

**AYGAZ ANONİM ŐİRKETİ  
AND ITS SUBSIDIARIES  
JANUARY 1 - SEPTEMBER 30, 2019 INTERIM  
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

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

**Aygaz Anonim Şirketi and its Subsidiaries**

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

**Aygaz Anonim Şirketi and its Subsidiaries**

**Consolidated statement of financial position**

**as at September 30, 2019**

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

| <b>Assets</b>                             | <b>Notes</b> | <b>Current period<br/>(Unaudited)<br/>September 30, 2019</b> | <b>Prior period<br/>(Audited)<br/>December 31, 2018</b> |
|---|--------------|--|---|
| <b>Current assets</b>                     |              | <b>1.708.058</b>   | <b>1.617.539</b>  |
| Cash and cash equivalents                 | 4            | 817.694  | 648.010   |
| Trade receivables                         |              | 593.094  | 440.048   |
| -Trade receivables from related parties   | 18           | 143.291  | 30.461  |
| -Trade receivables from third parties     | 8            | 449.803  | 409.587   |
| Other receivables                         |              | 3.222  | 3.047   |
| -Other receivables from third parties     |              | 3.222  | 3.047   |
| Derivative financial instruments          | 7            | 29.273   | 25.939  |
| Inventories                               | 9            | 169.329  | 348.309   |
| Prepaid expenses                          |              | 76.726   | 127.562   |
| Assets related to current year tax        |              | 547  | 8.248   |
| Other current assets                      |              | 18.173   | 16.376  |
| <b>Non-current assets</b>                 |              | <b>3.288.649</b>   | <b>3.395.684</b>  |
| Financial investments                     | 5            | 346.297  | 287.096   |
| Trade receivables                         |              | 8.782  | 8.835   |
| -Trade receivables from third parties     | 8            | 8.782  | 8.835   |
| Other receivables                         |              | 974  | 99  |
| -Other receivables from third parties     |              | 974  | 99  |
| Derivative financial instruments          | 7            | 25.479   | 37.245  |
| Investments accounted under equity method | 10           | 2.036.893  | 2.304.799   |
| Tangible assets                           | 11           | 687.071  | 686.530   |
| Right-of-use assets                       | 2            | 119.178  | -   |
| Intangible assets                         |              | 22.160   | 21.354  |
| -Other intangible assets                  | 12           | 22.160   | 21.354  |
| Prepaid expenses                          |              | 41.155   | 49.124  |
| Deferred tax asset                        | 17           | 660  | 602   |
| <b>Total assets</b>                       |              | <b>4.996.707</b>   | <b>5.013.223</b>  |

