Türkiye Petrol Rafinerileri A.Ş.

1 January - 30 September 2014 condensed interim consolidated financial statements

Türkiye Petrol Rafinerileri A.Ş.

Review report on the condensed interim consolidated financial statements for the period 1 January – 30 September 2014

Table of contents

(Convenience translation of the consolidated financial statements originally issued in Turkish (See Note 2.2.3))

Türkiye Petrol Rafinerileri A.Ş.

Consolidated statement of financial position as at 30 September 2014
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

Assets	Notes	Unaudited 30 September 2014	Restated Audited 31 December 2013
Current assets		**8.960.439**	9.764.538
Cash and cash equivalents	4	**3.728.804**	3.663.114
Trade receivables	6	**1.130.713**	1.956.634
Due from related parties	*6, 31*	**228.892**	343.355
Trade receivables from third parties		**901.821**	1.613.279
Other receivables	7	**40.680**	38.933
Other receivables from third parties		**40.680**	38.933
Derivative financial instruments	20	**55.736**	-
Inventories	8	**3.216.758**	3.456.300
Prepaid expenses	14	**93.898**	198.693
Current income tax assets	29	**593**	1.330
Other current assets	15	**693.257**	449.534
Non-current assets		**14.045.946**	11.374.849
Financial investments	9	**4.000**	4.000
Investments accounted by equity method	10	**781.872**	804.168
Investment properties	11	**4.621**	4.621
Property, plant and equipment	12	**10.022.472**	8.321.563
Intangible assets	13	**39.920**	39.367
Other intangible assets		**39.920**	39.367
Prepaid expenses	14	**327.621**	405.292
Deferred tax assets	29	**2.307.264**	1.330.197
Other non-current assets	15	**558.176**	465.641
Total assets		**23.006.385**	21.139.387

Liabilities	Notes	Unaudited 30 September 2014	Restated Audited 31 December 2013
Current liabilities		**10.221.523**	10.396.466
Short-term financial liabilities	5	**345.842**	909.587
Current portion of long term financial liabilities	5	**406.796**	165.084
Trade payables	6	**6.993.231**	6.793.651
Due to related parties	6, 31	**27.454**	40.555
Trade payables, third parties		**6.965.777**	6.753.096
Liabilities for employee benefits	18	**33.431**	65.524
Other payables	19	**5.257**	9.563
İlişkili taraflara diğer borçlar		**5.257**	9.563
Deferred income	16	**36.257**	10.656
Current income tax liabilities	29	**2.551**	6.178
Provisions	17	**84.175**	363.747
Provisions for employee benefits		**27.121**	4.097
Other provisions		**57.054**	359.650
Other current liabilities	15	**2.313.983**	2.072.476
Non-current liabilities		**6.786.603**	5.604.407
Long-term financial liabilities	5	**6.618.146**	5.447.345
Provisions	17	**163.775**	152.003
Provisions for employee benefits		**163.775**	152.003
Other non-current liabilities	15	**4.682**	5.059
Equity		**5.998.259**	5.138.514
Share capital	23	**250.419**	250.419
Adjustment to share capital	23	**1.344.243**	1.344.243
Share premiums/discounts		**172**	172
Accumulated other comprehensive income/(expense) not to be reclassified to profit or loss		**(2.672)**	(2.672)
Actuarial gain/(loss) arising from defined benefit plans		**(2.672)**	(2.672)
Accumulated other comprehensive income/(expense) to be reclassified to profit or loss		**59.412**	57.039
Currency translation differences		**11.748**	9.375
Hedging gains/(losses)		**47.664**	47.664
Restricted reserves	23	**163.401**	221.417
Retained earnings		**2.884.837**	2.025.761
Net income		**1.246.256**	1.197.223
Total equity attributable to equity holders of the parent		**5.946.068**	5.093.602
Non-controlling interests		**52.191**	44.912
Total equity and liabilities		**23.006.385**	21.139.387

The condensed consolidated financial statements for the period ended 30 September 2014 have been approved by the Board of Directors on 07 November 2014 and signed by İbrahim Yelmenoğlu, Assistant General Manager and Deniz Köseoğlu, Financial Reporting Manager.

Türkiye Petrol Rafinerileri A.Ş.

Consolidated statement of comprehensive income
for the nine month interim period ended 30 September 2014
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	Notes	Unaudited 1 January - 30 September 2014	1 July - 30 September 2014	Restated Unaudited 1 January - 30 September 2013	1 July - 30 September 2013
Revenue (net)	24	**30.685.740**	**11.811.567**	30.482.094	12.166.818
Cost of sales (-)	24	**(29.649.048)**	**(11.211.898)**	(29.343.296)	(11.506.043)
Gross profit		**1.036.692**	**599.669**	1.138.798	660.775
General administrative expenses (-)	25	**(354.917)**	**(122.380)**	(331.520)	(112.298)
Marketing, selling and distribution expenses (-)	25	**(123.560)**	**(49.434)**	(144.543)	(49.102)
Research and development expenses (-)	25	**(11.432)**	**(4.434)**	(14.158)	(6.583)
Other operating income	26	**133.328**	**(20.240)**	115.779	57.437
Other operating expenses (-)	26	**(277.769)**	**(252.526)**	(402.358)	(178.906)
Operating profit		**402.342**	**150.655**	361.998	371.323
Income from investment activities	27	**(29)**	**(7)**	502	(5)
Income from investments accounted by equity method	10	**45.331**	**15.958**	71.340	44.712
Operating profit before financial income/(expense)		**447.644**	**166.606**	433.840	416.030
Financial income	28	**353.116**	**255.917**	665.604	285.270
Financial expense (-)	28	**(521.741)**	**(292.120)**	(760.905)	(286.042)
Profit before tax from continued operations		**279.019**	**130.403**	338.539	415.258
Tax income	29	**974.516**	**248.922**	748.827	403.543
Taxes on income (-)		**(2.551)**	**(1.249)**	(5.786)	(5.132)
Deferred tax income		**977.067**	**250.171**	754.613	408.675
Net income from continued operations		**1.253.535**	**379.325**	1.087.366	818.801
Other comprehensive income:					
Items to be reclassified to profit or loss		**2.373**	**2.445**	2.670	1.629
Changes in foreign currency translation differences		**2.373**	**2.445**	2.670	1.629
Other comprehensive income/(expense) after taxation		**2.373**	**2.445**	2.670	1.629
Total comprehensive income		**1.255.908**	**381.770**	1.090.036	820.430
Distribution of income for the period:					
Non-controlling interests		**7.279**	**1.957**	3.668	1.225
Attributable to equity holders of the parent		**1.246.256**	**377.368**	1.083.698	817.576
Distribution of total comprehensive income					
Non-controlling interests		**7.279**	**1.957**	3.668	1.225
Attributable to equity holders of the parent		**1.248.629**	**379.813**	1.086.368	819.205
Earnings per share with nominal value Kr 1 each (Kr)	30	**4,98**	**1,51**	4,33	3,27

Türkiye Petrol Rafinerileri A.Ş.

Consolidated statement of changes in equity for the nine month interim period ended 30 September 2014

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated)

				Other comprehensive income / (expense) not to be reclassified to profit or loss	Other comprehensive income / (expense) to be reclassified to profit or loss			Retained earnings				
	Share Capital	Adjustment to share capital	Share Premiums / discounts	Actuarial gain / (loss) arising from defined benefit plans	Revaluation gains / (losses)	Currency translation differences	Restricted reserves	Accumulated profit	Profit for the period	Equity holders of the parent	Non-controlling interests	Total equity
Unaudited												
1 January 2013	250.419	1.344.243	172	(7.008)	42.433	5.121	223.321	1.523.852	1.464.119	4.846.672	42.912	4.889.584
Transfers	-	-	-	-	-	-	(1.904)	1.466.023	(1.464.119)	-	-	-
Dividends paid	-	-	-	-	-	-	-	(964.114)	-	(964.114)	-	(964.114)
- Net profit for period	-	-	-	-	-	-	-	-	1.083.698	1.083.698	3.668	1.087.366
- Other comprehensive income	-	-	-	-	-	2.670	-	-	-	2.670	-	2.670
Total comprehensive income	-	-	-	-	-	2.670	-	-	1.083.698	1.083.698	3.668	1.090.036
30 September 2014	250.419	1.344.243	172	(7.008)	42.433	7.791	221.417	2.025.761	1.083.698	4.968.926	46.580	5.015.506
Unaudited												
1 January 2014	**250.419**	**1.344.243**	**172**	**(2.672)**	**47.664**	**9.375**	**221.417**	**2.025.761**	**1.197.223**	**5.093.602**	**44.912**	**5.138.514**
Transfers	**-**	**-**	**-**	**-**	**-**	**-**	**(58.016)**	**1.255.239**	**(1.197.223)**	**-**	**-**	**-**
Dividends paid	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(396.163)**	**-**	**(396.163)**	**-**	**(396.163)**
- Net profit of period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1.246.256**	**1.246.256**	**7.279**	**1.253.535**
- Other comprehensive income	-	-	-	-	-	**2.373**	-	-	**-**	**2.373**	**-**	**2.373**
Total comprehensive income	-	-	-	-	-	**2.373**	-	-	**1.246.256**	**1.248.629**	**7.279**	**1.255.908**
30 September 2014	**250.419**	**1.344.243**	**172**	**(2.672)**	**47.664**	**11.748**	**163.401**	**2.884.837**	**1.246.256**	**5.946.068**	**52.191**	**5.998.259**

Türkiye Petrol Rafinerileri A.Ş.

