

# **Aygaz Anonim Őirketi and its Subsidiaries**

**January 1 – June 30, 2018 interim condensed  
consolidated financial statements  
together with auditors review report**

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

To the General Assembly of Aygaz Anonim Şirketi

*Introduction*

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

*Scope of review*

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

*Conclusion*

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

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

Ediz Günsel, SMMM  
Partner

İstanbul, 9 August 2018

**(Convenience translation of the independent auditors' review report and consolidated financial statements originally issued in Turkish)**

**Aygaz Anonim Şirketi and its Subsidiaries**

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(Convenience translation of consolidated financial statements originally issued in Turkish)

**Aygaz Anonim Şirketi and its Subsidiaries**

**Consolidated statement of financial position  
as at June 30, 2018**

(Amounts expressed in thousands of Turkish Lira ("TL") and in thousands for other currencies unless otherwise indicated.)

<b>Assets</b>	<b>Notes</b>	<b>Current period (Reviewed) June 30, 2018</b>	<b>Prior period (Audited) December 31, 2017</b>
<b>Current assets</b>		<b>1.304.717</b>	<b>1.587.534</b>
Cash and cash equivalents	4	350.114	593.172
Trade receivables		539.183	576.679
-Trade receivables from related parties	18	36.418	39.354
-Trade receivables from third parties	8	502.765	537.325
Other receivables		2.988	7.353
-Other receivables from third parties		2.988	7.353
Derivative financial instruments	7	17.873	9.097
Inventories	9	258.510	323.579
Prepaid expenses		125.051	64.577
Assets related to current year tax		1.621	2.701
Other current assets		9.377	10.376
<b>Non-current assets</b>		<b>3.371.088</b>	<b>3.378.686</b>
Financial investments	5	355.986	317.124
Trade receivables		9.207	8.441
-Trade receivables from third parties	8	9.207	8.441
Other receivables		61	81
-Other receivables from third parties		61	81
Derivative financial instruments	7	35.747	22.743
Investments accounted under equity method	10	2.212.615	2.273.331
Property, plant and equipment	11	687.782	677.927
Intangible assets		16.762	19.280
-Other intangible assets	12	16.762	19.280
Prepaid expenses		52.069	59.074
Deferred tax asset	17	859	685
<b>Total assets</b>		<b>4.675.805</b>	<b>4.966.220</b>

The accompanying accounting policies and notes between the pages 8 and 43 form an integral part of these interim condensed consolidated financial statements.

(Convenience translation of consolidated financial statements originally issued in Turkish)

**Aygaz Anonim Şirketi and its Subsidiaries**

**Consolidated statement of financial position  
as at June 30, 2018**

(Amounts expressed in thousands of Turkish Lira ("TL") and in thousands for other currencies unless otherwise indicated.)

<b>Liabilities</b>	<b>Notes</b>	<b>Current period (Reviewed) June 30, 2018</b>	<b>Prior period (Audited) December 31, 2017</b>
<b>Short-term liabilities</b>		<b>1.236.836</b>	<b>1.278.810</b>
Short-term financial borrowings	6	44.736	84.784
Current portion of long-term financial borrowings	6	441.900	304.820
Trade payables		558.247	670.034
- Trade payables to related parties	18	166.847	165.911
- Trade payables to third parties	8	391.400	504.123
Liabilities for employee benefits		9.351	53.191
Other payables		2.000	1.577
- Other payables to related parties	18	1.052	863
- Other payables to third parties		948	714
Derivative financial instruments	7	354	214
Deferred income		5.553	2.483
Provision for taxation on income		8.777	2.076
Short-term provisions		78.802	45.455
-Provisions from employee benefits		20.596	-
-Other provisions	14	58.206	45.455
Other current liabilities	14	87.116	114.176
<b>Long-term liabilities</b>		<b>849.142</b>	<b>764.347</b>
Long-term borrowings	6	657.021	583.666
Other payables		101.607	97.603
- Other payables to third parties		101.607	97.603
Long-term provisions		42.248	38.455
-Provisions for employee benefits		42.248	38.455
Deferred tax liabilities	17	48.266	44.623
<b>Equity</b>		<b>2.589.827</b>	<b>2.923.063</b>
Share capital	15	300.000	300.000
Adjustment to share capital	15	71.504	71.504
Adjustment to share capital due to cross-ownership (-)		(7.442)	(7.442)
Other comprehensive income or expenses not to be reclassified to profit or loss		716	716
Gains (losses) on the revaluation and/or reclassification		1.187	1.187
-Gains (losses) remeasurement from defined benefit plans		1.187	1.187
Share of other comprehensive income of investments accounted for using equity method that will not be reclassified to profit or loss		(471)	(471)
Other comprehensive income or expenses to be reclassified to profit or loss		23.408	99.893
Gains (losses) on the revaluation and/or reclassification		187.755	213.653
-Gains (losses) on financial assets measured at fair value through other comprehensive income		187.755	213.653
Share of other comprehensive income of investments accounted for using equity method that will be reclassified to profit or loss		(164.347)	(113.760)
Restricted reserves		294.210	249.509
Retained earnings		1.703.805	1.631.864
Net profit for the period		203.626	577.019
<b>Equity attributable to equity holders of the parent</b>		<b>2.589.827</b>	<b>2.923.063</b>
<b>Total equity and liabilities</b>		<b>4.675.805</b>	<b>4.966.220</b>

The accompanying accounting policies and notes between the pages 8 and 43 form an integral part of these interim condensed consolidated financial statements.

## Aygaz Anonim Şirketi and its Subsidiaries

Consolidated profit or loss and other comprehensive income statement  
for the six-month interim period ended June 30, 2018

(Amounts expressed in thousands of Turkish Lira ("TL") and in thousands for other currencies unless otherwise indicated.)

	Notes	(Reviewed)		(Reviewed)	
		January 1- June 30, 2018	April 1- June 30, 2018	January 1- June 30, 2017	April 1- June 30, 2017
Revenue		4.285.506	2.222.338	3.946.278	1.880.920
Cost of sales (-)		(3.928.921)	(1.998.734)	(3.612.889)	(1.736.926)
<b>Gross profit</b>		<b>356.585</b>	<b>223.604</b>	<b>333.389</b>	<b>143.994</b>
General administrative expenses (-)		(102.152)	(51.750)	(97.334)	(49.148)
Marketing expenses (-)		(146.149)	(80.330)	(132.007)	(71.025)
Research and development expenses (-)		(1.311)	(651)	(1.262)	(842)
Other operating income		107.201	75.554	77.498	36.931
Other operating expenses (-)		(98.883)	(73.666)	(61.424)	(26.828)
<b>Operating profit</b>		<b>115.291</b>	<b>92.761</b>	<b>118.860</b>	<b>33.082</b>
Income from investment activities		21.182	4.726	6.294	2.551
Loss from investment activities (-)		(947)	(909)	(919)	(704)
Gain /loss from investments accounted under equity method	10	133.351	93.130	241.111	151.012
<b>Operating profit before financial income (expense)</b>		<b>268.877</b>	<b>189.708</b>	<b>365.346</b>	<b>185.941</b>
Financial income		60.977	31.755	36.454	9.173
Financial expense (-)		(107.321)	(58.478)	(61.770)	(24.687)
<b>Profit from continuing operations before tax</b>		<b>222.533</b>	<b>162.985</b>	<b>340.030</b>	<b>170.427</b>
<b>Tax income (expense), continuing operations</b>					
Current tax expense for the period (-)	17	(13.981)	(10.056)	(19.822)	(3.621)
Deferred tax income (expense)	17	(4.926)	(4.676)	5.757	1.690
<b>Profit for the period</b>		<b>203.626</b>	<b>148.253</b>	<b>325.965</b>	<b>168.496</b>
<b>Distribution of profit for the period</b>					
Equity holders of the parent		203.626	148.253	325.965	168.496
<b>Earnings per share (TL)</b>	16	<b>0,678753</b>	<b>0,494177</b>	1,086550	0,561653
<b>Diluted earnings per share (TL)</b>	16	<b>0,678753</b>	<b>0,494177</b>	1,086550	0,561653
<b>Other comprehensive income</b>					
<b>Not to be reclassified to profit or loss</b>					
Share of other comprehensive income of investments accounted for using equity method that will not be reclassified to profit or loss		-	-	(26)	-
-Gains (losses) from remeasurement on defined benefit plans of investments using equity method		-	-	(26)	-
<b>To be reclassified as profit or loss</b>		<b>(76.485)</b>	<b>(63.205)</b>	81.827	89.429
Other comprehensive income or expenses relating to financial assets measured at fair value		(27.261)	(27.261)	73.875	73.875
-Gains (losses) on financial assets measured at fair value through other comprehensive income		(27.261)	(27.261)	73.875	73.875
Share of other comprehensive income of investments accounted for using equity method that will be reclassified to profit or loss		(50.587)	(37.307)	11.646	19.248
-Gains (losses) from cash flow hedging of investments using equity method		(51.602)	(38.089)	11.659	19.382
-Gains (losses) from translation of foreign currency of investments using equity method		1.015	782	(13)	(134)
Taxes relating to other comprehensive income to be reclassified to profit / loss		1.363	1.363	(3.694)	(3.694)
-Gains (losses) on financial assets measured at fair value through other comprehensive income, tax effect	17	1.363	1.363	(3.694)	(3.694)
<b>Other comprehensive income / (expense) (after taxation)</b>		<b>(76.485)</b>	<b>(63.205)</b>	<b>81.801</b>	<b>89.429</b>
<b>Total other comprehensive income</b>		<b>127.141</b>	<b>85.048</b>	<b>407.766</b>	<b>257.925</b>
<b>Distribution of total comprehensive income</b>					
Equity holders of the parent		127.141	85.048	407.766	257.925

The accompanying accounting policies and notes between the pages 8 and 43 form an integral part of these interim condensed consolidated financial statements.

(Convenience translation of financial statements originally issued in Turkish)

**Aygaz Anonim Şirketi and its Subsidiaries**

**Consolidated statement of changes in equity  
for the period ended June 30, 2018**

(Amounts expressed in thousands of Turkish Lira ("TL") and in thousands for other currencies unless otherwise indicated.)

	Other comprehensive income or expenses not to be reclassified to profit or loss			Other comprehensive income or expenses to be reclassified to profit or loss			Accumulated profit					Total equity	
	Share capital	Adjustment to share capital	Adjustment to share capital due to cross-ownership (-)	Gains (losses) on remeasurement of defined benefit plans	Share of other comprehensive income of investments accounted for using equity method that will not be reclassified to profit or loss	Share of other comprehensive income of investments accounted for using equity method that will be reclassified to profit or loss	Gains (losses) on financial assets measured at fair value through other comprehensive income	Restricted reserves	Retained earnings	Net profit for the period	Equity attributable to equity holders of the parent		Non-controlling interest
Reviewed													
Balance as of January 1, 2017	300.000	71.504	(7.442)	124	(917)	(113.181)	157.508	203.549	1.713.648	415.670	2.740.463	1.094	2.741.557
Transfers	-	-	-	-	-	-	-	43.500	372.170	(415.670)	-	-	-
Total comprehensive income (expense)	-	-	-	-	(26)	11.646	70.181	-	-	325.965	407.766	-	407.766
Net income	-	-	-	-	-	-	-	-	-	325.965	325.965	-	325.965
Other comprehensive income (expense)	-	-	-	-	(26)	11.646	70.181	-	-	-	81.801	-	81.801
Dividend paid	-	-	-	-	-	-	-	-	(450.000)	-	(450.000)	-	(450.000)
Transactions with non-controlling interests	-	-	-	-	-	-	-	-	(1.494)	-	(1.494)	(1.094)	(2.588)
Balance as of June 30, 2017	300.000	71.504	(7.442)	124	(943)	(101.535)	227.689	247.049	1.634.324	325.965	2.696.735	-	2.696.735
Reviewed													
Balance as of January 1, 2018	300.000	71.504	(7.442)	1.187	(471)	(113.760)	213.653	249.509	1.631.864	577.019	2.923.063	-	2.923.063
Adjustments to changes in accounting policies	-	-	-	-	-	-	-	-	(377)	-	(377)	-	(377)
Adjustments to mandatory changes in accounting policies (Note 2.2)	-	-	-	-	-	-	-	-	(377)	-	(377)	-	(377)
Transfers	-	-	-	-	-	-	-	44.701	532.318	(577.019)	-	-	-
Total comprehensive income (expense)	-	-	-	-	-	(50.587)	(25.898)	-	-	203.626	127.141	-	127.141
Net income	-	-	-	-	-	-	-	-	-	203.626	203.626	-	203.626
Other comprehensive income (expense)	-	-	-	-	-	(50.587)	(25.898)	-	-	-	(76.485)	-	(76.485)
Dividend paid (Note 15)	-	-	-	-	-	-	-	-	(460.000)	-	(460.000)	-	(460.000)
Balance as of June 30, 2018	300.000	71.504	(7.442)	1.187	(471)	(164.347)	187.755	294.210	1.703.805	203.626	2.589.827	-	2.589.827

The accompanying accounting policies and notes between the pages 8 and 43 form an integral part of these interim condensed consolidated financial statements.

