

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

Aygaz Anonim Őirketi and its Subsidiaries

**January 1 – March 31, 2017 interim
condensed consolidated financial statements**

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

Aygaz Anonim Şirketi and its Subsidiaries

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

Aygaz Anonim Şirketi and its Subsidiaries

**Consolidated statement of financial position
as at March 31, 2017**

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

Assets	Notes	Current period	Prior period
		(Unaudited)	(Audited)
		March 31,	December 31,
		2017	2016
Current assets		1.476.552	1.360.364
Cash and cash equivalents	4	616.624	567.728
Trade receivables		486.339	474.653
-Trade receivables from related parties	18	43.834	37.894
-Trade receivables from third parties	8	442.505	436.759
Other receivables		91.391	5.770
-Other receivables from related parties	18	87.491	-
-Other receivables from third parties		3.900	5.770
Inventories	9	224.113	266.820
Prepaid expenses		54.635	41.166
Assets related to current year tax		-	680
Other current assets		3.450	3.547
Non-current assets		2.960.205	2.953.986
Financial investments	5	257.954	257.928
Trade receivables		5.643	5.646
-Trade receivables from third parties	8	5.643	5.646
Other receivables		44	75
-Other receivables from third parties		44	75
Derivative financial instruments	7	24.678	22.742
Investments accounted under equity method	10	1.917.324	1.922.344
Property, plant and equipment	11	664.549	658.238
Intangible assets		18.048	19.119
-Other intangible assets	12	18.048	19.119
Prepaid expenses		71.236	67.195
Deferred tax asset	17	729	699
Total assets		4.436.757	4.314.350

The accompanying accounting policies and notes between the pages 8 and 38 form an integral part of these 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, 2017**

(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, 2017	(Audited) December 31, 2016
Short term liabilities		1.436.509	1.007.263
Short-term financial borrowings	6	1.895	1.102
Current portion of long term financial borrowings	6	258.201	229.265
Trade payables		452.231	470.731
- Trade payables to related parties	18	173.111	136.094
- Trade payables to third parties	8	279.120	334.637
Liabilities for employee benefits		7.028	43.252
Other payables		452.828	1.323
- Other payables to related parties		450.677	677
- Other payables to third parties		2.151	646
Derivative financial instruments	7	1.345	-
Deferred income		5.133	2.487
Provision for taxation on income	17	13.846	5.105
Short-term provisions		108.341	114.636
-Provisions from employee benefits		9.363	-
-Other provisions	14	98.978	114.636
Other current liabilities	14	135.661	139.362
Long term liabilities		561.438	565.530
Long-term borrowings	6	396.228	400.143
Other payables		92.357	89.489
- Other payables to third parties		92.357	89.489
Long-term provisions		36.689	35.697
-Provisions for employee benefits		36.689	35.697
Deferred tax liabilities	17	36.164	40.201
Equity		2.438.810	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		(819)	(793)
-Gains (losses) remeasurement from defined benefit plans		(819)	(793)
Other comprehensive income or expenses to be reclassified to profit or loss		36.725	44.327
-Foreign currency translation differences		2.487	2.366
Gains (losses) on hedging		(123.270)	(115.547)
-Gains (losses) on cash flow hedges		(123.270)	(115.547)
Gains (losses) on the revaluation and/or reclassification		157.508	157.508
-Gains (losses) on the revaluation and/or reclassification of available-for-sale financial assets		157.508	157.508
Restricted reserves		247.049	203.549
Retained earnings		1.634.324	1.713.648
Net profit for the period		157.469	415.670
Equity attributable to equity holders of the parent		2.438.810	2.740.463
Non-controlling interests		-	1.094
Total equity and liabilities		4.436.757	4.314.350

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

Aygaz Anonim Şirketi and its Subsidiaries

**Consolidated profit or loss and other comprehensive income statement
for the three month interim period ended March 31, 2017**

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

		(Unaudited) January 1- March 31, 2017	(Unaudited) January 1- March 31, 2016
	Notes		
Revenue		2.065.358	1.524.720
Cost of sales (-)		(1.875.963)	(1.349.644)
Gross profit		189.395	175.076
General administrative expenses (-)		(48.186)	(49.903)
Marketing, expenses (-)		(60.982)	(59.874)
Research and development expenses (-)		(420)	(624)
Other operating income		40.567	29.159
Other operating expenses (-)		(34.596)	(27.681)
Operating profit		85.778	66.153
Income from investment activities		3.743	562
Loss from investment activities (-)		(215)	-
Profit /losses from investments accounted under equity method	10	90.099	17.417
Operating profit before financial income (expense)		179.405	84.132
Financial income		48.702	66.077
Financial expense (-)		(58.504)	(75.623)
Profit from continuing operations before tax		169.603	74.586
Tax income (expense), continuing operations			
- Current tax expense for the period (-)	17	(16.201)	(10.354)
- Deferred tax income (expense)	17	4.067	1.245
Profit for the period		157.469	65.477
Distribution of profit for the period			
Non-controlling interest		-	68
Equity holders of the parent		157.469	65.409
Earnings per share (TL)	16	0,524897	0,218030
Diluted earnings per share (TL)	16	0,524897	0,218030
Other comprehensive income			
Not to be reclassified to profit or loss			
Gains (losses) remeasurement on defined benefit plans		(26)	-
Not to be reclassified to profit or loss, tax effect			
Gains (losses) remeasurement on defined benefit plans		-	-
To be reclassified as profit or loss			
Foreign currency translation differences		121	(49)
Gains (losses) on the revaluation and/or reclassification of available-for-sale financial assets			
- Gains (losses) on the revaluation of available-for-sale financial assets		-	-
Other comprehensive income (expense) on cash flow hedging			
- Gains/losses on cash flow hedging		(7.723)	9.413
To be reclassified as profit or loss, tax effect			
Gains (losses) on the revaluation and/or reclassification of available-for-sale financial assets		-	-
Other comprehensive income/(expense) (after taxation)		(7.628)	9.364
Total comprehensive income		149.841	74.841
Distribution of total comprehensive income			
Non-controlling interest		-	68
Equity holders of the parent		149.841	74.773