Consolidated statement of cash flows for the nine month interim period ended 30 September 2014
(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated)

	Notes	Unaudited 1 January - 30 September 2014	Unaudited 1 January - 30 September 2013
A. Cash flows from operating activities		**1.777.559**	1.801.869
Profit/(loss) before taxation		**1.253.535**	1.087.366
Adjustment for reconciliation of profit/(loss) before taxation		**(423.930)**	3.344
- Adjustment for depreciation and amortisation expense	12,13	**189.870**	180.737
- Adjustment for provisions	17	**43.539**	42.096
- Adjustment for interest income and expense	28	**123.807**	37.377
- Adjustment for unrealized foreign currency translation differences		**(2.373)**	(2.670)
- Adjustment for fair value profit/losses	20	**(55.736)**	-
- Adjustment for income of investments accounted by equity method	10	**(45.331)**	(71.340)
- Adjustment for tax income and expense	29	**(974.516)**	(748.827)
- Adjustment for (gain) / loss on sales of property, plant and equipment, net	27	**29**	(502)
- Adjustment for other items related with cash flow of investment or financial activities	28	**301.662**	568.423
- Other adjustments		**(4.881)**	(1.950)
Changes in working capital		**1.286.721**	778.030
- Adjustment for increase/decrease in inventories		**239.542**	(400.561)
- Adjustment for increase/decrease in trade receivables		**830.782**	(587.942)
- Adjustment for increase/decrease in other receivables related with operations		**(338.005)**	(505.985)
- Adjustment for increase/decrease in trade payables		**199.600**	1.946.620
- Adjustment for increase/decrease in other payables related with operations		**354.802**	325.898
Cash flows from operating activities		**2.116.326**	1.868.740
- Tax payments/returns		**(5.441)**	(39.404)
- Penalty payments		**(309.011)**	-
- Other cash inflow/outflow		**(24.315)**	(27.467)
B. Cash flows from investing activities		**(1.533.816)**	(1.541.431)
Cash inflows from the sale of property, plant and equipment and intangible assets		**89**	550
Cash outflows from the purchase of property, plant and equipment and intangible assets	12	**(1.603.905)**	(1.634.745)
Cash inflows from the sale of other long-term assets	9	**-**	12.764
Dividends received	10	**70.000**	80.000
C. Cash flows from financing activities		**255.144**	821.241
Cash inflows from financial liabilities		**235.062**	1.797.306
Dividends paid		**(396.163)**	(964.114)
Interest received		**100.530**	153.154
Interest paid		**(194.573)**	(165.105)
Net increase/decrease in cash and cash equivalents before the effect of foreign currency translation differences		**(11.401)**	1.081.679
D. Impact of foreign currency translation differences on cash and cash equivalents		**2.373**	2.670
Net increase/decrease in cash and cash equivalents		**(9.028)**	1.084.349
E. Cash and cash equivalents at beginning of period		**3.087.870**	2.764.509
Cash and cash equivalents at end of period	4	**3.078.842**	3.848.858

(Amounts expressed in thousands of Turkish Lira ("TL") 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, 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,

- For purchase, sell, import, export, store, market and distribute (wholesale, retail, foreign and domestic) 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, the Group's business segments have been identified as refining of petroleum products.

The Company is registered at the Capital Markets Board ("CMB") and its shares have been quoted at the Borsa İstanbul A.Ş. (BİST) (previously known as Istanbul Stock Exchange ("ISE")) since 1991. As at 30 September 2014, the shares quoted on the Istanbul Stock Exchange are 49% of the total shares. As at 30 September 2014, the principal shareholders and their respective shareholdings in the Company are as follows (Note 23):

	%
Enerji Yatırımları A.Ş.	51,00
Publicly held	49,00
	100,00

The Company is controlled by Koç Holding A.Ş. the parent company, Koç Family and the companies owned by Koç Family.

(Amounts expressed in thousands of Turkish Lira ("TL") 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:

Subsidiary	Country of incorporation	Nature of business
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	Crude oil and petroleum products transportation
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
Körfez Hava Ulaştırma A.Ş. ("Körfez") (*)	Turkey	Air carriage and transportation

(*) Körfez, a subsidiary of the Group, which has been established in June 2009 has not been included in the scope of consolidation in the consolidated financial statements for the interim period ended 30 September 2014 on the grounds of materiality of its stand alone and total financial statements as to amount and composition, and accounted for as financial asset available-for-sale. As of 30 September 2014 total assets of Körfez is TL 8.946 thousand and net income of Körfez is TL 3.165 thousand.

Joint venture	Country of incorporation	Nature of business
OPET Petrolcülük A.Ş. ("Opet")	Turkey	Petroleum products retail distribution
THY Opet Havacılık Yakıtları A.Ş. (*)	Turkey	Jet fuel supply services
Opet International Limited ("Opet International") (*)	United Kingdom	Petroleum products trading
Opet Trade B.V. (*)	Netherlands	Petroleum products trading
Opet Trade Singapore(*)	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

(*) Related companies has been included in the scope of consolidation in the Opet's consolidated financial statements.

The total number of employees of the Group as at 30 September 2014 is 5.057
(31 December 2013 - 4.986).

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

2. Basis of presentation of consolidated financial statements

2.1. Basis of presentation

2.1.1 Financial reporting standards

The interim condensed 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") (hereinafter will be referred to as "the CMB Reporting Standards") on 13 June 2013 which is published on Official Gazette numbered 28676. In accordance with article 5th of the CMB Reporting Standards, companies should apply Turkish Accounting Standards/Turkish Financial Reporting Standards and interpretations regarding these standards as adopted by the Public Oversight Accounting and Auditing Standards Authority of Turkey ("POA").

With the decision taken on March 17, 2005, the CMB announced that, effective from January 1, 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.

The Company 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.

The Group has prepared its financial statements for the interim period ended September 30, 2014 in accordance with Turkish Accounting Standard, No 34 Interim Financial Reporting.

Functional and presentation currency

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

2.1.2 Amendments in International Financial Reporting Standards (IFRS)

The new standards, amendments and interpretations

The accounting policies adopted in preparation of the interim condensed consolidated financial statements as at 30 September 2014 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of 1 January 2014. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

i) The new standards, amendments and interpretations which are effective as at 1 January 2014 are as follows:

TAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial liabilities (Amended)

The amendments clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of the TAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These amendments did not have an impact on the interim condensed consolidated financial statements of the Company / the Group.

2. Basis of presentation of consolidated financial statements (continued)

TRFS Interpretation 21 Levies

The interpretation clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognized before the specified minimum threshold is reached. The interpretation is not applicable for the Company / the Group and did not have any impact on the financial position or performance of the Company / the Group.

TAS 36 Impairment of Assets - Recoverable Amount Disclosures for Non-Financial assets (Amendment)

As a consequential amendment to TFRS 13 Fair Value Measurement, some of the disclosure requirements in TAS 36 Impairment of Assets regarding measurement of the recoverable amount of impaired assets has been modified. The amendments required additional disclosures about the measurement of impaired assets (or a group of assets) with a recoverable amount based on fair value less costs of disposal. These amendments did not have an impact on the interim condensed consolidated financial statements of the Company / the Group.

TAS 39 Financial Instruments: Recognition and Measurement (Amended) - Novation of Derivatives and Continuation of Hedge Accounting

Amendments provides a narrow exception to the requirement for the discontinuation of hedge accounting in circumstances when a hedging instrument is required to be novated to a central counterparty as a result of laws or regulations. These amendments did not have an impact on the interim condensed consolidated financial statements of the Company / the Group.

TFRS 10 Consolidated Financial Statements (Amendment)

TFRS 10 is amended to provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss in accordance with TFRS. This amendment does not have any impact on the financial position or performance of the Company / the Group.

ii) Standards issued but not yet effective and not early adopted

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the interim condensed consolidated financial statements are as follows. The Company / the Group will make the necessary changes if not indicated otherwise, which will be affecting the interim condensed consolidated financial statements and disclosures, when the new standards and interpretations become effective.

TFRS 9 Financial Instruments – Classification and measurement

As amended in December 2012, the new standard is effective for annual periods beginning on or after 1 January 2015. Phase 1 of this new TFRS introduces new requirements for classifying and measuring financial instruments. The amendments made to TFRS 9 will mainly affect the classification and measurement of financial assets and measurement of fair value option (FVO) liabilities and requires that the change in fair value of a FVO financial liability attributable to credit risk is presented under other comprehensive income. The Company / the Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is adopted by POA.

2. Basis of presentation of consolidated financial statements (continued)

TFRS 19 Defined Benefit Plans: Employee Contributions (Amendment)

TAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. The amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. These amendments are to be retrospectively applied for annual periods beginning on or after 1 July 2014. The amendments will not have an impact on the financial position or performance of the Company / the Group.

TAS 16 and TAS 38 - Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to TAS 16 and TAS 38)

The amendments to TAS 16 and TAS 38, have prohibited the use of revenue-based depreciation for property, plant and equipment and significantly limiting the use of revenue-based amortisation for intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendments will not have an impact on the financial position or performance of the Company / the Group.

Annual Improvements to TAS/TFRSs

In September 2014, Public Oversight Authority (POA) has issued the below amendments to the standards in relation to "Annual Improvements - 2010–2012 Cycle" and "Annual Improvements - 2011–2013 Cycle. The changes are effective for annual reporting periods beginning on or after 1 July 2014.

Annual Improvements - 2010–2012 Cycle

TFRS 2 Share-based Payment:

Definitions relating to vesting conditions have changed and performance condition and service condition are defined in order to clarify various issues. The amendment is effective prospectively.

TFRS 3 Business Combinations

Contingent consideration in a business acquisition that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of TFRS 9 Financial Instruments. The amendment is effective for business combinations prospectively.

TFRS 8 Operating Segments

The changes are as follows: i) Operating segments may be combined/aggregated if they are consistent with the core principle of the standard. ii) The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendments are effective retrospectively.

TAS 16 Property, Plant and Equipment and TAS 38 Intangible Assets

The amendment to TAS 16.35(a) and TAS 38.80(a) clarifies that revaluation can be performed, as follows:
i) Adjust the gross carrying amount of the asset to market value or ii) determine the market value of the carrying amount and adjust the gross carrying amount proportionately so that the resulting carrying amount equals the market value. The amendment is effective retrospectively.

2. Basis of presentation of consolidated financial statements (continued)

TAS 24 Related Party Disclosures

The amendment clarifies that a management entity – an entity that provides key management personnel services – is a related party subject to the related party disclosures. The amendment is effective retrospectively.

Annual Improvements – 2011–2013 Cycle

TFRS 3 Business Combinations

The amendment clarifies that: i) Joint arrangements are outside the scope of TFRS 3, not just joint ventures ii) The scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment is effective prospectively.

Amendment to the Basis for Conclusions on TFRS 13 Fair Value Measurement

The portfolio exception in TFRS 13 can be applied to financial assets, financial liabilities and other contracts. The amendment is effective prospectively.

TAS 40 Investment Property

The amendment clarifies the interrelationship of TFRS 3 and TAS 40 when classifying property as investment property or owner-occupied property. The amendment is effective prospectively.

The Company / the Group do not expect that these amendments will have significant impact on the financial position or performance of the Company / the Group.

The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not issued by Public Oversight Authority (POA)

The following standards, interpretations and amendments to existing IFRS standards are issued by the IASB but not yet effective up to the date of issuance of the financial statements. However, these standards, interpretations and amendments to existing IFRS standards are not yet adapted/issued by the POA, thus they do not constitute part of TFRS. The Company / the Group will make the necessary changes to its interim condensed consolidated financial statements after the new standards and interpretations are issued and become effective under TFRS.

Annual Improvements – 2010–2012 Cycle

IFRS 13 Fair Value Measurement

As clarified in the Basis for Conclusions short-term receivables and payables with no stated interest rates can be held at invoice amounts when the effect of discounting is immaterial. The amendment is effective immediately.

2. Basis of presentation of consolidated financial statements (continued)

Annual Improvements – 2011–2013 Cycle

IFRS 11 - Acquisition of an Interest in a Joint Operation (Amendment)

In May 2014 the IASB amended IFRS 11 to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. This amendment requires the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in IFRS 3 Business Combinations, to apply all of the principles on business combinations accounting in IFRS 3 and other IFRSs except for those principles that conflict with the guidance in this IFRS. In addition, the acquirer shall disclose the information required by IFRS 3 and other IFRSs for business combinations. These amendments are to be applied prospectively for annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendments will not have an impact on the financial position or performance of the Company / the Group.

