

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

Türkiye Petrol Rafinerileri A.Ş.

**1 January - 31 March 2014 condensed interim
consolidated financial statements**

Türkiye Petrol Rafinerileri A.Ş.

**Consolidated financial statements
for the period 1 January - 31 March 2014**

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

Türkiye Petrol Rafinerileri A.Ş.

Consolidated statements of financial position as at 31 March 2014
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

Assets	Notes	Unaudited	Audited
		31 March 2014	31 December 2013
Current assets		10.329.126	9.764.538
Cash and cash equivalents	4	3.700.348	3.663.114
Trade receivables	6	1.535.381	1.956.634
Due from related parties	6, 30	431.179	343.355
Trade receivables from third parties		1.104.202	1.613.279
Other receivables	7	26.357	38.933
Other receivables from third parties		26.357	38.933
Inventories	8	4.275.995	3.456.300
Prepaid expenses	14	223.972	198.693
Current income tax assets	28	200	1.330
Other current assets	15	566.873	449.534
Non-current assets		12.339.855	11.374.849
Financial investments	9	4.000	4.000
Investments accounted by equity method	10	759.994	804.168
Investment properties	11	4.621	4.621
Property, plant and equipment	12	9.000.931	8.321.563
Intangible assets	13	37.060	39.367
Other intangible assets		37.060	39.367
Prepaid expenses	14	456.382	405.292
Deferred tax assets	28	1.615.171	1.330.197
Other non-current assets	15	461.696	465.641
Total assets		22.668.981	21.139.387
Liabilities			
Current liabilities		11.116.099	10.396.466
Short-term financial liabilities	5	1.656.022	909.587
Current portion of long term financial liabilities	5	280.715	165.084
Trade payables	6	6.363.603	6.793.651
Due to related parties	6, 30	25.843	40.555
Trade payables, third parties		6.337.760	6.753.096
Liabilities for employee benefits	18	32.558	65.524
Other payables	19	400.606	9.563
İlişkili taraflara diğer borçlar		202.043	-
Other payables to third parties		198.563	9.563
Deferred income	16	64	10.656
Current income tax liabilities	28	3.715	6.178
Provisions	17	375.212	363.747
Provisions for employee benefits		11.999	4.097
Other provisions		363.213	359.650
Other current liabilities	15	2.003.604	2.072.476
Non-current liabilities		6.294.630	5.604.407
Long-term financial liabilities	5	6.130.852	5.447.345
Provisions	17	159.087	152.003
Provisions for employee benefits		159.087	152.003
Other non-current liabilities	15	4.691	5.059
Equity		5.258.252	5.138.514
Share capital	22	250.419	250.419
Adjustment to share capital	22	1.344.243	1.344.243
Share premiums/discounts		172	172
Accumulated other comprehensive income/(expense) not to be reclassified to profit or loss		(2.672)	(2.672)
Actuarial gain/(loss) arising from defined benefit plans		(2.672)	(2.672)
Accumulated other comprehensive income/(expense) to be reclassified to profit or loss		59.594	57.039
Currency translation differences		11.930	9.375
Hedging gains/(losses)		47.664	47.664
Restricted reserves	22	163.401	221.417
Retained earnings		2.884.837	2.025.761
Net income		511.209	1.197.223
Total equity attributable to equity holders of the parent		5.211.203	5.093.602
Non-controlling interests		47.049	44.912
Total equity and liabilities		22.668.981	21.139.387

The consolidated financial statements for the period ended 31 March 2014 have been approved by the Board of Directors on 9 May 2014 and signed by İbrahim Yelmenoğlu, Assistant General Manager and Deniz Köseoğlu, Financial Reporting Manager.

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

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

Türkiye Petrol Rafinerileri A.Ş.

Consolidated statement of comprehensive income for the three month interim period ended 31 March 2014
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	Notes	Unaudited	
		1 January - 31 March 2014	1 January - 31 March 2013
Revenue (net)	23	9.275.731	8.228.876
Cost of sales (-)	23	(8.867.015)	(7.996.685)
Gross profit		408.716	232.191
General administrative expenses (-)	24	(116.248)	(102.467)
Marketing, selling and distribution expenses (-)	24	(38.100)	(44.413)
Research and development expenses (-)	24	(3.639)	(4.274)
Other operating income	25	45.450	27.088
Other operating expenses (-)	25	(24.243)	(54.909)
Operating profit		271.936	53.216
Income from investment activities	26	-	399
Income from investments accounted by equity method	10	23.271	16.522
Operating profit before financial income/(expense)		295.207	70.137
Financial income	27	48.805	134.252
Financial expense (-)	27	(111.925)	(158.881)
Profit before tax from continued operations		232.087	45.508
Tax income	28	281.259	84.759
Taxes on income (-)		(3.715)	(2.456)
Deferred tax income		284.974	87.215
Net income from continued operations		513.346	130.267
Other comprehensive income:			
Items to be reclassified to profit or loss		2.555	(32)
Changes in foreign currency translation differences		2.555	(32)
Other comprehensive income/(expense) after taxation		2.555	(32)
Total comprehensive income		515.901	130.235
Distribution of income for the period:			
Non-controlling interests		2.137	1.739
Attributable to equity holders of the parent		511.209	128.528
Distribution of total comprehensive income			
Non-controlling interests		2.137	1.739
Attributable to equity holders of the parent		513.764	128.496
Earnings per share with nominal value Kr 1 each (Kr)			
	29	2,04	0,51

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

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

Türkiye Petrol Rafinerileri A.Ş.

Consolidated statement of changes in equity for the three month interim period ended 31 March 2014
(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated)

	Share capital	Adjustment to share capital	Share premiums/ discounts	Accumulated other comprehensive income/(expense) not to be reclassified to profit or loss	Accumulated other comprehensive income/(expense) to be reclassified to profit or loss		Restricted reserves	Retained earnings			Equity holders of the parent	Non-controlling interests	Total equity
				Actuarial gain/(loss) arising from defined benefit plans	Revaluation and reclassification gains/(losses)	Currency translation differences		Accumulated profit	Profit for the period				
Unaudited													
1 January 2013 – Previously reported	250.419	1.344.243	172	-	42.433	5.121	223.321	1.520.169	1.460.794	4.846.672	42.912	4.889.584	
Change in accounting policy: - TAS 19 (Note 2.2.1)	-	-	-	(7.008)	-	-	-	3.683	3.325	-	-	-	
1 January 2013 - Restated	250.419	1.344.243	172	(7.008)	42.433	5.121	223.321	1.523.852	1.464.119	4.846.672	42.912	4.889.584	
Transfers	-	-	-	-	-	-	-	1.464.119	(1.464.119)	-	-	-	
- Net profit for period	-	-	-	-	-	-	-	-	128.528	128.528	1.739	130.267	
- Other comprehensive income	-	-	-	-	-	(32)	-	-	-	(32)	-	(32)	
Total comprehensive income	-	-	-	-	-	(32)	-	-	128.528	128.496	1.739	130.235	
31 March 2013	250.419	1.344.243	172	(7.008)	42.433	5.089	223.321	2.987.971	128.528	4.975.168	44.651	5.019.819	
Unaudited													
1 January 2014	250.419	1.344.243	172	(2.672)	47.664	9.375	221.417	2.025.761	1.197.223	5.093.602	44.912	5.138.514	
Transfers	-	-	-	-	-	-	(58.016)	1.255.239	(1.197.223)	-	-	-	
Dividends paid	-	-	-	-	-	-	-	(396.163)	-	(396.163)	-	(396.163)	
- Net profit for period	-	-	-	-	-	-	-	-	511.209	511.209	2.137	513.346	
- Other comprehensive income	-	-	-	-	-	2.555	-	-	-	2.555	-	2.555	
Total comprehensive income	-	-	-	-	-	2.555	-	-	511.209	513.764	2.137	515.901	
31 March 2014	250.419	1.344.243	172	(2.672)	47.664	11.930	163.401	2.884.837	511.209	5.211.203	47.049	5.258.252	

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

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

Türkiye Petrol Rafinerileri A.Ş.

Consolidated statement of cash flows for the three month interim period ended 31 March 2014
(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated)

		Unaudited	
			Restated (Note 2.2.1)
	Notes	1 January - 31 March 2014	1 January - 31 March 2013
A. Cash flows from operating activities		(789.539)	(585.794)
Profit/(loss) before taxation		232.087	45.508
Adjustment for reconciliation of profit/(loss) before taxation		141.776	155.129
- Adjustment for depreciation and amortisation expense	12,13	62.344	59.849
- Adjustment for provisions	17	22.370	28.005
- Adjustment for interest income and expense	27	46.254	4.812
- Adjustment for unrealized foreign currency translation differences		(2.555)	32
- Adjustment for income of investments accounted by equity method	10	(23.271)	(16.522)
- Adjustment for (gain) / loss on sales of property, plant and equipment, net	26	-	(399)
- Adjustment for other items related with cash flow of investment or financial activities	27	30.033	86.141
- Other adjustments		6.601	(6.789)
Changes in working capital		(1.146.952)	(736.955)
- Adjustment for increase/decrease in inventories		(825.094)	(554.309)
- Adjustment for increase/decrease in trade receivables		420.099	(337.697)
- Adjustment for increase/decrease in other receivables related with operations		(100.818)	(150.852)
- Adjustment for increase/decrease in trade payables		(430.096)	311.509
- Adjustment for increase/decrease in other payables related with operations		(211.043)	(5.606)
Cash flows from operating activities		(773.089)	(536.318)
- Tax payments/returns		(5.048)	(38.716)
- Other cash inflow/outflow		(11.402)	(10.760)
B. Cash flows from investing activities		(565.645)	(337.656)
Cash inflows from the sale of property, plant and equipment and intangible assets		-	303
Cash outflows from the purchase of property, plant and equipment and intangible assets	12	(635.645)	(430.723)
Cash inflows from the sale of other long-term assets	9	-	12.764
Dividends received	10	70.000	80.000
C. Cash flows from financing activities		1.370.369	921.022
Cash inflows from financial liabilities		1.372.084	906.373
Interest received		40.243	64.330
Interest paid		(41.958)	(49.681)
Net increase/decrease in cash and cash equivalents before the effect of foreign currency translation differences		15.185	(2.428)
D. Impact of foreign currency translation differences on cash and cash equivalents		2.555	(32)
Net increase/decrease in cash and cash equivalents		17.740	(2.460)
E. Cash and cash equivalents at beginning of period		3.087.870	2.764.509
Cash and cash equivalents at end of period	4	3.105.610	2.762.049

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

(Convenience translation into English of the financial statements originally issued in Turkish - see additional paragraph in Note 2.2.3)

Türkiye Petrol Rafinerileri A.Ş.

