

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

**TÜRKİYE PETROL RAFİNERİLERİ A.Ş.**

**CONDENSED INTERIM CONSOLIDATED  
FINANCIAL STATEMENTS TOGETHER WITH  
AUDITOR'S REVIEW REPORT  
FOR THE PERIOD 1 JANUARY - 30 JUNE 2020**



**CONVENIENCE TRANSLATION INTO ENGLISH OF  
INDEPENDENT AUDITOR’S REVIEW REPORT  
ORIGINALLY ISSUED IN TURKISH  
REPORT ON REVIEW OF CONDENSED CONSOLIDATED  
INTERIM FINANCIAL INFORMATION**

To the General Assembly of Türkiye Petrol Rafinerileri A.Ş.

*Introduction*

1. We have reviewed the accompanying condensed consolidated statement of financial position of Türkiye Petrol Rafinerileri A.Ş. (the “Company”) and its subsidiaries (collectively referred as the “Group”) as at 30 June 2020, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity, condensed consolidated cash flows and other explanatory notes for the six-month period then ended (“condensed consolidated interim financial information”). The management of the Group is responsible for the preparation and fair presentation of this condensed consolidated interim financial information in accordance with Turkish Accounting Standard 34 (“TAS 34”) “Interim Financial Reporting”. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

*Scope of review*

2. We conducted our review in accordance with the Standard on Review Engagements (“SRE”) 2410, “Review of interim financial information performed by the independent auditor of the entity”. A review of condensed consolidated interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and the objective of which is to express an opinion on the consolidated financial statements. Consequently, a review on the condensed consolidated interim financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an audit opinion.



*Conclusion*

3. Based on our review, nothing has come to our attention that causes us to conclude that the accompanying condensed consolidated interim financial information of Türkiye Petrol Rafinerileri A.Ş. is not prepared, in all material respects, in accordance with TAS 34.

PwC Bağımsız Denetim ve  
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Ediz Günsel, SMMM  
Partner

Istanbul, 12 August 2020

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

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# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

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

Assets	Notes	Reviewed	Audited
		30 June 2020	31 December 2019
<b>Current assets</b>		<b>27,389,948</b>	<b>27,918,955</b>
Cash and cash equivalents	4	18,177,886	10,652,009
Trade receivables	6	1,721,218	4,787,906
Due from related parties	6, 27	522,235	995,837
Trade receivables from third parties		1,198,983	3,792,069
Other receivables	7	46,082	45,617
Other receivables from third parties		46,082	45,617
Derivative Instruments	17	779,239	303,992
Inventories	8	5,503,471	9,468,581
Prepaid expenses	12	268,500	236,762
Other current assets	13	893,552	2,424,088
<b>Non-current assets</b>		<b>28,161,249</b>	<b>27,592,603</b>
Investments accounted for using the equity method	9	1,031,541	1,362,777
Property, plant and equipment	10	20,469,870	20,334,715
Right-of-use assets		182,686	200,701
Intangible assets	11	53,534	51,744
Other intangible assets		53,534	51,744
Derivative instruments	17	79,494	98,741
Prepaid expenses	12	154,667	198,879
Deferred tax assets	25	4,570,213	3,767,503
Other non-current assets	13	1,619,244	1,577,543
<b>Total assets</b>		<b>55,551,197</b>	<b>55,511,558</b>
<b>Liabilities</b>			
<b>Current liabilities</b>		<b>26,443,538</b>	<b>28,120,266</b>
Short-term financial liabilities	5	5,142,413	1,798,683
Current portion of long term financial liabilities	5	5,605,055	3,379,019
Trade payables	6	10,177,800	17,816,174
Due to related parties	6, 27	313,869	226,072
Trade payables, third parties		9,863,931	17,590,102
Liabilities for employee benefits	15	88,089	147,409
Other payables	16	35,986	55,409
Due to related parties	16, 27	2,801	28,297
Other payables to third parties		33,185	27,112
Derivative instruments	17	423,177	79,247
Deferred income (Except for obligations arising from customer contracts)		44,803	20,813
Current income tax liabilities	25	293	2,405
Provisions	14	231,293	117,152
Provisions for employee benefits		75,327	15,777
Other provisions		155,966	101,375
Other current liabilities	13	4,694,629	4,703,955
<b>Non-current liabilities</b>		<b>18,779,322</b>	<b>14,254,752</b>
Long-term financial liabilities	5	18,401,791	13,898,092
Provisions	14	335,337	316,052
Provisions for employee benefits		335,337	316,052
Deferred income (Except for obligations arising from customer contracts)		10,545	7,820
Derivative Instruments	17	30,856	31,950
Other non-current liabilities		793	838
<b>Total liabilities</b>		<b>45,222,860</b>	<b>42,375,018</b>
<b>Equity</b>		<b>10,328,337</b>	<b>13,136,540</b>
Share capital	19	250,419	250,419
Adjustment to share capital	19	1,344,243	1,344,243
Accumulated other comprehensive income/(expense) not to be reclassified to profit or loss		6,437,136	6,437,136
Gains/(losses) on revaluation and remeasurement		6,418,891	6,418,891
Gain on revaluation of properties		6,425,788	6,425,788
Actuarial gain/(loss) arising from defined benefit plans		(6,897)	(6,897)
Actuarial gain/(loss) arising from defined benefit plans using equity method that will not be reclassified to profit or loss		18,245	18,245
Accumulated other comprehensive income/(expense) to be reclassified to profit or loss		(2,230,752)	(1,850,305)
Currency translation differences		25,682	3,192
Hedging gains/(losses)		(2,517,851)	(2,100,116)
Cash flow hedge gains/(losses)		(2,517,851)	(2,100,116)
Share of other comprehensive income of investments accounted for using equity method that will be reclassified to profit or loss		261,417	246,619
Restricted reserves	19	503,343	503,343
Retained earnings		6,277,999	5,752,162
Net income		(2,449,849)	525,837
<b>Total equity attributable to equity holders of the parent</b>		<b>10,132,539</b>	<b>12,962,835</b>
<b>Non-controlling interests</b>		<b>195,798</b>	<b>173,705</b>
<b>Total equity and liabilities</b>		<b>55,551,197</b>	<b>55,511,558</b>

The condensed interim consolidated financial statements as of and for the period ended 30 June 2020 has been approved for issue by the Board of Directors on 12 August 2020.

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

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2020

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

		Reviewed 1 January - 30 June 2020	Reviewed 1 April - 30 June 2020	Reviewed 1 January - 30 June 2019	Reviewed 1 April - 30 June 2019
Revenue	20	26,219,118	9,279,581	44,660,839	23,952,951
Cost of sales (-)	20	(26,238,744)	(8,390,081)	(41,998,470)	(22,281,875)
<b>Gross profit</b>		<b>(19,626)</b>	<b>889,500</b>	2,662,369	1,671,076
General administrative expenses (-)	21	(649,724)	(321,487)	(570,270)	(289,897)
Marketing, selling and distribution expenses (-)	21	(308,781)	(189,494)	(209,507)	(123,734)
Research and development expenses (-)	21	(18,700)	(8,605)	(13,289)	(6,470)
Other operating income	22	405,246	270,219	406,725	230,982
Other operating expenses (-)	22	(846,206)	(361,786)	(715,395)	(149,456)
<b>Operating profit / (loss)</b>		<b>(1,437,791)</b>	<b>278,347</b>	1,560,633	1,332,501
Income from investment activities	23	351	396	119	259
Income/(loss) from investments accounted by equity method	9	(226,034)	(57,602)	109,748	46,676
<b>Operating profit before financial income/(expense)</b>		<b>(1,663,474)</b>	<b>221,141</b>	1,670,500	1,379,436
Financial income	24	1,414,097	680,153	1,026,957	322,115
Financial expense (-)	24	(2,877,600)	(1,230,468)	(2,423,827)	(1,117,792)
<b>Profit/(loss) before tax from continued operations</b>		<b>(3,126,977)</b>	<b>(329,174)</b>	273,630	583,759
<b>Tax income / (expense)</b>		<b>715,601</b>	<b>166,883</b>	249,979	302,145
Taxes on income (-)	25	(4,116)	(1,756)	(6,388)	(2,966)
Deferred tax income / (expense)	25	719,717	168,639	256,367	305,111
<b>Net profit/(loss) from continued operations</b>		<b>(2,411,376)</b>	<b>(162,291)</b>	523,609	885,904
<b>Other comprehensive income:</b>					
<b>Items not to be reclassified to profit or loss</b>					
Revaluation gain/(loss) on property	10	-	-	6,446,619	-
Share of other comprehensive income accounted for investment using equity method that will be not reclassified to profit or loss		-	-	7,139,764	-
Revaluation gain/(loss) on property of investments accounted with using equity method		-	-	20,831	-
Tax effect of other comprehensive income/(loss) not to be reclassified to profit or loss	9	-	-	20,831	-
Deferred tax income/(expense)	25	-	-	(713,976)	-
Revaluation gain/(loss) on property		-	-	(713,976)	-
<b>Items to be reclassified to profit or loss</b>		<b>(396,827)</b>	<b>(300,543)</b>	(96,648)	32,919
Currency translation differences		22,490	8,112	(1,078)	(694)
Share of other comprehensive income accounted for investment using equity method that will be reclassified to profit or loss		14,798	5,306	6,950	1,610
Gain/(loss) from translation of foreign currency of investments accounted for using equity method	9	14,798	5,306	6,950	1,610
Income/(expense) relating to avoidance of risk of cash flow		(517,108)	(374,776)	(124,686)	39,986
Income/(loss) of avoidance of risk of cash flow		(517,108)	(374,776)	(124,686)	39,986
Tax effect of other comprehensive income/(loss) to be reclassified to profit or loss	25	82,993	60,815	22,166	(7,983)
Deferred tax income/(expense)		82,993	60,815	22,166	(7,983)
<b>Other comprehensive income/(expense)</b>		<b>(396,827)</b>	<b>(300,543)</b>	6,349,971	32,919
<b>Total comprehensive income/(expense)</b>		<b>(2,808,203)</b>	<b>(462,834)</b>	6,873,580	918,823
<b>Distribution of income for the period:</b>					
Non-controlling interests		38,473	22,548	28,329	15,466
Attributable to equity holders of the parent		(2,449,849)	(184,839)	495,280	870,438
<b>Distribution of total comprehensive income</b>					
Non-controlling interests		22,093	19,328	19,265	14,070
Attributable to equity holders of the parent		(2,830,296)	(482,162)	6,854,315	904,753
<b>Earnings (loss) per share from continued operations</b>					
Earnings per share with nominal value kr. 1 each (kr.)	26	(9.78)	(0.74)	1.98	3.48

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

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2020

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

	Accumulated other comprehensive income/(expense) not to be reclassified to profit or loss					Accumulated other comprehensive income/(expense) that will be reclassified to profit or loss				Retained earnings				
	Share capital	Adjustment to share capital	Gains/(losses) on valuation and remeasurement		Share of other comprehensive income of investments accounted for using equity method that will be not classified to profit or loss	Hedge gains/(losses)		Share of other comprehensive income of investments accounted for using equity method that will be reclassified to profit or loss	Restricted reserves	Retained earnings	Net income / (expense)	Equity holders of parent	Non controlling interest	Total equity
			Gain on revaluation of properties (loss)	Actuarial gains/(losses) arising from defined benefit plans		Currency translation differences	Cash flow hedge gains/ (losses)							
Reviewed														
1 January 2019	250,419	1,344,243	-	5,021	(1,543)	-	(2,094,224)	271,357	597,086	5,739,481	3,712,789	9,824,629	121,200	9,945,829
Transfers	-	-	-	-	-	-	-	-	-	3,712,789	(3,712,789)	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	(93,743)	(3,700,108)	-	(3,793,851)	-	(3,793,851)
- Net profit for the period	-	-	-	-	-	-	-	-	-	-	495,280	495,280	28,329	523,609
- Other comprehensive income	-	-	6,425,788	-	20,831	(1,078)	(93,456)	6,950	-	-	-	6,359,035	(9,064)	6,349,971
Total comprehensive income	-	-	6,425,788	-	20,831	(1,078)	(93,456)	6,950	-	-	495,280	6,854,315	19,265	6,873,580
30 June 2019	250,419	1,344,243	6,425,788	5,021	19,288	(1,078)	(2,187,680)	278,307	503,343	5,752,162	495,280	12,885,093	140,465	13,025,558
Reviewed														
1 January 2020	250,419	1,344,243	6,425,788	(6,897)	18,245	3,192	(2,100,116)	246,619	503,343	5,752,162	525,837	12,962,835	173,705	13,136,540
Transfers	-	-	-	-	-	-	-	-	-	525,837	(525,837)	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Net profit for the period	-	-	-	-	-	-	-	-	-	-	(2,449,849)	(2,449,849)	38,473	(2,411,376)
- Other comprehensive income	-	-	-	-	-	22,490	(417,735)	14,798	-	-	-	(380,447)	(16,380)	(396,827)
Total comprehensive income	-	-	-	-	-	22,490	(417,735)	14,798	-	-	(2,449,849)	(2,830,296)	22,093	(2,808,203)
30 June 2020	250,419	1,344,243	6,425,788	(6,897)	18,245	25,682	(2,517,851)	261,417	503,343	6,277,999	(2,449,849)	10,132,539	195,798	10,328,337

