

(Convenience translation of condensed interim consolidated financial statements
originally issued in Turkish-see Note 2.2.3)

Türkiye Petrol Rafinerileri A.Ş.

**1 January – 31 March 2016 condensed interim
consolidated financial statements**

Türkiye Petrol Rafinerileri A.Ş.

**Convenience translation of the condensed interim consolidated financial statements for the period of
1 January- 31 March 2016**

Table of contents	<u>Page</u>
Consolidated interim statement of financial position	1
Consolidated interim statements of profit or loss and other comprehensive income	2
Consolidated interim statements of changes in shareholder's equity	3
Consolidated interim statements of cash flows	4
Notes to the condensed consolidated financial statements	5 - 49
Note 1 Organization of the Group and nature of operations	5-6
Note 2 Basis of presentation of consolidated financial statements	7-15
Note 3 Business combinations	15
Note 4 Cash and cash equivalents	15-16
Note 5 Financial liabilities	17-19
Note 6 Trade receivables and payables	20-21
Note 7 Other receivables and payables	21
Note 8 Inventories.....	22
Note 9 Financial investments.....	22
Note 10 Investments accounted by equity method.....	22-23
Note 11 Investment property	23
Note 12 Property, plant and equipment (net)	24-25
Note 13 Intangible assets (net).....	25
Note 14 Prepaid expenses	26
Note 15 Other assets and liabilities	26-28
Note 16 Deferred income.....	28
Note 17 Provisions.....	28-31
Note 18 Liabilities for employee benefits.....	31
Note 19 Other payables.....	31
Note 20 Derivative instruments.....	32
Note 21 Government grants	33-34
Note 22 Commitments and contingent assets and liabilities	34-35
Note 23 Equity	35-36
Note 24 Sales and cost of sales	37
Note 25 Marketing, selling and distribution expenses, research and development expenses and general administrative expenses	38
Note 26 Operating income / (expenses).....	39
Note 27 Income from investment activities.....	39
Note 28 Financial income / (expenses)	39
Note 29 Tax assets and liabilities	40-41
Note 30 Earnings per share.....	42
Note 31 Related party transactions	42-45
Note 32 Financial instruments and financial risk management	45-49
Note 33 Subsequent events	49

(Convenience translation of condensed interim consolidated financial statements originally issued in Turkish-see Note 2.2.3)

Türkiye Petrol Rafinerileri A.Ş.

Consolidated statements of financial position as at 31 March 2016
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

Assets	Notes	Unaudited	Audited
		31 March 2016	31 December 2015
Current assets		9.407.864	8.674.981
Cash and cash equivalents	4	4.638.043	3.027.546
Trade receivables	6	1.954.526	2.539.832
Due from related parties	6, 31	583.385	658.673
Trade receivables from third parties		1.371.141	1.881.159
Other receivables	7	28.608	25.815
Other receivables from third parties		28.608	25.815
Derivative Instruments	20	13.666	18.845
Inventories	8	2.225.317	2.102.161
Prepaid expenses	14	128.553	132.093
Current income tax assets	29	66.261	4.317
Other current assets	15	352.890	824.372
Non-current assets		16.749.872	16.795.135
Financial investments	9	4.000	4.000
Investments accounted by equity method	10	734.467	762.217
Investment properties	11	4.621	4.621
Property, plant and equipment	12	11.490.509	11.479.744
Intangible assets	13	57.479	59.409
Other intangible assets		57.479	59.409
Derivative Instruments	20	202.375	250.027
Prepaid expenses	14	257.250	179.695
Deferred tax assets	29	3.080.304	3.202.503
Other non-current assets	15	918.867	852.919
Total assets		26.157.736	25.470.116
Liabilities			
Current liabilities		9.096.401	8.828.240
Short-term financial liabilities	5	66.611	94.023
Current portion of long term financial liabilities	5	2.702.803	1.777.358
Trade payables	6	3.441.075	3.878.036
Due to related parties	6, 31	42.087	80.273
Trade payables, third parties		3.398.988	3.797.763
Liabilities for employee benefits	18	45.149	70.129
Other payables	19	9.329	14.288
Other payables to third parties		9.329	14.288
Derivative Instruments	20	111.783	40.379
Deferred income	16	17.510	23.111
Current income tax liabilities	29	3.545	133.346
Provisions	17	98.356	70.604
Provisions for employee benefits		22.727	7.952
Other provisions		75.629	62.652
Other current liabilities	15	2.600.240	2.726.966
Non-current liabilities		8.527.269	8.273.427
Long-term financial liabilities	5	8.265.610	8.048.039
Provisions	17	197.469	193.973
Provisions for employee benefits		197.469	193.973
Deferred income	16	2.390	2.560
Derivative Instruments	20	60.246	27.244
Other non-current liabilities	15	1.554	1.611
Equity		8.534.066	8.368.449
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		(3.622)	(3.622)
Actuarial gain/(loss) arising from defined benefit plans		(3.622)	(3.622)
Accumulated other comprehensive income/(expense) to be reclassified to profit or loss		(327.933)	(410.631)
Hedging gains/(losses)		(427.267)	(510.448)
Currency translation differences		17.073	17.556
Revaluation and reclassification gains/(losses)		82.261	82.261
Restricted reserves	23	163.401	163.401
Retained earnings		6.961.127	4.410.959
Net income		78.912	2.550.168
Total equity attributable to equity holders of the parent		8.466.719	8.305.109
Non-controlling interests		67.347	63.340
Total equity and liabilities		26.157.736	25.470.116

The condensed consolidated financial statements for the period ended 31 March 2016 have been approved by the Board of Directors on 5 May 2016.

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

(Convenience translation of condensed interim consolidated financial statements originally issued in Turkish-see Note 2.2.3)

Türkiye Petrol Rafinerileri A.Ş.

Consolidated statement of comprehensive income for the three month interim period ended 31 March 2016
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	Notes	Unaudited	
		1 January - 31 March 2016	1 January - 31 March 2015
Revenue (net)	24	6.191.416	6.948.259
Cost of sales (-)	24	(5.700.714)	(6.449.565)
Gross profit		490.702	498.694
General administrative expenses (-)	25	(177.669)	(129.491)
Marketing, selling and distribution expenses (-)	25	(41.810)	(35.011)
Research and development expenses (-)	25	(7.183)	(7.412)
Other operating income	26	99.194	21.488
Other operating expenses (-)	26	(89.417)	(244.479)
Operating profit		273.817	103.789
Income/(expense) from investment activities	27	(201)	210
Income/(loss) from investments accounted by equity method	10	14.733	(22.746)
Operating profit before financial income/(expense)		288.349	81.253
Financial income	28	181.555	443.718
Financial expense (-)	28	(374.003)	(554.294)
Profit before tax from continued operations		95.901	(29.323)
Tax income / (expense)	29	(12.787)	307.620
Taxes on income (-)		(3.545)	(1.654)
Deferred tax income / (expense)		(9.242)	309.274
Net income from continued operations		83.114	278.297
Other comprehensive income:			
Items to be reclassified to profit or loss		82.503	(187.404)
Changes in currency translation differences		(483)	1.940
Gains/losses on hedging		107.703	(222.139)
Tax effect of other comprehensive income/(loss) to be reclassified to profit or loss		(24.717)	32.795
- Deferred tax income/(expense)		(24.717)	32.795
Other comprehensive income/(expense) after taxation		82.503	(187.404)
Total comprehensive income		165.617	90.893
Distribution of income for the period:			
Non-controlling interests		4.202	3.137
Attributable to equity holders of the parent		78.912	275.160
Distribution of total comprehensive income			
Non-controlling interests		4.007	3.137
Attributable to equity holders of the parent		161.610	87.756
Earnings per share with nominal value Kr 1 each (Kr)	30	0,32	1,10

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

(Convenience translation of condensed interim consolidated financial statements originally issued in Turkish-see Note 2.2.3)

Türkiye Petrol Rafinerileri A.Ş.

Consolidated statement of changes in equity for the three month interim period ended 31 March 2016
(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated)

	Share capital	Adjustment to share capital	Share premiums/discounts	Accumulated other comprehensive income/(expense) not to be reclassified to profit or loss	Accumulated other comprehensive income/(expense) to be reclassified to profit or loss			Retained earnings			Non-controlling interests	Total Equity	
				Actuarial gain/(loss) arising from defined benefit plans	Gains/losses on hedging	Currency translation differences	Revaluation gains/(losses)	Restricted reserves	Accumulated profit	Profit for the period			Equity holders of the parent
1 January 2015	250.419	1.344.243	172	(11.186)	(447)	12.058	54.256	163.401	2.884.837	1.458.963	6.156.716	55.914	6.212.630
Unaudited													
Transfers	-	-	-	-	-	-	-	-	1.458.963	(1.458.963)	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	(6.046)	(6.046)
- Net profit for period	-	-	-	-	-	-	-	-	-	275.160	275.160	3.137	278.297
- Other comprehensive income	-	-	-	-	(189.344)	1.940	-	-	-	-	(187.404)	-	(187.404)
Total comprehensive income	-	-	-	-	(189.344)	1.940	-	-	-	275.160	87.756	3.137	90.893
31 March 2015	250.419	1.344.243	172	(11.186)	(189.791)	13.998	54.256	163.401	4.343.800	275.160	6.244.472	53.005	6.297.477
1 January 2016	250.419	1.344.243	172	(3.622)	(510.448)	17.556	82.261	163.401	4.410.959	2.550.168	8.305.109	63.340	8.368.449
Unaudited													
Transfers	-	-	-	-	-	-	-	-	2.550.168	(2.550.168)	-	-	-
- Net profit for the period	-	-	-	-	-	-	-	-	-	78.912	78.912	4.202	83.114
- Other comprehensive income	-	-	-	-	83.181	(483)	-	-	-	-	82.698	(195)	82.503
Total comprehensive income	-	-	-	-	83.181	(483)	-	-	-	78.912	161.610	4.007	165.617
31 March 2016	250.419	1.344.243	172	(3.622)	(427.267)	17.073	82.261	163.401	6.961.127	78.912	8.466.719	67.347	8.534.066

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

(Convenience translation of condensed interim consolidated financial statements originally issued in Turkish-see Note 2.2.3)

Türkiye Petrol Rafinerileri A.Ş.