The accompanying accounting policies and notes between the pages 8 and 38 form an integral part of these 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, 2017**

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

	Share capital	Adjustment to share capital	Adjustment to share capital due to cross-ownership (-)	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
				Gains (losses) on remeasurement of defined benefit plans	Foreign currency translation differences	Gains (losses) on cash flow hedging	Gains (losses) on the revaluation and/or reclassification of available-for-sale financial assets	Restricted reserves	Retained earnings	Net profit for the period			
Unaudited													
Balance as of January 1, 2016	300.000	71.504	(7.442)	(253)	1.791	(52.208)	166.865	320.430	1.391.086	418.375	2.610.148	672	2.610.820
Transfers	-	-	-	-	-	-	-	-	418.375	(418.375)	-	-	-
Total comprehensive income (loss)	-	-	-	-	(49)	9.413	-	-	-	65.409	74.773	68	74.841
<i>Net income</i>	-	-	-	-	-	-	-	-	-	65.409	65.409	68	65.477
<i>Other comprehensive income (loss)</i>	-	-	-	-	(49)	9.413	-	-	-	-	9.364	-	9.364
Balance as of March 31, 2016	300.000	71.504	(7.442)	(253)	1.742	(42.795)	166.865	320.430	1.809.461	65.409	2.684.921	740	2.685.661
Unaudited													
Balance as of January 1, 2017	300.000	71.504	(7.442)	(793)	2.366	(115.547)	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)	121	(7.723)	-	-	-	157.469	149.841	-	149.841
<i>Net income</i>	-	-	-	-	-	-	-	-	-	157.469	157.469	-	157.469
<i>Other comprehensive income (loss)</i>	-	-	-	(26)	121	(7.723)	-	-	-	-	(7.628)	-	(7.628)
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 March 31, 2017	300.000	71.504	(7.442)	(819)	2.487	(123.270)	157.508	247.049	1.634.324	157.469	2.438.810	-	2.438.810

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

Aygaz Anonim Şirketi and its Subsidiaries

**Consolidated cash flow statement
for the period ended March 31, 2017**

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

		Unaudited	Unaudited
		January 1- March 31, 2017	January 1- March 31, 2016
	Notes		
Cash flows from operating activities		61.167	64.654
Net income from continuing operations		157.469	65.477
Adjustments related with the reconciliation of net profit (loss) for the period		(51.649)	35.296
-Adjustments for depreciation and amortization expenses	11,12	21.605	21.562
-Adjustments for impairment loss (reversal)		294	(2.572)
-Adjustments for provisions		(3.618)	19.251
-Adjustments for dividend (income) expense		(275)	(250)
-Adjustments for interest income		(12.202)	(6.366)
-Adjustments for interest expense		18.230	14.007
-Adjustments for unrealized foreign exchange differences		6.151	(5.013)
-Adjustments for fair value losses (gains) on derivative financial instruments		(591)	3.217
-Adjustments for undistributed profits of investments accounted under equity method	10	(90.099)	(17.417)
-Adjustments for tax (income) expenses	17	12.134	9.109
-Adjustments for losses (gains) on disposal of non-current assets		(3.252)	(226)
-Other adjustments for reconciliation of profit (loss)		(26)	(6)
Changes in working capital		(36.188)	(26.163)
-Adjustments for decrease (increase) in trade receivables		(11.977)	7.994
-Adjustments for decrease (increase) in other operating receivables		1.998	(1.050)
-Adjustments for decrease (increase) in inventories		42.707	17.602
-Decrease (increase) in prepaid expenses		(17.510)	(4.996)
-Adjustments for increase (decrease) in trade payables		(18.500)	(41.574)
-Increase (decrease) in liabilities for employee benefits		(36.224)	(20.812)
-Adjustments for increase (decrease) in other operating payables		672	16.956
-Increase (decrease) in deferred income		2.646	(283)
Cash flows from operating activities		69.632	74.610
-Payments related to provisions for employee benefits		(1.685)	(754)
-Tax returns (payments)		(6.780)	(9.202)
Cash flows from investing activities		(25.906)	(17.002)
Cash outflows from the acquisition of additional subsidiary's shares		(2.588)	-
Cash inflows from the sale of property, plant and equipment and intangible assets		4.647	3.372
Cash outflows from the purchase of property, plant and equipment and intangible assets	11,12	(28.240)	(20.624)
Dividends received		275	250
Cash flows from financing activities		13.635	53.391
Proceeds from borrowings		151.895	76.921
Repayments of borrowings		(133.422)	(17.582)
Interest paid		(17.040)	(12.314)
Interest received		12.202	6.366
Net increase (decrease) in cash and cash equivalents		48.896	101.043
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	616.624	389.680

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

Aygaz Anonim Şirketi and its Subsidiaries

Notes to the interim condensed consolidated financial statements as of March 31, 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 ultimate and controlling shareholder is Koç Holding A.Ş.

