

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

**TÜRKİYE PETROL RAFİNERİLERİ A.Ş.**

**1 JANUARY - 30 JUNE 2018 CONDENSED INTERIM  
CONSOLIDATED FINANCIAL STATEMENTS**

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

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

*Introduction*

1. We have reviewed the accompanying condensed consolidated statement of financial position of Türkiye Petrol Rafinerileri A.Ş. (the “Company”) and its subsidiaries (collectively referred as the “Group”) as at 30 June 2018, the condensed consolidated statement of profit or loss, the condensed consolidated statement of other comprehensive income, changes in equity, condensed consolidated cash flows and other explanatory notes for the six-month period then ended (“condensed consolidated interim financial information”). The management of the Group is responsible for the preparation and fair presentation of this condensed consolidated interim financial information in accordance with Turkish Accounting Standard 34 (“TAS 34”) “Interim Financial Reporting”. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

*Scope of review*

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

*Conclusion*

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

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

Ediz Günsel, SMMM  
Partner

İstanbul, 9 August 2018

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

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# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

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

Assets	Notes	Reviewed	Audited
		30 June 2018	31 December 2017
<b>Current assets</b>		<b>21.951.521</b>	<b>20.366.024</b>
Cash and cash equivalents	4	5.886.217	8.802.069
Trade receivables	6	6.768.881	5.027.033
Due from related parties	6, 31	2.334.838	1.399.601
Trade receivables from third parties		4.434.043	3.627.432
Other receivables	7	169.479	84.267
Other receivables from third parties		169.479	84.267
Derivative Instruments	20	243.515	346.909
Inventories	8	7.702.377	5.291.090
Prepaid expenses	14	145.896	62.397
Other current assets	15	1.035.156	752.259
<b>Non-current assets</b>		<b>18.250.450</b>	<b>17.796.955</b>
Financial investments	9	-	9.000
Investments accounted for using the equity method	10	1.168.969	1.134.364
Investment properties	11	4.621	4.621
Property, plant and equipment	12	12.297.931	12.303.437
Intangible assets	13	58.694	65.187
Other intangible assets		58.694	65.187
Derivative instruments	20	163.841	100.560
Prepaid expenses	14	221.891	99.276
Deferred tax assets	29	3.239.259	3.067.871
Other non-current assets	15	1.095.244	1.012.639
<b>Total assets</b>		<b>40.201.971</b>	<b>38.162.979</b>
<b>Liabilities</b>			
<b>Current liabilities</b>		<b>20.724.569</b>	<b>17.675.669</b>
Short-term financial liabilities	5	473.480	340.875
Current portion of long term financial liabilities	5	3.154.204	4.932.839
Trade payables	6	12.520.349	8.213.166
Due to related parties	6, 31	110.987	115.456
Trade payables, third parties		12.409.362	8.097.710
Liabilities for employee benefits	18	82.216	119.833
Other payables	19	14.445	36.797
Due to related parties	19, 31	5	23.463
Other payables to third parties		14.440	13.334
Derivative instruments	20	256.818	177.137
Deferred income	16	2.107	20.428
Current income tax liabilities	29	36.535	21.296
Provisions	17	114.582	89.924
Provisions for employee benefits		41.347	12.629
Other provisions		73.235	77.295
Other current liabilities	15	4.069.833	3.723.374
<b>Non-current liabilities</b>		<b>11.424.576</b>	<b>10.009.649</b>
Long-term financial liabilities	5	11.181.848	9.777.270
Provisions	17	225.859	223.734
Provisions for employee benefits		225.859	223.734
Deferred income	16	3.558	4.112
Derivative Instruments	20	12.251	3.364
Other non-current liabilities	15	1.060	1.169
<b>Total liabilities</b>		<b>32.149.145</b>	<b>27.685.318</b>
<b>Equity</b>		<b>8.052.826</b>	<b>10.477.661</b>
Share capital	23	250.419	250.419
Adjustment to share capital	23	1.344.243	1.344.243
Accumulated other comprehensive income/(expense) not to be reclassified to profit or loss		(3.361)	(3.361)
Gains/ losses on revaluation and remeasurement		(2.211)	(2.211)
Actuarial gain/(loss) arising from defined benefit plans		(2.211)	(2.211)
Actuarial gain/(loss) arising from defined benefit plans using equity method that will not be reclassified to profit or loss		(1.150)	(1.150)
Accumulated other comprehensive income/(expense) to be reclassified to profit or loss		(1.383.554)	(960.973)
Hedging gains/(losses)		(1.574.376)	(1.141.847)
Cash flow hedge gains/(losses)		(1.574.376)	(1.141.847)
Share of other comprehensive income of investments accounted for using equity method that will be reclassified to profit or loss		190.822	180.874
Restricted reserves	23	597.086	279.668
Retained earnings		5.739.481	5.651.805
Net income		1.405.128	3.811.546
<b>Total equity attributable to equity holders of the parent</b>		<b>7.949.442</b>	<b>10.373.347</b>
<b>Non-controlling interests</b>		<b>103.384</b>	<b>104.314</b>
<b>Total equity and liabilities</b>		<b>40.201.971</b>	<b>38.162.979</b>

The condensed interim consolidated financial statements for the period ended 30 June 2018 have been approved by the Board of Directors on 9 August 2018.

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

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018

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

	Note	Reviewed		Reviewed	
		1 January - 30 June 2018	1 April - 30 June 2018	1 January - 30 June 2017	1 April - 30 June 2017
Revenue	24	33.502.180	20.080.772	25.000.318	12.630.679
Cost of sales	24	(30.212.223)	(17.860.005)	(21.796.759)	(11.035.588)
<b>Gross profit</b>		<b>3.289.957</b>	<b>2.220.767</b>	3.203.559	1.595.091
General administrative expenses	25	(410.883)	(214.997)	(368.617)	(189.753)
Marketing, selling and distribution expenses	25	(124.770)	(57.605)	(119.754)	(63.937)
Research and development expenses	25	(9.586)	(4.676)	(8.790)	(3.973)
Other operating income	26	269.962	163.922	139.980	84.748
Other operating expenses	26	(1.258.202)	(1.041.121)	(56.556)	55.577
<b>Operating profit / (loss)</b>		<b>1.756.478</b>	<b>1.066.290</b>	2.789.822	1.477.753
Expense from investment activities	27	(6.710)	(327)	(12.147)	(13.073)
Income/(loss) from investments accounted by equity method	10	144.657	86.071	118.887	61.762
<b>Operating profit before financial income/(expense)</b>		<b>1.894.425</b>	<b>1.152.034</b>	2.896.562	1.526.442
Financial income	28	2.102.026	1.448.210	227.153	64.792
Financial expense (-)	28	(2.599.434)	(1.675.037)	(637.158)	(156.406)
<b>Profit/(loss) before tax from continued operations</b>		<b>1.397.017</b>	<b>925.207</b>	2.486.557	1.434.828
<b>Tax income / (expense)</b>		<b>25.060</b>	<b>110.083</b>	(147.277)	28.693
Taxes on income (-)		(38.460)	(33.342)	(259.687)	(147.419)
Deferred tax income / (expense)	29	63.520	143.425	112.410	176.112
<b>Net profit/(loss) from continued operations</b>		<b>1.422.077</b>	<b>1.035.290</b>	2.339.280	1.463.521
<b>Other comprehensive income:</b>					
<b>Items to be reclassified to profit or loss</b>		(440.460)	(323.914)	114.915	190.470
Share of other comprehensive income accounted for investment using equity method that will be reclassified to profit or loss		9.948	7.666	(119)	(1.305)
Gain/(loss) from translation of foreign currency of investments using equity method		9.948	7.666	(119)	(1.305)
Income/(expense) relating to avoidance of risk of cash flow		(558.276)	(408.347)	142.479	237.460
Income/(loss) of avoidance of risk of cash flow		(558.276)	(408.347)	142.479	237.460
Tax effect of other comprehensive income/(loss) to be reclassified to profit or loss		107.868	76.767	(27.445)	(45.685)
Deferred tax income/(expense)		107.868	76.767	(27.445)	(45.685)
<b>Other comprehensive income/(expense)</b>		<b>(440.460)</b>	<b>(323.914)</b>	114.915	190.470
<b>Total comprehensive income</b>		<b>981.617</b>	<b>711.376</b>	2.454.195	1.653.991
<b>Distribution of income for the period:</b>					
Non-controlling interests		16.949	8.598	13.297	6.362
Attributable to equity holders of the parent		1.405.128	1.026.692	2.325.983	1.457.159
<b>Distribution of total comprehensive income</b>					
Non-controlling interests		(930)	(5.431)	14.349	8.170
Attributable to equity holders of the parent		982.547	716.807	2.439.846	1.645.821
<b>Earnings (loss) per share from continued operations</b>					
Earnings per share with nominal value kr. 1 each (kr.)	30	5,61	4,10	9,29	5,82

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

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018

(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) to be reclassified to profit or loss			Retained earnings					Non-controlling interest	Total equity
	Gains/losses on revaluation and remeasurement			Hedge gains/(losses)			Share of other comprehensive income of investments accounted for Using equity method which will Be reclassified to profit or loss						
	Share capital	Adjustment to Share capital	Share Premiums (discounts)	Actuarial gains/loss arising from defined benefit plans	Share of other comprehensive income accounted for investment using equity method that will not be classified to profit/(loss)	Cash flow hedge gains/(losses)	Restricted reserves	Retained Earnings	Net income / expense	Equity holders Of the parents			
Reviewed													
1 January 2017	250.419	1.344.243	172	(6.124)	(1.862)	(1.132.725)	145.855	331.337	5.363.804	1.793.267	8.088.386	78.647	8.167.033
Transfers	-	-	-	-	-	-	-	-	1.793.267	(1.793.267)	-	-	-
Dividends paid	-	-	(172)	-	-	-	-	(51.669)	(1.505.266)	-	(1.557.107)	-	(1.557.107)
- Net income for the period	-	-	-	-	-	-	-	-	-	2.325.983	2.325.983	13.297	2.339.280
- Other comprehensive income/(expense)	-	-	-	-	-	113.982	(119)	-	-	-	113.863	1.052	114.915
Total comprehensive income/(expense)	-	-	-	-	-	113.982	(119)	-	-	2.325.983	2.439.846	14.349	2.454.195
30 June 2017	250.419	1.344.243	-	(6.124)	(1.862)	(1.018.743)	145.736	279.668	5.651.805	2.325.983	8.971.125	92.996	9.064.121
Reviewed													
1 January 2018	250.419	1.344.243	-	(2.211)	(1.150)	(1.141.847)	180.874	279.668	5.651.805	3.811.546	10.373.347	104.314	10.477.661
Transfers	-	-	-	-	-	-	-	339.393	3.472.153	(3.811.546)	-	-	-
Dividends paid	-	-	-	-	-	-	-	(21.975)	(3.384.477)	-	(3.406.452)	-	(3.406.452)
- Net income for the period	-	-	-	-	-	-	-	-	-	1.405.128	1.405.128	16.949	1.422.077
- Other comprehensive income	-	-	-	-	-	(432.529)	9.948	-	-	-	(422.581)	(17.879)	(440.460)
Total comprehensive income	-	-	-	-	-	(432.529)	9.948	-	-	1.405.128	982.547	(930)	981.617
30 June 2018	250.419	1.344.243	-	(2.211)	(1.150)	(1.574.376)	190.822	597.086	5.739.481	1.405.128	7.949.442	103.384	8.052.826