Notes to the consolidated financial statements for the three month interim period ended 31 March 2014
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

1. Organization and nature of operations of the Group

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

- To provide and refine crude oil, to import and export petroleum products when necessary, and to establish and operate domestic and foreign refineries for this purpose,
- To establish and operate factories and facilities in petrochemical and other related industries,
- To provide the necessary raw and supplementary materials and process, produce or trade these materials in order to obtain petrochemical and other related products,
- To package the products produced during various phases of production and to establish a packaging industry for this purpose, to evaluate and/or to sell waste, by products and substandard products, to establish and operate the necessary facilities for the destruction of the waste products,
- To establish and operate facilities and plants related with all kinds of energy and energy related industries within the framework of the laws and regulations. To obtain, use and trade all kinds of equipment, materials and chemical substances for this purpose,
- To purchase, sell, import, export, store, market and distribute (wholesale, retail, foreign and domestic) all kinds of petroleum products, LPG and natural gas; to establish, operate and transfer retail stations and maintenance facilities, to take over, rent, give distributorship in order to provide the retail sales of these products, to provide transportation services with its own vehicles or leased vehicles, 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, its subsidiaries and its joint ventures (collectively referred as “the Group”) are in Turkey and the Group’s business segments have been identified as refining and distribution of petroleum products.

The Company is registered at the Capital Markets Board (“CMB”) and its shares have been quoted at Borsa İstanbul A.Ş. (BİST) (previously known as Istanbul Stock Exchange (“ISE”)) since 1991. As at 31 March 2014, the shares quoted on the BİST are 49% of the total shares. As of the same date, the principal shareholders and their respective shareholdings in the Company are as follows (Note 22):

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

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

(Convenience translation into English of the financial statements originally issued in Turkish - see additional paragraph in Note 2.2.3)

Türkiye Petrol Rafinerileri A.Ş.

Notes to the consolidated financial statements for the three month interim period ended 31 March 2014(continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

1. Organization and nature of operations of the Group (continued)

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

Bağlı Ortaklık	Faaliyet gösterdiği ülke	Faaliyet konusu
Ditaş Deniz İşletmeciliği ve Tankerciliği A.Ş. ("Ditaş")	Türkiye	Crude oil and petroleum products transportation
Üsküdar Tankercilik A.Ş. ("Üsküdar")	Türkiye	Crude oil and petroleum products transportation
T Damla Denizcilik A.Ş. ("Damla")	Türkiye	Crude oil and petroleum products transportation
Kadıköy Tankercilik A.Ş. ("Kadıköy")	Türkiye	Crude oil and petroleum products transportation
Beykoz Tankercilik A.Ş. ("Beykoz")	Türkiye	Crude oil and petroleum products transportation
Sarıyer Tankercilik A.Ş. ("Sarıyer")	Türkiye	Crude oil and petroleum products transportation
Kartal Tankercilik A.Ş. ("Kartal")	Türkiye	Crude oil and petroleum products transportation
Maltepe Tankercilik A.Ş. ("Maltepe")	Türkiye	Crude oil and petroleum products transportation
Salacak Tankercilik A.Ş. ("Salacak")	Türkiye	Crude oil and petroleum products transportation
Karşıyaka Tankercilik A.Ş. ("Karşıyaka")	Türkiye	Crude oil and petroleum products transportation
Körfez Hava Ulaştırma A.Ş. ("Körfez") (*)	Türkiye	Air carriage and transportation

(*) Körfez, a subsidiary of the Group, which has been established in June 2009 has not been included in the scope of consolidation in the consolidated financial statements for the interim period ended 31 March 2014 on the grounds of materiality of its stand alone and total financial statements as to amount and composition, and accounted for as financial asset available-for-sale. As of 31 March 2014 total assets of Körfez is TL 5.787 thousand and net income of Körfez is TL 208 thousand.

Joint Venture	Country of incorporation	Nature of business
OPET Petrolcülük A.Ş. ("Opet")	Türkey	Petroleum products retail distribution
THY Opet Havacılık Yakıtları A.Ş.	Türkey	Jet fuel supply services
Opet International Limited ("Opet International")	United Kingdom	Petroleum products trading
Opet Trade B.V.	Netherlands	Petroleum products trading
Opet Trade Singapore	Singapore	Petroleum products trading
Opet Fuchs Madeni Yağ San. ve Tic. A.Ş.	Türkey	Lube oil trading
Op Ay Akaryakıt Ticaret Ltd. Şti.	Türkey	Petroleum products trading
Akdeniz Akaryakıt Depolama Nakliyat ve Tic. A.Ş.	Türkey	Petroleum products trading
Nemrut Liman ve Boru İşl. Nak. İç ve Dış Tic. Ltd. Şti.	Türkey	Marine services
Opet Aygaz Gayrimenkul A.Ş.	Türkey	Real-estate

The total number of employees of the Group as at 31 March 2014 is 5.066 (31 December 2013 – 4.986).

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

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

(Convenience translation into English of the financial statements originally issued in Turkish - see additional paragraph in Note 2.2.3)

Türkiye Petrol Rafinerileri A.Ş.

Notes to the consolidated financial statements for the three month interim period ended 31 March 2014(continued)
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

2. Basis of presentation of consolidated financial statements

2.1. Basis of presentation

2.1.1 Financial reporting standards

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

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

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

Functional and presentation currency

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

2.1.2 Amendments in Turkish Financial Reporting Standards (TFRS)

The new standards, amendments and interpretations

The accounting policies adopted in preparation of the interim condensed consolidated financial statements as at 31 March 2014 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of 1 January 2014. The effects of these standards and interpretations on the Group’s financial position and performance have been disclosed in the related paragraphs.

(Convenience translation into English of the financial statements originally issued in Turkish - see additional paragraph in Note 2.2.3)

Türkiye Petrol Rafinerileri A.Ş.

Notes to the consolidated financial statements for the three month interim period ended 31 March 2014(continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

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

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

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

The amendments clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of the TAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These amendments are to be retrospectively applied for annual periods beginning on or after 1 January 2014. These amendments did not have an impact on the interim condensed consolidated financial statements of the Group.

TRFS Interpretation 21 Levies

The interpretation clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognized before the specified minimum threshold is reached. The interpretation is effective for annual periods beginning on or after 1 January 2014, with early application permitted. Retrospective application of this interpretation is required. The interpretation is not applicable for the Group and did not have any impact on the financial position or performance of the Group.

Amendments to TAS 36 - (Recoverable Amount Disclosures for Non-Financial assets)

As a consequential amendment to TFRS 13 Fair Value Measurement, some of the disclosure requirements in TAS 36 Impairment of Assets regarding measurement of the recoverable amount of impaired assets has been modified. The amendments required additional disclosures about the measurement of impaired assets (or a group of assets) with a recoverable amount based on fair value less costs of disposal. The amendments are to be applied retrospectively for annual periods beginning on or after 1 January 2014. These amendments did not have an impact on the interim condensed consolidated financial statements of the Group.

Amendments to TAS 39 - Novation of Derivatives and Continuation of Hedge Accounting

Amendments to TAS 39 Financial Instruments: Recognition and Measurement, provides a narrow exception to the requirement for the discontinuation of hedge accounting in circumstances when a hedging instrument is required to be novated to a central counterparty as a result of laws or regulations. The amendments are to be applied retrospectively for annual periods beginning on or after 1 January 2014. These amendments did not have an impact on the interim condensed consolidated financial statements of the Group.

(Convenience translation into English of the financial statements originally issued in Turkish - see additional paragraph in Note 2.2.3)

Türkiye Petrol Rafinerileri A.Ş.

Notes to the consolidated financial statements for the three month interim period ended 31 March 2014(continued)
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

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

TFRS 10 Consolidated Financial Statements (Amendment)

TFRS 10 is amended to provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss in accordance with TFRS 9. The amendments are to be applied retrospectively for annual periods beginning on or after 1 January 2014. This amendment does not have any impact on the financial position or performance of the Group.

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

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

TFRS 9 Financial Instruments – Classification and measurement

As amended in December 2012, the new standard is effective for annual periods beginning on or after 1 January 2015. Phase 1 of this new TFRS introduces new requirements for classifying and measuring financial instruments. The amendments made to TFRS 9 will mainly affect the classification and measurement of financial assets and measurement of fair value option (FVO) liabilities and requires that the change in fair value of a FVO financial liability attributable to credit risk is presented under other comprehensive income. Early adoption is permitted. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

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

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

IFRS 9 Financial Instruments – Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39 -IFRS 9 (2013)

In November 2013, the IASB issued a new version of IFRS 9, which includes the new hedge accounting requirements and some related amendments to IAS 39 and IFRS 7. Entities may make an accounting policy choice to continue to apply the hedge accounting requirements of IAS 39 for all of their hedging relationships. The standard does not have a mandatory effective date, but it is available for application now; a new mandatory effective date will be set when the IASB completes the impairment phase of its project on the accounting for financial instruments. The mandatory effective date of IFRS 9 has tentatively been decided as for annual periods beginning on or after 1 January 2018. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

(Convenience translation into English of the financial statements originally issued in Turkish - see additional paragraph in Note 2.2.3)

Türkiye Petrol Rafinerileri A.Ş.

Notes to the consolidated financial statements for the three month interim period ended 31 March 2014(continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

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

Improvements to IFRSs

In December 2013, the IASB issued two cycles of Annual Improvements to IFRSs – 2010–2012 Cycle and IFRSs – 2011–2013 Cycle. Other than the amendments that only affect the standards' Basis for Conclusions, the changes are effective for annual reporting periods beginning on or after 1 July 2014.

Annual Improvements to IFRSs – 2010–2012 Cycle

IFRS 2 Share-based Payment:

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

IFRS 3 Business Combinations

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

IFRS 8 Operating Segments

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

IFRS 13 Fair Value Measurement

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

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

The amendment to IAS 16.35(a) and IAS 38.80(a) clarifies that revaluation can be performed, as follows:

i) Adjust the gross carrying amount of the asset to market value or ii) determine the market value of the carrying amount and adjust the gross carrying amount proportionately so that the resulting carrying amount equals the market value. The amendment is effective retrospectively.