IFRS 15 – Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers. The new five-step model in the standard provides the recognition and measurement requirements of revenue. The standard applies to revenue from contracts with customers and provides a model for the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., the sale of property, plant and equipment or intangibles). IFRS 15 is effective for reporting periods beginning on or after 1 January 2017, with early adoption permitted. Entities will transition to the new standard following either a full retrospective approach or a modified retrospective approach. The modified retrospective approach would allow the standard to be applied beginning with the current period, with no restatement of the comparative periods, but additional disclosures are required. The Company / the Group is in the process of assessing the impact of the standard on financial position or performance of the Company / the Group.

IAS 16 Property, Plant and Equipment and IAS 41 Agriculture (Amendment)–Bearer Plants

In June 2014, the IASB issued amendments that bearer plants, such as grape vines, rubber trees and oil palms should be accounted for in the same way as property, plant and equipment in IAS 16. Once a bearer plant is mature, apart from bearing produce, its biological transformation is no longer significant in generating future economic benefits. The only significant future economic benefits it generates come from the agricultural produce that it creates. Because their operation is similar to that of manufacturing, either the cost model or revaluation model should be applied. The produce growing on bearer plants will remain within the scope of IAS 41, measured at fair value less costs to sell. Entities are required to apply the amendments for annual periods beginning on or after 1 January 2016. Earlier application is permitted. *The amendment is not applicable for the Company / the Group and will not have an impact on the financial position or performance of the Company / the Group.*

2. Basis of presentation of consolidated financial statements (continued)

IFRS 9 Financial Instruments - Final standard (2014)

In July 2014 the IASB published the final version of IFRS 9 Financial Instruments. The final version of IFRS 9 brings together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 is built on a logical, single classification and measurement approach for financial assets that reflects the business model in which they are managed and their cash flow characteristics. Built upon this is a forward-looking expected credit loss model that will result in more timely recognition of loan losses and is a single model that is applicable to all financial instruments subject to impairment accounting. In addition, IFRS 9 addresses the so-called 'own credit' issue, whereby banks and others book gains through profit or loss as a result of the value of their own debt falling due to a decrease in credit worthiness when they have elected to measure that debt at fair value. The Standard also includes an improved hedge accounting model to better link the economics of risk management with its accounting treatment. IFRS 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early application. In addition, the own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments. The Company / the Group is in the process of assessing the impact of the standard on financial position or performance of the Company / the Group.

IAS 27 - Equity Method in Separate Financial Statements -Amendments to IAS 27

In August 2014, IASB issued an amendment to IAS 27 to restore the option to use the equity method to account for investments in subsidiaries and associates in an entity's separate financial statements. Therefore, an entity must account for these investments either:

• At cost
• In accordance with IFRS 9 (or IAS 39), or
• Using the equity method

The entity must apply the same accounting for each category of investments.The amendment is effective for annual periods beginning on or after 1 January 2016. The amendments must be applied retrospectively. Early application is permitted and must be disclosed. The Company / the Group is in the process of assessing the impact of the standard on financial position or performance of the Company / the Group or the amendment is not applicable for the Company / the Group and will not have an impact on the financial position or performance of the Company / the Group.

Annual Improvements to IFRS - 2012-2014 Cycle

In September 2014, IASB issued their annual cycle of improvements to IFRSs, Annual Improvements to IFRSs 2012-2014 Cycle. The document sets out five amendments to four standards, excluding those standards that are consequentially amended, and the related Basis for Conclusions. The standards affected and the subjects of the amendments are:

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations – changes in methods of disposal
- IFRS 7 Financial Instruments: Disclosures – servicing contracts; applicability of the amendments to IFRS 7 to condensed interim financial statements
- IAS 19 Employee Benefits – regional market issue regarding discount rate
- IAS 34 Interim Financial Reporting – disclosure of information 'elsewhere in the interim financial report'

The amendments are effective for annual periods beginning on or after 1 January 2016, with earlier application permitted. . The Company / the Group is in the process of assessing the impact of the amendments on financial position or performance of the Company / the Group.

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

2. Basis of presentation of consolidated financial statements (continued)

IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments

In September 2014, IASB issued amendments to IFRS 10 and IAS 28, to address the acknowledged inconsistency between the requirements in IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture, to clarify that an investor recognises a full gain or loss on the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture. The gain or loss resulting from the re-measurement at fair value of an investment retained in a former subsidiary should be recognised only to the extent of unrelated investors' interests in that former subsidiary. An entity shall apply those amendments prospectively to transactions occurring in annual periods beginning on or after 1 January 2016. Earlier application is permitted. The Company / the Group is in the process of assessing the impact of the standard on financial position or performance of the Company / the Group. or The amendment is not applicable for the Company / the Group and will not have an impact on the financial position or performance of the Company / the Group.

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 TL 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 "currency translation differences" under the shareholders' equity.

2.1.4 Basis of consolidation

a) Consolidated financial statements have been prepared in accordance with principles stated on condensed consolidated financial statements for the interim period ended 30 September 2014 and include financial statements of Tüpraş, its Subsidiaries and Joint Ventures.

b) At 30 September 2014, 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 2013.

	30 September 2014		31 December 2013	
	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 (%)
Subsidiary				
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

Notes to the condensed consolidated financial statements for the nine month interim period ended 30 September 2014 (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

2. Basis of presentation of consolidated financial statements (continued)

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 respect of which there are contractual arrangements through which an economic activity is undertaken subject to joint control by the Group and one or more other parties. The Group exercises such joint control through the power to exercise voting rights (relating to shares in the companies as a result of ownership interest directly and indirectly by itself whereby exercising control over the voting rights of (but does not have the economic benefit of) the shares held by them. 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 comprehensive income statement presents shares of financial results of the Group's affiliates. The changes of the amount, not reflected on income or loss of the affiliate, on the equity of the affiliate can requisite an adjustment on the net book value of the affiliate in proportion of the Group's share. The share of the group from these changes is directly accounted under the Group's equity.

The table below shows the total interest of the Group in its joint ventures included in the scope of consolidation as at 30 September 2014 and 31 December 2013:

	30 September 2014		31 December 2013	
	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 (%)
Investments accounted by equity method				
Opet	**50,00**	**40,00**	50,00	40,00
Opet Gıda ve İhtiyaç Maddeleri Turizm Sanayi İç ve Dış Ticaret A.Ş. (*) (**)	**-**	**-**	50,00	39,99
Opet International(*)	**50,00**	**40,00**	50,00	40,00
Opet Trade B.V. (*)	**50,00**	**40,00**	50,00	40,00
Opet Trade Singapore (*)	**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 has been included in the scope of consolidation in the Opet's consolidated financial statements.

(**) Opet Gıda ve İhtiyaç Mad.Tur.San. İç ve Dış Ticaret A.Ş. ("Opet Gıda") merged with Opet Petrolcülük A.Ş. ("Opet") on 12 February 2014.

d) Other investments in which the Group has interest below 20%, or over which the Group does not exercise a significant influence, or which are immaterial, are classified as available-for-sale. Available-for-sale investments that do not have a quoted market price in active markets and whose fair value cannot be measured reliably are carried at cost less any provision for diminution in value (Note 9).

e) 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.

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

2. Basis of presentation of consolidated financial statements (continued)

2.2. Changes in accounting policies

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 30 September 2014 comparatively with the consolidated statement of financial position as of 31 December 2013, presented the consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the interim period ended 30 September 2014 comparatively with the consolidated financial statements for the interim period ended 30 September 2013.

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 Convenience translation into English of consolidated financial statements

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

2.3. Summary of significant accounting policies

Condensed consolidated financial statements for the period ended 30 September 2014, have been prepared in compliance with TAS 34, the TFRS standard on interim financial reporting. Furthermore, condensed consolidated financial statements as of 30 September 2014 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 2013. Thus, these condensed consolidated financial statements must be evaluated together with the consolidated financial statements for the year ended 31 December 2013.

3. Business combinations

No business combinations occurred during the period ended 30 September 2014.

4. Cash and cash equivalents

	30 September 2014	31 December 2013
Cash at banks		
Revenue share (blocked)	**646.727**	566.744
Time deposit	**3.002.724**	3.043.234
Demand deposits	**76.018**	44.636
Accrued interest receivable	**3.235**	8.500
Total	**3.728.834**	3.663.114

Notes to the condensed consolidated financial statements for the nine month interim period ended 30 September 2014 (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

4. Cash and cash equivalents (continued)

Revenue Share (blocked):

As required by the Petroleum Market License Regulation, the revenue share collected by the Group is held in banks and blocked in company records. The revenue share was invested as demand deposits with overnight interest rate as at 30 September 2014 and 31 December 2013 (Note 15).

Time deposits and other cash and cash equivalents:

As at 30 September 2014 and 31 December 2013, the maturity and the currency information of the time deposits, is as follows:

30 September 2014

	Less than 1 month	**1 - 3 months**	**Total**
TL	**1.396.846**	**-**	**1.396.846**
USD	**1.046.425**	**549.900**	**1.596.325**
EUR	**9.525**	**-**	**9.525**
GBP	**128**	**-**	**128**
Time deposit	**2.452.924**	**549.900**	**3.002.824**

31 December 2013

	Less than 1 month	1 - 3 months	Total
TL	40.890	-	40.890
USD	2.973.808	23.619	2.997.427
EUR	3.254	1.478	4.732
GBP	185	-	185
Time deposit	3.018.137	25.097	3.043.234

Effective interest rate of TL time deposits is 10,42%, effective interest rate of USD time deposits is 2,21%, effective interest rate of EUR time deposits is 1,85% and effective interest rate of GBP time deposits is 1,85%. (31 December 2013 - TL 6,38%, USD 3,04%, EUR 2,10% and GBP 2,10%).

Cash and cash equivalents included in the consolidated statements of cash flows for the periods ended 30 September 2014 and 30 September 2013 are as follows:

	30 September 2014	30 September 2013
Cash and cash equivalents	**3.728.824**	4.391.397
Blocked deposits (Revenue share included)	**(646.727)**	(537.411)
Less: Time deposit interest accruals	**(3.235)**	(5.128)
Cash and cash equivalents for cash flow purposes	**3.078.842**	3.848.858

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

5. Financial liabilities

	30 September 2014	31 December 2013
Short term financial liabilities:		
Short-term bank borrowings	**342.379**	904.163
Interest accruals	**3.463**	5.424
Total	**345.842**	909.587
Current portion of long-term bank borrowings:		
Current portion of long-term bank borrowings	**364.550**	149.298
Interest accruals of bank borrowings	**15.213**	5.802
Interest accruals of bonds issued	**27.033**	9.984
Total	**406.796**	165.084
Long-term financial liabilities:		
Long-term bank borrowings	**5.022.916**	3.953.335
Bonds issued (*)	**1.595.230**	1.494.010
Total	**6.618.146**	5.447.345
Total financial liabilities	**7.370.784**	6.522.016

(*) As explained in material disclosures dated 26 September, 17 October, 18 October, 30 October and 2 November 2012, Tüpraş issued bonds to foreign investors and release of these bonds were realized on 2 November 2012. Total amount of these issued bonds is USD 700.000 thousand with an interest rate of 4,125% and maturity of 2 May 2018.

