

AYGAZ ANONİM ŐİRKETİ
AND ITS SUBSIDIARIES
JANUARY 1 – MARCH 31, 2019 INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS

(Convenience translation of the 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 March 31, 2019**

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

Assets	Notes	Current period (Unaudited) March 31, 2019	Prior period (Audited) December 31, 2018
Current assets		1.915.711	1.617.539
Cash and cash equivalents	4	809.002	648.010
Trade receivables		660.750	440.048
-Trade receivables from related parties	18	137.636	30.461
-Trade receivables from third parties	8	523.114	409.587
Other receivables		6.966	3.047
-Other receivables from third parties		6.966	3.047
Derivative financial instruments	7	28.948	25.939
Inventories	9	299.002	348.309
Prepaid expenses		73.194	127.562
Assets related to current year tax		13.710	8.248
Other current assets		24.139	16.376
Non-current assets		3.122.855	3.395.684
Financial investments	5	287.096	287.096
Trade receivables		9.477	8.835
-Trade receivables from third parties	8	9.477	8.835
Other receivables		121	99
-Other receivables from third parties		121	99
Derivative financial instruments	7	43.422	37.245
Investments accounted under equity method	10	1.899.120	2.304.799
Tangible assets	11	718.585	686.530
Right-of-use assets		80.443	-
Intangible assets		34.845	21.354
-Other intangible assets	12	34.845	21.354
Prepaid expenses		49.171	49.124
Deferred tax asset	17	575	602
Total assets		5.038.566	5.013.223

The accompanying accounting policies and notes between the pages 9 and 44 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 March 31, 2019**

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

Liabilities	Notes	Current period	Prior period
		(Unaudited) March 31, 2019	(Audited) December 31, 2018
Short-term liabilities		2.010.745	1.484.031
Short-term financial borrowings	6	130.502	78.596
Current portion of long-term financial borrowings	6	613.469	492.351
Trade payables		709.071	559.653
- Trade payables to related parties	18	159.998	145.271
- Trade payables to third parties	8	549.073	414.382
Liabilities for employee benefits		18.031	48.357
Other payables		174.525	1.511
- Other payables to related parties	18	174.302	1.052
- Other payables to third parties		223	459
Derivative financial instruments	7	6.458	-
Deferred income		7.128	8.676
Provision for taxation on income		43	837
Short-term provisions		243.288	205.754
-Provisions from employee benefits		11.909	-
-Other provisions	14	231.379	205.754
Other current liabilities	14	108.230	88.296
Long-term liabilities		909.617	1.026.782
Long-term borrowings	6	708.251	830.068
Other payables		105.857	106.114
- Other payables to third parties		105.857	106.114
Long-term provisions		45.541	42.926
-Provisions for employee benefits		45.541	42.926
Deferred tax liabilities	17	49.968	47.674
Equity		2.118.204	2.502.410
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		125.268	125.268
Gains (losses) on the revaluation and/or reclassification		125.042	125.042
-Gains (losses) remeasurement from defined benefit plans		2.789	2.789
-Gains (losses) on financial assets measured at fair value through other comprehensive income		122.253	122.253
Share of other comprehensive income of investments accounted for using equity method that will not be reclassified to profit or loss		226	226
Other comprehensive income or expenses to be reclassified to profit or loss		(221.596)	(213.318)
Gains (losses) on hedge		9.560	7.631
-Gains (losses) on cash flow hedges		9.560	7.631
Share of other comprehensive income of investments accounted for using equity method that will be reclassified to profit or loss		(231.156)	(220.949)
Restricted reserves		331.310	294.210
Retained earnings		1.509.088	1.703.805
Net profit for the period		10.072	228.383
Equity attributable to equity holders of the parent		2.118.204	2.502.410
Total equity and liabilities		5.038.566	5.013.223

The accompanying accounting policies and notes between the pages 9 and 44 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 profit or loss and other comprehensive income statement
for the three-month interim period ended March 31, 2019**

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

		Unaudited January 1- March 31, 2019	Unaudited January 1- March 31, 2018
	Notes		
Revenue		2.351.390	2.063.168
Cost of sales (-)		(2.141.580)	(1.930.187)
Gross profit		209.810	132.981
General administrative expenses (-)		(69.209)	(50.402)
Marketing expenses (-)		(72.602)	(65.819)
Research and development expenses (-)		(617)	(660)
Other operating income		63.191	31.647
Other operating expenses (-)		(62.673)	(25.217)
Operating profit		67.900	22.530
Income from investment activities		834	16.456
Loss from investment activities (-)		(318)	(38)
Gain /loss from investments accounted under equity method	10	(8.760)	40.221
Operating profit before financial income (expense)		59.656	79.169
Financial income		42.117	29.222
Financial expense (-)		(86.675)	(48.843)
Profit from continuing operations before tax		15.098	59.548
Tax income (expense), continuing operations			
Current tax expense for the period (-)	17	(3.249)	(3.925)
Deferred tax income (expense)	17	(1.777)	(250)
Profit for the period		10.072	55.373
Distribution of profit for the period			
Equity holders of the parent		10.072	55.373
Earnings per share (TL)	16	0,033573	0,184577
Diluted earnings per share (TL)	16	0,033573	0,184577

The accompanying accounting policies and notes between the pages 9 and 44 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 profit or loss and other comprehensive income statement
for the three-month interim period ended March 31, 2019**

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

	Unaudited January 1- March 31, 2019	Unaudited January 1- March 31, 2018
	Notes	
Profit for the period	10.072	55.373
Other comprehensive income		
To be reclassified as profit or loss	(8.278)	(13.280)
<i>Other comprehensive income (expenses) on cash flow hedges</i>	2.473	-
<i>-Gains (losses) on cash flow hedges</i>	2.473	-
Share of other comprehensive income of investments accounted for using equity method that will be reclassified to profit or loss	(10.207)	(13.280)
<i>-Gains (losses) from cash flow hedging of investments using equity method</i>	(12.837)	(13.513)
<i>-Gains (losses) from translation of foreign currency of investments using equity method</i>	2.630	233
Taxes relating to other comprehensive income to be reclassified to profit (loss)	(544)	-
<i>-Other comprehensive income (expenses) on cash flow hedges ,tax effect</i>	17 (544)	-
Other comprehensive income / (expense) (after taxation)	(8.278)	(13.280)
Total other comprehensive income	1.794	42.093
Distribution of total comprehensive income		
Equity holders of the parent	1.794	42.093

The accompanying accounting policies and notes between the pages 9 and 44 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 March 31, 2019

(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			Equity attributable to equity holders of the parent	Non-controlling interest	Total equity
	Share capital	Adjustment to share capital	Adjustment to share capital due to cross-ownership (-)	Gains (losses) on re-measurement of defined benefit plans	Gains (losses) on financial assets measured at fair value through other comprehensive income	Share of other comprehensive income of investments accounted for using equity method that will not be reclassified to profit or loss	Profit or loss relating to avoidance of risk of cash flow	Gains (losses) on financial assets measured at fair value through other comprehensive income	Share of other comprehensive income of investments accounted for using equity method that will be reclassified to profit or loss	Restricted reserves	Retained earnings	Net profit for the period			
Unaudited															
Balance as of January 1, 2018	300.000	71.504	(7.442)	1.187	-	(471)	-	213.653	(113.760)	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	-	-	-	-	-	-	-	-	-	-	(377)	-	(377)	-	(377)
Transfers	-	-	-	-	-	-	-	-	-	44.701	532.318	(577.019)	-	-	-
Total comprehensive income (expense)	-	-	-	-	-	-	-	-	(13.280)	-	-	55.373	42.093	-	42.093
Net income	-	-	-	-	-	-	-	-	-	-	-	55.373	55.373	-	55.373
Other comprehensive income (expense)	-	-	-	-	-	-	-	-	(13.280)	-	-	-	(13.280)	-	(13.280)
Dividend paid	-	-	-	-	-	-	-	-	-	-	(460.000)	-	(460.000)	-	(460.000)
Balance as of March 31, 2018	300.000	71.504	(7.442)	1.187	-	(471)	-	213.653	(127.040)	294.210	1.703.805	55.373	2.504.779	-	2.504.779
Unaudited															
Balance as of January 1, 2019	300.000	71.504	(7.442)	2.789	122.253	226	7.631	-	(220.949)	294.210	1.703.805	228.383	2.502.410	-	2.502.410
Transfers	-	-	-	-	-	-	-	-	-	37.100	191.283	(228.383)	-	-	-
Total comprehensive income (expense)	-	-	-	-	-	-	1.929	-	(10.207)	-	-	10.072	1.794	-	1.794
Net income	-	-	-	-	-	-	-	-	-	-	-	10.072	10.072	-	10.072
Other comprehensive income (expense)	-	-	-	-	-	-	1.929	-	(10.207)	-	-	-	(8.278)	-	(8.278)
Dividend paid (Note 15)	-	-	-	-	-	-	-	-	-	-	(386.000)	-	(386.000)	-	(386.000)
Balance as of March 31, 2019	300.000	71.504	(7.442)	2.789	122.253	226	9.560	-	(231.156)	331.310	1.509.088	10.072	2.118.204	-	2.118.204

