

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

Aygaz Anonim Őirketi and its Subsidiaries

January 1 – June 30, 2017 interim condensed consolidated financial statements



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

**REPORT ON REVIEW OF CONDENSED CONSOLIDATED
INTERIM FINANCIAL INFORMATION**

To the Board of Directors of Aygaz Anonim Şirketi

Introduction

1. We have reviewed the accompanying consolidated statement of financial position of Aygaz Anonim Şirketi (the "Company") and its subsidiaries ("collectively referred as the Group") as at 30 June 2017, the consolidated statements of profit or loss and other comprehensive income, consolidated changes in equity, consolidated cash flows and other explanatory notes for the six-month period then ended ("condensed consolidated interim financial information"). The management of the Group is responsible for the preparation and fair presentation of this condensed consolidated interim financial information in accordance with Turkish Accounting Standard 34 ("TAS 34") "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

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

Conclusion

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



Other matter

4. The consolidated financial statements of Aygaz Anonim Şirketi as of 31 December 2016 and for the year then ended were audited and the condensed consolidated interim financial information as of 30 June 2016 and for the six-month period then ended were reviewed by another audit firm whose audit report dated 13 February 2017 expressed an unqualified opinion and whose review report dated 11 August 2016 expressed a conclusion that no material non-compliance with respect to TAS 34 has come to their attention.

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

A handwritten signature in blue ink, consisting of a large, stylized loop followed by a smaller mark, positioned over the text of the PwC firm name.

Ediz Günsel, SMMM
Partner

İstanbul, 3 August 2017

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Aygaz Anonim Şirketi and its Subsidiaries

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

Aygaz Anonim Şirketi and its Subsidiaries

**Consolidated statement of financial position
as at June 30, 2017**

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

Assets	Notes	Current period	Prior period
		(Reviewed)	(Audited)
		June 30, 2017	December 31, 2016
Current assets		1.083.931	1.360.364
Cash and cash equivalents	4	218.650	567.728
Trade receivables		495.955	474.653
-Trade receivables from related parties	18	39.755	37.894
-Trade receivables from third parties	8	456.200	436.759
Other receivables		5.426	5.770
-Other receivables from third parties		5.426	5.770
Derivative financial instruments	7	2.942	-
Inventories	9	263.012	266.820
Prepaid expenses		84.310	41.166
Assets related to current year tax		5.621	680
Other current assets		8.015	3.547
Non-current assets		3.220.601	2.953.986
Financial investments	5	331.736	257.928
Trade receivables		6.573	5.646
-Trade receivables from third parties	8	6.573	5.646
Other receivables		82	75
-Other receivables from third parties		82	75
Derivative financial instruments	7	17.649	22.742
Investments accounted under equity method	10	2.100.084	1.922.344
Property, plant and equipment	11	680.734	658.238
Intangible assets		17.015	19.119
-Other intangible assets	12	17.015	19.119
Prepaid expenses		63.897	67.195
Deferred tax asset	17	2.831	699
Total assets		4.304.532	4.314.350

The accompanying accounting policies and notes between the pages 8 and 38 form an integral part of these interim condensed consolidated financial statements.

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

Aygaz Anonim Şirketi and its Subsidiaries

**Consolidated statement of financial position
as at June 30, 2017**

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

Liabilities	Notes	Current period (Reviewed) June 30, 2017	Prior period (Audited) December 31, 2016
Short term liabilities		980.119	1.007.263
Short-term financial borrowings	6	11.381	1.102
Current portion of long term financial borrowings	6	282.316	229.265
Trade payables		370.652	470.731
- Trade payables to related parties	18	121.248	136.094
- Trade payables to third parties	8	249.404	334.637
Liabilities for employee benefits		6.707	43.252
Other payables		1.551	1.323
- Other payables to related parties		863	677
- Other payables to third parties		688	646
Derivative financial instruments	7	2.906	-
Deferred income		3.652	2.487
Provision for taxation on income		940	5.105
Short-term provisions		147.988	114.636
-Provisions from employee benefits		18.589	-
-Other provisions	14	129.399	114.636
Other current liabilities	14	152.026	139.362
Long term liabilities		627.678	565.530
Long-term borrowings	6	454.426	400.143
Other payables		94.399	89.489
- Other payables to third parties		94.399	89.489
Long-term provisions		38.583	35.697
-Provisions for employee benefits		38.583	35.697
Deferred tax liabilities	17	40.270	40.201
Equity		2.696.735	2.741.557
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		(819)	(793)
Gains (losses) on the revaluation and/or reclassification		124	124
-Gains (losses) remeasurement from defined benefit plans		124	124
Share of other comprehensive income of investments accounted for using equity method that will not be reclassified to profit or loss		(943)	(917)
Other comprehensive income or expenses to be reclassified to profit or loss		126.154	44.327
Gains (losses) on the revaluation and/or reclassification		227.689	157.508
-Gains (losses) on the revaluation and/or reclassification of available-for-sale financial assets		227.689	157.508
Share of other comprehensive income of investments accounted for using equity method that will be reclassified to profit or loss		(101.535)	(113.181)
Restricted reserves		247.049	203.549
Retained earnings		1.634.324	1.713.648
Net profit for the period		325.965	415.670
Equity attributable to equity holders of the parent		2.696.735	2.740.463
Non-controlling interests		-	1.094
Total equity and liabilities		4.304.532	4.314.350

The accompanying accounting policies and notes between the pages 8 and 38 form an integral part of these interim condensed consolidated financial statements.

Aygaz Anonim Şirketi and its Subsidiaries

Consolidated profit or loss and other comprehensive income statement
for the six month interim period ended June 30, 2017

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

	Notes	(Reviewed)		(Reviewed)	
		January 1- June 30, 2017	April 1 - June 30, 2017	January 1- June 30, 2016	April 1 - June 30, 2016
Revenue		3.946.278	1.880.920	3.059.971	1.535.251
Cost of sales (-)		(3.612.889)	(1.736.926)	(2.691.109)	(1.341.465)
Gross profit		333.389	143.994	368.862	193.786
General administrative expenses (-)		(97.334)	(49.148)	(99.926)	(50.023)
Marketing expenses (-)		(132.007)	(71.025)	(126.879)	(67.005)
Research and development expenses (-)		(1.262)	(842)	(1.729)	(1.105)
Other operating income		77.498	36.931	47.315	18.156
Other operating expenses (-)		(61.424)	(26.828)	(39.432)	(11.751)
Operating profit		118.860	33.082	148.211	82.058
Income from investment activities		6.294	2.551	825	263
Loss from investment activities (-)		(919)	(704)	(22)	(22)
Profit / losses from investments accounted under equity method	10	241.111	151.012	53.047	35.630
Operating profit before financial income (expense)		365.346	185.941	202.061	117.929
Financial income		179.867	131.165	148.688	82.611
Financial expense (-)		(205.183)	(146.679)	(171.331)	(95.708)
Profit from continuing operations before tax		340.030	170.427	179.418	104.832
Tax income (expense), continuing operations					
Current tax expense for the period (-)	17	(19.822)	(3.621)	(25.931)	(15.577)
Deferred tax income (expense)	17	5.757	1.690	4.778	3.533
Profit for the period		325.965	168.496	158.265	92.788
Distribution of profit for the period					
Non-controlling interest		-	-	175	107
Equity holders of the parent		325.965	168.496	158.090	92.681
Earnings per share (TL)	16	1,086550	0,561653	0,526967	0,308937
Diluted earnings per share (TL)	16	1,086550	0,561653	0,526967	0,308937
Other comprehensive income					
Not to be reclassified to profit or loss		(26)	-	-	-
Gains (losses) remeasurement on defined benefit plans		-	-	-	-
Share of other comprehensive income of investments accounted for using equity method that will not be reclassified to profit or loss		(26)	-	-	-
-Gains (losses) from remeasurement on defined benefit plans of investments using equity method		(26)	-	-	-
To be reclassified as profit or loss		81.827	89.429	7.746	(1.618)
Gains (losses) on the revaluation and/or reclassification of available-for-sale financial assets		73.875	73.875	13.790	13.790
- Gains (losses) on the revaluation of available-for-sale financial assets		73.875	73.875	13.790	13.790
Share of other comprehensive income of investments accounted for using equity method that will not be reclassified to profit or loss		11.646	19.248	(5.355)	(14.719)
-Gains (losses) from cash flow hedging of investments using equity method		11.659	19.382	(5.352)	(14.765)
-Gains (losses) from translation of foreign currency of investments using equity method		(13)	(134)	(3)	46
Taxes relating to other comprehensive income to be reclassified to profit / loss		(3.694)	(3.694)	(689)	(689)
-Gains (losses) on the revaluation of available-for-sale financial assets, tax effect	17	(3.694)	(3.694)	(689)	(689)
Other comprehensive income (expense) (after taxation)		81.801	89.429	7.746	(1.618)
Total comprehensive income		407.766	257.925	166.011	91.170
Distribution of total comprehensive income					
Non-controlling interest		-	-	175	107
Equity holders of the parent		407.766	257.925	165.836	91.063