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

5. Financial liabilities (continued)

Foreign currency balances and interest rates for the short and long-term financial liabilities as at 30 September 2014 and 31 December 2013 are as follows:

			30 September 2014
	Effective interest rate (%)	Original currency	Thousand TL
Short term financial liabilities:			
EUR borrowings	3,90	22.050.000	63.755
TL borrowings (*)	11,14	278.624.346	278.624
			342.379
Current portion of long-term financial liabilities:			
USD borrowings	2,06	61.688.566	140.582
EUR borrowings	1,65	12.307.152	35.585
TL borrowings	12,34	188.382.353	188.383
			364.550
Interest expense accruals			45.709
Total short-term financial liabilities			752.638
Long-term financial liabilities:			
USD borrowings	2,37	2.020.180.230	4.603.789
USD bonds issued	4,17	700.000.000	1.595.230
EUR borrowings	2,75	31.821.764	92.009
TL borrowings	12,49	327.117.647	327.118
			6.618.146
Interest expense accruals			-
Total long-term financial liabilities			6.618.146

(*) Banks provide interest-free loans to the Group for the payment of SCT, Customs and Social Security debts amounting to TL 105.624 thousand as of 30 September 2014 (31 December 2013 - TL 85.219 thousand).

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

5. Financial liabilities (continued)

			31 December 2013
	Effective Interest rate (%)	Original currency	Thousand TL
Short-term financial liabilities:			
EUR borrowings	4,18	37.100.000	108.944
TL borrowings	8,33	795.219.165	795.219
			904.163
Short-term portion of long-term financial liabilities:			
USD borrowings	2,02	57.588.516	122.913
EUR borrowings	0,99	7.878.151	23.134
TL borrowings	7,49	3.251.152	3.251
			149.298
Interest expense accruals			21.210
Total short-term financial liabilities			1.074.671
Long-term financial liabilities:			
USD borrowings	2,39	1.834.184.024	3.914.699
USD bonds issued	4,17	700.000.000	1.494.010
EUR borrowings	1,11	12.986.059	38.134
TL borrowings	7,49	502.304	502
			5.447.345
Interest expense accruals			-
Total long-term financial liabilities			5.447.345

As at 30 September 2014 and 31 December 2013, the redemption schedule of long-term bank borrowings is as follows:

	30 September 2014	31 December 2013
2015	**370.279**	409.676
2016	**935.814**	619.674
2017	**812.036**	596.621
2018	**2.287.172**	2.071.729
2019 and after	**2.212.845**	1.749.645
	6.618.146	5.447.345

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

5. Financial liabilities (continued)

In 2011, Tüpraş has signed three loan agreements in order to finance Residuum Upgrading Project and utilization of the loans started in accordance with the agreements in 2011 and continued in 2012-2014. According to financing package, the loan amounting to USD 1.111,8 million which was insured by CESCE and the loan amounting to USD 624,3 million which was insured by SACE have 12 years to maturity also there will be no principal and interest payment in first 4 years. The third loan amounting to USD 359 million has 7 years to maturity and there will be no principal payment in first four years. In effect since November 26, 2013, by letter date 24 October 2013, the loan used from CESCE and SACE was respectively reduced to USD1.078,5 million and USD 597,4 million. As of September 30, 2014 for credit insurance payments and capital expenditures amounting to a total of USD 1.961,8 million were used. (31December 2013 – USD 1.742,8 million).

6. Trade receivables and payables

Short-term trade receivables (net):

	30 September 2014	31 December 2013
Trade receivables	**902.035**	1.618.353
Due from related parties (Note 31)	**228.892**	343.355
Doubtful trade receivables	**2.593**	2.593
Other trade receivables	**10**	11
Less: Unearned credit finance income	**(224)**	(5.085)
Less: Provision for doubtful receivables	**(2.593)**	(2.593)
Total short-term trade receivables (net)	**1.130.713**	1.956.634

As at 30 September 2014, Tüpraş has offsetted TL 2.726.363 thousand (31 December 2013 - TL 1.609.499 thousand) from trade receivables that are collected from factoring companies as part of the irrevocable factoring.

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 renegotiated under four groups. The details of credit quality of such trade receivables as at 30 September 2014 and 31 December 2013 are as follows:

	30 September 2014	31 December 2013
Group 1	**-**	2.159
Group 2	**1.373**	2.348
Group 3	**236.886**	1.371.374
Group 4	**187**	25.177
	238.446	1.401.058

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)

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

6. Trade receivables and payables (continued)

Aging analysis for trade receivables that are past due but not impaired

Aging of overdue receivables that are past due but not impaired as at 30 September 2014 and 31 December 2013 is as follows:

	30 September 2014	31 December 2013
Up to 3 months	**881.611**	458.042
3 to 12 months	**10.656**	97.534
	892.267	555.576

The Group management does not estimate a collection risk for these past due but not impaired receivables as the significant portion of these receivables is due from government entities where sales are made regularly.

Movement of the provision for doubtful receivables for the periods ended 30 September 2014 and 2013 is as follows:

	2014	2013
1 January	**2.593**	17
Charge for the period	**-**	213
30 September	**2.593**	230

Short-term trade payables:

	30 September 2014	31 December 2013
Trade payables	**6.966.261**	6.753.560
Due to related parties (Note 31)	**27.454**	40.555
Less: Unrealised credit finance charges	**(484)**	(464)
Total short-term trade payables (net)	**6.993.231**	6.793.651

7. Other receivables and payables

Other short-term receivables:

	30 September 2014	31 December 2013
Advances and guarantees given	**25.663**	26.588
Receivable from personnel	**8.288**	6.116
Receivable from insurance recoveries	**6.729**	6.229
Other doubtful receivables	**645**	645
Less: Provision for other doubtful receivables	**(645)**	(645)
	40.680	38.933

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

8. Inventories

	30 September 2014	31 December 2013
Raw materials and supplies	**529.711**	572.796
Work-in-progress	**709.134**	719.379
Finished goods	**995.795**	1.105.603
Trade goods	**34.901**	17.462
Goods in transit	**935.756**	1.030.203
Other	**11.461**	10.857
	3.216.758	3.456.300
Less: Provision for impairment in inventories	**-**	-
	3.216.758	3.456.300

Movement of the provision for inventories for the periods ended 30 September 2014 and 2013 is as follows:

	2014	2013
1 January	**-**	2.621
Charge for the period	**-**	-
Cancellations within the period	**-**	(2.621)
30 September	**-**	-

9. Financial investments

Long term financial investment

	30 September 2014		31 December 2013	
	Participation share (%)	**Amount**	Participation share (%)	Amount
Körfez Hava Ulaştırma A.Ş.	**100,00**	**4.000**	100,00	4.000
		4.000		4.000

10. Investments accounted by equity method

	30 September 2014		31 December 2013	
	Participation share (%)	**Amount**	Participation share (%)	Amount
OPET Petrolcülük A.Ş.	**40,00**	**781.872**	40,00	804.168
		781.872		804.168

The goodwill amounting to TL 189.073 thousand arising from the purchase of Opet shares on December 28, 2006 were classified on the investment account in the financial statements.

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

10. Investments accounted by equity method (continued)

The movement in the investments accounted by equity method during the periods ended 30 September 2014 and 2013 is as follows:

	2014	2013
1 January	**804.168**	793.862
Shares in current year profit of investments accounted by equity method	**45.331**	71.340
Dividend payment of investments accounted by equity method	**(70.000)**	(80.000)
Currency translation differences of investments accounted by equity method	**2.373**	2.670
30 September	**781.872**	787.872

Condensed consolidated financial statements of investments (prior to effective ownership) accounted by equity method are as follows:

	30 September 2014	31 December 2013
Current assets	**3.096.900**	2.534.055
Non-current assets	**1.780.665**	1.623.590
Total assets	**4.877.565**	4.157.645
Short term liabilities	**2.470.425**	2.018.685
Long term liabilities	**912.608**	588.683
Equity	**1.494.533**	1.550.277
Total liabilities	**4.877.565**	4.157.645

	1 January - 30 September 2014	**1 July - 30 September 2014**	1 January - 30 September 2013	1 July - 30 September 2013
Sales (net)	**15.447.498**	**5.908.670**	12.841.873	4.998.375
Gross profit	**584.913**	**218.603**	680.980	284.820
Operating profit	**228.600**	**109.320**	122.515	55.672
Net income for period	**113.328**	**39.895**	178.350	111.780

11. Investment property

At 30 September 2014, investment property represents the land amounting to TL 4.621 thousand (31 December 2013 - TL 4.621 thousand). The fair value of the investment property has been determined as TL 38.117 thousand as a result of fair value assessments (31 December 2013 – TL 38.117 thousand).

Notes to the condensed consolidated financial statements for the nine month interim period ended 30 September 2014 (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

12. Property, plant and equipment

	1 January 2014	Additions	Transfers	Disposals	30 September 2014
Cost:					
Land	**46.147**	**-**	**-**	**-**	**46.147**
Land improvements	**1.531.714**	**-**	**6.317**	**-**	**1.538.031**
Buildings	**377.543**	**-**	**4.013**	**-**	**381.556**
Machinery and equipment	**5.448.935**	**43**	**47.415**	**(356)**	**5.496.037**
Motor vehicles	**365.446**	**89.094**	**88**	**-**	**454.628**
Furniture and fixtures	**69.486**	**176**	**7.884**	**(190)**	**77.356**
Construction in progress	**4.939.958**	**1.802.067**	**(74.800)**	**-**	**6.667.225**
Other tangible assets	**1.367**	**-**	**-**	**-**	**1.367**
	12.780.596	**1.891.380**	**(9.083)**	**(546)**	**14.662.347**
Accumulated depreciation:					
Land improvements	**(935.561)**	**(48.073)**	**-**	**-**	**(983.634)**
Buildings	**(152.117)**	**(6.174)**	**-**	**-**	**(158.291)**
Machinery and equipment	**(3.237.724)**	**(106.989)**	**-**	**245**	**(3.344.468)**
Motor vehicles	**(95.330)**	**(12.376)**	**-**	**-**	**(107.706)**
Furniture and fixtures	**(37.199)**	**(7.588)**	**-**	**183**	**(44.604)**
Other tangible assets	**(1.102)**	**(70)**	**-**	**-**	**(1.172)**
	(4.459.033)	**(181.270)**	**-**	**428**	**(4.639.875)**
Net book value	**8.321.563**				**10.022.472**