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

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018

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

		Reviewed	Reviewed
	Notes	1 January - 30 June 2018	1 January - 30 June 2017
<b>Cash flows from operating activities</b>		<b>2.023.996</b>	<b>2.107.420</b>
<b>Profit/(loss)</b>		<b>1.422.077</b>	<b>2.339.280</b>
<b>Adjustment for reconciliation of profit/(loss)</b>		<b>709.262</b>	<b>720.999</b>
Adjustment for depreciation and amortisation expense	12, 13	<b>310.247</b>	284.666
Adjustments for stock impairment(cancelation)		<b>(920)</b>	13.470
Adjustments for stock impairment	8	<b>(920)</b>	13.470
Adjustment for provisions	17	<b>27.416</b>	76.851
Adjustment for interest (income) and expense	28	<b>305.547</b>	117.118
Adjustment for unrealized foreign currency translation differences	28	<b>(1.548.823)</b>	43.977
Adjustment for fair value (gain) or loss		<b>(340.798)</b>	(9.692)
Adjustment for income of investments accounted by equity method	10	<b>(144.657)</b>	(118.887)
Adjustment for tax expenses(income)	29	<b>(25.060)</b>	147.277
Adjustment for (gain) / loss on sales of property, plant and equipment	27	<b>6.710</b>	12.147
Adjustment for other items related with cash flow of investment or financial activities	28	<b>2.121.391</b>	138.693
Other adjustments for reconciliation of profit/(loss)		<b>(1.791)</b>	15.379
<b>Changes in working capital</b>		<b>(52.665)</b>	<b>(759.023)</b>
Adjustment for decrease/(increase) in trade receivables		<b>(1.769.182)</b>	(827.861)
Adjustment for decrease/(increase) in other receivables related with operations		<b>(533.822)</b>	(265.737)
Adjustment for decrease/(increase) in assets of derivative instruments		<b>40.113</b>	-
Adjustment for decrease/(increase) in inventories		<b>(2.410.367)</b>	(593.219)
Adjustment for increase/(decrease) in trade payables		<b>4.347.017</b>	617.253
Adjustment for increase/(decrease) in other payables related with operations		<b>185.008</b>	310.541
Adjustment for decrease/(increase) in liabilities of derivative instruments		<b>88.568</b>	-
<b>Cash flows from operating activities</b>		<b>2.078.674</b>	<b>2.301.256</b>
Tax returns/(payments)		<b>(23.221)</b>	(160.448)
Other cash inflow/(outflow)		<b>(31.457)</b>	(33.388)
<b>Cash flows from investing activities</b>		<b>(307.964)</b>	<b>(308.221)</b>
Cash outflows in subsidiaries regarding additional share purchases		-	(1.500)
Cash inflows from the sales of property, plant and equipment and intangible assets		<b>810</b>	2.456
Cash outflows from the purchase of property, plant and equipment and intangible assets		<b>(428.774)</b>	(379.177)
Dividends received	10	<b>120.000</b>	70.000
<b>Cash flows from financing activities</b>		<b>(6.288.683)</b>	<b>(2.339.240)</b>
Cash inflows from financial liabilities	5	<b>19.020.669</b>	23.009.300
Cash outflows from financial liabilities	5	<b>(22.098.167)</b>	(23.685.054)
Cash inflows from derivative instruments		<b>585.678</b>	8.175
Cash outflows from derivative instruments		<b>(115.305)</b>	-
Dividends paid		<b>(3.406.452)</b>	(1.557.107)
Interest paid		<b>(441.124)</b>	(350.662)
Interest received		<b>166.018</b>	236.108
<b>Net increase/(decrease) in cash and cash equivalents before the effect of foreign currency translation differences</b>		<b>(4.572.651)</b>	<b>(540.041)</b>
<b>Impact of foreign currency translation differences on cash and cash equivalents</b>		<b>1.548.823</b>	<b>(43.977)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(3.023.828)</b>	<b>(584.018)</b>
<b>Cash and cash equivalents at beginning of period</b>		<b>7.592.735</b>	<b>5.022.402</b>
<b>Cash and cash equivalents at end of period</b>	4	<b>4.568.907</b>	<b>4.438.384</b>

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

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018

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

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

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

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

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

The Company is registered at the Capital Markets Board (“CMB”) of Turkey and its shares have been quoted at Borsa İstanbul A.Ş. (“BIST”) (previously known as Istanbul Stock Exchange (“ISE”)) since 1991. As at 30 June 2018, the shares quoted on the BIST are 49% of the total shares. As of 30 June 2018, the principal shareholders and their respective shareholdings in the Company are as follows (Note 23):

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

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

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018

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

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

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

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

  

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

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

The total number of employees of the Group as at 30 June 2018 is 5.846 (31 December 2017 – 5.499).

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

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

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018

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

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

#### 2.1. Basis of presentation

##### 2.1.1 Financial reporting standards

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

With the decision taken on 17 March 2005, the CMB announced that, effective from 1 January 2005, the application of inflation accounting is no longer required for listed companies in Turkey. The Group’s financial statements have been prepared in accordance with this decision.

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

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

#### Functional and presentation currency

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

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

##### The new standards, amendments and interpretations

The accounting policies adopted in preparation of the interim condensed consolidated financial statements as at 30 June 2018 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 2018. The effects of these standards and interpretations on the Group’s financial position and performance have been disclosed in the related paragraphs.

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018

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

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

#### 2.1 Basis of presentation (Continued)

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

###### a. Standards, amendments and interpretations applicable as at 30 June 2018:

- **TFRS 9, “Financial Instruments”**; effective from annual periods beginning on or after 1 January 2018. This standard replaces the guidance in TAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.

###### *Classification and measurement*

The company classifies the financial assets as two groups such as subsequently measured at amortised cost and fair value through profit or loss. The classification is made on the basis of the entity’s business model for managing the financial assets and contractual cash flow characteristics of the financial assets. The group classifies its financial assets at the date which they are purchased.

“Financial assets measured at amortised cost”, are the financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount standing, not have an active market and non-derivatives financial assets. “Cash and cash equivalents”, “Trade receivables” are classified as financial assets measured at amortised cost using the effective interest method. Gains and losses recognised as a result of the fair value adjustments of financial assets amortised at cost and non-derivative financial assets are included in the consolidated income statement.

“Financial assets measured at fair value through profit or loss” are consists of assets except for the assets measured at amortised cost. Any gain or loss arising from fair value is recognised in consolidated income statement.

The changes in the classification of financial assets and liabilities in accordance with TFRS 9 is explained below. Those reclassification differences do not have any impact of the measurement of financial instruments asset for financial assets.

<b>Financial assets</b>	<b>Classification in accordance with TMS 39</b>	<b>New classification in accordance with TFRS 9</b>
Cash and cash equivalents	Loans and receivables	Amortised cost
Trade receivables	Loans and receivables	Amortised cost
Derivative instruments	Fair value through profit or loss	Fair value through profit or loss

<b>Financial liabilities</b>	<b>Classification in accordance with TMS 39</b>	<b>New classification in accordance with TFRS 9</b>
Derivative instruments	Fair value through profit or loss	Fair value through profit or loss
Borrowings	Amortised cost	Amortised cost
Trade payables	Amortised cost	Amortised cost

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018

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

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

#### 2.1 Basis of presentation (Continued)

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

###### a. Standards, amendments and interpretations applicable as at 30 June 2018

###### *Impairment*

The recognition of losses defined in TMS 39 “Financial Instruments: Recognition and Measurement” which was effective before 1 January 2018 is replaced by recognition of expected credit losses in TFRS 9. Expected credit losses are a weighted estimate of the likelihood of credit losses over the expected life of a financial instrument. The calculation of expected credit loss is performed based on the past experience of the Group and its expectations for the future indications.

###### *Trade receivables*

The Group has chosen “simplified approach” explained in TFRS 9 for the calculation of impairment of trade receivables (with maturities less than one year) that do contain a significant financing component and accounted at amortised cost. In accordance with the simplified approach, Group measures the loss allowances regarding its trade receivables at an amount equal to “lifetime expected credit losses” except incurred credit losses in which trade receivables are already impaired for a specific reason date.

The Group uses a provision matrix in the calculation of expected credit losses. Provision rate is calculated based on the overdue days of trade receivables and the rates are revised each reporting period if necessary. The change in expected credit losses is recognised in other operating expense/income in consolidated income statement.

As of 30 June 2018, the amendments do not have a significant impact in the group’s consolidated financial statement.

- **TFRS 15, “Revenue from contracts with customers”;** effective from annual periods beginning on or after 1 January 2018. TFRS 15, ‘Revenue from contracts with customers’ is a converged standard from the IASB and FASB on revenue recognition. The standard will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally.
- **Amendment to TFRS 15, ‘Revenue from contracts with customers’;** effective from annual periods beginning on or after 1 January 2018. These amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). New and amended illustrative examples have been added for each of those areas of guidance. The TASB has also included additional practical expedients related to transition to the new revenue standard.

###### Revenue recognition

The Company adopted TFRS 15 “Revenue From Contract with Customers” from 1 January 2018 which proposes a five step model framework mentioned below for recognizing the revenue. .

- Identify the contact with customers
- Identify separate performance obligations in the contract
- Determine the transaction price in contract
- Allocate the transaction price to the performance obligations in the contract
- Recognise revenue

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018

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

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

#### 2.1 Basis of presentation (Continued)

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

###### a. Standards, amendments and interpretations applicable as at 30 June 2018 (Continued)

The Company assess the goods or services promised in a contract with a customer and identify as a performance obligation each promise to transfer to the customer.

For each performance obligation identified, the entity determines at contract inception whether it satisfies the performance obligation over time or satisfies the performance obligation at a point in time. If the Group transfers control of good and service over time and therefore satisfies a performance obligation and recognises revenue over time

The Group recognise revenue in consolidated financial statement when the entity satisfies a performance obligation by transferring a promised good or service to the customer. An asset is transferred when the customer obtains control of that good and service.

The Group considers the following in the assessment of transfer of control of goods sold and services,

- a) The Group has a right to payment for the goods and service,
- b) The customer has legal title to the goods and service,
- c) The entity has transferred physical possession of the asset,
- d) The customer has the significant risks and rewards related to the ownership of the goods or services,
- e) The customer has accepted the goods and services,

The Group does not adjust the promised amount of consideration for the effects of a significant financing component since the Group expects, at contract inception, that the period between when the entity transfer a promised good or service to a customer and when the customer pays for that good or service will be one year or less. If the financing component is significant in revenue, future collections are discounted by the interest rate in financing component. The difference is recognised as income from operating activities in current period.

As of 30 June 2018, the amendments do not have a significant impact in the group’s consolidated financial statement.

- **Amendment to TAS 40, Investment property’ relating to transfers of investment property;** effective from annual periods beginning on or after 1 January 2018. These amendments clarify that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition. This change must be supported by evidence. The amendment does not have a significant impact on the Group’s financial position and performance.
- **Amendments to TFRS 2, ‘Share based payments’;** on clarifying how to account for certain types of share-based payment transactions, effective from annual periods beginning on or after 1 January 2018. This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in TFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee’s tax obligation associated with a share-based payment and pay that amount to the tax authority. The amendment does not have a significant impact on the Group’s financial position and performance.

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018

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

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

#### 2.1 Basis of presentation (Continued)

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

#### a. Standards, amendments and interpretations applicable as at 30 June 2018 (Continued)

**Annual improvements 2014-2016;** effective from annual periods beginning on or after 1 January 2018. These amendments impact 2 standards:

- TFRS 1, ‘First time adoption of TFRS’, regarding the deletion of short-term exemptions for first-time adopters regarding TFRS 7, IAS 19 and TFRS 10.
- TAS 28, ‘Investments in associates and joint venture’ regarding measuring an associate or joint venture at fair value. The amendment does not have a significant impact on the Group’s financial position and performance.

- **IFRIC 22, ‘Foreign currency transactions and advance consideration’;** effective from annual periods beginning on or after 1 January 2018. This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice. The amendment does not have a significant impact on the Group’s financial position and performance.

#### b. Standards, amendments and interpretations effective after 30 June 2018

- **Amendment to TFRS 9, ‘Financial instruments’;** effective from annual periods beginning on or after 1 January 2019. This amendment confirms that when a financial liability measured at amortised cost is modified without this resulting in de-recognition, a gain or loss should be recognised immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. This means that the difference cannot be spread over the remaining life of the instrument which may be a change in practice from IAS 39. The impact of the amendments on The Group’s financial position and performance has been assessed.
- **Amendment to TAS 28, ‘Investments in associates and joint venture’;** effective from annual periods beginning on or after 1 January 2019. These amendments clarify that companies account for long-term interests in associate or joint venture to which the equity method is not applied using TFRS 9. The impact of the amendments on The Group’s financial position and performance has been assessed.
- **TFRS 16, “Leases”;** effective from annual periods beginning on or after 1 January 2019. It is permitted early application with TFRS 15 ‘revenue from customer contracts’ standard. This standard replaces the current guidance in IAS 17 and is a far-reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). TFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a ‘right of use asset’ for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under TFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The impact of the amendments on The Group’s financial position and performance has been assessed.
- **IFRIC 23, ‘Uncertainty over income tax treatments’;** effective from annual periods beginning on or after 1 January 2019. This IFRIC clarifies how the recognition and measurement requirements of IAS 12 ‘Income taxes’, are applied where there is uncertainty over income tax treatments. The IFRS IC had clarified previously that IAS 12, not IAS 37 ‘Provisions, contingent liabilities and contingent assets’, applies to accounting for uncertain income tax treatments. IFRIC 23 explains how to recognise and

**TÜRKİYE PETROL RAFİNERİLERİ A.Ş.**

**NOTES TO THE CONDENSED INTERIM  
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(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

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measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment.

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018

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

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

#### 2.1 Basis of presentation (Continued)

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

#### b. Standards, amendments and interpretations effective after 30 June 2018

- An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. For example, a decision to claim a deduction for a specific expense or not to include a specific item of income in a tax return is an uncertain tax treatment if its acceptability is uncertain under tax law. IFRIC 23 applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. The impact of the amendments on The Group’s financial position and performance has been assessed.