The accompanying accounting policies and notes between the pages 8 and 38 form an integral part of these interim condensed consolidated financial statements.

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

Aygaz Anonim Şirketi and its Subsidiaries

**Consolidated statement of changes in equity
for the period ended June 30, 2017**

(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						
	Share capital	Adjustment to share capital	Adjustment to share capital due to cross-ownership (-)	Gains (losses) on remeasurement of defined benefit plans	Share of other comprehensive income of investments accounted for using equity method that will not be reclassified to profit or loss	Share of other comprehensive income of investments accounted for using equity method that will be reclassified to profit or loss	Gains (losses) on the revaluation and/or reclassification of available-for-sale financial assets	Restricted reserves	Retained earnings	Net profit for the period	Equity attributable to equity holders of the parent	Non-controlling interest	Total equity
Reviewed													
Balance as of January 1, 2016	300.000	71.504	(7.442)	218	(471)	(50.417)	166.865	320.430	1.391.086	418.375	2.610.148	672	2.610.820
Effect of prior year period adjustments	-	-	-	-	-	-	-	-	102.306	-	102.306	-	102.306
Transfers	-	-	-	-	-	-	-	30.000	388.375	(418.375)	-	-	-
Total comprehensive income (loss)	-	-	-	-	-	(5.355)	13.101	-	-	158.090	165.836	175	166.011
Net income	-	-	-	-	-	-	-	-	-	158.090	158.090	175	158.265
Other comprehensive income (loss)	-	-	-	-	-	(5.355)	13.101	-	-	-	7.746	-	7.746
Dividend paid	-	-	-	-	-	-	-	-	(315.000)	-	(315.000)	-	(315.000)
Balance as of June 30, 2016	300.000	71.504	(7.442)	218	(471)	(55.772)	179.966	350.430	1.566.767	158.090	2.563.290	847	2.564.137
Reviewed													
Balance as of January 1, 2017	300.000	71.504	(7.442)	124	(917)	(113.181)	157.508	203.549	1.713.648	415.670	2.740.463	1.094	2.741.557
Transfers	-	-	-	-	-	-	-	43.500	372.170	(415.670)	-	-	-
Total comprehensive income (loss)	-	-	-	-	(26)	11.646	70.181	-	-	325.965	407.766	-	407.766
Net income	-	-	-	-	-	-	-	-	-	325.965	325.965	-	325.965
Other comprehensive income (loss)	-	-	-	-	(26)	11.646	70.181	-	-	-	81.801	-	81.801
Dividend paid (Note 15)	-	-	-	-	-	-	-	-	(450.000)	-	(450.000)	-	(450.000)
Transactions with non-controlling interests	-	-	-	-	-	-	-	-	(1.494)	-	(1.494)	(1.094)	(2.588)
Balance as of June 30, 2017	300.000	71.504	(7.442)	124	(943)	(101.535)	227.689	247.049	1.634.324	325.965	2.696.735	-	2.696.735

The accompanying accounting policies and notes between the pages 8 and 38 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 June 30, 2017**

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

		(Reviewed) January 1- June 30, 2017	(Reviewed) January 1- June 30, 2016
	Notes		
Cash flows from operating activities		(10.998)	380.596
Net income from continuing operations		325.965	158.265
Adjustments related with the reconciliation of net profit (loss) for the period		(135.649)	91.683
-Adjustments for depreciation and amortization expenses	11,12	43.554	43.090
-Adjustments for impairment loss (reversal)		(374)	520
-Adjustments for provisions		28.943	43.810
-Adjustments for dividend (income) expense		(296)	(264)
-Adjustments for interest income		(20.516)	(11.493)
-Adjustments for interest expense		40.664	29.336
-Adjustments for unrealized foreign exchange differences		(624)	(860)
-Adjustments for fair value losses (gains) on derivative financial instruments		5.057	19.968
-Adjustments for undistributed profits of investments accounted under equity method	10	(241.111)	(53.047)
-Adjustments for tax (income) expenses	17	14.065	21.153
-Adjustments for losses (gains) on disposal of non-current assets		(5.078)	(803)
-Other adjustments for reconciliation of profit (loss)		67	273
Changes in working capital		(169.974)	156.622
-Adjustments for decrease (increase) in trade receivables		(22.679)	100.909
-Adjustments for decrease (increase) in other operating receivables		(4.131)	95.806
-Adjustments for decrease (increase) in inventories		14.339	5.625
-Decrease (increase) in prepaid expenses		(39.846)	(9.471)
-Adjustments for increase (decrease) in trade payables		(100.079)	(46.296)
-Increase (decrease) in liabilities for employee benefits		(36.545)	(20.120)
-Adjustments for increase (decrease) in other operating payables		17.802	30.449
-Increase (decrease) in deferred income		1.165	(280)
Cash flows from operating activities		20.342	406.570
Payments related to provisions for employee benefits		(2.412)	(1.878)
Tax returns (payments)	17	(28.928)	(24.096)
Cash flows from investing activities		13.831	42.798
Cash outflows from the acquisition of additional subsidiary shares		(2.588)	-
Cash outflows from the acquisition of additional shares or participation in share capital increase of investment of associates or joint ventures		(12.500)	-
Cash inflows from the sale of property, plant and equipment and intangible assets		7.606	5.150
Cash outflows from the purchase of property, plant and equipment and intangible assets	11,12	(66.474)	(49.638)
Dividends received		87.787	87.286
Cash flows from financing activities		(351.911)	(226.477)
Proceeds from borrowings		246.382	287.975
Repayments of borrowings		(133.424)	(186.445)
Dividend payment		(450.000)	(315.000)
Interest paid		(35.385)	(24.500)
Interest received		20.516	11.493
Net increase (decrease) in cash and cash equivalents		(349.078)	196.917
Cash and cash equivalents at the beginning of the period	4	567.728	288.637
Cash and cash equivalents at the end of the period	4	218.650	485.554

The accompanying accounting policies and notes between the pages 8 and 38 form an integral part of these interim condensed consolidated financial statements.

Aygaz Anonim Şirketi and its Subsidiaries

Notes to the interim condensed consolidated financial statements as of June 30, 2017

(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, LPG stoves and other supplementary materials which support the Company's main business and which are necessary equipment for the end-user. The Company is controlled by Koç Holding A.Ş. the parent company, Koç Family and the companies owned by Koç Family.