The Company is registered at the Capital Markets Board of Turkey (“CMB”) and as of March 31, 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 three months period ended March 31, 2017 is 703 white-collar (January-March 2016: 693) and 678 blue-collar (January-March 2016: 705) totaling to 1.381 (January-March 2016:1.398).

Subsidiaries

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

Subsidiaries	Place of incorporation and Operation	Ownership interest (%)			Principal activity
		March 31, 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 for TL 2.548 thousand in cash and the shares which is equivalent to the 0,41% of total shares of Aygaz Doğal Gaz İletim A.Ş with the nominal value of TL 37 thousand for TL 40 thousand in cash from non-controlling interest. As a result of this acquisition, the Company has 100% of shares of its subsidiaries.

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

Aygaz Anonim Şirketi and its Subsidiaries

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

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
		March 31, 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 plants 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.

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
		March 31, 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.

Approval of condensed consolidated financial statements:

The condensed consolidated financial tables for the period ended on March 31, 2017 are approved on the Board of Directors meeting held on May 4, 2017 to be published.

Aygaz Anonim Şirketi and its Subsidiaries

Notes to the interim condensed consolidated financial statements as of March 31, 2017

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

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 March 31, 2017 in accordance with TAS 34 “Interim Financial Reporting Standards”.

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

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

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

2.2 Changes in accounting policies

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 nine month period ended March 31, 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 March 31, 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.

Aygaz Anonim Şirketi and its Subsidiaries

Notes to the interim condensed consolidated financial statements as of March 31, 2017

(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)

2.4 New and revised Turkey Financial Reporting Standards

a) *Standards, amendments and interpretations applicable as at 31 March 2017*

IFRS 14 “Regulatory deferral accounts”; effective from annual periods beginning on or after 1 January 2016. IFRS 14, ‘Regulatory deferral accounts’ permits first-time adopters to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS. However, to enhance comparability with entities that already apply IFRS and do not recognise such amounts, the standard requires that the effect of rate regulation must be presented separately from other items.

Annual improvements 2014; effective from annual periods beginning on or after 1 January 2016. These set of amendments impacts 4 standards:

- IFRS 5, ‘Non-current assets held for sale and discontinued operations’ regarding methods of disposal.
- IFRS 7, ‘Financial instruments: Disclosures’, (with consequential amendments to IFRS 1) regarding servicing contracts.
- IAS 19, ‘Employee benefits’ regarding discount rates.
- IAS 34, ‘Interim financial reporting’ regarding disclosure of information.

Amendment to IFRS 11 “Joint arrangements”; on acquisition of an interest in a joint operation, effective from annual periods beginning on or after 1 January 2016. This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions.

Amendments to IAS 16 “Property, plant and equipment” and IAS 41 “Agriculture”; regarding bearer plants, effective from annual periods beginning on or after 1 January 2016. These amendments change the financial reporting for bearer plants, such as grape vines, rubber trees and oil palms. It has been decided that bearer plants should be accounted for in the same way as property, plant and equipment because their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of IAS 16, instead of IAS 41. The produce growing on bearer plants will remain within the scope of IAS 41.

Amendment to IAS 16 “Property, plant and equipment” and IAS 38 “Intangible assets”; on depreciation and amortization, effective from annual periods beginning on or after 1 January 2016. In this amendment it has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. It is also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.

Amendments to IAS 27 “Separate financial statements”; on the equity method, effective from annual periods beginning on or after 1 January 2016. These amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

Amendment to IFRS 10 “Consolidated financial statements” and IAS 28 “Investments in associates and joint ventures”; effective from annual periods beginning on or after 1 January 2016. These amendments clarify the application of the consolidation exception for investment entities and their subsidiaries.

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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)

Amendment to IAS 1 “Presentation of financial statements”; on the disclosure initiative, effective from annual periods beginning on or after 1 January 2016, these amendments are as part of the IASB initiative to improve presentation and disclosure in financial reports.

b) Standards, amendments and interpretations effective after 1 April 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.

Amendments IAS 12 “Income Taxes”; effective from annual periods beginning on or after 1 January 2017. The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset’s tax base. It also clarify certain other aspects of accounting for deferred tax assets.

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.

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.

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.

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

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2. Basis of presentation of financial statements (continued)

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 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.

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
- gives all 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.

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.

Annual improvements 2014–2016; These amendments impact 3 standards:

- 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.
- 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.
- IAS 28, ‘Investments in associates and joint ventures’ regarding measuring an associate or joint venture at fair value effective 1 January 2018.

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.