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

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2020

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

	Notes	Reviewed 1 January 30 June 2020	Reviewed 1 January 30 June 2019
<b>Cash flows from operating activities</b>		<b>(329,167)</b>	<b>7,801,098</b>
<b>Profit/(loss)</b>		<b>(2,411,376)</b>	<b>523,609</b>
<b>Adjustment for reconciliation of profit/(loss)</b>		<b>1,558,786</b>	<b>1,491,036</b>
Adjustment for depreciation and amortisation expense	10, 11	375,498	344,861
Adjustments for stock impairment(cancellation)		-	(66,289)
Adjustments for stock impairment	8	-	(66,289)
Adjustment for provisions	14	118,699	135,978
Adjustment for interest (income) and expense	24	460,499	999,733
Adjustment for unrealized foreign currency translation differences		(999,890)	(763,236)
Adjustment for fair value (gain) or loss		43,183	17,730
Adjustment for income of investments accounted by equity method	9	226,034	(109,748)
Adjustment for tax expenses(income)	25	(715,601)	(249,979)
Adjustment for (gain) / loss on sales of property, plant and equipment	23	(351)	(119)
Adjustment for other items related with cash flow of investment or financial activities	24	1,983,578	1,194,954
Other adjustments for reconciliation of profit/(loss)		67,137	(12,849)
<b>Changes in working capital</b>		<b>573,202</b>	<b>5,965,544</b>
Adjustment for decrease/(increase) in trade receivables		3,075,701	(3,272,484)
Adjustment for decrease/(increase) in other receivables related with operations		1,455,549	(38,642)
Adjustment for decrease/(increase) in assets of derivative instruments		(456,000)	(66,872)
Adjustment for decrease/(increase) in inventories		3,965,110	(1,553,336)
Adjustment for increase/(decrease) in trade payables		(7,671,823)	10,354,976
Adjustment for increase/(decrease) in other payables related with operations		(138,171)	599,500
Adjustment for decrease/(increase) in liabilities of derivative instruments		342,836	(57,598)
<b>Cash flows from operating activities</b>		<b>(279,388)</b>	<b>7,980,189</b>
Tax returns/(payments)		(6,228)	(105,137)
Other cash inflow/(outflow)		(43,551)	(73,954)
<b>Cash flows from investing activities</b>		<b>(329,414)</b>	<b>(635,251)</b>
Cash inflows from the sales of property, plant and equipment and intangible assets		427	1,429
Cash outflows from the purchase of property, plant and equipment and intangible assets		(449,841)	(732,680)
Dividends received	9	120,000	96,000
<b>Finansman faaliyetlerinden nakit akışları</b>		<b>7,076,107</b>	<b>(4,278,098)</b>
Cash inflows from financial liabilities	5	26,822,732	24,960,949
Cash outflows from financial liabilities	5	(19,094,323)	(24,547,944)
Cash inflows from derivative instruments		136,898	153,895
Cash outflows from derivative instruments		(405,151)	(132,390)
Cash outflows from payments of rent agreements	5	(29,157)	(20,427)
Dividends paid		-	(3,793,851)
Interest paid		(676,391)	(1,044,124)
Interest received		321,499	145,794
<b>Net increase/(decrease) in cash and cash equivalents before the effect of foreign currency translation differences</b>		<b>6,417,526</b>	<b>2,887,749</b>
<b>Impact of foreign currency translation differences on cash and cash equivalents</b>	24	<b>999,890</b>	<b>762,611</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>7,417,416</b>	<b>3,650,360</b>
<b>Cash and cash equivalents at beginning of period</b>		<b>8,740,795</b>	<b>4,553,080</b>
<b>Cash and cash equivalents at end of period</b>	4	<b>16,158,211</b>	<b>8,203,440</b>

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



# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2020

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

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

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

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

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

The Company is registered at the Capital Markets Board (“CMB”) of Turkey and its shares have been quoted at Borsa İstanbul A.Ş. (“BİST”) (previously known as Istanbul Stock Exchange (“ISE”)) since 1991. As at 30 June 2020, the shares quoted on the BİST are 49% of the total shares. As of 30 June 2020, the principal shareholders and their respective shareholdings in the Company are as follows (Note 20):

	(%)
Enerji Yatırımları A.Ş.	51.00
Publicly held	49.00
	<b>100.00</b>

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

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2020

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

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

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

<b>Subsidiaries</b>	<b>Country of Incorporation</b>	<b>Nature of business</b>
Ditaş Deniz İşletmeciliği ve Tankerciliği A.Ş. (“Ditaş”)	Turkey	Crude oil and petroleum products transportation
Üsküdar Tankercilik A.Ş. (“Üsküdar”)	Turkey	Crude oil and petroleum products transportation
T Damla Denizcilik A.Ş. (“Damla”)	Turkey	Mooring and tug service
Kadıköy Tankercilik A.Ş. (“Kadıköy”)	Turkey	Crude oil and petroleum products transportation
Beykoz Tankercilik A.Ş. (“Beykoz”)	Turkey	Crude oil and petroleum products transportation
Sarıyer Tankercilik A.Ş. (“Sarıyer”)	Turkey	Crude oil and petroleum products transportation
Kartal Tankercilik A.Ş. (“Kartal”)	Turkey	Crude oil and petroleum products transportation
Maltepe Tankercilik A.Ş. (“Maltepe”)	Turkey	Crude oil and petroleum products transportation
Salacak Tankercilik A.Ş. (“Salacak”)	Turkey	Crude oil and petroleum products transportation
Karşıyaka Tankercilik A.Ş. (“Karşıyaka”)	Turkey	Crude oil and petroleum products transportation
Bakırköy Tankercilik A.Ş. (“Bakırköy”)	Turkey	Crude oil and petroleum products transportation
Karaköy Tankercilik A.Ş. (“Karaköy”)	Turkey	Crude oil and petroleum products transportation
Çengelköy Tankercilik A.Ş. (“Çengelköy”)	Turkey	Crude oil and petroleum products transportation
Pendik Tankercilik A.Ş. (“Pendik”)	Turkey	Crude oil and petroleum products transportation
Tuzla Tankercilik A.Ş. (“Tuzla”)	Turkey	Crude oil and petroleum products transportation
Göztepe Tankercilik A.Ş. (“Göztepe”)	Turkey	Crude oil and petroleum products transportation
Körfez Ulaştırma A.Ş. (“Körfez”)	Turkey	Air carriage and transportation
Tupras Trading Ltd. (“Tupras Trading”)	England	Crude oil and petroleum products trade
<b>Joint ventures</b>	<b>Country of Incorporation</b>	<b>Nature of business</b>
OPET Petrolcülük A.Ş. (“Opet”)	Turkey	Petroleum products retail distribution
THY Opet Havacılık Yakıtları A.Ş.	Turkey	Jet fuel supply services
Opet International Limited	England	Petroleum products trading
Opet Trade B.V.	The Netherlands	Petroleum products trading
Opet Trade Singapore (In liquidation) (*)	Singapore	Petroleum products trading
Opet Market ve Akaryakıt İstasyon İşletmeciliği A.Ş.	Turkey	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

(\*) Ceased its activities since 15 July 2015.

The average number of employees of the Group as at 30 June 2020 is 6,158. (31 December 2019 – 6,098).

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

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

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2020

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

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

#### 2.1. Basis of presentation

##### 2.1.1 Financial reporting standards

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

The consolidated financial statements are presented in accordance with the formats specified in the "Announcement on TMS Taxonomy" published by the POA on April 15, 2019 and the Financial Table Examples and User Guide published by the CMB.

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 derivative instruments that are carried at fair value. These consolidated financial statements are based on the statutory records with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the Turkish Financial Reporting Standards.

#### Functional and presentation currency

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

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

#### The new standards, amendments and interpretations

The accounting policies adopted in preparation of the interim condensed consolidated financial statements as at 30 June 2020 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and IFRIC interpretations effective as of 1 January 2020. The effects of these standards and interpretations on the Group’s financial position and performance have been disclosed in the related paragraphs.

#### a. *New standards in force as of 30 June 2020 and changes and comments on existing previous standards:*

- **Changes in TAS 1 and TAS 8 definition of materiality;** It is effective for annual reporting periods starting on January 1, 2020 or after this date. Changes in TAS 1 "Presentation of Financial Statements" and TAS 8 "Accounting Policies, Changes in Accounting Policies and Errors" and changes in other TFRSs depending on these changes are as follows:
  - i) use of materiality definitions consistent with TFRS and financial reporting framework
  - ii) clarification of the disclosure of materiality definition and
  - iii) incorporation of some guidance in IAS 1 regarding non-material information

The mentioned amendment does not have a significant impact on the financial position and performance of the Group.

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2020

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

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

#### 2.1. Basis of presentation (Continued)

##### a. *New standards in force as of 30 June 2020 and changes and comments on existing previous standards (Continued):*

- **Amendments to TFRS 3 - definition of business;** It is effective for annual reporting periods starting on January 1, 2020 or after this date. With this change, the business definition has been revised. According to the feedback received by the IASB, current practice guidance is generally considered to be too complex, resulting in too much action to meet the definition of business combinations.
- **Amendments to TFRS 9, TAS 39 and TFRS 7 - Benchmark interest rate reform;** It is effective for annual reporting periods starting on January 1, 2020 or after this date. These changes provide certain facilitating practices regarding benchmark interest rate reform. These practices relate to hedge accounting, and the effect of the IBOR reform should generally not lead to the end of hedge accounting. However, any hedging ineffectiveness should continue to be recorded in the income statement. Considering the prevalence of hedge accounting in IBOR-based contracts, these facilitating practices will affect all companies in the industry. The effect of this change on the financial position and performance of the Group is evaluated.
- **Amendments to TFRS 16 'Leases - COVID 19 Lease concessions';** It is effective for annual reporting periods starting on 1 June 2020 or after this date. Due to the COVID-19 outbreak, some privileges were provided to tenants in rent payments. These concessions can take a variety of forms, including suspension or postponement of lease payments. On May 28, 2020, with the amendment to the IFRS 16 Leases standard, the IASB introduced an optional facilitating application for tenants to not evaluate whether the privileges granted due to COVID-19 in lease payments are a change in the lease. Tenants may choose to account for such lease concessions in accordance with the provisions that apply in the absence of a change to the lease. This ease of implementation often causes the lease concession to be accounted for as variable lease payment in periods when an event or condition that triggers a reduction in lease payments occurs. The change in question is not expected to have a significant impact on the financial position and performance of the Group.

##### b) *Standards and changes that have been published as of 30 June 2020 but have not yet come into force:*

- **TFRS 17, "Insurance Contracts";** effective for annual reporting periods starting on or after January 1, 2023. This standard replaces TFRS 4, which currently allows a wide variety of applications. TFRS 17 will fundamentally change the accounting of all businesses that issue insurance contracts and investment contracts with discretionary participation. The change in question is not expected to have an impact on the financial position and performance of the Group.
- **TAS 1, "Presentation of financial statements" standard regarding the classification of liabilities;** effective for annual reporting periods starting on or after January 1, 2022. These narrow amendments to TAS 1, "Presentation of financial statements", explain that liabilities are classified as current or non-current depending on the rights existing at the end of the reporting period. The amendment also clarifies the meaning of "payment" of an obligation in TAS 1. The effects of this change on the financial position and performance of the Group are evaluated.
- **Narrow amendments in TFRS 3, TAS 16, TAS 17 and some annual improvements in TFRS 1, TFRS 9, TAS 41 and TFRS 16; Valid for annual reporting periods starting on or after January 1, 2022.**
  - **Amendments to TFRS 3 'Business Combinations';** This amendment updates a reference to the Conceptual Framework for Financial Reporting in TFRS 3 without changing the accounting requirements for business combinations.
  - **Amendments to TAS 16 'Tangible fixed assets';** prohibits a company from deducting the income from the sale of manufactured products from the amount of tangible fixed assets until the asset is ready for use. Instead, the company will reflect such sales revenue and related cost in profit or loss.
  - **Amendments to TAS 37, 'Provisions, Contingent Liabilities and Contingent Assets';** Annual improvements make minor changes to the explanatory examples of TFRS 1, 'First application of International Financial Reporting Standards' TFRS 9 'Financial Instruments', TAS 41 'Agricultural Activities' and TFRS 16.

The effects of this change on the financial position and performance of the Group are evaluated.

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2020

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

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

#### 2.1. Basis of presentation (Continued)

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

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

##### 2.1.4 Principles of consolidation

- a) The condensed consolidated financial statements for the interim period ended 30 June 2020 have been prepared in accordance with principles stated on the consolidated financial statements for the year ended 31 December 2019 and include financial statements of Tüpraş, and its Subsidiaries.
- b) At 30 June 2020, there are no changes in voting rights or proportion of effective interest on subsidiaries and joint ventures that are subject to consolidation from the information stated on consolidated financial statements for the year ended 31 December 2019.