The accompanying accounting policies and notes between the pages 9 and 44 form an integral part of these interim condensed consolidated financial statements.

Aygaz Anonim Şirketi and its Subsidiaries

**Consolidated cash flow statement
for the period ended March 31, 2019**

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

		Unaudited	Unaudited
	Notes	January 1- March 31, 2019	January 1- March 31, 2018
Cash flows from operating activities		120.126	24.907
Net income from continuing operations		10.072	55.373
Adjustments related with the reconciliation of net profit (loss) for the period		127.906	10.830
-Adjustments for depreciation and amortization expenses	11,12	30.606	22.199
-Adjustments for impairment loss (reversal)		298	529
-Adjustments for provisions		43.993	19.991
-Adjustments for dividend (income) expense		-	(572)
-Adjustments for interest income		(20.953)	(15.141)
-Adjustments for interest expense		63.498	33.186
-Adjustments for unrealized foreign exchange differences		(2.520)	8.268
-Adjustments for fair value losses (gains) on derivative financial instruments		(799)	(5.638)
-Adjustments for undistributed profits of investments accounted under equity method	10	8.760	(40.221)
-Adjustments for tax (income) expenses	17	5.026	4.175
-Adjustments for losses (gains) on disposal of non-current assets		(516)	(15.846)
-Other adjustments for reconciliation of profit (loss)		513	(100)
Changes in working capital		(4.503)	(31.545)
-Adjustments for decrease (increase) in trade receivables		(221.642)	28.292
-Adjustments for decrease (increase) in other operating receivables		(9.190)	3.242
-Adjustments for decrease (increase) in inventories		49.937	109.866
-Decrease (increase) in prepaid expenses		54.710	(31.594)
-Adjustments for increase (decrease) in trade payables		135.414	(103.080)
-Increase (decrease) in liabilities for employee benefits		(30.326)	(43.399)
-Adjustments for increase (decrease) in other operating payables		18.142	3.919
-Increase (decrease) in deferred income		(1.548)	1.209
Cash flows from operating activities		133.475	34.658
-Payments related to provisions for employee benefits		(3.844)	(1.894)
-Tax returns (payments)	17	(9.505)	(7.857)
Cash flows from investing activities		328.739	132.865
Cash inflows from the sale of interests or capital decrease of investments in associates or joint ventures	10	200.000	-
Cash outflows from the acquisition of additional shares or capital increase of investments in associates or joint ventures	10	-	(203.974)
Cash inflows from the sale of property, plant and equipment and intangible assets		1.557	19.310
Cash outflows from the purchase of property, plant and equipment and intangible assets	11,12	(19.381)	(28.778)
Dividends received		185.053	346.307
Other cash inflows/(outflows)	21	(38.490)	-
-Cash outflows due to business combinations		(38.490)	-
Cash flows from financing activities		(304.293)	(254.100)
Proceeds from borrowings		85.020	231.706
Repayments of borrowings		(124.425)	(219.514)
Payments of lease liabilities		(9.070)	-
Dividend payment		(211.698)	(253.537)
Interest paid		(64.684)	(28.417)
Interest received		20.564	15.662
Net increase (decrease) in cash and cash equivalents before currency translation differences		144.572	(96.328)
Effect of currency translation differences		16.420	318
Net increase (decrease) in cash and cash equivalents		160.992	(96.010)
Cash and cash equivalents at the beginning of the period	4	648.010	593.172
Cash and cash equivalents at the end of the period	4	809.002	497.162

The accompanying accounting policies and notes between the pages 9 and 44 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 March 31, 2019

(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 March 31, 2019, 24,27% of its shares have been quoted at Borsa İstanbul.

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

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

Total end of period and average number of personnel employed by categories in Aygaz and its subsidiaries (together with referred to as the “Group”) are as follows:

	End of period		Average	
	March 31, 2019	March 31, 2018	January 1- March 31 2019	January 1- March 31 2018
Monthly paid	678	685	679	685
Hourly paid	647	673	618	667
Total number of personnel	1.325	1.358	1.297	1.352

Subsidiaries

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

Subsidiaries	Place of incorporation and Operation	Ownership interest (%)			Voting power right	Principal activity
		March 31, 2019	December 31, 2018			
Anadoluhisari	Turkey	%100	%100	%100	Shipping	
Kandilli	Turkey	%100	%100	%100	Shipping	
Kuzguncuk	Turkey	%100	%100	%100	Shipping	
Kuleli	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	
Bal Kaynak ⁽¹⁾	Turkey	%100	-	%100	Bottled water	

(1) Acquired in 2019.

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.

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.

Aygaz Anonim Şirketi and its Subsidiaries

Notes to the interim condensed consolidated financial statements as of March 31, 2019

(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. On March 14, 2019 Kuleli has acquired the 100% of shares of Bal Kaynak Su İthalat İhracat Sanayi ve Ticaret A.Ş. ("Bal Kaynak") (Note 21).

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
		March 31, 2019	December 31, 2018		
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. At the Extraordinary General Meeting of EYAŞ held on December 20, 2018, it was resolved to decrease EYAŞ's share capital from TL 3.347.000 thousand to TL 2.347.000 thousand. The portion of the Company which is TL 200.000 thousand has been paid in cash on March 28, 2019.

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 March 31, 2019

(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
		March 31, 2019	December 31, 2018	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.

Approval of interim condensed consolidated financial statements:

The interim condensed consolidated financial tables for the period ended on March 31, 2019 are approved on the Board of Directors meeting held on May 8, 2019 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.

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 Group has prepared its condensed consolidated financial statements for the period ended on March 31, 2019 in accordance with TAS 34 "Interim Financial Reporting Standards".

The Group's interim condensed consolidated financial statements are presented in terms of Turkish Lira "TL" which is the functional and presentation currency of the Company and its subsidiaries.

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.

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 March 31, 2019

(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)

2.2 Summary of significant accounting policies

The interim condensed consolidated financial statements of the Group for the three-month period ended March 31, 2019 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 March 31, 2019 are consistent with those used in the preparation of annual consolidated financial statements for the year ended December 31, 2018. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2018.

2.3 New and revised Turkey Financial Reporting Standards

a) *Standards, amendments and interpretations applicable as at March 31, 2019*

Amendment to IFRS 9, 'Financial instruments'; effective from annual periods beginning on or after 1 January 2019. This amendment confirm that when a financial liability measured at amortised cost is modified without this resulting in de-recognition, a gain or loss should be recognised immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. This means that the difference cannot be spread over the remaining life of the instrument which may be a change in practice from IAS 39.

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.

IFRS 16, 'Leases'; effective from annual periods beginning on or after 1 January 2019. 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 impacts of the first time adoption of the standard and changes in accounting policies was disclosed in Note 2.4.

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.

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(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.