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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 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 March 31, 2017 and December 31, 2016, assets and liabilities according to industrial segments are as follows:

	March 31, 2017				
	Gas and petroleum products	Electricity	Other	Consolidation adjustments	Total
Assets					
Current assets	1.394.236	-	97.322	(15.006)	1.476.552
Non-current assets	2.654.447	349.231	240.557	(284.030)	2.960.205
Total assets	4.048.683	349.231	337.879	(299.036)	4.436.757
Liabilities					
Short term liabilities	1.405.354	-	46.161	(15.006)	1.436.509
Long term liabilities	553.811	-	14.506	(6.879)	561.438
Equity	2.089.518	349.231	277.212	(277.151)	2.438.810
Total liabilities and equity	4.048.683	349.231	337.879	(299.036)	4.436.757
Investments accounted under equity method	1.487.561	349.231	80.532	-	1.917.324
	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

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3. Segment information (continued)

For the period ended March 31, 2017 and 2016, profit or loss statements according to industrial segments are as follows:

	January 1 - March 31, 2017				
	Gas and petroleum products	Electricity	Other	Consolidation adjustments	Total
Revenue	1.992.134	-	123.333	(50.109)	2.065.358
Cost of sales (-)	(1.823.162)	-	(103.149)	50.348	(1.875.963)
Gross profit	168.972	-	20.184	239	189.395
General administrative expenses (-)	(43.282)	-	(5.782)	878	(48.186)
Marketing expenses (-)	(57.780)	-	(3.202)	-	(60.982)
Research and development expenses (-)	(420)	-	-	-	(420)
Other operating income	39.091	-	2.478	(1.002)	40.567
Other operating expenses (-)	(33.694)	-	(1.052)	150	(34.596)
Operating profit	72.887	-	12.626	265	85.778
Income from investment activities	192.206	-	2.307	(190.770)	3.743
Loss from investment activities (-)	(215)	-	-	-	(215)
Profit/losses from investments accounted under equity method	85.471	3.940	688	-	90.099
Operating profit before financial income (expense)	350.349	3.940	15.621	(190.505)	179.405
Financial income	43.855	-	4.847	-	48.702
Financial expense (-)	(56.018)	-	(2.486)	-	(58.504)
Profit from continuing operations before tax	338.186	3.940	17.982	(190.505)	169.603
Tax income (expense), continuing operations					
Current tax expense for the period (-)	(15.007)	-	(1.194)	-	(16.201)
Deferred tax income/(expense)	4.037	-	30	-	4.067
Profit for the period	327.216	3.940	16.818	(190.505)	157.469

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3. Segment information (continued)

	January 1 - March 31, 2016				
	Gas and petroleum products	Electricity	Other	Consolidation adjustments	Total
Revenue	1.459.739	-	104.144	(39.163)	1.524.720
Cost of sales (-)	(1.304.315)	-	(84.655)	39.326	(1.349.644)
Gross profit	155.424	-	19.489	163	175.076
General administrative expenses (-)	(44.299)	-	(6.240)	636	(49.903)
Marketing expenses (-)	(56.819)	-	(3.055)	-	(59.874)
Research and development expenses (-)	(624)	-	-	-	(624)
Other operating income	28.562	-	1.378	(781)	29.159
Other operating expenses (-)	(27.217)	-	(615)	151	(27.681)
Operating profit	55.027	-	10.957	169	66.153
Income from investment activities	42.447	-	115	(42.000)	562
Profit/losses from investments accounted under equity method	3.102	13.278	1.037	-	17.417
Operating profit before financial income (expense)	100.576	13.278	12.109	(41.831)	84.132
Financial income	64.851	-	1.226	-	66.077
Financial expense (-)	(74.633)	-	(990)	-	(75.623)
Profit from continuing operations before tax	90.794	13.278	12.345	(41.831)	74.586
Tax income (expense), continuing operations					
Current tax expense for the period (-)	(9.424)	-	(930)	-	(10.354)
Deferred tax income/(expense)	1.169	-	76	-	1.245
Profit for the period	82.539	13.278	11.491	(41.831)	65.477

The amortization and depreciation expense for the industrial segmental assets for the period ended on March 31, 2017 and 2016 are as follows:

	January 1 - March 31, 2017	January 1 - March 31, 2016
Gas and petroleum products	19.017	19.012
Other	2.588	2.550
	21.605	21.562

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3. Segment information (continued)

The investment expenditures for the industrial segmental assets for the periods ended on March 31, 2017 and 2016 are as follows:

	January 1 - March 31, 2017	January 1 - March 31, 2016
Gas and petroleum products	27.735	20.298
Other	505	326
	28.240	20.624

4. Cash and cash equivalents

	March 31, 2017	December 31, 2016
Cash on hand	162	358
Cash at banks	573.728	529.762
- Demand deposits	18.797	15.675
- Time deposits	554.931	514.087
Receivables from credit card transactions	42.734	37.608
Total cash and cash equivalents	616.624	567.728

As of March 31, 2017 the Group's TL time deposits amounting to TL 447.407 thousand with maturities of 3-32 days and interest rates of 11,2-13,65%; USD time deposits amounting to USD 29.551 thousand (TL 107.524 thousand) with maturities of 3-10 days and interest rate of 2,1% (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%).

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5. Financial assets

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

	March 31, 2017		December 31, 2016	
	Participation amount	Participation rate %	Participation amount	Participation rate %
Koç Finansal Hizmetler A.Ş. (*)	256.100	1,97	256.100	1,97
Ram Dış Ticaret A.Ş. (**)	774	2,50	774	2,50
Tanı Pazarlama ve İletişim Hizmetleri A.Ş. (***)	540	10,00	540	10,00
Tat Gıda Sanayi A.Ş. (**)	104	0,08	78	0,08
Other (***)	436	-	436	-
	257.954		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.