	30 June 2020		31 December 2019	
	Direct and indirect voting right possessed by the company (%)	Proportion of effective interest (%)	Direct and indirect voting right possessed by the company (%)	Proportion of effective interest (%)
<b>Subsidiary</b>				
Ditaş	79.98	79.98	79.98	79.98
Üsküdar	79.98	79.98	79.98	79.98
Damla	79.98	79.98	79.98	79.98
Beykoz	79.98	79.98	79.98	79.98
Kadıköy	79.98	79.98	79.98	79.98
Sarıyer	79.98	79.98	79.98	79.98
Kartal	79.98	79.98	79.98	79.98
Maltepe	79.98	79.98	79.98	79.98
Salacak	79.98	79.98	79.98	79.98
Karşıyaka	79.98	79.98	79.98	79.98
Bakırköy	79.98	79.98	79.98	79.98
Karaköy	79.98	79.98	79.98	79.98
Çengelköy	79.98	79.98	79.98	79.98
Pendik	79.98	79.98	79.98	79.98
Tuzla	79.98	79.98	79.98	79.98
Göztepe	79.98	79.98	79.98	79.98
Körfez	100.00	100.00	100.00	100.00
Tupras Trading	100.00	100.00	-	-

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

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

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2020

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

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

#### 2.1. Basis of presentation (Continued)

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

The table below shows the total interest of the Group in its joint ventures accounted by equity method as at 30 June 2020 and 31 December 2019:

	30 June 2020		31 December 2019	
	Direct and indirect voting right possessed by the company (%)	Proportion of effective interest (%)	Direct and indirect voting right possessed by the company (%)	Proportion of effective interest (%)
<b>Joint ventures accounted by equity method</b>				
Opet	50.00	40.00	50.00	40.00
Opet International Limited (*)	50.00	40.00	50.00	40.00
Opet Trade B.V.(*)	50.00	40.00	50.00	40.00
Opet Trade Singapore (In liquidation)(*) (**)	50.00	40.00	50.00	40.00
Opet Market ve Akaryakıt İstasyon İşletmeciliği A.Ş. (*)	50.00	40.00	50.00	40.00
THY Opet Havacılık Yakıtları A.Ş.(*)	25.00	20.00	25.00	20.00
Opet Fuchs Madeni Yağ San. ve Tic. A.Ş.(*)	25.00	20.00	25.00	20.00
Op Ay Akaryakıt Ticaret Ltd. Şti.(*)	25.00	20.00	25.00	20.00
Akdeniz Akaryakıt Depolama Nakliyat ve Tic. A.Ş.(*)	16.65	13.32	16.65	13.32
Nemrut Liman ve Boru İşl. Nak. İç ve Dış Tic. Ltd. Şti.(*)	12.50	10.00	12.50	10.00
Opet Aygaz Gayrimenkul A.Ş.(*)	25.00	20.00	25.00	20.00

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

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

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

##### 2.1.5 Other principles regarding presentation

COVID-19 (Coronavirus), which has been affecting the whole world, had also a negative impact on the Group's financial activities and led to a temporary gross profit loss. The possible impacts of COVID 19 on the Group financials are closely monitored from all perspectives, and the Group has taken the necessary actions rapidly in order to minimize the possible outcomes of the pandemic. Several actions has been taken to minimize the operational expenses and a dynamic cash management strategy has been implemented to strengthen the liquidity position. The Group suspended production of the İzmir Refinery as of May 5, 2020 to minimize the adverse effects of contracting demand due to the COVID outbreak and the production at the İzmir Refinery has started gradually as of July 1, 2020, with signs of recovery in demand.

It is not possible to predict the duration of the coronavirus and to what extent it will spread within Turkey and globe and after the severity and duration of the pandemic become clear it will be possible to make a more precise evaluation for the medium long term. In addition, while preparing the interim condensed consolidated financial statements dated June 30, 2020, the possible effects of the COVID-19 outbreak were evaluated and the estimates and assumptions used in the preparation of the interim condensed consolidated financial statements were reviewed. In this context, the Group has tested the possible impairment in the interim condensed consolidated financial statements as of June 30, 2020 and no impairment was noticed on the Group assets.

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2020

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

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

#### 2.2. Changes in accounting policies

##### 2.2.1 Comparative information

The consolidated financial statements of the Group are prepared in comparison with the previous period in order to enable the determination of financial status and performance trends.

The Group presented the consolidated statement of financial position as of 30 June 2020 comparatively with the consolidated statement of financial position as of 31 December 2019. Also the consolidated statement of profit or loss and other comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the interim period ended 30 June 2020 are presented comparatively with the consolidated financial statements for the interim period ended 30 June 2019.

##### 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.

### 2.3. Summary of significant accounting policies

Condensed consolidated financial statements for the period ended 30 June 2020, have been prepared in compliance with TAS 34, the TFRS standard on interim financial reporting. Furthermore, condensed consolidated financial statements as of 30 June 2020 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 2019. Thus, these condensed consolidated financial statements must be evaluated together with the consolidated financial statements for the year ended 31 December 2019.

### 3. Business Combinations

No business combinations occurred during the period 30 June 2020.

### 4. Cash and cash equivalents

	30 June 2020	31 December 2019
Cash at banks		
Revenue share (blocked)	1,996,298	1,861,248
Time deposit	16,097,398	8,732,840
Demand deposits	44,375	7,955
Demand deposits (blocked)	16,438	-
Time deposit interest accruals	23,377	49,966
<b>Total</b>	<b>18,177,886</b>	<b>10,652,009</b>

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2020

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

### 4. Cash and cash equivalents (Continued)

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

As at 30 June 2020 and 31 December 2019, the maturity and the currency information of the time deposits, is as follows:

#### 30 June 2020

	Effective rate of interest (%)	Less than 1 month	1 - 3 months	Total
TL	8.44	9,829,336	-	9,829,336
USD	1.27	6,195,950	51,546	6,247,496
EUR	0.29	20,099	-	20,099
GBP	0.05	467	-	467
<b>Time deposit</b>		<b>16,045,852</b>	<b>51,546</b>	<b>16,097,398</b>

#### 31 December 2019

	Effective rate of interest (%)	Less than 1 month	1 - 3 months	Total
TL	11.28	7,482,221	50,000	7,532,221
USD	1.95	1,114,494	71,475	1,185,969
EUR	0.15	13,088	-	13,088
GBP	0.70	1,562	-	1,562
<b>Time deposit</b>		<b>8,611,365</b>	<b>121,475</b>	<b>8,732,840</b>

Cash and cash equivalents included in the consolidated statements of cash flows for the periods ended 30 June 2020 and 30 June 2019 are as follows:

	30 June 2020	30 June 2019
Cash and cash equivalents	18,177,886	9,889,401
Less: Blocked deposits (Revenue share)	(1,996,298)	(1,670,657)
Less: Time deposit interest accruals	(23,377)	(15,304)
<b>Cash and cash equivalents</b>	<b>16,158,211</b>	<b>8,203,440</b>

#### Revenue Share (blocked)

As required by the Petroleum Market License Regulation, the revenue share collected from the customers by the Group is held at banks and considered as blocked deposit in the Company’s books. The revenue share was invested as demand deposits with government debt securities interest rate and overnight interest rate as at 30 June 2020 and 31 December 2019 (Note 13).



# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2020

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

### 5. Financial liabilities

	30 June 2020	31 December 2019
<b>Short-term financial liabilities:</b>		
Short-term bank borrowings	5,084,563	1,797,993
Interest accruals of bank borrowings	57,850	690
<b>Total</b>	<b>5,142,413</b>	<b>1,798,683</b>
<b>Short-term portion of long-term financial liabilities:</b>		
Short-term portion of long-term bank borrowings	4,681,689	3,108,084
Bonds issued	650,000	-
Lease liabilities	27,502	25,699
Interest accruals of bank borrowings	193,057	191,241
Interest accruals of bonds issued	52,807	53,995
<b>Total</b>	<b>5,605,055</b>	<b>3,379,019</b>
<b>Long-term financial liabilities:</b>		
Long-term bank borrowings	13,433,418	8,909,295
Bonds issued	4,789,540	4,808,140
Lease liabilities	171,122	180,657
Interest accruals of bank borrowings	7,711	-
<b>Total</b>	<b>18,401,791</b>	<b>13,898,092</b>
<b>Total financial liabilities</b>	<b>29,149,259</b>	<b>19,075,794</b>

Tüpraş has issued a bond on 8 February 2019 with a nominal value of TRY400 million, with a maturity of 728 days, coupon payment every 3 months and repayment of principal and coupon at maturity, with 75 bps additional yields on 3MTRLIBOR reference rate.

Tüpraş has issued a bond on 25 January 2019 with a nominal value of TRY250 million, with a maturity of 728 days, coupon payment every 3 months and repayment of principal and coupon at maturity, with 75 bps additional yields on 3MTRLIBOR reference rate.

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

In 2011, Tüpraş has signed three loan agreements in order to finance Residuum Upgrading Project (“RUP”) and further to the agreements the loans amounting to USD1,998 million were utilized between 2011 and 2015 for credit insurance payments and capital expenditures. According to financing package loan was insured by SACE and CESCE have 12 years to maturity also there will be no principal and interest payment in first 4 years. The third loan has 7 years to maturity and there will be no principal payment in the first four years. The repayment of the loans has started in 2015 and as at 30 June 2020 the outstanding amount of the loans is USD671 million (31 December 2019 - USD765 million).

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2020

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

### 5. Financial liabilities (Continued)

Foreign currency balances and effective interest rates for the short and long-term financial liabilities as at 30 June 2020 and 31 December 2019 are as follows:

		30 June 2020	
	Effective interest rate (%)	Original Currency	Thousand TRY
<b>Short-term financial liabilities:</b>			
USD borrowings	1.36	259,150,000	1,773,157
TRY borrowings (*)	9.06	3,311,406,453	3,311,406
<b>Total short-term financial liabilities</b>			<b>5,142,413</b>
<b>Short-term portion of long-term financial liabilities:</b>			
USD borrowings	2.95	331,914,897	2,271,028
TRY bond issues	9.65	650,000,000	650,000
EUR borrowings	2.02	113,457,000	874,550
TRY borrowings	10.21	1,536,111,111	1,536,111
GBP lease liabilities	4.16	284,957	2,402
EUR lease liabilities	2.96	620,119	4,780
TRY lease liabilities	21.29	20,320,205	20,320
			<b>5,359,191</b>
Interest accruals			<b>245,864</b>
<b>Total short-term portion of long-term financial liabilities:</b>			<b>5,605,055</b>
<b>Long-term financial liabilities:</b>			
USD borrowings	2.87	1,059,569,121	7,249,784
USD bonds issued	4.50	700,000,000	4,789,540
EUR borrowings	3.31	4,428,500	34,136
TRY borrowings	9.23	6,149,498,000	6,149,498
GBP lease liabilities	4.20	760,141	6,407
EUR lease liabilities	3.21	7,146,026	55,083
TRY lease liabilities	22.30	109,632,038	109,632
			<b>18,394,080</b>
Interest accruals			<b>7,711</b>
<b>Total long-term financial liabilities</b>			<b>18,401,791</b>

(\*) Banks provide interest-free loans to the Group for the payment of SCT, Customs and Social Security debts amounting to TRY21,406 thousand as of 30 June 2020 (31 December 2019 - TRY210,178 thousand).

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2020

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

### 5. Financial liabilities (Continued)

		31 December 2019	
	Effective interest rate (%)	Original currency	Thousand TRY
Short-term financial liabilities:			
USD borrowings	2.23	267,300,000	1,587,815
TRY borrowings	-	210,177,843	210,178
Interest accruals			690
<b>Total short-term financial liabilities</b>			<b>1,798,683</b>
Short-term portion of long-term financial liabilities			
USD borrowings	3.91	322,136,658	1,913,556
EUR borrowings	2.02	113,393,640	754,135
TRY borrowings	14.95	440,393,063	440,393
GBP lease liabilities	4.16	279,174	2,171
EUR lease liabilities	2.95	833,008	5,541
TRY lease liabilities	21.64	17,986,921	17,987
			<b>3,133,783</b>
Interest accruals			245,236
<b>Total short-term portion long-term financial liabilities</b>			<b>3,379,019</b>
Long-term financial liabilities:			
USD borrowings	4.02	908,805,991	5,398,489
USD bonds issued	4.43	700,000,000	4,158,140
EUR borrowings	2.11	61,125,320	406,520
TRY borrowings	16.72	3,104,285,714	3,104,286
TRY bonds issued	15.47	650,000,000	650,000
GBP lease liabilities	4.16	904,130	7,031
EUR lease liabilities	3.20	7,416,683	49,325
TRY lease liabilities	22.57	124,300,668	124,301
			<b>13,898,092</b>
Interest accruals			-
<b>Total long-term financial liabilities</b>			<b>13,898,092</b>

As at 30 June 2020 and 31 December 2019, the redemption schedule of long-term bank borrowings is as follows:

	30 June 2020	31 December 2019
1-2 years	<b>10,100,388</b>	5,960,596
2-3 years	<b>1,913,658</b>	1,588,261
3-4 years	<b>1,142,996</b>	1,555,875
4-5 years	<b>5,065,330</b>	4,576,765
Over 5 years	<b>179,419</b>	216,595
<b>Total</b>	<b>18,401,791</b>	13,898,092

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2020

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

### 5. Financial liabilities (Continued)

The movement of borrowings as of 30 June 2020 and 2019 is as follows:

	2020	2019
1 January	19,075,794	17,949,540
New financial borrowings	26,822,732	24,960,949
Principal payments	(19,094,323)	(24,547,944)
Increase due to lease liabilities	10,445	209,452
Decrease due to payment of lease liabilities	(29,157)	(20,427)
Changes in interest accruals	79,018	112,101
Changes in foreign exchange rates	2,284,750	1,366,936
<b>30 June</b>	<b>29,149,259</b>	<b>20,030,607</b>

### 6. Trade receivables and payables

#### Short-term trade receivables:

	30 June 2020	31 December 2019
Trade receivables	1,203,829	3,806,348
Due from related parties (Note 27)	522,235	995,837
Doubtful trade receivables	5,330	5,243
Other trade receivables	206	21
Less: Unearned credit finance income	(5,052)	(14,300)
Less: Provision for doubtful receivables	(5,330)	(5,243)
<b>Total short-term trade receivables (net)</b>	<b>1,721,218</b>	<b>4,787,906</b>

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

As at 30 June 2020, Tüpraş has offsetted TRY3,922,856 thousand (31 December 2019 - TRY2,059,000 thousand) from trade receivables that are collected from factoring companies as part of the irrevocable factoring.