The Company is registered at the Capital Markets Board of Turkey ("CMB") and as of June 30, 2017, 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

The average number of personnel employed by categories in Aygaz and its subsidiaries (together with referred to as the "Group") for six month period ended June 30, 2017 is 705 white-collar (January-March 2016: 699) and 683 blue-collar (January-June 2016: 713) totaling to 1.388 (January-June 2016:1.412).

Subsidiaries

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

Subsidiaries	Place of incorporation and Operation	Ownership interest (%)			Principal activity
		June 30, 2017	December 31, 2016	Voting power right	
Anadoluhisarı	Turkey	100%	100%	100%	Shipping
Kandilli	Turkey	100%	100%	100%	Shipping
Kuleli	Turkey	100%	100%	100%	Shipping
Kuzguncuk	Turkey	100%	100%	100%	Shipping
Akpa	Turkey	100%	100%	100%	Marketing
Aygaz Doğal Gaz Toptan Satış A.Ş.	Turkey	100%	99,15%	100%	Natural gas
Aygaz Doğal Gaz İletim A.Ş.	Turkey	100%	99,59%	100%	Natural gas
ADG Enerji	Turkey	100%	100%	100%	Natural gas

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

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

Aygaz Anonim Şirketi and its Subsidiaries

Notes to the interim condensed consolidated financial statements as of June 30, 2017

(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.

The Company has purchased 100% ownership interest of Enram Su ve Çevre Yatırımları A.Ş. as a result of share assignment agreement dated March 14, 2014. Enram Su ve Çevre Yatırımları A.Ş. has decided to change its trade name as ADG Enerji Yatırımları A.Ş. ("ADG Enerji") and to increase share capital from TL 3.600 thousand to TL 25.000 thousand in its Extraordinary General Meeting held on March 20, 2014. For the increased share amount of TL 21.400 thousand, the Company has paid TL 5.350 thousand in cash on March 20, 2014 and the remaining part amounting to TL 16.050 thousand on February 11, 2016. In its Ordinary General Meeting held on February 24, 2016 ADG Enerji has decided to increase its share capital from TL 25.000 thousand to TL 26.100 thousand with the amendment of related paragraph of Articles of Incorporation. On March 2, 2016 the company has paid TL 1.100 thousand in cash. 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.

Investments in associates

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

Investments in associates	Place of incorporation and operation	Ownership interest (%)		Voting power right	Principal activity
		June 30, 2017	December 31, 2016		
Enerji Yatırımları A.Ş. ("EYAŞ")	Turkey	20,00%	20,00%	20,00%	Energy
Entek Elektrik Üretimi A.Ş. ("Entek")	Turkey	49,62%	49,62%	49,62%	Electricity

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

Entek Elektrik Üretimi A.Ş. ("Entek"), the electricity generation company of Koç Group, operates one natural gas cycling plant with 157 MW power in Kocaeli, three hydroelectric power plants with 62 MW in total (two of them are in Karaman, one of them is in Samsun) with the total capacity of 219 MW power. Entek has also 50% share on imported coal plant project with a total of 625 MW power.

Aygaz Anonim Şirketi and its Subsidiaries

Notes to the interim condensed consolidated financial statements as of June 30, 2017

(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 (%)		Voting power right	Principal activity
		June 30, 2017	December 31, 2016		
Opet Aygaz Gayrimenkul A.Ş.	Turkey	50,00%	50,00%	50,00%	Real Estate

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

Opet Aygaz Gayrimenkul A.Ş. has decided to increase share capital from TL 150.000 thousand to TL 250.000 thousand in its Extraordinary General Meeting held on June 22, 2017. For the increased share amount of TL 100.000 thousand, the Company has agreed to pay TL 50.000 thousand corresponding to its shares in cash and free from collusion. TL 12,500 thousand has been paid in cash on June 28, 2017 and the remaining part amounting to TL 37.500 thousand has been decided to be paid within 24 months according to the determined payment schedule. Referring to its decision, the Company has paid the second part amounting to TL 12.500 thousand in cash on July 13, 2017.

Approval of condensed consolidated financial statements:

The condensed consolidated financial tables for the interim period ended on June 30, 2017 are approved on the Board of Directors meeting held on August 3, 2017 to be published.

2. Basis of presentation of financial statements

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

2.1 Basis of presentation for consolidated financial statements

The interim consolidated financial statements of the Group have been prepared in accordance with the Turkish Accounting Standards/Turkish Financial Reporting Standards ("TAS/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. TAS/IFRS are updated in harmony with the changes and updates in International Financial and Accounting Standards ("IFRS") by the communiqués announced by the POA.

The Group has prepared its condensed consolidated financial statements for the period ended on June 30, 2017 in accordance with TAS 34 "Interim Financial Reporting Standards".

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

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

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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)

2.2 Changes in accounting policies

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

2.3 Summary of significant accounting policies

The condensed interim consolidated financial statements of the Group for the six month interim period ended June 30, 2017 have been prepared in accordance with TAS 34 “Interim Financial Reporting”. Additionally, the accounting policies used in the preparation of the condensed interim consolidated financial statements for the period ended June 30, 2017 are consistent with those used in the preparation of annual consolidated financial statements for the year ended December 31, 2016. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2016.

2.4 New and revised Turkey Financial Reporting Standards

a) Standards, amendments and interpretations applicable as at 30 June 2017

Amendments to IAS 7 “Statement of cash flows”; on disclosure initiative, effective from annual periods beginning on or after 1 January 2017. These amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is part of the IASB’s Disclosure Initiative, which continues to explore how financial statement disclosure can be improved. The amendments had no effect on the financial position or performance of the Group.

Amendments IAS 12 “Income Taxes”; effective from annual periods beginning on or after 1 January 2017. The amendments on the recognition of deferred tax assets for unrealised losses clarify how to account for deferred tax assets related to debt instruments measured at fair value. The amendments had no effect on the financial position or performance of the Group.

Annual improvements 2014–2016;

IFRS 12, ‘Disclosure of interests in other entities’ regarding clarification of the scope of the standard. These amendments should be applied retrospectively for annual periods beginning on or after 1 January 2017. The amendments had no effect on the financial position or performance of the Group.

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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)

b) Standards, amendments and interpretations applicable as at 30 June 2017

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

IFRS 9 “Financial instruments”; effective from annual periods beginning on or after 1 January 2018. This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model. The Group management is in the process of assessing the impact of the IFRS 9 on its financial statements and will reflect them in its financial statements from the effective date.

IFRS 15 “Revenue from contracts with customers”; effective from annual periods beginning on or after 1 January 2018. IFRS 15, ‘Revenue from contracts with customers’ is a converged standard from the IASB and FASB on revenue recognition. The standard will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally. The Group management is in the process of assessing the impact of the IFRS 15 on its financial statements and will reflect them in its financial statements from the effective date.

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

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

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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)

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

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

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

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

Annual improvements 2014–2016;

- IFRS 1, ‘First-time adoption of IFRS’, regarding the deletion of short-term exemptions for first-time adopters regarding IFRS 7, IAS 19, and IFRS 10 effective 1 January 2018.
- IAS 28, ‘Investments in associates and joint ventures’ regarding measuring an associate or joint venture at fair value effective 1 January 2018.

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

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

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

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Notes to the interim condensed consolidated financial statements as of June 30, 2017

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

2.5 Comparative information and reclassifications on prior period financial statements

In order to enable determination of financial position and performance trends, the Group's consolidated financial statements for the current period are prepared by comparison with the prior period. As of June 30, 2017, the Group has presented its consolidated balance sheet as of June 30, 2017 compared with as of December 31, 2016 and its consolidated statement of profit or loss, other comprehensive income and changes in equity for the six month period ended June 30, 2017 compared with the financial statements for the six month period ended June 30, 2016.