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

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

**Aygaz Anonim Şirketi and its Subsidiaries**

**Consolidated statement of financial position**

**as at September 30, 2019**

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

| <b>Liabilities</b>   | <b>Notes</b> | <b>Current period<br/>(Unaudited)<br/>September 30, 2019</b> | <b>Prior period<br/>(Audited)<br/>December 31, 2018</b> |
|--|--------------|--|---|
| <b>Short-term liabilities</b>  |              | <b>1.649.910</b>   | <b>1.484.031</b>  |
| Short-term financial borrowings  | 6            | 102.325  | 78.596  |
| Current portion of long-term financial borrowings  | 6            | 567.371  | 492.351   |
| Trade payables   |              | 559.291  | 559.653   |
| - Trade payables to related parties  | 18           | 153.626  | 145.271   |
| - Trade payables to third parties  | 8            | 405.665  | 414.382   |
| Liabilities for employee benefits  |              | 9.266  | 48.357  |
| Other payables   |              | 1.651  | 1.511   |
| - Other payables to related parties  | 18           | 1.211  | 1.052   |
| - Other payables to third parties  |              | 440  | 459   |
| Derivative financial instruments   | 7            | 1  | -   |
| Deferred income  |              | 5.290  | 8.676   |
| Provision for taxation on income   |              | 4.246  | 837   |
| Short-term provisions  |              | 275.421  | 205.754   |
| -Provisions from employee benefits   |              | 35.595   | -   |
| -Other provisions  | 14           | 239.826  | 205.754   |
| Other current liabilities  | 14           | 125.048  | 88.296  |
| <b>Long-term liabilities</b>   |              | <b>983.710</b>   | <b>1.026.782</b>  |
| Long-term borrowings   | 6            | 774.785  | 830.068   |
| Other payables   |              | 108.715  | 106.114   |
| - Other payables to third parties  |              | 108.715  | 106.114   |
| Derivative financial instruments   | 7            | 11.572   | -   |
| Long-term provisions   |              | 49.837   | 42.926  |
| -Provisions for employee benefits  |              | 49.837   | 42.926  |
| Deferred tax liabilities   | 17           | 38.801   | 47.674  |
| <b>Equity</b>  |              | <b>2.363.087</b>   | <b>2.502.410</b>  |
| Share capital  | 15           | 300.000  | 300.000   |
| Adjustment to share capital  | 15           | 71.504   | 71.504  |
| Adjustment to share capital due to cross-ownership (-)   |              | (7.442)  | (7.442)   |
| Other comprehensive income or expenses not to be reclassified to profit or loss  |              | 181.413  | 125.268   |
| Gains (losses) on the revaluation and/or reclassification  |              | 181.187  | 125.042   |
| -Gains (losses) re-measurement from defined benefit plans  |              | 2.789  | 2.789   |
| -Gains (losses) on financial assets measured at fair value through other comprehensive income  |              | 178.398  | 122.253   |
| Share of other comprehensive income of investments accounted for using equity method that will not be reclassified to profit or loss |              | 226  | 226   |
| Other comprehensive income or expenses to be reclassified to profit or loss  |              | (221.469)  | (213.318)   |
| Gains (losses) on hedge  |              | (4.512)  | 7.631   |
| -Gains (losses) on cash flow hedges  |              | (4.512)  | 7.631   |
| Share of other comprehensive income of investments accounted for using equity method that will be reclassified to profit or loss     |              | (216.957)  | (220.949)   |
| Restricted reserves  |              | 331.310  | 294.210   |
| Retained earnings  |              | 1.509.088  | 1.703.805   |
| Net profit for the period  |              | 198.683  | 228.383   |
| <b>Equity attributable to equity holders of the parent</b>   |              | <b>2.363.087</b>   | <b>2.502.410</b>  |
| <b>Total equity and liabilities</b>  |              | <b>4.996.707</b>   | <b>5.013.223</b>  |

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

**Aygaz Anonim Şirketi and its Subsidiaries**

**Consolidated profit or loss statement**

**for the nine-month interim period ended September 30, 2019**

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

|   |       | (Unaudited)                        |                                 | (Unaudited)                        |                                 |
|---|-------|------------------------------------|---------------------------------|------------------------------------|---------------------------------|
|   |       | January 1-<br>September 30<br>2019 | July 1-<br>September 30<br>2019 | January 1-<br>September 30<br>2018 | July 1-<br>September 30<br>2018 |
|   | Notes |                                    |                                 |                                    |                                 |
| Revenue   |       | 7.645.016                          | 2.548.724                       | 7.191.134                          | 2.905.628                       |
| Cost of sales (-)   |       | (6.968.122)                        | (2.271.752)                     | (6.557.413)                        | (2.628.492)                     |
| <b>Gross profit</b>                                       |       | <b>676.894</b>                     | <b>276.972</b>                  | 633.721                            | 277.136                         |
| General administrative expenses (-)                       |       | (206.796)                          | (65.524)                        | (154.583)                          | (52.431)                        |
| Marketing expenses (-)                                    |       | (244.159)                          | (91.766)                        | (231.029)                          | (84.880)                        |
| Research and development expenses (-)                     |       | (1.822)                            | (779)                           | (2.472)                            | (1.161)                         |
| Other operating income                                    |       | 169.126                            | 42.286                          | 217.718                            | 110.517                         |
| Other operating expenses (-)                              |       | (142.832)                          | (32.654)                        | (264.115)                          | (165.232)                       |
| <b>Operating profit</b>                                   |       | <b>250.411</b>                     | <b>128.535</b>                  | 199.240                            | 83.949                          |
| Income from investment activities                         |       | 5.355                              | 738                             | 23.191                             | 2.009                           |
| Loss from investment activities (-)                       |       | (1.900)                            | (1.246)                         | (1.430)                            | (483)                           |
| Gain/loss from investments accounted under equity method  | 10    | 114.814                            | 11.660                          | 195.140                            | 61.789                          |
| <b>Operating profit before financial income (expense)</b> |       | <b>368.680</b>                     | <b>139.687</b>                  | 416.141                            | 147.264                         |
| Financial income  |       | 114.858                            | 43.805                          | 172.700                            | 111.723                         |
| Financial expense (-)                                     |       | (267.391)                          | (103.624)                       | (242.069)                          | (134.748)                       |
| <b>Profit from continuing operations before tax</b>       |       | <b>216.147</b>                     | <b>79.868</b>                   | 346.772                            | 124.239                         |
| <b>Tax income (expense), continuing operations</b>        |       |                                    |                                 |                                    |                                 |
| Current tax expense for the period (-)                    | 17    | (25.925)                           | (10.528)                        | (22.261)                           | (8.280)                         |
| Deferred tax income (expense)                             | 17    | 8.461                              | (1.452)                         | (9.377)                            | (4.451)                         |
| <b>Profit for the period</b>                              |       | <b>198.683</b>                     | <b>67.888</b>                   | 315.134                            | 111.508                         |
| <b>Distribution of profit for the period</b>              |       |                                    |                                 |                                    |                                 |
| Equity holders of the parent                              |       | 198.683                            | 67.888                          | 315.134                            | 111.508                         |
| <b>Earnings per share (TL)</b>                            | 16    | <b>0,662277</b>                    | <b>0,226293</b>                 | 1,050447                           | 0,371693                        |
| <b>Diluted earnings per share (TL)</b>                    | 16    | <b>0,662277</b>                    | <b>0,226293</b>                 | 1,050447                           | 0,371693                        |