	1 January 2013	Additions	Transfers	Disposals	30 September 2013
Cost:					
Land	46.083	-	-	-	46.083
Land improvements	1.450.279	-	25.192	(2.293)	1.473.178
Buildings	354.779	-	9.025	(147)	363.657
Machinery and equipment	5.367.432	7	31.043	(4.713)	5.393.769
Motor vehicles	366.312	2.282	2.584	(2.379)	368.799
Furniture and fixtures	58.611	238	3.698	(133)	62.414
Construction in progress	2.447.971	1.949.580	(72.657)	-	4.324.894
Other tangible assets	1.248	119	-	-	1.367
	10.092.715	1.952.226	(1.115)	(9.665)	12.034.161
Accumulated depreciation:					
Land improvements	(878.158)	(44.322)	-	2.272	(920.208)
Buildings	(144.785)	(6.484)	-	146	(151.123)
Machinery and equipment	(3.106.948)	(101.776)	-	4.713	(3.204.011)
Motor vehicles	(88.546)	(12.498)	-	2.378	(98.666)
Furniture and fixtures	(27.153)	(7.949)	-	108	(34.994)
Other tangible assets	(1.010)	(66)	-	-	(1.076)
	(4.246.600)	(173.095)	-	9.617	(4.410.078)
Net book value	5.846.115				7.624.083

The Company compared borrowing costs arising from foreign currency borrowings for Residuum Upgrading Project with functional currency equivalent borrowing's interests and capitalized TL 978.242 thousand borrowing cost in construction in progress by using cumulative approach in its financial statements for the period ended 30 September 2014 (31 December 2013 – TL 593.829 thousand).

Total depreciation expense amounting to TL 181.270 thousand (30 September 2013 - TL 173.095 thousand) in the consolidated statement of comprehensive income for the period ended 30 September 2014 has been allocated to cost of goods sold amounting to TL 161.457 thousand (30 September 2013 - TL 157.913 thousand), to sales and marketing expenses amounting to TL 2 thousand (30 September 2013 - TL 3 thousand), to general administration expenses amounting to TL 12.239 thousand (30 September 2013 - TL 10.333 thousand), to other expenses amounting to TL 7.572 thousand (30 September 2013 - TL 4.846 thousand).

Notes to the condensed consolidated financial statements for the nine month interim period ended 30 September 2014 (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

13. Intangible assets (net)

Other intangible assets:

The movements of intangible assets and related accumulated amortisation for the period ended 30 September 2014 is as follows:

	1 January 2014	Additions	Transfers	Disposals	30 September 2014
Cost:					
Rights and software	**34.892**	**70**	**483**	**(7)**	**35.438**
Development expenses	**35.764**	**-**	**8.600**	**-**	**44.364**
	70.656	**70**	**9.083**	**(7)**	**79.802**
Accumulated amortisation:					
Rights and software	**(21.920)**	**(2.624)**	**-**	**7**	**(24.537)**
Development expenses	**(9.369)**	**(5.976)**	**-**	**-**	**(15.345)**
	(31.289)	**(8.600)**	**-**	**7**	**(39.882)**
Net book value	**39.367**				**39.920**

The movements of intangible assets and related accumulated amortisation for the period ended 30 September 2013 is as follows:

	1 January 2013	Additions	Transfers	Disposals	30 September 2013
Cost:					
Rights and software	32.371	-	1.037	-	33.408
Development expenses	28.598	-	78	-	28.676
Other intangible assets	18	-	-	-	18
	60.987	-	1.115	-	62.102
Accumulated amortisation:					
Rights and software	(17.546)	(3.347)	-	-	(20.893)
Development expenses	(3.525)	(4.292)	-	-	(7.817)
Other intangible assets	(12)	(3)	-	-	(15)
	(21.083)	(7.642)	-	-	(28.725)
Net book value	39.904				33.377

Total amortisation expenses amounting to TL 8.600 thousand (30 September 2013 - TL 7.642 thousand) in the consolidated statement of comprehensive income for the period ended 30 September 2014 have been allocated to cost of goods sold amounting TL 3 thousand and to general administration expenses amounting TL 8.597 thousand. (30 September 2013 - TL 6 thousand have been allocated to cost of good sold- TL 7.636 thousand have been allocated to general administration expenses).

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

14. Prepaid expenses

Short term prepaid expenses:

	30 September 2014	31 December 2013
Taxes and funds to be offsetted	**43.783**	47.351
Prepaid insurance and other expense	**37.829**	20.904
Advances given	**12.286**	130.438
	93.898	198.693

Long term prepaid expenses:

	30 September 2014	31 December 2013
Prepaid investment loan insurance expenses (*)	**167.419**	167.419
Advances given for property, plant and equipment to related parties (Note 31)	**98.030**	134.928
Advances given for property, plant and equipment to third parties	**50.085**	90.408
Prepaid other expenses	**12.087**	12.537
	327.621	405.292

(*) The Company made the payment of the investment loans' insurance expenses related with Residuum Upgrading Project, when these loans were utilized. Related insurance payments will be expensed within the maturity of related loans.

15. Other assets and liabilities

Other current assets:

	30 September 2014	31 December 2013
Deferred Value Added Tax ("VAT")	**537.924**	321.027
Deferred Special Consumption Tax ("SCT")	**140.079**	123.050
Other current assets	**15.254**	5.457
	693.257	449.534

Other non-current assets:

	30 September 2014	31 December 2013
Spare parts and materials	**587.106**	495.283
Other	**1.482**	770
Provision for spare parts and materials	**(30.412)**	(30.412)
	558.176	465.641

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

15. Other assets and liabilities (continued)

Other short-term liabilities:

	30 September 2014	31 December 2013
SCT payable	**922.140**	970.807
Revenue share	**649.617**	569.013
Deferred VAT	**537.924**	321.027
Deferred SCT	**140.079**	123.050
VAT payable	**37.233**	38.692
Other taxes and liabilities	**17.930**	41.656
Other	**9.060**	8.231
	2.313.983	2.072.476

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 TL 649.617 thousand accumulated as at 30 September 2014 (31 December 2013 – 569.013 thousand) which is not recognized in the comprehensive income statement, has been classified as "Revenue Share" within "Other short-term liabilities". TL 646.727 thousand that is (31 December 2013 - TL 566.744 thousand) blocked in banks as demand deposits related to the calculated revenue share has been classified as "Demand deposits with special interest rates" within "Cash and cash equivalents" (Note 4).

Other long-term liabilities:

	30 September 2014	31 December 2013
Deferred revenue	**2.507**	2.544
Other	**2.175**	2.515
Total	**4.682**	5.059

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

16. Deferred income

	30 September 2014	31 December 2013
Advances taken	**36.257**	10.656
Total	**36.257**	10.656

17. Provisions

Provision for employee benefits:

Short term provision for employee benefits:

	30 September 2014	31 December 2013
Personnel bonus accruals	**23.483**	1.496
Seniority incentive bonus provision	**3.638**	2.601
Total	**27.121**	4.097

Long term provision for employee benefits:

	30 September 2014	31 December 2013
Provision for employment termination benefits	**120.887**	114.551
Provision for unused vacation	**35.478**	31.727
Seniority incentive bonus provision	**7.410**	5.725
Total	**163.775**	152.003

Seniority incentive bonus provision:

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.

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

	2014	2013
1 January	**8.326**	7.737
Charge for the period	**4.284**	5.397
Payments during the period	**(1.562)**	(5.007)
30 September	**11.048**	8.127

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

17. Provisions (continued)

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 May 23, 2002, there are certain transitional provisions relating to length of service prior to retirement.

As at 30 September 2014, the amount payable consists of one month's salary limited to a maximum of TL 3.438,22 (31 December 2013 - TL 3.254, 44) for each year of service.

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:

	30 September 2014	31 December 2013
Discount rate (%)	**4,78%**	4,78**%**
Turnover rate to estimate probability of retirement (%)	**99,53%**	99,53**%**

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 TL 3.438,22, which is effective as at 30 September 2014, has been taken into consideration in calculating the provision for employment termination benefits of the Group (31 December 2013 - TL 3.254,44).

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

	2014	2013
1 January	**114.551**	113.316
Interest expense	**8.176**	6.374
Increase during the period	**7.503**	11.269
Payments during the period	**(9.343)**	(13.278)
30 September	**120.887**	117.681

Provision for unused vacation:

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

	2014	2013
1 January	**31.727**	27.710
Charge for the period	**5.846**	5.156
Payments during the period	**(2.095)**	(2.551)
30 September	**35.478**	30.315

Notes to the condensed consolidated financial statements for the nine month interim period ended 30 September 2014 (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

17. Provisions (continued)

Other short term provisions:

	30 September 2014	31 December 2013
Short-term provisions:		
Provision for penalty (*)	**-**	309.011
EMRA participation share	**17.865**	13.989
Provision of pending claims and lawsuits	**12.122**	12.305
Other	**27.067**	24.345
Total short-term provisions	**57.054**	359.650

(*) The administrative fine amounting to TL 412.015 thousand imposed on Tüpraş by the Competition Authority communicated to Tüpraş was paid on May 23, 2014 in accordance with Article 17 of the Law of Misdemeanor numbered 5326, as TL 309.011 thousand at a rate of three quarters of TL 412.015 thousand and Tüpraş filed a lawsuit to the Council of State for the cancellation of the administrative fine and the related regulation.

Movement of the short-term provisions for the periods ended 30 September 2014 and 2013 is as follows:

	Provision of pending claims and lawsuits	EMRA participation share	Provision for penalty	Other	Total
1 January 2014	12.305	13.989	309.011	24.345	359.650
Charges for the period, net	(55)	15.063	-	2.722	17.730
Payments during the period	(128)	(11.187)	(309.011)	-	(320.326)
30 September 2014	12.122	17.865	-	27.067	57.054
1 January 2013	12.193	12.426	-	24.814	49.433
Charges for the period, net	1.570	10.042	-	2.288	13.900
Payments during the period	(37)	(6.213)	-	(381)	(6.631)
30 September 2013	13.726	16.255	-	26.721	56.702

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.

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

18. Liabilities for employee benefits

	30 September 2014	31 December 2013
Due to the personnel	**20.042**	53.416
Social security withholdings payment	**13.389**	12.108
Total	**33.431**	65.524

19. Other payables

	30 September 2014	31 December 2013
Deposits and guarantees received	**5.257**	9.563
Total	**5.257**	9.563

20. Derivative instruments

	30 September 2014			31 December 2013		
		Fair Values			Fair Values	
	Contract Amount	**Assets**	**Liabilities**	Contract Amount	Assets	Liabilities
Derivatives held for trading						
Currency forwards	**1.367.340**	**55.736**	**-**	-	-	-
Short term derivative financial instruments	**1.367.040**	**55.736**	**-**	-	-	-

Forward foreign exchange transactions consist of forward transactions signed between Tüpraş and various finance institutions which generate a sales obligation of TL 1.340.368 thousand in exchange for a purchase of USD 600.000 and which will expire on December 31, 2014.