6. Financial borrowings

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

	March 31, 2017	December 31, 2016
TL-denominated short-term bank borrowings (*)	1.895	1.102
Total short-term bank borrowings	1.895	1.102
Short-term portion and interest accruals of TL-denominated long-term bank borrowings	105.231	103.499
Short-term portion and interest accruals of USD-denominated long-term bank borrowings	16.244	13.554
Short-term portion of long-term bond issued (**)	136.726	112.212
Total short-term portion of long-term financial borrowings	258.201	229.265

(*) As of March 31, 2017, the Group has interest free loan with a total amount of TL 1.895 thousand which was used for SSI payment amounting to TL 1.873 thousand and custom expenses payment amounting to TL 22 thousand (December 31, 2016: TL 1.102 thousand).

(**) On March 30, 2015 and January 28, 2016 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, respectively. As of March 31, 2017, net present value of the issued bonds are TL 136.726 thousand and their effective interest rates are 13,51% and 13,09% respectively.

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6. Financial borrowings (continued)

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

Currency	Effective interest rate per annum (%)	Original amount	TL amount
TL	-	1.895	1.895
			1.895

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 March 31, 2017 and December 31, 2016 the Group's long-term financial borrowings are as follows:

	March 31, 2017	December 31, 2016
TL-denominated long-term bank borrowings	221.575	88.990
USD-denominated long-term bank borrowings	174.653	181.239
Total long-term bank borrowings	396.228	270.229
Long-term bonds issued	-	129.914
Total long-term bonds	396.228	129.914
Total long-term financial borrowings	396.228	400.143

As of March 31, 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	326.806	326.806
USD	3,81-4,00	52.464	190.897
Short-term portion of long-term bank borrowings and interest accruals			(121.475)
			396.228

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

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7. Derivative financial instruments

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

Short-term derivative financial instruments	March 31, 2017		December 31, 2016	
	Contract amount	Fair value assets (liabilities)	Contract amount	Fair value assets (liabilities)
Forward transactions (*)	56.398	(1.345)	-	-

Long-term derivative financial instruments	March 31, 2017		December 31, 2016	
	Contract amount	Fair value assets (liabilities)	Contract amount	Fair value assets (liabilities)
Foreign currency swap contracts (**)	91.350	24.678	91.350	22.742

(*) As of March 31, 2017 the Group has entered into forward transaction with a maturity of 19 - 48 days and nominal value amounting to USD 15.000 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%.

8. Trade receivables and payables from third parties

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

Current trade receivables	March 31, 2017	December 31, 2016
Trade receivables	421.768	420.582
Notes receivables	44.666	39.844
Allowance for doubtful receivables (-)	(23.929)	(23.667)
Total current trade receivables	442.505	436.759

Non-current trade receivables	March 31, 2017	December 31, 2016
Notes receivable	5.643	5.646
Total non-current trade receivables	5.643	5.646

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

Short-term trade payables	March 31, 2017	December 31, 2016
Trade payables	279.120	334.637
Total short-term trade payables	279.120	334.637

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9. Inventories

	March 31, 2017	December 31, 2016
Raw materials	171.777	168.033
Trade goods	4.770	30.195
Goods in transit	38.175	61.146
Finished goods	7.804	6.537
Work in process	2.640	1.962
Allowance for impairment on inventory	(1.053)	(1.053)
Total inventories	224.113	266.820

As of March 31, 2017, the inventories comprise of 70.185 tons of LPG (December 31, 2016: 102.232 tons).

10. Equity investments

	March 31, 2017		December 31, 2016	
	Participation amount	Participation rate %	Participation amount	Participation rate %
EYAŞ acquisition value	669.400		669.400	
Adjustment to share capital	(7.442)		(7.442)	
Currency translation differences	2.487		2.366	
Group's share in legal reserves after the acquisition date	37.460		24.196	
Actuarial gains (losses) arising from defined benefit plans	(815)		(815)	
Gains (losses) from cash flow hedging (*)	(123.289)		(115.538)	
Group's share in accumulated profit (losses) after the acquisition date	997.251		991.836	
Dividend distributed	(87.491)		(87.022)	
Effect of prior year period adjustments	-		20.230	
	1.487.561	%20,00	1.497.211	%20,00
Entek acquisition value	118.930		118.930	
Acquisition of additional shares	147.831		147.831	
Participation in share capital increase of equity investment	108.300		108.300	
Fair value adjustment for share purchase	548		548	
Gains (losses) on remeasurement of defined benefit plans	(128)		(102)	
Gains (losses) from cash flow hedging	19		(9)	
Group's share in accumulated profit (losses) after the acquisition date	(26.269)		(30.209)	
	349.231	%49,62	345.289	%49,62
OAGM subsidiary value	45.000		45.000	
Participation in share capital increase of equity investment	30.000		30.000	
Group's share in accumulated profit (losses) realized after the date of establishment	5.532		4.844	
	80.532	%50,00	79.844	%50,00
Toplam	1.917.324		1.922.344	

(*) TÜPRAŞ, a subsidiary of Enerji Yatırımları A.Ş., designated its investment loans amounting to USD 1.403.196 thousand (TL 5.105.669 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)).