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

**Aygaz Anonim Şirketi and its Subsidiaries**

**Consolidated other comprehensive income statement**

**for the nine-month interim period ended September 30, 2019**

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

|   | (Unaudited)                        |                                 | (Unaudited)                        |                                 |           |
|---|------------------------------------|---------------------------------|------------------------------------|---------------------------------|-----------|
|   | January 1-<br>September 30<br>2019 | July 1-<br>September 30<br>2019 | January 1-<br>September 30<br>2018 | July 1-<br>September 30<br>2018 |           |
|   | Notes                              |                                 |                                    |                                 |           |
| <b>Profit for the period</b>  |                                    | <b>198.683</b>                  | <b>67.888</b>                      | 315.134                         | 111.508   |
| <b>Other comprehensive income</b>   |                                    |                                 |                                    |                                 |           |
| <b>Not to be reclassified to profit or loss</b>   |                                    | <b>56.145</b>                   | -                                  | (25.898)                        | -         |
| Gains (losses) on financial assets measured at fair value through other comprehensive income              |                                    |                                 |                                    |                                 |           |
| -Gains (losses) on financial assets measured at fair value through other comprehensive income             |                                    | <b>59.100</b>                   | -                                  | (27.261)                        | -         |
| Taxes relating to other comprehensive income not to be reclassified to profit (loss)                      |                                    |                                 |                                    |                                 |           |
| -Gains (losses) on financial assets measured at fair value through other comprehensive income, tax effect | 17                                 | <b>(2.955)</b>                  | -                                  | 1.363                           | -         |
| <b>To be reclassified as profit or loss</b>   |                                    | <b>(8.151)</b>                  | <b>1.549</b>                       | (155.485)                       | (104.898) |
| Other comprehensive income (expenses) on cash flow hedges   |                                    |                                 |                                    |                                 |           |
| -Gains (losses) on cash flow hedges   |                                    | <b>(15.568)</b>                 | <b>(14.587)</b>                    | 17.133                          | 17.133    |
| Share of other comprehensive income of investments accounted for using equity method that will be         |                                    |                                 |                                    |                                 |           |
| -Gains (losses) from cash flow hedging of investments using equity method                                 |                                    | <b>3.874</b>                    | <b>13.408</b>                      | (171.816)                       | (120.214) |
| -Gains (losses) from foreign currency translation differences of investments using equity method          |                                    | <b>118</b>                      | <b>(481)</b>                       | 2.967                           | 1.952     |
| Taxes relating to other comprehensive income to be reclassified to profit (loss)                          |                                    |                                 |                                    |                                 |           |
| -Other comprehensive income (expenses) on cash flow hedges, tax effect                                    | 17                                 | <b>3.425</b>                    | <b>3.209</b>                       | (3.769)                         | (3.769)   |
| <b>Other comprehensive income / (expense) (after taxation)</b>  |                                    | <b>47.994</b>                   | <b>1.549</b>                       | (181.383)                       | (104.898) |
| <b>Total other comprehensive income</b>   |                                    | <b>246.677</b>                  | <b>69.437</b>                      | 133.751                         | 6.610     |
| <b>Distribution of total comprehensive income</b>   |                                    |                                 |                                    |                                 |           |
| <b>Equity holders of the parent</b>   |                                    | <b>246.677</b>                  | <b>69.437</b>                      | 133.751                         | 6.610     |