IAS 24 Related Party Disclosures

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

Annual Improvements – 2011–2013 Cycle

IFRS 1 First-time Adoption of International Financial Reporting Standards

An entity may choose to apply either a current standard or a new standard that is not yet mandatory, but that permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first IFRS financial statements. The amendment is effective immediately.

(Convenience translation into English of the financial statements originally issued in Turkish - see additional paragraph in Note 2.2.3)

Türkiye Petrol Rafinerileri A.Ş.

Notes to the consolidated financial statements for the three month interim period ended 31 March 2014(continued)
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

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

IFRS 3 Business Combinations

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

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

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

IAS 40 Investment Property

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

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

IFRS 14 - Interim standard on regulatory deferral accounts

In January 2014, the IASB issued this standard. IFRS 14 permits first-time adopter rate regulated entities to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS. Existing IFRS preparers are prohibited from adopting this Standard. The Standard will be applied on a full retrospective basis and is effective for annual periods beginning on or after 1 January 2016. Earlier application is permitted. The Standard is not applicable for the Group and will not have an impact on the financial position or performance of the Group.

IAS 19 Defined Benefit Plans: Employee Contributions (Amendment)

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

2.1.3 Financial statements of joint ventures operating in foreign countries

Financial statements of joint ventures operating in foreign countries are prepared according to the legislation of the country in which they operate, and adjusted to the Turkish Financial Reporting Standards to reflect the proper presentation and content. Foreign joint ventures' assets and liabilities are translated into TL with the foreign exchange rate at the balance sheet date. Exchange differences arising from the retranslation of the opening net assets of foreign undertakings and differences between the average and balance sheet date rates are included in the “currency translation differences” under the shareholders' equity.

(Convenience translation into English of the financial statements originally issued in Turkish - see additional paragraph in Note 2.2.3)

Türkiye Petrol Rafinerileri A.Ş.

Notes to the consolidated financial statements for the three month interim period ended 31 March 2014(continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

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

2.1.4 Basis of consolidation

- a) Consolidated financial statements for the period ended 31 March 2014 have been prepared in accordance with principles stated on consolidated financial statements for the year ended 31 December 2013 and include financial statements of Tüpraş, its Subsidiaries and Joint Ventures.
- b) At 31 March 2014, there are no changes in voting rights or proportion of effective interest on Subsidiaries and Joint Ventures that are subject to consolidation from the information stated on consolidated financial statements for the year ended 31 December 2013.

	31 March 2014		31 December 2013	
	Direct and indirect voting rights possessed by the Company (%)	Proportion of effective interest (%)	Direct and indirect voting rights possessed by the Company (%)	Proportion of effective interest (%)
Subsidiary				
Ditaş	79,98	79,98	79,98	79,98
Üsküdar	79,98	79,98	79,98	79,98
Damla	79,98	79,98	79,98	79,98
Beykoz	79,98	79,98	79,98	79,98
Kadıköy	79,98	79,98	79,98	79,98
Sarıyer	79,98	79,98	79,98	79,98
Kartal	79,98	79,98	79,98	79,98
Maltepe	79,98	79,98	79,98	79,98
Salacak	79,98	79,98	79,98	79,98
Karşıyaka	79,98	79,98	79,98	79,98

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

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

(Convenience translation into English of the financial statements originally issued in Turkish - see additional paragraph in Note 2.2.3)

Türkiye Petrol Rafinerileri A.Ş.

Notes to the consolidated financial statements for the three month interim period ended 31 March 2014(continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

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

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

	31 March 2014		31 December 2013	
	Direct and indirect voting rights possessed by the Company (%)	Proportion of effective interest (%)	Direct and indirect voting rights possessed by the Company (%)	Proportion of effective interest (%)
Investments accounted by equity method				
Opet	50,00	40,00	50,00	40,00
Opet Gıda (in liquidation) (*)	-	-	50,00	39,99
Opet International	50,00	40,00	50,00	40,00
Opet Trade B.V.	50,00	40,00	50,00	40,00
Opet Trade Singapore	50,00	40,00	50,00	40,00
THY Opet Havacılık Yakıtları A.Ş.	25,00	20,00	25,00	20,00
Opet Fuchs Madeni Yağ San. ve Tic. A.Ş.	25,00	20,00	25,00	20,00
Op Ay Akaryakıt Ticaret Ltd. Şti.	25,00	20,00	25,00	20,00
Akdeniz Akaryakıt Depolama Nakliyat ve Tic. A.Ş.	16,65	13,32	16,65	13,32
Nemrut Liman ve Boru İşl. Nak. İç ve Dış Tic. Ltd. Şti.	12,50	10,00	12,50	10,00
Opet Aygaz Gayrimenkul A.Ş.	25,00	20,00	25,00	20,00

(*) Opet Gıda ve İhtiyaç Maddeleri Turizm Sanayi İç ve Dış Ticaret A.Ş. (in liquidation) was merged with Opet Petrolcülük A.Ş. at 12 February 2014.

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

2.2. Changes in accounting policies

2.2.1 Comparative information

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

The Group presented the consolidated balance sheet as of 31 March 2014 comparatively with the consolidated balance sheet as of 31 December 2013, presented the consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the interim period ended 31 March 2014 comparatively with the consolidated financial statements for the interim period ended 31 March 2013.

(Convenience translation into English of the financial statements originally issued in Turkish - see additional paragraph in Note 2.2.3)

Türkiye Petrol Rafinerileri A.Ş.

Notes to the consolidated financial statements for the three month interim period ended 31 March 2014(continued)
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

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

Pursuant to the decree taken in the CMB’s meeting dated June 7, 2013 and numbered 20/670, for capital market board institutions within the scope of the Communiqué on Principles Regarding Financial Reporting in the Capital Market, financial statement templates and a user guide have been published, effective as of the interim periods ended after March 31, 2013. Various classifications were made in the Group’s statement of financial position pursuant to these formats which have taken effect. The classifications made in the statement of comprehensive income for the period ended 31 March 2013 are as follows:

- Sales account was renamed as “Revenue” and service revenues account was classified under the revenue account.
- Foreign exchange gain of trade payables amounting to TL 925 thousand and credit finance gains amounting to TL 24.408 thousand shown under the finance income account were classified under other operating income.
- Foreign Exchange loss of trade receivables amounting to TL 33.203 thousand and credit finance charges amounting to TL 2.517 thousand shown under finance expense were classified under other operating expense.
- Income from the sale of fixed assets amounting to TL 399 thousand shown under other operating income was classified under income from investment activities.
- Foreign exchange losses on time deposits under financial expenses amounting to TL 143.437 thousand were netted off with foreign exchange gain from time deposits shown under financial income.

According to the amendments on IAS 19 “Employee Benefits”, the actuarial gain / (loss) of employee benefits are recognized under other comprehensive income. The amendment is effective for the periods after 1 January 2013 and the Group applied the changes retrospectively.

2.2.2 Offsetting

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

2.2.3 Convenience Translation into English of Consolidated Financial Statements

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

2.3. Summary of significant accounting policies

Condensed consolidated financial statements for the period ended 31 March 2014, have been prepared in compliance with IAS 34, the IFRS standard on interim financial reporting. Furthermore, condensed consolidated financial statements as of 31 March 2014 have been prepared applying accounting policies which are consistent with the accounting policies used for the preparation of consolidated financial statements for the year ended 31 December 2013. Thus, these condensed consolidated financial statements must be evaluated together with the consolidated financial statements for the year ended 31 December 2013.

3. Business combinations

No business combinations occurred during the period 31 March 2014.

(Convenience translation into English of the financial statements originally issued in Turkish - see additional paragraph in Note 2.2.3)

Türkiye Petrol Rafinerileri A.Ş.

Notes to the consolidated financial statements for the three month interim period ended 31 March 2014(continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

4. Cash and cash equivalents

	31 March 2014	31 December 2013
Cash at banks		
Revenue share (blocked)	591.081	566.744
Time deposit	3.081.571	3.043.234
Demand deposits	24.039	44.636
Interest income accruals	3.657	8.500
Total	3.700.348	3.663.114

Revenue Share (blocked)

As required by the Petroleum Market License Regulation, the revenue share collected by the Tüpraş is held in banks and evaluated as blocked deposit in Tüpraş's books. The revenue share was invested as demand deposits with overnight interest rate as at 31 March 2014 and 31 December 2013 (Note 15).

Time deposits and other cash and cash equivalents

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

31 March 2014

	Less than 1 month	1 - 3 months	Total
TL	1.048.712	-	1.048.712
USD	1.499.060	528.072	2.027.132
EUR	5.537	-	5.537
GBP	190	-	190
Time deposit	2.553.499	528.072	3.081.571

31 December 2013

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

Effective interest rate of TL time deposits is 12,44%, effective interest rate of USD time deposits is 3,06%, effective interest rate of EUR time deposits is 2,50% and effective interest rate of GBP time deposits is 2,10% (31 December 2013 - TL 6,38%, USD 3,04% ,EUR 2,10% and GBP 2,10%).

(Convenience translation into English of the financial statements originally issued in Turkish - see additional paragraph in Note 2.2.3)

Türkiye Petrol Rafinerileri A.Ş.

Notes to the consolidated financial statements for the three month interim period ended 31 March 2014(continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

4. Nakit ve nakit benzerleri (devamı)

Cash and cash equivalents included in the consolidated statements of cash flows for the periods ended 31 March 2014 and 31 March 2013 are as follows:

	31 March 2014	31 March 2013
Cash and cash equivalents	3.700.348	3.268.411
Blocked deposits (Revenue share included)	(591.081)	(499.486)
Less: Time deposit interest accruals	(3.657)	(6.876)
Cash and cash equivalents for cash flow purposes	3.105.610	2.762.049

5. Financial liabilities

	31 March 2014	31 December 2013
Short term financial liabilities:		
Short-term bank borrowings	1.640.032	904.163
Interest accruals	15.990	5.424
Total	1.656.022	909.587
Current portion of long-term bank borrowings:		
Current portion of long-term bank borrowings	235.799	149.298
Interest accruals of bank borrowings	18.776	5.802
Interest accruals of bonds issued	26.140	9.984
Total	280.715	165.084
Long-term financial liabilities:		
Long-term bank borrowings	4.597.992	3.953.335
Bonds issued (*)	1.532.860	1.494.010
Total	6.130.852	5.447.345
Total financial liabilities	8.067.589	6.522.016

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

(Convenience translation into English of the financial statements originally issued in Turkish - see additional paragraph in Note 2.2.3)

Türkiye Petrol Rafinerileri A.Ş.