Movement of the provision for doubtful receivables for the periods ended 30 June 2020 and 2019 is as follows:

	2020	2019
1 January	5,243	4,740
Charge for the period	235	717
Payments during the period	(148)	(13)
<b>30 June</b>	<b>5,330</b>	<b>5,444</b>

#### Short-term trade payables:

	30 June 2020	31 December 2019
Trade payables	9,865,074	17,624,694
Due to related parties (Note 27)	313,869	226,072
Less: Unrealised credit finance charges	(1,143)	(34,592)
<b>Total short term trade payables (net)</b>	<b>10,177,800</b>	<b>17,816,174</b>

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

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2020

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

### 7. Other receivables and payables

#### Other short-term receivables:

	30 June 2020	31 December 2019
Receivable from insurance recoveries	28,865	28,084
Receivable from personnel	12,100	12,403
Deposits and guarantees given	5,117	5,130
Other doubtful receivables	1,526	1,526
Less: Provision for other doubtful receivables	(1,526)	(1,526)
<b>Total</b>	<b>46,082</b>	<b>45,617</b>

### 8. Inventories

	30 June 2020	31 December 2019
Raw materials and supplies	1,006,917	1,348,822
Work-in-progress	1,136,375	1,612,901
Finished goods	1,036,341	2,169,793
Trade goods	246,974	53,644
Goods in transit	2,003,258	4,201,510
Other inventories	73,606	81,911
	<b>5,503,471</b>	<b>9,468,581</b>
Less: Provision for impairment in inventories	-	-
<b>Total</b>	<b>5,503,471</b>	<b>9,468,581</b>

Movement of the provision for inventories for the periods ended 30 June 2020 and 2019 is as follows:

	2020	2019
1 January	-	87,855
Charge for the period	1,003,880	21,566
Provisions no longer required	(1,003,880)	(87,855)
<b>30 June</b>	<b>-</b>	<b>(21,566)</b>

The sudden drop in crude oil price between January 1 and March 31, 2020 caused inventory sales prices to remain below unit cost; However, after March 31, 2020, as a result of the increase in crude oil prices reflected on product prices, the provision for inventories was either canceled or realized.

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

	30 June 2020		31 December 2019	
	Participation share (%)	Amount	Participation share (%)	Amount
OPET Petrolcülük A.Ş.	40.00	1,031,541	40.00	1,362,777
		<b>1,031,541</b>		<b>1,362,777</b>

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2020

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

### 9. Investments accounted for using the equity method (Continued)

The goodwill amounting to TRY189,073 thousand arising from the purchase of Opet shares on 28 December 2006 were classified on the investments accounted for using the equity method in the financial statements.

The movement in the investments accounted for using the equity method during the period ended 30 June 2020 and 2019 is as follows:

	2020	2019
1 January	1,362,777	1,266,334
Investments accounted for using the equity method;		
Shares in current year profit/loss	(226,034)	109,748
Dividend payment	(120,000)	(96,000)
Gain on revaluation of property	-	20,831
Currency translation differences	14,798	6,950
<b>30 June</b>	<b>1,031,541</b>	<b>1,307,863</b>

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

	30 June 2020	31 December 2019
Current assets	5,605,765	5,416,089
Non-current assets	3,325,395	3,319,884
<b>Total assets</b>	<b>8,931,160</b>	<b>8,735,973</b>
Short term liabilities	4,112,854	3,498,612
Long term liabilities	2,712,135	2,303,102
Equity	2,106,171	2,934,259
<b>Total liabilities</b>	<b>8,931,160</b>	<b>8,735,973</b>

	1 January - 30 June 2020	1 April - 30 June 2020	1 January - 30 June 2019	1 April - 30 June 2019
Sales (net)	16,068,978	7,340,653	21,323,824	11,744,867
Gross profit	638,292	291,116	941,317	490,756
Operating profit	111,778	40,596	459,261	252,679
Net income for the period	(565,085)	(144,004)	274,370	116,690

With the decision of the Competition Board dated 27.08.2018; an investigation was initiated against Opet, a Joint Venture of the Group, in order to determine whether Article 4 of the Law on the Protection of Competition numbered 4054 was violated by determining the resale price of its dealers, and as a result of the investigation, the Competition Board sentenced Opet to a fine of TRY433,932 thousand on 12 March 2020. The said administrative fine will be paid by Opet within 30 days following the notification of the justified decision, within the framework of the Law on Misdemeanors, numbered 5326 as TRY325,449 thousand at the rate of three quarters, and all legal rights will be exercised in relation to the aforementioned decision and penalty.

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2020

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

### 10. Property, plant and equipment

The movements in property, plant and equipment and related depreciation expenses as of 30 June 2020 and 2019 are as follows:

	1 January 2020	Gain on revaluation of property	Additions	Transfers	Disposals	30 June 2020	
<b>Cost:</b>							
Lands	7,206,553	-	-	-	-	7,206,553	
Land improvements	3,793,487	-	22,565	-	(21,655)	3,794,397	
Buildings	839,908	-	-	-	12,498	852,406	
Machinery and equipment	12,936,688	166	119,757	-	(6,616)	13,049,995	
Motor vehicles	1,993,137	-	103,782	-	(20,956)	2,075,963	
Furniture and fixtures	135,217	100	10,055	-	(390)	144,982	
Construction in progress	651,346	-	226,483	-	2	877,831	
Special costs	4,131	464	-	-	-	4,595	
Other tangible assets	2,794	-	-	-	(2)	2,792	
	<b>27,563,261</b>	<b>730</b>	<b>482,642</b>	<b>-</b>	<b>(37,119)</b>	<b>28,009,514</b>	
<b>Accumulated depreciation:</b>							
Land improvements	(1,612,017)	-	(77,155)	-	21,652	(1,667,520)	
Buildings	(227,940)	-	(8,899)	-	(12,517)	(249,356)	
Machinery and equipment	(5,025,154)	(30)	(209,321)	-	6,646	(5,227,859)	
Motor vehicles	(281,918)	-	(42,864)	-	20,892	(303,890)	
Furniture and fixtures	(78,701)	(19)	(9,164)	-	369	(87,515)	
Special costs	(818)	(86)	(459)	-	-	(1,363)	
Other tangible assets	(1,998)	-	(144)	-	1	(2,141)	
<b>Cost:</b>	<b>(7,228,546)</b>	<b>(135)</b>	<b>(348,006)</b>	<b>-</b>	<b>37,043</b>	<b>(7,539,644)</b>	
<b>Net book value</b>	<b>20,334,715</b>					<b>20,469,870</b>	
	1 January 2019	Gain on revaluation of property	Currency translation differences	Additions	Transfers	Disposals	30 June 2019
<b>Cost:</b>							
Lands	62,161	7,139,764	-	-	4,621	-	7,206,546
Land improvements	3,721,772	-	-	-	6,019	-	3,727,791
Buildings	789,073	-	-	-	624	(17)	789,680
Machinery and equipment	12,657,231	-	665	281	(63,923)	(305)	12,593,949
Motor vehicles	1,249,363	-	-	331,061	-	(1)	1,580,423
Furniture and fixtures	128,559	-	-	1,146	(18,267)	(2,238)	109,200
Construction in progress	339,919	-	-	514,868	75,547	-	930,334
Other tangible assets	1,070	-	-	2,965	-	(1,276)	2,759
Cost:	4,057	-	-	23	-	-	4,080
	<b>18,953,205</b>	<b>7,139,764</b>	<b>665</b>	<b>850,344</b>	<b>4,621</b>	<b>(3,837)</b>	<b>26,944,762</b>
<b>Accumulated depreciation:</b>							
Land improvements	(1,456,256)	-	-	(77,011)	(2,230)	-	(1,535,497)
Buildings	(210,688)	-	-	(8,564)	(8)	14	(219,246)
Machinery and equipment	(4,611,075)	-	(40)	(199,777)	(13,462)	293	(4,824,061)
Motor vehicles	(252,335)	-	-	(24,831)	-	-	(277,166)
Furniture and fixtures	(81,852)	-	-	(7,137)	15,700	2,070	(71,219)
Other tangible assets	(44)	-	-	(490)	-	150	(384)
Accumulated depreciation:	(1,788)	-	-	(142)	-	-	(1,930)
	<b>(6,614,038)</b>	<b>-</b>	<b>(40)</b>	<b>(317,952)</b>	<b>-</b>	<b>2,527</b>	<b>(6,929,503)</b>
<b>Net book value</b>	<b>12,339,167</b>						<b>20,015,259</b>

Total depreciation expense amounting to TRY348,006 thousand (June 30, 2019 - TRY317,952 thousand) related to tangible fixed assets in the comprehensive consolidated income statement for the interim period ending on 30 June 2020 has been allocated to cost of goods sold amounting to TRY260,613 thousand (30 June 2019 - TRY303,715 thousand), to marketing, sales and distribution expenses amounting to TRY46,511 thousand (June 30, 2019 - TRY3 thousand), to general administration expenses amounting to TRY34,599 thousand (June 30, 2019 - TRY14,234 thousand), to research and development expenses amounting to TRY6,283 thousand (June 30, 2019 - None).

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## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2020

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

### 10. Property, plant and equipment (Continued)

The depreciation expense related to right-of-use assets in the consolidated statement of comprehensive income for the period ended as of 30 June 2020 at TRY16,788 thousand (June 30 2019 - TRY15,449 thousand), is classified to general administrative expenses amounting to TRY13,058 thousand (30 June 2019 - TRY15,449 thousand), to marketing, sales and distribution expenses amounting to TRY2,479 thousand (June 30 2019 - None), and to cost of goods sold amounting to TRY1,251 thousand (June 30 2019 - None).

There is no mortgage on tangible fixed assets as of 30 June 2020 (30 June 2019 - None).

### 11. Intangible assets

#### Other intangible assets:

The movements of intangible assets and related accumulated amortisation for the period ended 30 June 2020 and 2019 are as follows:

	1 January 2020	Additions	Transfers	Disposals	30 June 2020
<b>Cost:</b>					
Rights and software	99,713	1,584	-	-	101,297
Development expenses	92,498	10,910	-	-	103,408
	192,211	12,494	-	-	204,705
<b>Accumulated amortisation:</b>					
Rights and software	(67,510)	(6,242)	-	-	(73,752)
Development expenses	(72,957)	(4,462)	-	-	(77,419)
	(140,467)	(10,704)	-	-	(151,171)
<b>Net book value</b>	<b>51,744</b>				<b>53,534</b>

	1 January 2019	Additions	Transfers	Disposals	30 June 2019
<b>Cost:</b>					
Rights and software	91,242	2,706	-	-	93,948
Development expenses	85,407	1,378	-	-	86,785
	176,649	4,084	-	-	180,733
<b>Accumulated amortisation:</b>					
Rights and software	(54,295)	(6,588)	-	-	(60,883)
Development expenses	(64,169)	(4,872)	-	-	(69,041)
	(118,464)	(11,460)	-	-	(129,924)
<b>Net book value</b>	<b>58,185</b>				<b>50,809</b>

Amortization expense amounting to TRY10,704 thousand (30 June 2019 - TRY11,460 thousand) is included in general administrative expenses in the comprehensive consolidated income statement for the interim period ending on 30 June 2020.



# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2020

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

### 12. Prepaid expenses

#### Short term prepaid expenses:

	30 June 2020	31 December 2019
Insurance and other expenses	224,490	117,991
Advances given	44,010	118,771
<b>Total</b>	<b>268,500</b>	<b>236,762</b>

#### Long term prepaid expenses:

	30 June 2020	31 December 2019
Advances given to third parties for property, plant and equipment	124,837	142,369
Advances given to related parties for property, plant and equipment (Note 27)	26,962	54,725
Other prepaid expenses	2,868	1,785
<b>Total</b>	<b>154,667</b>	<b>198,879</b>

### 13. Other assets and liabilities

#### Other current assets:

	30 June 2020	31 December 2019
Deferred Value Added Tax (“VAT”)	326,880	1,265,764
Deferred Special Consumption Tax (“SCT”)	240,961	75,472
Spare parts and material stocks	100,307	93,795
Income accruals from commodity hedge (*)	65,571	90,007
Taxes and funds to be offsetted	46,187	101,440
Income accruals	39,652	19,747
VAT Receivable	27,829	729,357
Deferred VAT	12,222	40,692
Other current assets	33,943	7,814
<b>Total</b>	<b>893,552</b>	<b>2,424,088</b>

(\*) As of 30 June 2020, commodity hedge income accruals consist of swap transactions for inventory of Tüpraş which are exposed to commodity price risk. The income accruals recognized under cost of goods sold and collected as of 7 July 2020. As of 31 December 2019, commodity hedge income accruals consist of swap and zero cost corridor transactions for inventory of Tüpraş which are exposed to commodity price risk. The income accruals recognition made as of 31 December 2019 is recognized under cost of goods sold and collected as of 8 January 2020.

#### Other non-current assets:

	30 June 2020	31 December 2019
Spare parts and material stocks	1,614,908	1,569,443
Other	4,336	8,100
<b>Total</b>	<b>1,619,244</b>	<b>1,577,543</b>

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2020

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

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

#### Other current liabilities:

	30 June 2020	31 December 2019
Revenue share	2,003,059	1,866,833
SCT payable	1,470,293	1,175,211
VAT payable	531,597	12,669
Deferred Value Added Tax (“VAT”)	326,880	1,265,764
Deferred Special Consumption Tax (“SCT”)	240,961	75,472
Expense accruals from commodity hedge (*)	33,946	200,167
Other taxes and liabilities	30,048	74,146
Other	57,844	33,693
<b>Total</b>	<b>4,694,628</b>	<b>4,703,955</b>

(\*) As of 30 June 2020, commodity hedge expense accruals consist of swap transactions for inventory of Tüpraş which are exposed to commodity price risk. The expense accruals recognized under cost of goods sold and collected as of 8 July 2020. As of 31 December 2019, commodity hedge expense accruals consist of swap and zero cost corridor transactions for inventory of Tüpraş which are exposed to commodity price risk. The expense accruals recognition made as of 31 December 2019 is recognized under cost of goods sold and collected as of 8 January 2020.

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.

As a result of these regulations, the revenue share amounting to TRY2,003,059 thousand accumulated as at 30 June 2020 (31 December 2019: TRY1,866,833 thousand) which is not recognized in the comprehensive income statement, has been classified as “Revenue Share” within “Other short-term liabilities”. TRY1,996,298 thousand is (31 December 2019: TRY1,861,248 thousand) blocked in banks as demand deposits with government debt securities interest rate and overnight interest rate related to the calculated revenue share has been classified as Revenue share “Blocked” within “Cash and cash equivalents”(Note 4).

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2020

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

### 14. Provisions

#### Provision for employee benefits:

#### Short-term provision for employee benefits:

	30 June 2020	31 December 2019
Personnel bonus accruals	65,678	7,400
Seniority incentive bonus provision	9,649	8,377
<b>Total</b>	<b>75,327</b>	<b>15,777</b>

#### Long-term employee benefits:

	30 June 2020	31 December 2019
Provision for employment termination benefits	240,548	232,075
Provision for unused vacation	80,645	71,754
Seniority incentive bonus provision	14,144	12,223
<b>Total</b>	<b>335,337</b>	<b>316,052</b>

#### *Seniority incentive bonus provision:*

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

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

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

	2020	2019
1 January	20,600	14,601
Charge for the period	6,693	12,408
Payments during the period	(3,500)	(10,130)
<b>30 June</b>	<b>23,793</b>	<b>16,879</b>

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

Under the Labour Law, the Group is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men), Since the legislation was changed on 23 May 2002, there are certain transitional provisions relating to length of service prior to retirement.

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

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

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2020

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

### 14. Provisions (Continued)

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

	30 June 2020	31 December 2019
Discount rate (%)	4.67	4.67
Turnover rate to estimate probability of retirement (%)	99.36	99.36

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. Employment termination benefits of the joint ventures of the Group, which are registered in Turkey are calculated from the maximum amount of TRY7,117.17 which is effective as at 1 July 2020 (31 December 2019: TRY6,730.15).

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

	2020	2019
1 January	232,075	186,525
Interest rate	14,012	15,597
Increase during the period	11,882	5,356
Payments during the period	(17,421)	(24,494)
<b>30 June</b>	<b>240,548</b>	<b>182,984</b>

### *Provision for unused vacation:*

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

	2020	2019
1 January	71,754	59,787
Increase during the period	12,964	9,846
Payments during the period	(4,073)	(5,857)
<b>30 June</b>	<b>80,645</b>	<b>63,776</b>

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

	30 June 2020	31 December 2019
Provision for demurrage	66,306	41,924
EMRA participation share (*)	36,144	37,054
Provisions for pending claims and law suits	20,815	21,195
Provisions for cost	18,677	1,010
Other	14,024	192
<b>Total</b>	<b>155,966</b>	<b>101,375</b>

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

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2020

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

### 14. Provisions (Continued)

#### Other short term provisions (Continued)

Movement of the short-term provisions for the period ended 30 June 2020 and 2019 are as follow:

	Provision for pending claims and lawsuits	EMRA participation share	Provision for demurrage	Provision for cost	Other	Total
1 January 2020	21,195	37,054	41,924	1,010	192	101,375
Changes for the period, net	(350)	17,617	24,382	17,667	13,832	73,148
Payments during the period, net	(30)	(18,527)	-	-	-	(18,557)
30 June 2020	20,815	36,144	66,306	18,677	14,024	155,966
1 January 2019	19,038	33,473	18,108	-	863	71,482
Changes for the period, net	332	51,261	13,188	-	27,990	92,771
Payments during the period, net	-	(33,473)	-	-	-	(33,473)
30 June 2019	19,370	51,261	31,296	-	28,853	130,780

### 15. Liabilities for employee benefits

	30 June 2020	31 December 2019
Due to the personnel	48,785	113,039
Social security withholdings payment	39,304	34,370
<b>Total</b>	<b>88,089</b>	<b>147,409</b>

### 16. Other payables

	30 June 2020	31 December 2019
Deposits and guarantees received	33,185	27,112
Other payables to related parties (Note 27)	2,801	28,297
<b>Total</b>	<b>35,986</b>	<b>55,409</b>

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2020

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

### 17. Derivative instruments

	30 June 2020				31 December 2019			
	Purchase contract amount		Sales contract amount		Purchase contract amount		Sales contract amount	
			Assets	Liabilities			Assets	Liabilities
<i>Cash flow hedge</i>								
Interest rate swap	673,882	673,882	-	113,231	584,678	584,678	-	51,176
Cross currency swap	1,402,632	1,106,591	336,263	22,095	1,215,184	1,097,828	119,942	20,707
Commodity derivative	1,391,821	1,391,821	121,647	283,828	102,213	102,212	13,702	-
Forward foreign exchange transactions	454,231	412,777	53,667	-	-	-	-	-
<i>Derivatives held for trading</i>								
Currency forwards	4,242,163	4,110,248	259,454	1,971	9,559,306	9,679,259	163,578	695
Commodity derivative	716,036	716,036	8,208	2,052	404,147	404,147	6,770	6,669
<b>Short term derivative financial instruments</b>			<b>779,239</b>	<b>423,177</b>			<b>303,992</b>	<b>79,247</b>
<i>Cash flow hedge</i>								
Interest rate swap	2,362,933	2,362,933	-	26,713	2,429,277	2,429,277	-	24,187
Cross currency swap	243,838	109,757	79,494	4,143	820,186	654,292	98,741	7,763
<b>Long term derivative financial instruments</b>			<b>79,494</b>	<b>30,856</b>			<b>98,741</b>	<b>31,950</b>
<b>Total</b>			<b>858,733</b>	<b>454,033</b>			<b>402,733</b>	<b>111,197</b>

As of 30 June 2020, forward foreign exchange transactions consist of forward and currency swap transactions which generate a sales obligation of TRY4,523,025 thousand in exchange of USD686,387 thousand which will expire in 2020. (As of 31 December 2019, forward, swap, futures and options market transactions consist of forward transactions which generate a sales obligation of TRY9,679,259 thousand in exchange of USD1,609,257 thousand which has expired on January 2020).

As of 30 June 2020, interest rate swap consists of exchange of floating rate instalment payments of long term borrowings and bonds amounting to USD333,870 thousand (31 December 2019: USD378,126 thousand), EUR13,286 thousand (31 December 2019: EUR17,714) and TRY650,000 thousand with fixed rate instalment payments for cash flow hedging.

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## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2020

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

### 17. Derivative instruments (Continued)

As of 30 June 2020, cross currency swap transactions consist of swaps with fixed interest rate transaction of foreign currency indexed floating interest rate USD104,227 thousand (31 December 2019: USD141,616) and fixed interest rate long-term borrowings amounting to TRY439,062 thousand and indexed to Turkish Lira, swap of foreign currency indexed floating interest long-term borrowing of EUR104,600 thousand (31 December 2019: 156,900) and fixed interest rate long-term borrowings amounting to TRY652,966 thousand and indexed to Turkish Lira, foreign currency indexed interest rate swap transactions EUR6,643 thousand (31 December 2019: EUR8,857) with Turkish Lira indexed long term borrowings and fixed interest payments amounting to TRY24,644 thousand (31 December 2019: TRY32,859 thousand), and fixed interest payments amounting to TRY24,644 thousand (31 December 2019: TRY32,859 thousand) with fixed interest payments with total of USD7,003 thousand (31 December 2019: USD9,337 thousand), and swap transaction of EUR6,643 thousand (31 December 2019: EUR8,857) foreign currency indexed fixed interest rate of long-term borrowing and USD7,565 thousand (31 December 2019: USD10,086) USD indexed fixed interest payments.

As of 30 June 2020, commodity derivative transactions; consists of average refinery crack margin fixing transactions. The the refinery crack margin transactions were fixed at a total of 2.520 thousand barrels for the third quarter of 2020 and a total of 2.100 thousand barrels for the fourth quarter of 2020. The weighted average fixed margin for of these transactions is USD8.01 per barrel. As of 31 December 2020, commodity derivative transactions; consists of average refinery crack margin fixing transactions. Future sales product crack margin fixing transactions have been executed for, gasoline stocks of 374 thousand barrels, jet fuel stocks of 265 thousand barrels, diesel stocks of 749 thousand barrels and fuel oil stocks of 172 thousand barrels for first quarter of 2020. The weighted average fixed margin of the product crack margin fixing transactions are USD6.33 for gasoline, USD15.04 for jet fuel, USD17.87 for diesel and USD-14.76 for fuel oil per barrel.

### 18. Commitments and contingent assets and liabilities

	30 June 2020		31 December 2019	
Guarantees received:	Original currency:	TRY amount:	Original currency:	TRY amount:
Letter of guarantess received		988,446		1,118,403
- Letter of guarantess in TRY	663,995	663,995	719,088	719,088
- Letter of guarantess in USD	18,159	124,248	32,249	191,566
- Letter of guarantess in EUR	24,922	192,101	30,088	200,104
- Letter of guarantess in other currencies	-	8,102	-	7,645
Guarantee notes received		679		679
- Guarantee notes in TRY	679	679	679	679
Guarantee letters received		392,881		347,675
- Guarantee letters received in TRY	50,000	50,000	50,000	50,000
- Guarantee letters received in USD	50,000	342,110	50,000	297,010
- Guarantee letters received in EUR	100	771	100	665
Guarantee letters of credit		259,389		500,212
- Letters of credit in USD	37,910	259,389	84,208	500,212
Direct debiting limits		417,877		506,841
- TRY direct debiting limits	417,877	417,877	506,841	506,841
<b>Total guarantees received</b>		<b>2,059,272</b>		<b>2,473,810</b>
<b>Guarantees given:</b>				
Letter of credits given		1,858,733		2,496,440
- Letter of credits in USD	269,282	1,842,484	416,672	2,475,117
- Letter of credits in EUR	2,053	15,827	2,749	18,283
- Letter of credits in other currencies	-	422	-	3,040
Letter of guarantess given		1,516,056		1,394,723
- Letter of guarantess in TRY	1,368,208	1,368,208	1,274,730	1,274,730
- Letter of guarantess in USD	20,200	138,213	20,200	119,993
- Letter of guarantess in EUR	1,250	9,635	-	-
Letters of guarantee given to customs offices		1,091,494		773,804
- Letter of guarantess in TRY	1,045,245	1,045,245	733,900	733,900
- Letter of guarantess in EUR	6,000	46,249	6,000	39,904
Letters of guarantee given to banks		857,657		980,238
- Letter of guarantess in USD	106,946	731,744	139,315	827,559
- Letter of guarantess in EUR	16,335	125,913	22,957	152,679
- Other letter of guarantess in USD	55,270	378,168	-	-
<b>Total guarantees given</b>		<b>5,702,108</b>		<b>5,645,205</b>

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## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2020

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

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

As of 30 June 2020 and 31 December 2019, letter of guarantees received are composed of guarantees from customers and suppliers. Guarantees given are mainly composed of guarantees given to government entities and customs offices. As of 30 June 2020, letters of guarantee given to banks are given for loans which were used by Companies within scope of consolidation amounting to TRY789,876 thousand (31 December 2019: TRY857,850 thousand) and for derivative financial instruments amounting to TRY67,781 thousand (31 December 2019: TRY122,388 thousand).