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(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 September 30, 2019**

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

|   | Other comprehensive income or expenses not to be reclassified to profit or loss |                             |  |   |  | Other comprehensive income or expenses to be reclassified to profit or loss  |   |  | Accumulated profit  |                   | Net profit for the period | Equity attributable to equity holders of the parent | Non-controlling interest | Total equity |
|---|---|-----------------------------|--|---|--|--|---|--|---------------------|-------------------|---------------------------|---|--------------------------|--------------|
|   | Share capital   | Adjustment to share capital | Adjustment to share capital due to cross-ownership (-) | Gains (losses) on re-measurement of defined benefit plans | Gains (losses) on financial assets measured at fair value through other comprehensive income | Share of other comprehensive income of investments accounted for using equity method that will not be reclassified to profit or loss | Profit or loss relating to avoidance of risk of cash flow | Share of other comprehensive income of investments accounted for using equity method that will be reclassified to profit or loss | Restricted reserves | Retained earnings |                           |   |                          |              |
| Reviewed  |   |                             |  |   |  |  |   |  |                     |                   |                           |   |                          |              |
| Balance as of January 1, 2018                           | 300.000   | 71.504                      | (7.442)  | 1.187   | 213.653  | (471)  | -   | (113.760)  | 249.509             | 1.631.864         | 577.019                   | 2.923.063   | -                        | 2.923.063    |
| Adjustments to changes in accounting policies           | -   | -                           | -  | -   | -  | -  | -   | -  | -                   | (377)             | -                         | (377)   | -                        | (377)        |
| Adjustments to mandatory changes in accounting policies | -   | -                           | -  | -   | -  | -  | -   | -  | -                   | (377)             | -                         | (377)   | -                        | (377)        |
| Transfers   | -   | -                           | -  | -   | -  | -  | -   | -  | 44.701              | 532.318           | (577.019)                 | -   | -                        | -            |
| Total comprehensive income (expense)                    | -   | -                           | -  | -   | (25.898)   | -  | 13.364  | (168.849)  | -                   | -                 | 315.134                   | 133.751   | -                        | 133.751      |
| Net income  | -   | -                           | -  | -   | -  | -  | -   | -  | -                   | -                 | 315.134                   | 315.134   | -                        | 315.134      |
| Other comprehensive income (expense)                    | -   | -                           | -  | -   | (25.898)   | -  | 13.364  | (168.849)  | -                   | -                 | -                         | (181.383)   | -                        | (181.383)    |
| Dividend paid   | -   | -                           | -  | -   | -  | -  | -   | -  | -                   | (460.000)         | -                         | (460.000)   | -                        | (460.000)    |
| Balance as of September 30, 2018                        | 300.000   | 71.504                      | (7.442)  | 1.187   | 187.755  | (471)  | 13.364  | (282.609)  | 294.210             | 1.703.805         | 315.134                   | 2.596.437   | -                        | 2.596.437    |
| Reviewed  |   |                             |  |   |  |  |   |  |                     |                   |                           |   |                          |              |
| Balance as of January 1, 2019                           | 300.000   | 71.504                      | (7.442)  | 2.789   | 122.253  | 226  | 7.631   | (220.949)  | 294.210             | 1.703.805         | 228.383                   | 2.502.410   | -                        | 2.502.410    |
| Transfers   | -   | -                           | -  | -   | -  | -  | -   | -  | 37.100              | 191.283           | (228.383)                 | -   | -                        | -            |
| Total comprehensive income (expense)                    | -   | -                           | -  | -   | 56.145   | -  | (12.143)  | 3.992  | -                   | -                 | 198.683                   | 246.677   | -                        | 246.677      |
| Net income  | -   | -                           | -  | -   | -  | -  | -   | -  | -                   | -                 | 198.683                   | 198.683   | -                        | 198.683      |
| Other comprehensive income (expense)                    | -   | -                           | -  | -   | 56.145   | -  | (12.143)  | 3.992  | -                   | -                 | -                         | 47.994  | -                        | 47.994       |
| Dividend paid (Note 15)                                 | -   | -                           | -  | -   | -  | -  | -   | -  | -                   | (386.000)         | -                         | (386.000)   | -                        | (386.000)    |
| Balance as of September 30, 2019                        | 300.000   | 71.504                      | (7.442)  | 2.789   | 178.398  | 226  | (4.512)   | (216.957)  | 331.310             | 1.509.088         | 198.683                   | 2.363.087   | -                        | 2.363.087    |