Consolidated statement of cash flows for the three month interim period ended 31 March 2016
(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated)

	Notes	Unaudited	
		1 January - 31 March 2016	1 January - 31 March 2015
A. Cash flows from operating activities		384.446	(1.227.421)
Profit/(loss)		83.114	278.297
Adjustment for reconciliation of profit/(loss)		174.909	67.941
- Adjustment for depreciation and amortisation expense	12, 13	134.281	73.261
- Adjustments for stock impairment	8	(86.691)	(84.743)
- Adjustment for provisions	17	33.004	22.833
- Adjustment for interest income and expense	28	63.872	53.963
- Adjustment for fair value gain or loss		64.814	(178.714)
- Adjustment for income of investments accounted by equity method	10	(14.733)	22.746
- Adjustment for tax income/expenses		12.787	(307.620)
- Adjustment for (gain) / loss on sales of property, plant and equipment	27	201	(210)
- Adjustment for other items related with cash flow of investment or financial activities	28	(123.896)	466.530
- Other adjustments for reconciliation of profit/(loss)		91.270	(105)
Changes in working capital		338.589	(1.503.093)
- Adjustment for increase/decrease in inventories		(36.465)	(365.741)
- Adjustment for increase/decrease in trade receivables		589.130	(323.960)
- Adjustment for increase/decrease in other receivables related with operations		481.018	(91.379)
- Adjustment for increase/decrease in trade payables		(436.321)	(1.113.009)
- Adjustment for increase/decrease in other payables related with operations		(258.773)	390.996
Cash flows from operating activities		596.612	(1.156.855)
- Tax payments/returns		(195.290)	(4.199)
- Payments for penalty	17	-	(54.998)
- Other cash inflow/outflow		(16.876)	(11.369)
B. Cash flows from investing activities		(179.594)	(248.711)
Cash inflows from the sales of property, plant and equipment and intangible assets		50	294
Cash outflows from the purchase of property, plant and equipment and intangible assets		(221.644)	(319.005)
Dividends received	10	42.000	70.000
C. Cash flows from financing activities		1.364.134	699.237
Cash inflows from financial liabilities		1.365.959	697.758
Dividends paid		-	(6.046)
Interest received		53.533	36.096
Interest paid		(55.358)	(28.571)
Net increase/decrease in cash and cash equivalents before the effect of foreign currency translation differences		1.568.986	(776.895)
D. Impact of foreign currency translation differences on cash and cash equivalents		-	-
Net increase/decrease in cash and cash equivalents		1.568.986	(776.895)
E. Cash and cash equivalents at beginning of period		2.199.168	3.211.406
Cash and cash equivalents at end of period	4	3.768.154	2.434.511

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

(Convenience translation of condensed interim consolidated financial statements originally issued in Turkish-see Note 2.2.3)

Türkiye Petrol Rafinerileri A.Ş.

Notes to the consolidated financial statements for the three month interim period ended 31 March 2016
(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 and process, produce or trade these materials in order to obtain petrochemical and other related products,
- To package the products produced during various phases of production and to establish a packaging industry for this purpose, to evaluate and/or to sell waste, by products and substandard products, to establish and operate the necessary facilities for the destruction of the waste products,
- To establish and operate facilities and plants related with all kinds of energy and energy related industries within the framework of the laws and regulations. To obtain, use and trade all kinds of equipment, materials and chemical substances for this purpose,
- To purchase, sell, import, export, store, market 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 and the Group’s business segment has been identified as refining.

The Company is registered at the Capital Markets Board (“CMB”) of Turkey and its shares have been quoted at Borsa İstanbul A.Ş. (“BİST”) (previously known as Istanbul Stock Exchange (“ISE”)) since 1991. As at 31 March 2016, the shares quoted on the BİST are 49% of the total shares. As of 31 March 2016, 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

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

Türkiye Petrol Rafinerileri A.Ş.

Notes to the consolidated financial statements for the three month interim period ended 31 March 2016 (continued)
(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
Bakırköy Tankercilik A.Ş. ("Bakırköy") (**)	Turkey	Crude oil and petroleum products transportation
Karaköy Tankercilik A.Ş. ("Karaköy") (**)	Turkey	Crude oil and petroleum products transportation
Çengelköy Tankercilik A.Ş. ("Çengelköy") (**)	Turkey	Crude oil and petroleum products transportation
Körfez Hava Ulaştırma A.Ş. ("Körfez") (*)	Turkey	Air carriage and transportation

(*) Körfez, a subsidiary of the Group, has not been included in the scope of consolidation in the consolidated financial statements for the period ended 31 March 2016 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 31 March 2016 total assets of Körfez is TL 7.494 thousand and net period loss of Körfez is TL 585 thousand.

(**) Bakırköy, Karaköy and Çengelköy, subsidiaries of the Group, which have been established in January 2016 have been included in the scope of consolidation in the consolidated financial statements for the interim period ended 31 March 2016.

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	United Kingdom	Petroleum products trading
Opet Trade B.V.	Netherlands	Petroleum products trading
Opet Trade Singapore (In liquidation) (*)	Singapore	Petroleum products trading
Opet Fuchs Madeni Yağ San. ve Tic. A.Ş.	Turkey	Lube oil trading
Op Ay Akaryakıt Ticaret Ltd. Şti.	Turkey	Petroleum products trading
Akdeniz Akaryakıt Depolama Nakliyat ve Tic. A.Ş.	Turkey	Petroleum products trading
Nemrut Liman ve Boru İşl. Nak. İç ve Dış Tic. Ltd. Şti.	Turkey	Marine services
Opet Aygaz Gayrimenkul A.Ş.	Turkey	Real estate

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

The total number of employees of the Group as at 31 March 2016 is 5.147 (31 December 2015 – 5.131).

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

(Convenience translation of condensed interim consolidated financial statements originally issued in Turkish-see Note 2.2.3)

Türkiye Petrol Rafinerileri A.Ş.

Notes to the consolidated financial statements for the three month interim period ended 31 March 2016 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

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.

In accordance with the Turkish Accounting Standard No: 34 Interim Financial Reporting", entities are allowed to prepare a complete or condensed set of interim financial statements. In this respect, the Group has preferred to prepare condensed consolidated financial statements in the interim periods. Accordingly, these interim condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2015.

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

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The 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 Turkish Financial Reporting Standards (TFRS)

The new standards, amendments and interpretations

The accounting policies adopted in preparation of the interim consolidated financial statements as at 31 March 2016 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 2016. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

(Convenience translation of condensed interim consolidated financial statements originally issued in Turkish-see Note 2.2.3)

Türkiye Petrol Rafinerileri A.Ş.

Notes to the consolidated financial statements for the three month interim period ended 31 March 2016 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

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

i) The new standards, amendments and interpretations which are effective as at 1 January 2016 are as follows:

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

TFRS 11 is amended 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 TFRS 3 Business Combinations, to apply all of the principles on business combinations accounting in TFRS 3 and other TFRSs except for those principles that conflict with the guidance in this TFRS. In addition, the acquirer shall disclose the information required by TFRS 3 and other TFRSs for business combinations. The amendments did not have an impact on the financial position or performance of 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 did not have an impact on the financial position or performance of the Group.

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

TAS 16 is amended to provide guidance 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 TAS 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 TAS 41, measured at fair value less costs to sell. The amendment is not applicable for the Group and did not have an impact on the financial position or performance of the Group.

TAS 27 Equity Method in Separate Financial Statements (Amendments to TAS 27)

Public Oversight Accounting and Auditing Standards Authority (POA) of Turkey issued an amendment to TAS 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
- Using the equity method defined in TAS 28

The entity must apply the same accounting for each category of investments. The amendment is not applicable for the Group and did not have an impact on the financial position or performance of the Group.

(Convenience translation of condensed interim consolidated financial statements originally issued in Turkish-see Note 2.2.3)

Türkiye Petrol Rafinerileri A.Ş.

Notes to the consolidated financial statements for the three month interim period ended 31 March 2016 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

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

TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)

Amendments issued to TFRS 10 and TAS 28, to address the acknowledged inconsistency between the requirements in TFRS 10 and TAS 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 TFRS 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. The amendment is not applicable for the Group and did not have an impact on the financial position or performance of the Group.

TFRS 10, TFRS 12 and TAS 28: Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 and IAS 28)

Amendments issued to TFRS 10, TFRS 12 and TAS 28, to address the issues that have arisen in applying the investment entities exception under TFRS 10 Consolidated Financial Statements. The amendment is not applicable for the Group and did not have an impact on the financial position or performance of the Group.

TAS 1: Disclosure Initiative (Amendments to TAS 1)

The amendments issued to TAS 1. Those amendments include narrow-focus improvements in the following five areas: Materiality, Disaggregation and subtotals, Notes structure, Disclosure of accounting policies, Presentation of items of other comprehensive income (OCI) arising from equity accounted investments. These amendments did not have significant impact on the notes to the interim condensed consolidated financial statements of the Group.

Annual Improvements to TFRSs - 2012-2014 Cycle

POA issued, Annual Improvements to TFRSs 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 – clarifies that changes in methods of disposal (through sale or distribution to owners) would not be considered a new plan of disposal, rather it is a continuation of the original plan
- IFRS 7 Financial Instruments: Disclosures – clarifies that i) the assessment of servicing contracts that includes a fee for the continuing involvement of financial assets in accordance with IFRS 7; ii) the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report
- IAS 19 Employee Benefits – clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located
- IAS 34 Interim Financial Reporting –clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report.

The amendment did not have significant impact on the financial position or performance of the Group.

(Convenience translation of condensed interim consolidated financial statements originally issued in Turkish-see Note 2.2.3)

Türkiye Petrol Rafinerileri A.Ş.

Notes to the consolidated financial statements for the three month interim period ended 31 March 2016 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

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

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 Group will make the necessary changes if not indicated otherwise, which will be affecting the consolidated financial statements and disclosures, when the new standards and interpretations become effective.

TFRS 9 Financial Instruments – Classification and measurement

As amended in is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. 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 Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is adopted by POA.

iii) 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 Group will make the necessary changes to its 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.

(Convenience translation of condensed interim consolidated financial statements originally issued in Turkish-see Note 2.2.3)

Türkiye Petrol Rafinerileri A.Ş.

Notes to the consolidated financial statements for the three month interim period ended 31 March 2016 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

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

Annual Improvements – 2011–2013 Cycle

IFRS 15 Revenue from Contracts with Customers

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 effective date is January 1, 2018, 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 Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

Clarifications to IFRS 15 'Revenue from Contracts with Customers' (Amendment)

IASB has published final clarifications to IFRS 15 in April 2016. The amendments address three of the five topics identified (identifying performance obligations, principal versus agent considerations, and licensing) and provide some transition relief for modified contracts and completed contracts. The amendments are effective for annual reporting periods beginning on or after January 1, 2018. Earlier application is permitted. The Group is in the process of assessing the impact of the amendment on financial position or performance of the Group.

IFRS 9 Financial Instruments - Final standard (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 January 1, 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 Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

IFRS 16 Leases

The IASB has published a new standard, IFRS 16 'Leases'. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 supersedes IAS 17 'Leases' and related interpretations and is effective for periods beginning on or after January 1, 2019, with earlier adoption permitted if IFRS 15 'Revenue from Contracts with Customers' has also been applied. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

(Convenience translation of condensed interim consolidated financial statements originally issued in Turkish-see Note 2.2.3)

Türkiye Petrol Rafinerileri A.Ş.