Collaterals, pledges, mortgages given by the Group as of 30 June 2020 and 31 December 2019 are as follows:

	30 June 2020	31 December 2019
A. CPMs given for companies in the name of its own legal personality	4,844,451	4,664,967
- TRY	2,413,453	2,008,630
- USD	2,358,865	2,595,110
- EUR	71,711	58,187
- Other	422	3,040
B. CPMs given on behalf of the fully consolidated companies	857,657	980,238
- USD	731,744	827,559
- EUR	125,913	152,679
C. CPMs given for continuation of its economic activities on behalf of third parties	-	-
D. Total amount of other CPMs	-	-
i) Total amount of CPMs given on behalf of the majority shareholder	-	-
ii) Total amount of CPMs given to on behalf of other Group companies which are not in scope of B and C	-	-
iii) Total amount of CPMs given on behalf of third parties which are not in scope of C	-	-
<b>Total</b>	<b>5,702,108</b>	<b>5,645,205</b>

### 19. Equity

The Company’s shareholders and their shareholding percentages as at 30 June 2020 and 31 December 2019 are as follows:

	30 June 2020	Ortaklık payı (%)	31 December 2019	Ortaklık payı (%)
Enerji Yatırımları A.Ş.	127,714	51	127,714	51
Publicly owned	122,705	49	122,705	49
<b>Total</b>	<b>250,419</b>	<b>100</b>	<b>250,419</b>	<b>100</b>
Adjustment to share capital	1,344,243		1,344,243	
<b>Total paid-in capital</b>	<b>1,594,662</b>		<b>1,594,662</b>	

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

Registered capital of the Company is TRY500,000 thousand and is divided into 50,000,000,000 shares with a registered nominal value of 1 Kuruş (“Kr”) (31 December 2019: 1Kr) 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 1Kr and one Group C share with privileges belonging to the Privatisation Administration.



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## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2020

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

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### 19. Equity (Continued)

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.

#### *Restricted reserves*

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code (“TCC”). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum until the total reserve reaches 20% of the Company’s paid-in share capital, The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in share capital, Under the TCC, the legal reserves can only be used to offset loss and are not available for any other usage unless the reserve exceeds 50% of paid-in share capital.

In accordance with Turkish Financial Reporting Standards the aforementioned amounts should be classified under “Restricted Reserves”. At 30 June 2020, the restricted reserves of the Company amount to TRY503,343 thousand (31 December 2019 - TRY503,343 thousand).

#### *Dividend distribution*

Listed companies distribute dividend in accordance with the Communiqué No, II-19,1 issued by the CMB which is effective from 1 February 2014.

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

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

At the Ordinary General Assembly Meeting dated 1 April 2020, in the financial statements prepared in accordance with the Tax Procedural Law records; due to loss of amounting TRY1,139,413 thousand in the current year result, it was decided to dividends will not be distributed and transfer the net period profit amounting to TRY525,837 thousand attributable to equity holders of the parent to the retained earnings in the related financial statements.

In the period ended as of 31 December 2019, the Company committed to make dividend payment in cash amounting to TRY3,793,851 thousand which is the total amount remained after first and second composition legal reserves deducted from 2018 distributable net profit of the period and a portion of second composition legal reserves. The Company paid a cash dividend at the rate of 1,515.0% which corresponds to TRY15,15 gross and TRY15,15 net cash dividend for the shares with a nominal value of TRY1,00 to institutional shareholders who are full taxpayers or limited liable taxpayers and obtain dividends through a business or permanent representative in Turkey. The Company paid also a cash dividend at the rate of 1,515.0%, which corresponds to TRY15,15 gross and TRY12,8775 net cash dividend for the shares with a nominal value of TRY1,00 to other shareholders.

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2020

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

### 20. Revenue and cost of sales

	1 January - 30 June 2020	1 April - 30 June 2020	1 January - 30 June 2019	1 April - 30 June 2019
Domestic revenue	20,641,926	7,626,591	34,508,281	19,014,508
Export revenue	5,986,309	1,850,986	10,662,596	5,231,496
<b>Gross sales</b>	<b>26,628,235</b>	<b>9,477,577</b>	45,170,877	24,246,004
Less: Sales discounts	(301,069)	(136,320)	(438,251)	(241,741)
Eksi: Sales returns	(108,048)	(61,676)	(71,787)	(51,312)
<b>Sales (net)</b>	<b>26,219,118</b>	<b>9,279,581</b>	44,660,839	23,952,951
Cost of goods sold	(26,238,744)	(8,390,081)	(41,998,470)	(22,281,875)
<b>Gross profit</b>	<b>(19,626)</b>	<b>889,500</b>	2,662,369	1,671,076

### Cost of Sales:

	1 January - 30 June 2020	1 April - 30 June 2020	1 January - 30 June 2019	1 April - 30 June 2019
Raw material, manufactured and consumable material	23,990,524	7,456,197	39,320,470	20,902,334
Energy expenses	985,361	356,934	1,286,520	674,015
Personnel expenses	469,388	227,995	396,677	170,305
Depreciation and amortization (Note 10)	261,864	132,648	303,715	153,080
Other production expenses	531,607	216,307	691,088	382,141
<b>Cost of sales</b>	<b>26,238,744</b>	<b>8,390,081</b>	41,998,470	22,281,875

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

#### General administrative expenses:

	1 January - 30 June 2020	1 April - 30 June 2020	1 January - 30 June 2019	1 April - 30 June 2019
Personnel expenses	264,027	125,688	243,682	120,719
Insurance expenses	95,389	54,335	70,774	39,986
Tax duties and fees	70,672	37,130	59,306	25,165
Depreciation and amortization (Note 10-11)	58,361	26,635	41,143	20,731
Outsourced services	44,472	21,580	40,560	21,288
Office expenses	26,755	12,090	33,051	17,669
Donations	26,683	16,113	10,490	5,299
Subscription fees	19,624	9,640	20,961	10,473
Lawsuit and consultancy expenses	16,167	7,206	14,019	9,672
Transportation and travel expenses	2,608	746	2,725	1,591
Other	24,966	10,324	33,559	17,304
<b>Total general administrative expenses</b>	<b>649,724</b>	<b>321,487</b>	570,270	289,897

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## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2020

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

### 21. General administrative expenses, marketing expenses and research and development expenses (Continued)

#### Marketing expenses:

	1 January - 30 June 2020	1 April - 30 June 2020	1 January - 30 June 2019	1 April - 30 June 2019
Transportation, storage and insurance expenses	119,707	98,240	62,039	52,958
Personnel expenses	77,352	38,106	78,834	37,317
Depreciation and amortization (Note 10)	48,990	26,546	3	2
Advertising expenses	13,800	8,160	13,837	6,980
Outsourced services	11,698	3,147	7,663	1,528
Energy expenses	11,565	4,679	13,324	6,880
Other	25,669	10,616	33,807	18,069
<b>Total marketing expenses</b>	<b>308,781</b>	<b>189,494</b>	<b>209,507</b>	<b>123,734</b>

#### Research and development expenses:

	1 January - 30 June 2020	1 April - 30 June 2020	1 January - 30 June 2019	1 April - 30 June 2019
Personnel expenses	8,426	3,118	8,472	3,709
Depreciation and amortization (Not 10)	6,283	3,504	-	-
Licence expenses	2,211	1,133	1,805	909
Outsourced services	451	154	532	305
Lawsuit and consultancy expenses	314	265	182	63
Other	1,015	431	2,298	1,484
<b>Total research and development expenses</b>	<b>18,700</b>	<b>8,605</b>	<b>13,289</b>	<b>6,470</b>

Depreciation expenses, which have been recorded under cost of goods sold between January 1 to 30 June 2019, have been appropriately allocated to cost centers as of 30 June 2020.

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

	1 January - 30 June 2020	1 April - 30 June 2020	1 January - 30 June 2019	1 April - 30 June 2019
<b>Other operating income:</b>				
Credit finance gains	284,391	244,843	350,736	194,962
Rent income	2,491	1,125	2,277	1,385
Foreign exchange gain from trade receivables	30,848	14,154	7,234	5,996
Provisions no longer required	75	-	12	-
Other	87,441	10,097	46,466	28,639
<b>Total other operating income</b>	<b>405,246</b>	<b>270,219</b>	<b>406,725</b>	<b>230,982</b>

	1 January - 30 June 2020	1 April - 30 June 2020	1 January - 30 June 2019	1 April - 30 June 2019
<b>Other operating expense:</b>				
Foreign exchange loss from trade payables	(437,989)	(248,020)	(545,771)	(52,921)
Credit finance charges	(351,414)	(77,424)	(142,465)	(89,729)
Other	(56,803)	(36,342)	(27,159)	(6,806)
<b>Total other operating expense</b>	<b>(846,206)</b>	<b>(361,786)</b>	<b>(715,395)</b>	<b>(149,456)</b>

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## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2020

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

	1 January - 30 June 2020	1 April - 30 June 2020	1 January - 30 June 2019	1 April - 30 June 2019
Gain/(loss) on sales of property plant and equipment and intangible assets	351	396	119	259
<b>Total income/(expense) from investment activities</b>	<b>351</b>	<b>396</b>	<b>119</b>	<b>259</b>

### 24. Financial income/(expenses)

	1 January - 30 June 2020	1 April - 30 June 2020	1 January - 30 June 2019	1 April - 30 June 2019
<b>Financial income:</b>				
Foreign exchange gains on deposits	999,890	504,185	762,611	293,537
Interest income on deposits	294,910	157,835	156,492	84,505
Foreign exchange gains on derivative instruments	119,297	18,133	107,854	(55,927)
<b>Total financial income</b>	<b>1,414,097</b>	<b>680,153</b>	<b>1,026,957</b>	<b>322,115</b>
<b>Financial expenses:</b>				
Foreign exchange losses on borrowings	(1,983,578)	(755,874)	(1,194,954)	(436,964)
Interest expenses	(755,409)	(415,033)	(1,156,225)	(654,024)
Foreign exchange losses on derivative instruments	(136,242)	(61,972)	(69,970)	(29,157)
Other	(2,371)	2,411	(2,678)	2,353
<b>Total financial expenses</b>	<b>(2,877,600)</b>	<b>(1,230,468)</b>	<b>(2,423,827)</b>	<b>(1,117,792)</b>

### 25. Tax assets and liabilities

#### i) Corporate tax:

	30 June 2020	31 December 2019
Current period corporate tax provision	4,116	9,479
Current year tax assets	(3,823)	(7,074)
<b>Corporation tax provision</b>	<b>293</b>	<b>2,405</b>

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

The corporation tax rate for the fiscal year 2020 is 22% (2019: 22%). Corporation tax is payable at a rate of 22% on the total income of the companies after adjusting for certain disallowable expenses, corporate income tax exemptions (participation exemption, investment allowance, etc.) and allowances. (as research and development expenditures deduction)

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

The analysis of cumulative temporary differences and the related deferred tax assets and liabilities in respect of items for which deferred income tax has been provided as at 30 June 2020 and 31 December 2019 using the enacted tax rates are as follows:

	Cumulative temporary differences		Deferred tax (liability)/asset	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
Gain on revaluation of property	7,139,764	7,139,764	(713,976)	(713,976)
Fair value difference of derivative instruments	441,417	365,686	(97,112)	(80,451)
Prepaid expenses	26,686	34,727	(5,871)	(7,640)
Deferred financial income, (net)	-	20,292	-	(4,464)
<b>Deferred tax liability</b>			<b>(816,959)</b>	<b>(806,531)</b>
Investment incentive income	11,906,622	11,714,563	4,040,394	3,957,291
Accumulated deductible financial losses(**)	4,275,826	1,128,491	940,682	248,268
Difference between the carrying values and tax base of property, plant, equipment and intangible assets	1,338,912	1,313,409	294,561	288,950
Employment termination benefits and seniority incentive bonus provision	256,664	243,951	56,466	53,669
Provision for unused vacation liability	71,149	61,369	15,653	13,501
Provisions for pending claims and lawsuits	20,815	21,195	4,579	4,663
Deferred financial income, (net)	8,436	-	1,856	-
Provision for inventory impairment	8,274	17,339	1,820	3,815
Other	141,641	17,629	31,161	3,877
<b>Deferred tax assets</b>			<b>5,387,172</b>	<b>4,574,034</b>
<b>Deferred tax asset - net</b>			<b>4,570,213</b>	<b>3,767,503</b>