(Convenience translation of financial statements originally issued in Turkish)

## Aygaz Anonim Şirketi and its Subsidiaries

### Consolidated cash flow statement for the period ended June 30, 2018

(Amounts expressed in thousands of Turkish Lira ("TL") and in thousands for other currencies unless otherwise indicated.)

		Reviewed January 1- June 30, 2018	Reviewed January 1- June 30, 2017
	Notes		
<b>Cash flows from operating activities</b>		<b>72.902</b>	<b>(10.998)</b>
<b>Net income from continuing operations</b>		<b>203.626</b>	<b>325.965</b>
<b>Adjustments related with the reconciliation of net profit (loss) for the period</b>		<b>915</b>	<b>(135.649)</b>
-Adjustments for depreciation and amortization expenses	11,12	<b>44.629</b>	43.554
-Adjustments for impairment loss (reversal)		<b>605</b>	(374)
-Adjustments for provisions		<b>39.819</b>	28.943
-Adjustments for dividend (income) expense		<b>(572)</b>	(296)
-Adjustments for interest income		<b>(24.414)</b>	(20.516)
-Adjustments for interest expense		<b>71.088</b>	40.664
-Adjustments for unrealized foreign exchange differences		<b>25.614</b>	(624)
-Adjustments for fair value losses (gains) on derivative financial instruments		<b>(21.640)</b>	5.057
-Adjustments for undistributed profits of investments accounted under equity method	10	<b>(133.351)</b>	(241.111)
-Adjustments for tax (income) expenses	17	<b>18.907</b>	14.065
-Adjustments for losses (gains) on disposal of non-current assets		<b>(20.213)</b>	(5.078)
-Other adjustments for reconciliation of profit (loss)		<b>443</b>	67
<b>Changes in working capital</b>		<b>(122.760)</b>	<b>(169.974)</b>
-Adjustments for decrease (increase) in trade receivables		<b>35.748</b>	(22.679)
-Adjustments for decrease (increase) in other operating receivables		<b>5.384</b>	(4.131)
-Adjustments for decrease (increase) in inventories		<b>65.069</b>	14.339
-Decrease (increase) in prepaid expenses		<b>(53.771)</b>	(39.846)
-Adjustments for increase (decrease) in trade payables		<b>(111.787)</b>	(100.079)
-Increase (decrease) in liabilities for employee benefits		<b>(43.840)</b>	(36.545)
-Adjustments for increase (decrease) in other operating payables		<b>(22.633)</b>	17.802
-Increase (decrease) in deferred income		<b>3.070</b>	1.165
<b>Cash flows from operating activities</b>		<b>81.781</b>	<b>20.342</b>
-Payments related to provisions for employee benefits		<b>(2.679)</b>	(2.412)
-Tax returns (payments)	17	<b>(6.200)</b>	(28.928)
<b>Cash flows from investing activities</b>		<b>45.639</b>	<b>13.831</b>
Cash outflows from the acquisition of additional subsidiary's shares		-	(2.588)
Cash outflows from the acquisition of additional shares or capital increase of investments in associates or joint ventures	10	<b>(203.974)</b>	(12.500)
Cash inflows from the sale of property, plant and equipment and intangible assets		<b>25.538</b>	7.606
Cash outflows from the purchase of property, plant and equipment and intangible assets	11,12	<b>(57.291)</b>	(66.474)
Dividends received		<b>348.026</b>	87.787
Other cash outflows	5	<b>(66.660)</b>	-
<b>Cash flows from financing activities</b>		<b>(366.464)</b>	<b>(351.911)</b>
Proceeds from borrowings		<b>374.303</b>	246.382
Repayments of borrowings		<b>(246.094)</b>	(133.424)
Dividend payment		<b>(460.000)</b>	(450.000)
Interest paid		<b>(59.388)</b>	(35.385)
Interest received		<b>24.715</b>	20.516
<b>Net increase (decrease) in cash and cash equivalents before currency translation differences</b>		<b>(247.923)</b>	<b>(349.078)</b>
<b>Effect of currency translation differences</b>		<b>4.865</b>	-
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>(243.058)</b>	<b>(349.078)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	4	<b>593.172</b>	<b>567.728</b>
<b>Cash and cash equivalents at the end of the period</b>	4	<b>350.114</b>	<b>218.650</b>

The accompanying accounting policies and notes between the pages 8 and 43 form an integral part of these interim condensed consolidated financial statements.



## Aygaz Anonim Şirketi and its Subsidiaries

### Notes to the interim condensed consolidated financial statements as of June 30, 2018

(Amounts expressed in thousands of Turkish Lira (“TL”) and in thousands for other currencies unless otherwise indicated.)

#### 1. Organization and operations of the Company

The main activity of Aygaz Anonim Şirketi (the “Company” or “Aygaz”) is the purchase of liquid petroleum gas (LPG) in bulk from domestic refineries and the overseas market and delivery to retailers for distribution to customers. The Company manufactures LPG cylinders, LPG tanks, regulators and other supplementary materials which support the Company’s main business and which are necessary equipment for the end-user. The Company is controlled by Koç Holding A.Ş. the parent company, Koç Family and the companies owned by Koç Family.

The Company is registered at the Capital Markets Board of Turkey (“CMB”) and as of June 30, 2018, 24,27% of its shares have been quoted at Borsa Istanbul.

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

Büyükdere Cad. No: 145/1 Aygaz Han, Zincirlikuyu, 34394 / İstanbul

The average number of personnel employed by categories in Aygaz and its subsidiaries (together with referred to as the “Group”) for six-month period ended June 30, 2018 is 688 white-collar (January-June 2017: 705) and 665 blue-collar (January-June 2017: 683) totaling to 1.353 (January-June 2017:1.388).

#### Subsidiaries

The details of the Group’s subsidiaries are as follows:

Subsidiaries	Place of incorporation and Operation	Ownership interest (%)			Voting power right	Principal activity
		June 30, 2018	December 31, 2017			
Anadoluhisari	Turkey	100	100	100	Shipping	
Kandilli	Turkey	100	100	100	Shipping	
Kuleli	Turkey	100	100	100	Shipping	
Kuzguncuk	Turkey	100	100	100	Shipping	
Akpa	Turkey	100	100	100	Marketing	
Aygaz Doğal Gaz Toptan Satış A.Ş.	Turkey	100	100	100	Natural gas	
Aygaz Doğal Gaz İletim A.Ş.	Turkey	100	100	100	Natural gas	
ADG Enerji	Turkey	100	100	100	Natural gas	

Akpa Dayanıklı Tüketim LPG ve Akaryakıt Ürünleri Pazarlama A.Ş (“Akpa”) reached to its current structure with the merger of four subsidiaries of Koç Holding Energy Group at the end of 2001. Before the merger, four companies were operating separately from each other in Bursa, Eskişehir, Ankara and Antalya. At the time of merger the name of company was Bursa Gaz ve Ticaret A.Ş, later it was changed to “Akpa Dayanıklı Tüketim LPG ve Akaryakıt Ürünleri Pazarlama A.Ş.” with the decision of Ordinary General Meeting held on March 17, 2005. Akpa is mainly engaged in sales of cylinders through either its own organisation or dealers, retail and wholesale of LPG, fuel and lubricants through autogas stations and sale of durable goods. As of end of July, 2016 Akpa terminated its durable goods sales activity.

Main activity of Aygaz Doğal Gaz Toptan Satış A.Ş. and Aygaz Doğal Gaz İletim A.Ş. (together “Aygaz Doğal Gaz”) is to purchase natural gas from domestic and/or overseas suppliers, selling natural gas to domestic and/or overseas customers and make related arrangements for the modulation, storing of natural gas and building necessary facilities. On January 25, 2017 the Company has acquired the shares which is equivalent to the 0,85% of total shares of Aygaz Doğal Gaz Toptan Satış A.Ş with the nominal value of TL 280 thousand for TL 2.548 thousand in cash and the shares which is equivalent to the 0,41% of total shares of Aygaz Doğal Gaz İletim A.Ş with the nominal value of TL 37 thousand for TL 40 thousand in cash from non-controlling interest. As a result of this acquisition, the Company has 100% of shares of its subsidiaries.

## Aygaz Anonim Şirketi and its Subsidiaries

### Notes to the interim condensed consolidated financial statements as of June 30, 2018

(Amounts expressed in thousands of Turkish Lira ("TL") and in thousands for other currencies unless otherwise indicated.)

#### 1. Organization and operations of the company (continued)

Within July 2010, the Company has restructured its shipping operations under new legal entities, and established Anadoluhisarı Tankercilik A.Ş. ("Anadolu Hisarı"), Kandilli Tankercilik A.Ş. ("Kandilli"), Kuleli Tankercilik A.Ş. ("Kuleli") and Kuzguncuk Tankercilik A.Ş. ("Kuzguncuk") with an effective ownership interest of 100%. The main activities of these companies are to purchase, build or rent vessels and to operate them in domestic and/or overseas transportation of crude oil, petroleum products, liquid petroleum gas, natural gas and solid, liquid and liquefied products. On October 13, 2017, the vessel named "Kuleli" which is used for the transportation of LPG, with net book value of TL 589 thousand was sold for USD 3.500 thousand in cash by Kuleli Tankercilik A.Ş - the Company's subsidiary.

Enram Su ve Çevre Yatırımları A.Ş. has decided to change its trade name as ADG Enerji Yatırımları A.Ş. ("ADG Enerji") in its Extraordinary General Meeting held on March 20, 2014. Main activity of ADG Enerji is to produce natural gas in domestic and/or overseas markets, purchase natural gas from domestic and/or overseas suppliers, selling natural gas in domestic and/or overseas customers and make related investments to storing, transportation and distribution of natural gas and building necessary facilities. ADG Enerji has decided to decrease its share capital through share cancellation from TL 26.100 thousand to TL 500 thousand in its Extraordinary General Meeting held on December 14, 2017. The TL 25.600 thousand capital reduction has been paid in cash to the Company on March 9, 2018.

#### Investments in associates

The details of the Group's associates are as follows:

Investments in associates	Place of incorporation and operation	Ownership interest (%)		Voting power right	Principal activity
		June 30, 2018	December 31, 2017		
Enerji Yatırımları A.Ş. ("EYAŞ")	Turkey	20,00	20,00	20,00	Energy
Entek Elektrik Üretimi A.Ş. ("Entek")	Turkey	49,62	49,62	49,62	Electricity

In December 2005, Enerji Yatırımları A.Ş. ("EYAŞ") was established to acquire 51% block shares of Türkiye Petrol Rafinerileri A.Ş. ("TÜPRAŞ"), to participate in Tüpraş's management and its operational decisions as well as to establish and operate in oil refinery related sectors in Turkey.

Entek Elektrik Üretimi A.Ş. ("Entek"), the electricity generation company of Koç Group, operates one natural gas cycling plant with capacity of 157 MW in Kocaeli and six hydroelectric power plants in Karaman, Samsun and Mersin with capacity of 87 MW in total reaching aggregate capacity of 244 MW. Entek won tender for the privatization of Menzelet and Kılavuzlu hydropower plants with the capacity of 178 MW with the highest bid for the operating rights of them for 49 years in September 2017. The total installed capacity of Entek Group reached 422 MW. The power plants owned by Menzelet Kılavuzlu Elektrik Üretimi A.Ş., a 100% owned subsidiary of Entek, has been started to be operated in the first quarter of 2018. During the Extraordinary General Assembly held on February 9, 2018 of the Company's 49,62% subsidiary, Entek, it was resolved to increase the paid-in capital of the Entek by TL 411.500 thousand from TL 538.500 thousand to TL 950.000 thousand. TL 405 thousand will be paid out of the Entek's internal funds and TL 411.095 thousand will be paid in cash. The corresponding amount which is TL 203.974 thousand has been paid in cash on March 1, 2018.

## Aygaz Anonim Şirketi and its Subsidiaries

### Notes to the interim condensed consolidated financial statements as of June 30, 2018

(Amounts expressed in thousands of Turkish Lira (“TL”) and in thousands for other currencies unless otherwise indicated.)