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
- recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

b) Standards, amendments and interpretations effective after March 31, 2019

Amendments to IAS 1 and IAS 8 on the definition of material; effective from annual periods beginning on or after 1 January 2020. These amendments to IAS 1, ‘Presentation of financial statements’, and IAS 8, ‘Accounting policies, changes in accounting estimates and errors’, and consequential amendments to other IFRSs:

- i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting;
- ii) clarify the explanation of the definition of material; and
- iii) incorporate some of the guidance in IAS 1 about immaterial information.

Amendments to IFRS 3 - definition of a business; effective from annual periods beginning on or after 1 January 2020. This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations.

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2. Basis of presentation of financial statements (continued)

2.4 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 16 Leases" which are effective as of January 1, 2019 considering the transition principles.

The effects of the first-time adoption of the amendments of these accounting policies are as follows:

The Group – as a lessee

Initially the Group assesses whether the contract is, or contains lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset, The Group considers whether:

- a) the contract involved the use of an identified asset – this may be specified explicitly or implicitly.
- b) the asset should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, the asset is not identified.
- c) the Group has the right to obtain substantially all of the economic benefits from the use of an asset throughout the period of use; and
- d) the Group has the right to direct use of the asset. The Group concludes to have the right of use, when;
 - it is predetermined how and for what purpose the Group will use the asset.
 - the Group has the right to direct use of asset if either:
 - i. the Group has the right to operate (or to have the right to direct others to operate) the asset over its useful life and the lessor does not have the rights to change the terms to operate or;
 - ii. the Group designed the asset (or the specific features) in a way that predetermines how and for what purpose it is used

The Group reflects the right of use asset and leasing liabilities to their financials at the date leasing contract is commenced.

Right of use asset

Initially the right of use asset is recognized at cost and comprise of:

- a) amount of the initial measurement of the lease liability;
- b) any lease payments made at or before the commencement date, less any lease incentives received;
- c) any initial direct costs incurred by the Group; and
- d) an estimate of costs to be incurred by the lessee for restoring the underlying asset to the condition required by the terms and conditions of the lease (unless those costs are incurred to produce inventories)

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2. Basis of presentation of financial statements (continued)

The Group re-measures the right of use asset:

- a) after netting-off depreciation and reducing impairment losses from right of use asset,
- b) adjusted for certain re-measurements of the lease liability recognized at the present value.

The Group applies IAS 16 "Property, Plant and Equipment" to amortize the right of use asset and to assess for any impairment.

IAS 36 "Impairment of Assets" is applied to determine whether the right of use assets has been impaired and recognise any impairment losses identified.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. Lease liabilities are discounted to present value by using the interest rate implicit in the lease if readily determined or with the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- a) fixed payments, including in-substance fixed payments;
- b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as the commencement date,
- c) the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewable period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain to terminate early.

After initial recognition, the lease liability is measured:

- a) increasing the carrying amount to reflect interest on lease liability
- b) reducing the carrying amount to reflect the lease payments made and
- c) re-measuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments

Extension and termination options

In determining the lease liability, the Group considers the extension and termination options. The majority of extension and termination options held are exercisable both by the group and by the respective lessor. Extension options are included in the lease term if the lease is reasonably certain to be extended. The group re-measures the lease term, if a significant event or a significant change in circumstances occurs which affects the initial assessment.

Variable lease payments

Group's lease contracts also include variable lease payments which are not in the scope of IFRS 16. Variable lease payments are recognised in profit or loss in the related period.

Exemptions and simplifications

Short-term lease payments and payments for leases of low-value assets like IT equipments (mainly printers, laptops and mobile phones etc.) are not included in the measurement of the lease liabilities in the scope of IFRS 16. Lease payments of these contracts are continued to be recognised in profit or loss in the related period.

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2. Basis of presentation of financial statements (continued)

The Group - as a lessor

The Group’s leases as a lessor are operating leases. In operating leases, leased assets are reclassified to investment property, fixed assets or other current assets in consolidated financial statements and rental income recognised straight line basis over the lease period.

First time adoption of IFRS 16 Leases

The Group has applied IFRS 16 “Leases”, which replaces IAS 17, for the effective period beginning on 1 January 2019. The cumulative impact of applying IFRS 16 is accounted in the condensed interim consolidated financial statements retrospectively (“cumulative impact approach”) at the start of the current accounting period. The simplified transition approach of the related standard does not require a restatement in the comparative periods or in the retained earnings.

With the transition to IFRS 16 “Leases”, a “lease liability” is recognized in the condensed interim consolidated financial statements for the lease contracts which were previously measured under IAS 17 as operational leases. At transition, lease liabilities are measured at the net present value of the remaining lease payments, discounted at the Group’s incremental borrowing rate on the effective transition date. The Group measured the right-of-use assets at an amount equal to the lease liability (adjusted by the amount of any prepaid or accrued lease payments) under IFRS 16 simplified transition approach.

The impacts of first time adoption of IFRS 16 is summarized as follows:

Effects on balance sheet at 1 January 2019 (increase/decrease):

**Total lease liabilities within the scope of
IFRS 16 (discounted with alternative
borrowing rate)**

- Short term lease liabilities:	20.650
- Long term lease liabilities:	66.349

As at January 1, 2019 the weighted average of the Group’s incremental borrowing rates for lease agreements in TL is 25% and in EUR is 6%.

As of January 1, 2019 and March 31, 2019, the details of the right of use assets that are accounted in the condensed consolidated financial statements are as follows:

	March 31, 2019	January 1, 2019
Land	2.652	2.836
Land improvements	1.356	1.382
Buildings	7.083	7.488
Vehicles	69.352	75.293
Total right-of-use assets	80.443	86.999

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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 March 31, 2019 and December 31, 2018, assets and liabilities according to industrial segments are as follows:

	March 31, 2019				
	Gas and petroleum products	Electricity	Other	Consolidation adjustments	Total
Assets					
Current assets	1.794.225	-	155.338	(33.852)	1.915.711
Non-current assets	2.593.655	478.460	333.684	(282.944)	3.122.855
Total assets	4.387.880	478.460	489.022	(316.796)	5.038.566
Liabilities					
Short-term liabilities	1.913.810	-	130.806	(33.871)	2.010.745
Long-term liabilities	900.258	-	19.429	(10.070)	909.617
Equity	1.573.812	478.460	338.787	(272.855)	2.118.204
Total liabilities and equity	4.387.880	478.460	489.022	(316.796)	5.038.566
Investments accounted under equity method	1.282.014	478.460	138.646	-	1.899.120
	December 31, 2018				
	Gas and petroleum products	Electricity	Other	Consolidation adjustments	Total
Assets					
Current assets	1.457.467	-	184.598	(24.526)	1.617.539
Non-current assets	2.956.387	448.501	273.720	(282.924)	3.395.684
Total assets	4.413.854	448.501	458.318	(307.450)	5.013.223
Liabilities					
Short-term liabilities	1.446.764	-	61.805	(24.538)	1.484.031
Long-term liabilities	1.021.426	-	15.413	(10.057)	1.026.782
Equity	1.945.664	448.501	381.100	(272.855)	2.502.410
Total liabilities and equity	4.413.854	448.501	458.318	(307.450)	5.013.223
Investments accounted under equity method	1.718.736	448.501	137.562	-	2.304.799

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3. Segment information (continued)

For the period ended March 31, 2019 and 2018, profit or loss statements according to industrial segments are as follows:

	January 1 - March 31, 2019				
	Gas and petroleum products	Electricity	Other	Consolidation adjustments	Total
Revenue	2.229.165	-	198.257	(76.032)	2.351.390
Cost of sales (-)	(2.047.161)	-	(170.451)	76.032	(2.141.580)
Gross profit	182.004	-	27.806	-	209.810
General administrative expenses (-)	(64.306)	-	(6.100)	1.197	(69.209)
Marketing expenses (-)	(66.087)	-	(6.515)	-	(72.602)
Research and development expenses (-)	(617)	-	-	-	(617)
Other operating income	59.466	-	5.297	(1.572)	63.191
Other operating expenses (-)	(59.032)	-	(4.016)	375	(62.673)
Operating profit	51.428	-	16.472	-	67.900
Income from investment activities	451.766	-	80	(451.012)	834
Loss from investment activities (-)	(179)	-	(139)	-	(318)
Profit/losses from investments accounted under equity method	(39.701)	29.857	1.084	-	(8.760)
Operating profit before financial income (expense)	463.314	29.857	17.497	(451.012)	59.656
Financial income	37.763	-	4.354	-	42.117
Financial expense (-)	(85.639)	-	(1.036)	-	(86.675)
Profit from continuing operations before tax	415.438	29.857	20.815	(451.012)	15.098
Tax income (expense) from continuing operations					
Current tax expense for the period (-)	(1.447)	-	(1.802)	-	(3.249)
Deferred tax income/(expense)	(1.750)	-	(27)	-	(1.777)
Profit for the period	412.241	29.857	18.986	(451.012)	10.072

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3. Segment information (continued)

	January 1 - March 31, 2018				
	Gas and petroleum products	Electricity	Other	Consolidation adjustments	Total
Revenue	1.982.041	-	138.076	(56.949)	2.063.168
Cost of sales (-)	(1.868.533)	-	(118.620)	56.966	(1.930.187)
Gross profit	113.508		19.456	17	132.981
General administrative expenses (-)	(46.679)	-	(4.717)	994	(50.402)
Marketing expenses (-)	(60.899)	-	(4.920)	-	(65.819)
Research and development expenses (-)	(660)	-	-	-	(660)
Other operating income	29.571	-	3.220	(1.144)	31.647
Other operating expenses (-)	(23.511)	-	(1.862)	156	(25.217)
Operating profit	11.330		11.177	23	22.530
Income from investment activities	418.668	-	142	(402.354)	16.456
Loss from investment activities (-)	(38)	-	-	-	(38)
Profit/losses from investments accounted under equity method	37.157	2.219	845	-	40.221
Operating profit before financial income (expense)	467.117	2.219	12.164	(402.331)	79.169
Financial income	26.948	-	2.274	-	29.222
Financial expense (-)	(48.785)	-	(58)	-	(48.843)
Profit from continuing operations before tax	445.280	2.219	14.380	(402.331)	59.548
Tax income (expense), continuing operations					
Current tax expense for the period (-)	(2.745)	-	(1.180)	-	(3.925)
Deferred tax income/(expense)	(346)	-	96	-	(250)
Profit for the period	442.189	2.219	13.296	(402.331)	55.373

The amortization and depreciation expense for the industrial segmental assets for the period ended on March 31, 2019 and 2018 are as follows:

	January 1 - March 31, 2019	January 1 - March 31, 2018
Gas and petroleum products	27.449	19.818
Other	3.157	2.381
	30.606	22.199

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4. Segment information (continued)

The investment expenditures for the industrial segmental assets for the periods ended on March 31, 2019 and 2018 are as follows:

	January 1 - March 31, 2019	January 1 - March 31, 2018
Gas and petroleum products	19.135	28.175
Other	246	603
	19.381	28.778

4. Cash and cash equivalents

	March 31, 2019	December 31, 2018
Cash on hand	427	223
Cash at banks	747.623	589.377
- Demand deposits	26.146	39.010
- Time deposits	721.477	550.367
Receivables from credit card transactions	60.952	58.410
Total cash and cash equivalents	809.002	648.010

As of March 31, 2019 the Group's TL time deposits amounting to TL 368.050 thousand with maturities of 1 day and average interest rate of 22,50%; USD time deposits amounting to USD 62.784 thousand (TL 353.427 thousand) with maturities of 1 days and interest rate of 3,40% (As of December 31, 2018 the Group's TL time deposits amounting to TL 344.731 thousand with maturities of 2 days and interest rates of 22,50-24,33%. USD time deposits amounting to USD 39.088 thousand (TL 205.636 thousand) with maturities of 2 days and interest rate of 3,40%).

5. Financial assets

The long term financial assets of the Group are as follows as of March 31, 2019 and December 31, 2018:

	March 31, 2019		December 31, 2018	
	Participation amount	Participation rate %	Participation amount	Participation rate %
Financial assets measured at fair value through other comprehensive income:				
-Koç Finansal Hizmetler A.Ş.	285.647	1,97	285.647	1,97
Financial assets measured at fair value through profit or loss:				
- Ram Dış Ticaret A.Ş.	420	2,50	420	2,50
-Tanı Pazarlama ve İletişim Hizmetleri A.Ş.	540	10,00	540	10,00
-Tat Gıda Sanayi A.Ş.	53	0,08	53	0,08
-Other	436	-	436	-
	287.096		287.096	

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6. Financial borrowings

As of March 31, 2019 and December 31, 2018 the Group's short-term financial borrowings are as follows:

	March 31, 2019	December 31, 2018
TL-denominated short-term bank borrowings (*)	108.169	78.596
Short-term lease liabilities	22.333	-
Total short-term financial borrowings	130.502	78.596
Short-term portion and interest accruals of TL-denominated long-term bank borrowings	266.961	275.038
Short-term portion and interest accruals of USD-denominated long-term bank borrowings	126.120	67.592
Short-term portion of long-term bond issued (**)	220.388	149.721
Total short-term portion of long-term financial borrowings	613.469	492.351

(*) As of March 31, 2019, the Group has interest free loan which was used for custom expenses payment amounting to TL 2.010 thousand (December 31, 2018: TL 5.981 thousand). Group has short term bank loans amounting to TL 40.447 thousand with a maturity of June 12, 2019, TL 34.712 thousand with a maturity of October 17, 2019 and TL 31.000 thousand with a maturity of April 15, 2019 with average fixed interest rate of 28,05%.

(**) 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 March 31, 2019 the details of short-term financial borrowings are as follows:

Currency	Effective interest rate per annum (%)	Original amount	TL amount
TL	-	2.010	2.010
TL	28,05	106.159	106.159
			108.169

As of December 31, 2018, the details of short-term financial borrowings are as follows:

Currency	Effective interest rate per annum (%)	Original amount	TL amount
TL	-	5.981	5.981
TL	30,13	72.615	72.615
			78.596

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6. Financial borrowings (continued)

As of March 31, 2019 and December 31, 2018 the Group's long-term financial borrowings are as follows:

	March 31, 2019	December 31, 2018
TL-denominated long-term bank borrowings	571.774	621.581
USD-denominated long-term bank borrowings	75.983	139.414
Total long-term financial borrowings	647.757	760.995
Long-term bonds issued	-	69.073
Total long-term bonds	-	69.073
Long-term lease liabilities	60.494	-
Total long-term lease liabilities	60.494	-
Total long-term financial borrowings	708.251	830.068

As of March 31, 2019 the details of long-term financial borrowings are as follows:

Currency	Effective interest rate per annum (%)	Original amount	TL amount
TL	21,34	838.735	838.735
USD	6,27	35.908	202.103
Short-term portion of long-term bank borrowings and interest accruals			(393.081)
			647.757

As of December 31, 2018 the details of long-term financial borrowings are as follows:

Currency	Effective interest rate per annum (%)	Original amount	TL amount
TL	20,35	896.619	896.619
USD	6,10	39.348	207.006
Short-term portion of long-term bank borrowings and interest accruals			(342.630)
			760.995

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7. Derivative financial instruments

As of March 31, 2019 and December 31, 2018 the Group's derivative financial instruments are as follows:

	March 31, 2019		December 31, 2018	
	Contract amount	Fair value assets (liabilities)	Contract amount	Fair value assets (liabilities)
Forward transactions (*)	35.039	(1.288)	-	-
Foreign currency swap contracts (**)	26.100	28.948	26.100	24.830
Commodity hedge (***)	41.650	(5.170)	41.245	1.109
Total short-term derivative financial instruments	102.789	22.490	67.345	25.939

	March 31, 2019		December 31, 2018	
	Contract amount	Fair value assets (liabilities)	Contract amount	Fair value assets (liabilities)
Foreign currency swap contracts (**)	39.150	43.422	39.150	37.245
Total long-term derivative financial instruments	39.150	43.422	39.150	37.245

(*) As of March 31, 2019 the Group has entered into forward transaction with a maturity of 18 days and nominal value amounting to USD 6.200 thousand (As of December 31, 2018 the Group has no forward transaction).