**Annual improvements 2015 - 2017;** effective from annual periods beginning on or after 1 January 2019. These amendments include minor changes to:

- TFRS 3 ‘Business combinations’, - a company remeasures its previously held interest in a joint operation when it obtains control of the business.
- TFRS 11 ‘Joint arrangements’, - a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
- TMS 12 ‘Income taxes’, a company accounts for all income tax consequences of dividend payments in the same way.
- TMS 23 ‘Borrowing costs’, - a company treats as part of general borrowings any borrowing originally made to develop an asset is ready for its intended use or sale.

The impact of the amendments on The Group’s financial position and performance has been assessed.

**Amendments to TAS 19, ‘Employee benefits’ on plan amendment, curtailment or settlement;** effective from annual periods beginning on or after 1 January 2019. These amendments require an entity to:

- Use updated assumptions to determine current service cost and interest for the remainder of the period after a plan amendment, curtailment or settlement;
- Recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

The impact of the amendments on The Group’s financial position and performance has been assessed.

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

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

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018

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

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

#### 2.1 Basis of presentation (Continued)

##### 2.1.4 Principles of consolidation

- a) The condensed consolidated financial statements for the interim period ended 30 June 2018 have been prepared in accordance with principles stated on the consolidated financial statements for the year ended 31 December 2017 and include financial statements of Tüpraş, and its Subsidiaries.
- b) At 30 June 2018, 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 2017.

	30 June 2018		31 December 2017	
	Direct and indirect voting right possessed by the company (%)	Proportion of effective interest (%)	Direct and indirect voting right possessed by the company (%)	Proportion of effective interest (%)
<b>Subsidiary</b>				
Ditaş	79,98	79,98	79,98	79,98
Üsküdar	79,98	79,98	79,98	79,98
Damla	79,98	79,98	79,98	79,98
Beykoz	79,98	79,98	79,98	79,98
Kadıköy	79,98	79,98	79,98	79,98
Sarıyer	79,98	79,98	79,98	79,98
Kartal	79,98	79,98	79,98	79,98
Maltepe	79,98	79,98	79,98	79,98
Salacak	79,98	79,98	79,98	79,98
Karşıyaka	79,98	79,98	79,98	79,98
Bakırköy	79,98	79,98	79,98	79,98
Karaköy	79,98	79,98	79,98	79,98
Çengelköy	79,98	79,98	79,98	79,98
Pendik	79,98	79,98	79,98	79,98
Tuzla	79,98	79,98	79,98	79,98
Körfez (*)	100,00	100,00	100,00	100,00

(\*) Körfez has been included in the scope of consolidation in the condensed interim consolidated financial statements for the period ended 1 January 2018 (Note 9).

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

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

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018

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

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

#### 2.1 Basis of presentation (Continued)

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

The table below shows the total interest of the Group in its joint ventures accounted by equity method as at 30 June 2018 and 31 December 2017:

	30 June 2018		31 December 2017	
	Direct and indirect voting rights possessed by the Company (%)	Proportion of effective interest (%)	Direct and indirect voting rights possessed by the Company (%)	Proportion of effective interest (%)
<b>Joint ventures accounted by equity method</b>				
Opet	50,00	40,00	50,00	40,00
Opet International Limited (*)	50,00	40,00	50,00	40,00
Opet Trade B.V. (*)	50,00	40,00	50,00	40,00
Opet Trade Singapore (In liquidation) (*) (**)	50,00	40,00	50,00	40,00
THY Opet Havacılık Yakıtları A.Ş. (*)	25,00	20,00	25,00	20,00
Opet Fuchs Madeni Yağ San. ve Tic. A.Ş. (*)	25,00	20,00	25,00	20,00
Op Ay Akaryakıt Ticaret Ltd. Şti. (*)	25,00	20,00	25,00	20,00
Akdeniz Akaryakıt Depolama Nakliyat ve Tic. A.Ş. (*)	16,65	13,32	16,65	13,32
Nemrut Liman ve Boru İşl. Nak. İç ve Dış Tic. Ltd. Şti. (*)	12,50	10,00	12,50	10,00
Opet Aygaz Gayrimenkul A.Ş. (*)	25,00	20,00	25,00	20,00

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

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

- d) Other investments in which the Group has interest below 20%, or over which the Group does not exercise a significant influence, or which are immaterial, are classified as available-for-sale. Available-for-sale investments that do not have a quoted market price in active markets and whose fair value cannot be measured reliably are carried at cost less any provision for diminution in value (Note 9).
- e) The non-controlling shareholders’ share of the net assets and results for the period for the subsidiaries are classified separately in the consolidated statement of financial position and statements of comprehensive income as non-controlling interest.

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 2018 comparatively with the consolidated statement of financial position as of 31 December 2017. Also the consolidated statement of profit or loss and other comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the interim period ended 30 June 2018 are presented comparatively with the consolidated financial statements for the interim period ended 30 June 2017.

#### 2.2.2 Offsetting

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

#### 2.2.3 Seasonality of operations

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

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018

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

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

### 2.3. Summary of significant accounting policies

Condensed consolidated financial statements for the period ended 30 June 2018, have been prepared in compliance with TAS 34, the TFRS standard on interim financial reporting. Furthermore, condensed consolidated financial statements as of 30 June 2018 have been prepared applying accounting policies which are consistent with the accounting policies used for the preparation of consolidated financial statements for the year ended 31 December 2017. Thus, these condensed consolidated financial statements must be evaluated together with the consolidated financial statements for the year ended 31 December 2017.

### 3. Business Combinations

No business combinations occurred during the period 30 June 2018.

### 4. Cash and cash equivalents

	30 June 2018	31 December 2017
Cash at banks		
Revenue share (blocked)	1.311.533	1.198.211
Time deposit	4.447.268	7.568.764
Demand deposits	121.639	23.971
Time deposit interest accruals	5.777	11.123
<b>Total</b>	<b>5.886.217</b>	<b>8.802.069</b>

#### Revenue Share (blocked)

As required by the Petroleum Market License Regulation, the revenue share collected from the customers by the Group is held at banks and considered as blocked deposit in the Company’s books. The revenue share was invested as demand deposits with overnight interest rate as at 30 June 2018 and 31 December 2017 (Note 15).

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

As at 30 June 2018 and 31 December 2017, the maturity and the currency information of the time deposits, is as follows:

#### 30 June 2018

	Effective rate of interest (%)	Less than 1 month	1 - 3 months	Total
TRY	19,10	74.768	-	74.768
USD	4,80	2.776.835	45.338	2.822.173
EUR	2,71	1.533.337	16.990	1.550.327
<b>Time deposit</b>		<b>4.384.940</b>	<b>62.328</b>	<b>4.447.268</b>

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018

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

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

31 December 2017

	Effective rate of interest (%)	Less than 1 month	1 - 3 months	Total
TRY	13,94	74.655	1.917	76.572
USD	4,37	6.944.727	17.917	6.962.644
EUR	2,13	499.531	29.463	528.994
GBP	1,40	554	-	554
Time deposit		7.519.467	49.297	7.568.764

Cash and cash equivalents included in the consolidated statements of cash flows for the periods ended 30 June 2018 and 30 June 2017 are as follows:

	30 June 2018	30 June 2017
Cash and cash equivalents	5.886.217	5.540.022
Blocked deposits (Revenue share)	(1.311.533)	(1.084.286)
Time deposits interest accruals	(5.777)	(17.352)
<b>Cash and cash equivalents</b>	<b>4.568.907</b>	<b>4.438.384</b>

### 5. Financial liabilities

	30 June 2018	31 December 2017
<b>Long-term financial liabilities:</b>		
Short-term bank borrowings	473.480	340.875
<b>Total</b>	<b>473.480</b>	<b>340.875</b>
<b>Long-term portion of long-term bank borrowings:</b>		
Short-term portion of long-term bank borrowings	2.992.744	2.156.144
Bonds issued	-	2.640.330
Interest accruals of bank borrowings	132.414	93.429
Interest accruals of bonds issued	29.046	42.936
<b>Total</b>	<b>3.154.204</b>	<b>4.932.839</b>
<b>Long-term financial liabilities:</b>		
Long-term bank borrowings	7.989.358	7.136.940
Bonds issued	3.192.490	2.640.330
<b>Total</b>	<b>11.181.848</b>	<b>9.777.270</b>
<b>Total financial liabilities</b>	<b>14.809.532</b>	<b>15.050.984</b>

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018

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

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### 5. Financial liabilities (Continued)

Tüpraş has issued a bond with a nominal value of USD 700 million, with a maturity of 7 years, coupon payment every 6 months and repayment of principal and coupon at maturity, with an annual interest rate of 4,5%, on the London Stock Exchange on October 12, 2017.

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

On 30 April 2018, Tüpraş paid a bond with a nominal value of USD 700 million, with a maturity of 5,5 years, a coupon payment of 6 months and a principal and coupon payment at maturity, with an annual interest rate of 4,125%, quoted on the London Stock Exchange on 2 November 2012.

In 2011, Tüpraş has signed three loan agreements in order to finance Residuum Upgrading Project (“RUP”) and further to the agreements the loans amounting to USD 1.998 million were utilized between 2011 and 2015 for credit insurance payments and capital expenditures. According to financing package loan was insured by SACE and CESCE have 12 years to maturity also there will be no principal and interest payment in first 4 years. The third loan has 7 years to maturity and there will be no principal payment in the first four years. The repayment of the loans has started in 2015 and as at 30 June 2018 the outstanding amount of the loans is USD 1.097 million (31 December 2017 – USD 1.239 million)

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018

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

### 5. Financial liabilities (Continued)

Foreign currency balances and effective interest rates for the short and long-term financial liabilities as at 30 June 2018 and 31 December 2017 are as follows:

			30 June 2018
	Effective interest rate (%)	Original Currency	Thousand TRY
<b>Short-term financial liabilities:</b>			
USD borrowings	1,86	1.500.000	6.841
TRY borrowings (*)	16,50	466.639.228	466.639
Interest accruals			-
<b>Total short-term financial liabilities</b>			<b>473.480</b>
<b>Long-term portion of long-term financial liabilities:</b>			
USD borrowings	4,30	322.189.756	1.469.409
EUR Borrowings	2,20	64.861.392	344.363
TRY borrowings	12,96	1.178.971.706	1.178.972
			2.992.744
Interest accruals			161.460
<b>Short-term portion of total long-term borrowings</b>			<b>3.154.204</b>
<b>Long-term financial liabilities:</b>			
USD borrowings	4,06	1.329.513.371	6.063.512
USD bonds issued	4,55	700.000.000	3.192.490
EUR borrowings	2,04	230.960.067	1.226.213
TRY borrowings	17,20	699.632.869	699.633
			11.181.848
Interest accruals			-
<b>Total long-term financial liabilities</b>			<b>11.181.848</b>

(\*) Banks provide interest-free loans to the Group for the payment of SCT, Customs and Social Security debts amounting to TRY 462.239 thousand as of 30 June 2018 (31 December 2017 - TRY 327.673 thousand).