In order to provide an accurate comparison with current period, comparative figures are reclassified when necessary and significant differences are disclosed. According to this; "Net cash inflows from borrowings" and "Cash outflows from debt payments" presented under cash flows from financing activities in the consolidated cash flow statement for the period ended June 30, 2016 were offset by TL 1.114.308 thousand.

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

As of June 30, 2017 and December 31, 2016, assets and liabilities according to industrial segments are as follows:

	June 30, 2017				
	Gas and petroleum products	Electricity	Other	Consolidation adjustments	Total
Assets					
Current assets	991.697	-	102.485	(10.251)	1.083.931
Non-current assets	2.823.387	355.039	252.358	(210.183)	3.220.601
Total assets	3.815.084	355.039	354.843	(220.434)	4.304.532
Liabilities					
Short term liabilities	949.873	-	40.497	(10.251)	980.119
Long term liabilities	616.339	-	14.700	(3.361)	627.678
Equity	2.248.872	335.039	299.646	(206.822)	2.696.735
Total liabilities and equity	3.815.084	355.039	354.843	(220.434)	4.304.532
Investments accounted under equity method	1.650.803	355.401	94.240	-	2.100.084

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

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Notes to the interim condensed consolidated financial statements as of June 30, 2017

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

3. Segment information (continued)

	December 31, 2016				
	Gas and petroleum products	Electricity	Other	Consolidation adjustments	Total
Assets					
Current assets	1.254.987	-	113.421	(8.044)	1.360.364
Non-current assets	2.645.740	345.289	242.238	(279.281)	2.953.986
Total assets	3.900.727	345.289	355.659	(287.325)	4.314.350
Liabilities					
Short term liabilities	985.469	-	29.838	(8.044)	1.007.263
Long term liabilities	557.835	-	14.429	(6.734)	565.530
Equity	2.357.423	345.289	311.392	(272.547)	2.741.557
Total liabilities and equity	3.900.727	345.289	355.659	(287.325)	4.314.350
Investments accounted under equity method	1.497.211	345.289	79.844	-	1.922.344

For the period ended June 30, 2017 and 2016, profit or loss statements according to industrial segments are as follows:

	January 1 - June 30, 2017				
	Gas and petroleum products	Electricity	Other	Consolidation adjustments	Total
Revenue	3.802.122	-	240.980	(96.824)	3.946.278
Cost of sales (-)	(3.507.148)	-	(203.043)	97.302	(3.612.889)
Gross profit	294.974	-	37.937	478	333.389
General administrative expenses (-)	(87.830)	-	(11.430)	1.926	(97.334)
Marketing expenses (-)	(125.216)	-	(6.791)	-	(132.007)
Research and development expenses (-)	(1.262)	-	-	-	(1.262)
Other operating income	75.406	-	4.383	(2.291)	77.498
Other operating expenses (-)	(59.752)	-	(1.971)	299	(61.424)
Operating profit	96.320	-	22.128	412	118.860
Income from investment activities	194.726	-	2.338	(190.770)	6.294
Loss from investment activities (-)	(919)	-	-	-	(919)
Profit/losses from investments accounted under equity method	229.470	9.745	1.896	-	241.111
Operating profit before financial income (expense)	519.597	9.745	26.362	(190.358)	365.346
Financial income	174.350	-	5.517	-	179.867
Financial expense (-)	(201.759)	-	(3.424)	-	(205.183)
Profit from continuing operations before tax	492.188	9.745	28.455	(190.358)	340.030
Tax income (expense), continuing operations					
Current tax expense for the period (-)	(18.068)	-	(1.754)	-	(19.822)
Deferred tax income/(expense)	5.697	-	60	-	5.757
Profit for the period	479.817	9.745	26.761	(190.358)	325.965

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as of June 30, 2017**

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

3. Segment information (continued)

	January 1 - June 30, 2016				
	Gas and petroleum products	Electricity	Other	Consolidation adjustments	Total
Revenue	2.918.554	-	220.951	(79.534)	3.059.971
Cost of sales (-)	(2.587.560)	-	(183.410)	79.861	(2.691.109)
Gross profit	330.994	-	37.541	327	368.862
General administrative expenses (-)	(89.076)	-	(12.564)	1.714	(99.926)
Marketing expenses (-)	(120.653)	-	(6.226)	-	(126.879)
Research and development expenses (-)	(1.729)	-	-	-	(1.729)
Other operating income	46.153	-	3.176	(2.014)	47.315
Other operating expenses (-)	(38.116)	-	(1.343)	27	(39.432)
Operating profit	127.573	-	20.584	54	148.211
Income from investment activities	129.463	-	384	(129.022)	825
Loss from investment activities (-)	(22)	-	-	-	(22)
Profit/losses from investments accounted under equity method	33.668	17.829	1.550	-	53.047
Operating profit before financial income (expense)	290.682	17.829	22.518	(128.968)	202.061
Financial income	145.948	-	2.740	-	148.688
Financial expense (-)	(169.781)	-	(1.550)	-	(171.331)
Profit from continuing operations before tax	266.849	17.829	23.708	(128.968)	179.418
Tax income (expense), continuing operations					
Current tax expense for the period (-)	(23.963)	-	(1.968)	-	(25.931)
Deferred tax income/(expense)	4.749	-	29	-	4.778
Profit for the period	247.635	17.829	21.769	(128.968)	158.265

The amortization and depreciation expense for the industrial segmental assets for the period ended on June 30, 2017 and 2016 are as follows:

	January 1 - June 30, 2017	January 1 - June 30, 2016
Gas and petroleum products	38.361	37.943
Other	5.193	5.147
	43.554	43.090

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3. Segment information (continued)

The investment expenditures for the industrial segmental assets for the periods ended on June 30, 2017 and 2016 are as follows:

	January 1 - June 30, 2017	January 1 - June 30, 2016
Gas and petroleum products	65.509	47.190
Other	965	2.448
	66.474	49.638

4. Cash and cash equivalents

	June 30, 2017	December 31, 2016
Cash on hand	168	358
Cash at banks	177.122	529.762
- Demand deposits	19.519	15.675
- Time deposits	157.603	514.087
Receivables from credit card transactions	41.360	37.608
Total cash and cash equivalents	218.650	567.728

As of June 30, 2017 the Group's TL time deposits amounting to TL 78.059 thousand with maturities of 3-33 days and interest rates of 13,40-14,30%; USD time deposits amounting to USD 22.680 thousand (TL 79.544 thousand) with maturities of 3 days and interest rate of 3% (As of December 31, 2016 the Group's TL time deposits amounting to TL 342.271 thousand with maturities of 3-33 days and interest rates of 9,85-11,45%; USD time deposits amounting to USD 48.820 thousand (TL 171.816 thousand) with maturities of 3 days and interest rate of 2%).

5. Financial assets

The long term financial assets identified as financial assets held for sale by the Group are as follows as of June 30, 2017 and December 31, 2016:

	June 30, 2017		December 31, 2016	
	Participation amount	Participation rate %	Participation amount	Participation rate %
Koç Finansal Hizmetler A.Ş. (*)	329.975	1,97	256.100	1,97
Ram Dış Ticaret A.Ş. (**)	687	2,50	774	2,50
Tanı Pazarlama ve İletişim Hizmetleri A.Ş. (***)	540	10,00	540	10,00
Tat Gıda Sanayi A.Ş. (**)	98	0,08	78	0,08
Other (***)	436	-	436	-
	331.736		257.928	

(*) Stated at fair value, the difference between the acquisition cost and fair value are accounted as valuation fund under equity also considering the deferred tax effect.

(**) Stated at fair value, increase in value is accounted as "profit from increase in value" under consolidated profit or loss.

