

**CONVENIENCE TRANSLATION INTO ENGLISH OF
THE INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION
(ORIGINALLY ISSUED IN TURKISH)**

TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION TOGETHER WITH
AUDITOR'S REVIEW REPORT
FOR THE PERIOD 1 JANUARY - 30 JUNE 2022**



**CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT
AUDITOR'S REVIEW REPORT ORIGINALLY ISSUED IN TURKISH**

**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED
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 2022 and the related condensed consolidated statements of profit or loss and other comprehensive income, condensed consolidated changes in equity and condensed consolidated cash flows for the six-month period then ended. The management of the Group is responsible for the preparation and fair presentation of this interim condensed consolidated financial information in accordance with Turkish Accounting Standard 34 ("TAS 34") "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed consolidated 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 interim condensed consolidated 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 interim condensed consolidated 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 interim condensed consolidated financial information is not prepared, in all material respects, in accordance with TAS 34.



Additional explanation for convenience translation into English

4. Turkish Financial Reporting Standards differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of IAS 29 - Financial Reporting in Hyperinflationary Economies by 30 June 2022. Accordingly, the accompanying interim condensed consolidated financial information is not intended to present fairly the consolidated financial position and results of operations of the Group in accordance with IFRS.

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

Cihan Harman, SMMM
Partner

Istanbul, 15 August 2022

TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

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TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION ENDED 30 JUNE 2022

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

ASSETS	Notes	Reviewed	Audited
		30 June 2022	31 December 2021
Current Assets		120,342,056	65,428,752
Cash and cash equivalents	4	37,229,784	20,400,235
Financial investments		273,628	-
Trade receivables	6	26,999,095	13,516,823
Due from related parties	6, 25	3,397,444	1,668,264
Trade receivables from third parties		23,601,651	11,848,559
Other receivables		31,477	20,541
Other receivables from third parties		31,477	20,541
Derivative instruments	15	2,601,321	3,817,972
Inventories	7	46,900,891	23,755,862
Prepaid expenses	11	373,759	186,381
Other current assets	12	5,932,101	3,730,938
Non-Current Assets		39,693,109	37,106,249
Financial investments		49,855	5,389
Investments accounted for using the equity method	8	2,328,652	2,150,156
Property, plant and equipment	9	26,728,639	26,288,463
Right of use asset		136,663	182,156
Intangible assets	10	56,135	66,801
Other intangible assets		56,135	66,801
Derivative instruments	15	44,968	44,213
Prepaid expenses	11	137,473	94,639
Deferred tax assets	23	8,057,107	6,377,848
Other non-current assets	12	2,153,617	1,896,584
Total Assets		160,035,165	102,535,001
LIABILITIES			
Current liabilities		112,043,250	64,001,571
Short-term financial liabilities	5	584,209	563,221
Current portion of long term financial liabilities	5	12,310,974	10,835,745
Trade payables	6	83,469,920	43,704,239
Due to related parties	6, 25	358,394	165,021
Trade payables, third parties		83,111,526	43,539,218
Liabilities for employee benefits	14	147,714	134,471
Other payables		76,709	90,127
Due to related parties	25	-	43,328
Other payables to third parties		76,709	46,799
Derivative instruments	15	4,309,628	3,302,177
Deferred income		685,642	32,315
Current income tax liabilities	23	1,622,477	38,393
Short-term provisions	13	473,519	200,116
Short-term provisions for employee benefits		153,116	19,387
Other provisions		320,403	180,729
Other current liabilities	12	8,362,458	5,100,767
Non-current liabilities		19,841,623	20,705,913
Long-term financial liabilities	5	19,207,072	20,218,575
Long-term provisions	13	621,649	447,560
Long-term provisions for employee benefits		621,649	447,560
Deferred income		10,453	9,987
Derivative Instruments	15	1,812	29,117
Other non-current liabilities		637	674
Total liabilities		131,884,873	84,707,484
Equity		28,150,292	17,827,517
Share capital	17	250,419	250,419
Adjustment to share capital	17	1,344,243	1,344,243
not to be reclassified to profit or loss		11,033,759	11,033,759
Gains/ losses on revaluation and remeasurement		10,944,761	10,944,761
Gain on revaluation of properties		10,957,223	10,957,223
Actuarial gain/(loss) arising from defined benefit plans using equity method that will not be reclassified to profit or loss		(12,462)	(12,462)
Accumulated other comprehensive income/(expense) to be reclassified to profit or loss		88,998	88,998
Currency translation differences		(3,944,613)	(2,678,176)
Hedging gains/(losses)		520,441	297,679
Cash flow hedge gains/(losses)		(5,149,210)	(3,575,726)
Share of other comprehensive income of investments accounted for using equity method that will be reclassified to profit or loss		(5,149,210)	(3,575,726)
Restricted reserves	17	684,156	599,871
Retained earnings		503,343	503,343
Net income		7,103,622	3,784,488
		11,507,065	3,319,134
Total equity attributable to equity holders of the parent		27,797,838	17,557,210
Non-controlling interests		352,454	270,307
Total equity and liabilities		160,035,165	102,535,001

This interim condensed consolidated financial information as of and for the year ended 30 June 2022 have been approved for issue by the Board of Directors on 15 August 2022.

The accompanying notes form an integral part of this interim condensed consolidated financial information.

TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2022

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

	Notes	Reviewed		Reviewed	
		1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
Revenue	18	212,326,082	135,784,856	53,508,708	33,687,718
Cost of sales	18	(189,284,943)	(118,048,048)	(49,017,527)	(30,723,863)
Gross profit		23,041,139	17,736,808	4,491,181	2,963,855
General administrative expenses	19	(1,331,993)	(739,575)	(722,459)	(368,527)
Marketing expenses	19	(1,738,012)	(1,294,595)	(505,781)	(312,331)
Research and development expenses	19	(27,068)	(12,613)	(19,366)	(9,654)
Other operating income	20	2,342,191	1,536,642	441,284	266,077
Other operating expenses	20	(7,370,851)	(5,067,601)	(2,350,903)	(591,247)
Operating profit		14,915,406	12,159,066	1,333,956	1,948,173
Income/ (expenses) from investment activities	21	1,259	(37)	(1,274)	(1,496)
Income (loss) from investments accounted by equity method	8	334,211	125,549	61,452	51,910
Operating profit before financial income (expense)		15,250,876	12,284,578	1,394,134	1,998,587
Financial income	22	2,687,838	251,657	3,003,224	781,161
Financial expense	22	(5,923,667)	(1,583,350)	(4,060,737)	(1,483,075)
Profit before tax from continued operations		12,015,047	10,952,885	336,621	1,296,673
Tax income (expense)		(413,865)	(288,114)	644,725	425,743
Taxes on income	23	(1,634,248)	(1,622,278)	(8,298)	(2,945)
Deferred tax income	23	1,220,383	1,334,164	653,023	428,688
Net income from continued operations		11,601,182	10,664,771	981,346	1,722,416
Other comprehensive income:					
Items to be reclassified to profit or loss		(1,278,407)	1,520,525	(113,583)	70,173
Currency translation differences		222,762	117,781	45,111	21,321
Share of other comprehensive income accounted for investment using equity method that will be reclassified to profit or loss		84,285	48,726	8,176	6,998
Gain (loss) from translation of foreign currency of investments using equity method	8	84,285	48,726	8,176	6,998
Income (expense) relating to avoidance of risk of cash flow		(2,044,330)	1,935,558	(247,059)	6,822
Income (loss) of avoidance of risk cash flow		(2,044,330)	1,935,558	(247,059)	6,822
Tax effect of other comprehensive income (loss) to be reclassified to profit or loss		458,876	(581,540)	80,189	35,032
Deferred tax income (expense)	23	458,876	(581,540)	80,189	35,032
Other comprehensive income (expense)		(1,278,407)	1,520,525	(113,583)	70,173
Total comprehensive income (expense)		10,322,775	12,185,296	867,763	1,792,589
Distribution of income for the period:					
Non-controlling interests		94,117	53,367	41,978	22,553
Attributable to equity holders of the parent		11,507,065	10,611,404	939,368	1,699,863
Distribution of total comprehensive income					
Non-controlling interests		82,147	44,068	32,203	23,266
Attributable to equity holders of the parent		10,240,628	12,141,228	835,560	1,769,323
Earnings per share from continued operations					
Earnings per share with nominal value Kr1 each (Kr)	24	45.95	42.37	3.75	6.79

The accompanying notes form an integral part of this interim condensed consolidated financial information.

TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2022

(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			Total retained earnings				
	Share Capital	Adjustments to share capital	Gain on revaluation of properties	Actuarial gains/(losses) arising from defined benefit plans	Share of other comprehensive income of investments accounted for using equity method that will be not reclassified to profit or loss	Currency translation differences	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
Cash flow hedge gains/(losses)														
Unaudited														
1 January 2021	250,419	1,344,243	7,447,028	(7,841)	48,051	(9,822)	(2,243,649)	330,141	503,343	6,277,999	(2,493,511)	11,446,401	226,124	11,672,525
Transfers	-	-	-	-	-	-	-	-	-	(2,493,511)	2,493,511	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	(20,020)	(20,020)
- Net profit for the period	-	-	-	-	-	-	-	-	-	-	939,368	939,368	41,978	981,346
- Other comprehensive income	-	-	-	-	45,111	45,111	(157,095)	8,176	-	-	-	(103,808)	(9,775)	(113,583)
Total comprehensive income	-	-	-	-	-	45,111	(157,095)	8,176	-	-	939,368	835,560	32,203	867,763
30 June 2021	250,419	1,344,243	7,447,028	(7,841)	48,051	35,289	(2,400,744)	338,317	503,343	3,784,488	939,368	12,281,961	238,307	12,520,268
Unaudited														
1 January 2022	250,419	1,344,243	10,957,223	(12,462)	88,998	297,679	(3,575,726)	599,871	503,343	3,784,488	3,319,134	17,557,210	270,307	17,827,517
Transfers	-	-	-	-	-	-	-	-	-	3,319,134	(3,319,134)	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Net profit for the period	-	-	-	-	-	-	-	-	-	-	11,507,065	11,507,065	94,117	11,601,182
- Other comprehensive income	-	-	-	-	222,762	222,762	(1,573,484)	84,285	-	-	-	(1,266,437)	(11,970)	(1,278,407)
Total comprehensive income	-	-	-	-	-	222,762	(1,573,484)	84,285	-	-	11,507,065	10,240,628	82,147	10,322,775
30 June 2022	250,419	1,344,243	10,957,223	(12,462)	88,998	520,441	(5,149,210)	684,156	503,343	7,103,622	11,507,065	27,797,838	352,454	28,150,292

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

TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 30 JUNE 2022

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

		Reviewed
	Notes	1 January - 30 June 2022
		1 January - 30 June 2021
Cash flows from operating activities		30,813,543
		416,355
Profit/(loss) for the period		11,601,182
		981,346
Adjustment for reconciliation of profit/(loss) for the period		13,252,734
		1,581,098
Adjustment for depreciation and amortisation expense	9, 10	409,836
		389,674
Adjustment for impairment		39,026
		-
Adjustment for inventory impairment	7	39,026
		-
Adjustment for provisions	13	437,413
		127,555
Adjustment for interest (income) and expense	22	1,173,154
		198,562
Adjustment for unrealized foreign currency translation differences		2,037,716
		715,559
Adjustment for fair value (gain) or loss		8,750,787
		738,863
Adjustment for undistributed profit accounted by equity method	8	(334,211)
		(61,452)
Adjustment for tax expenses(income)		413,865
		(644,725)
Adjustment for (gain)/loss on sales of property, plant and equipment	21	(1,259)
		1,274
Other adjustments for reconciliation of profit/(loss)		326,407
		115,788
Changes in working capital		6,105,214
		(2,045,471)
Adjustment for decrease/(increase) in trade receivables		(13,591,308)
		(4,289,513)
Adjustment for decrease/(increase) in other receivables related with operations		(2,934,503)
		(1,713,859)
Adjustment for decrease/(increase) in derivative assets		1,215,896
		(43,399)
Adjustment for decrease/(increase) in inventories		(23,184,055)
		(7,364,273)
Adjustment for increase/(decrease) in trade payables		39,888,283
		12,481,086
Adjustment for increase/(decrease) in other payables related with operations		3,730,755
		(658,632)
Adjustment for decrease/(increase) in derivative liabilities		980,146
		(456,881)
Cash flows from operating activities		30,959,130
		516,973
Tax returns/(payments)		(50,164)
		(9,280)
Other cash inflow/(outflow)		(95,423)
		(91,338)
Cash flows from investing activities		(637,584)
		(509,614)
Dividends received	8	240,000
		80,000
Cash inflows from the sales of property, plant and equipment and intangible assets		3,665
		723
Cash outflows from the purchase of property, plant and equipment and intangible assets		(881,249)
		(589,937)
Cash outflows from the purchase of shares in other businesses or funds		-
		(400)
Cash flows from financing activities		(19,326,628)
		(2,537,736)
Cash inflows from financial liabilities	5	12,079,431
		11,650,265
Cash outflows from financial liabilities	5	(15,947,322)
		(13,279,509)
Cash inflows from derivative instruments		1,371,456
		420,390
Cash outflows from derivative instruments		(15,602,890)
		(1,216,393)
Cash outflows from payments of rent agreements	5	(56,589)
		(33,690)
Dividends paid		-
		(20,020)
Interest paid		(1,489,221)
		(1,123,052)
Interest received		318,507
		1,064,273
Net increase/(decrease) in cash and cash equivalents before the effect of foreign currency translation differences		10,849,331
		(2,630,995)
Impact of foreign currency translation differences on cash and cash equivalents		2,371,185
		1,992,781
Net increase/(decrease) in cash and cash equivalents		13,220,516
		(638,214)
Cash and cash equivalents at the beginning of the period		16,139,029
		17,506,177
Cash and cash equivalents at the end of the period	4	29,359,545
		16,867,963

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

TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 JUNE 2022

(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. (“BIST”) since 1991. As at 31 March 2022, the shares quoted on the BIST are 49% of the total shares. As of 30 June 2022, the principal shareholders and their respective shareholdings in the Company are as follow (Note 17):

	(%)
Enerji Yatırımları A.Ş.	51.00
Publicly held	49.00
	100.00

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 INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 JUNE 2022

(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:

Subsidiaries	Country of incorporation	Nature of business
Ditaş Deniz İşletmeciliği ve Tankerciliği A.Ş. (“Ditaş”)	Turkey	Crude oil and petroleum products transportation
Üsküdar Tankercilik A.Ş. (“Üsküdar”)	Turkey	Crude oil and petroleum products transportation
T Damla Denizcilik A.Ş. (“Damla”)	Turkey	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
Joint ventures	Country of incorporation	Nature of business
OPET Petrolcülük A.Ş. (“Opet”)	Turkey	Petroleum products retail distribution
THY Opet Havacılık Yakıtları A.Ş.	Turkey	Jet fuel supply services
Opet International Limited	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
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 2022 is 5,826 (31 December 2021 - 5,923).

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

Türkiye Petrol Rafinerileri A.Ş.
Gülbahar Mahallesi
Büyükdere Caddesi No:101/A
Şişli, İstanbul

TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 JUNE 2022

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

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 15 April 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.

Public Oversight Accounting and Auditing Standards Authority (“POA”) made an announcement on 20 January 2022 about Application of Financial Reporting in Hyperinflationary Economies for Turkish Financial Reporting Standards and Reporting Standards for Large and Medium Sized Entities. In accordance with the announcement, companies that apply TFRS should not adjust financial statements for TAS 29 - Financial Reporting in Hyperinflationary Economies for the year 2021. As of the preparation date of this interim condensed consolidated financial information, POA did not make an additional announcement and no adjustment was made to this interim condensed consolidated financial information in accordance with TAS 29

Functional and presentation currency

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The consolidated financial statements are presented in 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 consolidated financial statements as at 30 June 2022 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 2022. The effects of these standards and interpretations on the Group’s financial position and performance have been disclosed in the related paragraphs.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 JUNE 2022

(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)

a) Standards, amendments and interpretations applicable as at 30 June 2022:

Amendments to TFRS 7, TFRS 4 and TFRS 16 Interest Rate Benchmark Reform Phase 2 (effective 1 January 2021); The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one. The Phase 2 amendments provide additional temporary reliefs from applying specific TAS 39 and TFRS 9 hedge accounting requirements to hedging relationships directly affected by IBOR reform.**2. Basis of presentation of consolidated financial statements (Continued)**

- **Amendments to TFRS 4 Insurance Contracts – deferral of TFRS 9 (effective 1 January 2021);** These amendments defer the date of application of TFRS 17 by two years to 1 January 2023 and change the fixed date of the temporary exemption in TFRS 4 from applying TFRS 9, Financial instrument until 1 January 2023.
- **Amendment to TFRS 16, ‘Leases’ – Covid-19 related rent concessions Extension of the practical expedient (effective 1 April 2021);** As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. In May 2020, the IASB published an amendment to TFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

b) Standards, amendments and interpretations that are issued but not effective as at 30 June 2022:

- **A number of narrow-scope amendments to TFRS 3, TAS 16, TAS 37 and some annual improvements on TFRS 1, TFRS 9, TAS 41 and TFRS 16;** effective from annual periods beginning on or after 1 January 2022.
 - **Amendments to TFRS 3, ‘Business combinations’** update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
 - **Amendments to TAS 16, ‘Property, plant and equipment’** prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
 - **Amendments to TAS 37, ‘Provisions, contingent liabilities and contingent assets’** specify which costs a company includes when assessing whether a contract will be loss-making.

Annual improvements make minor amendments to IFRS 1, ‘First-time Adoption of TFRS’, TFRS 9, ‘Financial Instruments’, TAS 41, ‘Agriculture’ and the Illustrative Examples accompanying TFRS 16, ‘Leases’.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 JUNE 2022

(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)

- **Amendments to TAS 1, Presentation of financial statements’ on classification of liabilities;** effective date deferred until accounting periods starting not earlier than 1 January 2024. These narrow-scope amendments to TAS 1, ‘Presentation of financial statements’, clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what TAS 1 means when it refers to the ‘settlement’ of a liability.
- **Narrow scope amendments to TAS 1, Practice statement 2 and TAS 8;** effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.
- **Amendment to TAS 12 – Deferred tax related to assets and liabilities arising from a single transaction;** from annual periods beginning on or after 1 January 2023. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.
- **TFRS 17, ‘Insurance Contracts’, as amended in December 2021;** effective from annual periods beginning on or after 1 January 2023. This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. TFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

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

2.1.3 Financial statements of subsidiaries and joint ventures operating in foreign countries

Financial statements of subsidiaries and 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 subsidiaries’ and 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 statements of other comprehensive income and shareholders’ equity.

2.1.4 Principles of consolidation

- a) The interim condensed consolidated financial information for the interim period ended 30 June 2022 have been prepared in accordance with principles stated on the consolidated financial statements for the year ended 31 December 2021 and include financial statements of Tüpraş, and its Subsidiaries.
- b) At 30 June 2022, 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 2021.

TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 JUNE 2022

(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)

	30 June 2022		31 December 2021	
	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 (%)
Subsidiary				
Ditaş	79.98	79.98	79.98	79.98
Üsküdar	79.98	79.98	79.98	79.98
Damla	79.98	79.98	79.98	79.98
Beykoz	79.98	79.98	79.98	79.98
Kadıköy	79.98	79.98	79.98	79.98
Sarıyer	79.98	79.98	79.98	79.98
Kartal	79.98	79.98	79.98	79.98
Maltepe	79.98	79.98	79.98	79.98
Salacak	79.98	79.98	79.98	79.98
Karşıyaka	79.98	79.98	79.98	79.98
Bakırköy	79.98	79.98	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	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 table below shows the total interest of the Group in its joint ventures accounted by using the equity method as at 30 June 2022 and 31 December 2021:

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 JUNE 2022

(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)

	30 June 2022		31 December 2021	
	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 (%)
Joint ventures accounted by equity method				
Opet	50.00	40.00	50.00	40.00
Opet International Limited (*)	50.00	40.00	50.00	40.00
Opet Trade B.V. (*)	50.00	40.00	50.00	40.00
Opet Trade Singapore (In liquidation) (*) (**)	50.00	40.00	50.00	40.00
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. (*)	16.50	13.20	16.50	13.20
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.

(**) Ceased its activities since 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 interests.

2.2. Changes in accounting policies

2.2.1 Comparative information

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

The Group presented the consolidated statement of financial position as of 30 June 2022 comparatively with the consolidated statement of financial position as of 31 December 2021. 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 year ended 30 June 2022 are presented comparatively with the consolidated financial statements for the year ended 31 December 2021.

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 2022, have been prepared in compliance with TAS 34, the TFRS standard on interim financial reporting. Furthermore, this interim condensed consolidated financial information as of 30 June 2022 has 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 2021. Thus, this interim condensed consolidated financial information must be evaluated together with the consolidated financial statements for the year ended 31 December 2021.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 JUNE 2022

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

3. BUSINESS COMBINATIONS

No business combinations occurred during the period ended 30 June 2022.

4. CASH AND CASH EQUIVALENTS

	30 June 2022	31 December 2021
Cash at banks		
Demand deposits	9,270,590	466,143
Time deposits	20,088,955	15,672,886
Demand deposits (blocked)	4,844,171	1,527,549
Revenue share (blocked)	3,010,862	2,720,305
Time deposit interest accruals	15,206	13,352
Total	37,229,784	20,400,235

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 2022 and 31 December 2021 (Note 12). In addition, demand blocked deposits amounting to TRY4,844,171 thousand are available for derivative transactions carried out in foreign exchanges.(31 December 2021 – TRY1,527,549).

Time deposits and other cash and cash equivalents

As at 30 June 2022 and 31 December 2021, the maturity and the currency information of the time deposits, are as follows:

30 June 2022

	Effective rate of interest (%)	Less than 1 month	1 - 3 months	Total
TRY	17.93	5,302,521	65,000	5,367,521
USD	4.16	14,669,796	25,032	14,694,828
EUR	0.04	23,010	-	23,010
GBP	0.05	3,596	-	3,596
Total time deposits		19,998,923	90,032	20,088,955

31 December 2021

	Effective rate of interest (%)	Less than 1 month	1 - 3 months	Total
TRY	28.53	6,255,080	46,909	6,301,989
USD	1.16	8,687,202	673,878	9,361,080
EUR	0.03	7,742	-	7,742
GBP	0.05	2,075	-	2,075
Total time deposits		14,952,099	720,787	15,672,886

TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 JUNE 2022

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

4. CASH AND CASH EQUIVALENTS (Continued)

Cash and cash equivalents included in the consolidated statements of cash flows for the periods ended 30 June 2022 and 2021 are as follows:

	30 June 2022	30 June 2021
Cash and cash equivalents	37,229,784	19,365,360
Less: Blocked deposits (Revenue share)	(3,010,862)	(2,436,116)
Less: Blocked deposits	(4,844,171)	-
Less: Time deposit interest accruals	(15,206)	(61,281)
Cash and cash equivalents	29,359,545	16,867,963

5. FINANCIAL LIABILITIES

	30 June 2022	31 December 2021
Short-term borrowings:		
Short-term bank borrowings	584,209	563,221
Total	584,209	563,221
Short-term portion of long-term borrowings:		
Short-term portion of long-term bank borrowings	10,011,971	9,918,217
Bonds issued	1,890,000	500,000
Interest accruals of bank borrowings	234,974	251,163
Interest accruals of bonds issued	147,190	131,944
Lease liabilities	26,839	34,421
Total	12,310,974	10,835,745
Long-term borrowings:		
Bonds issued	7,337,653	9,269,544
Long-term bank borrowings	11,668,300	10,720,300
Interest accruals of bank borrowings	1,236	-
Lease liabilities	199,883	228,731
Total	19,207,072	20,218,575
Total borrowings	32,102,255	31,617,541

Tüpraş has issued a bond on 3 February 2021 with a nominal value of TRY1,100 million, with a maturity of 728 days, coupon payment every 3 months and repayment of principal and coupon at maturity, with 140 bps additional yields on 3MTLREF reference rate. Tüpraş has issued a bond on 21 January 2021 with a nominal value of TRY290 million, with a maturity of 728 days, coupon payment every 3 months and repayment of principal and coupon at maturity, with 140 bps additional yields. Tüpraş has issued a bond on 30 November 2020 with a nominal value of TRY500 million, with a maturity of 728 days, coupon payment every 3 months and repayment of principal and coupon at maturity, with 140 bps additional yields.

TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 JUNE 2022

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

5. FINANCIAL LIABILITIES (Continued)

Tüpraş has issued a bond on 12 October 2017 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.

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 2022 the outstanding amount of the loans is USD289 million (31 December 2021 – USD385 million).

Foreign currency balances and effective interest rates for the short and long-term financial liabilities as at 30 June 2022 and 31 December 2021 are as follows:

			30 June 2022
	Effective interest rate (%)	Original currency	Thousand TRY
Short-term borrowings:			
TRY bank borrowings (*)	-	794,301	794
USD bank borrowing	4.09	35,000,000	583,415
Total short-term financial liabilities			584,209
Short-term portion of long-term borrowings			
TRY borrowings	15.79	5,570,328,797	5,570,329
TRY bonds issued	16.38	1,890,000,000	1,890,000
USD bank borrowings	3.15	266,461,218	4,441,642
TRY lease liabilities	18.46	13,398,706	13,399
EUR lease liabilities	3.04	409,711	7,179
GBP lease liabilities	4.16	309,144	6,261
Total			11,928,810
Interest accruals			382,164
Total short term portion of long-term borrowings			12,310,974
Long-term borrowings:			
TRY borrowings	18.97	3,023,392,000	3,023,392
USD borrowings	3.27	258,819,424	4,314,261
USD bonds issued	4.50	700,000,000	11,668,300
TRY lease liabilities	22.96	84,420,068	84,420
EUR lease liabilities	3.23	6,411,389	112,341
GBP lease liabilities	4.20	154,152	3,122
			19,205,836
Interest accruals			1,236
Total long-term borrowings			19,207,072

(*) Banks provide interest-free loans to the Group for the payment of SCT, Customs and Social Security debts amounting to TRY794 thousand as of 30 June 2022 (31 December 2021 – TRY30,061 thousand).

TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 JUNE 2022

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

5. FINANCIAL LIABILITIES (Continued)

			31 December 2021
	Effective interest rate (%)	Original currency	Thousand TRY
Short-term borrowings:			
TRY bank borrowings (*)	-	30,060,564	30,061
USD bank borrowing	2.77	40,000,000	533,160
Total short-term financial liabilities			563,221
Short-term portion of long-term borrowings:			
TRY borrowings	12.63	6,384,319,000	6,384,319
TRY bonds issued	18.49	500,000,000	500,000
USD bank borrowings	2.28	265,128,551	3,533,898
TRY lease liabilities	18.75	23,635,846	23,636
EUR lease liabilities	2.98	354,087	5,342
GBP lease liabilities	4.16	302,963	5,443
Total			10,452,638
Interest accruals			383,107
Total short-term portion of long-term borrowings			10,835,745
Long-term borrowings:			
TRY borrowings	17.16	4,140,927,053	4,140,927
TRY bonds issued	18.35	1,390,000,000	1,390,000
USD borrowings	2.47	384,771,311	5,128,617
USD bonds issued	4.50	700,000,000	9,330,300
TRY lease liabilities	21.08	123,799,862	123,799
EUR lease liabilities	3.23	6,585,668	99,356
GBP lease liabilities	4.20	310,352	5,576
Total long-term borrowings			20,218,575

As at 30 June 2022 and 31 December 2021, the redemption schedule of long-term bank borrowings is as follows:

	30 June 2022	31 December 2021
1-2 years	4,576,765	9,067,558
2-3 years	13,796,059	10,385,532
3-4 years	164,671	203,188
4-5 years	60,012	35,866
Over 5 years	609,565	526,431
Total	19,207,072	20,218,575

TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 JUNE 2022

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

5. FINANCIAL LIABILITIES (Continued)

The movement of borrowings as of 30 June 2022 and 2021 is as follows:

	2022	2021
1 January	31,617,541	29,245,068
New financial borrowings	12,078,498	11,650,265
Principal payments	(15,947,322)	(13,279,509)
Increase due to lease liabilities	933	17,698
Decrease due to payment of lease liabilities	(56,589)	(33,690)
Changes in interest accruals	293	85,953
Changes in foreign exchange rates	4,408,901	2,947,219
31 June	32,102,255	30,633,004

6. TRADE RECEIVABLES AND PAYABLES

Short-term trade receivables:

	30 June 2022	31 December 2021
Trade receivables	23,758,548	11,896,404
Due from related parties (Note 25)	3,397,444	1,668,264
Doubtful trade receivables	5,528	5,528
Other trade receivables	13	29
Less: Unearned credit finance income	(156,910)	(47,874)
Less: Expected credit loss	(5,528)	(5,528)
Total short-term trade receivables (net)	26,999,095	13,516,823

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

As at 30 June 2022, Tüpraş has offsetted TRY3,362,045 thousand (31 December 2021 - TRY642,051 thousand) from trade receivables that are collected from factoring companies as part of the irrevocable factoring and as at 31 December 2021 - TRY353,725 thousand deducted supplier financing transaction from trade receivables.