Notes to the consolidated financial statements for the three month interim period ended 31 March 2014(continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

5. Financial liabilities (continued)

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

		31 March 2014	
	Effective interest rate (%)	Original currency	Thousand TL
Short term financial liabilities:			
USD borrowings	1,36	100.000.000	218.980
EUR borrowings	4,18	37.100.000	111.567
TL borrowings (*)	8,34	1.309.485.424	1.309.485
			1.640.032
Current portion of long-term financial liabilities:			
USD borrowings	2,01	57.588.516	126.108
EUR borrowings	1,00	7.878.151	23.691
TL borrowings	12,20	86.000.000	86.000
			235.799
Interest expense accruals			60.906
Total short-term financial liabilities			1.936.737
Long-term financial liabilities:			
USD borrowings	2,40	1.938.239.354	4.244.356
USD bonds issued	4,17	700.000.000	1.532.860
EUR borrowings	1,22	9.189.840	27.636
TL borrowings	12,46	326.000.000	326.000
			6.130.852
Interest expense accruals			-
Total long-term financial liabilities			6.130.852

(*) Banks provide interest-free loans to the Tüpraş for the payment of SCT, Customs and Social Security debts amounting to TL 59.485 thousand as of 31 March 2014 (31 December 2013 - TL 85.219 thousand).

(Convenience translation into English of the financial statements originally issued in Turkish - see additional paragraph in Note 2.2.3)

Türkiye Petrol Rafinerileri A.Ş.

Notes to the consolidated financial statements for the three month interim period ended 31 March 2014(continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

5. Financial liabilities (continued)

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

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

	31 March 2014	31 December 2013
2015	488.504	409.676
2016	824.978	619.674
2017	721.344	596.621
2018	2.154.814	2.071.729
2019 and after	1.941.212	1.749.645
	6.130.852	5.447.345

(Convenience translation into English of the financial statements originally issued in Turkish - see additional paragraph in Note 2.2.3)

Türkiye Petrol Rafinerileri A.Ş.

Notes to the consolidated financial statements for the three month interim period ended 31 March 2014(continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

5. Financial liabilities (continued)

In 2011, Tüpraş has signed three loan agreements in order to finance Residuum Upgrading Project and utilization of the loans started in accordance with the agreements in 2011 and continued in 2012-2014. According to financing package, the loan amounting to USD 1.111,8 million which was insured by CESCE and the loan amounting to USD 624,3 million which was insured by SACE have 12 years to maturity also there will be no principal and interest payment in first 4 years. The third loan amounting to USD 359 million has 7 years to maturity and there will be no principal payment in first four years. The loan amounts of CESCE and SACE has been decreased respectively to USD 1.078,5 million and USD 597,4 million with letter on 24 September 2013 and these amounts have been valid as of 26 November 2013. Tüpraş has used loan amounting to USD 1.848,1 million as of 31 March 2014 to finance loan insurance payments and capital expenditures (31 December 2013 - USD 1.742,8 million).

6. Trade receivables and payables

Short-term trade receivables:

	31 March 2014	31 December 2013
Trade receivables	1.110.429	1.618.353
Due from related parties (Note 30)	431.179	343.355
Doubtful trade receivables	2.593	2.593
Other trade receivables	12	11
Less: Unearned credit finance income	(6.239)	(5.085)
Less: Provision for doubtful receivables	(2.593)	(2.593)
Total short-term trade receivables (net)	1.535.381	1.956.634

As at 31 March 2014, Tüpraş has offsetted TL 1.362.227 thousand (31 December 2013 - TL 1.609.499 thousand) from trade receivables that are collected from factoring companies as part of the irrevocable factoring.

(Convenience translation into English of the financial statements originally issued in Turkish - see additional paragraph in Note 2.2.3)

Türkiye Petrol Rafinerileri A.Ş.

Notes to the consolidated financial statements for the three month interim period ended 31 March 2014(continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

6. Trade receivables and payables (continued)

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

The Group categorizes the details of credit quality of trade receivables that are neither past due nor impaired or receivables whose conditions are renegotiated under four groups. The details of credit quality of such trade receivables as at 31 March 2014 and 31 December 2013 are as follows:

	31 March 2014	31 December 2013
Group 1	850	2.159
Group 2	101.615	2.348
Group 3	1.114.543	1.371.374
Group 4	313.555	25.177
	1.530.563	1.401.058

Group 1 - New customers (less than three months)

Group 2 - State owned enterprises

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

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

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

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

	31 March 2014	31 December 2013
Up to 3 months	3.836	458.042
3 to 12 months	982	97.534
	4.818	555.576

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

Movement of the provision for doubtful receivables for the periods ended 31 March 2014 and 2013 is as follows:

	2014	2013
1 January	2.593	17
Charge for the period	-	-
31 March	2.593	17

(Convenience translation into English of the financial statements originally issued in Turkish - see additional paragraph in Note 2.2.3)

Türkiye Petrol Rafinerileri A.Ş.

Notes to the consolidated financial statements for the three month interim period ended 31 March 2014(continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

6. Trade receivables and payables (continued)

Short-term trade payables:

	31 March 2014	31 December 2013
Trade payables	6.338.176	6.753.560
Due to related parties (Note 30)	25.843	40.555
Less: Unrealised credit finance charges	(416)	(464)
Total short-term trade payables (net)	6.363.603	6.793.651

7. Other receivables and payables

Other short-term receivables:

	31 March 2014	31 December 2013
Advances and guarantees given	13.180	26.588
Receivable from personnel	6.389	6.116
Receivable from insurance recoveries	6.788	6.229
Other doubtful receivables	645	645
Less: Provision for other doubtful receivables	(645)	(645)
	26.357	38.933

8. Inventories

	31 March 2014	31 December 2013
Raw materials and supplies	573.503	572.796
Work-in-progress	837.361	719.379
Finished goods	1.414.656	1.105.603
Trade goods	158.496	17.462
Goods in transit	1.287.268	1.030.203
Other	10.110	10.857
	4.281.394	3.456.300
Less: Provision for impairment in inventories	(5.399)	-
	4.275.995	3.456.300

(Convenience translation into English of the financial statements originally issued in Turkish - see additional paragraph in Note 2.2.3)

Türkiye Petrol Rafinerileri A.Ş.

Notes to the consolidated financial statements for the three month interim period ended 31 March 2014(continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

8. Inventories (continued)

Movement of the provision for inventories for the periods ended 31 March 2014 and 2013 is as follows:

	2014	2013
1 January	-	2.621
Charge for the period	5.399	-
Cancellations within the period	-	(2.621)
31 March	5.399	-

9. Financial investments

Long term financial investment

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

10. Investments accounted by equity method

	31 March 2014		31 December 2013	
	Participation share (%)	Amount	Participation share (%)	Amount
OPET Petrolcülük A.Ş.	40,00	759.994	40,00	804.168
		759.994		804.168

The goodwill amounting to TL 189.073 thousand arising from the purchase of Opet shares on December 28, 2006 were accounted under the investment account.

(Convenience translation into English of the financial statements originally issued in Turkish - see additional paragraph in Note 2.2.3)

Türkiye Petrol Rafinerileri A.Ş.

Notes to the consolidated financial statements for the three month interim period ended 31 March 2014(continued)
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

10. Investments accounted by equity method (continued)

The movement in the investments accounted by equity method during the periods ended 31 March 2014 and 2013 is as follows:

	2014	2013
1 January	804.168	793.862
Shares in current year profit of investments accounted by equity method	23.271	16.522
Dividend payment of investments accounted by equity method	(70.000)	(80.000)
Currency translation differences of investments accounted by equity method	2.555	(32)
31 March	759.994	730.352

Consolidated summary financial statements of investments accounted by equity method are as follows:

	31 March 2014	31 December 2013
Current assets	2.596.970	2.534.055
Non-current assets	1.649.180	1.623.590
Total assets	4.246.150	4.157.645
Short term liabilities	2.155.205	2.018.685
Long term liabilities	650.988	599.715
Equity	1.439.958	1.539.245
Total liabilities	4.246.150	4.157.645

	1 January - 31 March 2014	1 January - 31 March 2013
Sales	4.658.745	3.440.256
Gross profit	216.613	188.186
Operating profit	92.470	64.523
Net income for period	58.178	41.305

11. Investment property

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

(Convenience translation into English of the financial statements originally issued in Turkish - see additional paragraph in Note 2.2.3)

Türkiye Petrol Rafinerileri A.Ş.