#### 1. Organization and operations of the company (continued)

##### Joint ventures

The details of the Group’s joint ventures are as follows:

Joint venture	Place of incorporation and operation	Ownership interest (%)			Principal activity
		June 30, 2018	December 31, 2017	Voting power right	
Opet Aygaz Gayrimenkul A.Ş. (“OAGM”) Turkey		50,00	50,00	50,00	Real Estate

Opet Aygaz Gayrimenkul A.Ş. was established on September 20, 2013 as a joint venture with 50% equal shares by the Company and Opet Petrolcülük A.Ş., which is the Company’s business partner, operating in distribution of fuel products. Its main activity is to establish, purchase, operate and rent fuel and LPG stations.

Opet Aygaz Gayrimenkul A.Ş. has decided to increase share capital from TL 150.000 thousand to TL 250.000 thousand in its Extraordinary General Meeting held on June 22, 2017. For the increased share amount of TL 100.000 thousand, the Company has agreed to pay TL 50.000 thousand corresponding to its shares in cash and free from collusion. TL 12.500 thousand, TL 12.500 thousand and TL 25.000 thousand has been paid in cash on June 28, 2017, July 13, 2017 and August 28, 2017 respectively.

##### Approval of interim condensed consolidated financial statements:

The interim condensed consolidated financial tables for the period ended on June 30, 2018 are approved on the Board of Directors meeting held on August 9, 2018 to be published.

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

Accounting standards used in preparation of the Group’s condensed consolidated financial statements are as follows:

##### 2.1 Basis of presentation of financial statements

The interim condensed consolidated financial statements of the Group have been prepared in accordance with the Turkish Accounting Standards/Turkish Financial Reporting Standards, (“IAS/IFRS”) and interpretations as adopted in line with international standards by the Public Oversight Accounting and Auditing Standards Authority of Turkey (“POA”) in line 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 of Turkey (“CMB”) on June 13, 2013 which is published on Official Gazette numbered 28676. IAS/IFRS are updated in harmony with the changes and updates in International Financial and Accounting Standards (“IFRS”) by the communiqués announced by the POA.

The Group has prepared its condensed consolidated financial statements for the period ended on June 30, 2018 in accordance with TAS 34 “Interim Financial Reporting Standards”.

The interim condensed consolidated financial statements are prepared in accordance with the TAS published by POA with the certain adjustments and reclassifications to reflect for presentation of Group’s financial position.

## Aygaz Anonim Şirketi and its Subsidiaries

### Notes to the interim condensed consolidated financial statements as of June 30, 2018

(Amounts expressed in thousands of Turkish Lira ("TL") and in thousands for other currencies unless otherwise indicated.)

## 2 Basis of presentation of financial statements (continued)

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 interim condensed consolidated financial statements have been prepared in accordance with this decision.

The interim condensed consolidated financial statements are prepared on cost basis in thousands of Turkish Lira (TL), except of financial assets and liabilities shown in fair value.

### 2.2 Changes in accounting policies and estimates

Significant changes in accounting policies or important accounting errors noted are applied retrospectively and the financial statements of the previous year are adjusted. If changes in accounting estimates are for only one period, changes are applied on the current year but if the changes in the accounting estimates are for the following periods, changes are applied both on the current and following years prospectively.

The Group has been applied the change of "IFRS 15 Revenue from contracts with customers" and "IFRS 9 Financial instruments" which are effective as of January 1, 2018 considering the transition principles. The effects of the first-time adoption of the amendments of these accounting policies are as follows:

#### **IFRS 15 "Revenue from contracts with customers";**

##### *Revenue recognition*

In accordance with IFRS 15 "Revenue from contracts with customers ", which is effective as of 1 January 2018, the Group recognizes revenue in consolidated financial statements based on the following five-step model.

- Identification of the customer contracts
- Identification of performance obligations in the contract
- Determination of transaction price in the contract
- Allocation of transaction price to performance obligations
- Recognition of revenue when the performance obligations are fulfilled

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

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

Group recognizes revenue in the consolidated financial statements when performance obligation is fulfilled. Goods are transferred when the control belongs to the customer.

## Aygaz Anonim Şirketi and its Subsidiaries

### Notes to the interim condensed consolidated financial statements as of June 30, 2018

(Amounts expressed in thousands of Turkish Lira ("TL") and in thousands for other currencies unless otherwise indicated.)

#### 2 Basis of presentation of financial statements (continued)

While evaluating the transfer of control of the goods and services to the customer, Group takes the followings into consideration,

- ownership of the collection right of the consideration
- ownership of the legal right on goods and services by the customer
- physical transfer of the good
- ownership of significant risks and rewards related to the good
- conditions of the customer for the acceptance of goods and services

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

The accounting policy of Special Consumption Tax (SCT) on imported LPG which is required to be paid after the declaration made to the Republic of Turkey, Ministry of Finance is applied to be included in revenues and cost of goods sold (Gross profit and net income are not impacted by this record). For the six months period ended June 2018, SCT on imported LPG included in revenues and the cost of goods sold is amounting to TL 977.760 thousand (January 1 - June 30 2017: TL 1.066.737 thousand).

Change in this accounting policy does not have any effect on financial statements of the Group in terms of measurements and reclassification.

#### IFRS 9 "Financial instruments";

##### *Classification and Measurement*

The Group classified its financial assets in three categories; financial assets carried at amortized cost, financial assets carried at fair value through profit or loss, financial assets carried at fair value through other comprehensive income. Classification is performed in accordance with the business model determined based on the purpose of benefits from financial assets and expected contractual cash flows. The Group performs the classification of financial assets at the acquisition date.

*"Financial assets carried at amortized cost"*, are the financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows which contains the capital and interests due to terms of contracts on predetermined time, not have an active market and non-derivative financial assets. "Cash and cash equivalents", "trade receivables" are classified as financial assets measured at amortized cost. They are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. Gains and losses arising from revaluation of financial assets amortized at cost and non-derivative financial assets are included recognized in the income statement.

*"Financial assets carried at fair value through other comprehensive income"*, are the financial assets held within a business model whose objective is to sale financial assets in order to collect contractual cash flows which contains the capital and interests due to terms of contracts on predetermined time. Gains or losses from related financial assets (except for impairment and foreign currency gains or losses) are accounted under other comprehensive income. In case the financial assets are sold, the revaluation gains or losses recognized in other comprehensive income are reclassified to retained earnings.

## Aygaz Anonim Şirketi and its Subsidiaries

### Notes to the interim condensed consolidated financial statements as of June 30, 2018

(Amounts expressed in thousands of Turkish Lira ("TL") and in thousands for other currencies unless otherwise indicated.)

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

If the Group adopts the method which requires the recognition of the fair value adjustments of equity based financial assets in other comprehensive income irreversibly during first time adoption of the policy, the dividends from the related investments are recognized in the consolidated income statement.

"Financial assets carried at fair value through profit or loss" consists of financial assets except for carried at amortized cost and fair value through other comprehensive income. Any gain or loss from revaluation of these financial assets is recognized in consolidated profit or loss statement.

The changes in the classification of financial assets and liabilities in accordance with IFRS 9 are explained below. Those reclassification differences do not have any impact on the measurement of financial instruments except for financial investments.

<b>Financial assets</b>	<b>Prior classification in accordance with IAS 39</b>	<b>New classification in accordance with IFRS 9</b>
Cash and cash equivalents	Loans and receivables	Amortized cost
Trade and other receivables	Loans and receivables	Amortized cost
Derivative financial instruments	Fair value through profit or loss	Fair value through profit or loss
Financial investments	Available for sale	Fair value through other comprehensive income

  

<b>Financial liabilities</b>	<b>Prior classification in accordance with IAS 39</b>	<b>New classification in accordance with IFRS 9</b>
Derivative financial instruments	Fair value through profit or loss	Fair value through profit or loss
Borrowings	Amortized cost	Amortized cost
Trade and other payables	Amortized cost	Amortized cost

#### *Impairment*

The recognition of credit losses defined in IAS 39 "Financial Instruments: Recognition and Measurement" which was effective before 1 January 2018 is replaced by recognition of expected credit losses defined in IFRS 9 "Financial instruments". Expected credit losses are a weighted estimate of the likelihood of lifetime credit losses of a financial instrument. In calculating the expected credit losses, credit loss experiences as well as the Group's future forecasts are taken into account.

#### *Trade receivables*

The Group has chosen "practical expedient" explained in IFRS 9 for the calculation of the impairment of trade receivables (with maturities less than one year) that do not contain a significant financing component and accounted at amortized cost. Accordingly, the Group measured the loss allowance for trade receivables at an amount equal to lifetime expected credit losses when trade receivables are not impaired for any reasons.

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

## Aygaz Anonim Şirketi and its Subsidiaries

### Notes to the interim condensed consolidated financial statements as of June 30, 2018

(Amounts expressed in thousands of Turkish Lira (“TL”) and in thousands for other currencies unless otherwise indicated.)

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

##### *First time adoption of IFRS 9 “Financial assets”*

The Group assessed the cumulative effect of initial application of IFRS 9 “Financial Instruments” which replaced “IAS 39 Financial Instruments: Recognition and Measurement” retrospectively as of the date of first time adoption which is 1 January 2018 and accounted this cumulative effect under “Adjustments to changes in accounting policies” as opening balance of Retained earnings. Since the Group applied this method, the restatement is not required on the comparative information of financial statements.

The effect of amendments regarding the application of IFRS 9 on condensed consolidated financial statements dated on January 1, 2018 is as follows:

	<b>Previously reported December 31, 2017</b>	<b>Effect of IFRS 9</b>	<b>After amendments December 31, 2017</b>
Total trade receivables, net	585.120	(471)	<b>584.649</b>
Deferred tax liabilities, net	43.938	(94)	<b>43.844</b>
Retained earnings	1.631.864	(377)	<b>1.631.487</b>

The respective effect is related to the expected credit loss provision for trade receivables.

#### 2.3 Summary of significant accounting policies

The interim condensed consolidated financial statements of the Group for the three-month period ended June 30, 2018 have been prepared in accordance with IAS 34 “Interim Financial Reporting”. Additionally, the accounting policies used in the preparation of the interim condensed consolidated financial statements for the period ended June 30, 2018 are consistent with those used in the preparation of annual consolidated financial statements for the year ended December 31, 2017. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2017.

#### 2.4 New and revised Turkey Financial Reporting Standards

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

**IFRS 9, “Financial instruments”**; effective from annual periods beginning on or after 1 January 2018. This standard replaces the guidance in IAS 39. It includes the requirements on the classification and measurement of financial assets and liabilities; also covers an expected credit risk modelling that will replace the current incurred impairment loss model.

**IFRS 15, “Revenue from contracts with customers”**; effective from annual periods beginning on or after 1 January 2018. IFRS 15, ‘Revenue from contracts with customers’ is a converged standard from the IASB and FASB on revenue recognition. The standard will improve the financial reporting of revenue and comparability of revenue in financial statements globally.

**Aygaz Anonim Şirketi and its Subsidiaries**

**Notes to the interim condensed consolidated financial statements  
as of June 30, 2018**

(Amounts expressed in thousands of Turkish Lira (“TL”) and in thousands for other currencies unless otherwise indicated.)

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

**Amendments to IFRS 15, “Revenue from contracts with customers”**; effective from annual periods beginning on or after 1 January 2018. These amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). New and amended illustrative examples have been added for each of those areas of guidance. The IASB has also included additional practical expedients related to transition to the new revenue standard.

**Amendments to IFRS 4, “Insurance contracts”**; regarding the implementation of IFRS 9, effective from annual periods beginning on or after 1 January 2018. These amendments introduce two approaches: an overlay approach and a deferral approach. The amended standard will:

- give all companies that issue insurance contracts the option to recognize the volatility that could arise when IFRS 9 is applied before the new insurance contracts standard is issued in other comprehensive income, rather than profit or loss, ,
- give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying IFRS 9 until 2021. The entities that defer the application of IFRS 9 will continue to apply the existing financial instruments standard IAS 39.

The Group is in the process of assessing the impact of the interpretation on financial position or performance of the Group.

**Amendments to IAS 40, “Investment property”**; relating to transfers of investment property; effective from annual periods beginning on or after 1 January 2018. These amendments clarify that to transfer to, or from, investment properties when there is be a change in use. To conclude if a change in use of property has been occurred, there should be an assessment of whether the property meets the definition. This change must be supported by evidence. The Group is in the process of assessing the impact of the interpretation on financial position or performance of the Group.



## Aygaz Anonim Şirketi and its Subsidiaries

### Notes to the interim condensed consolidated financial statements as of June 30, 2018

(Amounts expressed in thousands of Turkish Lira (“TL”) and in thousands for other currencies unless otherwise indicated.)

