changes in USD exchange rate are assessed daily by the management and the new selling price based on these two factors is updated when it differs significantly upwards or downwards from the current sales price.

Since instability in crude oil prices may cause unwanted and unexpected fluctuations in net profit and cash flows, the Company has constituted hedging policy in order to eliminate this risk. Within this framework, short and long term hedging transactions are made by using various derivative instruments (Note 18)

#### *Product crack risk*

Tüpraş is exposed to the risk of fluctuations in crack margins arising from the changes in product prices. In order to eliminate the aforementioned risk in crack margins, a hedging policy has been constituted by considering historical product price levels, market expectations and forecasted sales volumes. In accordance with the policy, crack margins are hedged by utilising various derivative instruments. (Note 18).

#### *Foreign exchange risk*

The Group is exposed to foreign exchange risk due to operations in foreign currency. These risks are managed by analysis of the foreign currency monetary assets and liabilities in the consolidated financial statements, by a comprehensive risk tracking system which includes natural hedging and similar practices

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## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2019

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### 29. Financial instruments and financial risk management (Continued)

The table below summarizes the net balance sheet foreign currency position risk and components that are managed within the risk tracking system of the Group as at 31 March 2019 and 31 December 2018:

	31 March 2019		31 December 2018	
	TRY	USD(*)	TRY	USD(*)
Monetary assets	10.300.587	1.830.109	5.288.783	1.005.300
Monetary liabilities	(26.043.410)	(4.627.143)	(20.841.883)	(3.961.657)
<b>Monetary assets/(liabilities) foreign currency position</b>	<b>(15.742.823)</b>	<b>(2.797.033)</b>	(15.553.100)	(2.956.357)
Non-monetary assets	48.483	8.614	807.947	153.576
Net foreign currency position of derivative financial instruments	2.507.107	445.439	3.302.295	627.705
<b>Net foreign currency asset/(liability) position</b>	<b>(13.187.233)</b>	<b>(2.342.981)</b>	(11.442.858)	(2.175.076)
Cash flow hedging (**)	5.303.619	942.296	5.166.635	982.082
<b>Net foreign currency position after cash flow hedging</b>	<b>(7.883.614)</b>	<b>(1.400.685)</b>	(6.276.223)	(1.192.994)
Inventory in natural hedge scope (***)	8.523.396	1.514.355	6.333.567	1.203.894
<b>Net foreign currency position after cash flow hedging and natural hedge</b>	<b>639.782</b>	<b>113.670</b>	57.344	10.900

(\*) Dollar equivalent amounts are determined through dividing total TRY equivalent positions to exchange rate of dollar as at balance sheet date.

(\*\*) The Group uses investment loans amounting to USD942.296 thousand, which is equivalent to TRY5.303.619 thousand (USD982.082 thousand / TRY4,796,118 thousand in 31 December 2018) as prevention against USD/TRY spot foreign exchange risk of USD denominated export revenue, which is highly probable to be realized. Based on the outcome of effectiveness test performed on related process, the Group has considered that the process is fully effective and therefore applied cash flow hedge accounting. As of 31 March 2019, TRY2.773.027 thousand of foreign exchange loss (31 December 2018 TRY2.575.965) that arose from investment loans is classified under equity "Cash flow hedge gains (losses)" which has no effect on current year income statement. As of 31 March 2019, the foreign exchange loss amounting to TRY187.183 thousand corresponding to the export income of investment loans denominated in USD has been transferred to the foreign exchange loss in the income statement from "Cash flow hedge gains (losses)" account under equity. Moreover, as of 31 March 2019, foreign exchange loss of these loans in 2018 amounting to TRY384.244 were added to the "Cash flow hedge gains (losses)" account under equity.

(\*\*\*) The Group manages its foreign currency risk arising from foreign currency denominated financial liabilities and trade payables by regularly considering and reflecting the foreign exchange rate changes in the determination of petroleum product prices. As at 31 March 2019, the Group has crude oil and petroleum products inventories amounting to TRY 8.523.396 thousand (31 December 2018 - TRY 6.333.567 thousand).

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2019

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### 29. Financial instruments and financial risk management (Continued)