Notes to the consolidated financial statements for the three month interim period ended 31 March 2014(continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

12. Property, plant and equipment

	1 January 2014	Additions	Transfers	Disposals	31 March 2014
Cost:					
Land	46.147	-	-	-	46.147
Land improvements	1.531.714	-	286	-	1.532.000
Buildings	377.543	-	7	-	377.550
Machinery and equipment	5.448.935	-	3.063	-	5.451.998
Motor vehicles	365.446	983	-	-	366.429
Furniture and fixtures	69.486	65	519	(24)	70.046
Construction in progress	4.939.958	738.357	(4.316)	-	5.673.999
Other tangible assets	1.367	-	-	-	1.367
	12.780.596	739.405	(441)	(24)	13.519.536
Accumulated depreciation:					
Land improvements	(935.561)	(15.983)	-	-	(951.544)
Buildings	(152.117)	(2.050)	-	-	(154.167)
Machinery and equipment	(3.237.724)	(35.115)	-	-	(3.272.839)
Motor vehicles	(95.330)	(3.916)	-	-	(99.246)
Furniture and fixtures	(37.199)	(2.507)	-	24	(39.682)
Other tangible assets	(1.102)	(25)	-	-	(1.127)
	(4.459.033)	(59.596)	-	24	(4.518.605)
Net book value	8.321.563				9.000.931
	1 January 2013	Additions	Transfers	Disposals	31 March 2013
Cost:					
Land	46.083	-	-	-	46.083
Land improvements	1.450.279	-	1.364	-	1.451.643
Buildings	354.779	-	126	-	354.905
Machinery and equipment	5.367.432	-	1.382	(3.506)	5.365.308
Motor vehicles	366.312	-	281	(1.589)	365.004
Furniture and fixtures	58.611	88	431	(62)	59.068
Construction in progress	2.447.971	430.635	(3.629)	-	2.874.977
Other tangible assets	1.278	-	-	-	1.248
	10.092.715	430.723	(45)	(5.157)	10.518.236
Accumulated depreciation:					
Land improvements	(878.158)	(14.545)	-	-	(892.703)
Buildings	(144.785)	(2.160)	-	-	(146.945)
Machinery and equipment	(3.106.948)	(33.817)	-	3.589	(3.137.176)
Motor vehicles	(88.546)	(4.105)	-	1.608	(91.043)
Furniture and fixtures	(27.153)	(2.642)	-	56	(29.739)
Other tangible assets	(1.010)	(19)	-	-	(1.029)
	(4.246.600)	(57.288)	-	5.253	(4.298.635)
Net book value	5.846.115				6.219.601

(Convenience translation into English of the financial statements originally issued in Turkish - see additional paragraph in Note 2.2.3)

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Notes to the consolidated financial statements for the three month interim period ended 31 March 2014(continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

12. Property, plant and equipment (continued)

Tüpraş compared borrowing costs arising from foreign currency borrowings for Residuüm Upgrading Project with functional currency equivalent borrowing's interests and capitalized TL 720.986 thousand borrowing cost in construction in progress by using cumulative approach in its financial statements for the period ended 31 March 2014 (31 December 2013 – TL 593.829 thousand).

Total depreciation expense amounting to TL 59.596 thousand (31 March 2013 - TL 57.288 thousand) in the consolidated statement of comprehensive income for the period ended 31 March 2014 has been allocated to cost of goods sold amounting to TL 55.233 thousand (31 March 2013 - TL 49.891 thousand), to marketing, sales and distribution expenses amounting to TL 1 thousand (31 March 2013 - TL 1 thousand), to general administration expenses amounting to TL 3.999 thousand (31 March 2013 - TL 3.418 thousand) and to other expenses amounting to TL 363 thousand (31 March 2013 - TL 3.978 thousand).

13. Intangible assets (net)

Other intangible assets:

The movements of other intangible assets and related accumulated amortisation for the period ended 31 March 2014 is as follows:

	1 January 2014	Additions	Transfers	Disposals	31 March 2014
Cost:					
Rights and software	34.892	-		(7)	34.885
Development expenses	35.764	-	441	-	36.205
	70.656	-	441	(7)	71.090
Accumulated amortisation:					
Rights and software	(21.920)	(945)	-	7	(22.858)
Development expenses	(9.369)	(1.803)	-	-	(11.172)
	(31.289)	(2.748)	-	7	(34.030)
Net book value	39.367				37.060

(Convenience translation into English of the financial statements originally issued in Turkish - see additional paragraph in Note 2.2.3)

Türkiye Petrol Rafinerileri A.Ş.

Notes to the consolidated financial statements for the three month interim period ended 31 March 2014(continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

13. Intangible assets (net) (continued)

The movement of intangible assets and related accumulated amortisation for the period ended 31 March 2013 is as follows:

	1 January 2013	Additions	Transfers	Disposals	31 March 2013
Cost:					
Rights and software	32.371	-	-	-	32.416
Development expenses	28.598	-	45	-	28.598
Other intangible assets	18	-	-	-	18
	60.987	-	45	-	61.032
Accumulated amortisation:					
Rights and software	(17.546)	(1.130)	-	-	(18.676)
Development expenses	(3.525)	(1.430)	-	-	(4.955)
Other intangible assets	(12)	(1)	-	-	(13)
	(21.083)	(2.561)	-	-	(23.644)
Net book value	39.904				37.388

Total amortisation expenses amounting to TL 2.748 thousand (31 March 2013 - TL 2.561 thousand) in the consolidated statement of comprehensive income for the period ended 31 March 2014 have been accounted under general administration expenses (31 March 2013 - allocated to the cost of goods sold amounting to TL 2 thousand and to general administration expenses amounting to TL 2.559 thousand).

14. Prepaid expenses

Short term prepaid expenses:

	31 March 2014	31 December 2013
Prepaid insurance and other expense	76.124	47.351
Advances given	22.330	20.904
Taxes and funds to be offsetted	125.518	130.438
	223.972	198.693

Long term prepaid expenses:

	31 March 2014	31 December 2013
Prepaid investment loan insurance expenses (*)	167.419	167.419
Advances given for property, plant and equipment	276.960	225.336
Prepaid other expenses	12.003	12.537
	456.382	405.292

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

(Convenience translation into English of the financial statements originally issued in Turkish - see additional paragraph in Note 2.2.3)

Türkiye Petrol Rafinerileri A.Ş.

Notes to the consolidated financial statements for the three month interim period ended 31 March 2014(continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

15. Other assets and liabilities

Other current assets:

	31 March 2014	31 December 2013
Deferred Value Added Tax ("VAT")	430.353	321.027
Deferred Special Consumption Tax ("SCT")	132.277	123.050
Other current assets	4.243	5.457
	566.873	449.534

Other non-current assets:

	31 March 2014	31 December 2013
Spare parts and materials	490.912	495.283
Other	1.196	770
Provision for spare parts and materials	(30.412)	(30.412)
	461.696	465.641

Other short-term liabilities:

	31 March 2014	31 December 2013
SCT payable	829.627	970.807
VAT payable	-	38.692
Deferred VAT	430.353	321.027
Deferred SCT	132.277	123.050
Revenue share	593.464	569.013
Other taxes and liabilities	14.007	41.656
Other	3.876	8.231
	2.003.604	2.072.476

Deferred VAT and SCT include VAT and SCT amounts related to export committed sales and are classified within "Other current assets" under assets and within "Other current liabilities" under liabilities. Such SCT and VAT amounts are offset when the export transaction is certified and the related taxes are cancelled by the tax office.

According to the Petroleum Market Law, financing needs of refinery owners to maintain the National Petroleum Stock are supplied by the revenue share, which is a surplus added to the sales price, limited to a ceiling of USD 10/ton as determined by Energy Market Regulatory Authority ("EMRA"). In the case of importation of petroleum products, the revenue share is to be paid to the refinery owner by the importer.

The Group has been collecting the revenue share over the sales of petroleum products and non-refinery imports of petroleum products since 1 January 2005, the date the relevant article of the regulation came into force.

(Convenience translation into English of the financial statements originally issued in Turkish - see additional paragraph in Note 2.2.3)

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Notes to the consolidated financial statements for the three month interim period ended 31 March 2014(continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

15. Other assets and liabilities (continued)

The Group has been collecting revenue share for LPG sales since 16 September 2005 in addition to the revenue share collected for petroleum products, in accordance with the Liquefied Petroleum Gas ("LPG") Market Regulation.

It has been decided by the National Petroleum Reserves Commission that the investment management of the revenue share collected will be conducted by the General Directorate of Tüpraş, and the collected amount will be invested in overnight reverse repurchase agreements.

As a result of these regulations, the revenue share amounting to TL 593.464 thousand accumulated as at 31 March 2014 (31 December 2013 – TL 569.013 thousand) which is not recognized in the comprehensive income statement, has been classified as "Revenue Share" within "Other short-term liabilities". TL 591.081 thousand that is (31 December 2013 - TL 566.744 thousand) blocked in banks as demand deposits related to the calculated revenue share has been classified as Revenue share "Blocked" within "Cash and cash equivalents" (Note 4).

Other long-term liabilities:

	31 March 2014	31 December 2013
Deferred revenue	2.290	2.544
Other	2.401	2.515
Total	4.691	5.059

16. Deferred income

	31 March 2014	31 December 2013
Advances taken	64	10.656
Total	64	10.656

17. Provisions

Provision for employee benefits:

Short term provision for employee benefits:

	31 March 2014	31 December 2013
Seniority incentive bonus provision	2.922	2.601
Personnel bonus accruals	9.077	1.496
Total	11.999	4.097

Long term employee benefits:

	31 March 2014	31 December 2013
Provision for employment termination benefits	118.723	114.551
Provision for unused vacation	33.719	31.727
Seniority incentive bonus provision	6.645	5.725
Total	159.087	152.003

(Convenience translation into English of the financial statements originally issued in Turkish - see additional paragraph in Note 2.2.3)

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Notes to the consolidated financial statements for the three month interim period ended 31 March 2014(continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

17. Provisions (continued)

Seniority incentive bonus provision:

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

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

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

	2014	2013
1 January	8.326	7.737
Charge for the period	1.818	2.320
Payments during the period	(577)	(929)
31 March	9.567	9.128

Provision for employment termination benefits:

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

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

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

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

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

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

The principal assumption is that maximum liability of employment termination benefits for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. As the maximum liability is revised semi-annually, the maximum amount of TL 3.438,22, which is effective as at 31 March 2014, has been taken into consideration in calculating the provision for employment termination benefits of the Group (31 December 2013 - TL 3.254,44).

(Convenience translation into English of the financial statements originally issued in Turkish - see additional paragraph in Note 2.2.3)

Türkiye Petrol Rafinerileri A.Ş.

Notes to the consolidated financial statements for the three month interim period ended 31 March 2014(continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

17. Provisions (continued)

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

	2014	2013
1 January	114.551	113.316
Interest expense	2.879	2.168
Charge for the period	6.785	5.112
Payments during the period	(5.492)	(8.279)
31 March	118.723	112.317

Provision for unused vacation:

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

	2014	2013
1 January	31.727	27.710
Charge for the period	3.133	2.097
Payments during the period	(1.141)	(1.523)
31 March	33.719	28.284

Other short term provisions:

	31 March 2014	31 December 2013
Short-term provisions:		
Provision for penalty	309.011	309.011
Provision of pending claims and lawsuits	12.305	12.305
EMRA participation share	17.386	13.989
Other	24.511	24.345
Total short-term provisions	363.213	359.650

Movement of the short-term provisions for the period ended 31 March 2014 and 2013 is as follows:

	Provision of pending claims and lawsuits	EMRA participation share	Provision for penalty	Other	Total
1 January 2014	12.305	13.989	309.011	24.345	359.650
Dönem içerisindeki artışlar/(azalışlar), net	-	7.589	-	166	7.755
Dönem içerisindeki ödemeler	-	(4.192)	-	-	(4.192)
31 March 2014	12.305	17.386	309.011	24.511	363.213
1 January 2013	12.193	12.426	-	26.194	50.813
Dönem içerisindeki artışlar/(azalışlar), net	-	2.791	-	13.517	16.308
Dönem içerisindeki ödemeler	-	-	-	(29)	(29)
31 March 2013	12.193	15.217	-	39.682	67.092

(Convenience translation into English of the financial statements originally issued in Turkish - see additional paragraph in Note 2.2.3)

Türkiye Petrol Rafinerileri A.Ş.