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

(Convenience translation of financial statements originally issued in Turkish)

**Aygaz Anonim Şirketi and its Subsidiaries**

**Consolidated cash flow statement**

**for the period ended September 30, 2019**

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

|  |         | (Unaudited)<br>January 1-<br>September 30,<br>2019 | (Unaudited)<br>January 1-<br>September 30<br>2018 |
|--|---------|--|---|
| <b>Cash flows from operating activities</b>  |         | <b>457.765</b>                                     | <b>151.758</b>                                    |
| <b>Net income from continuing operations</b>   |         | <b>198.683</b>                                     | <b>315.134</b>                                    |
| <b>Adjustments related with the reconciliation of net profit (loss) for the period</b>                                     |         | <b>216.146</b>                                     | <b>40.667</b>                                     |
| -Adjustments for depreciation and amortization expenses  | 2,11,12 | <b>94.392</b>                                      | 66.845  |
| -Adjustments for impairment loss (reversal)  |         | <b>1.111</b>                                       | 6.685   |
| -Adjustments for provisions  |         | <b>83.207</b>                                      | 65.112  |
| -Adjustments for dividend (income) expense   |         | <b>-</b>   | (572)   |
| -Adjustments for interest income   |         | <b>(58.792)</b>                                    | (44.354)  |
| -Adjustments for interest expense  |         | <b>194.506</b>                                     | 126.274   |
| -Adjustments for unrealized foreign exchange differences   |         | <b>(1.879)</b>                                     | 51.817  |
| -Adjustments for fair value losses (gains) on derivative financial instruments   |         | <b>7.862</b>                                       | (50.108)  |
| -Adjustments for undistributed profits of investments accounted under equity method  | 10      | <b>(114.814)</b>                                   | (195.140)   |
| -Adjustments for tax (income) expenses   | 17      | <b>17.464</b>                                      | 35.407  |
| -Adjustments for losses (gains) on disposal of non-current assets  |         | <b>(3.385)</b>                                     | (21.739)  |
| -Other adjustments for reconciliation of profit (loss)   |         | <b>(3.526)</b>                                     | 440   |
| <b>Changes in working capital</b>  |         | <b>64.380</b>                                      | <b>(184.033)</b>                                  |
| -Adjustments for decrease (increase) in trade receivables  |         | <b>(154.104)</b>                                   | (226.380)   |
| -Adjustments for decrease (increase) in other operating receivables  |         | <b>(1.992)</b>                                     | (22.754)  |
| -Adjustments for decrease (increase) in inventories  |         | <b>179.610</b>                                     | 43.467  |
| -Decrease (increase) in prepaid expenses   |         | <b>59.674</b>                                      | (67.404)  |
| -Adjustments for increase (decrease) in trade payables   |         | <b>(14.366)</b>                                    | 186.800   |
| -Increase (decrease) in liabilities for employee benefits  |         | <b>(39.091)</b>                                    | (43.274)  |
| -Adjustments for increase (decrease) in other operating payables   |         | <b>38.035</b>                                      | (74.244)  |
| -Increase (decrease) in deferred income  |         | <b>(3.386)</b>                                     | 19.756  |
| <b>Cash flows from operating activities</b>  |         | <b>479.209</b>                                     | <b>171.768</b>                                    |
| -Payments related to provisions for employee benefits  |         | <b>(6.629)</b>                                     | (4.087)   |
| -Tax returns (payments)  |         | <b>(14.815)</b>                                    | (15.923)  |
| <b>Cash flows from investing activities</b>  |         | <b>328.952</b>                                     | <b>32.575</b>                                     |
| Cash inflows from the sale of interests or capital decrease of investments in associates or joint ventures                 | 10      | <b>200.000</b>                                     | -   |
| Cash outflows from the acquisition of additional shares or capital increase of investments in associates or joint ventures | 10      | <b>-</b>   | (203.974)   |
| Cash inflows from the sale of property, plant and equipment and intangible assets  |         | <b>53.686</b>                                      | 27.843  |
| Cash outflows from the purchase of property, plant and equipment and intangible assets                                     | 11,12   | <b>(72.956)</b>                                    | (72.660)  |
| Dividends received   |         | <b>186.712</b>                                     | 348.026   |
| Other cash inflows/(outflows)  |         | <b>(38.490)</b>                                    | (66.660)  |
| -Cash outflows due to business combinations, net   | 21      | <b>(38.490)</b>                                    | -   |
| -Cash outflows due to capital increase of investments in associates  | 5       | <b>-</b>   | (66.660)  |
| <b>Cash flows from financing activities</b>  |         | <b>(621.274)</b>                                   | <b>(202.735)</b>                                  |
| Proceeds from borrowings   |         | <b>412.898</b>                                     | 567.480   |
| Repayments of borrowings   |         | <b>(462.475)</b>                                   | (246.094)   |
| Payments of lease liabilities  |         | <b>(40.436)</b>                                    | -   |
| Dividend payment   |         | <b>(384.789)</b>                                   | (460.000)   |
| Interest paid  |         | <b>(204.395)</b>                                   | (106.879)   |
| Interest received  |         | <b>57.923</b>                                      | 42.758  |
| <b>Net increase (decrease) in cash and cash equivalents before currency translation differences</b>                        |         | <b>165.443</b>                                     | <b>(18.402)</b>                                   |
| Effect of currency translation differences   |         | <b>4.241</b>                                       | 40.845  |
| <b>Net increase (decrease) in cash and cash equivalents</b>  |         | <b>169.684</b>                                     | <b>22.443</b>                                     |
| <b>Cash and cash equivalents at the beginning of the period</b>  | 4       | <b>648.010</b>                                     | <b>593.172</b>                                    |
| <b>Cash and cash equivalents at the end of the period</b>  | 4       | <b>817.694</b>                                     | <b>615.615</b>                                    |