(**) 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%. As of March 31, 2019, principal payment of USD 9.000 thousand was made.

(***) As of March 31, 2019 the Group has Commodity swap transaction which is made for the quantity of 20.000 metric tonne of propane (Sonatrach FOB Bethioua). The relevant contract month of the transaction is April 2019 and the weighted average fixed price is USD 370/per metric tonne (As of December 31, 2018 the Group has Commodity swap transaction which is made for the quantity of 20.000 metric tonne of propane (Sonatrach FOB Bethioua). The relevant contract month of the transaction is February 2019 and the weighted average fixed price is USD 392/per metric tonne).

8. Trade receivables and payables from third parties

The Group's trade receivables from third parties as of March 31, 2019 and December 31, 2018 are as follows:

Current trade receivables	March 31, 2019	December 31, 2018
Trade receivables	497.729	390.652
Notes receivables	53.621	46.873
Allowance for doubtful receivables (-) (*)	(28.236)	(27.938)
Total current trade receivables	523.114	409.587

(*) TL 540 thousand of provision for doubtful receivables consists of expected credit loss provisions.

Non-current trade receivables	March 31, 2019	December 31, 2018
Notes receivable	9.477	8.835
Total non-current trade receivables	9.477	8.835

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7. Trade receivables and payables from third parties (continued)

The Group's trade payables as of March 31, 2019 and December 31, 2018 are as follows:

Short-term trade payables	March 31, 2019	December 31, 2018
Trade payables	549.073	414.382
Total short-term trade payables	549.073	414.382

9. Inventories

	March 31, 2019	December 31, 2018
Raw materials	185.354	170.663
Goods in transit	93.124	156.125
Trade goods	6.232	5.812
Finished goods	10.249	12.861
Work in process	4.272	3.077
Allowance for impairment on inventory	(229)	(229)
Total inventories	299.002	348.309

As of March 31, 2019, the inventories comprise of 82.192 tons of LPG (December 31, 2018: 117.213 tons).

10. Equity investments

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

	March 31, 2019		December 31, 2018	
	Participation amount	Participation Rate	Participation amount	Participation Rate
EYAŞ	1.282.014	%20,00	1.718.736	%20,00
Entek	478.460	%49,62	448.501	%49,62
OAGM	138.646	%50,00	137.562	%50,00
	1.899.120		2.304.799	

The movement of equity investments is as follows:

	2019	2018
Opening balance on January 1	2.304.799	2.273.331
Shares of profit/(loss)	(8.760)	40.221
Shares of other comprehensive income/(loss)	(10.207)	(13.280)
Dividend income (*)	(186.712)	(347.454)
Participation in share capital decrease (increase) of equity investment (**)	(200.000)	203.974
Closing balance on March 31	1.899.120	2.156.792

(*) EYAŞ dividend income.

(**) Capital decrease of EYAŞ. Related amount has been paid in cash to the Company on March 28, 2019 (2018: Capital increase of Entek) (Note 1).

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10. Equity investments (continued)

Shares of profit (loss) of equity investments:

	January 1 - March 31, 2019	January 1 - March 31, 2018
EYAŞ	(39.701)	37.157
Entek	29.857	2.219
OAGM	1.084	845
	(8.760)	40.221

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

	January 1 - March 31, 2019	January 1 - March 31, 2018
EYAŞ (*)	(10.309)	(11.495)
Entek	102	(1.785)
	(10.207)	(13.280)

(*) TÜPRAŞ, a subsidiary of EYAŞ, designated its investment loans amounting to USD 942.296 thousand (TL 5.303.610 thousand) (December 31, 2018: USD 982.082 thousand, TL 5.166.635 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 amounting to TL 2.773.027 (December 31, 2018: TL 2.575.965) are accounted under "Gains (losses) on hedging" under shareholders' equity until the cash flows of the related hedged item are realized.

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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
Cost									
Opening balance as of January 1, 2019	16.506	166.925	74.294	1.740.441	230.349	79.891	24.938	11.837	2.345.181
Additions	-	-	-	1.753	180	114	-	17.289	19.336
Acquisitions	1.128	4.836	4.374	24.941	-	959	-	-	36.238
Transfers (*)	500	(500)	-	13.395	82	532	-	(14.011)	(2)
Disposals	-	(34)	-	(2.535)	(89)	(629)	-	-	(3.287)
Ending balance as of March 31, 2019	18.134	171.227	78.668	1.777.995	230.522	80.867	24.938	15.115	2.397.466
Accumulated depreciation									
Opening balance as of January 1, 2019	-	69.976	50.050	1.350.572	110.390	53.713	23.950	-	1.658.651
Charge of the period	-	1.532	1.356	14.100	3.559	1.712	221	-	22.480
Disposals	-	(13)	-	(1.887)	(55)	(295)	-	-	(2.250)
Ending balance as of March 31, 2019	-	71.495	51.406	1.362.785	113.894	55.130	24.171	-	1.678.881
Net book value as of March 31, 2019	18.134	99.732	27.262	415.210	116.628	25.737	767	15.115	718.585

(*) TL 2 thousand under “Construction in progress” under the account property, plant and equipment has been classified to intangible fixed assets.

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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
Cost									
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	-	-	54	2.835	517	21	3	25.348	28.778
Transfers	-	-	8	19.924	-	1.557	-	(21.489)	-
Disposals	-	(1.343)	(6.480)	(2.679)	(407)	(1.138)	-	-	(12.047)
Ending balance as of March 31, 2018	16.006	158.764	69.039	1.711.903	225.817	74.925	26.716	13.962	2.297.132
Accumulated depreciation									
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	-	1.458	425	13.435	3.576	1.837	204	-	20.935
Disposals	-	(876)	(4.862)	(2.193)	(406)	(246)	-	-	(8.583)
Ending balance as of March 31, 2018	-	65.579	48.583	1.324.517	100.262	50.104	25.781	-	1.614.826
Net book value as of March 31, 2018	16.006	93.185	20.456	387.386	125.555	24.821	935	13.962	682.306

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12. Intangible assets

	Rights	Total
Acquisition costs		
Opening balance as of January 1, 2019	68.424	68.424
Additions	45	45
Acquisitions	15.018	15.018
Disposals	(14)	(14)
Transfers (*)	2	2
Ending balance as of March 31, 2019	83.475	83.475
Accumulated amortization		
Opening balance as of January 1, 2019	47.070	47.070
Charge for the period	1.570	1.570
Disposals	(10)	(10)
Ending balance as of March 31, 2019	48.630	48.630
Carrying value as of March 31, 2019	34.845	34.845

(*) TL 2 thousand under "Construction in progress" under the account property, plant and equipment has been classified to intangible fixed assets.

	Rights	Total
Acquisition costs		
Opening balance as of January 1, 2018	61.187	61.187
Additions	-	-
Transfers	-	-
Ending balance as of March 31, 2018	61.187	61.187
Accumulated amortization		
Opening balance as of January 1, 2018	41.907	41.907
Charge for the period	1.264	1.264
Ending balance as of March 31, 2018	43.171	43.171
Carrying value as of March 31, 2018	18.016	18.016

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13. Contingent assets and liabilities

Guarantees given as of March 31, 2019 and December 31, 2018 are as follows:

Guarantees given	March 31, 2019	December 31, 2018
Letter of guarantees given for gas purchase	900.432	866.327
Other letter of guarantees given	22.736	24.009
Total guarantees given	923.168	890.336

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:

Due to the liability of the storage of national petroleum stocks, petroleum products and LPG distributor license owners should hold a minimum of twenty days' average reserves at their own or other licensed storages, either together or separately. Within the decision of National Petroleum Reserves Commission numbered 2018/3 on December 28, 2018, it was decided to keep the national petroleum stocks as minimum 15 days between 01.02.2019 - 30.04.2019, minimum 17 days between 01.05.2019 - 30.06.2019, minimum 20 days as of 01.07.2019 by the petroleum products and LPG distributor license owners.