Notes to the consolidated financial statements for the three month interim period ended 31 March 2016 (continued)
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

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

IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses (Amendments)

The IASB issued amendments to IAS 12 Income Taxes. The amendments clarify how to account for deferred tax assets related to debt instruments measured at fair value. The amendments clarify the requirements on recognition of deferred tax assets for unrealised losses, to address diversity in practice. These amendments are to be retrospectively applied for annual periods beginning on or after January 1, 2017 with earlier application permitted. However, on initial application of the amendment, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. If the Group applies this relief, it shall disclose that fact. The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

IAS 7 'Statement of Cash Flows (Amendments)

The IASB issued amendments to IAS 7 'Statement of Cash Flows'. The amendments are intended to clarify IAS 7 to improve information provided to users of financial statements about an entity's financing activities. The improvements to disclosures require companies to provide information about changes in their financing liabilities. These amendments are to be applied for annual periods beginning on or after January 1, 2017 with earlier application permitted. When the Group first applies those amendments, it is not required to provide comparative information for preceding periods. The Group is in the process of assessing the impact of the amendments on financial position or performance of 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 other comprehensive income statement and shareholders' equity.

Türkiye Petrol Rafinerileri A.Ş.

Notes to the consolidated financial statements for the three month interim period ended 31 March 2016 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

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

2.1.4 Basis of consolidation

- a) The condensed consolidated financial statements for the interim period ended 31 March 2016 have been prepared in accordance with principles stated on the consolidated financial statements for the year ended 31 December 2015 and include financial statements of Tüpraş, and its Subsidiaries.
- b) At 31 March 2016, there are no changes in voting rights or proportion of effective interest on Subsidiaries and Joint Ventures apart from Bakırköy, Karaköy and Çengelköy, which have been established in January 2016, that are subject to consolidation from the information stated on consolidated financial statements for the year ended 31 December 2015.

	31 March 2016		31 December 2015	
	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
Bakırköy	79,98	79,98	-	-
Karaköy	79,98	79,98	-	-
Çengelköy	79,98	79,98	-	-

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 joint ventures. The changes of the amount, not reflected on income or loss of the joint venture, on the equity of the joint venture can requisite an adjustment on the net book value of the joint venture in proportion of the Group's share. The share of the Group from these changes is directly accounted under the Group's equity.

Türkiye Petrol Rafinerileri A.Ş.

Notes to the consolidated financial statements for the three month interim period ended 31 March 2016 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

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

The table below shows the total interest of the Group in its joint ventures accounted by equity method as at 31 March 2016 and 31 December 2015:

	31 March 2016		31 December 2015	
	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 International Limited (*)	50,00	40,00	50,00	40,00
Opet Trade B.V.(*)	50,00	40,00	50,00	40,00
Opet Trade Singapore (In liquidation) (*) (**)	50,00	40,00	50,00	40,00
THY Opet Havacılık Yakıtları A.Ş.(*)	25,00	20,00	25,00	20,00
Opet Fuchs Madeni Yağ San. ve Tic. A.Ş.(*)	25,00	20,00	25,00	20,00
Op Ay Akaryakıt Ticaret Ltd. Şti.(*)	25,00	20,00	25,00	20,00
Akdeniz Akaryakıt Depolama Nakliyat ve Tic. A.Ş.(*)	16,65	13,32	16,65	13,32
Nemrut Liman ve Boru İşl. Nak. İç ve Dış Tic. Ltd. Şti.(*)	12,50	10,00	12,50	10,00
Opet Aygaz Gayrimenkul A.Ş.(*)	25,00	20,00	25,00	20,00

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

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

- d) 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.

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 31 March 2016 comparatively with the consolidated statement of financial position as of 31 December 2015, presented the consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the interim period ended 31 March 2016 comparatively with the consolidated financial statements for the interim period ended 31 March 2016.

(Convenience translation of condensed interim consolidated financial statements originally issued in Turkish-see Note 2.2.3)

Türkiye Petrol Rafinerileri A.Ş.

Notes to the consolidated financial statements for the three month interim period ended 31 March 2016 (continued)
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

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

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 31 March 2016, have been prepared in compliance with IAS 34, the IFRS standard on interim financial reporting. Furthermore, condensed consolidated financial statements as of 31 March 2016 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 2015. Thus, these condensed consolidated financial statements must be evaluated together with the consolidated financial statements for the year ended 31 December 2015.

3. Business combinations

No business combinations occurred during the period 31 March 2016.

4. Cash and cash equivalents

	31 March 2016	31 December 2015
Cash at banks		
Revenue share (blocked)	861.030	823.645
Time deposit	3.764.379	2.151.632
Demand deposits	3.775	47.536
Interest income accruals	8.859	4.733
Total	4.638.043	3.027.546

Revenue Share (blocked)

As required by the Petroleum Market License Regulation, the revenue share collected by the Group is held in banks and evaluated as blocked deposit in the Company’s books. The revenue share was invested as demand deposits with overnight interest rate as at 31 March 2016 and 31 December 2015 (Note 15).

(Convenience translation of condensed interim consolidated financial statements originally issued in Turkish-see Note 2.2.3)

Türkiye Petrol Rafinerileri A.Ş.

Notes to the consolidated financial statements for the three month interim period ended 31 March 2016 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

4. Cash and cash equivalents (continued)

Time deposits and other cash and cash equivalents

As at 31 March 2016 and 31 December 2015, the maturity and the currency information of the time deposits, is as follows:

31 March 2016

	Less than 1 month	1 - 3 months	Total
TL	1.228.088	-	1.228.088
USD	1.656.678	24.980	1.681.658
EUR	843.766	10.620	854.386
GBP	247	-	247
Time deposit	3.728.779	35.600	3.764.379

31 December 2015

	Less than 1 month	1 - 3 months	Total
TL	600.110	-	600.110
USD	1.510.950	11.543	1.522.493
EUR	20.730	8.176	28.906
GBP	123	-	123
Time deposit	2.131.913	19.719	2.151.632

Effective interest rate of TL time deposits is 13,62%, effective interest rate of USD time deposits is 3,15%, effective interest rate of EUR time deposits is 2,10% and effective interest rate of GBP time deposits is 1,40% (31 December 2015 - TL 13,75%, USD 2,28% ,EUR 1,40% and GBP 1,40%).

Cash and cash equivalents included in the consolidated statements of cash flows for the periods ended 31 March 2016 and 31 March 2015 are as follows:

	31 March 2016	31 March 2015
Cash and cash equivalents	4.638.043	3.147.027
Blocked deposits (Revenue share)	(861.030)	(705.703)
Less: Time deposit interest accruals	(8.859)	(6.813)
Cash and cash equivalents for cash flow purposes	3.768.154	2.434.511

(Convenience translation of condensed interim consolidated financial statements originally issued in Turkish-see Note 2.2.3)

Türkiye Petrol Rafinerileri A.Ş.

Notes to the consolidated financial statements for the three month interim period ended 31 March 2016 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

5. Financial liabilities

	31 March 2016	31 December 2015
Short term financial liabilities:		
Short-term bank borrowings	66.583	94.017
Interest accruals	28	6
Total	66.611	94.023
Current portion of long-term bank borrowings:		
Current portion of long-term bank borrowings	2.360.646	1.684.088
Interest accruals of bank borrowings	103.975	70.783
Bonds issued	200.000	-
Interest accruals of bonds issued	38.182	22.487
Total	2.702.803	1.777.358
Long-term financial liabilities:		
Long-term bank borrowings	6.281.921	5.812.719
Bonds issued	1.983.380	2.235.320
Interest accruals of bank borrowings	309	-
Total	8.265.610	8.048.039
Total financial liabilities	11.035.024	9.919.420

As explained by Tüpraş in material disclosures dated 18 December 2014, 31 December 2014, 16 January and 19 January 2015, without internal public offers, the necessary permits have been received for the bond issue up to a nominal amount of 1 billion TL for the qualified investors and a nominal amount of 200 million TL bond issue with 728 days maturity and a fixed coupon paid per six months was completed on 19 January 2015, respectively.

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 million with an interest rate of 4,125% and maturity of 2 May 2018.

As explained in material disclosure dated 17 March 2016, Tüpraş signed a long term loan facility agreement with a group of lenders, consisting of HSBC (Coordinator), ING (Facility Agent), The Bank of Tokyo-Mitsubishi UFJ, Ltd., Citibank N.A, Intesa Sanpaolo and JPMorgan Chase Bank, N.A. London Branch, to meet our working capital requirements for forthcoming period and extent the weighted-average of debt maturities. The loans amounting to 157,5 million USD and 261,5 million EUR were utilized on 29 March 2016 and the loans have semi-annual interest payments, 5 year maturity with 3 years grace period and 6 monthly 5 equal principal payments thereafter.

(Convenience translation of condensed interim consolidated financial statements originally issued in Turkish-see Note 2.2.3)

Türkiye Petrol Rafinerileri A.Ş.

Notes to the consolidated financial statements for the three month interim period ended 31 March 2016 (continued)
(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 31 March 2016 and 31 December 2015 are as follows:

			31 March 2016
	Effective interest rate (%)	Original currency	Thousand TL
Short term financial liabilities:			
USD borrowings	2,63	1.150.000	3.258
TL borrowings (*)	-	63.325.150	63.325
			66.583
Current portion of long-term financial liabilities:			
USD borrowings	2,73	314.914.269	892.278
EUR borrowings	3,23	9.584.273	30.747
TL borrowings	11,01	1.437.620.915	1.437.621
TL bonds issued	8,97	200.000.000	200.000
			2.560.646
Interest accruals			142.185
Total short-term financial liabilities			2.769.414
Long-term financial liabilities:			
USD borrowings	2,56	1.760.768.035	4.988.960
USD bonds issued	4,17	700.000.000	1.983.380
EUR borrowings	2,10	304.298.022	976.219
TL borrowings	13,30	316.741.830	316.742
			8.265.301
Interest accruals			309
Total long-term financial liabilities			8.265.610

(*) Banks provide interest-free loans to the Group for the payment of SCT, Customs and Social Security debts amounting to TL 63.325 thousand as of 31 March 2016 (31 December 2015 - TL 90.673 thousand).

(Convenience translation of condensed interim consolidated financial statements originally issued in Turkish-see Note 2.2.3)

Türkiye Petrol Rafinerileri A.Ş.