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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
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	3.340	297	31	59	24.400	28.240
Transfers (*)	-	-	-	18.010	-	1.278	(7)	(19.291)	(10)
Disposals	-	(513)	-	(3.878)	(27)	(617)	(487)	-	(5.522)
Ending balance as of March 31, 2017	16.204	144.027	72.682	1.662.160	260.329	64.777	26.472	21.902	2.268.553
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	-	1.334	494	13.183	3.892	1.390	231	-	20.524
Disposals	-	(149)	-	(3.480)	(25)	(208)	(265)	-	(4.127)
Ending balance as of March 31, 2017	-	61.443	51.609	1.294.785	124.592	46.428	25.147	-	1.604.004
Net book value as of March 31, 2017	16.204	82.584	21.073	367.375	135.737	18.349	1.325	21.902	664.549

(*) TL 10 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	-	-	-	2.382	292	35	26	17.889	20.624
Transfers (*)	-	-	-	15.326	-	853	2	(16.229)	(48)
Disposals	-	(1.683)	(48)	(2.601)	(403)	(529)	-	(690)	(5.954)
Ending balance as of March 31, 2016	16.204	133.431	70.824	1.622.406	251.110	58.848	25.773	18.554	2.197.150
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	-	1.253	487	13.477	3.845	1.214	206	-	20.482
Disposals	-	(67)	(42)	(2.475)	(137)	(87)	-	-	(2.808)
Ending balance as of March 31, 2016	-	57.293	49.660	1.262.793	110.586	44.602	24.596	-	1.549.530
Net book value as of March 31, 2016	16.204	76.138	21.164	359.613	140.524	14.246	1.177	18.554	647.620

(*) TL 48 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 (*)	10	10
Ending balance as of March 31, 2017	56.633	56.633
Accumulated amortization		
Opening balance as of January 1, 2017	37.504	37.504
Charge for the period	1.081	1.081
Ending balance as of March 31, 2017	38.585	38.585
Carrying value as of March 31, 2017	18.048	18.048

(*) TL 10 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 (*)	48	48
Ending balance as of March 31, 2016	54.565	54.565
Accumulated amortization		
Opening balance as of January 1, 2016	33.177	33.177
Charge for the period	1.080	1.080
Ending balance as of March 31, 2016	34.257	34.257
Carrying value as of March 31, 2016	20.308	20.308

(*) TL 48 thousand under "Construction in progress" under the account property, plant and equipment has been classified to intangible fixed assets.

Aygaz Anonim Şirketi and its Subsidiaries

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13. Contingent assets and contingent liabilities

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

Guarantees given	March 31, 2017	December 31, 2016
Letter of guarantees given for gas purchase	804.249	796.138
Other letter of guarantees given	33.878	37.602
Total guarantees given	838.127	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.

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

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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:

				March 31, 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	47.890	6.702	-	642.879	697.471	45.459	6.489	-	647.263	699.211
B. CPMBs given in favor of subsidiaries included in full consolidation (*)	-	87.913	-	52.743	140.656	-	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	47.890	94.615	-	695.622	838.127	45.459	57.495	-	730.786	833.740

(*) As of March 31, 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 150 thousand (December 31, 2016: TL 571 thousand).

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14. Other short-term provisions and liabilities

Other short-term provisions	March 31, 2017	December 31, 2016
Special Consumption Tax (SCT) provision on imported LPG	62.948	83.577
Provision for other operating expenses	15.527	9.963
Provision for lawsuit	5.074	5.102
Provision for selling and marketing expenses	5.088	4.926
Provision for EMRA contribution	3.495	3.422
Provision for warranty expenses	6.846	7.646
Total other short term provisions	98.978	114.636

Other current liabilities	March 31, 2017	December 31, 2016
Taxes and funds payable	132.047	137.356
Other liabilities	3.614	2.006
Total other current liabilities	135.661	139.362

15. Share capital

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

Shareholders	Participation rate	March 31, 2017	Participation rate	December 31, 2016
Temel Ticaret ve Yatırım A.Ş.	%5,77	17.324	%5,77	17.324
Koç Ailesi üyeleri	%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 - March 31, 2017	January 1 - March 31, 2016
Average number of ordinary shares outstanding during the period (one thousand)	300.000	300.000
Net profit for the year attributable equity holders of the parent company	157.469	65.409
Earnings per thousand shares (TL)	0,524897	0,218030

17. Tax assets and liabilities

	March 31, 2017	December 31, 2016
Current tax liability		
Current corporate tax provision	16.201	71.421
Less: Prepaid taxes and funds	(2.355)	(66.316)
Current tax liability	13.846	5.105

	January 1- March 31, 2017	January 1- March 31, 2016
Tax expenses		
- Current corporate tax provision	(16.201)	(10.354)
- Deferred tax	4.067	1.245
	(12.134)	(9.109)

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:	March 31, 2017	December 31, 2016
Restatement and depreciation/amortization differences of property, plant and equipment and other intangible assets	36.367	36.843
Revaluation of available-for-sale financial assets	8.290	8.290
Provision for employment termination benefits	(5.618)	(5.437)
Valuation of inventories	(2.906)	548
Other	(698)	(742)
	35.435	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.

	March 31, 2017			December 31, 2016		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Aygaz A.Ş.	(14.498)	49.953	35.455	(11.425)	50.486	39.061
Akpa A.Ş.	(912)	183	(729)	(896)	197	(699)
Aygaz Doğal Gaz	(812)	1.521	709	(480)	1.620	1.140
	(16.222)	51.657	35.435	(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)	(4.067)	(1.245)
Closing balance on March 31	35.435	36.949

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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.