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

**Amendments to IFRS 2, “Share based payments”;** on clarifying how to account for certain types of share-based payment transactions; effective from annual periods beginning on or after 1 January 2018. This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee’s tax obligation associated with a share-based payment and pay that amount to the tax authority. The Group is in the process of assessing the impact of the interpretation on financial position or performance of the Group.

#### **Annual improvements 2014-2016;**

- IFRS 1, “First time adoption of IFRS”; This amendment deletes the short-term exemptions about some IFRS 7 disclosures, IAS 19 Transition provisions and IFRS 10 Investment entities. These amendments are to be applied for annual periods beginning on or after 1 January 2018.
- IAS 28, “Investments in associates and joint venture”; This amendment is about measuring an associate or joint venture at fair value and to be applied for annual periods beginning on or after 1 January 2018.

The Group is in the process of assessing the impact of the interpretation on financial position or performance of the Group.

**IFRIC 22, “Foreign currency transactions and advance consideration”;** effective from annual periods beginning on or after 1 January 2018. This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice. The Group is in the process of assessing the impact of the interpretation on financial position or performance of the Group.

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

**Amendments to IFRS 9, ‘Financial instruments’;** effective from annual periods beginning on or after 1 January 2019. This amendment confirms that when a financial liability measured at amortized cost is modified without resulting in de-recognition, a gain or loss should be recognized immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. This means that the difference cannot be spread over the remaining life of the instrument which may be a change in practice from IAS 39. The Group concluded that in the preliminary assessments, the relevant standard would not have a significant effect on the consolidated financial position.

**Amendments to IAS 28, ‘Investments in associates and joint venture’;** effective from annual periods beginning on or after 1 January 2019. These amendments clarify that long-term investments in associate or joint venture which the equity method is not applied will be accounted by the companies in compliance with IFRS 9. The Group is in the process of assessing the impact of the interpretation on financial position or performance of the Group.

**Aygaz Anonim Şirketi and its Subsidiaries**

**Notes to the interim condensed consolidated financial statements  
as of June 30, 2018**

(Amounts expressed in thousands of Turkish Lira (“TL”) and in thousands for other currencies unless otherwise indicated.)

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

**IFRS 16, ‘Leases’;** effective from annual periods beginning on or after 1 January 2019, with earlier application permitted if IFRS 15, ‘Revenue from Contracts with Customers’, is also applied. This standard replaces the current guidance in IAS 17 and is a far-reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognize a lease liability reflecting future lease payments and a ‘right of use asset’ for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control and the use of an identified asset for a period of time in exchange for consideration. The Group is in the process of assessing the impact of the interpretation on financial position or performance of the Group.

**IFRIC 23, ‘Uncertainty over income tax treatments’;** effective from annual periods beginning on or after 1 January 2019. This IFRIC clarifies how the recognition and measurement requirements of IAS 12 ‘Income taxes’ are applied where there is uncertainty over income tax treatments. The IFRS IC had previously clarified only IAS 12. IFRIC 23 explains how to recognize and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is an uncertainty over whether that treatment will be accepted by the tax authority. For example, a decision to claim a deduction for a specific expense or not to include a specific item of income in a tax return is an uncertain tax treatment if its acceptability is uncertain under tax law.

IFRIC 23 applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. The Group is in the process of assessing the impact of the interpretation on financial position or performance of the Group.

**IFRS 17, ‘Insurance contracts’;** effective from annual periods beginning on or after 1 January 2021. This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features. The Group is in the process of assessing the impact of the interpretation on financial position or performance of the Group.

## Aygaz Anonim Şirketi and its Subsidiaries

### Notes to the interim condensed consolidated financial statements as of June 30, 2018

(Amounts expressed in thousands of Turkish Lira ("TL") and in thousands for other currencies unless otherwise indicated.)

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

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

- IFRS 3, 'Business combinations', – a company remeasures its previously held interest in a joint operation when it obtains control of the business.
- IFRS 11, 'Joint arrangements', – a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
- IAS 12, 'Income taxes' – a company accounts for all income tax consequences of dividend payments in the same way.
- IAS 23, 'Borrowing costs' – a company treats any borrowing made to prepare the qualifying asset for its intended use or sale as part of general borrowings.

The Group is in the process of assessing the impact of the interpretation on financial position or performance of the Group.

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

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

The Group is in the process of assessing the impact of the interpretation on financial position or performance of the Group.

#### 2.5 Comparative information and reclassifications on prior period financial statements

In order to enable the determination of financial position and performance trends, the Group's consolidated financial statements for the current period are prepared by comparison with the prior period. As of June 30, 2018, the Group has presented its consolidated balance sheet as of June 30, 2018 compared with as of December 31, 2017 and its consolidated statement of profit or loss, other comprehensive income, cash flow statement and changes in equity table for the period January 1-June 30, 2018 compared with the financial statements for the period January 1-June 30, 2017.

Foreign exchange gains and losses arising from financial activities amounting to TL 143.413 thousand were offset in "Financial income and expenses" in the consolidated financial statement for the period January 1 - June 30, 2017. There is no impact of this reclassification on retained earnings and net income.

**Aygaz Anonim Şirketi and its Subsidiaries**

**Notes to the interim condensed consolidated financial statements  
as of June 30, 2018**

(Amounts expressed in thousands of Turkish Lira ("TL") and in thousands for other currencies unless otherwise indicated.)

**3. Segment information**

The segmental operations are specified according to the internal reports reviewed regularly by the authority entitled to making decision for the Group's operations.

The Group's decision making authority evaluates operations and results according to industrial segments for the purpose of making decisions for assigning resources to the segments and evaluating the segmental performances. The distribution of segmental operations with respect to industrial segments is as follows:

- Gas and petroleum products
- Electricity
- Other

The Group Management evaluates financial results and performance based of IFRS financial statements. Therefore, IFRS financial statements are the basis of segmental reporting. The Group evaluates the performance of its segments based on gross profit and operating profit.

As of June 30, 2018 and December 31, 2017, assets and liabilities according to industrial segments are as follows:

	June 30, 2018				
	Gas and petroleum products	Electricity	Other	Consolidation adjustments	Total
<b>Assets</b>					
Current assets	1.177.697	-	141.061	(14.041)	1.304.717
Non-current assets	2.773.136	539.761	272.754	(214.563)	3.371.088
<b>Total assets</b>	<b>3.950.833</b>	<b>539.761</b>	<b>413.815</b>	<b>(228.604)</b>	<b>4.675.805</b>
<b>Liabilities</b>					
Short-term liabilities	1.194.719	-	56.158	(14.041)	1.236.836
Long-term liabilities	840.618	-	15.659	(7.135)	849.142
Equity	1.915.496	539.761	341.998	(207.428)	2.589.827
<b>Total liabilities and equity</b>	<b>3.950.833</b>	<b>539.761</b>	<b>413.815</b>	<b>(228.604)</b>	<b>4.675.805</b>
<b>Investments accounted under equity method</b>	<b>1.537.616</b>	<b>539.761</b>	<b>135.238</b>	<b>-</b>	<b>2.212.615</b>
	December 31, 2017				
	Gas and petroleum products	Electricity	Other	Consolidation adjustments	Total
<b>Assets</b>					
Current assets	1.451.293	-	145.145	(8.904)	1.587.534
Non-current assets	2.964.202	352.443	272.901	(210.860)	3.378.686
<b>Total assets</b>	<b>4.415.495</b>	<b>352.443</b>	<b>418.046</b>	<b>(219.764)</b>	<b>4.966.220</b>
<b>Liabilities</b>					
Short-term liabilities	1.244.764	-	42.950	(8.904)	1.278.810
Long-term liabilities	754.093	-	14.523	(4.269)	764.347
Equity	2.416.638	352.443	360.573	(206.591)	2.923.063
<b>Total liabilities and equity</b>	<b>4.415.495</b>	<b>352.443</b>	<b>418.046</b>	<b>(219.764)</b>	<b>4.966.220</b>
<b>Investments accounted under equity method</b>	<b>1.787.658</b>	<b>352.443</b>	<b>133.230</b>	<b>-</b>	<b>2.273.331</b>

**Aygaz Anonim Şirketi and its Subsidiaries**

**Notes to the interim condensed consolidated financial statements  
as of June 30, 2018**

(Amounts expressed in thousands of Turkish Lira ("TL") and in thousands for other currencies unless otherwise indicated.)

**3. Segment information (continued)**

For the period ended June 30, 2018 and 2017, profit or loss statements according to industrial segments are as follows:

	January 1 - June 30, 2018				
	Gas and petroleum products	Electricity	Other	Consolidation adjustments	Total
Revenue	4.117.194	-	279.169	(110.857)	4.285.506
Cost of sales (-)	(3.798.331)	-	(241.447)	110.857	(3.928.921)
<b>Gross profit</b>	<b>318.863</b>	<b>-</b>	<b>37.722</b>	<b>-</b>	<b>356.585</b>
General administrative expenses (-)	(94.913)	-	(9.233)	1.994	(102.152)
Marketing expenses (-)	(135.929)	-	(10.220)	-	(146.149)
Research and development expenses (-)	(1.311)	-	-	-	(1.311)
Other operating income	101.917	-	7.578	(2.294)	107.201
Other operating expenses (-)	(94.729)	-	(4.466)	312	(98.883)
<b>Operating profit</b>	<b>93.898</b>	<b>-</b>	<b>21.381</b>	<b>12</b>	<b>115.291</b>
Income from investment activities	423.791	-	295	(402.904)	21.182
Loss from investment activities (-)	(947)	-	-	-	(947)
Profit/losses from investments accounted under equity method	140.515	(9.172)	2.008	-	133.351
<b>Operating profit before financial income (expense)</b>	<b>657.257</b>	<b>(9.172)</b>	<b>23.684</b>	<b>(402.892)</b>	<b>268.877</b>
Financial income	53.982	-	6.995	-	60.977
Financial expense (-)	(106.869)	-	(452)	-	(107.321)
<b>Profit from continuing operations before tax</b>	<b>604.370</b>	<b>(9.172)</b>	<b>30.227</b>	<b>(402.892)</b>	<b>222.533</b>
<b>Tax income (expense) from continuing operations</b>					
Current tax expense for the period (-)	(11.066)	-	(2.915)	-	(13.981)
Deferred tax income/(expense)	(5.068)	-	142	-	(4.926)
<b>Profit for the period</b>	<b>588.236</b>	<b>(9.172)</b>	<b>27.454</b>	<b>(402.892)</b>	<b>203.626</b>

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**3. Segment information (continued)**

	January 1 - June 30, 2017				
	Gas and petroleum products	Electricity	Other	Consolidation adjustments	Total
Revenue	3.802.122	-	240.980	(96.824)	3.946.278
Cost of sales (-)	(3.507.148)	-	(203.043)	97.302	(3.612.889)
<b>Gross profit</b>	<b>294.974</b>	<b>-</b>	<b>37.937</b>	<b>478</b>	<b>333.389</b>
General administrative expenses (-)	(87.830)	-	(11.430)	1.926	(97.334)
Marketing expenses (-)	(125.216)	-	(6.791)	-	(132.007)
Research and development expenses (-)	(1.262)	-	-	-	(1.262)
Other operating income	75.406	-	4.383	(2.291)	77.498
Other operating expenses (-)	(59.752)	-	(1.971)	299	(61.424)
<b>Operating profit</b>	<b>96.320</b>	<b>-</b>	<b>22.128</b>	<b>412</b>	<b>118.860</b>
Income from investment activities	194.726	-	2.338	(190.770)	6.294
Loss from investment activities (-)	(919)	-	-	-	(919)
Profit/losses from investments accounted under equity method	229.470	9.745	1.896	-	241.111
<b>Operating profit before financial income (expense)</b>	<b>519.597</b>	<b>9.745</b>	<b>26.362</b>	<b>(190.358)</b>	<b>365.346</b>
Financial income	30.937	-	5.517	-	36.454
Financial expense (-)	(58.346)	-	(3.424)	-	(61.770)
<b>Profit from continuing operations before tax</b>	<b>492.188</b>	<b>9.745</b>	<b>28.455</b>	<b>(190.358)</b>	<b>340.030</b>
Tax income (expense), continuing operations					
Current tax expense for the period (-)	(18.068)	-	(1.754)	-	(19.822)
Deferred tax income/(expense)	5.697	-	60	-	5.757
<b>Profit for the period</b>	<b>479.817</b>	<b>9.745</b>	<b>26.761</b>	<b>(190.358)</b>	<b>325.965</b>

The amortization and depreciation expense for the industrial segmental assets for the period ended on June 30, 2018 and 2017 are as follows:

	January 1 - June 30, 2018	January 1 - June 30, 2017
Gas and petroleum products	<b>39.855</b>	38.361
Other	<b>4.774</b>	5.193
	<b>44.629</b>	43.554

The investment expenditures for the industrial segmental assets for the periods ended on June 30, 2018 and 2017 are as follows:

	January 1 - June 30, 2018	January 1 - June 30, 2017
Gas and petroleum products	<b>56.325</b>	65.509
Other	<b>966</b>	965
	<b>57.291</b>	66.474

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**4. Cash and cash equivalents**

	<b>June 30, 2018</b>	December 31, 2017
Cash on hand	<b>394</b>	462
Cash at banks	<b>296.216</b>	546.687
- Demand deposits	<b>25.328</b>	21.984
- Time deposits	<b>270.888</b>	524.703
Receivables from credit card transactions	<b>53.504</b>	46.023
<b>Total cash and cash equivalents</b>	<b>350.114</b>	593.172

As of June 30, 2018 the Group's TL time deposits amounting to TL 136.060 thousand with maturities of 3 days and interest rate of 18%; USD time deposits amounting to USD 29.563 thousand (TL 134.828 thousand) with maturities of 3 days and interest rate of 3,2% (As of December 31, 2017 the Group's TL time deposits amounting to TL 360.525 thousand with maturities of 4-46 days and interest rate of 14-14,85%; USD time deposits amounting to USD 43.527 thousand (TL 164.178 thousand) with maturities of 4-5 days and interest rate of 3%).