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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:

	March 31, 2019				December 31, 2018			
	TL equivalent of Euro	TL equivalent of USD	TL	Total TL	TL equivalent of Euro	TL equivalent of USD	TL	Total TL
A. CPMBs given on behalf of the Company's legal personality	69.997	66	550.214	620.277	66.776	256	611.767	678.799
B. CPMBs given in favor of subsidiaries included in full consolidation (*)	-	302.891	-	302.891	-	211.537	-	211.537
C. CPMBs given by the Company for the liabilities of 3rd parties in order to run ordinary course of business								
D. Other GPM's								
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	-	-	-	-	-	-	-	-
Total amount of CPMBs	69.997	302.957	550.214	923.168	66.776	211.793	611.767	890.336

(*) As of March 31, 2019, 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 375 thousand (December 31, 2018: TL 998 thousand).

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14. Other short-term provisions and liabilities

Other short-term provisions	March 31, 2019	December 31, 2018
Provision for price revision (*)	191.086	178.610
Provision for lawsuit	8.795	8.874
Provision for EMRA contribution	6.851	6.029
Provision for selling and marketing expenses	5.621	4.762
Provision for warranty expenses	4.311	4.260
Provision for other operating expenses	14.715	3.219
Total other short-term provisions	231.379	205.754

- (*) As communicated to Aygaz Doğal Gaz Toptan Satış A.Ş., a Subsidiary of the Company, by Akfel Gaz Sanayi ve Ticaret A.Ş. ("Akfel"), from which natural gas is supplied; the price revision arbitration process initiated by Gazprom Export LLC ("Gazprom"), which Akfel has imported natural gas, was concluded against Akfel and effective from 1 January 2017, the import price would be adjusted in favor of Gazprom and in this context, it was decided to abolish the discount applied to Akfel and to reflect the change in import price to natural gas price applied to Aygaz Doğal Gaz Toptan Satış A.Ş. in accordance with the contract signed between Akfel and Aygaz Doğal Gaz Toptan Satış A.Ş. It was also notified that, the price determination mechanism in the contract will be revised according to the arbitration decision and the related amount of the debt and related invoices will be sent separately to Aygaz Doğal Gaz Toptan Satış A.Ş. as the contract price is updated retrospectively as of 1 January 2017. The amount of total debt was conveyed to Aygaz Doğal Gaz Toptan Satış A.Ş. by Akfel, however related invoices were not delivered yet as of the date of this report. As of 31 December 2018, total provision of USD 33.949 thousand (TL 191.086 thousand), USD 15.368 thousand for 2017 and USD 18.582 thousand for 2018, has been recognised in the consolidated financial statements (December 31, 2018: TL 178.610 thousand in total).

Other current liabilities	March 31, 2019	December 31, 2018
Taxes and funds payable	107.837	85.791
Other liabilities	393	2.505
Total other current liabilities	108.230	88.296

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15. Share capital

As of March 31, 2019 and December 31, 2018 the share capital held is as follows:

Shareholders	Participation rate	March 31, 2019	Participation rate	December 31, 2018
Temel Ticaret ve Yatırım A.Ş.	5,77%	17.324	5,77%	17.324
Koç Family Members	4,76%	14.265	4,76%	14.265
Total Koç Family Members and companies owned by Koç Family Members	10,53%	31.589	10,53%	31.589
Koç Holding A.Ş.	40,68%	122.054	40,68%	122.054
Liquid Petroleum Gas Development Company ("LPGDC") (*)	24,52%	73.546	24,52%	73.546
Publicly held (*)	24,27%	72.811	24,27%	72.811
Nominal capital	100,00%	300.000	100,00%	300.000
Inflation adjustment (**)		71.504		71.504
Adjusted capital		371.504		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 20, 2019, the Company decided to reserve TL 37.100 thousand as legal reserves and distribute TL 386.000 thousand gross dividends from the net distributable income of 2018. According to this decision, the Company has begun dividend payments on March 28, 2019.

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16. Earnings per share

	January 1 - March 31, 2019	January 1 - March 31, 2018
Average number of ordinary shares outstanding during the period (one thousand)	300.000	300.000
Net profit for the year attributable to equity holders of the parent company	10.072	55.373
Earnings per thousand shares (TL)	0,033573	0,184577

17. Tax assets and liabilities

	March 31, 2019	December 31, 2018
Current tax liability		
Current corporate tax provision	3.249	15.871
Less: Prepaid taxes and funds	(16.916)	(23.282)
Current tax liability	(13.667)	(7.411)
	January 1 - March 31, 2019	January 1 - March 31, 2018
Tax expenses		
- Current corporate tax provision	(3.249)	(3.925)
- Deferred tax	(1.777)	(250)
Total	(5.026)	(4.175)

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 2019 is 22% (2018: 22%).

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate in 2019 is 22% (2018: 22%). 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, 2018 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.

Deferred tax (assets) / liabilities:	March 31, 2019	December 31, 2018
Depreciation/amortization differences of property, plant and equipment and other intangible assets	46.604	44.033
Revaluation of financial assets measured at fair value through other comprehensive income	6.434	6.434
Provision for employment termination benefits	(7.123)	(6.676)
Valuation of inventories	(2.284)	(4.585)
Other	5.762	7.866
	49.393	47.072

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.

	March 31, 2019			December 31, 2018		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Aygaz A.Ş.	(20.541)	70.026	49.485	(18.249)	64.981	46.732
Akpa A.Ş.	(1.059)	484	(575)	(1.114)	512	(602)
Aygaz Doğal Gaz	(1.031)	1.514	483	(659)	1.601	942
	(22.631)	72.024	49.393	(20.022)	67.094	47.072

Movement of deferred tax assets and liabilities are as follows:

Movement of deferred tax (assets) / liabilities :	2019	2018
Opening balance on January 1	47.072	43.938
Change to the profit or loss:	1.777	250
Change to the equity:	544	(94)
-Effect of gains (losses) on financial assets measured at fair value through other comprehensive income	-	(94)
-Effect of gains (losses) on cash flow hedges	544	-
Closing balance on March 31	49.393	44.094

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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 March 31, 2019; TL 174.302 thousand (December 31, 2018 - TL 1.052 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	March 31, 2019			
	Receivables		Payables	
	Trade	Non-trade	Trade	Non-trade
Group companies (*)				
Türkiye Petrol Rafinerileri A.Ş.	105.655	-	96.149	-
Demir Export A.Ş.	18.847	-	-	-
Ford Otomotiv Sanayi A.Ş.	1.912	-	-	-
Demir Export A.Ş. - Fernas İnşaat A.Ş. Adi Ortaklığı	1.576	-	-	-
Opet Petrolcülük A.Ş.	438	-	48.989	-
Zer Merkezi Hizmetler ve Ticaret A.Ş. (**)	-	-	4.702	-
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	-	-	2.775	-
Otokoç Otomotiv Tic. ve San. A.Ş.	-	-	2.212	-
Other	5.371	-	5.149	-
Shareholders				
Koç Holding A.Ş.	-	-	22	-
Investments accounted under the equity method				
Entek Elektrik Üretimi A.Ş.	3.837	-	-	-
	137.636	-	159.998	-