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018

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

### 5. Financial liabilities (Continued)

			31 December 2017
	Effective interest rate (%)	Original currency	Thousand TRY
Short term financial liabilities:			
USD borrowings	1,45	3.500.000	13.202
TRY borrowings (*)	-	327.673.483	327.673
Interest accruals			-
<b>Total short-term financial liabilities</b>			<b>340.875</b>
Short-term portion of long-term financial liabilities:			
USD borrowings	3,58	316.227.073	1.192.776
USD bonds issued	4,17	700.000.000	2.640.330
EUR borrowings	3,26	9.220.636	41.636
TRY borrowings	12,48	921.732.026	921.732
			4.796.474
Interest accruals			136.365
<b>Short-term portion of total long-term borrowings</b>			<b>4.932.839</b>
Long-term financial liabilities:			
USD borrowings	3,38	1.460.677.340	5.509.529
USD bonds issued	4,55	700.000.000	2.640.330
EUR borrowings	2,06	291.146.521	1.314.672
TRY borrowings	13,43	312.738.562	312.739
			9.777.270
Interest accruals			-
<b>Total long-term financial liabilities</b>			<b>9.777.270</b>

As at 30 June 2018 and 31 December 2017, the redemption schedule of long-term bank borrowings is as follows:

	<b>30 June 2018</b>	31 December 2017
2019	<b>964.036</b>	1.867.259
2020	<b>2.680.637</b>	1.683.158
2021	<b>1.658.671</b>	1.373.304
2022	<b>1.167.161</b>	960.727
2023 and after	<b>4.711.343</b>	3.892.822
<b>Total</b>	<b>11.181.848</b>	9.777.270

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018

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

### 5. Financial liabilities (Continued)

The movement of borrowings as of 30 June 2018 and 30 June 2017 is as follows:

	2018	2017
1 January	15.050.984	12.134.265
New financial borrowings	19.020.669	23.009.300
Principal payments	(22.098.167)	(23.685.054)
Changes in interest accruals	25.095	(5.901)
Changes in foreign Exchange rates	2.810.951	(20.946)
<b>30 June</b>	<b>14.809.532</b>	<b>11.431.664</b>

### 6. Trade receivables and payables

#### Short-term trade receivables:

	30 June 2018	31 December 2017
Trade receivables	4.491.242	3.658.736
Due from related parties (Note 31)	2.334.838	1.399.601
Doubtful trade receivables	4.359	3.184
Other trade receivables	16	16
Less: Unearned credit finance income	(57.215)	(31.320)
Less: Provision for doubtful receivables	(4.359)	(3.184)
<b>Total short-term trade receivables (net)</b>	<b>6.768.881</b>	<b>5.027.033</b>

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

As at 30 June 2018, Tüpraş has offsetted TRY 1.230.000 thousand (31 December 2017 - TRY 860.788 thousand) from trade receivables that are collected from factoring companies as part of the irrevocable factoring

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

The Group categorizes the details of credit quality of trade receivables that are neither past due nor impaired or receivables whose conditions are renegotiated under four groups. The details of credit quality of such trade receivables as at 30 June 2018 and 31 December 2017 are as follows:

	30 June 2018	31 December 2017
Group 1	4.925	8.505
Group 2	1.221.291	762.329
Group 3	5.251.784	4.152.610
Group 4	222.198	65.184
<b>Total</b>	<b>6.700.198</b>	<b>4.988.628</b>

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018

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

### 6. Trade receivables and payables (Continued)

Group 1 - New customers (less than three months)

Group 2 - State owned enterprises

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

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

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

Aging of overdue receivables that are past due but not impaired as at 30 June 2018 and 31 December 2017 is as follows:

	30 June 2018	31 December 2017
Up to 3 months	67.828	37.224
3 to 12 months	855	1.181
<b>Total</b>	<b>68.683</b>	<b>38.405</b>

The Group has guarantees received amounting to TRY 21.757 thousands (31 December 2017 - TRY 28.587 thousands) for trade receivables overdue but not impaired.

Movement of the provision for doubtful receivables for the years ended 30 June 2018 and 2017 is as follows:

	2018	2017
1 January	3.184	2.676
Change within the period	1.439	-
Payments during the period	(264)	-
<b>30 June</b>	<b>4.359</b>	<b>2.676</b>

#### Short-term trade payables:

	30 June 2018	31 December 2017
Trade payables	12.457.567	8.106.081
Due to related parties (Note 31)	110.987	115.456
Less: Unrealised credit finance charges		
Trade payables	(48.205)	(8.371)
<b>Total short term trade payables (net)</b>	<b>12.520.349</b>	<b>8.213.166</b>

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

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018

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

### 7. Other receivables and payables

#### Other short-term receivables:

	30 June 2018	31 December 2017
Advances and guarantees given	139.313	66.887
Receivable from personnel	10.387	9.141
Receivable from insurance recoveries	19.779	8.239
Other doubtful receivables	244	360
Less: Provision for other doubtful receivables	(244)	(360)
<b>Total</b>	<b>169.479</b>	<b>84.267</b>

### 8. Inventories

	30 June 2018	31 December 2017
Raw materials and supplies	2.792.627	1.901.787
Work-in-progress	1.946.417	1.278.257
Finished goods	1.738.737	1.401.057
Trade goods	230.705	195.767
Goods in transit	959.159	487.155
Other	35.058	28.313
	<b>7.702.703</b>	<b>5.292.336</b>
Less: Provision for impairment in inventories	(326)	(1.246)
<b>Total</b>	<b>7.702.377</b>	<b>5.291.090</b>

Movement of the provision for inventories for the periods ended 30 June 2018 and 2017 is as follows:

	2018	2017
1 January	1.246	-
Change within the period	326	13.470
Cancellations within the period	(1.246)	-
<b>30 June</b>	<b>326</b>	<b>13.470</b>

### 9. Financial Investments

	30 June 2018		31 December 2017	
	Participation share (%)	Amount	Participation share (%)	Amount
Körfez Ulaştırma A.Ş.	-	-	100,00	9.000
		-		9.000

Körfez has been included in the scope of consolidation in the condensed interim consolidated financial statements for the period ended 1 January 2018.

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018

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

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

	30 June 2018		31 December 2017	
	Participation share (%)	Amount	Participation share (%)	Amount
OPET Petrolcülük A.Ş.	40,00	1.168.969	40,00	1.134.364
		<b>1.168.969</b>		1.134.364

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

The movement in the investments accounted for using the equity method during the period ended 30 June 2018 and 2017 is as follows:

	2018	2017
1 January	1.134.364	923.994
Investments accounted for using the equity method;		
Shares in current year profit	144.657	118.887
Dividend payment	(120.000)	(70.000)
Currency translation differences	9.948	(119)
<b>30 June</b>	<b>1.168.969</b>	972.762

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

	30 June 2018	31 December 2017
Current assets	6.017.187	3.783.607
Non-current assets	2.679.643	2.662.261
<b>Total assets</b>	<b>8.696.830</b>	6.445.868
Short term liabilities	4.406.647	2.724.380
Long term liabilities	1.840.444	1.358.260
Equity	2.449.739	2.363.228
<b>Total liabilities</b>	<b>8.696.830</b>	6.445.868

	1 January - 30 June 2018	1 April - 30 June 2018	1 January - 30 June 2017	1 April - 30 June 2017
Sales (net)	19.065.371	10.781.175	12.865.813	6.968.297
Gross profit	965.035	556.692	716.947	378.019
Operating profit	546.096	348.026	359.439	193.938
Net income for period	361.643	215.179	297.217	154.404

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018

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

### 11. Investment property

As of 30 June 2018, investment property represents the land amounting to TRY 4.621 thousand (31 December 2017 - TRY 4.621 thousand). The fair value of the investment property has been determined as TRY 38.117 thousand as a result of fair value assessments (31 December 2017 – TRY 38.117 thousand).

### 12. Property, plant and equipment

The movements in property, plant and equipment and related depreciation expenses as of June 30, 2018 and 2017 are as follows:

	1 January 2018	Additions	Transfers	Disposals	30 June 2018
<b>Cost:</b>					
Land	48.814	-	17.700	-	66.514
Land improvements	3.645.079	-	4.481	(3)	3.649.557
Buildings	771.147	-	276	-	771.423
Machinery and equipment	12.001.323	77	29.277	(13.355)	12.017.322
Motor vehicles	1.221.669	7.294	9.101	(230)	1.237.834
Furniture and fixtures	134.130	338	5.985	(1.012)	139.441
Construction in progress	500.802	297.926	(70.822)	-	727.906
Other tangible assets	2.614	112	-	-	2.726
	<b>18.325.578</b>	<b>305.747</b>	<b>(4.002)</b>	<b>(14.600)</b>	<b>18.612.723</b>
<b>Accumulated depreciation:</b>					
Land improvements	(1.304.166)	(75.928)	-	2	(1.380.092)
Buildings	(193.944)	(8.174)	-	-	(202.118)
Machinery and equipments	(4.235.088)	(181.056)	-	6.062	(4.410.082)
Motor vehicles	(206.631)	(25.100)	-	50	(231.681)
Furniture and fixtures	(80.869)	(9.329)	-	966	(89.232)
Other tangible assets	(1.443)	(144)	-	-	(1.587)
	<b>(6.022.141)</b>	<b>(299.731)</b>	<b>-</b>	<b>7.080</b>	<b>(6.314.792)</b>
<b>Net book value</b>	<b>12.303.437</b>				<b>12.297.931</b>
	1 January 2017	Additions	Transfers	Disposals	30 June 2017
<b>Cost:</b>					
Land	48.844	-	-	(29)	48.815
Land improvements	3.687.757	-	11.917	(121.329)	3.578.345
Buildings	744.592	-	5	(7.201)	737.396
Machinery and equipment	11.420.284	9	18.578	(82.764)	11.356.107
Motor vehicles	749.479	1.411	482	(929)	750.443
Furniture and fixtures	114.397	645	4.388	(1.365)	118.065
Construction in progress	649.948	280.590	(41.675)	-	888.863
Other tangible assets	1.488	93	-	-	1.581
	<b>17.416.789</b>	<b>282.748</b>	<b>(6.305)</b>	<b>(213.617)</b>	<b>17.479.615</b>
<b>Accumulated depreciation:</b>					
Land improvements	(1.272.244)	(75.327)	-	118.738	(1.228.833)
Buildings	(188.970)	(7.818)	-	7.199	(189.589)
Machinery and equipment	(3.972.568)	(166.825)	-	71.207	(4.068.186)
Motor vehicles	(171.865)	(17.607)	-	569	(188.903)
Furniture and fixtures	(68.301)	(7.746)	-	1.301	(74.746)
Other tangible assets	(1.365)	(27)	-	-	(1.392)
	<b>(5.675.313)</b>	<b>(275.350)</b>	<b>-</b>	<b>199.014</b>	<b>(5.751.649)</b>
<b>Net book value</b>	<b>11.741.476</b>				<b>11.727.966</b>

As of 30 June 2018, Tüpraş capitalised its borrowing costs amounting to TRY 27.968 thousand in the interim condensed consolidated financial statements, (30 June 2017 - TRY 17.331 thousand).

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018

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

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

Total depreciation expense amounting to TRY 299.731 thousand (30 June 2017 - TRY 275.350 thousand) in the consolidated statement of comprehensive income for the period ended 30 June 2018 has been allocated to cost of goods sold amounting to TRY 283.797 thousand (30 June 2017 - TRY 262.121 thousand), to marketing, sales and distribution expenses amounting to TRY 2 thousand (30 June 2017- TRY 2 thousand), to general administration expenses amounting to TRY 15.932 thousand (30 June 2017 - TRY 13.227 thousand)

As of June 30, 2018, there are no mortgages on property, plant and equipment. (31 December 2017- None).

### 13. Intangible assets

#### Other intangible assets:

The movements of intangible assets and related accumulated amortisation for the period ended 30 June 2018 and 2017 are as follows:

	1 January 2018	Additions	Transfers	Disposals	30 June 2018
<b>Cost:</b>					
Rights and software	81.464	21	1.589	-	83.074
Development expenses	80.039	-	2.413	-	82.452
	161.503	21	4.002	-	165.526
<b>Accumulated amortisation:</b>					
Rights and software	(43.060)	(5.142)	-	-	(48.202)
Development expenses	(53.256)	(5.374)	-	-	(58.630)
	(96.316)	(10.516)	-	-	(106.832)
<b>Net book value</b>	<b>65.187</b>				<b>58.694</b>

	1 January 2017	Additions	Transfers	Disposals	30 June 2017
<b>Cost:</b>					
Rights and software	64.330	230	2.430	(343)	66.647
Development expenses	68.403	-	3.875	-	72.278
	132.733	230	6.305	(343)	138.925
<b>Accumulated amortisation:</b>					
Rights and software	(36.449)	(3.257)	-	343	(39.363)
Development expenses	(41.178)	(6.059)	-	-	(47.237)
	(77.627)	(9.316)	-	343	(86.600)
<b>Net book value</b>	<b>55.106</b>				<b>52.325</b>

Total amortisation expenses amounting to TRY 10.516 thousand (30 June 2017 - TRY 9.316 thousand) in the consolidated statement of comprehensive income for the period ended 30 June 2018 have been allocated to the general administration expenses (30 June 2017 - TRY 9.309 thousand in General administration expenses, TRY 7 thousands in cost of goods sold)

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018

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

### 14. Prepaid expenses

#### Short term prepaid expenses:

	30 June 2018	31 December 2017
Insurance and other expenses	121.316	49.102
Advances given	24.580	13.295
<b>Total</b>	<b>145.896</b>	<b>62.397</b>

#### Long term prepaid expenses:

	30 June 2018	31 December 2017
Advances given to related parties for property, plant and equipment (Note 31)	194.623	69.191
Advances given to third parties for property, plant and equipment	25.987	28.413
Prepaid other expenses	1.281	1.672
<b>Total</b>	<b>221.891</b>	<b>99.276</b>

### 15. Other assets and liabilities

#### Other current assets:

	30 June 2018	31 December 2017
Deferred Value Added Tax (“VAT”)	816.152	423.200
Deferred Special Consumption Tax (“SCT”)	84.477	91.647
Spare parts and material stocks	58.084	57.566
Taxes and funds to be offsetted	29.638	85.251
Income accruals	19.093	37.675
Other current assets	27.712	56.920
<b>Total</b>	<b>1.035.156</b>	<b>752.259</b>

#### Other non-current assets:

	30 June 2018	31 December 2017
Spare parts and materials	1.106.350	1.030.649
Other	8.050	1.146
Provision for spare parts and materials	(19.156)	(19.156)
<b>Total</b>	<b>1.095.244</b>	<b>1.012.639</b>

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018

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

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

#### Other short-term liabilities:

	30 June 2018	31 December 2017
SCT payable	1.383.034	1.397.584
Revenue share	1.322.944	1.202.668
Deferred VAT	816.152	423.200
Expense accrual on commodity hedge	-	383.058
VAT payable	399.594	145.109
Deferred SCT	84.477	91.647
Other taxes and liabilities	23.473	53.741
Other	40.159	26.367
<b>Total</b>	<b>4.069.833</b>	<b>3.723.374</b>

As of 31 December 2017, expense accruals consists of commodity derivatives transactions for inventory of Tüpraş which are exposed to commodity price risk (swap transactions and zero-cost transactions) Weighted average price of outstanding commodity derivatives transactions is USD 54,53/barrel for 5.700 thousand crude oil barrel. Weighted average buying price of zero cost derivatives transactions is USD 50,60 /barrel for 5.700 thousand crude oil barrel inventory weighted average selling price of zero cost derivatives transactions is USD 55,78 /barrel. The expense accruals recognition made as of 31 December 2017 is recognized under cost of goods sold and paid as of 8 January 2018.