Balances with related parties	Receivables		Payables	
	Trade	Non-trade	Trade	Non-trade(***)
Group companies (*)				
Türkiye Petrol Rafinerileri A.Ş.	20.716	-	103.722	-
Demir Export A.Ş.	9.958	-	-	-
Arçelik A.Ş.	1.749	-	96	-
Ford Otomotiv Sanayi A.Ş.	1.446	-	-	-
Tat Gıda Sanayi A.Ş.	534	-	-	-
Opet Petrolcülük A.Ş.	457	-	50.623	-
Enerji Yatırımları A.Ş.	-	87.491	-	-
Otokoç Otomotiv Tic. ve San. A.Ş.	-	-	3.181	-
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	-	-	1.044	-
Zer Merkezi Hizmetler ve Ticaret A.Ş. (**)	-	-	4.262	-
Ram Dış Ticaret A.Ş.	-	-	7.240	-
Other	3.250	-	2.428	-
Shareholders				
Koç Holding A.Ş.	-	-	126	183.080
Temel Ticaret ve Yatırım A.Ş.	-	-	-	25.986
Koç Ailesi üyeleri	-	-	-	21.397
Investments accounted under the equity method				
Entek Elektrik Üretimi A.Ş.	5.724	-	389	-
	43.834	87.491	173.111	230.463

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	-	-	-
Ford Otomotiv Sanayi A.Ş.	1.376	-	-	-
Tat Gıda Sanayi A.Ş.	588	-	-	-
Arçelik A.Ş.	1.810	-	143	-
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.

(***) As of March 31, 2017; dividends payable amounting to TL 220,214 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.

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18. Balances and transactions with related parties (continued)

Transactions with related parties	January 1 - March 31, 2017			
	Purchases (Goods)	Sales (Goods)	Purchases (Service)	Sales (Service)
Group companies (*)				
Türkiye Petrol Rafinerileri A.Ş.	263.666	131.649	767	-
Opet Petrolcülük A.Ş.(**)(***)	55.351	1.168	21.006	-
Ram Dış Ticaret A.Ş.	6.879	-	-	-
Zer Merkezi Hizmetler ve Ticaret A.Ş.	4.234	3	4.048	-
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	179	1	2.019	-
Arçelik A.Ş.	-	3.904	-	-
Tanı Pazarlama ve İletişim Hizmetleri A.Ş.	-	2	661	-
Otokoç Otomotiv Tic. ve San. A.Ş.	-	109	167	-
Ford Otomotiv Sanayi A.Ş.	-	4.886	-	-
Demir Export A.Ş.	-	13.114	-	-
Tat Gıda Sanayi A.Ş.	-	1.258	-	-
Setur Servis Turistik A.Ş.	-	15	894	-
Other	1.704	7.497	714	-
Shareholders				
Koç Holding A.Ş. (****)	-	12	3.825	-
Temel Ticaret ve Yatırım A.Ş.	-	1	-	-
Koç Ailesi üyeleri	-	19	-	-
Investments accounted under the equity method				
Entek Elektrik Üretimi A.Ş.	-	13.537	1.061	-
	332.013	177.175	35.162	-

Transactions with related parties	January 1 - March 31, 2016			
	Purchases (Goods)	Sales (Goods)	Purchases (Service)	Sales (Service)
Group companies (*)				
Türkiye Petrol Rafinerileri A.Ş.	170.223	85.298	559	-
Opet Petrolcülük A.Ş.(**)(***)	35.698	345	25.672	-
Arçelik A.Ş.	15.260	3.765	5	-
Ram Dış Ticaret A.Ş.	6.899	796	117	-
Zer Merkezi Hizmetler ve Ticaret A.Ş.	4.728	3	5.294	-
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	-	16	2.257	-
Tanı Pazarlama ve İletişim Hizmetleri A.Ş.	-	2	689	-
Otokoç Otomotiv Tic. ve San. A.Ş.	-	110	126	-
Ford Otomotiv Sanayi A.Ş.	-	3.879	-	-
Demir Export A.Ş.	-	8.201	49	-
Tat Gıda Sanayi A.Ş.	-	1.285	-	-
Setur Servis Turistik A.Ş.	-	13	842	-
Other	1.378	5.030	841	-
Shareholders				
Koç Holding A.Ş. (****)	-	11	3.801	-
Temel Ticaret ve Yatırım A.Ş.	-	1	-	-
Investments accounted under the equity method				
Entek Elektrik Üretimi A.Ş.	-	8	952	-
	234.186	108.763	41.204	-

(*) Group companies include Koç Group companies.

(**) Commission expense regarding LPG sold at Opet stations for three month period ended March,2017 is TL 20.966 thousand (January 1-March 31 2016: TL 25.619 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 15.681 thousand has been made to Opet for three months period ended March,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-March 31 2016: None).

(****) 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, 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.	153	6	-	-
Otokoç Otomotiv Tic. ve San. A.Ş.	-	1.614	322	-
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	-	-	518	-
Zer Merkezi Hizmetler ve Ticaret A.Ş.	-	-	42	-
Türkiye Petrol Rafinerileri A.Ş.	-	4	-	-
Arçelik A.Ş.	-	-	27	-
Shareholders				
Koç Family Members	-	168	-	-
Temel Ticaret ve Yatırım A.Ş.	-	178	-	-
	153	1.970	909	-
January 1 - March 31, 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.	142	6	-	-
Otokoç Otomotiv Tic. ve San. A.Ş.	-	1.576	1.000	36
Yapı ve Kredi Bankası A.Ş.	-	57	-	-
Türkiye Petrol Rafinerileri A.Ş.	-	4	-	-
Otokar Otomotiv ve Savunma Sanayi A.Ş.	-	-	330	-
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	-	-	73	1
Arçelik A.Ş.	-	-	13	-
Zer Merkezi Hizmetler ve Ticaret A.Ş.	-	-	29	-
Other	-	-	3	-
Shareholders				
Koç Family Members	-	150	-	-
Temel Ticaret ve Yatırım A.Ş.	-	50	-	-
	142	1.843	1.448	37