Balances with related parties	December 31, 2018			
	Receivables		Payables	
	Trade	Non-trade	Trade	Non-trade
Group companies (*)				
Demir Export A.Ş.	15.901	-	-	-
Türkiye Petrol Rafinerileri A.Ş.	6.922	-	64.272	-
Ford Otomotiv Sanayi A.Ş.	1.681	-	91	-
Demir Export A.Ş. - Fernas İnşaat A.Ş. Adi Ortaklığı	1.431	-	-	-
Ram Dış Ticaret A.Ş.	1.104	-	449	-
Körfez Hava Ulaştırma A.Ş.	363	-	-	-
Opet Petrolcülük A.Ş.	354	-	52.925	-
Zer Merkezi Hizmetler ve Ticaret A.Ş. (**)	-	-	9.011	-
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	-	-	5.621	-
Otokoç Otomotiv Tic. ve San. A.Ş.	-	-	3.349	-
Other	2.704	-	2.936	-
Shareholders				
Koç Holding A.Ş.	-	-	6.617	-
Investments accounted under the equity method				
Entek Elektrik Üretimi A.Ş.	1	-	-	-
	30.461	-	145.271	-

(*) 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 - March 31, 2019			
	Purchases (Goods)	Sales (Goods)	Purchases (Service)	Sales (Service)
Group companies (*)				
Türkiye Petrol Rafinerileri A.Ş.	300.720	315.296	1.471	-
Opet Petrolcülük A.Ş.(**) (***)	100.625	1.330	26.517	-
Zer Merkezi Hizmetler ve Ticaret A.Ş.	2.366	3	3.386	-
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	7	32	4.524	-
Otokoç Otomotiv Tic. ve San. A.Ş.	1	118	530	-
Arçelik A.Ş.	-	1.112	18	-
Körfez Hava Ulaştırma A.Ş.	-	1.213	-	-
Demir Export A.Ş.	-	21.585	-	-
Ford Otomotiv Sanayi A.Ş.	-	6.866	-	-
Other	2.909	8.477	2.599	-
Shareholders				
Koç Holding A.Ş. (****)	-	19	3.674	-
Temel Ticaret ve Yatırım A.Ş.	-	1	1	-
Koç Family members	-	64	-	-
Investments accounted under the equity method				
Entek Elektrik Üretimi A.Ş.	-	9.133	-	-
	406.628	365.249	42.720	-

Transactions with related parties	January 1 - March 31, 2018			
	Purchases (Goods)	Sales (Goods)	Purchases (Service)	Sales (Service)
Group companies (*)				
Türkiye Petrol Rafinerileri A.Ş.	233.613	49.888	2.021	1.161
Opet Petrolcülük A.Ş.(**) (***)	65.559	1.168	23.973	-
Ram Dış Ticaret A.Ş.	11.448	-	114	-
Zer Merkezi Hizmetler ve Ticaret A.Ş.	3.635	4	4.170	-
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	13	28	2.138	-
Otokoç Otomotiv Tic. ve San. A.Ş.	-	96	195	-
Arçelik A.Ş.	1	959	-	-
Demir Export A.Ş.	-	14.440	-	-
Ford Otomotiv Sanayi A.Ş.	-	5.761	-	-
Other	1.226	11.601	2.320	-
Shareholders				
Koç Holding A.Ş. (****)	-	16	3.031	-
Temel Ticaret ve Yatırım A.Ş.	-	1	3	-
Koç Family members	-	47	-	-
Investments accounted under the equity method				
Entek Elektrik Üretimi A.Ş.	-	1.097	1.146	-
	315.495	85.106	39.111	1.161

(*) Group companies include Koç Group companies.

(**) Commission expenses regarding LPG sold at Opet stations for three-month period ended March 2019 is TL 25.840 thousand (January 1-March 31, 2018: TL 23.780 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. No prepayments and investment contribution margin has been made to Opet for three-month period ended March 2019 in consideration of 5 years sale agreement on average to be paid to Aygaz Dealers making auto-gas sales at Opet stations (January 1-March 31, 2018: TL 8.547 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 - March 31, 2019				
Tangible asset and rent transactions with related parties	Rent income	Rent expense	Tangible and intangible asset purchases	Sale of fixed assets
Group companies (*)				
Opet Petrolcülük A.Ş.	182	-	-	-
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	-	-	595	-
Zer Merkezi Hizmetler ve Ticaret A.Ş.	-	-	6	-
Other	-	-	16	3
	182	-	617	3

January 1 - March 31, 2018				
Tangible asset and rent transactions with related parties	Rent income	Rent expense	Tangible and intangible asset purchases	Sale of fixed assets
Group companies (*)				
Opet Petrolcülük A.Ş.	143	4	-	-
Otokoç Otomotiv Tic. ve San. A.Ş.	-	1.860	210	-
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	-	-	2.298	-
Zer Merkezi Hizmetler ve Ticaret A.Ş.	-	-	4	-
Türkiye Petrol Rafinerileri A.Ş.	-	-	-	17.800
Arçelik A.Ş.	-	-	9	-
Shareholders				
Koç Family Members	-	189	-	-
Temel Ticaret ve Yatırım A.Ş.	-	200	-	-
	143	2.253	2.521	17.800

(*) 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 - March 31, 2019			
	Financial income	Financial expense	Other income	Other expense
Group companies (*)				
Yapı Kredi Bankası A.Ş.	35.046	5.645	-	-
Zer Merkezi Hizmetler ve Ticaret A.Ş.	-	-	-	25
Other				2
	35.046	5.645		27

Financial and other transactions with related parties	January 1 - March 31, 2018			
	Financial income	Financial expense	Other income	Other expense
Group companies (*)				
Yapı Kredi Bankası A.Ş.	14.255	2.556	-	-
Opet Petrolcülük A.Ş.	-	-	94	-
Ram Dış Ticaret A.Ş.	-	-	550	116
Tat Gıda Sanayi A.Ş.	-	-	22	-
Diğer	-	-	1	6
	14.255	2.556	667	122

Cash at banks	March 31, 2019	December 31, 2018
Group companies (*)		
Yapı Kredi Bankası A.Ş.	657.478	545.618

Credit card receivables	March 31, 2019	December 31, 2018
Group companies (*)		
Yapı Kredi Bankası A.Ş.	58.964	58.286

Bank loans	March 31, 2019	December 31, 2018
Grup şirketleri (*)		
Yapı Kredi Bankası A.Ş.	88.941	90.613

(*) 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 March 31, 2019, total benefit provided to the senior management of the Company is TL 2.207 thousand (March 31, 2018: TL 3.742 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).

Aygaz Anonim Şirketi and its Subsidiaries**Notes to the interim condensed consolidated financial statements
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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*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:

March 31, 2019		Total TL equivalent	TL equivalent of USD	TL equivalent of Euro	TL equivalent of Other
1.	Trade receivables	206.993	202.206	4.787	-
2.a	Monetary financial assets	357.558	353.849	3.591	118
2.b	Non-monetary financial assets	-	-	-	-
3.	Other	-	-	-	-
4.	Current assets	564.551	556.055	8.378	118
5.	Trade receivables	-	-	-	-
6.a	Monetary financial assets	-	-	-	-
6.b	Non-monetary financial assets	-	-	-	-
7.	Other	-	-	-	-
8.	Non-current assets	-	-	-	-
9.	Total assets	564.551	556.055	8.378	118
10.	Trade payables	(434.321)	(433.722)	(599)	-
11.	Financial liabilities	(133.223)	(126.120)	(7.103)	-
12.a	Other monetary financial liabilities	(191.086)	(191.086)	-	-
12.b	Other non-monetary financial liabilities	-	-	-	-
13.	Current liabilities	(758.630)	(750.928)	(7.702)	-
14.	Trade payables	-	-	-	-
15.	Financial liabilities	(86.162)	(75.983)	(10.179)	-
16.a	Other monetary financial liabilities	-	-	-	-
16.b	Other non-monetary financial liabilities	-	-	-	-
17.	Non-current liabilities	(86.162)	(75.983)	(10.179)	-
18.	Total liabilities	(844.792)	(826.911)	(17.881)	-
19.	Net asset/liability position of off balance sheet asset and liabilities (19a-19b)	91.743	91.743	-	-
19.a	Total hedged assets	126.639	126.639	-	-
19.b	Total hedged liabilities	34.896	34.896	-	-
20.	Net foreign currency asset/liability position (9+18+19)	(188.498)	(179.113)	(9.503)	118
21.	Net foreign currency asset/liability position of monetary items (1+2a+5+6a+10+11+12a+14+15+16a)	(280.241)	(270.856)	(9.503)	118
22.	Fair value of foreign currency hedged financial assets	-	-	-	-
23.	Hedged foreign currency assets	-	-	-	-
24.	Hedged foreign currency liabilities	-	-	-	-
25.	Export	421.599	410.894	10.705	-
26.	Import	928.244	925.775	2.159	310