Notes to the consolidated financial statements for the three month interim period ended 31 March 2016 (continued)
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

5. Financial liabilities (continued)

	31 December 2015		
	Effective interest rate (%)	Original currency	Thousand TL
Short term financial liabilities:			
USD borrowings	2,63	1.150.000	3.344
TL borrowings (*)	-	90.672.977	90.673
			94.017
Current portion of long-term financial liabilities:			
USD borrowings	2,63	314.423.295	914.217
EUR borrowings	2,39	13.016.855	41.361
TL borrowings	11,26	728.509.803	728.510
			1.684.088
Interest accruals			93.276
Total short-term financial liabilities			1.871.381
Long-term financial liabilities:			
USD borrowings	2,50	1.585.919.115	4.611.218
USD bonds issued	4,17	700.000.000	2.035.320
EUR borrowings	3,13	45.375.909	144.187
TL borrowings	11,52	1.057.313.726	1.057.314
TL bonds issued	8,97	200.000.000	200.000
			8.048.039
Interest accruals			-
Total long-term financial liabilities			8.048.039

As at 31 March 2016 and 31 December 2015, the redemption schedule of long-term bank borrowings is as follows:

	31 March 2016	31 December 2015
2017	1.178.472	2.180.509
2018	2.903.537	2.944.591
2019	1.123.052	602.960
2020	1.105.352	621.157
2021 and after	1.955.197	1.698.822
Total	8.265.610	8.048.039

In 2011, Tüpraş has signed three loan agreements in order to finance Residuum Upgrading Project and further to the agreements the loans amounting to USD 1.998 million were utilized between 2011 and 2015 for credit insurance payments and capital expenditures. According to financing package loan was insured by SACE and CESCE have 12 years to maturity also there will be no principal and interest payment in first 4 years. The third loan has 7 years to maturity and there will be no principal payment in the first four years. The repayment of the loans has started in 2015 and as at 31 March 2016 the outstanding amount of the loans is USD 1.850 million (31 December 2015 – USD 1.850 million).

(Convenience translation of condensed interim consolidated financial statements originally issued in Turkish-see Note 2.2.3)

Türkiye Petrol Rafinerileri A.Ş.

Notes to the consolidated financial statements for the three month interim period ended 31 March 2016 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

6. Trade receivables and payables

Short-term trade receivables:

	31 March 2016	31 December 2015
Trade receivables	1.374.905	1.888.743
Due from related parties (Note 31)	583.385	658.673
Doubtful trade receivables	2.593	2.593
Other trade receivables	12	16
Less: Unearned credit finance income	(3.776)	(7.600)
Less: Provision for doubtful receivables	(2.593)	(2.593)
Total short-term trade receivables (net)	1.954.526	2.539.832

As at 31 March 2016, Tüpraş has offsetted TL 648.251 thousand (31 December 2015 - TL 778.111 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 31 March 2016 and 31 December 2015 are as follows:

	31 March 2016	31 December 2015
Group 1	23.449	245
Group 2	56.653	285.691
Group 3	1.289.045	1.273.775
Group 4	461.693	970.364
Total	1.830.840	2.530.075

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)

(Convenience translation of condensed interim consolidated financial statements originally issued in Turkish-see Note 2.2.3)

Türkiye Petrol Rafinerileri A.Ş.

Notes to the consolidated financial statements for the three month interim period ended 31 March 2016 (continued)
(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 31 March 2016 and 31 December 2015 is as follows:

	31 March 2016	31 December 2015
Up to 3 months	117.640	9.354
3 to 12 months	6.046	403
Total	123.686	9.757

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 years ended 31 March 2016 and 2015 is as follows:

	2016	2015
1 January	2.593	2.593
Charge for the period	-	-
31 March	2.593	2.593

Short-term trade payables:

	31 March 2016	31 December 2015
Trade payables	3.401.217	3.799.352
Due to related parties (Note 31)	42.087	80.273
Less: Unrealised credit finance charges	(2.229)	(1.589)
Total short-term trade payables (net)	3.441.075	3.878.036

7. Other receivables and payables

Other short-term receivables:

	31 March 2016	31 December 2015
Receivable from insurance recoveries	10.539	2.607
Advances and guarantees given	10.522	16.267
Receivable from personnel	7.547	6.941
Other doubtful receivables	738	738
Less: Provision for other doubtful receivables	(738)	(738)
Total	28.608	25.815

(Convenience translation of condensed interim consolidated financial statements originally issued in Turkish-see Note 2.2.3)

Türkiye Petrol Rafinerileri A.Ş.

Notes to the consolidated financial statements for the three month interim period ended 31 March 2016 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

8. Inventories

	31 March 2016	31 December 2015
Raw materials and supplies	699.086	939.327
Work-in-progress	600.748	545.730
Finished goods	593.449	526.884
Trade goods	137.537	12.074
Goods in transit	198.224	169.266
Other	11.696	10.994
	2.240.740	2.204.275
Less: Provision for impairment in inventories	(15.423)	(102.114)
Total	2.225.317	2.102.161

As of March 31, 2016, stock impairment amounting to TL 2.348 thousand comes from finished goods (31 December 2015 – TL 36.535 thousand), TL 13.075 thousand comes from work-in-progress (31 December 2015 – 63.346) and recognized under cost of goods sold account. There is no stock impairment from trade goods as of March 31, 2016 (31 December 2015 – 2.233 bin TL).

Movement of the provision for inventories for the years ended 31 March 2016 and 2015 is as follows:

	2016	2015
1 January	102.114	90.204
Charge for the period	15.423	5.461
Cancellations within the period	(102.114)	(90.204)
31 March	15.423	5.461

9. Financial investments

Long term financial investments

	31 March 2016		31 December 2015	
	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

	31 March 2016		31 December 2015	
	Participation share (%)	Amount	Participation share (%)	Amount
OPET Petrolcülük A.Ş.	40,00	734.467	40,00	762.217
		734.467		762.217

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

(Convenience translation of condensed interim consolidated financial statements originally issued in Turkish-see Note 2.2.3)

Türkiye Petrol Rafinerileri A.Ş.

Notes to the consolidated financial statements for the three month interim period ended 31 March 2016 (continued)
(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 period ended 31 March 2016 and 2015 is as follows:

	2016	2015
1 January	762.217	726.494
Investments recognized with equity method;		
Shares in current year profit	14.733	(22.746)
Dividend payment	(42.000)	(70.000)
Currency translation differences	(483)	1.940
31 March	734.467	635.688

Consolidated summary financial statements of investments accounted by equity method (before Group's effective interest) are as follows:

	31 March 2016	31 December 2015
Current assets	2.094.444	2.173.587
Non-current assets	2.062.214	1.993.750
Total assets	4.156.658	4.167.337
Short term liabilities	1.740.047	1.729.243
Long term liabilities	1.053.126	1.005.232
Equity	1.363.485	1.432.862
Total liabilities	4.156.658	4.167.337

	1 January - 31 March 2016	1 January - 31 March 2015
Sales(net)	3.820.320	3.493.447
Gross profit	219.069	142.373
Operating profit/loss	87.091	(6.208)
Net income/loss for period	36.833	(56.866)

11. Investment property

At 31 March 2016, investment property represents the land amounting to TL 4.621 thousand (31 December 2015 - 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 2015 – TL 38.117 thousand).

(Convenience translation of condensed interim consolidated financial statements originally issued in Turkish-see Note 2.2.3)

Türkiye Petrol Rafinerileri A.Ş.

Notes to the consolidated financial statements for the three month interim period ended 31 March 2016 (continued)
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

12. Property, plant and equipment

	1 January 2016	Additions	Transfers	Disposals	31 March 2016
Cost:					
Land	48.844	-	-	-	48.844
Land improvements	3.525.298	-	43.003	-	3.568.301
Buildings	695.372	-	1.761	-	697.133
Machinery and equipment	11.149.479	75	24.907	(628)	11.173.833
Motor vehicles	619.383	91.557	75	(190)	710.825
Furniture and fixtures	105.955	164	1.572	(127)	107.564
Construction in progress	499.904	51.571	(74.172)	-	477.303
Other tangible assets	1.488	-	-	-	1.488
	16.645.723	143.367	(2.854)	(945)	16.785.291
Accumulated depreciation:					
Land improvements	(1.129.120)	(35.754)	-	-	(1.164.874)
Buildings	(174.083)	(3.699)	-	-	(177.782)
Machinery and equipment	(3.664.377)	(78.284)	-	388	(3.742.273)
Motor vehicles	(139.883)	(7.893)	-	190	(147.586)
Furniture and fixtures	(57.230)	(3.845)	-	116	(60.959)
Other tangible assets	(1.286)	(22)	-	-	(1.308)
	(5.165.979)	(129.497)	-	694	(5.294.782)
Net book value	11.479.744				11.490.509

	1 January 2015	Additions	Transfers	Disposals	31 March 2015
Cost:					
Land	48.862	-	-	(18)	48.844
Land improvements	1.656.919	-	460	-	1.657.379
Buildings	444.122	-	-	-	444.122
Machinery and equipment	5.692.599	-	1.668	(54)	5.694.213
Motor vehicles	516.853	88.750	8.005	-	613.608
Furniture and fixtures	80.955	122	1.062	(587)	81.552
Construction in progress	6.921.974	525.880	(11.825)	-	7.436.029
Other tangible assets	1.367	-	-	-	1.367
	15.363.651	614.752	(630)	(659)	15.977.114
Accumulated depreciation:					
Land improvements	(998.696)	(17.931)	-	-	(1.016.627)
Buildings	(160.461)	(2.399)	-	-	(162.860)
Machinery and equipment	(3.381.748)	(39.578)	-	54	(3.421.272)
Motor vehicles	(112.480)	(6.623)	-	-	(119.103)
Furniture and fixtures	(45.681)	(2.774)	-	585	(47.870)
Other tangible assets	(1.192)	(22)	-	-	(1.214)
	(4.700.258)	(69.327)	-	639	(4.768.946)
Net book value	10.663.393				11.208.168

The Company completed its investment within the scope of Residuum Upgrading Project and the investment amounting to TL 7.229.540 thousand was capitalized as of 31 December 2015. The depreciation has started to be recognized in the financial statements as the Company terminated capitalization of borrowing costs at 1 March 2015 and TL 54.307 thousand of TL 59.273 thousand depreciation is recognized under cost of sold goods while TL 4.966 thousand of the aforementioned depreciation is recognized under general administrative expenses as of 31 March 2016.

(Convenience translation of condensed interim consolidated financial statements originally issued in Turkish-see Note 2.2.3)

Türkiye Petrol Rafinerileri A.Ş.

Notes to the consolidated financial statements for the three month interim period ended 31 March 2016 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

12. Property, plant and equipment (continued)

Total depreciation expense amounting to TL 129.497 thousand (31 March 2015 - TL 69.327 thousand) in the consolidated statement of comprehensive income for the period ended 31 March 2016 has been allocated to cost of goods sold amounting to TL 81.214 thousand (31 March 2015 - TL 63.173 thousand), to marketing, sales and distribution expenses amounting to TL 1 thousand (31 March 2015 - TL 1 thousand), to general administration expenses amounting to TL 9.346 thousand (31 March 2015 - TL 5.697 thousand) and to other expenses amounting to TL 38.936 thousand (31 March 2015 - TL 456 thousand).