Notes to the consolidated financial statements for the three month interim period ended 31 March 2014(continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

17. Provisions (continued)

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.

18. Liabilities for employee benefits

	31 March 2014	31 December 2013
Due to the personnel	20.779	53.416
Social security withholdings payment	11.779	12.108
Total	32.558	65.524

19. Other payables

	31 March 2014	31 December 2013
Deposits and guarantees received	4.443	9.563
Dividend payments to related parties	202.043	-
Dividend payments to third parties	194.120	-
	400.606	9.563

20. Government grants

As of 2 August 2010, Tüpraş has obtained certificate of research and development center and the execution of Technology and Innovation Support Programs Administration Project with incentive and the existence of research and development center have enabled the Company to benefit from government incentives (research and development deduction, income tax stoppage incentive, social security premium support and stamp tax exemption) according to Law, no 5746, Supporting Research and Development Activities.

In the first period of 2011, within the scope of the decree of the Council of Ministers dated 14 July 2009 and numbered 2009/15199, the Company was granted a large-scaled investment incentive. Within the scope of the subject legislation, the Company can deduct 30% of its investment expenditures related with the new investment, with a discount rate of 50% from tax base in accordance with the legislation provisions, at the time investment is completed and the revenue is started to be recognized. As of 7 October 2013, Residuum Upgrading Project was granted Strategic Investment Incentive by Incentive Implementation and Foreign Investment Department of Ministry of Economy of Republic of Turkey that would be applicable after 19 October 2012. Within the scope of the Strategic Investment, the Company can deduct 50% of its investment expenditures related with the new investment, with a discount rate of 90% from tax base in accordance with the legislation provisions. Accordingly, as of 31 March 2014, investment expenditures amounting to TL 4.835.800 thousand (31 December 2013 - TL 4.163.798 thousand) has been made and tax advantages amounting to TL 1.900.354 thousand (31 December 2013 – TL 1.579.992 thousand) has been realized to be used in future periods. Moreover, as of 31 March 2014 within the scope of the Strategic Investment the Company offset TL 72.215 thousand from tax base (31 December 2013 – TL 41.082).

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

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

(Convenience translation into English of the financial statements originally issued in Turkish - see additional paragraph in Note 2.2.3)

Türkiye Petrol Rafinerileri A.Ş.

Notes to the consolidated financial statements for the three month interim period ended 31 March 2014(continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

20. Government grants (continued)

As of 31 March, 2014 and 2013, the revenues of the Group from government incentives and grants are as follows:

	31 March 2014	31 March 2013
Social security withholdings incentives	5.109	4.031
Research and development incentives	7.122	4.923
Other	-	2
	12.231	8.956

21. Commitments and contingent assets and liabilities

	31 March 2014		31 December 2013	
	Original balance:	TL amount:	Original balance:	TL amount:
Guarantees received:				
Letter of guarantees received		2.088.855		2.181.580
- Letter of guarantees in TL	952.310	952.310	1.061.071	1.061.071
- Letter of guarantees in USD	484.948	1.061.940	489.909	1.045.613
- Letter of guarantees in EUR	22.550	67.811	22.761	66.839
- Letter of guarantees in other currencies		6.794		8.057
Guarantee notes received		115.417		49.179
- Guarantee notes in TL	111.696	111.696	47.775	47.775
- Guarantee notes in EUR	-	-	478	1.404
- Guarantee notes in other currencies	-	3.721	-	-
Guarantee letters received		159.490		106.715
- Guarantee letters received - TL	50.000	50.000	-	-
- Guarantee letters received - USD	50.000	109.490	50.000	106.715
Commitments received		9.363		9.768
- Commitment in USD	2.770	6.066	3.070	6.552
- Commitment in other currencies		3.297		3.216
Total guarantees received		2.373.125		2.347.242
Guarantees given:				
Letter of credits given		1.121.249		1.210.166
- Letter of credits in USD	506.107	1.108.273	560.357	1.195.970
- Letter of credits in EUR	3.077	9.252	3.537	10.387
- Letter of credits in other currencies		3.724		3.809
Letter of guarantees given		111.954		112.201
- Letter of guarantees in TL	66.384	66.384	67.786	67.786
- Letter of guarantees in USD	20.810	45.570	20.810	44.415
Letters of guarantee given to customs offices		748.301		522.264
- Letter of guarantees in TL	712.215	712.215	487.026	487.026
- Letter of guarantees in EUR	12.000	36.086	12.000	35.238
Letters of guarantee given to banks		228.465		222.879
- Letter of guarantees in USD	53.383	116.898	53.383	113.935
- Letter of guarantees in EUR	37.100	111.567	37.100	108.944
Total guarantees given		2.209.969		2.067.510

As at 31 March 2014 and 31 December 2013, letter of guarantees received are composed of guarantees from customers and suppliers. Guarantees given are mainly composed of guarantees given to government entities and customs offices. As at 31 March 2014, letters of guarantee given to banks are given for loans which were used by Companies within scope of consolidation amounting to TL 228.465 thousand. (31 December 2013- TL 222.879 thousand).

(Convenience translation into English of the financial statements originally issued in Turkish - see additional paragraph in Note 2.2.3)

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Notes to the consolidated financial statements for the three month interim period ended 31 March 2014(continued)
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

21. Commitments and contingent assets and liabilities (continued)

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

	31 Mart 2014	31 Aralık 2013
A. CPMs given for companies in the name of its own legal personality	1.981.504	1.844.631
B. CPMs given on behalf of the fully consolidated companies	228.465	222.879
C. CPMs given for continuation of its economic activities on behalf of third parties		
D. Total amount of other CPMs	-	-
i) Total amount of CPMs given on behalf of the majority shareholder	-	-
ii) Total amount of CPMs given to on behalf of other Group companies which are not in scope of B and C	-	-
iii) Total amount of CPMs given on behalf of third parties which are not in scope of C	-	-
	2.209.969	2.067.510

Tax inspection

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

22. Equity

The Company’s shareholders and their shareholding percentages as at 31 March 2014 and 31 December 2013 are as follows:

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

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

Registered capital of the Company is TL 500.000 thousand and is divided into 50.000.000.000 shares with a registered nominal value of 1 Kuruş (“Kr”) (31 December 2011 - 1 Kr) each. The authorised and paid-in share capital of the Company comprises 25.041.919.999 Group A shares with a registered nominal value of Kr 1 and one Group C share with privileges belonging to the Privatisation Administration.

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

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

(Convenience translation into English of the financial statements originally issued in Turkish - see additional paragraph in Note 2.2.3)

Türkiye Petrol Rafinerileri A.Ş.

Notes to the consolidated financial statements for the three month interim period ended 31 March 2014(continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

22. 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 CMB Financial Reporting Standards the aforementioned amounts should be classified under "Restricted Reserves". At 31 March 2014, the restricted reserves of the Company amount to TL 163.401 thousand (31 December 2013 - TL 221.417 thousand).

Dividend distribution

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

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

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

The total amount of net income of the Company in the statutory records and other equity accounts subject to dividend distribution amount to TL 1.991.766 thousand as at 31 March 2014. This amount includes inflation adjustment differences of the equity accounts amounting to TL 1.698.998 thousand and other reserves amounting to TL 15.337 thousand which are subject to corporate taxation when distributed as dividends.

In the period ended 31 March 2014, the Company committed to make dividend payment in cash amounting to TL 396.163 thousand which is the total amount remained after first and second composition legal reserves deducted from 2013 distributable net profit of the period and a portion of second composition legal reserves. The Company paid the above mentioned dividend. The Company paid a cash dividend at the rate of 158,2% which corresponds to TL 1,582 gross and TL 1,582 net cash dividend for the shares with a nominal value of TL 1, 00 to institutional shareholders who are full taxpayers or limited liable taxpayers and obtain dividends through a business or permanent representative in Turkey. The Company paid also a cash dividend at the rate of 385%, which corresponds to TL 1,582 gross and TL 1,3447 net cash dividend for the shares with a nominal value of TL 1.00 to other shareholders. As of 4 April 2014, the payment of mentioned dividends has been completed.

(Convenience translation into English of the financial statements originally issued in Turkish - see additional paragraph in Note 2.2.3)

Türkiye Petrol Rafinerileri A.Ş.

Notes to the consolidated financial statements for the three month interim period ended 31 March 2014(continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

22. Equity (continued)

In the year ended 31 December 2013, the Company committed to make dividend payment in cash amounting to TL 964.114 thousand which is the total amount remained after first and second composition legal reserves deducted from 2012 distributable net profit of the period and a portion of second composition legal reserves. The Company paid the above mentioned dividend. The Company paid a cash dividend at the rate of 385% which corresponds to TL 3,85 gross and TL 3,85 net cash dividend for the shares with a nominal value of TL 1, 00 to institutional shareholders who are full taxpayers or limited liable taxpayers and obtain dividends through a business or permanent representative in Turkey. The Company paid also a cash dividend at the rate of 385%, which corresponds to TL 3,85 gross and TL 3,2725 net cash dividend for the shares with a nominal value of TL 1.00 to other shareholders.