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

(\*\*) Deferred tax assets amounting to TL 940,682 thousand is related to the Group's financial losses amounting to TRY4,275,826 thousand in 2019 and 2020. (31 December 2019 – TRY248,268 thousand)

The movement of deferred taxes is as follows:

	2020	2019
<b>Deferred tax asset/(liability), net</b>		
1 January	3,767,503	3,566,132
Charge for the period	719,717	256,367
Charge to equity:		
- Hedging cash flow gains/(losses)	82,993	22,166
- Revaluation of property gains/(losses)	-	(713,976)
<b>30 June</b>	<b>4,570,213</b>	<b>3,130,689</b>

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2020

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

### 26. Earnings per share

	1 January - 30 June 2020	1 April - 30 June 2020	1 January - 30 June 2019	1 April - 30 June 2019
Profit for the year attributable to shareholders of the Company	(2,449,849)	(184,839)	495,280	870,438
Weighted average number of Shares with nominal value of Kr1 each	25,041,920,000	25,041,920,000	25,041,920,000	25,041,920,000
<b>Basic and diluted earnings per share in Kr</b>	<b>(9.78)</b>	<b>(0.74)</b>	1.98	3.48

### 27. Related party transactions

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

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

#### a) Deposits:

	30 June 2020	31 December 2019
Yapı ve Kredi Bankası A.Ş. (2)	4,612,130	2,031,019
<b>Total</b>	<b>4,612,130</b>	<b>2,031,019</b>

#### b) Trade receivables:

	30 June 2020	31 December 2019
Opet Petrolcülük A.Ş. (1)	335,431	835,956
THY OPET Havacılık Yakıtları A.Ş. (1)	138,383	67,283
Aygaz A.Ş. (2)	43,178	85,399
Opet Fuchs Madeni Yağ San. ve Tic. A.Ş. (1)	124	6,104
Other (2)	5,119	1,095
<b>Total</b>	<b>522,235</b>	<b>995,837</b>

As of 30 June 2020, Tüpraş has offset TRY895,000 thousand (31 December 2019: TRY373,000 thousand) from its trade receivables due from related parties that are collected from factoring companies as a part of irrevocable factoring agreements.

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2020

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

### 27. Related party transactions (Continued)

#### c) Trade payables:

	30 June 2020	31 December 2019
RAM Sigorta Aracılık Hizmetleri A.Ş. (2)	209,229	9,635
Aygaz Doğalgaz Toptan Satış A.Ş. (2)	34,779	113,585
Aygaz A.Ş. (2)	19,852	4,995
Zer Merkezi Hizmetler ve Ticaret A.Ş. (2)	17,021	23,228
Koç Sistem Bilgi ve İletişim A.Ş. (2)	9,285	14,183
Ark İnşaat A.Ş. (2)	8,325	15,140
Opet Petrolcülük A.Ş. (1)	4,804	17,634
Otokoç Otomotiv Tic. ve San. A.Ş. (2)	3,725	9,337
THY OPET Havacılık Yakıtları A.Ş. (1)	2,932	5,429
RMK Marine Gemi Yapım Sanayii ve Deniz Taşımacılığı İşletmesi A.Ş. (2)	684	5,645
Setur Servis Turistik A.Ş. (2)	134	2,131
Other (2)	3,099	5,130
<b>Total</b>	<b>313,869</b>	<b>226,072</b>

#### d) Other payables:

	30 June 2020	31 December 2019
Koç Holding A.Ş. (3)	2,801	28,297
<b>Total</b>	<b>2,801</b>	<b>28,297</b>

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

	30 June 2020	31 December 2019
Ark İnşaat A.Ş. (2)	22.708	17.909
Düzey Tüketim Malları Sanayi ve Pazarlama Ticaret A.Ş.	4.254	-
RMK Marine Gemi Yapım Sanayii ve Deniz Taşımacılığı İşl. A.Ş. (2)	-	36.751
Other (2)	-	65
<b>Total</b>	<b>26.962</b>	<b>54.725</b>

#### f) Bank loans:

	30 June 2020	31 December 2019
Yapı ve Kredi Bankası A.Ş. (2)	1,327,091	111,131
<b>Total</b>	<b>1,327,091</b>	<b>111,131</b>

#### g) Lease liabilities:

	30 June 2020	31 December 2019
Koç Ailesi (3)	37,771	55,806
Otokoç Otomotiv Tic. ve San. A.Ş. (2)	26,835	22,658
Zer Merkezi Hizmetler ve Ticaret A.Ş. (2)	165	299
<b>Total</b>	<b>64,771</b>	<b>78,763</b>

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2020

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

### 27. Related party transactions (Continued)

#### h) Product and service sales:

	1 January - 30 June 2020	1 April - 30 June 2020	1 January - 30 June 2019	1 April - 30 June 2019
Opet Petrolcülük A.Ş. (1)	4,285,599	1,586,400	6,859,233	3,967,343
THY OPET Havacılık Yakıtları A.Ş. (1)	760,301	262,154	3,244,850	867,073
Aygaz A.Ş. (2)	240,555	72,554	385,689	209,439
Opet Fuchs Madeni Yağ San. ve Tic. A.Ş. (1)	20,199	9,934	20,710	9,480
Other (2)	5,362	2,175	5,184	3,979
<b>Total</b>	<b>5,312,016</b>	<b>1,933,217</b>	<b>10,515,666</b>	<b>5,057,314</b>

#### i) Product and service purchases:

	1 January - 30 June 2020	1 April - 30 June 2020	1 January - 30 June 2019	1 April - 30 June 2019
Aygaz Doğalgaz Toptan Satış A.Ş. (2)	299,201	68,560	571,871	384,114
Ram Sigorta Aracılık Hizmetleri A.Ş. (2) (**)	217,185	214,615	149,421	148,586
Opet Petrolcülük A.Ş. (1)	60,516	25,121	67,964	38,554
Zer Merkezi Hizmetler ve Ticaret A.Ş. (2)	47,635	25,872	42,415	21,824
Aygaz A.Ş. (2)	38,569	18,691	92,181	47,570
Koç Holding A.Ş. (3) (*)	16,246	8,123	12,660	7,645
Koç Sistem Bilgi ve İletişim A.Ş. (2)	15,736	8,156	13,441	5,586
Otokoç Otomotiv Tic. ve San. A.Ş. (2)	10,804	6,543	10,088	5,341
THY OPET Havacılık Yakıtları A.Ş. (1)	5,502	2,970	21,807	10,333
Opet International Limited (1)	-	-	40,626	20,253
Other (2)	21,794	11,382	30,399	17,184
<b>Total</b>	<b>733,188</b>	<b>390,033</b>	<b>1,052,873</b>	<b>706,990</b>

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

(\*\*) Includes paid and accrued insurance premiums in the periods ended 30 June 2020 and 2019 in connection with insurance policies signed with insurance companies through RAM Sigorta Aracılık Hizmetleri A.Ş acting as an intermediary insurance agent.

#### j) Fixed asset purchases:

	1 January - 30 June 2020	1 April - 30 June 2020	1 January - 30 June 2019	1 April - 30 June 2019
RMK Marine Gemi Yapım Sanayii ve Deniz Taşımacılığı İşletmesi A.Ş (2)	103.595	-	47.855	47.855
Ark İnşaat A.Ş. (2)	40.311	16.703	23.609	16.911
Entek Elektrik Üretimi A.Ş. (2)	-	-	46.100	46.100
Other (2)	6.689	3.734	5.043	545
<b>Total</b>	<b>150.595</b>	<b>20.437</b>	<b>122.607</b>	<b>111.411</b>

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

The senior management of the Company is determined as members and chair of the Board of Directors and General Manager and General Manager Deputies, The total amount of benefits provided to senior management is TRY8,102 thousand as of period ending on 30 June 2020 (30 June 2019 – TRY14,035 thousand). All of this amount consists of short term benefits. (30 June 2019 -TRY6,700 of this amount is related to payments due to termination of employment and the remaining portion consists of short-term benefits.)



# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2020

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### 27. Related party transactions (Continued)

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

	1 January - 30 June 2020	1 April - 30 June 2020	1 January - 30 June 2019	1 April - 30 June 2019
Yapı ve Kredi Bankası A.Ş. (2)	20,479	11,912	11,623	5,761
Yapı Kredi Faktoring A.Ş. (2)	1,520	1,292	8,167	6,348
Yapı Kredi Bank Nederland N.V.(2)	834	421	179	1
<b>Total</b>	<b>22,833</b>	<b>13,625</b>	<b>19,969</b>	<b>12,110</b>

#### m) Time deposit interest income:

	1 January - 30 June 2020	1 April - 30 June 2020	1 January - 30 June 2019	1 April - 30 June 2019
Yapı ve Kredi Bankası A.Ş. (2)	94,254	67,834	51,413	23,776
<b>Total</b>	<b>94,254</b>	<b>67,834</b>	<b>51,413</b>	<b>23,776</b>

#### n) Donations:

As of 30 June 2020, total donation is amounting to TRY14,178 thousand (30 June 2019 – TRY26 thousand).

### 28. Financial instruments and financial risk management

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

#### Credit risk:

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

Credit risks of the Group for each financial instrument type as at 30 June 2020 and 31 December 2019 are as follows:

30 June 2020	Receivables				Bank deposits	Derivative instruments	Other
	Trade Receivables		Other Receivables				
	Related parties	Other parties	Related parties	Other parties			
<b>Maximum exposed credit risk as of reporting date</b>	522,235	1,198,983	-	46,082	18,177,886	858,733	-
<b>- Secured portion of the maximum credit risk by guarantees, etc.</b>	-	307,826	-	-	-	-	-
A. Net book value of financial asset either are not due or not impaired	522,235	741,487	-	46,082	18,177,886	858,733	-
B. Net book value of overdue but not impaired financial assets	-	457,496	-	-	-	-	-
C. Net book value of the impaired assets	-	-	-	-	-	-	-
- Overdue(gross book value)	-	5,330	-	1,526	-	-	-
- Impairment (-)	-	(5,330)	-	(1,526)	-	-	-
- Secured portion of the net value by guarantees, etc.	-	-	-	-	-	-	-
- Not due yet (gross book value)	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
- Secured portion of the net value by guarantees, etc.	-	-	-	-	-	-	-
D. Components which are including credit risk except financial statement	-	-	-	-	-	-	-

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2020

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

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

#### Credit risk (Continued):

31 December 2019	Receivables				Bank deposits	Derivative instruments	Other
	Trade Receivables		Other Receivables				
	Related parties	Other parties	Related parties	Other parties			
Maximum exposed credit risk as of reporting date	995,837	3,792,069	-	45,617	10,652,009	402,733	-
- Secured portion of the maximum credit risk by guarantees, etc.	-	568,028	-	-	-	-	-
A. Net book value of financial asset either are not due or not impaired	995,837	3,674,402	-	45,617	10,652,009	402,733	-
B. Net book value of overdue but not impaired financial assets	-	117,667	-	-	-	-	-
C. Net book value of the impaired assets	-	-	-	-	-	-	-
- Overdue(gross book value)	-	5,243	-	1,526	-	-	-
- Impairment (-)	-	(5,243)	-	(1,526)	-	-	-
- Secured portion of the net value by guarantees, etc.	-	-	-	-	-	-	-
- Not due yet (gross book value)	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
- Secured portion of the net value by guarantees, etc.	-	-	-	-	-	-	-
D. Components which are including credit risk except financial statement	-	-	-	-	-	-	-

30 June 2020	Receivables		Bank deposits	Derivative instruments	Other Trade receivables
	Trade receivables	Other Receivables			
Overdue (1-30 days)	37,430	-	-	-	-
Overdue (1-3 months)	373,507	-	-	-	-
Overdue (3-12 months)	43,486	-	-	-	-
Overdue (1-5 years)	3,073	-	-	-	-
Overdue (5+ years)	-	-	-	-	-

31 December 2019	Receivables		Bank deposits	Derivative instruments	Other Trade receivables
	Trade receivables	Other Receivables			
Overdue (1-30 days)	59,438	-	-	-	-
Overdue (1-3 months)	31,732	-	-	-	-
Overdue (3-12 months)	23,991	-	-	-	-
Overdue (1-5 years)	2,506	-	-	-	-
Overdue (5+ years)	-	-	-	-	-

During the impairment test of financial assets, the Group has considered the indicators regarding uncollectibility of receivables that are due. The Group has guarantees received amounting to TRY89,658 thousand (31 December 2019: TRY114,531 thousand) for trade receivables overdue but not impaired, Major part of receivables without guarantees are from government entities which regularly made sales, any collection risk is not projected.