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 TRY 1.322.944 thousand accumulated as at 30 June 2018 (31 December 2017 – TRY 1.202.688 thousand) which is not recognized in the comprehensive income statement, has been classified as “Revenue Share” within “Other short-term liabilities”. TRY 1.311.533 thousand that is (31 December 2017 - TRY 1.198.211 thousand) blocked in banks as demand deposits related to the calculated revenue share has been classified as Revenue share “Blocked” within “Cash and cash equivalents” (Note 4).

#### Other long-term liabilities:

	30 June 2018	31 December 2017
Participation share	1.060	1.169
<b>Total</b>	<b>1.060</b>	<b>1.169</b>

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018

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

### 16. Deferred income

#### Short-term deferred income:

	30 June 2018	31 December 2017
Deferred income	1.882	1.949
Advances taken	225	18.479
<b>Total</b>	<b>2.107</b>	<b>20.428</b>

#### Long-term deferred income:

	30 June 2018	31 December 2017
Deferred income	3.558	4.112
<b>Total</b>	<b>3.558</b>	<b>4.112</b>

### 17. Provisions

#### Provision for employee benefits:

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

	30 June 2018	31 December 2017
Personnel bonus accruals	35.429	4.605
Seniority incentive bonus provision	5.918	8.024
<b>Total</b>	<b>41.347</b>	<b>12.629</b>

##### Long term employee benefits:

	30 June 2018	31 December 2017
Provision for employment termination benefits	162.539	167.907
Provision for unused vacation	54.993	50.655
Seniority incentive bonus provision	8.327	5.172
<b>Total</b>	<b>225.859</b>	<b>223.734</b>

##### *Seniority incentive bonus provision:*

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

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

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## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018

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

### 17. Provisions (Continued)

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

	2018	2017
1 January	13.196	13.161
Charge for the period	5.318	5.430
Payments during the period	(4.269)	(2.992)
<b>30 June</b>	<b>14.245</b>	<b>15.599</b>

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

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

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

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

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

	30 June 2018	31 December 2017
Discount rate (%)	4,95%	4,95%
Turnover rate to estimate probability of retirement (%)	99,46%	99,46%

The principal assumption is that maximum liability of employment termination benefits for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. As the maximum liability is revised semi-annually, the maximum amount of TRY 5.434,42 which is effective as at 1 July 2018, has been taken into consideration in calculating the provision for employment termination benefits of the joint ventures of the Group, which are registered In Turkey (31 December 2017: TRY 5.001,76).

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

	2018	2017
1 January	167.907	159.190
Interest expense	9.881	8.573
Increase during the period	1.795	15.087
Payments during the period	(17.044)	(15.963)
<b>30 June</b>	<b>162.539</b>	<b>166.887</b>

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

### 17. Provisions (Continued)

#### *Provision for unused vacation:*

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

	2018	2017
1 January	50.655	44.137
Charge for the period	8.292	6.621
Payments during the period	(3.954)	(4.104)
<b>30 June</b>	<b>54.993</b>	<b>46.654</b>

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

	30 June 2018	31 December 2017
EMRA participation share	38.117	23.823
Provisions for pending claims and law suits	17.238	16.209
Provision for demurrage	13.548	11.484
Other	4.332	25.779
<b>Total</b>	<b>73.235</b>	<b>77.295</b>

Movement of the short-term provisions for the period ended 30 June 2018 and 2017 are as follow:

	Provision for pending claims and lawsuits	EMRA participation share	Provision for demurrage	Other	Total
1 January 2018	16.209	23.823	11.484	25.779	77.295
Charges for the period, net	1.646	18.037	3.894	(21.447)	2.130
Payments during the period	(617)	(3.743)	(1.830)	-	(6.190)
30 June 2018	17.238	38.117	13.548	4.332	73.235

	Provision for Pending claims and lawsuits	EMRA participation share	Provision for demurrage	Other	Total
1 January 2017	12.523	20.159	13.787	5.016	51.485
Charges for the period, net	3.523	10.777	3.578	23.262	41.140
Payments during the period	(249)	(10.080)	-	-	(10.329)
30 June 2017	15.797	20.856	17.365	28.278	82.296

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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## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018

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### 18. Liabilities for employee benefits

	30 June 2018	31 December 2017
Social security withholdings payment	42.049	39.518
Due to the personnel	40.167	80.315
<b>Total</b>	<b>82.216</b>	<b>119.833</b>

### 19. Other payables

	30 June 2018	31 December 2017
Deposits and guarantees received	14.440	13.334
Other payables to related parties (Note 31)	5	23.463
<b>Total</b>	<b>14.445</b>	<b>36.797</b>

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## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018

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### 20. Derivative instruments

	30 June 2018				31 December 2017			
	Purchase contract amount	Sales contract amount	Assets	Liabilities	Purchase contract amount	Sales contract amount	Assets	Liabilities
<i>Cash flow hedge</i>								
Interest rate swap	395.783	395.783	15.390	752	328.432	328.432	2.660	690
Cross currency swap	93.665	65.051	75.249	10.990	835.180	525.210	339.982	2.206
Commodity derivative	1.089.276	1.089.277	38.390	256	-	-	-	-
<i>Derivatives held for trading</i>								
Currency forwards	5.755.603	5.715.315	114.486	8.976	3.264.742	3.330.804	1.137	39.295
Commodity derivative	2.884.255	3.081.964	-	235.844	1.229.941	1.361.757	3.130	134.946
<b>Short term derivative financial instruments</b>			<b>243.515</b>	<b>256.818</b>			<b>346.909</b>	<b>177.137</b>
<i>Cash flow hedge</i>								
Interest rate swap	1.686.978	1.686.978	30.079	767	1.562.179	1.562.179	9.421	777
Cross currency swap	341.596	217.275	133.762	11.484	331.155	238.586	91.139	2.587
<b>Long term derivative financial instruments</b>			<b>163.841</b>	<b>12.251</b>			<b>100.560</b>	<b>3.364</b>
<b>Total</b>			<b>407.356</b>	<b>269.069</b>			<b>447.469</b>	<b>180.501</b>

As of 30 June 2018, forward foreign exchange transactions consist of forward transactions and currency swap signed between Tüpraş and various finance institutions which generate a sales obligation of TRY 5.715.315 thousand in exchange of USD 1.262.000 thousand. (As of 31 December 2017, forward foreign exchange transactions consist of forward transactions signed between Tüpraş and various finance institutions which generate a sales obligation of TRY 2.600.333 thousand in exchange of USD 674.000 thousand and a sales obligation of TRY 730.474 thousand in exchange of EUR 160.000 thousand.)

As of 30 June 2018, interest rate swap consists of exchange of floating rate instalment payments of Tüpraş’s long term borrowings amounting to USD 420,588 thousand (31 December 2017: USD 458.824 thousand) and Ditaş’s long term borrowings amounting to EUR 31.000 thousand (31 December 2017: EUR 35.428 thousand) with fixed rate instalment payments for cash flow hedging.

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018

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

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### 20. Derivative instruments (Continued)

As of 30 June 2018, cross currency swap transactions consist of swap transaction of foreign currency indexed, fixed interest rate long-term bonds amounting to USD 64.785 thousand (31 December 2017 – USD 70.588 thousand) belonging to Tüpraş with foreign currency indexed, floating interest long-term borrowing belonging to Tüpraş amounting to TRY 150.301 thousand with foreign currency indexed, swap transactions of foreign currency indexed long term borrowings belonging to Ditaş amounting to EUR 15.500 thousand (31 December 2017 - USD 17.714 thousand) with TRY currency indexed, fixed interest payments amounting to TRY 57.503 thousand (31 December 2017 - TRY 65.717 thousand), fixed interest payments with total of USD16.340 thousand (31 December 2017 – USD 18.674 thousand) with foreign currency indexed fixed interest payments. In addition, as of 31 December 2017, cross currency swap transactions consist of swap transaction of foreign currency indexed, fixed interest rate short-term bonds amounting to USD 200.000 thousand belonging to Tüpraş with TRY currency indexed, fixed interest payments amounting to TRY 463.875 thousand.

Commodity purchase and sales transactions consist of product crack fixing transactions, swap transactions and zero cost collar transactions as of 30 June 2018. Future product crack fixing transactions have been made for the third quarter of 2018 as gasoline stocks of 300 thousand, jet stocks of 3.810 thousand and diesel stocks of 5.022 thousand, for the fourth quarter of 2018 as gasoline stocks of 300 thousand, jet stocks of 2.190 thousand and diesel stocks of 2.910 thousand and for the first quarter of 2019 as jet stocks of 1,995 thousand and diesel stocks of 2,250 thousand. The weighted average fixation margin of these transactions are USD 9,00, USD 12,42 and 13,17 per barrel, respectively. Swap transactions have been made for 3,150 thousand barrels of crude oil and weighted average fixation margin of these transactions in USD is 68,02 per barrel. Zero cost collar transaction is made for total of 3,000 thousand barrels of crude oil where weighted average purchase price is 66,20 USD/barrel and weighted average sales price is 70,40 USD/barrel. Commodity purchase and sales transactions consist of product crack fixing transactions and swap transactions as of 31 December 2017. Future product crack fixing transactions have been made for the first quarter of 2018 as gasoline stocks of 510 thousand barrels, jet stocks of 3.255 thousand barrel and diesel stocks of 5.250 thousand barrel, for the second quarter of 2018 as gasoline stocks of 1.125 thousand, jet stocks of 3.330 thousand and diesel stocks of 3.300 thousand and for the third quarter of 2018 as jet stocks of 3.810 thousand and diesel stocks of 5.022 thousand. The weighted average fixation margin of these transactions is USD 10,99, 11,09 and 11,73 per barrel, respectively. Swap transactions have been made for hedging of price risk between purchase and sell periods by the amount 1.029 thousand barrels of crude oil cargo.

### 21. Government grants

On 2 August 2010, the Company has obtained the Certificate of Research and Development Center. As a result of the implementation of Technology and Innovation Support Programs Administration Project (“TEYDEB”) and the existence of the Certificate of Research and Development Center, the Company has benefited from a number of government incentives including research and development expense deduction, income tax stoppage incentive, social security premium support and stamp tax exemption in accordance with Law, no 5746, Supporting Research and Development Activities. In this context, as of 30 June 2018, the Company's total R&D expenditures amounting to TRY 2.559 thousand (30 June 2017 - TRY 4.531 thousand) were recorded as incentive income

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%.