23. Revenue and cost of sales

	1 January - 31 March 2014	1 January - 31 March 2013
Domestic revenue	7.339.225	6.195.609
Export revenue	1.944.752	2.046.165
Service revenue	18.474	14.921
Gross revenue	9.302.451	8.256.695
Less: Sales discounts	(22.779)	(13.573)
Less: Sales returns	(3.941)	(14.246)
Sales (net)	9.275.731	8.228.876
Cost of goods sold	(8.603.672)	(7.632.184)
Cost of trade goods sold	(252.415)	(354.043)
Cost of services	(10.928)	(10.458)
Gross profit	408.716	232.191

Cost of sales:

	1 January - 31 March 2014	1 January - 31 March 2013
Raw materials	8.214.478	7.284.932
Cost of trade goods sold	252.415	354.043
Energy expenses	186.743	186.546
Personnel expenses	91.417	73.910
Depreciation and amortization (Note 12-13)	55.233	49.893
Other production expenses	66.729	47.361
Cost of sales	8.867.015	7.996.685

(Convenience translation into English of the financial statements originally issued in Turkish - see additional paragraph in Note 2.2.3)

Türkiye Petrol Rafinerileri A.Ş.

Notes to the consolidated financial statements for the three month interim period ended 31 March 2014(continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

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

General administrative expenses:

	1 January - 31 March 2014	1 January - 31 March 2013
Personnel expenses	49.368	45.373
Taxes and duties	13.645	16.982
Insurance expenses	11.284	6.533
Outsourced services	8.439	9.653
Depreciation and amortisation expenses (Note 12-13)	6.747	5.977
Lawsuit and consultancy expenses	6.103	1.615
Office expenses	4.486	3.921
Rent expenses	4.429	2.688
Subscription fees	3.647	3.471
Transportation and travel expenses	610	494
Donations	90	190
Other	7.400	5.570
Total general administrative expenses	116.248	102.467

Marketing, selling and distribution expenses:

	1 January - 31 March 2014	1 January - 31 March 2013
Personnel expenses	14.832	13.537
Outsourced services	9.127	7.296
Carriage, storage and insurance expenses	7.378	17.117
Rent expenses	1.622	1.110
Energy expenses	1.072	1.334
Advertising expenses	570	636
Depreciation and amortisation expenses (Note 12-13)	1	1
Other	3.498	3.382
Total marketing, selling and distribution expenses	38.100	44.413

Research and development expenses:

	1 January - 31 March 2014	1 January - 31 March 2013
Personnel expenses	3.130	3.981
Lawsuit and consultancy expenses	27	-
Outsourced services	27	7
Other	455	286
Total research and development expenses	3.639	4.274

(Convenience translation into English of the financial statements originally issued in Turkish - see additional paragraph in Note 2.2.3)

Türkiye Petrol Rafinerileri A.Ş.

Notes to the consolidated financial statements for the three month interim period ended 31 March 2014(continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

25. Other operating income / (expenses)

	1 January - 31 March 2014	1 January - 31 March 2013
Other operating income:		
Credit finance gains	41.940	24.408
Foreign exchange gain from trade receivables, net	1.112	925
Rent income	642	656
Other	1.756	1.099
	45.450	27.088

	1 January - 31 March 2014	1 January - 31 March 2013
Other operating expense:		
Idle capacity expenses		
- Amortisation expenses (Note 12)	(363)	(3.978)
- Other idle capacity expenses	(4.485)	(13.905)
Foreign exchange loss from trade payables, net	(15.708)	(33.203)
Credit finance charges	(2.350)	(2.517)
Other	(1.337)	(1.306)
	(24.243)	(54.909)

26. Income from investment activities

	1 January - 31 March 2014	1 January - 31 March 2013
Gain on sales of property plant and equipment and intangible assets, net	-	399
	-	399

(Convenience translation into English of the financial statements originally issued in Turkish - see additional paragraph in Note 2.2.3)

Türkiye Petrol Rafinerileri A.Ş.

Notes to the consolidated financial statements for the three month interim period ended 31 March 2014(continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

27. Financial income / (expenses)

	1 January - 31 March 2014	1 January - 31 March 2013
Financial income:		
Interest income on deposits	35.400	67.718
Foreign exchange gains on deposits, (net)	13.405	66.534
Total financial income	48.805	134.252
Financial expense:		
Interest expenses	(81.654)	(72.530)
Foreign exchange losses on borrowings, (net)	(30.033)	(86.141)
Other	(238)	(210)
Total financial expense	(111.925)	(158.881)

28. Tax assets and liabilities

i) Corporation tax:

	31 March 2014	31 December 2013
Current period corporate tax provision	3.715	6.178
Prepaid tax	(200)	(1.330)
Corporate tax payable	3.515	4.848

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

The corporation tax rate for the fiscal year 2014 is 20 % (2013 - 20%). Corporation tax is payable at a rate of 20% on the total income of the companies after adjusting for certain disallowable expenses, corporate income tax exemptions (participation exemption, investment allowance, etc.) and allowances (as research and development expenditures deduction).

(Convenience translation into English of the financial statements originally issued in Turkish - see additional paragraph in Note 2.2.3)

Türkiye Petrol Rafinerileri A.Ş.

Notes to the consolidated financial statements for the three month interim period ended 31 March 2014(continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

28. Tax assets and liabilities (continued)

The analysis of cumulative temporary differences and the related deferred tax assets and liabilities in respect of items for which deferred income tax has been provided as at 31 March 2014 and 31 December 2013 using the enacted tax rates are as follows:

	Cumulative temporary difference		Deferred tax asset/(liability)	
	31 March 2014	31 December 2013	31 March 2014	31 December 2013
Difference between the carrying values and tax base of property, plant, equipment and intangible assets	1.262.676	1.226.381	(252.535)	(245.276)
Financial assets fair value difference	46.790	46.790	(2.340)	(2.340)
Other	14.758	14.760	(2.952)	(2.952)
Deferred tax liability			(257.827)	(250.568)
Investment incentive income (*)	4.835.800	4.163.798	1.900.354	1.579.992
Investment incentive income net-offed by tax base within the scope of Strategic Investment Incentive (*)			(72.215)	(41.082)
Employment termination benefits and seniority incentive bonus provision	126.393	121.452	25.279	24.290
Provisions for pending claims and lawsuits	12.305	12.305	2.461	2.461
Provision for impairment on spare parts	30.412	30.412	6.082	6.082
Provision for unused vacation liability	32.633	30.905	6.527	6.181
Unearned credit finance incomes, (net)	5.823	4.621	1.165	924
Other	16.723	9.587	3.345	1.917
Deferred tax assets			1.872.998	1.580.765
Deferred tax assets / (liabilities) - net			1.615.171	1.330.197

(*) In the first period of 2011, within the scope of the decree of the Council of Ministers dated 14 July 2009 and numbered 2009/15199, the Company was granted a large-scaled investment incentive. Within the scope of the subject legislation, the Company can deduct 30% of its investment expenditures related with the new investment, with a discount rate of 50% from tax base in accordance with the legislation provisions, at the time investment is completed and the revenue is started to be recognized. As of 7 October 2013, Residuum Upgrading Project was granted Strategic Investment Incentive by Incentive Implementation and Foreign Investment Department of Ministry of Economy of Republic of Turkey that would be applicable after 19 October 2012. Within the scope of the Strategic Investment, the Company can deduct 50% of its investment expenditures related with the new investment, with a discount rate of 90% from tax base in accordance with the legislation provisions. Accordingly, as of 31 December 2013, investment expenditures amounting to TL 4.835.800 thousand (31 December 2013-4.163.798 thousand TL) has been made and tax advantages amounting to TL 1.900.354 thousand (31 December 2013 – 1.579.992 thousand TL) has been realized to be used in future periods. Moreover, as of 31 December 2013 within the scope of the Strategic Investment the Company offset TL 72.215 thousand from tax base (31 December 2013 – 41.082 thousand TL).

The movement of deferred taxes is as follows:

	2014	2013
Deferred tax asset		
1 January	1.330.197	139.216
Charge for the period	284.974	87.215
31 March	1.615.171	226.431

(Convenience translation into English of the financial statements originally issued in Turkish - see additional paragraph in Note 2.2.3)

Türkiye Petrol Rafinerileri A.Ş.

Notes to the consolidated financial statements for the three month interim period ended 31 March 2014(continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

29. Earnings per share

	1 January - 31 March 2014	1 January - 31 March 2013
Profit for the year attributable to shareholders of the Company	511.209	128.528
Weighted average number of shares with nominal value of Kr 1 each	25.041.920.000	25.041.920.000
Basic and diluted earnings per share in Kr	2,04	0,51

30. Related party transactions

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

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

a) Deposits and financial assets:

	31 March 2014	31 December 2013
Yapı ve Kredi Bankası A.Ş. (2)	1.237.071	2.006.485
Total	1.237.071	2.006.485

b) Due from related parties:

	31 March 2014	31 December 2013
THY OPET Havacılık Yakıtları A.Ş. (1)	330.257	50.364
Opet Petrolcülük A.Ş. (1)	58.024	216.148
Aygaz A.Ş. (2)	42.268	75.991
Diğer (2)	630	852
Total	431.179	343.355

(Convenience translation into English of the financial statements originally issued in Turkish - see additional paragraph in Note 2.2.3)

Türkiye Petrol Rafinerileri A.Ş.

Notes to the consolidated financial statements for the three month interim period ended 31 March 2014(continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

30. Related party transactions (continued)

c) Due to related parties:

	31 March 2014	31 December 2013
Enerji Yatırımları A.Ş. (3)	202.043	-
Aygaz A.Ş. (2)	15.156	8.311
Opet Petrolcülük A.Ş. (1)	3.890	5.171
Zer Merkezi Hizmetler ve Ticaret A.Ş. (2)	3.029	6.882
Ark İnşaat A.Ş. (2)	765	6.761
Otokoç Otomotiv Tic. ve San. A.Ş. (2)	520	767
Koç Sistem Bilgi ve İletişim A.Ş. (2)	455	4.046
RAM Sigorta Aracılık Hizmetleri A.Ş. (2) (*)	220	4.152
Diğer (2)	1.808	4.465
Total	227.886	40.555

(*) Sigorta acentesi olarak faaliyet gösteren Ram Sigorta Aracılık Hizmetleri A.Ş. aracılığı ile sigorta şirketleri ile imzalanan poliçeler kapsamında, 31 March 2014 ve 31 December 2013 tarihlerinde sona eren dönemlerde ödenen ve tahakkuk eden prim tutarını içermektedir.

d) Advances given for property, plant and equipment:

	31 March 2014	31 December 2013
RMK Marine Gemi Yapım Sanayii ve Deniz Taşımacılığı İşl. A.Ş. (2)	117.704	117.704
Ark İnşaat A.Ş. (2)	77.408	17.224
Total	195.112	134.928

e) Bank borrowings:

	31 March 2014	31 December 2013
Yapı ve Kredi Bankası A.Ş. (2)	43.768	32.519
Total	43.768	32.519

f) Product and service sales:

	1 January - 31 March 2014	1 January - 31 March 2013
THY OPET Havacılık Yakıtları A.Ş. (1)	1.271.754	923.026
Opet Petrolcülük A.Ş. (1)	849.500	632.888
Aygaz A.Ş. (2)	137.073	79.962
Opet-Fuchs Madeni Yağlar (1)	12.479	4.826
Ram Dış Ticaret A.Ş. (2)	4.805	19.503
Diğer (2)	423	23
Total	2.276.034	1.660.228

(Convenience translation into English of the financial statements originally issued in Turkish - see additional paragraph in Note 2.2.3)

Türkiye Petrol Rafinerileri A.Ş.