FOREIGN EXCHANGE POSITION TABLE										
	TRY equivalent (In terms of functional currency)	31 March 2019				31 December 2018				
		USD	EUR	GBP	Other	USD	EUR	GBP	Other	
Trade receivable	604.959	107.414	18	-	276	744.813	141.461	57	-	257
Monetary financial assets (including cash, banks)	9.621.732	1.450.166	230.905	1	568	4.505.691	537.016	278.764	-	114
Other	48.483	8.525	74	2	14	807.947	153.492	73	-	-
<b>Current assets</b>	<b>10.275.174</b>	<b>1.566.105</b>	<b>230.997</b>	<b>3</b>	<b>858</b>	<b>6.058.451</b>	<b>831.969</b>	<b>278.894</b>	<b>-</b>	<b>371</b>
Monetary financial assets	29.004	2.672	2.210	-	-	38.279	4.171	2.710	-	-
Other	44.892	7.976	-	-	-	-	-	-	-	-
<b>Non-current assets</b>	<b>73.896</b>	<b>10.648</b>	<b>2.210</b>	<b>-</b>	<b>-</b>	<b>38.279</b>	<b>4.171</b>	<b>2.710</b>	<b>-</b>	<b>-</b>
<b>Total assets</b>	<b>10.349.070</b>	<b>1.576.753</b>	<b>233.207</b>	<b>3</b>	<b>858</b>	<b>6.096.730</b>	<b>836.140</b>	<b>281.604</b>	<b>-</b>	<b>371</b>
Trade payables	11.184.637	1.978.282	5.963	-	12.396	6.266.612	1.173.998	12.276	-	16.326
Financial liabilities	3.301.537	457.534	114.951	-	-	3.278.691	486.945	118.932	-	-
Other monetary liabilities	303.187	53.736	117	-	-	260.178	49.313	124	-	-
<b>Current liabilities</b>	<b>14.789.361</b>	<b>2.489.552</b>	<b>121.031</b>	<b>-</b>	<b>12.396</b>	<b>9.805.481</b>	<b>1.710.256</b>	<b>131.332</b>	<b>-</b>	<b>16.326</b>
Financial liabilities	11.231.216	1.853.433	126.504	-	-	11.016.934	1.894.245	174.436	-	-
Other monetary liabilities	22.833	3.958	88	-	-	19.468	3.578	107	-	-
<b>Non-current liabilities</b>	<b>11.254.049</b>	<b>1.857.391</b>	<b>126.592</b>	<b>-</b>	<b>-</b>	<b>11.036.402</b>	<b>1.897.823</b>	<b>174.543</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>26.043.410</b>	<b>4.346.943</b>	<b>247.623</b>	<b>-</b>	<b>12.396</b>	<b>20.841.883</b>	<b>3.608.079</b>	<b>305.875</b>	<b>-</b>	<b>16.326</b>
<b>Net asset/(liability) position of off-balance sheet foreign currency derivatives</b>	<b>2.507.107</b>	<b>418.094</b>	<b>24.357</b>	<b>-</b>	<b>-</b>	<b>3.302.295</b>	<b>597.260</b>	<b>26.571</b>	<b>-</b>	<b>-</b>
Total amount of off-balance sheet derivative financial assets	2.657.954	444.895	24.357	-	-	3.455.571	626.395	26.571	-	-
Total amount of off-balance sheet derivative financial liabilities	(150.847)	(26.801)	-	-	-	(153.276)	(29.135)	-	-	-
<b>Net foreign currency asset/(liability) position</b>	<b>(13.187.233)</b>	<b>(2.352.096)</b>	<b>9.941</b>	<b>3</b>	<b>(11.538)</b>	<b>(11.442.858)</b>	<b>(2.174.679)</b>	<b>2.300</b>	<b>-</b>	<b>(15.955)</b>
Cash flow hedging	5.303.619	942.296	-	-	-	5.166.635	982.082	-	-	-
<b>Net foreign currency position after cash flow hedging</b>	<b>(7.883.614)</b>	<b>(1.409.800)</b>	<b>9.941</b>	<b>3</b>	<b>(11.538)</b>	<b>(6.276.223)</b>	<b>(1.192.597)</b>	<b>2.300</b>	<b>-</b>	<b>(15.955)</b>
<b>Net monetary foreign currency asset/(liability) position</b>	<b>(15.787.715)</b>	<b>(2.786.691)</b>	<b>(14.490)</b>	<b>1</b>	<b>(11.552)</b>	<b>(15.553.100)</b>	<b>(2.925.431)</b>	<b>(24.344)</b>	<b>-</b>	<b>(15.955)</b>
<b>Fair value of derivative instruments</b>										
Used for hedging	346.907	55.747	5.705	-	-	157.112	23.154	5.856	-	-

As at 31 March 2019, the Group has TRY 639.782 thousand as net foreign currency surplus after natural hedging (31 December 2018 - TRY 57.344 thousand net foreign currency deficit) (p. 47)

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## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2019

(Amount expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

### 29. Financial instruments and financial risk management (Continued)

The table below summarizes the effect of foreign currency rate changes on net balance sheet foreign currency position of the Group as at 31 March 2019 and 31 December 2018.