(***) Stated at cost, since fair value could not be determined reliably.

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6. Financial borrowings

As of June 30, 2017 and December 31, 2016 the Group's short-term financial borrowings are as follows:

	June 30, 2017	December 31, 2016
TL-denominated short-term bank borrowings (*)	11.381	1.102
Total short-term bank borrowings	11.381	1.102
Short-term portion and interest accruals of TL-denominated long-term bank borrowings	103.789	103.499
Short-term portion and interest accruals of USD-denominated long-term bank borrowings	29.128	13.554
Short-term portion of long-term bond issued (**)	149.399	112.212
Total short-term portion of long-term financial borrowings	282.316	229.265

(*) As of June 30, 2017, the Group has interest free loan with a total amount of TL 2.394 thousand which was used for SSI payment amounting to TL 2.148 thousand and custom expenses payment amounting to TL 246 thousand (December 31, 2016: TL 1.102 thousand). The Group has fixed interest rate loan amounting to TL 8.987 thousand which has a maturity date of July 3, 2017. Interest rate of the loan is 14,5%.

(**) On March 30, 2015, January 28, 2016, April 11, 2017 the Group has issued a floating rate bond with a nominal value of TL 60.000 thousand, with a maturity of 1.092 days and quarter-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, a fixed rate bond with a nominal value of TL 85.000 thousand with a maturity of 728 days and half-yearly coupon payments, respectively. As of June 30, 2017, net present value of the issued bonds are TL 226.486 thousand (TL 77.087 thousand of this amount is shown as long-term bond issued) and their effective interest rates are 13,62%, 13,09% and 13,46% respectively.

As of June 30, 2017 the details of short-term financial borrowings are as follows:

Currency	Effective interest rate per annum (%)	Original amount	TL amount
TL	-	2.394	2.394
TL	14,50	8.987	8.987
			11.381

As of December 31, 2016, the details of short-term financial borrowings are as follows:

Currency	Effective interest rate per annum (%)	Original amount	TL amount
TL	-	1.102	1.102
			1.102

As of June 30, 2017 and December 31, 2016 the Group's long-term financial borrowings are as follows:

	June 30, 2017	December 31, 2016
TL-denominated long-term bank borrowings	224.780	88.990
USD-denominated long-term bank borrowings	152.559	181.239
Total long-term bank borrowings	377.339	270.229
Long-term bonds issued	77.087	129.914
Total long-term bonds	77.087	129.914
Total long-term financial borrowings	454.426	400.143

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Notes to the interim condensed consolidated financial statements as of June 30, 2017

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

6. Financial borrowings (continued)

As of June 30, 2017 the details of long-term financial borrowings are as follows:

Currency	Effective interest rate per annum (%)	Original amount	TL amount
TL	12,00-15,92	328.569	328.569
USD	3,54-4,14	51.805	181.687
Short-term portion of long-term bank borrowings and interest accruals			(132.917)
			377.339

As of December 31, 2016 the details of long-term financial borrowings are as follows:

Currency	Effective interest rate per annum (%)	Original amount	TL amount
TL	11,60-14,32	192.489	192.489
USD	3,40- 3,50	55.352	194.793
Short-term portion of long-term bank borrowings and interest accruals			(117.053)
			270.229

7. Derivative financial instruments

As of June 30, 2017 and December 31, 2016 the Group's derivative financial instruments are as follows:

Short-term derivative financial instruments	June 30, 2017		December 31, 2016	
	Contract amount	Fair value assets (liabilities)	Contract amount	Fair value assets (liabilities)
Forward transactions (*)	135.746	(2.906)	-	-
Foreign currency swap contracts (**)	13.050	2.942	-	-
Long-term derivative financial instruments	June 30, 2017		December 31, 2016	
	Contract amount	Fair value assets (liabilities)	Contract amount	Fair value assets (liabilities)
Foreign currency swap contracts (**)	78.300	17.649	91.350	22.742

(*) As of June 30, 2017 the Group has entered into forward transaction with a maturity of 19 - 140 days and nominal value amounting to USD 37.000 thousand (December 31, 2016: None)

(**) 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%.

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8. Trade receivables and payables from third parties

The Group's trade receivables from third parties as of June 30, 2017 and December 31, 2016 are as follows:

Current trade receivables	June 30, 2017	December 31, 2016
Trade receivables	439.961	420.582
Notes receivables	40.317	39.844
Allowance for doubtful receivables (-)	(24.078)	(23.667)
Total current trade receivables	456.200	436.759

Non-current trade receivables	June 30, 2017	December 31, 2016
Notes receivable	6.573	5.646
Total non-current trade receivables	6.573	5.646

The Group's trade payables as of June 30, 2017 and December 31, 2016 are as follows:

Short-term trade payables	June 30, 2017	December 31, 2016
Trade payables	249.404	334.637
Total short-term trade payables	249.404	334.637

9. Inventories

	June 30, 2017	December 31, 2016
Raw materials	199.980	189.969
Trade goods	4.150	8.259
Goods in transit	48.308	61.146
Finished goods	8.231	6.537
Work in process	2.572	1.962
Allowance for impairment on inventory	(229)	(1.053)
Total inventories	263.012	266.820

As of June 30, 2017, the inventories comprise of 95.847 tons of LPG (December 31, 2016: 102.232 tons).

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**Notes to the interim condensed consolidated financial statements
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10. Equity investments

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

	June 30, 2017		December 31, 2016	
	Participation amount	Participation Rate	Participation amount	Participation Rate
EYAŞ	1.650.803	20,00%	1.497.211	20,00%
Entek	355.041	49,62%	345.289	49,62%
OAGM	94.240	50,00%	79.844	50,00%
	2.100.084		1.922.344	

The movement of equity investments is as follows:

	2017	2016
Opening balance on January 1	1.922.344	1.867.181
Shares of profit/(loss)	241.111	53.047
Shares of other comprehensive income/(loss)	11.620	(5.355)
Dividend income from Joint Ventures (*)	(87.491)	(87.022)
Participation in share capital increase of equity investment (**)	12.500	-
Effect of prior period adjustments	-	20.230
Closing balance on June 30	2.100.084	1.848.081

(*) EYAŞ dividend income.

(**) Capital increase of OAGM (Note 1).

Shares of profit/(loss) of equity investments:

	January 1 - June 30, 2017	April 1 - June 30 2017	January 1 - June 30, 2016	April 1 - June 30 2016
EYAŞ	229.470	143.999	33.668	30.566
Entek	9.745	5.805	17.829	4.551
OAGM	1.896	1.208	1.550	513
	241.111	151.012	53.047	35.630

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

	January 1 - June 30, 2017	April 1 - June 30 2017	January 1 - June 30, 2016	April 1 - June 30 2016
EYAŞ (*)	11.613	19.243	(5.246)	(13.725)
Entek	7	5	(109)	(994)
	11.620	19.248	(5.355)	(14.719)

(*) TÜPRAŞ, a subsidiary of Enerji Yatırımları A.Ş. designated its investment loans amounting to USD 1.328.889 thousand (TL 4.660.546 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 (December 31, 2016 - USD 1.457.823 thousand (TL 5.130.371 thousand)). Foreign exchange gains (losses) on investment loans are accounted under "Gains (losses) on hedging" under shareholders' equity until the cash flows of the related hedged item are realized. In addition, within the scope of investment loans of TÜPRAŞ there are interest rate swaps and cross currency interest rate swap transactions which are classified for hedging purposes.