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

The Group categorizes the details of credit quality of trade receivables that are neither past due nor impaired or receivables whose conditions are examined under four groups. The details of credit quality of such trade receivables as at 30 June 2020 and 31 December 2019 are as follows:

	30 June 2020	31 December 2019
Group 1	-	241
Group 2	138,980	1,987,149
Group 3	929,097	2,453,724
Group 4	158,167	229,125
<b>Toplam</b>	<b>1,226,244</b>	<b>4,670,239</b>

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

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

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

#### *Credit risk (Continued):*

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)

#### **Market risk:**

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

#### *Commodity price risk*

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

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

Since instability in crude oil prices may cause unwanted and unexpected fluctuations in net profit and cash flows, the Company has constituted hedging policy in order to eliminate this risk, Within this framework, short and long term hedging transactions are made by using various derivative instruments (Note 17).

#### *Product crack risk*

Besides the fluctuations in crude oil prices, in order to eliminate fluctuation risk in product prices profit margins of the products (crack) can be fixed by using various derivative instruments (hedging). Therefore, a hedging policy has been created by comparing historical price levels and by hedging a certain percentage of the total sales volume at certain crack levels (Note 17).

#### *Foreign exchange risk*

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

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## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2020

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

#### Foreign exchange risk (Devamı)

The table below summarizes the net balance sheet foreign currency position risk and components that are managed within the risk tracking system of the Group as at 30 June 2020 and 31 December 2019:

	30 June 2020		31 December 2019	
	TRY	USD(*)	TL karşılığı	Dolar karşılığı(*)
Monetary assets	6,534,426	955,018	1,540,805	259,386
Monetary liabilities	(22,298,540)	(3,258,972)	(27,315,520)	(4,598,418)
<b>Monetary assets / (liabilities) foreign currency position</b>	<b>(15,764,114)</b>	<b>(2,303,954)</b>	<b>(25,774,715)</b>	<b>(4,339,032)</b>
Non-monetary assets	83,516	12,206	188,515	31,735
Net foreign currency position of derivative financial instruments	6,218,547	908,852	11,446,439	1,926,945
<b>Net foreign currency asset / (liability) position</b>	<b>(9,462,051)</b>	<b>(1,382,896)</b>	<b>(14,139,761)</b>	<b>(2,380,351)</b>
Cash flow hedging (**)	4,811,559	703,218	4,828,054	812,776
<b>Net foreign currency position after cash flow hedging</b>	<b>(4,650,492)</b>	<b>(679,678)</b>	<b>(9,311,707)</b>	<b>(1,567,575)</b>
Inventory in natural hedge scope (***)	5,144,969	751,947	9,129,592	1,536,917
Payment commitments (-)	(378,168)	(55,270)	-	-
<b>Net foreign currency position after cash flow hedging and natural hedge</b>	<b>116,309</b>	<b>16,999</b>	<b>(182,115)</b>	<b>(30,658)</b>

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

(\*\*) The Group uses investment loans amounting to USD703,218 thousand, which is equivalent to TRY4,811,559 thousand (USD812,776 thousand / TRY4,828,054 thousand in 31 December 2019) as prevention against USD/TRY spot foreign exchange risk of USD denominated export revenue, which is highly probable to be realized. Based on the outcome of effectiveness test performed on related process, the Group has considered that the process is fully effective and therefore applied cash flow hedge accounting. As of 30 June 2020, TRY2,859,294 (31 December 2019 - TRY2,567,257 thousand) thousand of foreign exchange loss that arose from investment loans is classified under equity “Cash flow hedge gains (losses)” which has no effect on current year income statement. As of 30 June 2020, the foreign exchange loss amounting to TRY471,053 thousand corresponding to the export income of investment loans denominated in USD has been transferred to the foreign exchange loss in the income statement from “Cash flow hedge gains (losses)” account under equity. Moreover, as of 30 June 2020, foreign exchange loss of these loans in 2020 amounting to TRY763,090 were added to the “Cash flow hedge gains (losses)” account under equity.

(\*\*\*) The Group manages its foreign currency risk arising from foreign currency denominated financial liabilities and trade payables by regularly considering and reflecting the foreign exchange rate changes in the determination of petroleum product prices. As at 30 June 2020, the Group has crude oil and petroleum products inventories amounting to TRY5,144,969 thousand (31 December 2019: TRY9,129,592 thousand).

(\*\*\*\*) The balance consists of off balance stock purchase commitments whose currency risk is hedged via derivative transactions.

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2020

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

	Foreign exchange position table									
	30 June 2020					31 December 2019				
	TRY equivalent (In terms of functional currency)	USD	EUR	GBP	Other	TRY equivalent (In terms of functional currency)	USD	EUR	GBP	Other
Trade receivables	67,703	7,405	2,195	-	112	274,884	46,183	65	2	103
Monetary financial assets (including cash, banks)	6,462,661	939,641	3,466	799	-	1,256,253	205,064	4,950	671	-
Other	80,994	11,523	126	140	2	188,515	31,471	59	152	1
<b>Current assets</b>	<b>6,611,358</b>	<b>958,569</b>	<b>5,787</b>	<b>939</b>	<b>114</b>	<b>1,719,652</b>	<b>282,718</b>	<b>5,073</b>	<b>824</b>	<b>104</b>
Monetary financial assets	4,062	-	527	-	-	7,479	-	1,125	-	-
Other	2,522	-	-	299	-	2,189	-	-	282	-
<b>Non-current assets</b>	<b>6,584</b>	<b>-</b>	<b>527</b>	<b>299</b>	<b>-</b>	<b>9,668</b>	<b>-</b>	<b>1,125</b>	<b>282</b>	<b>-</b>
<b>Total assets</b>	<b>6,617,942</b>	<b>958,569</b>	<b>6,314</b>	<b>1,238</b>	<b>114</b>	<b>1,729,320</b>	<b>282,718</b>	<b>6,197</b>	<b>1,106</b>	<b>104</b>
Trade payables	4,598,561	668,008	3,187	1	3,341	12,590,524	2,103,634	12,966	13	8,185
Financial liabilities	5,037,328	606,597	114,744	285	-	4,384,159	608,682	115,222	279	-
Other monetary liabilities	489,134	70,101	60	1,071	-	297,645	48,523	85	1,137	-
<b>Current liabilities</b>	<b>10,125,023</b>	<b>1,344,706</b>	<b>117,991</b>	<b>1,357</b>	<b>3,341</b>	<b>17,272,328</b>	<b>2,760,839</b>	<b>128,273</b>	<b>1,429</b>	<b>8,185</b>
Financial liabilities	12,142,661	1,760,696	11,575	760	-	10,019,505	1,608,806	68,542	904	-
Other monetary liabilities	30,856	4,497	11	-	-	23,687	3,949	34	-	-
<b>Non-current liabilities</b>	<b>12,173,517</b>	<b>1,765,193</b>	<b>11,586</b>	<b>760</b>	<b>-</b>	<b>10,043,192</b>	<b>1,612,755</b>	<b>68,576</b>	<b>904</b>	<b>-</b>
<b>Total liabilities</b>	<b>22,298,540</b>	<b>3,109,899</b>	<b>129,577</b>	<b>2,117</b>	<b>3,341</b>	<b>27,315,520</b>	<b>4,373,594</b>	<b>196,850</b>	<b>2,334</b>	<b>8,185</b>
<b>Net asset/(liability) position of off-balance sheet foreign currency derivatives</b>	<b>6,218,547</b>	<b>776,046</b>	<b>117,886</b>	<b>-</b>	<b>-</b>	<b>11,446,439</b>	<b>1,731,449</b>	<b>174,614</b>	<b>-</b>	<b>-</b>
Total amount of off-balance sheet derivative financial assets	10,257,373	1,366,328	117,886	-	-	11,561,817	1,750,872	174,614	-	-
Total amount of off-balance sheet derivative financial liabilities	(4,038,826)	(590,282)	-	-	-	(115,378)	(19,423)	-	-	-
<b>Net foreign currency asset/(liability) position</b>	<b>(9,462,051)</b>	<b>(1,375,284)</b>	<b>(5,377)</b>	<b>(879)</b>	<b>(3,227)</b>	<b>(14,139,761)</b>	<b>(2,359,427)</b>	<b>(16,039)</b>	<b>(1,228)</b>	<b>(8,081)</b>
<b>Cash flow hedging</b>	<b>4,811,559</b>	<b>703,218</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,828,054</b>	<b>812,776</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net foreign currency position after cash flow hedging</b>	<b>(4,650,492)</b>	<b>(672,066)</b>	<b>(5,377)</b>	<b>(879)</b>	<b>(3,227)</b>	<b>(9,311,707)</b>	<b>(1,546,651)</b>	<b>(16,039)</b>	<b>(1,228)</b>	<b>(8,081)</b>
<b>Net monetary foreign currency asset/(liability) position</b>	<b>(15,764,114)</b>	<b>(2,162,853)</b>	<b>(123,389)</b>	<b>(1,318)</b>	<b>(3,229)</b>	<b>(25,776,904)</b>	<b>(4,122,347)</b>	<b>(190,711)</b>	<b>(1,661)</b>	<b>(8,082)</b>
<b>Fair value of derivative instruments Used for hedging</b>	<b>722,434</b>	<b>101,813</b>	<b>3,347</b>	<b>-</b>	<b>-</b>	<b>353,096</b>	<b>55,083</b>	<b>3,893</b>	<b>-</b>	<b>-</b>

As at 30 June 2020, the Group has TRY116,309 thousand as net foreign currency surplus after natural hedging (31 December 2019: TRY182,115 thousand net foreign currency surplus.) (Page 40).

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## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2020

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

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

The table below summarizes the effect of foreign currency rate changes on net balance sheet foreign currency position of the Group as at 30 June 2020 and 31 December 2019.

Statement of foreign currency risk sensitivity				
30 June 2020				
	Profit/Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
<b>10% change in USD rate:</b>				
USD net assets/ liabilities	(1,479,867)	1,479,867	(417,464)	417,464
Amount hedged for USD risk (-)	908,203	(908,203)	-	-
<b>USD net effect</b>	<b>(571,664)</b>	<b>571,664</b>	<b>(417,464)</b>	<b>417,464</b>
<b>10% change in EUR rate:</b>				
Euro net assets/ liabilities	(95,111)	95,111	-	-
Amount hedged for Euro risk (-)	90,869	(90,869)	-	-
<b>EUR net effect</b>	<b>(4,242)</b>	<b>4,242</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>(575,906)</b>	<b>575,906</b>	<b>(417,464)</b>	<b>417,464</b>
31 December 2019				
	Profit/Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
<b>10% change in USD rate:</b>				
USD net assets/ liabilities	(2,448,756)	2,448,756	(461,711)	461,711
Amount hedged for USD risk (-)	1,496,218	(1,496,218)	-	-
<b>USD net effect</b>	<b>(952,538)</b>	<b>952,538</b>	<b>(461,711)</b>	<b>461,711</b>
<b>10% change in EUR rate:</b>				
Euro net assets/ liabilities	(126,834)	126,834	-	-
Amount hedged for Euro risk (-)	116,129	(116,129)	-	-
<b>EUR net effect</b>	<b>(10,705)</b>	<b>10,705</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>(963,243)</b>	<b>963,243</b>	<b>(461,711)</b>	<b>461,711</b>

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

### Export and import

	1 January - 30 June 2020	1 April - 30 June 2020	1 January - 30 June 2019	1 April - 30 June 2019
<b>Export</b>				
USD (equivalent of thousand TRY)	5,985,585	1,850,262	10,658,378	5,227,367
<b>Toplam</b>	<b>5,985,585</b>	<b>1,850,262</b>	<b>10,658,378</b>	<b>5,227,367</b>
<b>Import</b>				
USD (equivalent of thousand TRY)	19,009,064	6,384,920	36,499,638	19,202,149
<b>Total</b>	<b>19,009,064</b>	<b>6,384,920</b>	<b>36,499,638</b>	<b>19,202,149</b>

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## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2020

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

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

#### *Capital risk management*

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

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt. The gearing ratios as at 30 June 2020 and 31 December 2019 are as follows:

	30 June 2020	31 December 2019
Total financial liabilities (Note 5)	29,149,259	19,075,794
Less: Cash and cash equivalents (Note 4)	(16,181,588)	(8,790,761)
Net financial liabilities	12,967,671	10,285,033
Total shareholders’ equity	10,328,337	13,136,540
<b>Total capital invested</b>	<b>23,296,008</b>	<b>23,421,573</b>
<b>Gearing ratio</b>	<b>%55,66</b>	<b>%43,91</b>

#### **Fair value of financial instruments**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The estimated fair values of financial instruments have been determined by the Group, using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Group could realise in a current market exchange.

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

#### *Financial assets*

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

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

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

#### *Financial liabilities*

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

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## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2020

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

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

#### Fair value hierarchy table:

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

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

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

Level 3: Valuation techniques does not contains observable market inputs

Fair value hierarchy table as at 30 June 2020 is as follows:

<b>Financial assets at fair value in statement of financial position</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Derivative financial assets	-	858,733	-
<b>Financial liabilities at fair value in statement of financial position</b>			
Derivative financial liabilities	-	454,033	-

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

<b>Financial assets at fair value in statement of financial position</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Derivative financial assets	-	402,733	-
<b>Financial liabilities at fair value in statement of financial position</b>			
Derivative financial liabilities	-	111,197	-

### 29. Subsequent events

None.

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