13. Intangible assets

Other intangible assets:

The movements of intangible assets and related accumulated amortisation for the period ended 31 March 2016 is as follows:

	1 January 2016	Additions	Transfers	Disposals	31 March 2016
Cost:					
Rights and software	57.087	-	2.030	-	59.117
Development expenses	61.981	-	824	-	62.805
	119.068	-	2.854	-	121.922
Accumulated amortisation:					
Rights and software	(30.418)	(1.826)	-	-	(32.244)
Development expenses	(29.241)	(2.958)	-	-	(32.199)
	(59.659)	(4.784)	-	-	(64.443)
Net book value	59.409				57.479

The movements of intangible assets and related accumulated amortisation for the period ended 31 March 2015 is as follows:

	1 January 2015	Additions	Transfers	Disposals	31 March 2015
Cost:					
Rights and software	49.933	-	630	-	50.563
Development expenses	54.096	-	-	(70)	54.026
	104.029	-	630	(70)	104.589
Accumulated amortisation:					
Rights and software	(25.436)	(1.232)	-	-	(26.668)
Development expenses	(18.024)	(2.702)	-	6	(20.720)
	(43.460)	(3.934)	-	6	(47.388)
Net book value	60.569				57.201

Total amortisation expenses amounting to TL 4.784 thousand (31 March 2015 - TL 3.934 thousand) in the consolidated statement of comprehensive income for the period ended 31 March 2016 have been allocated to the cost of goods sold amounting to TL 3 thousand (31 March 2015- 3 thousand), and to general administration expenses amounting to TL 4.781 thousand (31 March 2015 - TL 3.931 thousand).

(Convenience translation of condensed interim consolidated financial statements originally issued in Turkish-see Note 2.2.3)

Türkiye Petrol Rafinerileri A.Ş.

Notes to the consolidated financial statements for the three month interim period ended 31 March 2016 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

14. Prepaid expenses

Short term prepaid expenses:

	31 March 2016	31 December 2015
Prepaid insurance and other expense	33.836	47.484
Prepaid investment loan insurance expenses (*)	31.016	32.158
Advances given	32.783	28.133
Taxes and funds to be offsetted	30.918	24.318
Total	128.553	132.093

Long term prepaid expenses:

	31 March 2016	31 December 2015
Prepaid investment loan insurance expenses (*)	98.058	105.400
Advances given to third parties for property, plant and equipment	106.307	54.894
Advances given to related parties for property, plant and equipment (Note 31)	44.827	17.963
Prepaid other expenses	8.058	1.438
Total	257.250	179.695

(*) 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:

	31 March 2016	31 December 2015
Deferred Value Added Tax ("VAT")	253.212	289.514
Deferred Special Consumption Tax ("SCT")	80.128	75.497
Income Accruals (*)	15.547	448.312
Other current assets	4.003	11.049
Total	352.890	824.372

(*) As of 31 December 2015 TL 445.148 thousand of revenue recognition at a total amount of TL 448.312 thousand consists of revenue recognition of outstanding commodity derivatives transactions ending on 31 December 2015. The aforementioned transaction was made for 12 million barrels of inventory of Tüpraş which are exposed to commodity price risk. Weighted average price of outstanding commodity derivatives transactions ending on 31 December 2015 is USD 51,67/barrel and a sales liability/obligation of TL1.802.869 exists against a purchase of TL1.357.721 thousand. The aforementioned revenue recognition made as of 31 December 2015 is recognized under cost of goods sold and collected as of 8 January 2016.

(Convenience translation of condensed interim consolidated financial statements originally issued in Turkish-see Note 2.2.3)

Türkiye Petrol Rafinerileri A.Ş.

Notes to the consolidated financial statements for the three month interim period ended 31 March 2016 (continued)
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

15. Other assets and liabilities (continued)

Other non-current assets:

	31 March 2016	31 December 2015
Spare parts and materials	945.366	879.473
Other	1.007	952
Provision for spare parts and materials	(27.506)	(27.506)
Total	918.867	852.919

Other short-term liabilities:

	31 March 2016	31 December 2015
SCT payable	1.046.029	1.253.987
Revenue share	865.260	827.793
VAT payable	330.873	239.207
Deferred VAT	253.212	289.514
Deferred SCT	80.128	75.497
Other taxes and liabilities	20.588	37.381
Other	4.150	3.587
Total	2.600.240	2.726.966

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 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.

(Convenience translation of condensed interim consolidated financial statements originally issued in Turkish-see Note 2.2.3)

Türkiye Petrol Rafinerileri A.Ş.

Notes to the consolidated financial statements for the three month interim period ended 31 March 2016 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

15. Other assets and liabilities (continued)

As a result of these regulations, the revenue share amounting to TL 865.260 thousand accumulated as at 31 March 2016 (31 December 2015 – TL 827.793 thousand) which is not recognized in the comprehensive income statement, has been classified as "Revenue Share" within "Other short-term liabilities". TL 861.030 thousand that is (31 December 2015 - TL 823.645 thousand) blocked in banks as demand deposits related to the calculated revenue share has been classified as Revenue share "Blocked" within "Cash and cash equivalents" (Note 4).

Other long-term liabilities:

	31 March 2016	31 December 2015
Participation share	1.554	1.611
Total	1.554	1.611

16. Deferred income

Short-term deferred income

	31 March 2016	31 December 2015
Advances taken	15.767	21.430
Deferred income	1.743	1.681
Total	17.510	23.111

Long-term deferred income

	31 March 2016	31 December 2015
Deferred income	2.390	2.560
Total	2.390	2.560

17. Provisions

Provision for employee benefits:

Short term provision for employee benefits:

	31 March 2016	31 December 2015
Seniority incentive bonus provision	4.980	5.325
Personnel bonus accruals	17.747	2.627
Total	22.727	7.952

Long term employee benefits:

	31 March 2016	31 December 2015
Provision for employment termination benefits	146.107	144.547
Provision for unused vacation	42.977	41.904
Seniority incentive bonus provision	8.385	7.522
Total	197.469	193.973

(Convenience translation of condensed interim consolidated financial statements originally issued in Turkish-see Note 2.2.3)

Türkiye Petrol Rafinerileri A.Ş.

Notes to the consolidated financial statements for the three month interim period ended 31 March 2016 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

17. Provisions (continued)

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:

	2016	2015
1 January	12.847	10.850
Charge for the period	2.154	1.434
Payments during the period	(1.636)	(1.162)
31 March	13.365	11.122

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.

The amount payable consists of one month's salary limited to a maximum of TL 4.092,53 (31 December 2015 - TL 3.828,37) for each year of service as at 31 March 2016.

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

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

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

	31 March 2016	31 December 2015
Discount rate (%)	4,60%	4,60%
Turnover rate to estimate probability of retirement (%)	99,52%	99,52%

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 4.092,53 which is effective as at 31 March 2016, has been taken into consideration in calculating the provision for employment termination benefits of the Group (31 December 2015- 3.828,37 TL).

(Convenience translation of condensed interim consolidated financial statements originally issued in Turkish-see Note 2.2.3)

Türkiye Petrol Rafinerileri A.Ş.

Notes to the consolidated financial statements for the three month interim period ended 31 March 2016 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

17. Provisions (continued)

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

	2016	2015
1 January	144.547	132.587
Interest expense	3.741	2.755
Increase during the period	10.061	4.708
Payments during the period	(12.242)	(8.238)
31 March	146.107	131.812

Provision for unused vacation:

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

	2016	2015
1 January	41.904	37.265
Charge for the period	4.071	2.978
Payments during the period	(2.998)	(1.969)
31 March	42.977	38.274

Other short term provisions:

	31 March 2016	31 December 2015
Short-term provisions:		
Provisions for pending claims and law suits	15.027	13.405
EMRA participation share	21.634	17.883
Provision for demurrage	12.078	11.032
Other	26.890	20.332
Total short-term provisions	75.629	62.652

Movement of the short-term provisions for the period ended 31 March 2016 and 2015 are as follow:

	Provision for pending claims	EMRA participation share	Provision for tax penalty	Provision for demurrage	Other	Total
1 January 2016	13.405	17.883	-	11.032	20.332	62.652
Charges for the period, net	1.622	3.751	-	1.046	6.558	12.977
Payments during the period	-	-	-	-	-	-
31 March 2016	15.027	21.634	-	12.078	26.890	75.629
1 January 2015	13.743	14.635	54.998	1.658	16.920	101.954
Charges for the period, net	1.144	3.636	-	5.667	511	10.958
Payments during the period	-	-	(54.998)	-	-	(54.998)
31 March 2015	14.887	18.271	-	7.325	17.431	57.914

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.

(Convenience translation of condensed interim consolidated financial statements originally issued in Turkish-see Note 2.2.3)

Türkiye Petrol Rafinerileri A.Ş.

Notes to the consolidated financial statements for the three month interim period ended 31 March 2016 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

17. Provisions (continued)

Tax Penalty

As a result of the tax inspection on the Company started by the Ministry of Finance Tax Inspection Board, the "Tax Inspection Reports and Tax and Penalty Notices" prepared with regard to the issues criticized by the tax inspectors, mentioned in the material disclosure dated July 24, 2013, were communicated to the Company on January 8, 2015. regarding the Tax and Penalty Notices for which a total principle tax of TL 65,6 million and a tax penalty of TL 94,4 million was claimed, a settlement was reach as a result of the discussions held with the Central Reconciliation Committee on February 26, 2015 within the scope of the settlement provisions of the Tax Procedure Law for the Company to pay a total of TL 54.998 thousand for the amounts imposed including interest, and the related penalty was paid on March 18, 2015.

18. Liabilities for employee benefits

	31 March 2016	31 December 2015
Due to the personnel	26.375	54.495
Social security withholdings payment	18.774	15.634
Total	45.149	70.129

19. Other payables

	31 March 2016	31 December 2015
Deposits and guarantees received	9.329	14.288
Total	9.329	14.288

(Convenience translation of condensed interim consolidated financial statements originally issued in Turkish-see Note 2.2.3)

Türkiye Petrol Rafinerileri A.Ş.