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### 21. Government grants (Continued)

On May 29, 2012, the Company received investment incentive from Incentive Implementation and Foreign Investment Department of Ministry of Economy of Republic of Turkey for storage and warehouse services of Kırıkkale Refinery project. Support elements of this investment is to benefit from are, VAT exemption and customs tax exemption

The Company received investment incentive on July 24, 2015 from Incentive Implementation and Foreign Investment Department of Ministry of Economy of Republic of Turkey for Modernization of Izmir Refinery Project. Support elements of this investment is to benefit from are, VAT exemption, tax discount rate (50%), rate of contribution to investment (15%) and customs tax exemption

The Company received investment incentive on October 27, 2015 from Incentive Implementation and Foreign Investment Department of Ministry of Economy of Republic of Turkey for Modernization of Kırıkkale Refinery Project. Support elements of this investment is to benefit from are, VAT exemption, tax discount rate (70%), rate of contribution to investment (30%), customs tax exemption and interest incentive

On June 13, 2014, the Company received investment incentive from Incentive Implementation and Foreign Investment Department of Ministry of Economy of Republic of Turkey for Modernization of Batman Refinery project. Support elements of this investment is to benefit from are, VAT exemption, tax discount rate (90%), rate of contribution to investment (50%), interest incentive and customs tax exemption

On May 8, 2018, the Company received investment incentive from Incentive Implementation and Foreign Investment Department of Ministry of Economy of Republic of Turkey for Modernization of Batman Refinery project. Support elements of this investment is to benefit from are, VAT exemption, tax discount rate (90%), rate of contribution to investment (50%), interest incentive and customs tax exemption

On December 14, 2016, the Company received investment incentive from Incentive Implementation and Foreign Investment Department of Ministry of Economy of Republic of Turkey for Modernization of Izmir Refinery project. Support elements of this investment is to benefit from are, VAT exemption, tax discount rate (50%), rate of contribution to investment (15%) and customs tax exemption

On June 26, 2013, the Company received investment incentive from Incentive Implementation and Foreign Investment Department of Ministry of Economy of Republic of Turkey for the purchase of wagons to be used for intercity freight transport by railway. Support elements of this investment is to benefit from are, VAT exemption, interest incentive, customs tax exemption, tax discount rate (80%), rate of contribution to investment (40%), insurance premium employer support (7 years)

The Group has benefited from SGK support for insurance premium employer sentiment.

As of 30 June 2018 and 2017, the revenues (totally recognized in consolidated statements of profit or loss) of the Group from government incentives and grants are as follows:

	30 June 2018	30 June 2017
Social security withholdings incentives	22.637	17.412
Research and development incentives	2.559	4.531
Interest incentive	63	251
<b>Total</b>	<b>25.259</b>	<b>22.194</b>

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018

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### 22. Commitments and contingent assets and liabilities

	30 June 2018		31 December 2017	
Guarantees received:	Original currency:	TRY amount:	Original currency:	TRY amount:
Letter of guarantees received		<b>1.121.579</b>		1.143.144
- Letter of guarantees in TRY	<b>642.467</b>	<b>642.467</b>	744.646	744.646
- Letter of guarantees in USD	<b>81.228</b>	<b>370.456</b>	80.221	302.585
- Letter of guarantees in EUR	<b>19.121</b>	<b>101.520</b>	20.368	91.973
- Letter of guarantees in other currencies	-	<b>7.136</b>	-	3.940
Guarantee notes received		<b>2.205</b>		2.205
- Guarantee notes in TRY	<b>2.205</b>	<b>2.205</b>	2.205	2.205
Guarantee letters received		<b>278.035</b>		238.595
- Guarantee letters received in TRY	<b>50.000</b>	<b>50.000</b>	50.000	50.000
- Guarantee letters received in USD	<b>50.000</b>	<b>228.035</b>	50.000	188.595
Direct debiting limits		<b>324.270</b>		266.748
- TRY direct debiting limits	<b>324.270</b>	<b>324.270</b>	266.748	266.748
<b>Total guarantees received</b>		<b>1.726.089</b>		1.650.692
<b>Guarantees given:</b>				
Letter of credits given		<b>894.088</b>		313.853
- Letter of credits in USD	<b>189.828</b>	<b>865.747</b>	78.125	294.679
- Letter of credits in EUR	<b>5.338</b>	<b>28.341</b>	4.165	18.807
- Letter of credits in other currencies	-	-	-	367
Letter of guarantees given		<b>893.652</b>		757.673
- Letter of guarantees in TRY	<b>784.270</b>	<b>784.270</b>	681.480	681.480
- Letter of guarantees in USD	<b>20.200</b>	<b>92.127</b>	20.200	76.193
- Letter of guarantees in EUR	<b>3.250</b>	<b>17.255</b>	-	-
Letters of guarantee given to customs offices		<b>1.745.665</b>		1.644.077
- Letter of guarantees in TRY	<b>1.745.665</b>	<b>1.745.665</b>	1.635.046	1.635.046
- Letter of guarantees in EUR	-	-	2.000	9.031
Letters of guarantee given to banks		<b>867.082</b>		667.986
- Letter of guarantees in USD	<b>138.900</b>	<b>633.480</b>	119.120	449.309
- Letter of guarantees in EUR	<b>44.000</b>	<b>233.602</b>	48.428	218.677
<b>Total guarantees given</b>		<b>4.400.487</b>		3.383.589

As at 30 June 2018 and 31 December 2017, 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 2018, letters of guarantee given to banks are given for loans which were used by Companies within scope of consolidation amounting to TRY 818.237 thousand (31 December 2017- TRY 626.443 thousand) and for derivative financial instruments amounting to TRY 48.845 thousand (31 December 2017 - TRY 41.543 thousand)

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018

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

Collaterals, pledges, mortgages given by the Group as at 30 June 2018 and 31 December 2017 are as follows:

	30 June 2018	31 December 2017
A. CPMs given for companies in the name of its own legal personality	<b>3.533.405</b>	2.715.603
- TRY	<b>2.529.935</b>	2.316.526
- USD	<b>957.874</b>	370.872
- EUR	<b>45.596</b>	27.838
- Other	-	367
B. CPMs given on behalf of the fully consolidated companies	<b>867.082</b>	667.986
- USD	<b>633.480</b>	449.309
- EUR	<b>233.602</b>	218.677
C. CPMs given for continuation of its economic activities on behalf of third parties	-	-
D. Total amount of other CPMs	-	-
i) Total amount of CPMs given on behalf of the majority shareholder	-	-
ii) Total amount of CPMs given to on behalf of other Group companies which are not in scope of B and C.	-	-
iii) Total amount of CPMs given on behalf of third parties which are not in scope of C.	-	-
<b>Total</b>	<b>4.400.487</b>	3.383.589

### 23. Equity

The Company’s shareholders and their shareholding percentages as at 30 June 2018 and 31 December 2017 are as follows:

	30 June 2018	Share (%)	31 December 2017	Share (%)
Enerji Yatırımları A.Ş.	<b>127.714</b>	<b>51</b>	127.714	51
Publicly Owned	<b>122.705</b>	<b>49</b>	122.705	49
<b>Total</b>	<b>250.419</b>	<b>100</b>	250.419	100
Adjustment to share capital	<b>1.344.243</b>		1.344.243	
<b>Total paid-in capital</b>	<b>1.594.662</b>		1.594.662	

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

Registered capital of the Company is TRY 500.000 thousand and is divided into 50.000.000.000 shares with a registered nominal value of 1 Kuruş (“Kr”) (31 December 2017 - 1 Kr) each. The authorised and paid-in share capital of the Company comprises 25.041.919.999 Group A shares with a registered nominal value of Kr 1 and one Group C share with privileges belonging to the Privatisation Administration

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

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

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018

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### 23. Equity (Continued)

#### *Restricted reserves*

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

In accordance with Turkish Financial Reporting Standards the aforementioned amounts should be classified under “Restricted Reserves”. At 30 June 2018, the restricted reserves of the Company amount to TRY 597.086 thousand (31 December 2017 - TRY 279.668 thousand)

#### *Dividend distribution*

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

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

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

The total amount of net income of the Company in the statutory records and other equity accounts subject to dividend distribution amount to TRY 3.715.522 thousand as at 30 June 2018. This amount includes inflation adjustment differences of the equity accounts amounting to TRY 1.698.998 thousand and other reserves amounting to TRY 11.140 thousand which are subject to corporate taxation when distributed as dividends

In the period ended as of 30 June 2018, the Company committed to make dividend payment in cash amounting to TRY 3.406.452 thousand which is the total amount remained after first and second composition legal reserves deducted from 2017 distributable net profit of the period and a portion of second composition legal reserves. The Company paid a cash dividend at the rate of 1,360.3% which corresponds to TRY 13,603 gross and TRY 13,603 net cash dividend for the shares with a nominal value of TRY 1,00 to institutional shareholders who are full taxpayers or limited liable taxpayers and obtain dividends through a business or permanent representative in Turkey. The Company paid also a cash dividend at the rate of 1,360.3%, which corresponds to TRY 13,603 gross and TRY 11,563 net cash dividend for the shares with a nominal value of TRY 1.00 to other shareholders

In the period ended as of 31 December 2017, the Company committed to make dividend payment in cash amounting to TRY 1.557.107 thousand which is the total amount remained after first and second composition legal reserves deducted from 2016 distributable net profit of the period and a portion of second composition legal reserves. The Company paid a cash dividend at the rate of 621.8% which corresponds to TRY 6,218 gross and TRY 6,218 net cash dividend for the shares with a nominal value of TRY 1.00 to institutional shareholders who are full taxpayers or limited liable taxpayers and obtain dividends through a business or permanent representative in Turkey. The Company paid also a cash dividend at the rate of 621.8%, which corresponds to TRY 6,218 gross and TRY 5,2853 net cash dividend for the shares with a nominal value of TRY 1.00 to other shareholders.

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018

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

### 24. Revenue and cost of sales

	1 January - 30 June 2018	1 April - 30 June 2018	1 January - 30 June 2017	1 April - 30 June 2017
Domestic revenue	29.856.104	18.379.542	19.272.740	10.494.690
Export revenue	4.238.073	2.070.198	6.092.830	2.331.563
<b>Gross revenue</b>	<b>34.094.177</b>	<b>20.449.740</b>	25.365.570	12.826.253
Less: Sales discount	(556.489)	(342.870)	(350.800)	(192.929)
Less: Sales returns	(35.508)	(26.098)	(14.452)	(2.645)
<b>Sales (net)</b>	<b>33.502.180</b>	<b>20.080.772</b>	25.000.318	12.630.679
Cost of goods sold	(30.212.223)	(17.860.005)	(21.796.759)	(11.035.588)
<b>Gross profit</b>	<b>3.289.957</b>	<b>2.220.767</b>	3.203.559	1.595.091

### Cost of sales:

	1 January - 30 June 2018	1 April - 30 June 2018	1 January - 30 June 2017	1 April - 30 June 2017
Raw material, manufactured and Consumable material	28.526.363	16.966.620	20.157.110	10.211.215
Energy expenses	625.348	333.179	555.674	281.930
Personnel expenses	358.449	179.922	293.576	146.049
Depreciation and amortization (Note 12-13)	283.797	141.365	262.128	130.953
Other production expenses	418.266	238.919	528.271	265.441
<b>Cost of sales</b>	<b>30.212.223</b>	<b>17.860.005</b>	21.796.759	11.035.588

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018

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

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

#### General administrative expenses:

	1 January - 30 June 2018	1 April - 30 June 2018	1 January - 30 June 2017	1 April - 30 June 2017
Personnel expenses	170.669	83.884	170.290	88.723
Insurance expenses	49.855	27.937	41.530	22.708
Taxes and duties	48.483	27.583	33.058	16.956
Outsourced services	32.631	17.065	29.011	14.245
Depreciation and amortization (Note 12-13)	26.448	13.419	22.536	11.335
Office expenses	16.468	9.903	16.243	9.379
Subscription fees	15.477	9.115	11.538	5.976
Lawsuit and consultancy expenses	10.735	6.751	8.068	2.740
Donations	7.817	2.074	7.769	7.653
Rent expenses	7.579	4.047	9.438	6.909
Transportation and travel expenses	2.192	827	1.708	888
Other	22.529	12.392	17.428	2.241
<b>Total general administrative expenses</b>	<b>410.883</b>	<b>214.997</b>	<b>368.617</b>	<b>189.753</b>

#### Marketing expenses:

	1 January - 30 June 2018	1 April - 30 June 2018	1 January - 30 June 2017	1 April - 30 June 2017
Personnel expenses	57.114	29.546	46.039	25.192
Carriage, storage and insurance expenses	31.061	7.143	45.122	22.466
Rent expenses	6.526	3.560	5.611	3.089
Energy expenses	5.640	2.976	5.479	2.777
Outsourced services	4.453	2.688	374	301
Advertising expenses	1.594	1.270	1.172	896
Depreciation and amortization (Note 12)	2	1	2	1
Other	18.380	10.421	15.955	9.215
<b>Total marketing expenses</b>	<b>124.770</b>	<b>57.605</b>	<b>119.754</b>	<b>63.937</b>

#### Research and development expenses:

	1 January - 30 June 2018	1 April - 30 June 2018	1 January - 30 June 2017	1 April - 30 June 2017
Personnel expenses	6.746	3.149	5.737	1.965
Licence expenses	1.216	612	930	460
Outsourced services	286	93	239	117
Lawsuit and consultancy expenses	131	97	759	734
Other	1.207	725	1.125	697
<b>Total research and development expenses</b>	<b>9.586</b>	<b>4.676</b>	<b>8.790</b>	<b>3.973</b>