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

21. Government grants

As of 2 August 2010, Tüpraş has obtained Certificate of Research and Development Center and concerning the existence of Research and Development Center Certificate and Technology and Innovation Support Programs Administration (TEYDEB) Projects, Supporting Research and Development Activities Law, no 5746, let Tüpraş to benefit from government incentives of research and development deduction, income tax stoppage incentive, social security premium contribution and stamp tax exemption. Accordingly, as of 30 September 2014, the total expenditure with incentive is TL 12.330 thousand (30 September 2013 - TL 9.376 thousand), consisted of TL 9.473 thousand (30 September 2013 - TL 6.132 thousand) for Research and Development Centre and TL 2.857 thousand (30 September 2014 - TL 3.244 thousand) for TEYDEB and the total expenditure without incentive is TL 11.207 thousand (30 September 2013 - TL 13.460 thousand). As of 30 September 2014, the total research and development expense is TL 23.537 thousand (30 September 2013 - TL 22.836 thousand) and TL 2.749 thousand (30 September 2013 - TL 3.311 thousand) of this expense is recorded as incentive income.

In the first period 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. Within the scope of the subject legislation, the Company can deduct 30% of its investment expenditures related with the new investment, with a discount rate of 50% from tax base in accordance with the legislation provisions, at the time investment is completed and the revenue is started to be recognized. 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 that would be applicable after 19 October 2012. Within the scope of the Strategic Investment, the Company can deduct 50% of its investment expenditures related with the new investment, with a discount rate of 90% from tax base in accordance with the legislation provisions. Accordingly, as of 30 September 2014, investment expenditures amounting to TL 5.701.927 thousand (31 December 2013- TL 4.163.798 thousand) has been made and tax advantages amounting to TL 2.593.664 thousand (31 December 2013 – TL 1.579.992 thousand) has been realized to be used in future periods. Moreover, as of 30 September 2014 within the scope of the Strategic Investment the Company offset TL 55.092 thousand from tax base (31 December 2013 – TL 41.082 thousand).

The Group has benefited from insurance premium employer share incentives with 5% according to Law, no 5510.

On 11 April, 2013, the Company was granted an investment incentive for the purchasing of the wagons worth TL 75.000 thousand to be used in intercity railroad transportation. Support elements of this investment is to benefit from are, VAT exemption, interest support, customs duty exemption, tax discount rate (80%), rate of contribution to investment (40%) and employer's social security premium contribution (7 years).

As of 30 September 2014 and 30 September 2013, the revenues of the Group from government incentives and grants are as follows:

	30 September 2014	30 September 2013
Social security withholdings incentives	**15.665**	13.434
Research and development incentives	**2.749**	3.311
Other	**-**	2
Total	**18.414**	16.747

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

22. Commitments and contingent assets and liabilities

	30 September 2014		31 December 2013	
Guarantees received:	**Original balances:**	**TL amount:**	Original balances:	TL amount:
Letter of guarantees received		**2.071.383**		2.181.580
- Letter of guarantees in TL	***891.658***	***891.658***	*1.061.071*	*1.061.071*
- Letter of guarantees in USD	***477.113***	***1.087.291***	*489.909*	*1.045.613*
- Letter of guarantees in EUR	***30.019***	***86.797***	*22.761*	*66.839*
- Letter of guarantees in other currencies	***-***	***5.637***	-	*8.057*
Guarantee notes received		**121.914**		49.179
- Guarantee notes in TL	***118.132***	***118.132***	*47.775*	*47.775*
- Guarantee notes in EUR	***-***	***-***	*478*	*1.404*
- Guarantee notes in other currencies	***-***	***3.782***	-	-
Warranty letters received		**163.945**		106.715
- Warranty letter in TL	***50.000***	***50.000***	-	-
- Warranty letter in USD	***50.000***	***113.945***	50.000	106.715
Commitments Received		**9.383**		*9.768*
- Commitment in USD	***2.770***	***6.313***	*3.070*	*6.552*
- Commitment in other currencies	***-***	***3.070***	-	*3.216*
Total guarantees received		**2.366.625**		2.347.242
Guarantees given:				
Letter of credits given		**532.028**		1.210.166
- Letter of credits in USD	***221.205***	***504.104***	*560.357*	*1.195.970*
- Letter of credits in EUR	***8.454***	***24.445***	*3.537*	*10.387*
- Letter of credits in other currencies	***-***	***3.479***	-	*3.809*
Letter of guarantees given		**295.295**		112.201
- Letter of guarantees in TL	***247.871***	***247.871***	*67.786*	*67.786*
- Letter of guarantees in USD	***20.810***	***47.424***	*20.810*	*44.415*
Letters of guarantee given to customs offices		**1.699.935**		522.264
- Letter of guarantees in TL	***1.665.238***	***1.665.238***	*487.026*	*487.026*
- Letter of guarantees in EUR	***12.000***	***34.697***	*12.000*	*35.238*
Guarantee given to banks		**255.527**		222.879
- Guarantee given to banks in USD	***44.819***	***102.138***	*53.383*	*113.935*
- Guarantee given to banks in EUR	***53.050***	***153.389***	*37.100*	*108.944*
Total guarantees given		**2.782.785**		2.067.510

As at 30 September 2014 and 31 December 2013, 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 of 30 September 2014 and 31 December 2013, the given guarantees to banks are given for companies (in group's scope of consolidation) used loans amount of TL 255.527 thousand. (31 December 2013- TL 222.879 thousand TL)

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

22. Commitments and contingent assets and liabilities (continued)

Collaterals, pledges, mortgages given by the Group as at 30 September 2014 and 31 December 2013 are as follows:

	30 September 2014	31 December 2013
A. CPMs given for companies in the name of its own legal personality	**2.527.258**	1.844.631
B. CPMs given on behalf of the fully consolidated companies	**255.527**	222.879
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.	**-**	-
	2.782.785	2.067.510

Tax inspection

The tax inspection initiated by Supervisory Board of the Ministry of Finance on Tüpraş on 24 July 2013 is ongoing.

23. Equity

The Company's shareholders and their shareholding percentages as at 30 September 2014 and 31 December 2013 are as follows:

	30 September 2014	**Share (%)**	31 December 2013	Share (%)
Enerji Yatırımları A.Ş	**127.714**	**51**	127.714	51
Publicly owned	**122.705**	**49**	122.705	49
Total	**250.419**	**100**	250.419	100
Adjustment to share capital	**1.344.243**		1.344.243	
Total paid-in capital	**1.594.662**		1.594.662	

"Adjustment to share capital" represents the restatement effect of cash and cash equivalent contributions to share capital measured in accordance with the CMB Financial Reporting Standards.

Registered capital of the Company is TL 500.000 thousand and is divided into 50.000.000.000 shares with a registered nominal value of 1 Kuruş ("Kr") (31 December 2013 - 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 Kr1 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.

23. 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 30 September 2014, the restricted reserves of the Company (Tüpraş) amount to TL 163.401 thousand (31 December 2013 - TL 221.417 thousand).

Dividend distribution

Listed companies distribute dividend in accordance with the Communiqué No. II-19.1 issued by the CMB which is effective from February 1, 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 installments and advance dividend can be paid in accordance with profit on interim financial statements.

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 TL 1.584.663 thousand as at 30 September 2014. This amount includes inflation adjustment differences of the equity accounts amounting to TL 1.698.998 thousand and other reserves amounting to TL 21.513 thousand which are subject to corporate taxation when distributed as dividends.

In the period ended 30 September 2014, the Company committed to make dividend payment in cash amounting to TL 396.163 thousand which is the total amount remained after first and second composition legal reserves deducted from 2013 distributable net profit of the period and a portion of second composition legal reserves. The Company paid a cash dividend at the rate of 158,2% which corresponds to TL 1,582 gross and TL 1,582 net cash dividend for the shares with a nominal value of TL 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 158.2%, which corresponds to TL 1,582 gross and TL 1,3447 net cash dividend for the shares with a nominal value of TL 1.00 to other shareholders.

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

23. Equity (continued)

In the interim period ended 30 September 2013, the Company committed to make dividend payment in cash amounting to TL 964.114 thousand which is the total amount remained after first and second composition legal reserves deducted from 2012 distributable net profit of the period and a portion of second composition legal reserves. The Company paid the above mentioned dividend. The Company paid a cash dividend at the rate of 385%, which corresponds to TL 3,85 gross and TL 3,85 net cash dividend for the shares with a nominal value of TL 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 385%, which corresponds to TL 3,85 gross and TL 3,2725 net cash dividend for the shares with a nominal value of TL 1,00 to other shareholders.

24. Revenue and cost of sales

	1 January - 30 September 2014	**1 July - 30 September 2014**	1 January - 30 September 2013	1 July - 30 September 2013
Domestic revenue	**24.756.207**	**9.443.977**	24.690.469	10.153.198
Export revenue	**5.946.402**	**2.390.488**	5.833.017	2.028.452
Service revenue	**73.181**	**14.467**	44.732	15.190
Gross revenue	**30.775.790**	**11.848.932**	30.568.218	12.196.840
Less: Sales discounts	**(81.302)**	**(32.683)**	(68.666)	(29.952)
Less: Sales returns	**(8.748)**	**(4.682)**	(17.458)	(70)
Revenue (net)	**30.685.740**	**11.811.567**	30.482.094	12.166.818
Cost of goods sold	**(27.563.838)**	**(10.434.752)**	(28.248.867)	(11.138.830)
Cost of trade goods sold	**(2.046.886)**	**(763.492)**	(1.059.706)	(355.439)
Cost of services	**(38.324)**	**(13.654)**	(34.723)	(11.774)
Gross profit	**1.036.692**	**599.669**	1.138.798	660.775

Cost of sales:

	1 January - 30 September 2014	**1 July - 30 September 2014**	1 January - 30 September 2013	1 July - 30 September 2013
Raw materials	**26.369.826**	**10.049.948**	27.140.971	10.757.334
Cost of trade goods sold	**2.046.886**	**763.492**	1.059.706	355.439
Energy expenses	**571.075**	**206.259**	578.893	191.163
Personnel expenses	**247.941**	**76.856**	233.730	81.846
Depreciation and amortization (Note 12-13)	**161.460**	**52.479**	157.919	54.335
Other production expenses	**251.860**	**62.864**	172.077	65.926
Cost of sales	**29.649.048**	**11.211.898**	29.343.296	11.506.043

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

25. General administrative expenses, marketing and selling expenses and research and development expenses

General administrative expenses:

	1 January - 30 September 2014	**1 July - 30 September 2014**	1 January - 30 September 2013	1 July - 30 September 2013
Personnel expenses	**145.708**	**52.798**	143.679	48.589
Taxes and duties	**45.346**	**17.883**	51.165	16.759
Insurance expenses	**33.497**	**11.168**	20.533	6.978
Outsourced services	**28.850**	**9.681**	25.487	8.827
Lawsuit and consultancy expenses	**20.626**	**3.597**	9.371	3.618
Depreciation and amortisation expenses (Note 12-13)	**20.836**	**7.444**	17.969	5.966
Office expenses	**14.685**	**5.268**	16.552	5.369
Rent expenses	**13.322**	**4.381**	12.948	4.737
Subscription fees	**11.346**	**4.207**	11.845	4.394
Transportation and travel expenses	**1.754**	**538**	1.556	483
Donations	**749**	**605**	2.993	1.778
Other	**18.198**	**4.810**	17.422	4.800
Total general administrative expenses	**354.917**	**122.380**	331.520	112.298

Marketing, selling and distribution expenses:

	1 January - 30 September 2014	**1 July - 30 September 2014**	1 January - 30 September 2013	1 July - 30 September 2013
Personnel expenses	**44.213**	**14.934**	41.537	14.531
Carriage, storage and insurance expenses	**26.263**	**13.020**	59.406	20.014
Outsourced services	**25.827**	**8.620**	22.359	7.753
Advertising expenses	**6.386**	**5.465**	969	173
Rent expenses	**5.290**	**1.757**	3.567	1.313
Energy expenses	**3.513**	**1.359**	3.936	1.264
Depreciation and amortisation expenses (Note 12-13)	**2**	**-**	3	1
Other	**12.066**	**4.279**	12.766	4.053
Total marketing, selling and distribution expenses	**123.560**	**49.434**	144.543	49.102

Research and development expenses:

	1 January - 30 September 2014	**1 July - 30 September 2014**	1 January - 30 September 2013	1 July - 30 September 2013
Personnel expenses	**9.196**	**3.041**	10.259	3.730
Outsourced services	**1.044**	**892**	3.277	2.715
Lawsuit and consultancy expenses	**219**	**92**	247	-
Other	**973**	**409**	375	138
Total research and development expenses	**11.432**	**4.434**	14.158	6.583

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

26. Other operating income / (expenses)

Other operating income:	**1 January - 30 September 2014**	**1 July - 30 September 2014**	1 January - 30 September 2013	1 July - 30 September 2013
Credit finance gains	**121.327**	**42.167**	96.982	44.977
Foreign exchange gain from trade receivables, net	**4.713**	**4.713**	10.528	8.111
Rent income	**2.079**	**806**	2.781	1.548
Foreign exchange gain from trade payables, net	**-**	**(69.627)**	-	-
Other	**5.209**	**1.701**	5.488	2.801
Total other operating income	**133.328**	**(20.240)**	115.779	57.437

Other operating expense:	**1 January - 30 September 2014**	**1 July - 30 September 2014**	1 January - 30 September 2013	1 July - 30 September 2013
Idle capacity expenses				
- Amortisation expenses (Note 12)	***(7.572)***	***(4.695)***	*(4.846)*	*(298)*
- Other idle capacity expenses	***(24.224)***	***(11.656)***	*(21.890)*	*(4.605)*
Foreign exchange loss from trade payables	**(236.409)**	**(236.409)**	(363.385)	(168.799)
Credit finance charges	**(6.851)**	**(2.430)**	(7.719)	(2.845)
Foreign exchange loss from trade receivables	**-**	**4.281**	-	-
Other	**(2.713)**	**(1.617)**	(4.518)	(2.359)
Total other operating expense	**(277.769)**	**(252.526)**	(402.358)	(178.906)

27. Income / (expense) from investment activities

	1 January - 30 September 2014	**1 July - 30 September 2014**	1 January- 30 September 2013	1 July - 30 September 2013
Gain / (loss) on sales of property plant and equipment and intangible assets	**(29)**	**(7)**	502	5
Total income / (expense) from investment activities	**(29)**	**(7)**	502	5

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

28. Financial income / (expenses)

	1 January - 30 September 2014	**1 July - 30 September 2014**	1 January - 30 September 2013	1 July - 30 September 2013
Financial income:				
Foreign exchange gains on deposits	**202.115**	**202.115**	510.810	236.766
Interest income on deposits	**95.265**	**33.571**	154.794	48.504
Foreign exchange gains on derivatives	**55.736**	**55.736**	-	-
Foreign exchange gains on borrowings	**-**	**(35.505)**	-	-
Total financial income	**353.116**	**255.917**	665.604	285.270
Financial expense:				
Foreign exchange losses on borrowings	**(301.662)**	**(301.662)**	(568.423)	(222.720)
Interest expenses	**(219.072)**	**(57.369)**	(192.171)	(63.319)
Foreign exchange losses on deposits	**-**	**47.353**	-	-
Foreign exchange losses on derivatives	**-**	**19.776**	-	-
Other	**(1.007)**	**(218)**	(311)	(3)
Total financial expense	**(521.741)**	**(292.120)**	(760.905)	(286.042)

29. Tax assets and liabilities

i) Corporation tax:

	30 September 2014	31 December 2013
Current period corporate tax provision	**2.551**	6.178
Current year tax assets	**(593)**	(1.330)
Corporation tax provision	**1.958**	4.848

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 2014 is 20 % (2013 - 20%). Corporation tax is payable at a rate of 20% 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).

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

29. Tax assets and liabilities (continued)

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 30 September 2014 and 31 December 2013 using the enacted tax rates are as follows:

	Cumulative temporary difference		Deferred tax asset/(liability)	
	30 September 2014	31 December 2013	**30 September 2014**	31 December 2013
Difference between the carrying values and tax base of property, plant, equipment and intangible assets	**1.293.224**	1.226.381	**(258.645)**	(245.276)
Derivatives financial assets fair value differences	**55.736**	-	**(11.147)**	-
Financial assets fair value difference	**46.790**	46.790	**(2.340)**	(2.340)
Deferred financial expenses, (net)	**260**	-	**(52)**	-
Other	**14.760**	14.760	**(2.952)**	(2.952)
Deferred tax liability			**(275.136)**	(250.568)
Investment incentive income (*)	**5.701.927**	4.163.798	**2.593.664**	1.579.992
Investment incentive income net-offed by tax base within the scope of Strategic Investment Incentive (*)			**(55.092)**	(41.082)
Employment termination benefits and seniority incentive bonus provision	**130.235**	121.452	**26.047**	24.290
Provision for unused vacation liability	**34.030**	30.905	**6.806**	6.181
Provision for impairment on spare parts	**30.412**	30.412	**6.082**	6.082
Provisions for pending claims and lawsuits	**12.122**	12.305	**2.424**	2.461
Unearned credit finance incomes, (net)	**-**	4.621	**-**	924
Other	**12.342**	9.587	**2.469**	1.917
Deferred tax assets			**2.582.400**	1.580.765
Deferred tax assets - net			**2.307.264**	1.330.197

(*) In the first period 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. Within the scope of the subject legislation, the Company can deduct 30% of its investment expenditures related with the new investment, with a discount rate of 50% from tax base in accordance with the legislation provisions, at the time investment is completed and the revenue is started to be recognized. 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 that would be applicable after 19 October 2012. Within the scope of the Strategic Investment, the Company can deduct 50% of its investment expenditures related with the new investment, with a discount rate of 90% from tax base in accordance with the legislation provisions. Accordingly, as of 30 September 2014, investment expenditures amounting to TL 5.701.927 thousand (31 December 2013-4.163.798 thousand TL) has been made and tax advantages amounting to TL 2.593.664 thousand (31 December 2013 – 1.579.992 thousand TL) has been realized to be used in future periods. Moreover, as of 30 September 2014 within the scope of the Strategic Investment the Company offset TL 55.092 thousand from tax base (31 December 2013 – TL 41.082 thousand).

The movement of deferred taxes is as follows:

	2014	2013
Deferred tax asset / (liability), net		
1 January	**1.330.197**	139.216
Charge for the period	**977.067**	754.613
30 September	**2.307.264**	893.829

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

30. Earnings per share

	1 January - 30 September 2014	**1 July - 30 September 2014**	1 January - 30 September 2013	1 July - 30 September 2013
Profit for the period attributable to shareholders of the Company	**1.246.256**	**377.368**	1.083.698	817.576
Weighted average number of shares with nominal value of Kr 1 each	**25.041.920.000**	**25.041.920.000**	25.041.920.000	25.041.920.000
Basic and diluted earnings per share in Kr	**4,98**	**1,51**	4,33	3,27

31. Related party transactions

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

(1) Joint venture
(2) Companies in which Group's shareholders are shareholder
(3) Ultimate parent

a) Deposits:

	30 September 2014	31 December 2013
Yapı ve Kredi Bankası A.Ş. (2)	**1.590.572**	2.006.485
Total	**1.590.572**	2.006.485

b) Due from related parties:

	30 September 2014	31 December 2013
THY OPET Havacılık Yakıtları A.Ş. (1)	**144.186**	50.364
Opet Petrolcülük A.Ş. (1)	**82.222**	216.148
Aygaz A.Ş. (2)	**1.689**	75.991
Other (2)	**795**	852
Total	**228.892**	343.355

c) Due to related parties:

	30 September 2014	31 December 2013
Aygaz A.Ş. (2)	**11.990**	8.311
Zer Merkezi Hizmetler ve Ticaret A.Ş. (2)	**6.676**	6.882
Opet Petrolcülük A.Ş. (1)	**2.261**	5.171
Ark İnşaat A.Ş. (2)	**1.973**	6.761
Koç Sistem Bilgi ve İletişim A.Ş. (2)	**1.597**	4.046
Otokoç Otomotiv Tic. ve San. A.Ş. (2)	**426**	767
RAM Sigorta Aracılık Hizmetleri A.Ş. (2)	**191**	4.152
Other (2)	**2.340**	4.465
Total	**27.454**	40.555

Notes to the condensed consolidated financial statements for the nine month interim period ended 30 September 2014 (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

31. Related party transactions (continued)

d) Advances given for property, plant and equipment:

	30 September 2014	31 December 2013
RMK Marine Gemi Yapım Sanayii ve Deniz Taşımacılığı İşl. A.Ş. (2)	**68.967**	117.704
Ark İnşaat A.Ş. (2)	**29.063**	17.224
Total	**98.030**	134.928

e) Bank borrowings:

	30 September 2014	31 December 2013
Yapı ve Kredi Bankası A.Ş. (2)	**220.544**	32.519
Total	**220.544**	32.519

f) Product and service sales:

	1 January - 30 September 2014	1 July - 30 September 2014	1 January - 30 September 2013	1 July - 30 September 2013
THY OPET Havacılık Yakıtları A.Ş. (1)	**4.337.557**	**1.650.705**	3.291.883	1.328.169
Opet Petrolcülük A.Ş. (1)	**3.932.279**	**2.164.892**	2.540.521	1.050.823
Aygaz A.Ş. (2)	**438.615**	**204.921**	304.668	113.446
Opet-Fuchs Madeni Yağ A.Ş. (1)	**31.430**	**10.028**	20.536	8.253
Ram Dış Ticaret A.Ş. (2)	**4.805**	**-**	54.085	17.257
Other (2)	**1.151**	**568**	1.397	138
Total	**8.745.837**	**4.031.114**	6.213.090	2.518.086