**5. Financial assets**

The long term financial assets of the Group are as follows as of June 30, 2018 and December 31, 2017:

	<b>June 30, 2018</b>		December 31, 2017	
	<b>Participation amount</b>	<b>Participation rate %</b>	Participation amount	Participation rate %
Financial assets measured at fair value through other comprehensive income:				
<i>Koç Finansal Hizmetler A.Ş. (*)</i>	<b>354.600</b>	<b>1,97</b>	315.200	1,97
Financial assets measured at fair value through profit or loss:				
<i>Ram Dış Ticaret A.Ş.</i>	<b>350</b>	<b>2,50</b>	875	2,50
<i>Tanı Pazarlama ve İletişim Hizmetleri A.Ş.</i>	<b>540</b>	<b>10,00</b>	540	10,00
<i>Tat Gıda Sanayi A.Ş.</i>	<b>60</b>	<b>0,08</b>	73	0,08
<i>Other</i>	<b>436</b>	<b>-</b>	436	-
	<b>355.986</b>		317.124	

(\*) During the extraordinary general assembly meeting held on June 6, 2018 of Koç Finansal Hizmetler A.Ş. in which having a 1,97% stake, it was resolved to increase the paid-in capital of by TL 3.389.325 thousand from TL 3.011.275 thousand to TL 6.400.600 thousand. The Company participated in this capital increase by exercising its pre-emptive rights corresponding to TL 66.660 thousand that was paid in cash on June 18, 2018.

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**6. Financial borrowings**

As of June 30, 2018 and December 31, 2017 the Group's short-term financial borrowings are as follows:

	<b>June 30, 2018</b>	December 31, 2017
TL-denominated short-term bank borrowings (*)	<b>44.736</b>	84.784
<b>Total short-term bank borrowings</b>	<b>44.736</b>	84.784
Short-term portion and interest accruals of TL-denominated long-term bank borrowings	<b>278.755</b>	100.414
Short-term portion and interest accruals of USD-denominated long-term bank borrowings	<b>58.427</b>	48.381
Short-term portion of long-term bond issued (**)	<b>104.718</b>	156.025
<b>Total short-term portion of long-term financial borrowings</b>	<b>441.900</b>	304.820

(\*) As of June 30, 2018, the Group has interest free loan which was used for custom expenses payment amounting to TL 4.303 thousand (December 31, 2017: TL 10.453 thousand). Group has short term bank loans amounting to TL 40.433 thousand with a maturity of June 12, 2019 and average fixed interest rate of 20,60%.

(\*\*) On April 11, 2017, October 20, 2017 and January 26, 2018 the Group has issued a fixed rate bond with a nominal value of TL 85.000 thousand, with a maturity of 728 days and half-yearly coupon payments, a fixed rate bond with a nominal value of TL 50.000 thousand, with a maturity of 728 days and half-yearly coupon payments, a fixed rate bond with a nominal value of TL 75.000 thousand, with a maturity of 728 days and half-yearly coupon payments, respectively. As of June 30, 2018, net present value of the issued bonds are TL 218.632 thousand (TL 113.914 thousand of this amount is shown as long term bond issued) and their effective interest rates are 13,46%, 14,45% and 15,70% respectively.

As of June 30, 2018 the details of short-term financial borrowings are as follows:

<b>Currency</b>	<b>Effective interest rate per annum (%)</b>	<b>Original amount</b>	<b>TL amount</b>
TL	-	<b>4.303</b>	<b>4.303</b>
TL	<b>23,80</b>	<b>40.433</b>	<b>40.433</b>
			<b>44.736</b>

As of December 31, 2017, the details of short-term financial borrowings are as follows:

<b>Currency</b>	<b>Effective interest rate per annum (%)</b>	<b>Original amount</b>	<b>TL amount</b>
TL	-	10.453	10.453
TL	13,19	74.331	74.331
			84.784

As of June 30, 2018 and December 31, 2017 the Group's long-term financial borrowings are as follows:

	<b>June 30, 2018</b>	December 31, 2017
TL-denominated long-term bank borrowings	<b>401.725</b>	314.510
USD-denominated long-term bank borrowings	<b>141.382</b>	147.104
<b>Total long-term bank borrowings</b>	<b>543.107</b>	461.614
Long-term bonds issued	<b>113.914</b>	122.052
<b>Total long-term bonds</b>	<b>113.914</b>	122.052
<b>Total long-term financial borrowings</b>	<b>657.021</b>	583.666



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**6. Financial borrowings (continued)**

As of June 30, 2018 the details of long-term financial borrowings are as follows:

Currency	Effective interest rate per annum (%)	Original amount	TL amount
TL	17,01	680.480	680.480
USD	4,77	43.811	199.809
Short-term portion of long-term bank borrowings and interest accruals			(337.182)
			543.107

As of December 31, 2017 the details of long-term financial borrowings are as follows:

Currency	Effective interest rate per annum (%)	Original amount	TL amount
TL	15,67	414.924	414.924
USD	4,30	51.827	195.485
Short-term portion of long-term bank borrowings and interest accruals			(148.795)
			461.614

**7. Derivative financial instruments**

As of June 30, 2018 and December 31, 2017 the Group's derivative financial instruments are as follows:

Short-term derivative financial instruments	June 30, 2018		December 31, 2017	
	Contract amount	Fair value assets (liabilities)	Contract amount	Fair value assets (liabilities)
Forward transactions (*)	73.965	(354)	60.941	(214)
Foreign currency swap contracts (**)	26.100	17.873	26.100	9.097
Long-term derivative financial instruments	June 30, 2018		December 31, 2017	
	Contract amount	Fair value assets (liabilities)	Contract amount	Fair value assets (liabilities)
Foreign currency swap contracts (**)	52.200	35.747	65.250	22.743

(\*) As of June 30, 2018 the Group has entered into forward transaction with a maturity of 19 days and nominal value amounting to USD 16.000 thousand (As of December 31, 2017 the Group has entered into forward transaction with a maturity of 19 days and nominal value amounting to USD 16.000 thousand)

(\*\*) In June, 2016, the Group has realized swap transaction with a contract amounting to TL 91.350 thousand with 5 years maturity, half yearly interest payment and fixed interest rate of 13,415%, in return for USD 31.500 thousand with a floating interest rate of six-month USDLIBOR + 2,4%. On June 25, 2018, the first principal payment of USD 4.500 thousand was made.

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**8. Trade receivables and payables from third parties**

The Group's trade receivables from third parties as of June 30, 2018 and December 31, 2017 are as follows:

<b>Current trade receivables</b>	<b>June 30, 2018</b>	December 31, 2017
Trade receivables	<b>470.150</b>	517.416
Notes receivables	<b>59.219</b>	45.535
Allowance for doubtful receivables (-) (*)	<b>(26.604)</b>	(25.626)
<b>Total current trade receivables</b>	<b>502.765</b>	537.325

(\*) TL 608 thousand of provision for doubtful receivables consists of expected credit loss provisions.

<b>Non-current trade receivables</b>	<b>June 30, 2018</b>	December 31, 2017
Notes receivable	<b>9.207</b>	8.441
<b>Total non-current trade receivables</b>	<b>9.207</b>	8.441

The Group's trade payables as of June 30, 2018 and December 31, 2017 are as follows:

<b>Short-term trade payables</b>	<b>June 30, 2018</b>	December 31, 2017
Trade payables	<b>391.400</b>	504.123
<b>Total short-term trade payables</b>	<b>391.400</b>	504.123

**9. Inventories**

	<b>June 30, 2018</b>	December 31, 2017
Raw materials	<b>222.742</b>	198.909
Goods in transit	<b>14.784</b>	107.218
Trade goods	<b>5.610</b>	4.968
Finished goods	<b>12.898</b>	9.931
Work in process	<b>2.705</b>	2.782
Allowance for impairment on inventory	<b>(229)</b>	(229)
<b>Total inventories</b>	<b>258.510</b>	323.579

As of June 30, 2018, the inventories comprise of 74.599 tons of LPG (December 31, 2017: 119.858 tons).

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**10. Equity investments**

The details of carrying values and consolidation rates subject to equity investments are as follows:

	June 30, 2018		December 31, 2017	
	Participation amount	Participation Rate	Participation amount	Participation Rate
EYAŞ	1.537.616	%20,00	1.787.658	%20,00
Entek	539.761	%49,62	352.443	%49,62
OAGM	135.238	%50,00	133.230	%50,00
	<b>2.212.615</b>		<b>2.273.331</b>	

The movement of equity investments is as follows:

	2018	2017
<b>Opening balance on January 1</b>	<b>2.273.331</b>	1.922.344
Shares of profit/(loss)	<b>133.351</b>	241.111
Shares of other comprehensive income/(loss)	<b>(50.587)</b>	11.620
Dividend income (*)	<b>(347.454)</b>	(87.491)
Participation in share capital increase of equity investment (**)	<b>203.974</b>	12.500
<b>Closing balance on June 30</b>	<b>2.212.615</b>	2.100.084

(\*) EYAŞ dividend income.

(\*\*) Capital increase of Entek (Note 1).

Shares of profit (loss) of equity investments:

	January 1 - June 30, 2018	April 1 - June 30, 2018	January 1 - June 30, 2017	April 1 - June 30, 2017
EYAŞ	140.515	103.358	229.470	143.999
Entek	(9.172)	(11.391)	9.745	5.805
OAGM	2.008	1.163	1.896	1.208
	<b>133.351</b>	<b>93.130</b>	<b>241.111</b>	<b>151.012</b>

Shares of other comprehensive gains (losses) of equity investments:

	January 1 - June 30, 2018	April 1 - June 30, 2018	January 1 - June 30, 2017	April 1 - June 30, 2017
EYAŞ (*)	(43.103)	(31.608)	11.613	19.243
Entek	(7.484)	(5.699)	7	5
	<b>(50.587)</b>	<b>(37.307)</b>	<b>11.620</b>	<b>19.248</b>

(\*) TÜPRAŞ, a subsidiary of EYAŞ, designated its investment loans amounting to USD 1.103.996 thousand (TL 5.034.997 thousand) (December 31, 2017 - USD 1.254.421 thousand (TL 4.731.551 thousand)) and derivative instruments amounting to USD 14.783 thousand (TL 67.423 thousand) (December 31, 2017: USD 17.118 thousand, (TL 64.567 thousand) ) as hedging instrument against USD / TL spot exchange rate risk which is exposed due to highly probable estimated export revenue in USD and, in this context, applies accounting for cash flow hedge. Foreign exchange gains (losses) on investment loans are accounted under "Gains (losses) on hedging" under shareholders' equity until the cash flows of the related hedged item are realized. In addition, within the scope of investment loans of TÜPRAŞ there are interest rate swaps and cross currency interest rate swap transactions which are classified for hedging purposes.