Movement of the provision for doubtful receivables for the years ended 30 June 2022 and 2021 is as follows:

	2022	2021
1 January	5,528	5,264
Charge for the period	-	7
Payments during the period	-	(135)
30 June	5,528	5,136

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 JUNE 2022

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

6. TRADE RECEIVABLES AND PAYABLES (Conitnued)

Short-term trade payables:

	30 June 2022	31 December 2021
Trade payables	83,242,381	43,547,471
Due to related parties (Note 25)	358,394	165,021
Less: Unrealised credit finance charges	(130,855)	(8,253)
Total short-term trade receivables (net)	83,469,920	43,704,239

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

7. INVENTORIES

	30 June 2022	31 December 2021
Raw materials and supplies	3,515,440	2,859,390
Work-in-progress	9,365,518	4,416,821
Finished goods	13,038,809	5,844,006
Trade goods	1,311,648	156,062
Goods in transit	19,551,692	10,376,546
Other inventories	156,810	103,037
Provision for inventory impairment	(39,026)	-
Total	46,900,891	23,755,862

As of 30 June 2022 and 2021, movements of provision for inventory impairment are as follows:

	2022	2021
1 January	-	-
Charge for the period	39,026	-
Provisions no longer required	-	-
30 June	39,026	-

As of 30 June 2022, sales prices are below costs as a result of the decrease in various product prices and TRY39,026 thousand provision for inventory impairment has been reserved (30 June 2021: None).

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 JUNE 2022

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

8. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	30 June 2022		31 December 2021	
	Participation share (%)	Amount	Participation share (%)	Amount
OPET Petrolcülük A.Ş.	40.00	2,328,652	40.00	2,150,156
		2,328,652		2,150,156

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 2022 and 2021 is as follows:

	2022	2021
1 January	2,150,156	1,326,490
Shares in current year profit	334,211	61,452
Dividend payment	(240,000)	(80,000)
Currency translation differences	84,285	8,176
30 June	2,328,652	1,316,118

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

	30 June 2022	31 December 2021
Current assets	23,911,464	10,019,411
Non-current assets	5,099,055	4,632,856
Total assets	29,010,519	14,652,267
Short term liabilities	17,504,956	5,805,510
Long term liabilities	6,156,613	3,944,050
Equity	5,348,951	4,902,707
Total liabilities	29,010,519	14,652,267

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

8. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

	1 Ocak - 30 Haziran 2022	1 Nisan - 30 Haziran 2022	1 Ocak - 30 Haziran 2021	1 Nisan - 30 Haziran 2021
Sales (net)	72,883,920	45,881,077	20,910,034	11,326,715
Gross profit	2,824,175	1,413,221	1,170,144	586,474
Operating profit	1,749,562	843,902	540,838	265,195
Net income for the period	835,526	313,871	153,631	129,776

With the decision of the Competition Board dated 27 August 2018; By determining the resale price of its dealers, an investigation was initiated against Opet to determine whether Article 4 of the Law on the Protection of Competition numbered 4054 was violated, and as a result of the investigation, the Authority sentenced Opet to a fine of TRY433,932. TRY 325,450, which is three-fourths of the administrative fine calculated within the framework of article 17 of the Misdemeanor Law No,5326, was paid by Opet to the Large Taxpayers Tax Office, without prejudice to all legal rights regarding the relevant decision. A lawsuit was filed by Opet for the annulment of the aforementioned decision, and a stay of execution decision was made in the aforementioned case. As a result of the trial, the Court decided to cancel the administrative fine and return it to Opet together with its legal interest. In September 2021, a penalty of TRY325,450 and legal interest of TRY22,550 were withdrawn. The Competition Authority's application, dated 13 September 2021, to the court of appeal for the annulment of the first instance court's annulment decision was unanimously rejected by the decision of the 8th Administrative Case Division of the Ankara Regional Administrative Court, dated 20 April 2022. The defendant administration appealed the decision of appeal on 30 May 2022 and the file is still under appeal.

9. PROPERTY, PLANT AND EQUIPMENT

The movements of property, plant and equipment and related accumulated depreciation for the period ended 30 June 2022 and 2021 is as follows:

	1 January 2022	Currency translation differences	Additions	Transfers	Disposals	30 June 2022
Cost:						
Lands	12,194,383	-	-	-	-	12,194,383
Land improvements	4,057,385	-	2,866	663	(13)	4,060,901
Buildings	1,023,096	-	1,623	-	(55)	1,024,664
Machinery and equipment	13,895,052	521	43,482	(663)	(3,483)	13,934,909
Motor vehicles	2,251,000	-	171,787	-	(253)	2,422,534
Furniture and fixtures	209,991	264	8,597	-	(541)	218,311
Construction in progress	1,134,350	50	594,709	-	-	1,729,109
Special costs	63,845	1,211	-	-	-	65,056
Other tangible assets	14,063	-	10,000	-	(2,357)	21,706
	34,843,165	2,046	833,064	-	(6,702)	35,671,573
Accumulated depreciation:						
Land improvements	(1,902,880)	-	(82,636)	(7)	13	(1,985,510)
Buildings	(262,466)	-	(10,666)	-	52	(273,080)
Machinery and equipment	(5,862,896)	(1,809)	(229,909)	7	1,420	(6,093,187)
Motor vehicles	(394,555)	-	(41,133)	-	253	(435,435)
Furniture and fixtures	(118,126)	(852)	(14,794)	-	462	(133,310)
Special costs	(11,229)	(2,699)	(5,902)	-	-	(19,830)
Other tangible assets	(2,550)	-	(2,128)	-	2,096	(2,582)
	(8,554,702)	(5,360)	(387,168)	-	4,296	(8,942,934)
Net book value	26,288,463					26,728,639

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 JUNE 2022

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

9. PROPERTY, PLANT AND EQUIPMENT (Continued)

	1 January 2021	Currency translation differences	Additions	Transfers	Disposals	30 June 2021
Cost:						
Lands	8,341,191	-	-	-	-	8,341,191
Land improvements	3,903,485	-	3,995	-	(134)	3,907,346
Buildings	903,443	-	31,471	-	(1,195)	933,719
Machinery and equipment	13,273,886	994	30,257	1,536	(1,249)	13,305,424
Motor vehicles	2,093,006	-	16,639	-	-	2,109,645
Furniture and fixtures	166,378	-	22,488	-	(779)	188,087
Construction in progress	1,050,655	-	454,635	-	-	1,505,290
Special costs	3,730	-	52,552	-	-	56,282
Other tangible assets	2,835	-	-	-	-	2,835
	29,738,609	994	612,037	1,536	(3,357)	30,349,819
Accumulated depreciation:						
Land improvements	(1,745,480)	-	(39,301)	-	-	(1,823,974)
Buildings	(244,257)	-	(4,672)	-	-	(252,826)
Machinery and equipment	(5,435,214)	-	(105,936)	-	10	(5,647,245)
Motor vehicles	(339,551)	-	(20,743)	-	-	(381,068)
Furniture and fixtures	(95,267)	-	(6,063)	-	13	(107,424)
Special costs	(672)	-	(1,617)	-	-	(5,528)
Other tangible assets	(2,279)	-	(68)	-	-	(2,415)
	(7,862,720)	-	(178,400)	-	23	(8,220,480)
Net book value	21,875,889					22,129,339

Total depreciation expense amounting to TRY387,168 thousand (30 June 2021 – TRY359,984 thousand) related to tangible fixed assets in the comprehensive consolidated income statement for the period ended as of 30 June 2022 has been allocated to cost of goods sold amounting to TRY269,427 thousand (30 June 2021 – TRY277,108 thousand), to general administration expenses amounting to TRY65,304 thousand (30 June 2021 – TRY33,207 thousand), to marketing, amounting to TRY45,393 thousand (30 June 2021 – TRY42,463 thousand), to research and development expenses amounting to TRY7,044 thousand (30 June 2021 - TRY7,206).

The depreciation expense related to right-of-use assets in the consolidated statement of comprehensive income for the period ended as of 30 June 2022 at TRY10,491 thousand (30 June 2021 – TRY18,370 thousand), is classified to general administrative expenses amounting to TRY5,202 thousand (30 June 2021 – TRY12,918 thousand), to marketing, amounting to TRY3,398 thousand (30 June 2021 TRY2,974), and to cost of goods sold amounting to TRY1,891 thousand (30 June 2021 – TRY2,478).

As of 30 June 2022, there are no pledge on property, plant and equipment (30 June 2021 : None).

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 JUNE 2022

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

10. INTANGIBLE ASSETS

Other intangible assets:

The movements of intangible assets and related accumulated amortisation for the period ended 30 June 2022 and 2021 are as follows:

	1 January 2022	Additions	Transfers	Disposals	30 June 2022
Cost:					
Rights and software	127,665	327	-	-	127,992
Development expenses	124,602	1,184	-	-	125,786
	252,267	1,511	-	-	253,778
Accumulated amortisation:					
Rights and software	(92,716)	(6,816)	-	-	(99,532)
Development expenses	(92,750)	(5,361)	-	-	(98,111)
	(185,466)	(12,177)	-	-	(197,643)
Net book value	66,801				56,135
	1 January 2021	Additions	Transfers	Disposals	30 June 2021
Cost:					
Rights and software	109,460	9,366	(1,536)	-	117,290
Development expenses	115,194	844	-	-	116,038
	224,654	10,210	(1,536)	-	233,328
Accumulated amortisation:					
Rights and software	(79,919)	(6,043)	-	-	(85,962)
Development expenses	(82,366)	(5,277)	333	-	(87,310)
	(162,285)	(11,320)	333	-	(173,272)
Net book value	62,369				60,056

Total amortisation expenses amounting to TRY12,177 thousand (30 June 2021: TRY11,320 thousand) in the consolidated statement of comprehensive income for the period ended 30 June 2022 have been allocated to the general administration expenses amounting to TRY12,147 thousand (30 June 2021: TRY11,288 thousand) and the cost of sales amounting to TRY30 thousand (30 June 2021: TRY32 thousand).