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

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

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

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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
Acquisition cost									
Opening balance as of January 1, 2016	16.204	135.114	70.872	1.607.299	251.221	58.489	25.745	17.584	2.182.528
Additions	-	-	-	1.098	2.276	118	142	46.004	49.638
Transfers (*)	-	124	-	31.626	1.447	1.655	3	(35.096)	(241)
Disposals	-	(1.853)	(48)	(6.833)	(1.404)	(3.716)	(49)	(690)	(14.593)
Ending balance as of June 30, 2016	16.204	133.385	70.824	1.633.190	253.540	56.546	25.841	27.802	2.217.332
Accumulated depreciation									
Opening balance as of January 1, 2016	-	56.107	49.215	1.251.791	106.878	43.475	24.390	-	1.531.856
Charge of the period	-	2.508	974	26.924	7.678	2.432	413	-	40.929
Disposals	-	(233)	(42)	(5.830)	(1.194)	(2.929)	(18)	-	(10.246)
Ending balance as of June 30, 2016	-	58.382	50.147	1.272.885	113.362	42.978	24.785	-	1.562.539
Net book value as of June 30, 2016	16.204	75.003	20.677	360.305	140.178	13.568	1.056	27.802	654.793

(*) TL 241 thousand under "Construction in progress" under the account property, plant and equipment has been classified to intangible fixed assets.

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12. Intangible assets

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

(*) TL 61 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, 2016	54.517	54.517
Additions	-	-
Transfers (*)	241	241
Ending balance as of June 30, 2016	54.758	54.758
Accumulated amortization		
Opening balance as of January 1, 2016	33.177	33.177
Charge for the period	2.161	2.161
Ending balance as of June 30, 2016	35.338	35.338
Carrying value as of June 30, 2016	19.420	19.420

(*) TL 241 thousand under "Construction in progress" under the account property, plant and equipment has been classified to intangible fixed assets.

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13. Contingent assets and contingent liabilities

Guarantees given as of June 30, 2017 and December 31, 2016 are as follows:

Guarantees given	June 30, 2017	December 31, 2016
Letter of guarantees given for gas purchase	807.402	796.138
Other letter of guarantees given	39.110	37.602
Total guarantees given	846.512	833.740

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 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 liability related with the environmental pollution cases as of the consolidated balance sheet date.

National inventory reserve liability:

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

Competition Board Investigation:

Through the notification on August 13, 2015 informing us that the Competition Board made a decision dated 05.08.2015, numbered 15-33/477-M to open an investigation toward our company concerning whether there has been a violation of Article 4 of the Law No. 4054 on the Protection of Competition through the setting of resale prices of Aygaz dealers and our company was asked to defend. At the end of the ongoing investigation process, through Competition Board's notification we received on November 21, 2016, we have been informed that the Board made a decision on November 16, 2016, which is open to judicial review, stating the fact that Aygaz did not violate the Article 4 of the Law No. 4054, and thus, it was decided that there would be no necessity to implement an administrative fine as per the 16th Article of the same Law. On May 2, 2017 the reasoned decision has been notified to our Company.

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13. Contingent assets and contingent liabilities (continued)

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

				June 30, 2017					December 31, 2016	
	Euro	USD	Other	TL	Total TL	Euro	USD	Other	TL	Total TL
A. CPMBs given on behalf of the Company’s legal personality	49.051	11.214	-	643.385	703.650	45.459	6.489	-	647.263	699.211
B. CPMBs given in favor of subsidiaries included in full consolidation (*)	-	89.905	-	52.957	142.862	-	51.006	-	83.523	134.529
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	49.051	101.119	-	696.342	846.512	45.459	57.495	-	730.786	833.740

(*) As of June 30, 2017 total amount of commission accrued for guarantees given or contingent liabilities except ‘A. CPMBs given on behalf of the Company’s legal personality’ is TL 300 thousand (December 31, 2016: TL 571 thousand).

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14. Other short-term provisions and liabilities

Other short-term provisions	June 30, 2017	December 31, 2016
Special Consumption Tax (SCT) provision on imported LPG	93.284	83.577
Provision for other operating expenses	18.469	9.963
Provision for lawsuit	5.102	5.102
Provision for selling and marketing expenses	5.576	4.926
Provision for EMRA contribution	2.032	3.422
Provision for warranty expenses	4.936	7.646
Total other short term provisions	129.399	114.636

Other current liabilities	June 30, 2017	December 31, 2016
Taxes and funds payable	148.284	137.356
Other liabilities	3.742	2.006
Total other current liabilities	152.026	139.362

15. Share capital

As of June 30, 2017 and December 31, 2016 the share capital held is as follows:

Shareholders	Participation rate	June 30, 2017	Participation rate	December 31, 2016
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 TAS/TFRS 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 29, 2017, the Company decided to reserve TL 43.500 thousand as legal reserves and distribute TL 450.000 thousand gross dividends from the net distributable income of 2016. According to this decision, the Company has begun dividend payments on April 5, 2017.

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16. Earnings per share

	January 1 - June 30, 2017	1 April - June 30, 2017	January 1 - June 30, 2016	1 April - June 30, 2016
Average number of ordinary shares outstanding during the period (one thousand)	300.000	300.000	300.000	300.000
Net profit for the year attributable equity holders of the parent company	325.965	168.496	158.090	92.681
Earnings per thousand shares (TL)	1,086550	0,561653	0,526967	0,308937

17. Tax assets and liabilities

	June 30, 2017	December 31, 2016
Current tax liability		
Current corporate tax provision	19.822	71.421
Less: Prepaid taxes and funds	(24.503)	(66.996)
Current tax liability	(4.681)	4.425

	January 1- June 30, 2017	January 1- June 30, 2016
Tax expenses		
- Current corporate tax provision	(19.822)	(25.931)
- Deferred tax	5.757	4.778
	(14.065)	(21.153)

Corporate tax

The Group is subject to Turkish corporate taxes. Provision is made in the accompanying financial statements for the estimated 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 2017 is 20% (2016: 20%).

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate in 2017 is 20% (2016: 20%). Losses are allowed to be carried 5 years maximum to be deducted from the taxable profit of the following years. Tax carry back is not allowed.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1-25 April following the close of the accounting year to which they relate. Tax authorities may, however, 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 TAS/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 TAS/IFRS and tax legislation. The rate applied in the calculation of deferred tax assets and liabilities is 20% (December 31, 2016: 20%).

Deferred tax (assets) / liabilities:	June 30, 2017	December 31, 2016
Restatement and depreciation/amortization differences of property, plant and equipment and other intangible assets	37.090	36.843
Revaluation of available-for-sale financial assets	11.984	8.290
Retirement pay provisions	(5.744)	(5.437)
Valuation of inventories	(1.713)	548
Other	(4.178)	(742)
	37.439	39.502

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.

	June 30, 2017			December 31, 2016		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Aygaz A.Ş.	(13.276)	53.546	40.270	(11.425)	50.486	39.061
Akpa A.Ş.	(945)	186	(759)	(896)	197	(699)
Aygaz Doğal Gaz	(3.591)	1.519	(2.072)	(480)	1.620	1.140
	(17.812)	55.251	37.439	(12.801)	52.303	39.502

Movement of deferred tax assets and liabilities are as follows:

Movement of deferred tax (assets) / liabilities :	2017	2016
Opening balance on January 1	39.502	38.194
Deferred tax expense/(income)	(5.757)	(4.778)
Deferred tax correlated with gains (losses) from the revaluation of available-for-sale financial assets	3.694	689
Closing balance on June 30	37.439	34.105

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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 control power on the other company or has a significant impact on financial and administrative decisions of the other company. The Company is controlled by Koç Holding, Koç Family or entities owned by Koç Family. In financial statements, shareholder companies, shareholders and financial investments and other Group companies' assets are shown as related parties. As of June 30, 2017, dividends payable amounting to TL 863 thousand (December 31, 2016 – TL 677 thousand) is reflected within other payables to related parties which are excluded from Koç Group at the consolidated balance sheet.