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018

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

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

	1 January - 30 June 2018	1 April - 30 June 2018	1 January - 30 June 2017	1 April - 30 June 2017
<b>Other operating income:</b>				
Credit finance gains	191.281	117.272	92.733	49.291
Provision no longer required	18.310	18.196	-	-
Foreign exchange gain from trade receivables	16.558	10.439	-	-
Rent income	1.319	443	1.831	773
Foreign exchange gain from trade payables	-	-	29.909	29.909
Other	42.494	17.572	15.507	4.775
<b>Total other operating income</b>	<b>269.962</b>	<b>163.922</b>	139.980	84.748
<b>Other operating expense:</b>				
Foreign exchange loss from trade payables	(1.198.241)	(1.010.360)	-	80.538
Credit finance charges	(41.199)	(20.176)	(40.938)	(18.799)
Foreign exchange loss from trade receivables	-	-	(5.738)	(1.528)
Other	(18.762)	(10.585)	(9.880)	(4.634)
<b>Total other operating expense</b>	<b>(1.258.202)</b>	<b>(1.041.121)</b>	(56.556)	55.577

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

	1 January - 30 June 2018	1 April - 30 June 2018	1 January - 30 June 2017	1 April - 30 June 2017
Gain/(loss) on sales of property plant and equipment and intangible assets	(6.710)	(327)	(12.147)	(13.073)
<b>Total income/(expense) from investment activities</b>	<b>(6.710)</b>	<b>(327)</b>	(12.147)	(13.073)

### 28. Financial income/(expenses)

	1 January - 30 June 2018	1 April - 30 June 2018	1 January - 30 June 2017	1 April - 30 June 2017
<b>Financial income:</b>				
Foreign exchange gains on deposits	1.548.823	1.103.127	-	(67.870)
Foreign exchange gains on derivatives instruments	392.531	283.546	-	-
Interest income on deposits	160.672	61.537	227.153	132.662
<b>Total financial income</b>	<b>2.102.026</b>	<b>1.448.210</b>	227.153	64.792
<b>Financial expense:</b>				
Foreign exchange gains on borrowings	(2.121.391)	(1.410.693)	(138.693)	108.592
Interest expenses	(466.219)	(262.328)	(344.271)	(170.545)
Foreign exchange losses on derivative instruments	(9.491)	(963)	(108.387)	(49.480)
Foreign exchange losses on deposits	-	-	(43.977)	(43.977)
Other	(2.333)	(1.053)	(1.830)	(996)
<b>Total financial expense</b>	<b>(2.599.434)</b>	<b>(1.675.037)</b>	(637.158)	(156.406)

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018

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

### 29. Tax assets and liabilities

#### i) Corporate tax:

	30 June 2018	31 December 2017
Current period corporate tax provision	38.460	464.902
Current year tax assets	(1.925)	(443.606)
<b>Corporation tax provision</b>	<b>36.535</b>	<b>21.296</b>

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

The corporation tax rate for the fiscal year 2018 is 22 % (2017: 20%). Corporation tax is payable at a rate of 22% on the total income of the companies after adjusting for certain disallowable expenses, corporate income tax exemptions (participation exemption, investment allowance, etc.) and allowances (as research and development expenditures deduction

The analysis of cumulative temporary differences and the related deferred tax assets and liabilities in respect of items for which deferred income tax has been provided as at 30 June 2018 and 31 December 2017 using the enacted tax rates are as follows:

	Cumulative temporary differences		Deferred tax (liability)/asset	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
Fair value difference of derivative instruments	124.692	257.527	(27.432)	(56.656)
Difference between the carrying values and tax base of property, plant, equipment and intangible assets	-	57.569	-	(12.665)
Prepaid expenses	61.852	72.886	(13.608)	(16.035)
<b>Deferred tax liability</b>			<b>(41.040)</b>	<b>(85.356)</b>
Investment incentive income	9.163.800	8.598.952	3.091.304	3.096.940
Difference between the carrying values and tax base of property, plant, equipment and intangible assets	568.344	-	125.036	-
Employment termination benefits and seniority incentive bonus provision	164.176	166.459	36.119	36.621
Provision for unused vacation liability	46.787	43.425	10.293	9.554
Provisions for pending claims and lawsuits	16.500	15.227	3.630	3.350
Impairment on inventories	326	1.246	72	274
Deferred financial income, (net)	9.010	22.949	1.982	5.049
Other	53.921	6.543	11.863	1.439
<b>Deferred tax assets</b>			<b>3.280.299</b>	<b>3.153.227</b>
<b>Deferred tax asset/(liability), net</b>			<b>3.239.259</b>	<b>3.067.871</b>

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018

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

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

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

The movement of deferred taxes is as follows:

	2018	2017
<b>Deferred tax asset/(liability), net</b>		
1 January	3.067.871	3.227.031
Charge for the period	63.520	112.410
Charge to equity:		
- Cash flow hedge reserve	107.868	(27.445)
<b>30 June</b>	<b>3.239.259</b>	<b>3.311.996</b>

### 30. Earnings per share

	1 January - 30 June 2018	1 April - 30 June 2018	1 January - 30 June 2017	1 April - 30 June 2017
Profit for the year attributable to shareholders of the Company	1.405.128	1.026.692	2.325.983	1.457.159
Weighted average number of Shares with nominal value of Kr each	25.041.920.000	25.041.920.000	25.041.920.000	25.041.920.000
<b>Basic and diluted earnings per share in Kr</b>	<b>5,61</b>	<b>4,10</b>	<b>9,29</b>	<b>5,82</b>

### 31. Related party transactions

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

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

#### a) Deposits:

	30 June 2018	31 December 2017
Yapı ve Kredi Bankası A.Ş. (2)	2.851.577	4.899.946
<b>Total</b>	<b>2.851.577</b>	<b>4.899.946</b>

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018

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

### 31. Related party transactions (Continued)

#### b) Due from related parties:

	30 June 2018	31 December 2017
Opet Petrolcülük A.Ş. (1)	1.473.060	899.946
THY OPET Havacılık Yakıtları A.Ş. (1)	766.517	404.959
Aygaz A.Ş. (2)	87.865	88.381
Opet Fuchs Madeni Yağ San. ve Tic. A.Ş. (1)	7.286	6.305
Other (2)	110	10
<b>Total</b>	<b>2.334.838</b>	<b>1.399.601</b>

As of 30 June 2018, Tüpraş has offset TRY 130.000 thousand (31 December 2017 - TRY 100.000 thousand) from its trade receivables due from related parties that are collected from factoring companies as a part of irrevocable factoring agreements

#### c) Trade payables:

	30 June 2018	31 December 2017
RAM Sigorta Aracılık Hizmetleri A.Ş. (2)	59.464	3.635
Aygaz A.Ş. (2)	12.988	12.785
Opet International Limited (1)	12.592	39.259
Opet Petrolcülük A.Ş. (1)	6.859	8.630
Zer Merkezi Hizmetler ve Ticaret A.Ş. (2)	6.573	14.066
Koç Sistem Bilgi ve İletişim A.Ş. (2)	5.342	13.881
THY OPET Havacılık Yakıtları A.Ş. (1)	2.929	4.923
Otokoç Otomotiv Tic. ve San. A.Ş. (2)	699	1.150
Setur Servis Turistik A.Ş. (2)	383	1.614
Ark İnşaat A.Ş. (2)	174	9.023
Eltek Elektrik Enerjisi İthalat, İhracat ve Toptan Tic. A.Ş. (2)	-	835
Other (2)	2.984	5.655
<b>Total</b>	<b>110.987</b>	<b>115.456</b>

#### d) Other payables:

	30 June 2018	31 December 2017
Koç Holding A.Ş. (3)	5	23.463
<b>Total</b>	<b>5</b>	<b>23.463</b>

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

	30 June 2018	31 December 2017
RMK Marine Gemi Yapım Sanayii ve Deniz Taşımacılığı İşl. A.Ş. (2)	189.720	67.076
Ark İnşaat A.Ş. (2)	4.903	2.115
<b>Total</b>	<b>194.623</b>	<b>69.191</b>

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018

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

### 31. Related party transactions (Continued)

#### f) Bank loans:

	30 June 2018	31 December 2017
Yapı ve Kredi Bankası A.Ş. (2)	4.516	-
<b>Total</b>	<b>4.516</b>	<b>-</b>

#### g) Product and service sales:

	1 January - 30 June 2018	1 January - 30 April 2018	1 January - 30 June 2017	1 January - 30 April 2017
Opet Petrolcülük A.Ş. (1)	5.762.680	3.492.849	2.960.218	1.555.583
THY OPET Havacılık Yakıtları A.Ş. (1)	4.166.748	2.487.196	2.384.195	1.300.755
Aygaz A.Ş. (2)	264.584	133.534	294.666	125.176
Opet Fuchs Madeni Yağ San. ve Tic. A.Ş. (1)	21.305	8.000	15.104	5.912
Opet International Limited (2)	-	-	9.361	-
Other (2)	222	214	-	-
<b>Total</b>	<b>10.215.539</b>	<b>6.121.793</b>	<b>5.663.544</b>	<b>2.987.426</b>

#### h) Product and service purchases:

	1 January - 30 June 2018	1 January - 30 April 2018	1 January - 30 June 2017	1 January - 30 April 2017
Opet International Limited (1)	131.301	95.127	-	-
Aygaz A.Ş. (2)	114.527	64.832	239.411	108.007
Ram Sigorta Aracılık Hizmetleri A.Ş. (2) (**)	111.008	109.922	76.361	76.205
Opet Petrolcülük A.Ş. (1)	50.129	31.114	39.905	18.429
Zer Merkezi Hizmetler ve Ticaret A.Ş. (2)	38.785	19.996	30.029	13.795
THY OPET Havacılık Yakıtları A.Ş. (1)	16.449	8.864	13.317	6.572
Koç Holding A.Ş. (3) (*)	13.455	8.970	8.770	4.181
Koç Sistem Bilgi ve İletişim A.Ş. (2)	9.405	6.782	11.272	7.473
Otokoç Otomotiv Tic. ve San. A.Ş. (2)	5.700	2.747	4.886	2.133
Eltek Elektrik Enerjisi İthalat, İhracat ve Toptan Tic. A.Ş. (2)	764	213	10.207	4.748
Other (2)	24.161	13.110	11.836	7.154
<b>Total</b>	<b>515.684</b>	<b>361.677</b>	<b>445.994</b>	<b>248.697</b>

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018

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

### 31. Related party transactions (Continued)

- (\*) Consists of the Group’s share of invoices issued by Koç Holding, the ultimate parent of Tüpraş in accordance with the “11-Intra-group Services” of General Communique numbered 1 on Distribution of Hidden Income through Transfer Pricing which represents the services provided for financing, legal, tax and remuneration of senior management by the ultimate parent to its group companies.
- (\*\*) Includes paid and accrued insurance premiums in the periods ended 30 June 2018 and 2017 in connection with insurance policies signed with insurance companies through RAM Sigorta Aracılık Hizmetleri A.Ş acting as an intermediary insurance agent

#### i) Fixed asset purchases:

	1 January - 30 June 2018	1 January - 30 April 2018	1 January - 30 June 2017	1 January - 30 June 2017
Aygaz A.Ş. (2)	17.800	100	-	-
Ark İnşaat A.Ş. (2)	5.577	5.577	24.305	14.222
Algoritma Sağlık Hizmetleri A.Ş. (2)	3.393	3.393	-	-
Koç Sistem Bilgi ve İletişim A.Ş. (2)	2.085	1.605	1.922	347
Zer Merkezi Hizmetler ve Ticaret A.Ş. (2)	541	302	-	-
Otokoç Otomotiv Tic. ve San. A.Ş. (2)	256	11	-	-
Other (2)	207	106	354	310
<b>Total</b>	<b>29.859</b>	<b>11.094</b>	26.581	14.879

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

The senior management of the Company is determined as members and chair of the Board of Directors and General Manager and General Manager Deputies. The total amount of benefits provided to senior management is TRY 5.516 thousand as of period ending on 30 June 2018. (30 June 2017- TRY 5.757 thousand).

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

	1 January - 30 June 2018	1 January - 30 April 2018	1 January - 30 June 2017	1 January - 30 April 2017
Yapı Kredi Faktoring A.Ş. (2)	1.215	825	3.118	658
Yapı ve Kredi Bankası A.Ş. (2)	267	267	761	598
Yapı Kredi Bank Nederland N.V.(2)	-	-	68	-
<b>Total</b>	<b>1.482</b>	<b>1.092</b>	3.947	1.256

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018

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

### 31. Related party transactions (Continued)

#### l) Time deposit interest income:

	1 January - 30 June 2018	1 January - 30 April 2018	1 January - 30 June 2017	1 January - 30 June 2017
Yapı ve Kredi Bankası A.Ş. (2)	89.925	36.637	110.403	59.731
<b>Total</b>	<b>89.925</b>	<b>36.637</b>	<b>110.403</b>	<b>59.731</b>

#### m) Donations:

As of 30 June 2018, total donation is amounting to TRY 6.143 thousand (30 June 2017- TRY 547 thousand).