11. PREPAID EXPENSES

Short term prepaid expenses

	30 June 2022	31 December 2021
Advances given	232,425	31,505
Insurance and other expenses	141,334	154,876
Total	373,759	186,381

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

11. PREPAID EXPENSES (Continued)

Long term prepaid expenses:

	30 June 2022	31 December 2021
Advances given to third parties for property, plant and equipment	130,321	79,670
Advances given to related parties for property, plant and equipment (Note 25)	2,925	5,643
Other prepaid expenses	4,227	9,326
Total	137,473	94,639

12. OTHER ASSETS AND LIABILITIES

	30 June 2022	31 December 2021
Deferred VAT	3,772,768	2,686,223
Deferred Value Added Tax (“VAT”)	1,560,778	533,242
Deferred Special Consumption Tax (“SCT”)	348,889	239,502
Income accruals	83,853	81,537
Spare parts and material stocks	66,954	60,131
Taxes and funds to be offsetted	59,841	99,073
Other current assets	39,018	31,230
	5,932,101	3,730,938

Other non-current assets:

	30 June 2022	31 December 2021
Spare parts and material stocks	2,138,944	1,877,979
Other	14,673	18,605
	2,153,617	1,896,584

Other short-term liabilities:

	30 June 2022	31 December 2021
Revenue share	3,022,434	2,730,078
Expense accruals from commodity hedge (*)	1,837,067	528,339
Deferred Value Added Tax (“VAT”)	1,560,778	533,243
SCT payable	1,388,568	794,803
Deferred Special Consumption Tax (“SCT”)	348,889	239,502
VAT payable	94,275	65,872
Other taxes and liabilities	82,362	116,201
Other	28,085	92,729
	8,362,458	5,100,767

(*) As of 30 June 2022 and 31 December 2021, expense accruals consist of commodity derivative transactions for inventory of Tüpraş which are exposed to commodity price risk. The expense accruals recognized under cost of goods sold and paid on 8 August 2022 (31 December 2021- Paid on January 7, 2022).

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12. OTHER ASSETS AND LIABILITIES (Continued)

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 TRY3,022,434 thousand accumulated as at 30 June 2022 (31 December 2021: TRY2,730,078 thousand) which is not recognized in the comprehensive income statement, has been classified as “Revenue Share” within “Other short-term liabilities”. TRY3,010,862 thousand is (31 December 2021: TRY2,720,305 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).

13. PROVISIONS

Provision for employee benefits:

Short-term provision for employee benefits:

	30 June 2022	31 December 2021
Seniority incentive bonus provision	112,598	6,558
Personnel bonus accruals	40,518	12,829
Total	153,116	19,387

Long-term employee benefits:

	30 June 2022	31 December 2021
Provision for employment termination benefits	520,648	364,287
Provision for unused vacation	99,575	68,208
Seniority incentive bonus provision	1,426	15,065
Total	621,649	447,560

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13. PROVISIONS (Continued)

Seniority incentive bonus provision:

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, 100 days of salary for 30 years of seniority level, 105 days of salary for 35 years of seniority level and 110 days of salary for 40 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:

	2022	2021
1 January	27,894	23,383
Charge for the period	22,108	5,843
Payments during the period	(8,058)	(5,433)
30 June	41,944	23,793

Provision for employment termination benefits:

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

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

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

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

	30 June 2022	31 December 2021
Discount rate (%)	%4.45	4.45%
Turnover rate to estimate probability of retirement (%)	%99.24	99.30%

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 TRY15,371.40 which is effective as at 1 July 2022 (31 December 2021: TRY10,848.59).

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

13. PROVISIONS (Continued)

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

	2022	2021
1 January	364,287	271,661
Interest expense	9,459	16,339
Increase during the period	168,004	19,705
Payments during the period	(21,102)	(31,430)
30 June	520,648	276,275

Provision for unused vacation:

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

	2022	2021
1 January	68,208	72,866
Charge for the period	35,291	1,983
Payments during the period	(3,924)	(5,445)
30 June	99,575	69,404

Other short term provisions:

	30 June 2022	31 December 2021
Provision for demurrage	183,927	72,961
EMRA participation share (*)	91,808	78,170
Provisions for pending claims and law suits	21,643	20,087
Provisions for cost	5,814	1,827
Other	17,211	7,684
	320,403	180,729

(*) 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.

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13. PROVISIONS (Continued)

Movement of the short-term provisions for the period ended 30 June 2022 and 2021 are as follow:

	Provision for pending claims and lawsuits	EMRA participation share	Provision for demurrage	Provision for cost	Other	Total
1 January 2022	20,087	78,170	72,961	1,827	7,684	180,729
Changes for the period, net	2,094	52,723	134,220	3,987	9,527	140,212
Payments during the period, net	(538)	(39,085)	(23,254)	-	-	(538)
30 June 2022	21,643	91,808	183,927	5,814	17,211	320,403
1 January 2021	21,981	41,458	48,820	1,135	4,122	117,516
Changes for the period, net	3,190	20,939	20,061	13,623	25,872	83,685
Payments during the period, net	(590)	(15,663)	(32,777)	-	-	(49,030)
30 June 2021	24,581	46,734	36,104	14,758	29,994	152,171

14. LIABILITIES FOR EMPLOYEE BENEFITS

	30 June 2022	31 December 2021
Due to the personnel	87,954	89,007
Social security withholdings payment	59,760	45,464
Total	147,714	134,471

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15. DERIVATIVE INSTRUMENTS

	30 June 2022				31 December 2021			
	Purchase contract amount	Sales contract amount	Fair values		Purchase contract amount	Sales contract amount	Fair values	
			Assets	Liabilities			Assets	Liabilities
<i>Cash flow hedge</i>								
Interest rate swap	3,215,394	3,215,394	41,188	28,134	2,729,767	2,729,767	73,916	74,244
Cross currency swap	193,476	26,926	222,769	-	157,006	27,328	229,912	-
Commodity derivative	220,002,228	220,002,228	1,537,822	4,162,070	15,667,877	15,667,877	2,472,790	2,925,262
<i>Derivatives held for trading</i>								
Currency forwards	23,236,584	23,360,901	798,965	119,424	17,935,101	17,291,627	1,041,354	232,454
Commodity derivative	228,004	291,678	577	-	10,100,317	10,100,317	-	70,217
Short term derivative instruments			2,601,321	4,309,628			3,817,972	3,302,177
<i>Cash flow hedge</i>								
Interest rate swap	1,139,107	1,139,107	1,945	1,812	1,690,745	1,690,745	-	29,117
Cross currency swap	96,738	13,464	43,023	-	157,003	27,327	44,213	-
Long term derivative instruments			44,968	1,812			44,213	29,117
Total derivative instruments			2,646,289	4,311,440			3,862,185	3,331,294

As of 30 June 2022, forward foreign exchange transactions consist of forward and currency swap transactions which generate a sales obligation of TRY23,360,901 thousand in exchange of USD1,394,000 thousand. (As of 31 December 2021, forward foreign exchange transactions consist of forward and currency swap transactions which generate a sales obligation of TRY17,291,627 thousand in exchange of USD1,345,570 thousand.)

As of 30 June 2022, interest rate swap consists of exchange of floating rate instalment payments of long term borrowings and bonds amounting to USD156,848 thousand (31 December 2021: USD201,104 thousand) and TRY1,740,000 (31 December 2021: TRY1,740,000 thousand) thousand with fixed rate installment payments for cash flow hedging.

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15. DERIVATIVE INSTRUMENTS (Continued)

As of 30 June 2022, cross currency swap transactions consist of swaps with fixed interest rate transaction of foreign currency indexed floating interest rate USD 17,410 thousand (31 December 2021: USD23,558 thousand) and fixed interest rate long-term borrowings amounting to TRY40,392 thousand (31 December 2021 TRY54,655).

As of 30 June 2022 and 31 December 2021, commodity derivative transactions consists of average refinery crack margin fixing transactions and crude oil sale and purchase transactions. Average refinery crack margin fixing transactions have been executed for, gasoline stocks of 2,268 thousand barrels, jet fuel stocks of 1,301 thousand barrels, diesel stocks of 4,114 thousand barrels and fuel oil stocks of 1,108 thousand barrels for the thirth quarter of 2022. And gasoline stocks of 1,253 thousand, , jet fuel stocks of 724 thousand, diesel stocks of 2,680 thousand and fuel oil stocks of 629 thousand for the fourth quarter of 2022 (31 December 2021: Gasoline stocks of 551 thousand barrels, jet fuel stocks of 214 thousand barrels, diesel stocks of 1,061 thousand barrels and fuel oil stocks of 214 thousand barrels for first quarter of 2022). Crude oil derivative transactions consist of sale and purchase transactions of crude oil amounting to 70 million barrels (31 December 2021: 10,865).

There is no ineffective portion of these derivative instrument transactions.