Balances with related parties	Receivables		Payables	
	Trade	Non-trade	Trade	Non-trade
Group companies (*)				
Türkiye Petrol Rafinerileri A.Ş.	17.253	-	68.374	-
Demir Export A.Ş.	10.915	-	-	-
Ford Otomotiv Sanayi A.Ş.	1.391	-	-	-
Arçelik A.Ş.	1.148	-	77	-
Tat Gıda Sanayi A.Ş.	507	-	-	-
Opet Petrolcülük A.Ş.	160	-	34.013	-
Otokoç Otomotiv Tic. ve San. A.Ş.	-	-	3.439	-
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	-	-	867	-
Zer Merkezi Hizmetler ve Ticaret A.Ş. (**)	-	-	5.320	-
Ram Dış Ticaret A.Ş.	-	-	7.258	-
Other	3.200	-	1.412	-
Shareholders				
Koç Holding A.Ş.	-	-	57	-
Temel Ticaret ve Yatırım A.Ş.	-	-	32	-
Investments accounted under the equity method				
Entek Elektrik Üretimi A.Ş.	5.181	-	399	-
	39.755	-	121.248	-

Balances with related parties	Receivables		Payables	
	Trade	Non-trade	Trade	Non-trade
Group companies (*)				
Türkiye Petrol Rafinerileri A.Ş.	21.766	-	65.531	-
Demir Export A.Ş.	8.588	-	-	-
Arçelik A.Ş.	1.810	-	143	-
Ford Otomotiv Sanayi A.Ş.	1.376	-	-	-
Tat Gıda Sanayi A.Ş.	588	-	-	-
Opet Petrolcülük A.Ş.	256	-	35.240	-
Otokoç Otomotiv Tic. ve San. A.Ş.	-	-	3.192	-
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	-	-	1.905	-
Zer Merkezi Hizmetler ve Ticaret A.Ş. (**)	-	-	9.745	-
Ram Dış Ticaret A.Ş.	-	-	11.239	-
Other	3.503	-	3.681	-
Shareholders				
Koç Holding A.Ş.	-	-	4.996	-
Investments accounted under the equity method				
Entek Elektrik Üretimi A.Ş.	7	-	422	-
	37.894	-	136.094	-

(*) Group companies include Koç Group companies.

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

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18. Balances and transactions with related parties (continued)

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

Transactions with related parties	January 1 - June 30, 2016			
	Purchases (Goods)	Sales (Goods)	Purchases (Service)	Sales (Service)
Group companies (*)				
Türkiye Petrol Rafinerileri A.Ş.	355.566	185.496	1.126	-
Opet Petrolcülük A.Ş.(**)(***)	80.141	772	54.943	-
Arçelik A.Ş.	21.670	7.215	14	-
Zer Merkezi Hizmetler ve Ticaret A.Ş.	11.076	20	12.002	-
Ram Dış Ticaret A.Ş.	9.408	1.232	122	-
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	-	52	3.766	-
Tanı Pazarlama ve İletişim Hizmetleri A.Ş.	-	4	1.379	-
Otokoç Otomotiv Tic. ve San. A.Ş.	3	175	316	-
Ford Otomotiv Sanayi A.Ş.	5	7.796	-	-
Demir Export A.Ş.	-	17.540	49	-
Tat Gıda Sanayi A.Ş.	-	2.691	-	-
Setur Servis Turistik A.Ş.	-	27	2.167	-
Other	2.236	11.112	1.390	-
Shareholders				
Koç Holding A.Ş. (****)	-	22	7.351	-
Temel Ticaret ve Yatırım A.Ş.	-	1	-	-
Investments accounted under the equity method				
Entek Elektrik Üretimi A.Ş.	87	17	1.863	-
	480.192	234.172	86.488	-

(*) Group companies include Koç Group companies.

(**) Commission expense regarding LPG sold at Opet stations for six month period ended June 30, 2017 is TL 47.940 thousand (January 1-June 30 2016: TL 54.758 thousand). The commission expense mentioned above is evaluated as part of sales and accounted under income statement as sales discounts.

(***) Though not presented at transactions with related parties, so as to fulfil fuel and auto gas sales exclusively and on the basis of station, prepayments and/or infrastructural investments are made directed for sales under "Agreement of Auto Gas Sales at Gas Stations" between Aygaz and Opet. Prepayments are presented under prepaid expenses in consolidated statement of financial position and are periodically amortized based on duration of dealer agreements. Prepayments and investment contribution margin amounting to TL 16.340 thousand has been made to Opet for six month period ended June 30, 2017 in consideration of 5 years sale agreement on average to be paid to Aygaz Dealers making auto gas sales at Opet stations (January 1-June 30 2016: TL 13.316 thousand).

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

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18. Balances and transactions with related parties (continued)

January 1 - June 30, 2017				
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.	305	12	-	-
Otokoç Otomotiv Tic. ve San. A.Ş.	-	3.290	691	211
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	-	-	1.724	-
Zer Merkezi Hizmetler ve Ticaret A.Ş.	-	-	94	-
Türkiye Petrol Rafinerileri A.Ş.	-	9	-	-
Arçelik A.Ş.	-	-	33	-
Shareholders				
Koç Family Members	-	335	-	-
Temel Ticaret ve Yatırım A.Ş.	-	353	-	-
	305	3.999	2.542	211
January 1 - June 30, 2016				
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.	284	12	-	-
Otokoç Otomotiv Tic. ve San. A.Ş.	-	2.913	1.441	173
Yapı ve Kredi Bankası A.Ş.	-	112	-	-
Türkiye Petrol Rafinerileri A.Ş.	-	5	-	-
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	-	-	330	-
Zer Merkezi Hizmetler ve Ticaret A.Ş.	-	-	38	-
Ford Otomotiv Sanayi A.Ş.	-	-	673	-
Other	-	-	3	1
Shareholders				
Koç Family Members	-	300	-	-
Temel Ticaret ve Yatırım A.Ş.	-	122	-	-
	284	3.464	2.485	174

(*) Group companies include Koç Group companies.

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.)

18. Balances and transactions with related parties (continued)

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

Financial and other transactions with related parties	January 1 - June 30, 2016			
	Financial income	Financial expense	Other income	Other expense
Group companies (*)				
Yapı Kredi Bankası A.Ş.	12.621	6.013	-	-
Tat Gıda Sanayi A.Ş.	-	-	14	-
Ram Dış Ticaret A.Ş.	-	-	250	92
Vehbi Koç Vakfı	-	-	-	25
Türk Eğitim Vakfı	-	-	-	77
Rahmi Koç Müzesi	-	-	-	700
	12.621	6.013	264	894

Cash at banks	June 30, 2017	December 31, 2016
Group companies (*)		
Yapı Kredi Bankası A.Ş.	162.545	391.514
Credit card receivables	June 30, 2017	December 31, 2016
Group companies (*)		
Yapı Kredi Bankası A.Ş.	39.050	35.276
Bank loans	June 30, 2017	December 31, 2016
Grup şirketleri (*)		
Yapı Kredi Bankası A.Ş.	11.135	-

(*) Group companies include Koç Group companies.

Benefits to Top Management:

The Company has determined senior manager squad as board of directors' members, general manager and vice general managers.

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

As of June 30, 2017, total benefit provided to senior management of the Company is TL 4.393 thousand (June 30, 2016: TL 3.951 thousand).

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 instrumentsForeign 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 manages its foreign currency risk by regularly considering and reflecting the foreign exchange rate changes in the determination of product prices. As of June 30, 2017, the Group has LPG amounting to TL 125.527 thousand (December 31, 2016: TL 145.368 thousand).