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

31. Related party transactions (continued)

g) Goods and services purchased:

	1 January- 30 September 2013	**1 July - 30 September 2013**	1 January- 30 September 2013	1 July - 30 September 2013
Aygaz A.Ş. (2)	**293.397**	**103.248**	205.892	76.952
THY OPET Havacılık Yakıtları A.Ş. (1)	**45.899**	**17.069**	46.106	45.834
Opet Petrolcülük A.Ş. (1)	**41.823**	**12.375**	52.783	21.843
Zer Merkezi Hizmetler ve Ticaret A.Ş. (2)	**30.843**	**11.688**	26.183	11.587
Eltek Elektrik Enerjisi İthalat ve Toptan Tic. A.Ş. (2)	**15.680**	**5.560**	3.348	3.258
Koç Sistem Bilgi ve İletişim A.Ş. (2)	**13.361**	**7.143**	7.745	3.466
Koç Holding (3)	**9.288**	**3.573**	6.875	2.174
Otokoç Otomotiv Tic. ve San. A.Ş. (2)	**5.685**	**1.675**	4.505	1.658
Setair Hava Taşımacılığı ve Hizmetleri A.Ş. (2)	**4.844**	**1.500**	3.420	1.501
Ark İnşaat A.Ş (2)	**2.972**	**853**	6.684	4.275
Opet-Fuchs Madeni Yağlar (2)	**1.400**	**562**	1.572	157
Diğer (2)	**31.257**	**12.690**	29.993	8.242
Total	**496.449**	**177.936**	395.106	180.947

h) Fixed asset purchases:

	1 January - 30 September 2014	**1 July - 30 September 2014**	1 January - 30 September 2013	1 July - 30 September 2013
Ark İnşaat A.Ş. (2)	**99.249**	**48.685**	41.106	21.503
RMK Marine Gemi Yapım Sanayi A.Ş. (2)	**87.938**	**87.938**	-	-
Koç Sistem Bilgi ve İletişim A.Ş. (2)	**30**	**8**	1.701	1.291
Other (2)	**379**	**322**	169	2
Total	**187.596**	**136.953**	42.976	22.796

i) Remuneration of board of directors and executive management:

	1 January - 30 September 2014	**1 July - 30 September 2014**	1 January - 30 September 2013	1 July - 30 September 2013
Short term remunerations	**4.405**	**1.541**	3.757	1.261
Total	**4.405**	**1.541**	3.757	1.261

Remuneration of board of directors and executive management for the period ended 30 September 2014 and 2013 includes salaries, bonuses, employer shares of Social Security Institution and Koç Holding Emeklilik Vakfı and board of directors’ honorarium expenses paid by the Company.

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

31. Related party transactions (continued)

j) Time deposit interest income:

	1 January - 30 September 2014	**1 July - 30 September 2014**	1 January - 30 September 2013	1 July - 30 September 2013
Yapı ve Kredi Bankası A.Ş. (2)	**36.878**	**11.659**	78.740	16.667
Total	**36.878**	**11.659**	78.740	16.667

k) Financial expenses paid to related parties:

	1 January - 30 September 2014	**1 July - 30 September 2014**	1 January - 30 September 2013	1 July - 30 September 2013
Yapı ve Kredi Bankası A.Ş. (2)	**4.391**	**1.574**	5.626	2.004
Yapı Kredi Faktoring A.Ş. (2)	**3.048**	**890**	13.591	4.360
Total	**7.439**	**2.464**	19.217	6.364

l) Donations:

	1 January - 30 September 2014	**1 July - 30 September 2014**	1 January - 30 September 2013	1 July - 30 September 2013
Koç Üniversitesi (2)	**280**	**280**	520	520
Deniz Temiz Derneği (2)	**3**	**-**	3	-
Rahmi Koç Vakfı (2)	**-**	**-**	35	35
Total	**283**	**280**	558	555

m) Derivative financial instruments:

30 September 2014		**Fair Value**	
	Contract Amount	**Assets**	**Liabilities**
Yapı ve Kredi Bankası A.Ş. (2)	**455.780**	**8.358**	**-**
Total	**455.780**	**8.358**	**-**

Notes to the condensed consolidated financial statements for the nine month interim period ended 30 September 2014 (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

32. 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 minimise potential adverse effects on the financial performance of the Group.

Foreign exchange risk

The Group is exposed to foreign exchange risk due to rate changes on the translation of foreign currency assets and liabilities to local currency. These risks are monitored by management by analysis of the foreign currency position.

The net financial liabilities of the Group are exposed to foreign exchange risk due to raw material imports from foreign countries and export sales. The Group manages such risks by regularly reflecting the foreign exchange rate changes to its product prices.

The table below summarizes the foreign currency position risk of the Group as at 30 September 2014 and 31 December 2013. Foreign currency denominated assets and liabilities of the Group and related foreign currency position are as follows:

	1 January - 30 September 2014	1 January - 31 December 2013
Assets	**1.748.072**	3.239.877
Liabilities	**(11.523.911)**	(10.218.215)
Net statement of financial foreign currency position	**(9.775.839)**	(6.978.338)
Net foreign currency position of derivative financial instrument	**1.367.340**	-
Net foreign currency position	**(8.408.499)**	(6.978.338)

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

32. Financial instruments and financial risk management (continued)

Foreign currency position table

	30 September 2014					31 December 2013				
	TL Equivalent (In terms of functional currency)	**USD**	**EUR**	**GBP**	**Other**	TL Equivalent (In terms of functional currency)	USD	EUR	GBP	Other
Trade receivables	24.154	10.599	-	-	-	27.605	12.934	-	-	-
Monetary financial assets	1.676.282	731.327	3.297	35	-	3.053.472	1.428.357	1.615	53	-
Other	1.544	646	21	-	9	2.217	1.039	-	-	-
Current assets	**1.701.980**	**742.572**	**3.318**	**35**	**9**	3.083.294	1.442.330	1.615	53	-
Other	46.092	552	15.506	-	-	156.583	1.106	47.281	984	11.926
Non-current assets	**46.092**	**552**	**15.506**	**-**	**-**	156.583	1.106	47.281	984	11.926
Total assets	**1.748.072**	**743.124**	**18.824**	**35**	**9**	3.239.877	1.443.436	48.896	1.037	11.926
Trade payables	4.949.603	2.164.203	5.623	157	764	4.496.742	2.088.905	12.386	339	829
Financial liabilities	282.485	78.732	35.645	-	-	274.628	64.871	46.372	-	-
Other monetary liabilities	795	349	-	-	-	2	1	-	-	-
Current liabilities	**5.232.883**	**2.243.284**	**41.268**	**157**	**764**	4.771.372	2.153.777	58.758	339	829
Financial liabilities	6.291.028	2.720.180	31.822	-	-	5.446.843	2.534.184	12.986	-	-
Non-current liabilities	**6.291.028**	**2.720.180**	**31.822**	**-**	**-**	5.446.843	2.534.184	12.986	-	-
Total liabilities	**11.523.911**	**4.963.464**	**73.090**	**157**	**764**	10.218.215	4.687.961	71.744	339	829
Net asset/liability position of off-financial statement table foreign currency derivatives	**1.367.340**	**600.000**	**-**	**-**	**-**	-	-	-	-	-
Total amount of off-financial statement table derivative financial assets	**1.367.340**	**600.000**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total amount of off-financial statement table derivative financial liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net foreign currency asset / (liability) position	**(8.408.499)**	**(3.620.340)**	**(54.266)**	**(122)**	**(755)**	(6.978.338)	(3.244.525)	(22.848)	698	11.097
Net monetary foreign currency asset / (liability) position	**(8.456.135)**	**(3.621.538)**	**(69.793)**	**(122)**	**(764)**	(7.137.138)	(3.246.670)	(70.129)	(286)	(829)

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 30 September 2014, the Group has raw materials and petroleum products amounting to TL 3.133.011 thousand (31 December 2013 - TL 3.375.937 thousand)(Note 8).

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

32. 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 30 September 2014 and 31 December 2013.

Statement of foreign currency risk sensitivity				
30 September 2014				
	Profit/Loss		**Equity**	
	Appreciation of foreign currency	**Depreciation of foreign currency**	**Appreciation of foreign currency**	**Depreciation of foreign currency**
10% change in USD rate:				
USD net assets/ liabilities	(825.312)	825.312	-	-
- Amount hedged for USD risk (-) (*)	185.096	(450.905)	-	-
USD net effect	**(640.216)**	**374.407**	**-**	**-**
10% change in EUR rate:				
Euro net assets/ liabilities	(20.180)	20.180	-	-
Amount hedged for Euro risk (-)	-	-	-	-
EUR net effect	**(20.180)**	**20.180**	**-**	**-**
TOTAL	**(660.396)**	**394.587**	**-**	**-**

31 December 2013				
	Profit/Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
10% change in USD rate:				
USD net assets/ liabilities	(692.937)	692.937	-	-
Amount hedged for USD risk (-) (*)	12.142	(327.601)	-	-
USD net effect	(680.795)	365.336	-	-
10% change in EUR rate:				
Euro net assets/ liabilities	(20.593)	20.593	-	-
Amount hedged for Euro risk (-)	-	-	-	-
EUR net effect	(20.593)	20.593	-	-
TOTAL	(701.388)	385.929	-	-

(*) The Company has compared the currency differences arising from the RUP investment loan, which the Company has used, with the interest rates in TL and capitalized the exceeding amount of foreign currency interests in construction in progress account. The impact of the 10% rise or fall in the foreign exchange rates was calculated using the same method and the capitalized foreign exchange losses were classified as the amount hedged against US dollar in the statement of exchange rate sensitivity analysis.

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

32. Financial instruments and financial risk management (continued)

Export and import

	1 January - 30 September 2014	**1 July - 30 September 2014**	1 January - 30 September 2013	1 July - 30 September 2013
Export				
USD (equivalent of thousand TL)	**5.945.953**	**2.390.488**	5.832.575	2.028.478
Total	**5.945.953**	**2.390.488**	5.832.575	2.028.478
Import				
USD (equivalent of thousand TL)	**25.239.754**	**9.158.966**	25.460.916	10.141.365
Total	**25.239.754**	**9.158.966**	25.460.916	10.141.365

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 can realize in a current market exchange.

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

Monetary 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.

32. Financial instruments and financial risk management (continued)

Monetary 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.

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 30 September 2014 is as follows (31 December 2013 – None):

30 September 2014:

Financial liabilities at fair value through profit or loss	Level 1	Level 2	Level 3
Derivative financial liabilities	-	**55.736**	-

33. Subsequent events

None.