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16. COMMITMENTS AND CONTINGENT ASSETS AND LIABILITIES

	30 June 2022		31 December 2021	
Guarantees received:	Original currency(*):	TRY amount:	Original currency(*):	TRY amount:
Letter of guarantees received		4,056,179		1,900,224
- Letter of guarantees in TRY	2,948,804	2,948,804	782,663	782,663
- Letter of guarantees in USD	44,398	740,065	21,763	290,084
- Letter of guarantees in EUR	20,832	365,026	54,712	825,429
- Letter of guarantees in other currencies		2,284	-	2,048
Guarantee notes received		423		733
- Guarantee notes in TRY	423	423	733	733
Guarantee letters received		897,627		727,787
- Guarantee letters received in TRY	50,000	50,000	50,000	50,000
- Guarantee letters received in USD	50,851	847,627	50,851	677,787
Guarantee letters of credit		629,255		119,507
- Letters of credit in USD	37,750	629,255	8,966	119,507
Direct debiting limits		1,013,788		610,515
- TRY direct debiting limits	1,013,788	1,013,788	610,515	610,515
Total guarantees received		6,597,272		3,358,766
Guarantees given:				
Letter of credits given		41,134,359		15,973,754
- Letter of credits in USD	2,439,723	40,667,734	1,196,876	15,953,154
- Letter of credits in EUR	1,202	21,066	1,011	15,256
- Letter of credits in other currencies		445,559	-	5,344
Letter of guarantees given		7,286,902		2,656,844
- Letter of guarantees in TRY	7,283,566	7,283,566	2,642,862	2,642,862
- Letter of guarantees in USD	200	3,336	200	2,667
- Letter of guarantees in EUR	-	-	750	11,315
Letters of guarantee given to customs offices		284,877		800,740
- Letter of guarantees in TRY	179,744	179,744	710,220	710,220
- Letter of guarantees in EUR	6,000	105,133	6,000	90,520
Letters of guarantee given to banks		926,218		860,398
- Letter of guarantees in USD	55,565	926,218	64,551	860,398
Guarantees		1,733,576		1,386,216
- Guarantees in USD	104,000	1,733,576	104,000	1,386,216
Total guarantees given		51,365,932		21,677,952

(*) Original balance amounts are expressed in thousands of currencies

As at 30 June 2022 and 31 December 2021, letter of guarantees received are composed of guarantees from customers and suppliers. Guarantees given are mainly composed of guarantees given to government entities and customs offices. As at 30 June 2022, letters of guarantee given to banks are given for loans which were used by Companies within scope of consolidation amounting to TRY870,376 thousand (31 December 2021: TRY809,367 thousand) and for derivative financial instruments amounting to TRY55,841 thousand (31 December 2021: TRY51,031 thousand).

TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 JUNE 2022

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

16. COMMITMENTS AND CONTINGENT ASSETS AND LIABILITIES (Continued)

Collaterals, pledges, mortgages given by the Group as at 30 June 2022 and 31 December 2021 are as follows:

	30 June 2022	31 December 2021
A. CPMs given for companies in the name of its own legal personality	48,706,138	18,673,584
- TRY	7,463,310	3,353,082
- USD	40,671,071	15,198,067
- EUR	126,198	117,091
- Other	445,559	5,344
B. CPMs given on behalf of the fully consolidated companies	2,659,794	3,004,368
- USD	2,659,794	3,004,368
- EUR	-	-
-Other	-	-
C. CPMs given for continuation of its economic activities on behalf of third parties	-	-
D. Total amount of other CPMs	-	-
i) Total amount of CPMs given on behalf of the majority shareholder	-	-
ii) Total amount of CPMs given to on behalf of other Group companies which are not in scope of B and C.	-	-
iii) Total amount of CPMs given on behalf of third parties which are not in scope of C.	-	-
Total	51,365,932	21,677,952

17. EQUITY

The Company’s shareholders and their shareholding percentages as at 30 June 2022 and 31 December 2021 are as follows:

	30 June 2022	Share (%)	31 December 2021	Share (%)
Enerji Yatırımları A.Ş.	127,714	51	127,714	51
Publicly Owned	122,705	49	122,705	49
Paid-in Capital	250,419	100	250,419	100
Adjustments to share capital	1,344,243		1,344,243	
Total Capital	1,594,662		1,594,662	

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

Registered capital of the Company is TRY500,000 thousand and is divided into 50,000,000,000 shares with a registered nominal value of 1 Kuruş (“Kr”) (31 December 2021: 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 INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 JUNE 2022

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

17. 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 2022, the restricted reserves of the Company amount to TRY503,343 thousand (31 December 2021 - TRY503,343).

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 year end 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 30 March 2022, in the financial statements prepared in accordance with the Tax Procedural Law records; although the operations in 2021 resulted in a current year profit of TRY676,189 thousand; due to the previous year loss of TRY4,201,409 thousand, it is declared that dividends will not be distributed and the net period profit which was obtained according to the financial statements prepared in accordance with TFRS amounting to TRY3,319,134 thousand attributable to the equity holders of the parent will be transferred to the retained earnings.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 JUNE 2022

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

18. REVENUE AND COST OF SALES

	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
Domestic revenue	162,129,362	103,726,358	42,771,768	25,604,483
Export revenue	52,969,070	33,734,842	11,316,981	8,421,340
Gross revenue	215,098,432	137,461,200	54,088,749	34,025,823
Less: Sales discounts	(2,725,449)	(1,670,320)	(538,380)	(317,986)
Less: Sales returns	(46,901)	(6,024)	(41,661)	(20,119)
Sales (net)	212,326,082	135,784,856	53,508,708	33,687,718
Cost of goods sold	(189,284,943)	(118,048,048)	(49,017,527)	(30,723,863)
Gross profit	23,041,139	17,736,808	4,491,181	2,963,855
	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
Raw material, manufactured and consumable material	181,617,755	113,838,166	46,513,598	29,405,711
Energy expenses	5,168,252	2,956,257	1,049,429	582,024
Personnel expenses	918,152	476,121	519,383	268,135
Depreciation and amortization (Note 9-10)	271,348	129,964	279,618	140,632
Other production expenses	1,309,436	647,540	655,499	327,361
Cost of sales	189,284,943	118,048,048	49,017,527	30,723,863

19. GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES AND RESEARCH AND DEVELOPMENT EXPENSES

General administrative expenses:

	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
Personnel expenses	574,907	298,039	321,079	156,519
Insurance expenses	184,040	115,598	121,355	67,518
Outsourced services	111,913	69,893	46,721	25,351
Tax duties and fees	110,445	59,126	54,330	27,344
Office expenses	94,449	54,536	28,314	14,410
Depreciation and amortization (Note 9-10)	82,653	38,971	57,413	29,733
Subscription fees	59,027	34,162	29,907	15,916
Lawsuit and consultancy expenses	35,514	21,324	14,115	7,709
Donations	19,595	9,096	10,600	5,211
Transportation and travel expenses	6,620	4,306	1,608	936
Other	52,830	34,524	37,017	17,880
Total general administrative expenses	1,331,993	739,575	722,459	368,527

TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 JUNE 2022

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

19. GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES AND RESEARCH AND DEVELOPMENT EXPENSES (Continued)

Marketing expenses:

	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
Transportation, storage and insurance expenses	1,321,079	1,054,657	292,992	199,561
Personnel expenses	149,835	79,714	87,242	46,047
Outsourced services	61,110	36,494	17,735	6,943
Energy expenses	58,766	34,782	11,129	5,612
Depreciation and amortization (Note 9)	48,791	24,563	45,437	22,773
Advertising expenses	26,427	15,565	13,646	9,238
Other	72,004	48,820	37,600	22,157
Total marketing expenses	1,738,012	1,294,595	505,781	312,331

Research and development expenses:

	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
Personnel expenses	14,581	6,647	9,289	4,226
Depreciation and amortization (Note 9)	7,044	3,535	7,206	3,602
Outsourced services	445	271	384	171
Lawsuit and consultancy expenses	106	30	685	645
Licence expenses	61	31	52	-
Other	4,831	2,099	1,750	1,010
Total research and development expenses	27,068	12,613	19,366	9,654

20. OTHER OPERATING INCOME/(EXPENSES)

	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
Other operating income:				
Credit finance gains	1,625,265	1,091,703	279,170	176,037
Foreign exchange gain from trade receivables	638,325	394,069	112,566	54,607
Provisions no longer required	-	-	432	-
Rent expenses	4,835	2,461	-	-
Other	73,766	48,409	49,116	35,433
Total other operating income	2,342,191	1,536,642	441,284	266,077
Other operating expense:				
Foreign exchange loss from trade payables	(6,870,007)	(4,738,267)	(2,232,653)	(508,711)
Credit finance charges	(467,352)	(331,572)	(55,705)	(36,818)
Other	(33,492)	2,238	(62,545)	(45,718)
Total other operating expense	(7,370,851)	(5,067,601)	(2,350,903)	(591,247)

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 JUNE 2022

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

21. INCOME/(EXPENSE) FROM INVESTMENT ACTIVITIES

	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
Tangible and Intangible assets selling (loss)/profit, net	1,259	(37)	(1,274)	(1,496)
From total investment operations (expense)/income	1,259	(37)	(1,274)	(1,496)

22. FINANCIAL INCOME/(EXPENSES)

	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
Financial income:				
Foreign exchange gains on deposits	2,371,185	94,045	1,992,781	1,927,900
Interest income on deposits	316,653	157,612	1,010,443	457,873
Income on derivative instruments	-	-	-	(1,604,612)
Total financial income	2,687,838	251,657	3,003,224	781,161
Financial expense:				
Foreign exchange losses on borrowings	(4,322,328)	(2,461,378)	(2,709,257)	(773,176)
Interest expenses	(1,489,807)	(813,308)	(1,209,005)	(602,155)
Losses on derivative instruments	(50,256)	1,709,327	(140,614)	(106,898)
Other	(61,276)	17,991	(1,861)	(846)
Total financial expense	(5,923,667)	(1,583,350)	(4,060,737)	(1,483,075)

Gains and losses arising from derivative instruments include gains and losses on forward foreign currency transactions and interest rate swap transactions.

23. TAX ASSETS AND LIABILITIES

	30 June 2022	31 December 2021
Current period corporate tax provision	1,634,248	47,972
Current year tax assets	(11,771)	(9,579)
	1,622,477	38,393

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 2022 is 23% (2021: 25%). The corporate tax rate for the 2022 year has been determined as 23%. Corporation tax is payable 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).

TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 JUNE 2022

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

23. TAX ASSETS AND LIABILITIES (Continued)

The law on amending the Tax Procedure Law and the Corporate Tax Law was enacted on 20 January 2022, It has been enacted with the number 7352 and it has been decided that the financial statements will not be subject to inflation adjustment in the 2021 and 2022 accounting periods, including the temporary accounting periods, and in the provisional tax periods of the 2023 accounting period, regardless of whether the conditions for the inflation adjustment within the scope of the repeated Article 298 are met.