### 32. Financial instruments and financial risk management

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

#### *Commodity price risk*

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

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

Since instability in crude oil prices may cause unwanted and unexpected fluctuations in net profit and cash flows, the Company has constituted hedging policy in order to eliminate this risk. Within this framework, short and long term hedging transactions are made by using various derivative instruments (Note 20)

#### *Product crack risk*

Tüpraş is exposed to the risk of fluctuations in crack margins arising from the changes in product prices. In order to eliminate the aforementioned risk in crack margins, a hedging policy has been constituted by considering historical product price levels, market expectations and forecasted sales volumes. In accordance with the policy, crack margins are hedged by utilising various derivative instruments. (Note 20).

#### *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

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2018

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

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

The table below summarizes the net balance sheet foreign currency position risk and components that are managed within the risk tracking system of the Group as at 30 June 2018 and 31 December 2017:

	30 June 2018		31 December 2017	
	TRY	USD(*)	TRY	USD (*)
Monetary assets	4.821.947	1.057.282	7.648.679	2.027.805
Monetary liabilities	(23.289.476)	(5.106.557)	(21.286.304)	(5.643.390)
<b>Monetary assets/(liabilities) foreign currency position</b>	<b>(18.467.529)</b>	<b>(4.049.275)</b>	<b>(13.637.625)</b>	<b>(3.615.585)</b>
Non-monetary assets	21.805	4.781	11.343	3.007
Net foreign currency position of derivative financial instruments	6.058.839	1.328.489	4.294.924	1.138.663
<b>Net foreign currency asset/(liability) position</b>	<b>(12.386.885)</b>	<b>(2.716.005)</b>	<b>(9.331.358)</b>	<b>(2.473.914)</b>
Cash flow hedging (**)	5.102.420	1.118.780	4.796.118	1.271.539
<b>Net foreign currency position after cash flow hedging</b>	<b>(7.284.465)</b>	<b>(1.597.225)</b>	<b>(4.535.240)</b>	<b>(1.202.376)</b>
Inventory in natural hedge scope (***)	7.529.062	1.650.857	5.058.436	1.341.084
<b>Net foreign currency position after cash flow hedging and natural hedge</b>	<b>244.597</b>	<b>53.631</b>	<b>523.196</b>	<b>138.709</b>

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

(\*\*) The Group has used USD 1,118,780 thousand, which is equivalent to TRY 5,102,420 thousand as a prevention against USD/TRY spot foreign exchange risk (31 December 2017 - USD 1.271.539 thousand / TRY 4.796.118 thousand), which is exposed to USD denominated export revenue, which is highly probable to be realized, is used as a protection against exchange rate risk. Based on the outcome of effectiveness test, group considered that the process in subject is fully effective and used for hedging through cash flow risk. As of 30 June 2018, TRY 2.177,424 thousand (31 December 2017 – 1.477.564 thousand) of foreign exchange loss that arose from investment credits is classified under equity (Hedge Accounting) until hedging of cash flow actualizes, which is no effect on current year income statement. During the year ended 30 June 2018, the foreign exchange loss amounting to TRY 351.210 thousand corresponding to the export income of the mentioned credits denominated in USD has been transferred to the foreign exchange loss in the income statement from the "Hedging gains/(loses)" account under equity. Moreover, as of 30 June 2018, foreign exchange loss amounting to TRY 1.051.070 thousand, which was realized in 2018, were added to the "Hedging gains/(loses)" 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 2018, the Group has crude oil and petroleum products inventories amounting to TRY 7.529.062 thousand (31 December 2017 - TRY 5.058.436 thousand) (Note 8)

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

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

FOREIGN EXCHANGE POSITION TABLE										
30 June 2018							31 December 2017			
	TRY equivalent (In terms of functional currency)	USD	EUR	GBP	Other	TRY equivalent (In terms of functional currency)	USD	EUR	GBP	Other
Trade receivable	232.723	50.993	30	-	-	102.783	27.226	19	-	-
Monetary financial assets (including cash, banks)	4.543.856	652.616	295.228	-	46	7.528.924	1.851.164	120.909	-	554
Other	21.805	3.383	996	-	1.088	11.343	2.298	590	2	-
<b>Current assets</b>	<b>4.798.384</b>	<b>706.992</b>	<b>296.254</b>	<b>-</b>	<b>1.134</b>	<b>7.643.050</b>	<b>1.880.688</b>	<b>121.518</b>	<b>2</b>	<b>554</b>
Monetary financial assets	45.368	6.595	2.880	-	-	16.972	2.498	1.672	-	-
Other	-	-	-	-	-	-	-	-	-	-
<b>Non-current assets</b>	<b>45.368</b>	<b>6.595</b>	<b>2.880</b>	<b>-</b>	<b>-</b>	<b>16.972</b>	<b>2.498</b>	<b>1.672</b>	<b>-</b>	<b>-</b>
<b>Total assets</b>	<b>4.843.752</b>	<b>713.587</b>	<b>299.134</b>	<b>-</b>	<b>1.134</b>	<b>7.660.022</b>	<b>1.883.186</b>	<b>123.190</b>	<b>2</b>	<b>554</b>
Trade payables	10.608.647	2.319.202	5.811	73	174	7.297.348	1.916.299	14.705	329	1.191
Financial liabilities	1.938.388	347.508	66.584	-	-	3.996.781	1.046.575	10.897	-	-
Other monetary liabilities	247.975	54.208	141	-	-	524.280	138.814	153	-	-
<b>Current liabilities</b>	<b>12.795.010</b>	<b>2.720.917</b>	<b>72.536</b>	<b>73</b>	<b>174</b>	<b>11.818.409</b>	<b>3.101.688</b>	<b>25.755</b>	<b>329</b>	<b>1.191</b>
Financial liabilities	10.482.213	2.029.513	230.960	-	-	9.464.531	2.160.677	291.146	-	-
Other monetary liabilities	12.253	2.519	144	-	-	3.364	686	172	-	-
<b>Non-current liabilities</b>	<b>10.494.466</b>	<b>2.032.033</b>	<b>231.104</b>	<b>-</b>	<b>-</b>	<b>9.467.895</b>	<b>2.161.363</b>	<b>291.318</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>23.289.476</b>	<b>4.752.950</b>	<b>303.640</b>	<b>73</b>	<b>174</b>	<b>21.286.304</b>	<b>5.263.051</b>	<b>317.073</b>	<b>329</b>	<b>1.191</b>
<b>Net asset/(liability) position of off-balance sheet foreign currency derivatives</b>	<b>6.058.839</b>	<b>1.310.444</b>	<b>15.500</b>	<b>-</b>	<b>-</b>	<b>4.294.924</b>	<b>925.914</b>	<b>177.714</b>	<b>-</b>	<b>-</b>
Total amount of off-balance sheet derivative financial assets	6.133.361	1.326.784	15.500	-	-	4.365.360	944.588	177.714	-	-
Total amount of off-balance sheet derivative financial liabilities	(74.522)	(16.340)	-	-	-	(70.436)	(18.674)	-	-	-
<b>Net foreign currency asset/(liability) position</b>	<b>(12.386.885)</b>	<b>(2.728.918)</b>	<b>10.994</b>	<b>(73)</b>	<b>960</b>	<b>(9.331.358)</b>	<b>(2.453.951)</b>	<b>(16.169)</b>	<b>(327)</b>	<b>(637)</b>
Cash flow hedging	5.102.420	1.118.780	-	-	-	4.796.118	1.271.538	-	-	-
<b>Net foreign currency position after cash flow hedging</b>	<b>(7.284.465)</b>	<b>(1.610.138)</b>	<b>10.994</b>	<b>(73)</b>	<b>960</b>	<b>(4.535.240)</b>	<b>(1.182.413)</b>	<b>(16.169)</b>	<b>(327)</b>	<b>(637)</b>
<b>Net monetary foreign currency asset/(liability) position</b>	<b>(18.467.529)</b>	<b>(4.042.746)</b>	<b>(5.502)</b>	<b>(73)</b>	<b>(128)</b>	<b>(13.637.625)</b>	<b>(3.382.163)</b>	<b>(194.473)</b>	<b>(329)</b>	<b>(637)</b>
<b>Fair value of derivative instruments Used for hedging</b>	<b>186.537</b>	<b>34.341</b>	<b>5.635</b>	<b>-</b>	<b>-</b>	<b>426.328</b>	<b>109.318</b>	<b>3.098</b>	<b>-</b>	<b>-</b>

As at 30 June 2018, the Group has TRY 244.597 thousand as net foreign currency surplus after natural hedging (31 December 2017 - TRY 523.196 thousand net foreign currency deficit) (p. 49).

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

The table below summarizes the effect of foreign currency rate changes on net balance sheet foreign currency position of the Group as at 30 June 2018 and 31 December 2017.

Statement of foreign currency risk sensitivity				
30 June 2018				
	Profit/(Loss)		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
<b>10% change in USD rate:</b>				
USD net assets/ liabilities	(1.843.775)	1.843.775	(510.242)	510.242
Amount hedged for USD risk (-)	1.107.897	(1.107.897)	-	-
<b>USD net effect</b>	<b>(735.878)</b>	<b>735.878</b>	<b>(510.242)</b>	<b>510.242</b>
<b>10% change in EUR rate:</b>				
Euro net assets/ liabilities	(2.921)	2.921	-	-
Amount hedged for Euro risk (-)	8.229	(8.229)	-	-
<b>EUR net effect</b>	<b>5.308</b>	<b>(5.308)</b>	-	-
<b>Total</b>	<b>(730.570)</b>	<b>730.570</b>	<b>(510.242)</b>	<b>510.242</b>
31 December 2017				
	Profit/(Loss)		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
<b>10% change in USD rate:</b>				
USD net assets/ liabilities	(1.275.718)	1.275.718	(473.155)	473.155
Amount hedged for USD risk (-)	808.651	(808.651)	-	-
<b>USD net effect</b>	<b>(467.067)</b>	<b>467.067</b>	<b>(473.155)</b>	<b>473.155</b>
<b>10% change in EUR rate:</b>				
Euro net assets/ liabilities	(87.665)	87.665	-	-
Amount hedged for Euro risk (-)	80.247	(80.247)	-	-
<b>EUR net effect</b>	<b>(7.418)</b>	<b>7.418</b>	-	-
<b>Total</b>	<b>(474.485)</b>	<b>474.485</b>	<b>(473.155)</b>	<b>473.155</b>

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

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

#### Export and import

	1 January - 30 June 2018	1 January - 30 April 2018	1 January - 30 June 2017	1 April - 30 June 2017
<b>Export</b>				
USD (equivalent of thousand TRY)	4.238.073	2.070.198	6.092.830	2.331.563
<b>Total</b>	<b>4.238.073</b>	<b>2.070.198</b>	6.092.830	2.331.563
<b>Import</b>				
USD (equivalent of thousand TRY)	27.026.476	16.197.690	18.859.100	9.533.492
<b>Total</b>	<b>27.026.476</b>	<b>16.197.690</b>	18.859.100	9.533.492

#### 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 2018 and 31 December 2017 are as follows:

	30 June 2018	31 December 2017
Total financial liabilities (Note 5)	14.809.532	15.050.984
Less: Cash and cash equivalents (Note 4)	(4.574.684)	(7.603.858)
Net financial liabilities	10.234.848	7.447.126
Total shareholders’ equity	8.052.826	10.477.661
<b>Total capital invested</b>	<b>18.287.674</b>	17.924.787
<b>Gearing ratio</b>	<b>55,97%</b>	41,55%

#### 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.

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

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

#### *Financial assets*

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

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

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

#### *Financial liabilities*

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

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

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

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

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

Level 3: Valuation techniques does not contains observable market inputs

Fair value hierarchy table as at 30 June 2018 is as follows:

<b>Financial assets at fair value through profit or loss</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Derivative financial assets	-	<b>407.356</b>	-
Financial investments	-	-	-
<b>Financial assets at fair value through profit or loss</b>			
Derivative financial liabilities	-	<b>269.069</b>	-

Fair value hierarchy table as at 31 December 2017 is as follows:

<b>Financial assets at fair value through profit or loss</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Derivative financial assets	-	447.469	-
Financial investments	-	-	-
<b>Financial assets at fair value through profit or loss</b>			
Derivative financial liabilities	-	180.501	-

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### 33. Subsequent events

After evaluating similar applications in the sector, it has been decided to open a trading office in London to closely monitor international market opportunities, support import and export operations and create additional value from supply chain and sales activities. London office is planned to be opened until the end of the year

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