Notes to the consolidated financial statements for the three month interim period ended 31 March 2016 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

20. Derivative instruments

	31 March 2016			31 December 2015		
	Fair values			Fair values		
	Contract amount	Assets	Liabilities	Contract amount	Assets	Liabilities
<i>Cash flow hedge</i>						
Interest rate swap	1.896.756	-	19.696	1.947.631	-	14.838
Cross currency swap	833.353	13.666	22.758	855.177	18.845	21.026
<i>Derivatives held for trading</i>						
Currency forwards	1.411.033	-	53.990	-	-	-
Commodity derivative	425.155	-	15.339	344.900	-	4.515
Short term derivative financial instruments		13.666	111.783		18.845	40.379
<i>Cash flow hedge</i>						
Interest rate swap	1.896.756	-	38.611	1.947.631	-	7.280
Cross currency swap	833.353	202.375	21.635	855.177	250.027	19.964
Long term derivative financial instruments		202.375	60.246		250.027	27.244
Total derivative financial instruments		216.041	172.029		268.872	67.623

As of March 31, 2016, forward foreign exchange transactions consist of forward transactions signed between Tüpraş and various finance institutions which generate a sales obligation of TL 1.562.488 thousand in exchange for a purchase of USD 498.000 thousand and which will be expired on 30 December 2016.

As of March 31, 2016, interest rate swap transactions consists of exchange of floating rate instalment payments of Tüpraş's long term borrowings amounting to USD 611.765 thousand (December 31, 2015 - USD 611.765 thousand) and Ditaş's long term borrowings amounting to EUR 53.142 thousand (December 31, 2015 – EUR 53.142 thousand) with fixed rate instalment payments for cash flow hedging.

As of March 31, 2016, cross currency swap transactions consist of swap transaction of foreign currency indexed, fixed interest rate long-term bonds amounting to USD 200.000 thousand and TL currency indexed with fixed interest payment amounting to TL 463.875 thousand (December 31, 2015 – USD 200.000 thousand), and swap transaction of long- term borrowings with floating interest rate amounting to USD 94.118 thousand and payments with fixed interest rate amounting to TL 218.353 thousand (December 31, 2015 – USD 94.118 thousand).

As of March 31, 2016, commodity derivative transactions consist of commodity swap and zero cost collar transactions that have been made for the inventory of Tüpraş which are exposed to commodity price risk. Commodity swap transactions, which have been made for 2,2 million barrels of inventory of Tüpraş, have maturity of 31 December 2016 and weighted average price of 42,23 USD/barrels and a sales liability/obligation of TL 263.223 thousand exists against a purchase of TL 263.223 thousand. Zero cost collar transactions ending on 31 December 2016 have been made for 1,3 million barrels of inventory of Tüpraş with weighted average buying price of 35,10 USD/barrels against weighted average selling price of 50,09 USD/barrels and have sales liability/obligation of TL161.932 thousand exists against a purchase of TL161.932 thousand.

The outstanding commodity derivatives transactions, as of 31 December 2015, have been made for 3,9 million barrels (gasoline) of inventory of Tüpraş which are exposed to commodity price risk. Weighted average price of outstanding commodity derivative transactions (gasoline crack margin)

Türkiye Petrol Rafinerileri A.Ş.

Notes to the consolidated financial statements for the three month interim period ended 31 March 2016 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

21. Government grants

ending on 31 March 2016 is USD 15,21/barrel and a sales liability/obligation of TL172.450 thousand exists against a purchase of TL167.935 thousand.

The Company has obtained certificate of research and development center and the execution of Technology and Innovation Support Programs Administration Project ("TEYDEB") with incentive and the existence of research and development center have enabled the Company to benefit from government incentives (research and development deduction, income tax stoppage incentive, social security premium support and stamp tax exemption) according to Law, no 5746, Supporting Research and Development Activities. In this context, as of March 31, 2016, the Company's expenditures within scope of R&D center amounted to TL 2.766 thousand (31 March 2015 - TL 2.854 thousand), within scope of TEYDEB amounted to TL 756 thousand (31 March 2015 – TL 983 thousand). As of March 31, 2016, TL 882 thousand (March 31, 2015 – TL 922 thousand) is recorded as incentive income out of total R&D expenditures.

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 March 31, 2016, investment expenditures amounting to TL 7.969.662 thousand (31 December 2015- TL 7.969.662 thousand) has been made and tax advantages amounting to TL 3.656.588 thousand (31 December 2015 – TL 3.656.588 thousand) has been realized to be used in future periods. Moreover, as of March 31, 2016 within the scope of the Strategic Investment the Company offset TL 434.712 thousand from tax base (31 December 2015 - TL 344.638 thousand). Besides, the Company benefits from VAT exemption, VAT refund, exemption from customs duty, incentive for employer share of insurance premium and interest incentive within scope of Strategic Investment Incentive.

On 11 April, 2013, the Company was granted an investment incentive from Incentive Implementation and Foreign Investment Department of Ministry of Economy of Republic of Turkey 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 incentive, customs duty exemption, tax discount rate (80%), rate of contribution to investment (40%) and employer's social security premium contribution (7 years).

On September 23, 2014, the Company was granted an investment incentive from Incentive Implementation and Foreign Investment Department of Ministry of Economy of Republic of Turkey for Modernization of Batman Refinery project. Support elements of this investment is to benefit from are, VAT exemption, tax discount rate (90%), rate of contribution to investment (50%) and interest incentive.

The Company received investment incentive on October 9, 2013 from Incentive Implementation and Foreign Investment Department of Ministry of Economy of Republic of Turkey in scope of environmental project of Oil Sublimation and Recycling of Flare Gas. Investment benefits are VAT exemption, interest incentive and exemption from customs duty.

The Company received investment incentive on October 27, 2015 from Incentive Implementation and Foreign Investment Department of Ministry of Economy of Republic of Turkey for Modernization of

(Convenience translation of condensed interim consolidated financial statements originally issued in Turkish-see Note 2.2.3)

Türkiye Petrol Rafinerileri A.Ş.

Notes to the consolidated financial statements for the three month interim period ended 31 March 2016 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

21. Government grants (continued)

Kırıkkale Refinery Project. Support elements of this investment is to benefit from are, VAT exemption, tax discount rate (60%), rate of contribution to investment (25%) and interest incentive.

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

As of 31 March, 2016 and 2015, the revenues (totally recognized in consolidated statements of profit or loss) of the Group from government incentives and grants are as follows:

	31 March 2016	31 March 2015
Interest incentive	3.912	6.348
Social security withholdings incentives	7.398	5.791
Research and development incentives	882	922
Total	12.192	13.061

22. Commitments and contingent assets and liabilities

	31 March 2016		31 December 2015	
	Original Currency:	TL Amount:	Original Currency:	TL Amount:
Guarantees received:				
Letter of guarantees received		1.349.489		2.138.941
- Letter of guarantees in TL	797.055	797.055	919.053	919.053
- Letter of guarantees in USD	146.352	414.672	374.064	1.087.627
- Letter of guarantees in EUR	38.943	124.932	37.189	118.172
- Letter of guarantees in other currencies	-	12.830	-	14.089
Guarantee notes received		32.444		24.039
- Guarantee notes in TL	32.444	32.444	24.039	24.039
Guarantee letters received		191.670		195.380
- Guarantee letters received - TL	50.000	50.000	50.000	50.000
- Guarantee letters received - USD	50.000	141.670	50.000	145.380
Total guarantees received		1.573.603		2.358.360
Guarantees given:				
Letter of credits given		268.251		305.121
- Letter of credits in USD	84.666	239.893	99.796	290.168
- Letter of credits in EUR	6.673	21.407	4.706	14.953
- Letter of credits in other currencies	-	6.951	-	-
Letter of guarantees given		535.797		459.304
- Letter of guarantees in TL	478.562	478.562	400.570	400.570
- Letter of guarantees in USD	20.200	57.235	20.200	58.734
Letters of guarantee given to customs offices		1.698.805		1.541.278
- Letter of guarantees in TL	1.660.308	1.660.308	1.503.147	1.503.147
- Letter of guarantees in EUR	12.000	38.497	12.000	38.131
Letters of guarantee given to banks		294.849		225.073
- Letter of guarantees in USD	44.474	126.013	17.474	50.807
- Letter of guarantees in EUR	52.628	168.836	54.842	174.266
Total guarantees given		2.797.702		2.530.776

As at 31 March 2016 and 31 December 2015, letter of guarantees received are composed of guarantees from customers and suppliers. Guarantees given are mainly composed of guarantees given to government entities and customs offices. As at 31 March 2016, letters of guarantee given to banks are given for loans which were used by Companies within scope of consolidation amounting to TL 289.395 thousand (31 December 2015- TL 219.671 thousand) and for derivative financial instruments amounting to TL 5.454 thousand (31 December 2015 – TL 5.402 thousand).

(Convenience translation of condensed interim consolidated financial statements originally issued in Turkish-see Note 2.2.3)

Türkiye Petrol Rafinerileri A.Ş.

Notes to the consolidated financial statements for the three month interim period ended 31 March 2016 (continued)
(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 31 March 2016 and 31 December 2015 are as follows:

	31 March 2016	31 December 2015
A. CPMs given for companies in the name of its own legal personality	2.502.853	2.305.703
B.CPMs given on behalf of the fully consolidated companies	294.849	225.073
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.	-	-
Total	2.797.702	2.530.776

23. Equity

The Company's shareholders and their shareholding percentages as at 31 March 2016 and 31 December 2015 are as follows:

	31 March 2016	Share (%)	31 December 2015	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 Turkish 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 2015 - 1 Kr) each. The authorised and paid-in share capital of the Company comprises 25.041.919.999 Group A shares with a registered nominal value of Kr 1 and one Group C share with privileges belonging to the Privatisation Administration.

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

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

(Convenience translation of condensed interim consolidated financial statements originally issued in Turkish-see Note 2.2.3)

Türkiye Petrol Rafinerileri A.Ş.

Notes to the consolidated financial statements for the three month interim period ended 31 March 2016 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

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 31 March 2016, the restricted reserves of the Company amount to TL 163.401 thousand (31 December 2015 - TL 163.401 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 of the Company.

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

The total amount of net income of the Company in the statutory records and other equity accounts subject to dividend distribution amount to TL 3.686.163 thousand as at 31 March 2016. This amount includes inflation adjustment differences of the equity accounts amounting to TL 1.698.998 thousand and other reserves amounting to TL 10.075 thousand which are subject to corporate taxation when distributed as dividends.

(Convenience translation of condensed interim consolidated financial statements originally issued in Turkish-see Note 2.2.3)

Türkiye Petrol Rafinerileri A.Ş.