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

December 31, 2018		Total TL equivalent	TL equivalent of USD	TL equivalent of Euro	TL equivalent of Other
1.	Trade receivables	75.344	72.588	2.756	-
2.a	Monetary financial assets	207.243	206.415	659	169
2.b	Non-monetary financial assets	-	-	-	-
3.	Other	2.540	2.441	99	-
4.	Current assets	285.127	281.444	3.514	169
5.	Trade receivables	-	-	-	-
6.a	Monetary financial assets	-	-	-	-
6.b	Non-monetary financial assets	-	-	-	-
7.	Other	-	-	-	-
8.	Non-current assets	-	-	-	-
9.	Total assets	285.127	281.444	3.514	169
10.	Trade payables	(355.212)	(353.592)	(1.540)	(80)
11.	Financial liabilities	(67.592)	(67.592)	-	-
12.a	Other monetary financial liabilities	(178.610)	(178.610)	-	-
12.b	Other non-monetary financial liabilities	(1.291)	(1.291)	-	-
13.	Current liabilities	(602.705)	(601.085)	(1.540)	(80)
14.	Trade payables	-	-	-	-
15.	Financial liabilities	(139.414)	(139.414)	-	-
16.a	Other monetary financial liabilities	-	-	-	-
16.b	Other non-monetary financial liabilities	-	-	-	-
17.	Non-current liabilities	(139.414)	(139.414)	-	-
18.	Total liabilities	(742.119)	(740.499)	(1.540)	(80)
19.	Net asset/liability position of off balance sheet asset and liabilities (19a-19b)	118.370	118.370	-	-
19.a	Total hedged assets	118.370	118.370	-	-
19.b	Total hedged liabilities	-	-	-	-
20.	Net foreign currency asset/liability position (9+18+19)	(338.622)	(340.685)	1.974	89
21.	Net foreign currency asset/liability position of monetary items (1+2a+5+6a+10+11+12a+14+15+16a)	(458.241)	(460.205)	1.875	89
22.	Fair value of foreign currency hedged financial assets	-	-	-	-
23.	Hedged foreign currency assets	-	-	-	-
24.	Hedged foreign currency liabilities	-	-	-	-
25.	Export	1.506.236	1.488.788	17.448	-
26.	Import	4.700.470	4.691.371	8.450	649

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

	March 31, 2019	December 31, 2018
Assets	564.551	285.127
Liabilities	(844.792)	(742.119)
Net asset/liability position	(280.241)	(456.992)
Derivative instruments net position	91.743	118.370
Net foreign currency asset/liability position	(188.498)	(338.622)
Inventories under the natural hedge (*)	212.602	320.769
Net foreign currency position after the natural hedge	24.104	(17.853)

(*)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 March 31, 2019, the Group has LPG amounting to TL 212.602 thousand (December 31, 2018: TL 320.769 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.

	March 31, 2019			
	Income (Expense)		Equity	
	Foreign exchange appreciation	Foreign exchange depreciation	Foreign exchange appreciation	Foreign exchange depreciation
10% fluctuation of USD rate				
USD net asset/liability	(27.086)	27.086	(27.086)	27.086
Secured portion from USD risk	9.174	(9.174)	9.174	(9.174)
USD net effect	(17.912)	17.912	(17.912)	17.912
10% fluctuation of Euro rate				
Euro net asset/liability	(950)	950	(950)	950
Secured portion from Euro risk	-	-	-	-
Euro net effect	(950)	950	(950)	950
Total	(18.862)	18.862	(18.862)	18.862

	December 31, 2018			
	Income (Expense)		Equity	
	Foreign exchange appreciation	Foreign exchange depreciation	Foreign exchange appreciation	Foreign exchange depreciation
10% fluctuation of USD rate				
USD net asset/liability	(46.021)	46.021	(46.021)	46.021
Secured portion from USD risk	11.837	(11.837)	11.837	(11.837)
USD net effect	(34.184)	34.184	(34.184)	34.184
10% fluctuation of Euro rate				
Euro net asset/liability	188	(188)	188	(188)
Secured portion from Euro risk	-	-	-	-
Euro net effect	188	(188)	188	(188)
Total	(33.996)	33.996	(33.996)	33.996

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

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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 March 31, 2019 are summarized at the table below. The Group has no currency forward agreement as of December 31, 2018.

Maturity	Parity	Type of contract	Transactions	Total amount	March 31, 2019
					Currency
18 days	5,6515	Forward	Sells TL, buys USD	6.200	USD

Swap agreements

As of March 31, 2019 the Group has a swap agreement amounting to TL 65.250 thousand with fixed interest rate of 13,415% in return for USD 22.500 thousand with a floating interest rate of six-month USDLIBOR +2,4%. Swap transaction has half yearly interest payments and principal repayments amounting to USD 9.000 thousand were made during the year of 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			
	March 31, 2019	1st Level	2nd Level	3rd Level
Financial assets measured at fair value	287.096	53	286.067	976
Derivative financial instruments	63.184	-	63.184	-

Financial assets /liabilities	Level of fair value as of reporting date			
	December 31, 2018	1st Level	2nd Level	3rd Level
Financial assets measured at fair value	287.096	53	286.067	976
Derivative financial instruments	63.184	-	63.184	-

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.

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

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

Financial assets

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

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

The carrying values of trade receivables along with the related allowances for 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

None.

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

On March 14, 2019, Kuleli, a subsidiary of the Group, has acquired total shares of Bal Kaynak Su İthalat İhracat Sanayi ve Ticaret A.Ş., which has all business permits and licenses of the operations, the water filling plant that this company currently maintains its natural spring water operation and properties which this facility located on, amounting to TL 50.239 thousand. With this acquisition the Group has aimed to expand its water operations and ensure sustainable production in water business. The identifiable assets and liabilities of the acquired company are determined according to its carrying value as of March 14, 2019.

	14 Mart 2019
Inventories	630
Other current assets	855
Tangible assets	36.238
Intangible assets	15.018
Total assets	52.741
Trade payables	2.255
Other current liabilities	247
Total liabilities	2.502
Net assets acquired	50.239
Consideration amount – cash	38.490
Consideration amount – future payments	11.749
Total consideration	50.239

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21. Other significant issues affecting the financial statements or the other issues required for clarification of financial statements (continued)

After evaluating similar practices and developments in the industry, the Board of Directors of the Company resolved on January 7, 2019 to open a branch office in London to engage in LPG trade with the aim of increasing trade volume with third parties in international markets, supporting the company's import, export and transit operations of the Group by monitoring the opportunities in global markets more closely and creating additional value from the supply chain. Branch opening was held in 2019 and processes towards operation is ongoing.

In line with the Group's growth strategy abroad, the Board of Directors of the Company resolved on March 5, 2019 to sign a Share Purchase Agreement ('Contract'), where the Company shall buy 50% of the shares of United LPG Ltd. - with a pre-license for LPG filling facility but no current operations yet - with United Enterprises & Co. Ltd., which is part of the United Group in Bangladesh, with a total value of 50.000 thousand Taka (approximately USD 625 thousand) to be paid in cash at the date of completion of Share Transfer Transactions ('Closing') and establish a partnership ('Joint Venture Company') based on the principles of joint venture in order to operate in LPG supply, filling and distribution in the Bangladesh market and for the necessary investments. Closing shall be subject to the realization of certain conditions precedents set forth in the contract, including the acquisition of necessary permits. In the event that conditions precedents set forth in the contract cannot be completed by March 31, 2020, the contract will be terminated automatically. Work regarding the process is ongoing.