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 2022 and 31 December 2021 using the enacted tax rates are as follows:

	Cumulative temporary differences		Deferred tax (liability)/asset	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
Investment incentives(*)	(39,559,005)	(34,664,738)	7,911,801	6,264,162
Gain on revaluation of tangibles	12,127,667	11,598,575	(1,212,767)	(1,159,864)
Deferred financial income (expense), net	76,278	(1,073,031)	(22,528)	246,797
Accumulated deductible financial losses (**)	-	(2,403,799)	-	480,760
Provision lawsuits	(21,643)	(20,087)	4,978	4,620
Cash capital incentives	(23,790)	(23,790)	4,758	4,758
Provision for unused vacation liability	(75,280)	(55,089)	15,056	11,035
Inventories	(323,803)	(149,788)	74,475	(34,451)
Employment termination benefits	(514,100)	(379,579)	103,367	71,784
Fair value difference of derivative instruments	(1,868,650)	632,642	429,790	(145,508)
Difference between the carrying values and tax base of property, plant, equipment and intangible assets	(3,759,500)	(2,810,278)	672,696	561,354
Other	(328,183)	(314,787)	75,481	72,401
			8,057,107	6,377,848

(*) 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%. The company has performed the revaluation of the unutilized investment incentives for both certificates by using the 39.90% revaluation rate. 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.

There are two priority and one regional comprehensive incentive certificates for the expansion investments made by Körfez, one of the company's subsidiaries. Within the scope of these 3 incentive certificates, in order to continue its main activities, investment expenditures were made for technical machinery as well as locomotives and wagon investments. With these documents, the company benefits from a 40% investment contribution rate, 80% corporate tax reduction, VAT exemption, customs tax exemption, employer's insurance premium support and interest support incentives

(**) The Group has no deductible financial loss in the current period. Deferred tax assets amounting to TRY480,760 thousand to be used in the next 5 years arising from deductible tax losses amounting to TRY2,403,799 thousand realized on 31 December 2021.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 JUNE 2022

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

23. TAX ASSETS AND LIABILITIES (Continued)

The company has assessed that the necessary taxable profit will arise in the following periods, the deferred tax asset has been recognised in the current period.

The movement of deferred taxes is as follows:

	2022	2021
Deferred tax asset/(liability), net		
1 January	6,377,848	5,002,427
Charge for the period	1,220,383	653,023
Charge to equity:		
- Hedging cash flow gains/(losses)	458,876	80,189
30 June	8,057,107	5,735,639

24. EARNINGS PER SHARE

	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
(Loss) profit for the year attributable to shareholders of the Group	11,507,065	10,611,404	939,368	1,699,863
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
Basic and diluted (loss) earnings per share in Kr	45.95	42.37	3.75	6.79

25. 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 2022	31 December 2021
Yapı ve Kredi Bankası A.Ş. (2)	4,876,619	7,012,655
Total	4,876,619	7,012,655

TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 JUNE 2022

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

25. RELATED PARTY TRANSACTIONS (Continued)

b Due from related parties:

	30 June 2022	31 December 2021
Opet Petrolcülük A.Ş. (1)	2,900,432	1,382,904
THY OPET Havacılık Yakıtları A.Ş. (1)	341,281	75,814
Aygaz A.Ş. (2)	125,197	186,648
Opet Fuchs Madeni Yağ San. ve Tic. A.Ş. (1)	26,623	21,765
Other (2)	3,911	1,133
Total	3,397,444	1,668,264

As of 30 June 2022, Tüpraş has derecognized TRY700,000 thousand (31 December 2021 - TRY70,000 thousand) which has been collected from factoring companies and has not been collected via supplier financing as of 30 June 2022 (31 December 2021 – TRY153,100), from trade receivables from related parties.

c) Trade payables:

	30 June 2022	31 December 2021
Opet Petrolcülük A.Ş. (1)	226,376	41,542
Zer Merkezi Hizmetler ve Ticaret A.Ş. (2)	55,681	27,801
RAM Sigorta Aracılık Hizmetleri A.Ş. (2)	43,194	3,399
Aygaz A.Ş. (2)	16,094	16,170
Koç Sistem Bilgi ve İletişim A.Ş. (2)	5,491	37,183
Setur Servis Turistik A.Ş. (2)	324	3,082
Otokoç Otomotiv Tic. ve San. A.Ş. (2)	214	4,988
Ark İnşaat A.Ş. (2)	-	23,540
Other (2)	11,020	7,316
Total	358,394	165,021

d) Other payables:

	30 June 2022	31 December 2021
Koç Holding A.Ş. (3)	-	43,328
Total	-	43,328

e) Advances given for property, plant and equipment

	30 June 2022	31 December 2021
Ark İnşaat A.Ş. (2)	2,925	5,643
Total	2,925	5,643

TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 JUNE 2022

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

25. RELATED PARTY TRANSACTIONS (Continued)

f) Bank loans:

	30 June 2022	31 December 2021
Yapı ve Kredi Bankası A.Ş. (2)	200,854	815,729
Total	200,854	815,729

g) Lease liabilities:

	30 June 2022	31 December 2021
Koç Ailesi (3)	24,478	67,827
Otokoç Otomotiv Tic. ve San. A.Ş. (2)	14,565	16,427
Zer Merkezi Hizmetler ve Ticaret A.Ş. (2)	8	20
Total	39,051	84,274

h) Product and service sales:

	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
Opet Petrolcülük A.Ş. (1)	33,187,990	18,615,629	7,897,726	4,633,510
THY OPET Havacılık Yakıtları A.Ş. (1)	2,443,653	1,783,742	1,080,557	649,877
Aygaz A.Ş. (2)	1,824,826	710,539	523,449	319,308
Opet Fuchs Madeni Yağ A.Ş. (1)	120,542	58,664	62,302	38,909
Other (2)	33,487	23,692	25,973	14,969
Total	37,610,498	21,192,266	9,590,007	5,656,573

i) Product and service purchases:

	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
Opet Petrolcülük A.Ş. (1)	1,558,023	836,276	99,769	61,503
Aygaz A.Ş. (2)	195,191	105,643	52,240	28,412
Zer Merkezi Hizmetler ve Ticaret A.Ş. (2)	123,126	75,362	52,668	25,703
Ram Sigorta Aracılık Hizmetleri A.Ş. (2) (**)	120,643	120,643	272,837	272,442
Koç Holding A.Ş. (3) (*)	38,373	29,806	18,788	11,424
Ark İnşaat San. Tic. A.Ş. (2)	29,514	29,514	-	-
Koç Sistem Bilgi ve İletişim A.Ş. (2)	21,424	5,934	17,328	8,660
Otokoç Otomotiv Tic. ve San. A.Ş. (2)	13,252	6,259	11,770	5,849
Opet Fuchs	11,428	6,075	-	-
Aygaz Doğalgaz Toptan Satış A.Ş. (2)	-	-	196,625	16,075
Other (2)	29,164	18,778	20,927	11,845
Total	2,140,138	1,234,290	742,966	441,913

(*) 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.

(**) It includes the paid and accrued premium amounts within the scope of policies signed with insurance companies which are not related parties, via Ram Sigorta Aracılık Hizmetleri A.Ş. which operates as an insurance agency.

TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 JUNE 2022

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

25. RELATED PARTY TRANSACTIONS (Continued)

j) Fixed asset purchases:

	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
Ark İnşaat A.Ş. (2)	37,350	13,277	54,500	26,296
Koç Sistem Bilgi ve İletişim A.Ş. (2)	15,766	3,424	927	-
Other (2)	409	298	1,992	2,636
Total	53,525	16,999	57,419	28,932

k) Remuneration of board of directors and executive management:

The senior management of the Group 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 TRY13,576 thousand as of period ending on 30 June 2022 (30 June 2021 – TRY9,536 thousand). All of this amount consists of short term benefits. (2021: All of this amount consists of short term benefits).

l) Financial expenses paid to related parties:

	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
Yapı ve Kredi Bankası A.Ş. (2)	35,819	12,258	45,782	23,965
Yapı Kredi Faktoring A.Ş. (2)	15,535	10,748	2,606	550
Total	51,354	23,006	48,388	24,515

m) Time deposit interest income:

	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
Yapı ve Kredi Bankası A.Ş. (2)	113,904	38,088	437,280	186,293
Total	113,904	38,088	437,280	186,293

n) Donations:

As of 30 June 2022, total donation amount paid to related parties is TRY1,348 thousand (30 June 2021 – TRY134 thousand).

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26. 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 2022 and 31 December 2021 are as follows:

30 June 2022	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	3,397,444	23,601,651	-	31,477	37,229,784	2,646,289	-
- Secured portion of the maximum credit risk by guarantees, etc.	-	2,733,992	-	-	-	-	-
A. Net book value of financial asset either are not due or not impaired	3,397,444	21,109,483	-	31,477	37,229,784	2,646,289	-
B. Net book value of overdue but not impaired financial assets	-	2,492,168	-	-	-	-	-
C. Net book value of the impaired assets	-	-	-	-	-	-	-
- Overdue(gross book value)	-	5,528	-	2,612	-	-	-
- Impairment (-)	-	(5,528)	-	(2,612)	-	-	-
- Secured portion of the net value by guarantees, etc.*	-	-	-	-	-	-	-
- Not due yet (gross book value)	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
- Secured portion of the net value by guarantees, etc.	-	-	-	-	-	-	-
D. Components which are including credit risk except financial statement	-	-	-	-	-	-	-

31 December 2021	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	1,668,264	11,848,559	-	20,541	20,400,235	3,862,185	-
- Secured portion of the maximum credit risk by guarantees, etc.	-	803,208	-	-	-	-	-
A. Net book value of financial asset either are not due or not impaired	1,668,264	11,727,020	-	20,541	20,400,235	3,862,185	-
B. Net book value of overdue but not impaired financial assets	-	121,539	-	-	-	-	-
C. Net book value of the impaired assets	-	-	-	-	-	-	-
- Overdue(gross book value)	-	5,528	-	2,612	-	-	-
- Impairment (-)	-	(5,528)	-	(2,612)	-	-	-
- 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	-	-	-	-	-	-	-

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26. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Credit risk (Continued):

30 June 2022	Receivables		Bank deposits	Derivative instruments	Other
	Trade Receivables	Other Receivables			
Overdue (1-30 days)	2,266,623	-	-	-	-
Overdue (1-3 months)	217,539	-	-	-	-
Overdue (3-12 months)	5,457	-	-	-	-
Overdue (1-5 years)	2,549	-	-	-	-
Overdue (5+ years)	-	-	-	-	-

31 December 2021	Receivables		Bank deposits	Derivative instruments	Other
	Trade receivables	Other Receivables			
Overdue (1-30 days)	68,106	-	-	-	-
Overdue (1-3 months)	6,081	-	-	-	-
Overdue (3-12 months)	36,404	-	-	-	-
Overdue (1-5 years)	10,948	-	-	-	-
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 TRY11,773 thousand (31 December 2021: TRY70,726 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 2022 and 31 December 2021 are as follows:

	30 June 2022	31 December 2021
Group 1	-	24,306
Group 2	6,289,850	3,329,855
Group 3	18,059,932	9,648,375
Group 4	157,145ğ	392,748
Total	24,506,927	13,395,284

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.