Notes to the consolidated financial statements for the three month interim period ended 31 March 2016 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

24. Revenue and cost of sales

	1 January - 31 March 2016	1 January - 31 March 2015
Domestic revenue	4.697.136	5.136.234
Export revenue	1.551.275	1.828.436
Service revenue	26.411	19.523
Gross revenue	6.274.822	6.984.193
Less: Sales discounts	(78.894)	(17.925)
Less: Sales returns	(4.512)	(18.009)
Sales (net)	6.191.416	6.948.259
Cost of goods sold	(5.096.549)	(6.138.471)
Cost of trade goods sold	(582.641)	(299.720)
Cost of services	(21.524)	(11.374)
Gross profit	490.702	498.694

Cost of sales:

	1 January - 31 March 2016	1 January - 31 March 2015
Raw materials	4.592.420	5.717.941
Cost of trade goods sold	582.641	299.720
Energy expenses	216.781	186.145
Personnel expenses	124.405	100.708
Depreciation and amortization (Note 12-13)	81.217	63.176
Other production expenses	103.250	81.875
Cost of sales	5.700.714	6.449.565

(Convenience translation of condensed interim consolidated financial statements originally issued in Turkish-see Note 2.2.3)

Türkiye Petrol Rafinerileri A.Ş.

Notes to the consolidated financial statements for the three month interim period ended 31 March 2016 (continued)
(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 - 31 March 2016	1 January - 31 March 2015
Personnel expenses	86.039	60.155
Insurance expenses	23.610	12.578
Outsourced services	16.259	9.503
Depreciation and amortisation expenses (Note 12-13)	14.127	9.628
Taxes and duties	12.476	13.361
Office expenses	4.744	4.182
Subscription fees	4.034	3.986
Lawsuit and consultancy expenses	3.225	5.417
Rent expenses	2.001	2.647
Transportation and travel expenses	655	403
Donations	314	190
Other	10.185	7.441
Total general administrative expenses	177.669	129.491

Marketing, selling and distribution expenses:

	1 January - 31 March 2016	1 January - 31 March 2015
Personnel expenses	18.755	14.351
Outsourced services	12.088	10.659
Carriage, storage and insurance expenses	2.846	3.770
Rent expenses	2.266	1.977
Energy expenses	961	623
Advertising expenses	190	469
Depreciation and amortisation expenses (Note 12)	1	1
Other	4.703	3.161
Total marketing, selling and distribution expenses	41.810	35.011

Research and development expenses:

	1 January - 31 March 2016	1 January - 31 March 2015
Personnel expenses	5.877	5.317
License expenses	392	1.321
Outsourced services	78	487
Lawsuit and consultancy expenses	23	117
Other	813	170
Total research and development expenses	7.183	7.412

(Convenience translation of condensed interim consolidated financial statements originally issued in Turkish-see Note 2.2.3)

Türkiye Petrol Rafinerileri A.Ş.

Notes to the consolidated financial statements for the three month interim period ended 31 March 2016 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

26. Other operating income/(expenses)

	1 January - 31 March 2016	1 January - 31 March 2015
Other operating income:		
Foreign exchange gain from trade payables	60.989	-
Credit finance gains	29.354	15.705
Rent income	914	687
Foreign exchange gain from trade receivables	-	3.550
Other	7.937	1.546
Total other operating income	99.194	21.488

	1 January - 31 March 2016	1 January - 31 March 2015
Other operating expense:		
Idle capacity expenses		
- Amortisation expenses (Note 12)	(38.936)	(456)
- Other idle capacity expenses	(44.535)	(3.145)
Foreign exchange loss from trade payables	-	(230.232)
Credit finance charges	(1.533)	(1.819)
Foreign exchange loss from trade receivables	(1.245)	-
Other	(3.168)	(8.827)
Total other operating expense	(89.417)	(244.479)

27. Income/(expense) from investment activities

	1 January - 31 March 2016	1 January - 31 March 2015
Gain on sales of property plant and equipment and intangible assets	(201)	210
Total income/(expense) from investment activities	(201)	210

28. Financial income/(expenses)

	1 January - 31 March 2016	1 January - 31 March 2015
Financial income:		
Foreign exchange gains on borrowings	123.896	-
Interest income on deposits	57.659	32.800
Foreign exchange gains on deposits	-	232.203
Foreign exchange gains on derivative instruments	-	178.715
Total financial income	181.555	443.718
Financial expense:		
Foreign exchange losses on deposits	(161.431)	-
Interest expenses	(121.531)	(86.763)
Foreign exchange losses on derivative instruments	(81.044)	-
Foreign exchange losses on borrowings	-	(466.530)
Other	(9.997)	(1.001)
Total financial expense	(374.003)	(554.294)

(Convenience translation of condensed interim consolidated financial statements originally issued in Turkish-see Note 2.2.3)

Türkiye Petrol Rafinerileri A.Ş.

Notes to the consolidated financial statements for the three month interim period ended 31 March 2016 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

29. Tax assets and liabilities

i) Corporation tax:

	31 March 2016	31 December 2015
Current period corporate tax provision	3.545	133.346
Current year tax assets	(66.261)	(4.317)
Corporation tax provision	(62.716)	129.029

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 2016 is 20 % (2015 - 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).

Investment 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, Residuüm 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 31 March 2016, investment expenditures amounting to TL 7.969.662 thousand (31 December 2015 - TL 7.969.662 thousand) has been made and tax advantages amounting to TL 3.656.588 thousand (31 December 2015 – TL 3.656.588 thousand) has been realized to be used in future periods. Moreover, as of 31 March 2016 within the scope of the Strategic Investment the Company offset TL 434.712 thousand from tax base (31 December 2015 – TL 344.638 thousand).

(Convenience translation of condensed interim consolidated financial statements originally issued in Turkish-see Note 2.2.3)

Türkiye Petrol Rafinerileri A.Ş.

Notes to the consolidated financial statements for the three month interim period ended 31 March 2016 (continued)
(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 31 March 2016 and 31 December 2015 using the enacted tax rates are as follows:

	Cumulative temporary differences		Deferred tax asset/(liability)	
	31 March 2016	31 December 2015	31 March 2016	31 December 2015
Difference between the carrying values and tax base of property, plant, equipment and intangible assets	762.501	523.313	(152.500)	(104.663)
Fair value difference of derivative instruments	77.380	217.134	(15.476)	(43.427)
Prepaid expenses	129.074	137.557	(25.815)	(27.511)
Financial assets fair value difference	86.591	86.591	(4.330)	(4.330)
Deferred tax liability			(198.121)	(179.931)
Investment incentive income	7.969.662	7.969.662	3.656.588	3.656.588
Investment incentive income net-offed by tax base within the scope of Strategic Investment Incentive			(434.712)	(344.638)
Employment termination benefits and seniority incentive bonus provision	156.285	154.952	31.257	30.990
Impairment on inventories	15.423	102.114	3.085	20.423
Provision for unused vacation liability	40.903	39.777	8.180	7.956
Provision for impairment on spare parts	27.506	27.506	5.501	5.501
Provisions for pending claims and lawsuits	15.027	13.405	3.005	2.681
Unearned credit finance income, (net)	1.547	6.011	309	1.202
Other	26.060	8.639	5.212	1.731
Deferred tax assets			3.278.425	3.382.434
Deferred tax asset / (liability), net			3.080.304	3.202.503

The movement of deferred taxes is as follows:

	2016	2015
Deferred tax asset / (liability), net		
1 January	3.202.503	2.623.134
Charge for the period	(9.242)	309.274
Charge to equity		
- Hedging reserve	(24.717)	32.795
Investment incentive income net-offed	(88.240)	-
31 March	3.080.304	2.965.203

(Convenience translation of condensed interim consolidated financial statements originally issued in Turkish-see Note 2.2.3)

Türkiye Petrol Rafinerileri A.Ş.

Notes to the consolidated financial statements for the three month interim period ended 31 March 2016 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

30. Profit for shares

	1 January - 31 March 2016	1 January - 31 March 2015
Profit for the year attributable to shareholders of the Company	78.912	275.160
Weighted average number of shares with nominal value of Kr 1 each	25.041.920.000	25.041.920.000
Basic and diluted earnings per share in Kr	0,32	1,10

31. Related party transactions

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

- (1) Joint ventures
- (2) Companies in which ultimate parent is shareholder
- (3) Ultimate parent

a) Deposits:

	31 March 2016	31 December 2015
Yapı ve Kredi Bankası A.Ş. (2)	2.740.209	1.287.266
Total	2.740.209	1.287.266

b) Due from related parties

	31 March 2016	31 December 2015
Opet Petrolcülük A.Ş. (1)	378.883	309.098
THY OPET Havacılık Yakıtları A.Ş. (1)	142.032	274.819
Aygaz A.Ş. (2)	58.217	70.583
Opet Fuchs Madeni Yağ San. ve Tic. A.Ş. (1)	4.244	4.162
Other (2)	9	11
Total	583.385	658.673

As of March 31, 2016, Tüpraş has offset TL110.000 thousand (31 December 2015 - TL 125.000 thousand) from its trade receivables due from related parties that are collected from factoring companies as a part of irrevocable factoring agreements.

(Convenience translation of condensed interim consolidated financial statements originally issued in Turkish-see Note 2.2.3)

Türkiye Petrol Rafinerileri A.Ş.

Notes to the consolidated financial statements for the three month interim period ended 31 March 2016 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

31. Related party transactions (continued)

c) Due to related parties:

	31 March 2016	31 December 2015
Aygaz A.Ş. (2)	13.614	17.112
RMK Marine Gemi Yapım Sanayii ve Deniz Taşımacılığı İşl. A.Ş. (2)	5.930	3.510
Zer Merkezi Hizmetler ve Ticaret A.Ş. (2)	4.828	5.559
Ark İnşaat A.Ş. (2)	3.638	12.656
Opet Petrolcülük A.Ş. (1)	3.533	5.275
Koç Sistem Bilgi ve İletişim A.Ş. (2)	3.415	10.667
Eltek Elektrik Enerjisi İthalat, İhracat ve Toptan Tic. A.Ş. (2)	1.895	2.325
RAM Sigorta Aracılık Hizmetleri A.Ş. (2)	327	648
Setur Servis Turistik A.Ş. (2)	209	536
Koç Holding A.Ş. (3)	-	17.469
Other (2)	4.698	4.516
Total	42.087	80.273

d) Advances given for property, plant and equipment:

	31 March 2016	31 December 2015
RMK Marine Gemi Yapım Sanayii ve Deniz Taşımacılığı İşl. A.Ş. (2)	34.895	17.957
Ark İnşaat A.Ş. (2)	9.932	6
Total	44.827	17.963

e) Bank borrowings:

	31 March 2016	31 December 2015
Yapı ve Kredi Bankası A.Ş. (2)	307	-
Total	307	-

f) Product and service sales:

	1 January - 31 March 2016	1 January - 31 March 2015
THY OPET Havacılık Yakıtları A.Ş. (1)	724.067	932.366
Opet Petrolcülük A.Ş. (1)	570.875	591.872
Aygaz A.Ş. (2)	71.382	66.007
Opet Fuchs Madeni Yağ San. ve Tic. A.Ş. (1)	6.950	6.515
Other (2)	4	588
Total	1.373.278	1.597.348

Türkiye Petrol Rafinerileri A.Ş.