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**11. Property, plant and equipment**

	Land	Land improvements	Buildings	Plant, machinery, equipment and LPG cylinders	Vehicles and vessels	Furniture and fixtures	Leasehold improvements	Construction in progress	Total
<b>Acquisition cost</b>									
Opening balance as of January 1, 2018	16.006	160.107	75.457	1.691.823	225.707	74.485	26.713	10.103	2.280.401
Additions	-	-	53	2.379	815	105	3	53.925	57.280
Transfers	-	597	78	37.860	-	2.400	-	(40.935)	-
Disposals	-	(1.355)	(6.480)	(5.961)	(669)	(3.163)	(2.387)	-	(20.015)
<b>Ending balance as of June 30, 2018</b>	<b>16.006</b>	<b>159.349</b>	<b>69.108</b>	<b>1.726.101</b>	<b>225.853</b>	<b>73.827</b>	<b>24.329</b>	<b>23.093</b>	<b>2.317.666</b>
<b>Accumulated depreciation</b>									
Opening balance as of January 1, 2018	-	64.997	53.020	1.313.275	97.092	48.513	25.577	-	1.602.474
Charge of the period	-	2.912	808	27.148	7.206	3.617	409	-	42.100
Disposals	-	(886)	(4.862)	(5.056)	(646)	(894)	(2.346)	-	(14.690)
<b>Ending balance as of June 30, 2018</b>	<b>-</b>	<b>67.023</b>	<b>48.966</b>	<b>1.335.367</b>	<b>103.652</b>	<b>51.236</b>	<b>23.640</b>	<b>-</b>	<b>1.629.884</b>
<b>Net book value as of June 30, 2018</b>	<b>16.006</b>	<b>92.326</b>	<b>20.142</b>	<b>390.734</b>	<b>122.201</b>	<b>22.591</b>	<b>689</b>	<b>23.093</b>	<b>687.782</b>

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**11. Property, plant and equipment (continued)**

	Land	Land improvements	Buildings	Plant, machinery, equipment and LPG cylinders	Vehicles and vessels	Furniture and fixtures	Leasehold improvements	Construction in progress	Total
<b>Acquisition cost</b>									
Opening balance as of January 1, 2017	16.204	144.540	72.569	1.644.688	260.059	64.085	26.907	16.793	2.245.845
Additions	-	-	113	1.765	818	197	355	63.226	66.474
Transfers (*)	-	-	14	37.300	168	9.713	(7)	(47.249)	(61)
Disposals	(198)	(738)	(56)	(15.516)	(1.661)	(2.451)	(648)	-	(21.268)
Ending balance as of June 30, 2017	16.006	143.802	72.640	1.668.237	259.384	71.544	26.607	32.770	2.290.990
<b>Accumulated depreciation</b>									
Opening balance as of January 1, 2017	-	60.258	51.115	1.285.082	120.725	45.246	25.181	-	1.587.607
Charge of the period	-	2.667	992	26.484	7.578	3.213	455	-	41.389
Disposals	-	(564)	(56)	(14.471)	(1.449)	(1.774)	(426)	-	(18.740)
Ending balance as of June 30, 2017	-	62.361	52.051	1.297.095	126.854	46.685	25.210	-	1.610.256
Net book value as of June 30, 2017	16.006	81.441	20.589	371.142	132.530	24.859	1.397	32.770	680.734

(\*) TL 61 thousand under “Construction in progress” under the account property, plant and equipment has been classified to intangible fixed assets.

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**12. Intangible assets**

	<b>Rights</b>	<b>Total</b>
<b>Acquisition costs</b>		
Opening balance as of January 1, 2018	<b>61.187</b>	<b>61.187</b>
Additions	<b>11</b>	<b>11</b>
Transfers	<b>-</b>	<b>-</b>
<b>Ending balance as of June 30, 2018</b>	<b>61.198</b>	<b>61.198</b>
<b>Accumulated amortization</b>		
Opening balance as of January 1, 2018	<b>41.907</b>	<b>41.907</b>
Charge for the period	<b>2.529</b>	<b>2.529</b>
<b>Ending balance as of June 30, 2018</b>	<b>44.436</b>	<b>44.436</b>
<b>Carrying value as of June 30, 2018</b>	<b>16.762</b>	<b>16.762</b>

	<b>Rights</b>	<b>Total</b>
<b>Acquisition costs</b>		
Opening balance as of January 1, 2017	56.623	56.623
Additions	-	-
Transfers (*)	61	61
<b>Ending balance as of June 30, 2017</b>	<b>56.684</b>	<b>56.684</b>
<b>Accumulated amortization</b>		
Opening balance as of January 1, 2017	37.504	37.504
Charge for the period	2.165	2.165
<b>Ending balance as of June 30, 2017</b>	<b>39.669</b>	<b>39.669</b>
<b>Carrying value as of June 30, 2017</b>	<b>17.015</b>	<b>17.015</b>

(\*) TL 61 thousand under "Construction in progress" under the account property, plant and equipment has been classified to intangible fixed assets.

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**13. Contingent assets and liabilities**

Guarantees given as of June 30, 2018 and December 31, 2017 are as follows:

<b>Guarantees given</b>	<b>June 30, 2018</b>	<b>December 31, 2017</b>
Letter of guarantees given for gas purchase	<b>838.863</b>	818.621
Other letter of guarantees given	<b>24.752</b>	36.854
<b>Total guarantees given</b>	<b>863.615</b>	855.475

**The liability for environmental pollution:**

According to the effective environmental laws, the Group is responsible for the environmental pollution it causes as a result of its operational activities without seeking a reason of fault. The Group may be fined with an indemnity if the Group causes an environmental pollution. There is no case opened for environmental pollution against the Group, accordingly the Group does not have a liability related with the environmental pollution cases as of the consolidated balance sheet date.

**National inventory reserve liability:**

Oil refineries, licensed oil and LPG distributors should carry at least equivalent of 20 times their average daily sales of inventory in their storage tanks or the rented storage tanks of licensed third parties.

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#### 13. Contingent assets and liabilities (continued)

The details of the Company's and its subsidiaries' guarantees given or contingent liabilities on the behalf of each other, related parties, parent company or third parties within the context of business operations or other purposes are as follows:

	June 30, 2018						December 31, 2017		
	TL equivalent of Euro	TL equivalent of USD	TL equivalent of other	TL	Total TL	TL equivalent of Euro	TL equivalent of USD	TL	Total TL
<b>A. CPMBs given on behalf of the Company's legal personality</b>	60.764	6.352	449	634.789	702.354	51.680	7.295	647.544	706.519
<b>B. CPMBs given in favor of subsidiaries included in full consolidation (*)</b>	-	161.261	-	-	161.261	-	95.576	53.380	148.956
<b>C. CPMBs given by the Company for the liabilities of 3rd parties in order to run ordinary course of business</b>									
<b>D. Other GPM's</b>									
i. CPMBs given in favor of parent company	-	-	-	-	-	-	-	-	-
ii. CPMBs given in favor of companies not in the scope of B and C above	-	-	-	-	-	-	-	-	-
iii. CPMBs given in favor of third party companies not in the scope of C above	-	-	-	-	-	-	-	-	-
<b>Total amount of CPMBs</b>	<b>60.764</b>	<b>167.613</b>	<b>449</b>	<b>634.789</b>	<b>863.615</b>	<b>51.680</b>	<b>102.871</b>	<b>700.924</b>	<b>855.475</b>

(\*) As of June 30, 2018, total amount of commission accrued for guarantees given or contingent liabilities except 'A. CPMBs given on behalf of the Company's legal personality' is TL 300 thousand (December 31, 2017: TL 633 thousand).



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**14. Other short-term provisions and liabilities**

<b>Other short-term provisions</b>	<b>June 30, 2018</b>	<b>December 31, 2017</b>
Provision for other operating expenses	<b>30.738</b>	23.057
Provision for lawsuit	<b>7.778</b>	7.714
Provision for selling and marketing expenses	<b>13.278</b>	5.451
Provision for EMRA contribution	<b>2.279</b>	5.100
Provision for warranty expenses	<b>4.133</b>	4.133
<b>Total other short-term provisions</b>	<b>58.206</b>	45.455

<b>Other current liabilities</b>	<b>June 30, 2018</b>	<b>December 31, 2017</b>
Taxes and funds payable	<b>85.174</b>	111.840
Other liabilities	<b>1.942</b>	2.336
<b>Total other current liabilities</b>	<b>87.116</b>	114.176

**15. Share capital**

As of June 30, 2018 and December 31, 2017 the share capital held is as follows:

<b>Shareholders</b>	<b>Participation rate</b>	<b>June 30, 2018</b>	<b>Participation rate</b>	<b>December 31, 2017</b>
Temel Ticaret ve Yatırım A.Ş.	<b>%5,77</b>	<b>17.324</b>	%5,77	17.324
Koç Family Members	<b>%4,76</b>	<b>14.265</b>	%4,76	14.265
<b>Total Koç Family Members and companies owned by Koç Family Members</b>	<b>%10,53</b>	<b>31.589</b>	%10,53	31.589
Koç Holding A.Ş.	<b>%40,68</b>	<b>122.054</b>	%40,68	122.054
Liquid Petroleum Gas Development Company ("LPGDC") (*)	<b>%24,52</b>	<b>73.546</b>	%24,52	73.546
Publicly held (*)	<b>%24,27</b>	<b>72.811</b>	%24,27	72.811
<b>Nominal capital</b>	<b>100,00%</b>	<b>300.000</b>	100,00%	300.000
Inflation adjustment (**)		<b>71.504</b>		71.504
<b>Adjusted capital</b>		<b>371.504</b>		371.504

(\*) TL 2.725.041,31 under publicly held shares (0,91% participation rate on the share capital) belong to Hilal Madeni Eşya Ticaret Sanayi ve Yatırım A.Ş., a 100% owned subsidiary of LPGDC.

(\*\*) "Adjustment to share capital" represents the restatement effect of cash and cash equivalent contributions to share capital measured in accordance with the IAS/IFRS promulgated by the POA. "Adjustment to share capital" has no use other than being transferred to paid-in share capital.

Dividends paid

In the Ordinary General Meeting held on March 21, 2018, the Company decided to reserve TL 44.500 thousand as legal reserves and distribute TL 460.000 thousand gross dividends from the net distributable income of 2017. According to this decision, the Company has begun dividend payments on March 29, 2018.

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**16. Earnings per share**

	January 1 - June 30, 2018	April 1 - June 30, 2018	January 1 - June 30, 2017	April 1 - June 30, 2017
Average number of ordinary shares outstanding during the period (one thousand)	300.000	300.000	300.000	300.000
Net profit for the year attributable to equity holders of the parent company	203.626	148.253	325.965	168.496
Earnings per thousand shares (TL)	0,678753	0,494177	1,086550	0,561653

**17. Tax assets and liabilities**

	June 30, 2018	December 31, 2017
<b>Current tax liability</b>		
Current corporate tax provision	13.981	42.517
Less: Prepaid taxes and funds	(6.825)	(43.142)
<b>Current tax liability</b>	<b>7.156</b>	<b>(625)</b>

  

	January 1- June 30, 2018	January 1- June 30, 2017
<b>Tax expenses</b>		
- Current corporate tax provision	(13.981)	(19.822)
- Deferred tax	(4.926)	5.757
<b>Total</b>	<b>(18.907)</b>	<b>(14.065)</b>

**Corporate tax**

The Group is subject to Turkish corporate taxes. Provision is made in the accompanying financial statements for the estimated tax charge based on the Group's results for the years and periods.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilized.

The effective rate of tax in 2018 is 22% (2017: 20%).

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate in 2018 is 22% (2017: 20%). Losses are allowed to be carried 5 years maximum to be deducted from the taxable profit of the following years. Tax carry back is not allowed.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1-25 April following the close of the accounting year to which they relate. Tax authorities may examine such returns and the underlying accounting records and may revise assessments within five years.

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**17. Tax assets and liabilities (continued)**

**Deferred tax**

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between the financial statements as reported for IAS/IFRS purposes issued by POA and financial statements prepared in accordance with the tax legislation. These differences arise from the differences in accounting periods for the recognition of income and expenses in accordance with IAS/IFRS and tax legislation.

In accordance with the regulation numbered 7061, published in Official Gazette on December 5, 2017, "Law Amending Certain Tax Laws and Certain Other Laws", corporate tax rate for the years 2018, 2019 and 2020 has increased from 20% to 22%. Therefore, deferred tax assets and liabilities as of December 31, 2017 are calculated with 22% tax rate for the temporary differences which will be realized in 2018, 2019 and 2020, and with 20% tax for those which will be realized after 2021 and onwards.

<b>Deferred tax (assets) / liabilities:</b>	<b>June 30, 2018</b>	<b>December 31, 2017</b>
Depreciation/amortization differences of property, plant and equipment and other intangible assets	<b>40.708</b>	40.646
Revaluation of financial assets measured at fair value through other comprehensive income	<b>9.882</b>	11.245
Provision for employment termination benefits	<b>(6.397)</b>	(5.846)
Valuation of inventories	<b>2.087</b>	238
Other	<b>1.127</b>	(2.345)
	<b>47.407</b>	43.938

In Turkey, since the companies cannot declare consolidated tax refund, subsidiaries with deferred tax assets and subsidiaries with deferred tax liabilities cannot be netted off and are shown separately.