Statement of foreign currency risk sensitivity				
31 March 2019				
	Profit/Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
<b>10% change in USD rate::</b>				
USD net assets/ liabilities	(1.568.461)	1.568.461	(522.698)	522.698
Amount hedged for USD risk (-)	771.023	(771.023)	-	-
<b>USD net effect</b>	<b>(797.438)</b>	<b>797.438</b>	<b>(522.698)</b>	<b>522.698</b>
<b>10% change in EUR rate:</b>				
Euro net assets/ liabilities	(9.156)	9.156	-	-
Amount hedged for Euro risk (-)	15.391	(15.391)	-	-
<b>EUR net effect</b>	<b>6.235</b>	<b>(6.235)</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>(791.203)</b>	<b>791.203</b>	<b>(522.698)</b>	<b>522.698</b>
<b>31 December 2018</b>				
	Profit/Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
<b>10% change in USD rate:</b>				
USD net assets/ liabilities	(1.539,040)	1,539,040	(516,663)	516,663
Amount hedged for USD risk (-)	838,835	(838,835)	-	-
<b>USD net effect</b>	<b>(700,205)</b>	<b>700,205</b>	<b>(516,663)</b>	<b>516,663</b>
<b>10% change in EUR rate:</b>				
Euro net assets/ liabilities	(14,675)	14,675	-	-
Amount hedged for Euro risk (-)	16,017	(16,017)	-	-
<b>EUR net effect</b>	<b>1,342</b>	<b>(1,342)</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>(698,863)</b>	<b>698,863</b>	<b>(516,663)</b>	<b>516,663</b>

The Company accounted investment loans in scope of cash flow hedge accounting and foreign exchange income/expense arising from these loans are recognised in equity. 10% increase and decrease effect of foreign exchange rates are calculated with the same method and the calculated foreign exchange gains/losses are presented as hedged portion in the foreign exchange sensitivity table. Furthermore, the hedged portion of foreign exchange gains/losses via forwards and cross currency swap transactions is classified as the amount hedged against US dollar in the statement of exchange rate sensitivity analysis

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## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2019

(Amount expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

### 29. Financial instruments and financial risk management (Continued)

#### Export and import

	1 January - 31 March 2019	1 January - 31 March 2018
<b>Export</b>		
USD (equivalent of thousand TRY)	5.431.011	2.167.875
<b>Total</b>	<b>5.431.011</b>	<b>2.167.875</b>
<b>Import</b>		
USD (equivalent of thousand TRY)	17.297.489	10.828.786
<b>Total</b>	<b>17.297.489</b>	<b>10.828.786</b>

#### Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt. The gearing ratios as at 31 March 2019 and 31 December 2018 are as follows:

	31 March 2019	31 December 2018
Total financial liabilities (Note 5)	21.922.891	17.949.540
Less: Cash and cash equivalents (Note 4)	(9.867.640)	(4.557.686)
Net financial liabilities	12.055.251	13.391.854
Total shareholders' equity	11.814.676	9.945.829
<b>Total capital invested</b>	<b>23.869.927</b>	<b>23.337.683</b>
<b>Gearing ratio</b>	<b>50,50%</b>	<b>57,38%</b>

#### Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. 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:

#### Financial assets

The carrying amounts of foreign currency denominated monetary assets which are translated at year end exchange rates are considered to approximate their fair values.

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

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.

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## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2019

(Amount expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

### 29. Financial instruments and financial risk management (Continued)

#### *Financial liabilities*

The fair values of short-term financial liabilities and other financial liabilities are estimated to be their fair values since they are short term. The fair values of long-term bank borrowings with variable interest are considered to approximate their respective carrying values, since the initial rates applied to bank borrowings are updated periodically by the lender to reflect active market price quotations.

#### **Fair value hierarchy table:**

The Group classifies the fair value measurement of each class of financial instruments according to the source, using the three-level hierarchy, as follows

Level 1: Market price valuation techniques for the determined financial instruments traded in markets (unadjusted)

Level 2: Other valuation techniques includes direct or indirect observable inputs

Level 3: Valuation techniques does not contains observable market inputs

Fair value hierarchy table as at 31 March 2019 is as follows:

<b>Financial assets at fair value through profit or loss</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Derivative financial assets	-	<b>538.657</b>	-
<b>Financial assets at fair value through profit or loss</b>			
Derivative financial liabilities	-	<b>294.790</b>	-

Fair value hierarchy table as at 31 December 2018 is as follows:

<b>Financial assets at fair value through profit or loss</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Derivative financial assets	-	343.798	-
<b>Financial assets at fair value through profit or loss</b>			
Derivative financial liabilities	-	278.287	-

### 30. Subsequent events

U.S. Department of State announced that it would no longer grant waivers on exports of Iranian crudes as of May 2nd. In line with our contractual obligations and internal policies (such as our Foreign Trade Control Policy, which is available on our website), Tüpraş stopped supplying crude oil from Iran as of May 2nd. Looking forward, we will evaluate optimal alternatives for our crude oil requirements.

It has been acknowledged that Tüpraş is authorised to sell 1.8 million tonnes of jet fuel per annum for a five year period as a result of the tender by İGA İstanbul Havalimanı Akaryakıt Hizmetleri A.Ş and jet fuel sales to İGA has started in this scope.

As a result of the applications to EMRA considering the increased crude oil processing capacity as a consequence of the modernization and bottleneck remediation projects realized since 2017, annual crude processing capacities are revised by EMRA for İzmir to 11.9 (prior: 11.0), for İzmit to 11.3 (prior: 11.0), for Kırıkkale to 5.4 (prior: 5.0) and for Batman 1.4 (prior:1.1) million tons per year. Thus, our company's EMRA approved annual crude processing capacity increased from 28.1 million tons to 30.0 million tons.

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