Notes to the consolidated financial statements for the three month interim period ended 31 March 2016 (continued)
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

31. Related party transactions (continued)

g) Product and service purchases:

	1 January - 31 March 2016	1 January - 31 March 2015
Aygaz A.Ş. (2)	85.469	85.213
Opet Petrolcülük A.Ş. (1)	24.122	13.300
THY OPET Havacılık Yakıtları A.Ş. (1)	13.163	29.060
Zer Merkezi Hizmetler ve Ticaret A.Ş. (2)	11.474	12.846
Koç Holding A.Ş. (3) (*)	6.422	2.566
Eltak Elektrik Enerjisi İthalat, İhracat ve Toptan Tic. A.Ş. (2)	5.479	4.904
Koç Sistem Bilgi ve İletişim A.Ş. (2)	4.279	3.461
Ram Sigorta Aracılık Hizmetleri A.Ş. (2) (**)	3.200	5.239
Otokoç Otomotiv Tic. ve San. A.Ş. (2)	1.758	1.630
Other (2)	4.590	6.574
Total	159.956	164.793

(*) It includes remuneration of expenses, occurred related to companies provided services in care of Koç Holding A.Ş. including personnel and senior management expenses in acknowledgement of services such as finance, law, tax and senior management given to companies in the company structure of our main partner Koç Holding A.Ş, which are billed to our Company as a result of its distribution in the framework of “11-Intra-group Services” of General Communique numbered 1 on Distribution of Hidden Income through Transfer Pricing.

(**) Includes paid and accrued insurance premiums in the periods ended 31 March 2016 and 2015 in connection with insurance policies signed with insurance companies through RAM Sigorta Aracılık Hizmetleri A.Ş acting as an intermediary insurance agency.

h) Fixed asset purchases:

	1 January - 31 March 2016	1 January - 31 March 2015
Ark İnşaat A.Ş. (2)	8.791	13.107
RMK Marine Gemi Yapım Sanayii ve Deniz Taşımacılığı İşl. A.Ş. (2)	5.775	89.183
Koç Sistem Bilgi ve İletişim A.Ş. (2)	14	-
Entek Elektrik Üretim A.Ş. (2)	-	27.412
Other (2)	5	372
Total	14.585	130.074

i) Remuneration of board of directors and executive management:

The senior management of the company is determined as Member and Chair of the Board of Directors and General Manager and General Manager Deputies. The total amount of benefits provided to senior management is TL 19.110 thousand as of period ending on 31 March 2016. (31 March 2015 – TL 3.467 thousand). TL 17.200 thousand of this amount is related to severance payments and the rest of amount consists of short term benefits (31 March 2015 – TL 1.915 thousand).

(Convenience translation of condensed interim consolidated financial statements originally issued in Turkish-see Note 2.2.3)

Türkiye Petrol Rafinerileri A.Ş.

Notes to the consolidated financial statements for the three month interim period ended 31 March 2016 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

31. Related party transactions (continued)

j) Financial expenses paid to related parties:

	1 January - 31 March 2016	1 January - 31 March 2015
Yapı ve Kredi Bankası A.Ş. (2)	1.213	2.202
Yapı Kredi Faktoring A.Ş. (2)	-	1.705
Total	1.213	3.907

k) Time deposit interest income:

	1 January - 31 March 2016	1 January - 31 March 2015
Yapı ve Kredi Bankası A.Ş. (2)	28.315	10.068
Total	28.315	10.068

l) Donations:

As of 31 March 2016, total donation is amounting to TL 122 thousand (31 March 2015- TL 45 thousand).

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.

(Convenience translation of condensed interim consolidated financial statements originally issued in Turkish-see Note 2.2.3)

Türkiye Petrol Rafinerileri A.Ş.

Notes to the consolidated financial statements for the three month interim period ended 31 March 2016 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

32. Financial instruments and financial risk management (continued)

The table below summarizes the foreign currency position risk of the Group as at 31 March 2016 and 31 December 2015. Foreign currency denominated assets and liabilities of the Group and related foreign currency position are as follows:

	31 March 2016	31 December 2015
Assets	2.732.777	2.144.050
Liabilities	(11.507.649)	(10.446.529)
Net balance sheet foreign currency position	(8.774.872)	(8.302.479)
Net foreign currency position of derivative financial instruments	2.244.385	855.176
Net foreign currency position	(6.530.487)	(7.447.303)

The Group manages its foreign currency risk arising from foreign currency denominated financial liabilities and trade payables by regularly considering and reflecting the foreign exchange rate changes in the determination of petroleum product prices. As at 31 March 2016, the Group has raw materials and petroleum products amounting to TL 2.051.707 thousand (31 December 2015 - TL 1.962.440 thousand) (Note 8).

Furthermore, the Group has defined that RUP investment loans amounted USD 1.637.447 thousand (TL 4.639.542 thousand) as hedging instrument against incurred USD/TL spot rate risk due to highly probable forecasted export sales revenues in USD (31 December 2015 – USD 1.709.447 thousand equivalent to TL 4.970.388 thousand), under this scope, beginning from March 1, 2015, has been practicing cash flow hedge accounting. Foreign exchange income/expense related to RUP investment loans are recognized in "Gains/ (losses) on hedging" under shareholders' equity until the cash flow related to hedged item will be realized.

Except from related natural hedge amount and RUP investment loans defined as hedging under the scope of cash flow hedge, as of March 31, 2016, the Group has net foreign currency position amounting to TL 160.762 thousand (31 December 2015 – TL 514.475 thousand, net open position).

(Convenience translation of condensed interim consolidated financial statements originally issued in Turkish-see Note 2.2.3)

Türkiye Petrol Rafinerileri A.Ş.

Notes to the consolidated financial statements for the three month interim period ended 31 March 2016 (continued)
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

32. Financial instruments and financial risk management (continued)

	Foreign currency position table									
	TL equivalent (In terms of functional currency)	31 March 2016				31 December 2015				
		USD	EUR	GBP	Other	USD	EUR	GBP	Other	
Trade receivables	50.531	17.834	-	-	-	31.286	10.757	3	-	-
Monetary financial assets(including cash, banks)	2.539.297	594.521	266.368	61	-	1.598.597	539.810	9.102	29	-
Other	8.786	3.039	42	1	38	447.514	153.793	87	16	-
Current assets	2.598.614	615.394	266.410	62	38	2.077.397	704.360	9.192	45	-
Other	134.163	19.455	24.559	-	253	66.653	1.649	18.347	-	3.558
Non-current assets	134.163	19.455	24.559	-	253	66.653	1.649	18.347	-	3.558
Total assets	2.732.777	634.849	290.969	62	291	2.144.050	706.009	27.539	45	3.558
Trade payables	2.459.911	841.333	22.863	217	1.844	2.628.025	881.949	19.480	(134)	2.345
Financial liabilities	1.024.722	350.362	9.977	-	-	1.005.108	331.037	13.401	-	-
Other monetary liabilities	35.538	12.227	279	-	-	15.389	5.023	247	-	-
Current liabilities	3.520.171	1.203.922	33.119	217	1.844	3.648.522	1.218.009	33.128	(134)	2.345
Financial liabilities	7.948.867	2.460.877	304.298	-	-	6.790.725	2.285.919	45.376	-	-
Other monetary liabilities	38.611	12.900	642	-	-	7.282	1.939	517	-	-
Non-current liabilities	7.987.478	2.473.777	304.940	-	-	6.798.007	2.287.858	45.893	-	-
Total liabilities	11.507.649	3.677.699	338.059	217	1.844	10.446.529	3.505.867	79.021	(134)	2.345
Net asset/(liability) position of off-balance sheet foreign currency derivatives	2.244.385	792.117	-	-	-	855.176	294.117	-	-	-
Total amount of off-balance sheet derivative financial assets	2.244.385	792.117	-	-	-	855.176	294.117	-	-	-
Total amount of off-balance sheet derivative financial liabilities	-	-	-	-	-	-	-	-	-	-
Net foreign currency asset/(liability) position	(6.530.487)	(2.250.733)	(47.090)	(155)	(1.553)	(7.447.303)	(2.505.741)	(51.482)	179	1.213
Net monetary foreign currency asset/(liability) position	(8.917.821)	(3.065.344)	(71.691)	(156)	(1.844)	(8.816.646)	(2.955.300)	(69.916)	163	(2.345)
Fair value of derivative instruments	117.658	41.525	-	-	-	227.882	78.375	-	-	-

(Convenience translation of condensed interim consolidated financial statements originally issued in Turkish-see Note 2.2.3)

Türkiye Petrol Rafinerileri A.Ş.

Notes to the consolidated financial statements for the three month interim period ended 31 March 2016 (continued)
(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 31 March 2016 and 31 December 2015.

Statement of foreign currency risk sensitivity				
31 March 2016				
	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	(868.535)	868.535	(463.954)	463.954
Amount hedged for USD risk (-) (*)	688.393	(688.393)	-	-
USD net effect	(180.142)	180.142	(463.954)	463.954
10% change in EUR rate:				
Euro net assets/ liabilities	(22.999)	22.999	-	-
Amount hedged for Euro risk (-)	-	-	-	-
EUR net effect	(22.999)	22.999	-	-
TOTAL	(203.141)	203.141	(463.954)	463.954
31 December 2015				
	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	(859.283)	859.283	(497.039)	497.039
Amount hedged for USD risk (-) (*)	582.556	(582.556)	-	-
USD net effect	(276.727)	276.727	(497.039)	497.039
10% change in EUR rate:				
Euro net assets/ liabilities	(22.217)	22.217	-	-
Amount hedged for Euro risk (-)	-	-	-	-
EUR net effect	(22.217)	22.217	-	-
TOTAL	(298.944)	298.944	(497.039)	497.039

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

(Convenience translation of condensed interim consolidated financial statements originally issued in Turkish-see Note 2.2.3)

Türkiye Petrol Rafinerileri A.Ş.

Notes to the consolidated financial statements for the three month interim period ended 31 March 2016 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

32. Financial instruments and financial risk management (continued)

Export and import

	1 January - 31 March 2016	1 January - 31 March 2015
Export		
USD (equivalent of thousand TL)	1.551.266	1.828.432
Total	1.551.266	1.828.432
Import		
USD (equivalent of thousand TL)	4.717.264	5.987.120
Total	4.717.264	5.987.120

33. Subsequent events

In the ordinary general meeting of shareholders, held on 4 April 2016, Tüpraş committed to make dividend payment in cash amounting to TL 1.627.725. The Company committed to pay a cash dividend at the rate of 650%, which corresponds to TL 6,5 gross and TL 6,5 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; and a cash dividend at the rate of 650%, which corresponds to TL 6,5 gross and TL 5,5250 net cash dividend for the shares with a nominal value of TL 1,00 to other shareholders. The committed dividend payments were paid as of April 8, 2016.