	<b>June 30, 2018</b>			<b>December 31, 2017</b>		
	<b>Assets</b>	<b>Liabilities</b>	<b>Net</b>	<b>Assets</b>	<b>Liabilities</b>	<b>Net</b>
Aygaz A.Ş.	<b>(17.128)</b>	<b>64.723</b>	<b>47.595</b>	(15.744)	59.373	43.629
Akpa A.Ş.	<b>(1.063)</b>	<b>204</b>	<b>(859)</b>	(890)	205	(685)
Aygaz Doğal Gaz	<b>(947)</b>	<b>1.618</b>	<b>671</b>	(555)	1.549	994
	<b>(19.138)</b>	<b>66.545</b>	<b>47.407</b>	(17.189)	61.127	43.938

Movement of deferred tax assets and liabilities are as follows:

<b>Movement of deferred tax (assets) / liabilities :</b>	<b>2018</b>	<b>2017</b>
<b>Opening balance on January 1</b>	<b>43.938</b>	39.502
Change to the profit or loss:	<b>4.926</b>	(5.757)
Change to the equity:	<b>(1.457)</b>	3.694
-Effect of changes in accounting policies	<b>(94)</b>	-
-Effect of gains (losses) on financial assets measured at fair value through other comprehensive income	<b>(1.363)</b>	3.694
<b>Closing balance on June 30</b>	<b>47.407</b>	37.439

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**18. Balances and transactions with related parties**

A company is defined as a related party of the Company, if one of the companies has a control power on the other company or has a significant impact on financial and administrative decisions of the other company. The Company is controlled by Koç Holding, Koç Family or entities owned by Koç Family. In financial statements, shareholder companies, shareholders and financial investments and other Group companies' assets are shown as related parties. As of June 30, 2018; TL 1.052 thousand (December 31, 2017 - TL 863 thousand) of total amount of other payables to related parties consists of dividend payables to the shareholders except for Koç Group.

Balances with related parties	June 30, 2018		June 30, 2018	
	Trade	Non-trade	Trade	Non-trade
<b>Group companies (*)</b>				
Demir Export A.Ş.	14.505	-	-	-
Türkiye Petrol Rafinerileri A.Ş.	13.832	-	87.857	-
Ford Otomotiv Sanayi A.Ş.	1.277	-	-	-
Demir Export A.Ş. - Fernas İnşaat A.Ş. Adi Ortaklığı	1.110	-	-	-
Tofaş Türk Otomobil Fabrikası A.Ş.	841	-	-	-
Körfez Hava Ulaştırma A.Ş.	840	-	-	-
Opet Petrolcülük A.Ş.	451	-	51.212	-
Arçelik A.Ş.	332	-	-	-
Ram Dış Ticaret A.Ş.	-	-	15.090	-
Zer Merkezi Hizmetler ve Ticaret A.Ş. (**)	-	-	4.836	-
Otokoç Otomotiv Tic. ve San. A.Ş.	-	-	2.440	-
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	-	-	1.951	-
Other	2.585	-	3.055	-
<b>Shareholders</b>				
Koç Holding A.Ş.	-	-	30	-
<b>Investments accounted under the equity method</b>				
Entek Elektrik Üretimi A.Ş.	645	-	376	-
	<b>36.418</b>	<b>-</b>	<b>166.847</b>	<b>-</b>

Balances with related parties	December 31, 2017		December 31, 2017	
	Trade	Non-trade	Trade	Non-trade
<b>Group companies (*)</b>				
Türkiye Petrol Rafinerileri A.Ş.	12.920	-	88.413	-
Demir Export A.Ş.	12.402	-	8	-
Ford Otomotiv Sanayi A.Ş.	1.968	-	-	-
Arçelik A.Ş.	1.205	-	-	-
Demir Export A.Ş. - Fernas İnşaat A.Ş. Adi Ortaklığı	966	-	-	-
Tofaş Türk Otomobil Fabrikası A.Ş.	879	-	-	-
Körfez Hava Ulaştırma A.Ş.	781	-	-	-
Tat Gıda Sanayi A.Ş.	539	-	-	-
Opet Petrolcülük A.Ş.	295	-	40.375	-
Otokoç Otomotiv Tic. ve San. A.Ş.	-	-	2.654	-
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	-	-	4.439	-
Zer Merkezi Hizmetler ve Ticaret A.Ş. (**)	-	-	6.758	-
Ram Dış Ticaret A.Ş.	-	-	13.651	-
Other	1.382	-	3.971	-
<b>Shareholders</b>				
Koç Holding A.Ş.	-	-	5.642	-
<b>Investments accounted under the equity method</b>				
Entek Elektrik Üretimi A.Ş.	6.017	-	-	-
	<b>39.354</b>	<b>-</b>	<b>165.911</b>	<b>-</b>

(\*) Group companies include Koç Group companies.

(\*\*) Zer Merkezi Hizmetler ve Ticaret A.Ş. ("Zer") provides purchasing services for various item to the Group. As of balance sheet date, trade payables consist of Group's payables to third party intermediary service companies and payables to Zer for commissions for intermediary activities.

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## 18. Balances and transactions with related parties (continued)

Transactions with related parties	January 1 - June 30, 2018			
	Purchases (Goods)	Sales (Goods)	Purchases (Service)	Sales (Service)
<b>Group companies (*)</b>				
Türkiye Petrol Rafinerileri A.Ş.	457.925	115.083	4.263	2.067
Opet Petrolcülük A.Ş.(**) (***)	134.358	2.270	54.779	-
Ram Dış Ticaret A.Ş.	25.322	-	114	-
Zer Merkezi Hizmetler ve Ticaret A.Ş.	7.933	34	7.977	-
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	13	50	4.615	-
Arçelik A.Ş.	1	1.910	-	-
Körfez Hava Ulaştırma A.Ş.	-	8.281	-	-
Otokoç Otomotiv Tic. ve San. A.Ş.	-	179	433	-
Demir Export A.Ş.	-	32.352	-	-
Ford Otomotiv Sanayi A.Ş.	-	11.819	-	-
Setur Servis Turistik A.Ş.	-	37	1.689	-
Tanı Pazarlama ve İletişim Hizmetleri A.Ş.	-	6	1.335	-
Other	3.207	16.242	1.411	-
<b>Shareholders</b>				
Koç Holding A.Ş. (****)	-	32	6.063	-
Temel Ticaret ve Yatırım A.Ş.	-	2	3	-
Koç Family members	-	60	-	-
<b>Investments accounted under the equity method</b>				
Entek Elektrik Üretimi A.Ş.	-	2.842	2.227	-
	<b>628.759</b>	<b>191.199</b>	<b>84.909</b>	<b>2.067</b>

Transactions with related parties	January 1 - June 30, 2017			
	Purchases (Goods)	Sales (Goods)	Purchases (Service)	Sales (Service)
<b>Group companies (*)</b>				
Türkiye Petrol Rafinerileri A.Ş.	495.492	239.864	1.549	-
Opet Petrolcülük A.Ş.(**) (***)	108.635	2.062	48.146	-
Ram Dış Ticaret A.Ş.	13.562	-	11	-
Zer Merkezi Hizmetler ve Ticaret A.Ş.	10.500	55	9.113	-
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	179	12	3.807	-
Arçelik A.Ş.	3	6.751	-	-
Tanı Pazarlama ve İletişim Hizmetleri A.Ş.	-	4	1.344	-
Otokoç Otomotiv Tic. ve San. A.Ş.	2	395	335	-
Ford Otomotiv Sanayi A.Ş.	-	9.569	-	-
Demir Export A.Ş.	-	25.795	-	-
Tat Gıda Sanayi A.Ş.	-	2.509	-	-
Setur Servis Turistik A.Ş.	-	31	2.226	-
Other	3.179	14.756	1.595	-
<b>Shareholders</b>				
Koç Holding A.Ş. (****)	-	24	7.754	-
Temel Ticaret ve Yatırım A.Ş.	-	2	-	-
Koç Family members	-	19	-	-
<b>Investments accounted under the equity method</b>				
Entek Elektrik Üretimi A.Ş.	-	27.538	2.064	-
	<b>631.552</b>	<b>329.386</b>	<b>77.944</b>	<b>-</b>

(\*) Group companies include Koç Group companies.

(\*\*) Commission expenses regarding LPG sold at Opet stations for six-month period ended June 2018 is TL 54.011 thousand (January 1-June 30 2017: TL 47.940 thousand). The commission expense mentioned above is evaluated as part of sales and accounted under income statement as sales discounts.

(\*\*\*) Though not presented at transactions with related parties, so as to fulfil fuel and auto gas sales exclusively and on the basis of station, prepayments and/or infrastructural investments are made directed for sales under "Agreement of Auto Gas Sales at Gas Stations" between Aygaz and Opet. Prepayments are presented under prepaid expenses in consolidated statement of financial position and are periodically amortized based on duration of dealer agreements. Prepayments and investment contribution margin amounting to TL 8.747 thousand has been made to Opet for six-month period ended June,2018 in consideration of 5 years sale agreement on average to be paid to Aygaz Dealers making auto-gas sales at Opet stations (January 1-June 30 2017: TL 16.340 thousand).

(\*\*\*\*) Billed remuneration for services such as finance, law, planning, tax and senior management provided by Koç Holding, the main shareholder, to Group companies, service expenses including personnel and senior management as a result of arrangement of 1st Serial Number of General Communique About Transfer Pricing Through Hidden Income Distribution's "11- In Group Services".

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**18. Balances and transactions with related parties (continued)**

January 1 - June 30, 2018				
Tangible asset and rent transactions with related parties	Rent income	Rent expense	Tangible and intangible asset purchases	Sale of fixed assets
<b>Group companies (*)</b>				
Opet Petrolcülük A.Ş.	287	6	-	-
Otokoç Otomotiv Tic. ve San. A.Ş.	-	3.790	355	32
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	-	-	5.625	-
Türkiye Petrol Rafinerileri A.Ş.	-	-	-	17.800
Other	-	-	29	-
<b>Shareholders</b>				
Koç Family Members	-	377	-	-
Temel Ticaret ve Yatırım A.Ş.	-	395	-	-
	<b>287</b>	<b>4.568</b>	<b>6.009</b>	<b>17.832</b>

January 1 - June 30, 2017				
Tangible asset and rent transactions with related parties	Rent income	Rent expense	Tangible and intangible asset purchases	Sale of fixed assets
<b>Group companies (*)</b>				
Opet Petrolcülük A.Ş.	305	12	-	-
Otokoç Otomotiv Tic. ve San. A.Ş.	-	3.290	691	211
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	-	-	1.724	-
Türkiye Petrol Rafinerileri A.Ş.	-	9	-	-
Diğer	-	-	127	-
<b>Shareholders</b>				
Koç Family Members	-	335	-	-
Temel Ticaret ve Yatırım A.Ş.	-	353	-	-
	<b>305</b>	<b>3.999</b>	<b>2.542</b>	<b>211</b>

(\*) Group companies include Koç Group companies.

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**18. Balances and transactions with related parties (continued)**

Financial and other transactions with related parties	January 1 - June 30, 2018			
	Financial income	Financial expense	Other income	Other expense
<b>Group companies (*)</b>				
Yapı Kredi Bankası A.Ş.	30.529	7.394	-	-
Türkiye Petrol Rafinerileri A.Ş.	-	-	533	-
Opet Petrolcülük A.Ş.	-	-	94	-
Ram Dış Ticaret A.Ş.	-	-	550	253
Other	-	-	23	37
	<b>30.529</b>	<b>7.394</b>	<b>1.200</b>	<b>290</b>

Financial and other transactions with related parties	January 1 - June 30, 2017			
	Financial income	Financial expense	Other income	Other expense
<b>Group companies (*)</b>				
Yapı Kredi Bankası A.Ş.	23.044	11.604	-	-
Opet Petrolcülük A.Ş.	-	-	-	424
Ram Dış Ticaret A.Ş.	-	-	275	136
Vehbi Koç Vakfı	-	-	-	3
Zer Merkezi Hizmetler ve Ticaret A.Ş.	-	-	-	166
Other	-	-	21	10
	<b>23.044</b>	<b>11.604</b>	<b>296</b>	<b>739</b>

**Cash at banks** **June 30, 2018** December 31, 2017

<b>Group companies (*)</b>		
Yapı Kredi Bankası A.Ş.	277.584	389.735

**Credit card receivables** **June 30, 2018** December 31, 2017

<b>Group companies (*)</b>		
Yapı Kredi Bankası A.Ş.	51.545	44.220

**Bank loans** **June 30, 2018** December 31, 2017

<b>Grup şirketleri (*)</b>		
Yapı Kredi Bankası A.Ş.	31.876	24.331

(\*) Group companies include Koç Group companies.