Notes to the consolidated financial statements for the three month interim period ended 31 March 2014(continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

30. Related party transactions (continued)

g) Goods and services purchased:

	1 January - 31 March 2014	1 January - 31 March 2013
Aygaz A.Ş. (2)	88.347	63.520
Opet Petrolcülük A.Ş. (1)	14.216	15.960
THY OPET Havacılık Yakıtları A.Ş. (1)	13.613	170
Zer Merkezi Hizmetler ve Ticaret A.Ş. (2)	8.496	6.254
Eltek Elektrik Enerjisi İthalat, İhracat ve Toptan Tic. A.Ş. (2)	3.798	-
Koç Holding (3)	2.500	2.525
Koç Sistem Bilgi ve İletişim A.Ş. (2)	1.920	1.569
Otokoç Otomotiv Tic. ve San. A.Ş. (2)	1.886	1.568
Setair Hava Taşımacılığı ve Hizmetleri A.Ş. (2)	1.587	770
Ark İnşaat A.Ş. (2)	917	5.108
Opet-Fuchs Madeni Yağlar (1)	442	673
Diğer (2)	11.664	11.043
Total	149.386	109.160

h) Fixed asset purchases:

	1 January - 31 March 2014	1 January - 31 March 2013
Ark İnşaat A.Ş. (2)	13.671	-
Koç Sistem Bilgi ve İletişim A.Ş. (2)	3	45
Diğer (2)	15	-
Total	13.689	45

i) Remuneration of board of directors and executive management:

	1 January - 31 March 2014	1 January - 31 March 2013
Short term remunerations	1.327	1.238
Total	1.327	1.238

Remuneration of board of directors and executive management for the periods ended 31 March 2014 and 2013 includes salaries, bonuses, employer shares of Social Security Institution and Koç Holding Emeklilik Vakfı and board of directors' honorarium expenses paid by the Company.

j) Financial expenses paid to related parties:

	1 January - 31 March 2014	1 January - 31 March 2013
Yapı ve Kredi Bankası A.Ş. (2)	2.166	1.227
Yapı Kredi Faktoring A.Ş. (2)	1.488	6.217
Total	3.654	7.444

(Convenience translation into English of the financial statements originally issued in Turkish - see additional paragraph in Note 2.2.3)

Türkiye Petrol Rafinerileri A.Ş.

Notes to the consolidated financial statements for the three month interim period ended 31 March 2014(continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

30. Related party transactions (continued)

k) Time deposit and financial investment interest income:

	1 January - 31 March 2014	1 January - 31 March 2013
Yapı ve Kredi Bankası A.Ş. (2)	16.667	49.142
Total	16.667	49.142

l) Donations:

	1 January - 31 March 2014	1 January - 31 March 2013
DenizTemiz Derneği (2)	-	3
Total	-	3

31. Financial instruments and financial risk management

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

Foreign exchange risk

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

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

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

	31 March 2014	31 December 2013
Assets	2.099.400	3.239.877
Liabilities	(10.099.648)	(10.218.215)
Net balance sheet foreign currency position	(8.000.248)	(6.978.338)
Net foreign currency position of derivative financial instrument	-	-
Net foreign currency position	(8.000.248)	(6.978.338)

(Convenience translation into English of the financial statements originally issued in Turkish - see additional paragraph in Note 2.2.3)

Türkiye Petrol Rafinerileri A.Ş.

Notes to the consolidated financial statements for the three month interim period ended 31 March 2014(continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

31. Financial instruments and financial risk management (continued)

	Foreign currency position table									
	TL equivalent (In terms of functional currency)	31 March 2014				31 December 2013				
		USD	EUR	GBP	Other	USD	EUR	GBP	Other	
Trade receivables	19.384	8.852	-	-	-	27.605	12.934	-	-	-
Monetary financial assets	2.036.252	927.249	1.853	52	-	3.053.472	1.428.357	1.615	53	-
Other	1.025	440	20	-	-	2.217	1.039	-	-	-
Current assets	2.056.661	936.541	1.873	52	-	3.083.294	1.442.330	1.615	53	-
Other	42.739	1.321	9.183	-	12.232	156.583	1.106	47.281	984	11.926
Non-current assets	42.739	1.321	9.183	-	12.232	156.583	1.106	47.281	984	11.926
Total assets	2.099.400	937.862	11.056	52	12.232	3.239.877	1.443.436	48.896	1.037	11.926
Trade payables	3.759.092	1.705.134	7.866	182	875	4.496.742	2.088.905	12.386	339	829
Financial liabilities	535.704	180.270	46.871	-	-	274.628	64.871	46.372	-	-
Other monetary liabilities	-	-	-	-	-	2	1	-	-	-
Current liabilities	4.294.796	1.885.404	54.737	182	875	4.771.372	2.153.777	58.758	339	829
Financial liabilities	5.804.852	2.638.239	9.190	-	-	5.446.843	2.534.184	12.986	-	-
Non-current liabilities	5.804.852	2.638.239	9.190	-	-	5.446.843	2.534.184	12.986	-	-
Total liabilities	10.099.648	4.523.643	63.927	182	875	10.218.215	4.687.961	71.744	339	829
Net asset/liability position of off-financial statement table foreign currency derivatives	-	-	-	-	-	-	-	-	-	-
Total amount of off-financial statement table derivative financial assets	-	-	-	-	-	-	-	-	-	-
Total amount of off-financial statement table derivative financial liabilities	-	-	-	-	-	-	-	-	-	-
Net foreign currency asset / (liability) position	(8.000.248)	(3.585.781)	(52.871)	(130)	11.357	(6.978.338)	(3.244.525)	(22.848)	698	11.097
Net monetary foreign currency asset / (liability) position	(8.044.012)	(3.587.542)	(62.074)	(130)	(875)	(7.137.138)	(3.246.670)	(70.129)	(286)	(829)

(Convenience translation into English of the financial statements originally issued in Turkish - see additional paragraph in Note 2.2.3)

Türkiye Petrol Rafinerileri A.Ş.

Notes to the consolidated financial statements for the three month interim period ended 31 March 2014(continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

31. Financial instruments and financial risk management (continued)

The Group manages its foreign currency risk arising from foreign currency denominated financial liabilities and trade payables by regularly considering and reflecting the foreign exchange rate changes in the determination of petroleum product prices. As at 31 March 2014, the Group has raw materials and petroleum products amounting to TL 4.191.997 thousand (31 December 2013 - TL 3.375.937 thousand) (Note 8).

The table below summarizes the effect of foreign currency rate changes on net balance sheet foreign currency position of the Group as at 31 March 2014 and 31 December 2013.

Statement of foreign currency risk sensitivity				
31 March 2014				
	Profit/Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
10% change in USD rate:				
USD net assets / liabilities	(785.600)	785.600	-	-
Amount hedged for USD risk (-) (*)	34.095	(378.120)	-	-
USD net effect	(751.505)	407.480	-	-
10% change in EUR rate:				
Euro net assets/ liabilities	(18.667)	18.667	-	-
Amount hedged for Euro risk (-)	-	-	-	-
EUR net effect	(18.667)	18.667	-	-
TOTAL	(770.172)	426.147	-	-
31 December 2013				
	Profit/Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
10% change in USD rate:				
USD net assets / liabilities	(692.937)	692.937	-	-
Amount hedged for USD risk (-) (*)	12.142	(327.601)	-	-
USD net effect	(680.795)	365.336	-	-
10% change in EUR rate:				
Euro net assets/ liabilities	(20.593)	20.593	-	-
Amount hedged for Euro risk (-)	-	-	-	-
EUR net effect	(20.593)	20.593	-	-
TOTAL	(701.388)	385.929	-	-

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

(Convenience translation into English of the financial statements originally issued in Turkish - see additional paragraph in Note 2.2.3)

Türkiye Petrol Rafinerileri A.Ş.

Notes to the consolidated financial statements for the three month interim period ended 31 March 2014(continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

31. Financial instruments and financial risk management (continued)

Export and import

	1 January - 31 March 2014	1 January - 31 March 2013
Export		
USD (equivalent of thousand TL)	1.944.303	2.046.161
Total	1.944.303	2.046.161
Import		
USD (equivalent of thousand TL)	8.034.347	7.022.677
Total	8.034.347	7.022.677

32. Bilanço tarihinden sonraki olaylar

The investigation started against Tüpraş and OPET Petrolcülük A.Ş. by the resolution of the authority dated July 4, 2012 and numbered 12-36/1040-M(2) for the identification of a possible breach of Article 4 and Article 6 of the Law No. 4054 on the Protection of Competition, communicated to Tüpraş by the Competition Authority ("CA") through the letter dated July 11, 2012, was concluded with the announcement made on the Competition Authority's website on January 17, 2014. The Competition Authority has decided upon an administrative fine of TL 412.015 thousand at the rate of 1% of the annual gross income of Tüpraş incurred at the end of the fiscal year 2013. As of December 31, 2013, the Company has provided a provision amounting to TL 309.011 thousand for the related penalty under short term provisions account.

The reasoned decision was announced at 24 April 2014. In the frame of the provision of Article 17 of the Law of Misdemeanors No. 5326, this administrative fine will be paid at the rate of three-quarters which equals to TL 309.011 thousand within 30 days and the necessary legal actions will be taken with regard to the said decision and penalty within 60 days.