(*) 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, 2017			
	Financial income	Financial expense	Other income	Other expense
Group companies (*)				
Yapı Kredi Bankası A.Ş.	14.884	7.712	-	-
Opet Petrolcülük A.Ş.	-	-	-	424
Ram Dış Ticaret A.Ş.	-	-	275	70
Zer Merkezi Hizmetler ve Ticaret A.Ş.	-	-	-	130
Other	-	-	-	9
	14.884	7.712	275	633

Financial and other transactions with related parties	January 1 - March 31, 2016			
	Financial income	Financial expense	Other income	Other expense
Group companies (*)				
Yapı Kredi Bankası A.Ş.	5.697	4.042	-	-
Ram Dış Ticaret A.Ş.	-	-	250	68
Vehbi Koç Vakfı	-	-	-	25
	5.697	4.042	250	93

Cash at banks	March 31, 2017	December 31, 2016
Group companies (*)		
Yapı Kredi Bankası A.Ş.	447.471	391.514
Credit card receivables	March 31, 2017	December 31, 2016
Group companies (*)		
Yapı Kredi Bankası A.Ş.	40.368	35.276
Bank loans	March 31, 2017	December 31, 2016
Grup şirketleri (*)		
Yapı Kredi Bankası A.Ş.	1.873	-

(*) 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 March 31, 2017, total benefit provided to senior management of the Company is TL 2.176 thousand (March 31, 2016: TL 1.956 thousand).

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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 March 31, 2017, the Group has LPG amounting to TL 110.153 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:

March 31, 2017		Total TL equivalent	TL equivalent of USD	TL equivalent of Euro	TL equivalent of other
1.	Trade receivables	32.323	27.973	4.350	-
2.a	Monetary financial assets	112.176	110.687	1.327	162
2.b	Non-monetary financial assets	-	-	-	-
3.	Other	382	318	64	-
4.	Current assets	144.881	138.978	5.741	162
5.	Trade receivables	-	-	-	-
6.a	Monetary financial assets	-	-	-	-
6.b	Non-monetary financial assets	-	-	-	-
7.	Other	-	-	-	-
8.	Non-current assets	-	-	-	-
9.	Total assets	144.881	138.978	5.741	162
10.	Trade payables	(190.536)	(188.843)	(1.674)	(19)
11.	Financial liabilities	(16.244)	(16.244)	-	-
12.a	Other monetary financial liabilities	-	-	-	-
12.b	Other non-monetary financial liabilities	(102)	(102)	-	-
13.	Current liabilities	(206.818)	(205.189)	(1.674)	(19)
14.	Trade payables	-	-	-	-
15.	Financial liabilities	(174.653)	(174.653)	-	-
16.a	Other monetary financial liabilities	-	-	-	-
16.b	Other non-monetary financial liabilities	-	-	-	-
17.	Non-current liabilities	(174.653)	(174.653)	-	-
18.	Total liabilities	(381.535)	(379.842)	(1.674)	(19)
19.	Net asset/liability position of off balance sheet asset and liabilities (19a-19b)	169.195	169.195	-	-
19.a	Total hedged assets	169.195	169.195	-	-
19.b	Total hedged liabilities	-	-	-	-
20.	Net foreign currency asset/liability position (9+18+19)	(67.459)	(71.669)	4.067	143
21.	Net foreign currency asset/liability position of monetary items (1+2a+5+6a+10+11+12a+14+15+16a)	(236.934)	(241.080)	4.003	143
22.	Fair value of foreign currency hedged financial assets	-	-	-	-
23.	Hedged foreign currency assets	-	-	-	-
24.	Hedged foreign currency liabilities	-	-	-	-
25.	Export	291.258	283.691	7.567	-
26.	Import	711.225	707.582	3.462	171

Aygaz Anonim Şirketi and its Subsidiaries

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

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

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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
March 31, 2017				
10% fluctuation of USD rate				
USD net asset/liability	(24.108)	24.108	(24.108)	24.108
Secured portion from USD risk	16.920	(16.920)	16.920	(16.920)
USD net effect	(7.188)	7.188	(7.188)	7.188
10% fluctuation of Euro rate				
Euro net asset/liability	400	(400)	400	(400)
Secured portion from Euro risk	-	-	-	-
Euro net effect	400	(400)	400	(400)
Total	(6.788)	6.788	(6.788)	6.788

	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 March 31, 2017 are summarized at the table below (December 31, 2016: None).

Maturity	Parity	Type of contract	Transactions	Total amount	March 31, 2017	
					Currency	
1 to 2 months	3,6216-3,8125	Forward	Sells TL, buys USD	15.000	USD	

Swap agreements

As of March 31, 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			
	March 31, 2017	1st Level	2nd Level	3rd Level
Available-for-sale financial assets (*)	256.978	104	256.874	-
Derivative financial instruments	23.333	-	23.333	-

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 March 31, 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.

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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)

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

Within the scope of approval of Capital Market Board at Meeting numbered 13/396, and dated March 23, 2017, the Company has issued bond with a nominal value of TL 85.000 thousand, maturity of 728 days, and half yearly fixed interest rate coupon payments for demand of qualified investors on April 11, 2017.

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

None.