**Benefits to Top Management:**

The Company has determined senior managers as Board of Directors' members, General Manager, Vice General Managers and Directors directly reporting to General Manager.

Benefits to top management personnel includes salaries, premiums, SSI employer's contribution, employer's contribution of unemployment insurance and the attendance fees of board of directors.

As of June 30, 2018, total benefit provided to the senior management of the Company is TL 5.685 thousand (June 30, 2017: TL 4.393 thousand). TL 1.581 thousand of total amount is consist of payments to senior management due to their leave, the remaining amount is consist of short term benefits. (June 30, 2017: None)

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**19. Nature and level of risk derived from financial instruments***Foreign currency risk management*

Transactions in terms of foreign currency cause the Group expose to foreign exchange risk. The Group controls foreign currency risk coming from its operations and cash flows of finance contracts by using "foreign exchange forward contracts".

The Group's monetary and non-monetary assets and liabilities in terms of foreign currencies are as follows:

<b>June 30, 2018</b>		<b>Total TL equivalent</b>	<b>TL equivalent of USD</b>	<b>TL equivalent of Euro</b>	<b>TL equivalent of Other</b>
1.	Trade receivables	64.765	63.533	1.232	-
2.a	Monetary financial assets	135.761	135.399	244	118
2.b	Non-monetary financial assets	-	-	-	-
3.	Other	1.632	1.545	87	-
<b>4.</b>	<b>Current assets</b>	<b>202.158</b>	<b>200.477</b>	<b>1.563</b>	<b>118</b>
5.	Trade receivables	-	-	-	-
6.a	Monetary financial assets	-	-	-	-
6.b	Non-monetary financial assets	-	-	-	-
7.	Other	-	-	-	-
<b>8.</b>	<b>Non-current assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>9.</b>	<b>Total assets</b>	<b>202.158</b>	<b>200.477</b>	<b>1.563</b>	<b>118</b>
10.	Trade payables	(342.787)	(340.708)	(2.013)	(66)
11.	Financial liabilities	(58.427)	(58.427)	-	-
12.a	Other monetary financial liabilities	-	-	-	-
12.b	Other non-monetary financial liabilities	(127)	(127)	-	-
<b>13.</b>	<b>Current liabilities</b>	<b>(401.341)</b>	<b>(399.262)</b>	<b>(2.013)</b>	<b>(66)</b>
14.	Trade payables	-	-	-	-
15.	Financial liabilities	(141.381)	(141.381)	-	-
16.a	Other monetary financial liabilities	-	-	-	-
16.b	Other non-monetary financial liabilities	-	-	-	-
<b>17.</b>	<b>Non-current liabilities</b>	<b>(141.381)</b>	<b>(141.381)</b>	<b>-</b>	<b>-</b>
<b>18.</b>	<b>Total liabilities</b>	<b>(542.722)</b>	<b>(540.643)</b>	<b>(2.013)</b>	<b>(66)</b>
19.	Net asset/liability position of off balance sheet asset and liabilities (19a-19b)	196.110	196.110	-	-
19.a	Total hedged assets	196.110	196.110	-	-
19.b	Total hedged liabilities	-	-	-	-
<b>20.</b>	<b>Net foreign currency asset/liability position (9+18+19)</b>	<b>(144.454)</b>	<b>(144.056)</b>	<b>(450)</b>	<b>52</b>
<b>21.</b>	<b>Net foreign currency asset/liability position of monetary items (1+2a+5+6a+10+11+12a+14+15+16a)</b>	<b>(342.069)</b>	<b>(341.584)</b>	<b>(537)</b>	<b>52</b>
22.	Fair value of foreign currency hedged financial assets	-	-	-	-
23.	Hedged foreign currency assets	-	-	-	-
24.	Hedged foreign currency liabilities	-	-	-	-
25.	Export	655.026	649.161	5.865	-
26.	Import	1.836.007	1.830.520	5.304	183



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(Amounts expressed in thousands of Turkish Lira ("TL") and in thousands for other currencies unless otherwise indicated.)

**19. Nature and level of risk derived from financial instruments (continued)**

December 31, 2017	Total TL equivalent	TL equivalent of USD	TL equivalent of Euro	TL equivalent of other
1. Trade receivables	80.040	75.617	4.423	-
2.a Monetary financial assets	165.189	164.662	396	131
2.b Non-monetary financial assets	-	-	-	-
3. Other	386	312	74	-
4. Current assets	245.615	240.591	4.893	131
5. Trade receivables	-	-	-	-
6.a Monetary financial assets	-	-	-	-
6.b Non-monetary financial assets	-	-	-	-
7. Other	-	-	-	-
8. Non-current assets	-	-	-	-
<b>9. Total assets</b>	<b>245.615</b>	<b>240.591</b>	<b>4.893</b>	<b>131</b>
10. Trade payables	(425.698)	(423.268)	(2.326)	(104)
11. Financial liabilities	(48.381)	(48.381)	-	-
12.a Other monetary financial liabilities	-	-	-	-
12.b Other non-monetary financial liabilities	(105)	(105)	-	-
13. Current liabilities	(474.184)	(471.754)	(2.326)	(104)
14. Trade payables	-	-	-	-
15. Financial liabilities	(147.104)	(147.104)	-	-
16.a Other monetary financial liabilities	-	-	-	-
16.b Other non-monetary financial liabilities	-	-	-	-
17. Non-current liabilities	(147.104)	(147.104)	-	-
<b>18. Total liabilities</b>	<b>(621.288)</b>	<b>(618.858)</b>	<b>(2.326)</b>	<b>(104)</b>
19. Net asset/liability position of off balance sheet asset and liabilities (19a-19b)	179.165	179.165	-	-
19.a Total hedged assets	179.165	179.165	-	-
19.b Total hedged liabilities	-	-	-	-
<b>20. Net foreign currency asset/liability position (9+18+19)</b>	<b>(196.508)</b>	<b>(199.102)</b>	<b>2.567</b>	<b>27</b>
21. Net foreign currency asset/liability position of monetary items (1+2a+5+6a+10+11+12a+14+15+16a)	(375.954)	(378.474)	2.493	27
22. Fair value of foreign currency hedged financial assets	-	-	-	-
23. Hedged foreign currency assets	-	-	-	-
24. Hedged foreign currency liabilities	-	-	-	-
25. Export	1.022.953	1.007.742	15.211	-
26. Import	3.145.959	3.131.351	13.697	911

Group's consolidated assets and liabilities denominated in foreign currency are as follows:

	June 30, 2018	December 31, 2017
Assets	<b>202.158</b>	245.615
Liabilities	<b>(542.722)</b>	(621.288)
<b>Net asset/liability position</b>	<b>(340.564)</b>	(375.673)
Derivative instruments net position	<b>196.110</b>	179.165
<b>Net foreign currency asset/liability position</b>	<b>(144.454)</b>	(196.508)
Inventories under the natural hedge (*)	<b>196.660</b>	262.730
<b>Net foreign currency position after the natural hedge</b>	<b>52.206</b>	66.222

(\*)The Group manages its foreign currency risk by regularly considering and reflecting the foreign exchange rate changes in the determination of product prices (natural hedge). As of June 30, 2018, the Group has LPG amounting to TL 196.660 thousand (December 31, 2017: TL 262.730 thousand).

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**19. Nature and level of risk derived from financial instruments (continued)**

Foreign currency sensitivity:

The Group is mainly exposed to foreign currency risk in USD and EURO.

The following table details the Group's sensitivity to a 10% increase and decrease in the USD and Euro. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis only includes outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower.

A positive number indicates an increase in profit/loss and other equity accounts.

	Income (Expense)			Equity
	Foreign exchange appreciation	Foreign exchange depreciation	Foreign exchange appreciation	Foreign exchange depreciation
<b>June 30, 2018</b>				
10% fluctuation of USD rate				
USD net asset/liability	(34.158)	34.158	(34.158)	34.158
Secured portion from USD risk	19.611	(19.611)	19.611	(19.611)
<b>USD net effect</b>	<b>(14.547)</b>	<b>14.547</b>	<b>(14.547)</b>	<b>14.547</b>
10% fluctuation of Euro rate				
Euro net asset/liability	(54)	54	(54)	54
Secured portion from Euro risk	-	-	-	-
<b>Euro net effect</b>	<b>(54)</b>	<b>54</b>	<b>(54)</b>	<b>54</b>
<b>Total</b>	<b>(14.601)</b>	<b>14.601</b>	<b>(14.601)</b>	<b>14.601</b>
<b>December 31, 2017</b>				
	Foreign exchange appreciation	Foreign exchange depreciation	Foreign exchange appreciation	Foreign exchange depreciation
10% fluctuation of USD rate				
USD net asset/liability	(37.847)	37.847	(37.847)	37.847
Secured portion from USD risk	17.917	(17.917)	17.917	(17.917)
<b>USD net effect</b>	<b>(19.930)</b>	<b>19.930</b>	<b>(19.930)</b>	<b>19.930</b>
10% fluctuation of Euro rate				
Euro net asset/liability	249	(249)	249	(249)
Secured portion from Euro risk	-	-	-	-
<b>Euro net effect</b>	<b>249</b>	<b>(249)</b>	<b>249</b>	<b>(249)</b>
<b>Total</b>	<b>(19.681)</b>	<b>19.681</b>	<b>(19.681)</b>	<b>19.681</b>

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**19. Nature and level of risk derived from financial instruments (continued)**

Currency forward agreements

Currency forward agreements which are valid as of June 30, 2018 and December 31, 2017 are summarized at the table below:

Maturity	Parity	Type of contract	Transactions	Total amount	June 30, 2018	
					Currency	
19 days	4,62	Forward	Sells TL, buys USD	16.000	USD	

  

Maturity	Parity	Type of contract	Transactions	Total amount	December 31, 2017	
					Currency	
19 days	3,6347-3,9290	Forward	Sells TL, buys USD	16.000	USD	

Swap agreements

As of June 30, 2018 the Group has a swap agreement amounting to TL 78.300 thousand with fixed interest rate of 13,415% in return for USD 27.000 thousand with a floating interest rate of six-month USDLIBOR +2,4%. Swap transaction has half yearly interest payments and principal repayments will start on June 25, 2018. The maturity date of principal repayments is June 24, 2021.

Fair value hierarchy table

The fair values of financial assets and financial liabilities are determined as follows:

- First level: The fair value of financial assets and financial liabilities are determined with reference to actively traded market prices;
- Second level: Other than market prices specified at first level, the fair value of financial assets and financial liabilities are evaluated with reference to inputs that used to determine directly or indirectly observable price in market;
- Third level: The fair value of financial assets and financial liabilities are evaluated with reference to inputs that used to determine fair value but not relying on observable data in the market.

Level classifications of financial assets and liabilities at fair value are as follows:

Financial assets/liabilities	Level of fair value as of reporting date			
	June 30, 2018	1st Level	2nd Level	3rd Level
Financial assets measured at fair value	355.986	60	354.950	976
Derivative financial instruments	53.266	-	53.266	-

  

Financial assets /liabilities	Level of fair value as of reporting date			
	December 31, 2017	1st Level	2nd Level	3rd Level
Financial assets measured at fair value	317.124	73	316.075	976
Derivative financial instruments	31.626	-	31.626	-

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**19. Nature and level of risk derived from financial instruments (continued)**

**Information for reflecting financial assets and liabilities at fair value:**

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

The estimated fair values of financial instruments have been determined by the Group, using available market information and appropriate valuation methodologies. However, judgements are necessarily required to interpret the market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts that the Group could realize in a current market exchange.

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

*Financial assets*

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

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

The carrying values of trade receivables along with the related allowances for uncollectability are estimated to be their fair values.

*Financial Liabilities*

The carrying values of short-term financial liabilities and other financial liabilities are estimated to be their fair values since they are short-term.

**20. Subsequent events**

On July 13, 2018, the Company used two loans totaling TL 100.000 thousand, of which TL 50.000 thousand each, with a maturity of 2 years and 3 years and fixed interest rate of 23,90% and 25,50% respectively.

On August 7, 2018, the Company used a loan amounting to TL 50.000 thousand with a maturity of 3 years and fixed interest rate of 24,40%.

**21. Other significant issues affecting the financial statements or the other issues required for clarification of financial statements**

None.