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26. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

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 consituted 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 15).

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 15).

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26. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

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.

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 2022 and 31 December 2021:

	30 June 2022		31 December 2021	
	TRY	USD(*)	TRY	USD(*)
Monetary assets	34,198,671	2,051,633	16,145,074	1,211,274
Monetary liabilities	(109,219,435)	(6,552,249)	(63,749,820)	(4,782,791)
Monetary assets / (liabilities) foreign currency position	(75,020,764)	(4,500,616)	(47,604,746)	(3,571,517)
Non-monetary assets	59,839	3,590	14,358	1,077
Net foreign currency position of derivative financial instruments	23,526,803	1,411,411	18,249,110	1,369,128
Net foreign currency asset / (liability) position	(51,434,122)	(3,085,615)	(29,341,278)	(2,201,311)
Cash flow hedging (**)	4,814,089	288,805	5,170,028	387,878
Net foreign currency position after cash flow hedging	(46,620,033)	(2,796,810)	(24,171,250)	(1,813,433)
Inventory in natural hedge scope (***)	47,675,120	2,860,107	24,197,942	1,815,436
Payment commitments (-)	-	-	-	-
Net foreign currency position after cash flow hedging and natural hedge	1,055,087	63,297	26,692	2,003

(*) 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 USD288,805 thousand, which is equivalent to TRY4,814,089 thousand (USD387,878 thousand / TRY5,170,028 thousand in 31 December 2021) 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 2022, TRY4,015,581 thousand of (31 December 2021: TRY4,108,543) 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 2022, the foreign exchange loss amounting to TRY1,291,276 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 2022, foreign exchange loss of these loans in 2022 amounting to TRY1,198,240 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 2022, the Group has crude oil and petroleum products inventories amounting to TRY47,675,120 thousand (31 December 2021: TRY24,197,942 thousand).

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26. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Foreign exchange position table										
	30 June 2022					31 December 2021				
	TRY equivalent (In terms of functional currency)	USD	EUR	GBP	Other	TRY equivalent (In terms of functional currency)	USD	EUR	GBP	Other
Trade receivables	5,314,943	318,833	18	-	-	2,286,540	171,534	11	-	-
Monetary financial assets (including cash, banks)	28,881,783	1,726,203	1,711	3,837	-	13,858,534	1,014,354	729	18,212	-
Other	43,245	39	312	1,832	2	9,491	237	108	262	(6)
Current assets	34,239,971	2,045,075	2,041	5,669	2	16,154,565	1,186,125	848	18,474	(6)
Monetary financial assets	1,945	117	-	-	-	-	-	-	-	-
Other	16,594	996	-	-	-	4,867	-	-	271	-
Non-current assets	18,539	1,113	-	-	-	4,867	-	-	271	-
Total assets	34,258,510	2,046,188	2,041	5,669	2	16,159,432	1,186,125	848	18,745	(6)
Trade payables	81,743,817	4,893,602	9,630	177	41	41,249,784	3,077,863	14,123	-	11,879
Financial liabilities	5,210,518	311,781	410	309	-	4,274,587	319,889	354	303	-
Other monetary liabilities	6,164,027	369,790	-	-	-	3,596,305	269,811	-	-	-
Current liabilities	93,118,362	5,575,173	10,040	486	41	49,120,676	3,667,563	14,477	303	11,879
Financial liabilities	16,099,261	958,894	6,411	154	-	14,605,610	1,087,904	6,586	310	-
Other monetary liabilities	1,812	109	-	-	-	23,534	1,766	-	-	-
Non-current liabilities	16,101,073	959,003	6,411	154	-	14,629,144	1,089,670	6,586	310	-
Total liabilities	109,219,435	6,534,176	16,451	640	41	63,749,820	4,757,233	21,063	613	11,879
Net asset/(liability) position of off-balance sheet foreign currency derivatives	23,526,803	1,411,411	-	-	-	18,249,110	1,369,128	-	-	-
Total amount of off-balance sheet derivative financial assets	154,040,224	9,241,120	-	-	-	35,955,537	2,697,542	-	-	-
Total amount of off-balance sheet derivative financial liabilities	(130,513,421)	(7,829,709)	-	-	-	(17,706,427)	(1,328,414)	-	-	-
Net foreign currency asset/(liability) position	(51,434,122)	(3,076,577)	(14,410)	5,029	(39)	(29,341,278)	(2,201,980)	(20,215)	18,132	(11,885)
Cash flow hedging	4,814,089	288,805	-	-	-	5,170,028	387,878	-	-	-
Net foreign currency position after cash flow hedging	(46,620,033)	(2,787,772)	(14,410)	5,029	(39)	(24,171,250)	(1,814,102)	(20,215)	18,132	(11,885)
Net monetary foreign currency asset/(liability) position	(75,020,764)	(4,489,023)	(14,722)	3,197	(41)	(47,604,746)	(3,571,345)	(20,323)	17,599	(11,879)
Fair value of derivative instruments Used for hedging	945,333	56,747	-	-	-	1,083,025	81,253	-	-	-

As at 30 June 2022, the Group has TRY1,055,087 thousand as net foreign currency deficit after natural hedging (31 December 2021: TRY26,692 thousand net foreign currency deficit).

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26. 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 2022 and 31 December 2021.

Statement of foreign currency risk sensitivity				
30 June 2022				
	Profit/Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
10% change in USD rate:				
USD net assets/ liabilities	(7,482,752)	7,482,752	(475,145)	475,145
Amount hedged for USD risk (-)	1,629,317	(1,629,317)	-	-
USD net effect	(5,853,435)	5,853,435	(475,145)	475,145
10% change in EUR rate				
Euro net assets/ liabilities	(24,540)	24,540	-	-
Amount hedged for Euro risk (-)	-	-	-	-
EUR net effect	(24,540)	24,540	-	-
TOTAL	(5,877,975)	5,877,975	(475,145)	475,145

Statement of foreign currency risk sensitivity				
31 December 2021				
	Profit/Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
10% change in USD rate:				
USD net assets/ liabilities	(4,760,246)	4,760,246	(500,711)	500,711
Amount hedged for USD risk (-)	2,325,623	(2,325,623)	-	-
USD net effect	(2,434,623)	2,434,623	(500,711)	500,711
10% change in EUR rate				
Euro net assets/ liabilities	(30,660)	30,660	-	-
Amount hedged for Euro risk (-)	-	-	-	-
EUR net effect	(30,660)	30,660	-	-
TOTAL	(2,465,283)	2,465,283	(500,711)	500,711

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.

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26. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Export and import

	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
Export				
USD (equivalent of thousand TRY)	37,363,883	23,870,075	10,146,415	7,219,144
Total	37,363,883	23,870,075	10,146,415	7,219,144
Import				
USD (equivalent of thousand TRY)	152,654,974	91,983,444	40,210,231	24,160,740
Total	152,654,974	91,983,444	40,210,231	24,160,740

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 2022 and 31 December 2021 are as follows:

	30 June 2022	31 December 2021
Total financial liabilities (Note 5)	32,102,255	31,617,541
Less: Cash and cash equivalents (Note 4)	(29,374,751)	(16,152,381)
Net financial liabilities	2,727,504	15,465,160
Total shareholders’ equity	28,150,292	17,827,517
Total capital invested	30,877,796	33,292,677
Gearing ratio	%8.83	%46.45

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.

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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26. 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: The fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other variables used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations.

Level 3: Valuation techniques does not contains observable market inputs

Fair value hierarchy table as at 30 June 2022 is as follows:

Financial assets at fair value in statement of financial position	Level 1	Level 2	Level 3
Derivative financial assets	-	2,646,289	-
Financial liabilities at fair value in statement of financial position			
Derivative financial liabilities	-	4,311,440	-

Fair value hierarchy table as at 31 December 2021 is as follows:

Financial assets at fair value in statement of financial position	Level 1	Level 2	Level 3
Derivative financial assets	-	3,862,185	-
Financial liabilities at fair value in statement of financial position			
Derivative financial liabilities	-	3,331,294	-

27. SUBSEQUENT EVENTS

As was publicly announced on 25 April 2022, within the framework of the Strategic Transformation Plan of Tüpraş which was approved and publicly announced on 24 November 2021; Entek Elektrik Üretim A.Ş. ("Entek") shares with a nominal value of 942,727,458.04 TL, corresponding to 99.24% of the capital of Entek registered in the assets of Koç Holding A.Ş. ("Koç Holding") and Aygaz A.Ş. ("Aygaz"), will be acquired by partial demerger.

Due to the takeover by demerger, the issued capital of Tüpraş will be increased from TL 250,419,200.00 to TL 275,256,514.00. The application made by Tüpraş to the CMB on 29 April 2022 regarding the issue was approved on 7 July 2022. Within the scope of the partial demerger, the acquisition will be submitted to the approval of the shareholders at the extraordinary General Assembly to be held on 25 August 2022.

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