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

June 30, 2017		Total TL equivalent	TL equivalent of USD	TL equivalent of Euro	TL equivalent of other
1.	Trade receivables	24.498	23.326	1.172	-
2.a	Monetary financial assets	81.172	80.007	983	182
2.b	Non-monetary financial assets	-	-	-	-
3.	Other	26.314	26.248	66	-
4.	Current assets	131.984	129.581	2.221	182
5.	Trade receivables	-	-	-	-
6.a	Monetary financial assets	-	-	-	-
6.b	Non-monetary financial assets	-	-	-	-
7.	Other	-	-	-	-
8.	Non-current assets	-	-	-	-
9.	Total assets	131.984	129.581	2.221	182
10.	Trade payables	(168.166)	(167.192)	(956)	(18)
11.	Financial liabilities	(29.226)	(29.226)	-	-
12.a	Other monetary financial liabilities	-	-	-	-
12.b	Other non-monetary financial liabilities	(1.114)	(312)	(802)	-
13.	Current liabilities	(198.506)	(196.730)	(1.758)	(18)
14.	Trade payables	-	-	-	-
15.	Financial liabilities	(152.559)	(152.559)	-	-
16.a	Other monetary financial liabilities	-	-	-	-
16.b	Other non-monetary financial liabilities	-	-	-	-
17.	Non-current liabilities	(152.559)	(152.559)	-	-
18.	Total liabilities	(351.065)	(349.289)	(1.758)	(18)
19.	Net asset/liability position of off balance sheet asset and liabilities (19a-19b)	240.350	240.350	-	-
19.a	Total hedged assets	240.350	240.230	-	-
19.b	Total hedged liabilities	-	-	-	-
20.	Net foreign currency asset/liability position (9+18+19)	21.269	20.642	463	164
21.	Net foreign currency asset/liability position of monetary items (1+2a+5+6a+10+11+12a+14+15+16a)	(244.281)	(245.644)	1.199	164
22.	Fair value of foreign currency hedged financial assets	-	-	-	-
23.	Hedged foreign currency assets	-	-	-	-
24.	Hedged foreign currency liabilities	-	-	-	-
25.	Export	439.677	429.324	10.353	-
26.	Import	1.124.472	1.117.237	6.772	463

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

December 31, 2016	Total TL equivalent	TL equivalent of USD	TL equivalent of Euro	TL equivalent of other
1. Trade receivables	48.900	38.405	10.495	-
2.a Monetary financial assets	171.528	171.027	231	270
2.b Non-monetary financial assets	-	-	-	-
3. Other	273	212	61	-
4. Current assets	220.701	209.644	10.787	270
5. Trade receivables	-	-	-	-
6.a Monetary financial assets	-	-	-	-
6.b Non-monetary financial assets	-	-	-	-
7. Other	-	-	-	-
8. Non-current assets	-	-	-	-
9. Total assets	220.701	209.644	10.787	270
10. Trade payables	(232.463)	(228.048)	(3.693)	(722)
11. Financial liabilities	(13.554)	(13.554)	-	-
12.a Other monetary financial liabilities	-	-	-	-
12.b Other non-monetary financial liabilities	(87)	(56)	(31)	-
13. Current liabilities	(246.104)	(241.658)	(3.724)	(722)
14. Trade payables	-	-	-	-
15. Financial liabilities	(181.239)	(181.239)	-	-
16.a Other monetary financial liabilities	-	-	-	-
16.b Other non-monetary financial liabilities	-	-	-	-
17. Non-current liabilities	(181.239)	(181.239)	-	-
18. Total liabilities	(427.343)	(422.897)	(3.724)	(722)
19. Net asset/liability position of off balance sheet asset and liabilities (19a-19b)	110.855	110.855	-	-
19.a Total hedged assets	110.855	110.855	-	-
19.b Total hedged liabilities	-	-	-	-
20. Net foreign currency asset/liability position (9+18+19)	(95.787)	(102.398)	7.063	(452)
21. Net foreign currency asset/liability position of monetary items (1+2a+5+6a+10+11+12a+14+15+16a)	(206.828)	(213.409)	7.033	(452)
22. Fair value of foreign currency hedged financial assets	-	-	-	-
23. Hedged foreign currency assets	-	-	-	-
24. Hedged foreign currency liabilities	-	-	-	-
25. Export	466.656	436.982	28.603	1.071
26. Import	1.767.217	1.751.967	13.076	2.174

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 (continued)Foreign currency sensitivity:

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

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

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

	Income/Expense		Equity	
	Foreign exchange appreciation	Foreign exchange depreciation	Foreign exchange appreciation	Foreign exchange depreciation
June 30, 2017				
10% fluctuation of USD rate				
USD net asset/liability	(24.564)	24.564	(24.564)	24.564
Secured portion from USD risk	24.035	(24.035)	24.035	(24.035)
USD net effect	(529)	529	(529)	529
10% fluctuation of Euro rate				
Euro net asset/liability	120	(120)	120	(120)
Secured portion from Euro risk	-	-	-	-
Euro net effect	120	(120)	120	(120)
Total	(409)	409	(409)	409

	Income/Expense		Equity	
	Foreign exchange appreciation	Foreign exchange depreciation	Foreign exchange appreciation	Foreign exchange depreciation
December 31, 2016				
10% fluctuation of USD rate				
USD net asset/liability	(21.341)	21.341	(21.341)	21.341
Secured portion from USD risk	11.086	(11.086)	11.086	(11.086)
USD net effect	(10.255)	10.255	(10.255)	10.255
10% fluctuation of Euro rate				
Euro net asset/liability	703	(703)	703	(703)
Secured portion from Euro risk	-	-	-	-
Euro net effect	703	(703)	703	(703)
Total	(9.552)	9.552	(9.552)	9.552

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

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

Currency forward agreements

Currency forward agreements which are valid as of June 30, 2017 are summarized at the table below (December 31, 2016: None).

Maturity	Parity	Type of contract	Transactions	Total amount	June 30, 2017
					Currency
1 to 5 months	3,5872-3,7745	Forward	Sells TL, buys USD	37.000	USD

Swap agreements

As of June 30, 2017 the Group has swap agreement amounting to TL 91.350 thousand with fixed interest rate of 13,415% in return for USD 31.500 thousand with a floating interest rate of six-month USDLIBOR + 2,4%. Swap transaction has half yearly interest payments and principal repayments will start on June 25, 2018. The maturity date of principal repayments is June 24, 2021.

Fair value hierarchy table

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

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

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

Financial assets/liabilities	Level of fair value as of reporting date			
	June 30, 2017	1st Level	2nd Level	3rd Level
Available-for-sale financial assets (*)	330.760	98	330.662	-
Derivative financial instruments	17.685	-	17.685	-

Financial assets /liabilities	Level of fair value as of reporting date			
	December 31, 2016	1st Level	2nd Level	3rd Level
Available-for-sale financial assets (*)	256.952	78	256.874	-
Derivative financial instruments	22.742	-	22.742	-

(*) The Group has available for sale financial assets, which are not quoted in stock markets, and total amount of these financial assets is TL 976 thousand as of June 30, 2017 (December 31, 2016 - TL 976 thousand). The fair value of these financial assets cannot be measured reliably and stated at cost in the accompanying financial statements.

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

Aygaz Anonim Şirketi and its Subsidiaries

Notes to the interim condensed consolidated financial statements as of June 30, 2017

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

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

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, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Group could realise in a current market exchange.

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

Financial assets

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

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

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

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

The Company has paid TL 12.500 thousand of the remaining TL 37.500 thousand of the TL 50.000 thousand agreed regarding the capital increase of subsidiary company Opet Aygaz Gayrimenkul A.Ş. on July 13, 2017 (Note 1).

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

None.