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



## Aygaz Anonim Şirketi and its Subsidiaries

### Notes to the interim condensed consolidated financial statements as of September 30, 2019

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

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

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

The Company is registered at the Capital Markets Board of Turkey (“CMB”) and as of September 30, 2019, 24,27% of its shares have been quoted at Borsa İstanbul.

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

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

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

|                                  | End of period        |                     | Average                            |                                    |
|----------------------------------|----------------------|---------------------|------------------------------------|------------------------------------|
|                                  | September 30<br>2019 | December 31<br>2018 | January 1-<br>September 30<br>2019 | January 1-<br>September 30<br>2018 |
| Monthly paid                     | 679                  | 688                 | 678                                | 688                                |
| Hourly paid                      | 630                  | 603                 | 642                                | 649                                |
| <b>Total number of personnel</b> | <b>1.309</b>         | <b>1.291</b>        | <b>1.320</b>                       | <b>1.337</b>                       |

#### Subsidiaries

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

| Subsidiaries                 | Place of<br>incorporation and<br>Operation | Ownership interest (%) |                      | Voting power<br>right | Principal<br>activity |
|------------------------------|--|------------------------|----------------------|-----------------------|-----------------------|
|                              |  | September 30<br>2019   | December 31,<br>2018 |                       |                       |
| Anadoluhisarı                | Turkey                                     | 100                    | 100                  | 100                   | Shipping              |
| Kandıllı                     | Turkey                                     | 100                    | 100                  | 100                   | Shipping              |
| Kuzguncuk                    | Turkey                                     | 100                    | 100                  | 100                   | Shipping              |
| Kuleli                       | Turkey                                     | 100                    | 100                  | 100                   | Shipping              |
| Akpa                         | Turkey                                     | 100                    | 100                  | 100                   | Marketing             |
| Aygaz Doğal Gaz Toptan Satış | Turkey                                     | 100                    | 100                  | 100                   | Natural gas           |
| Aygaz Doğal Gaz İletim       | Turkey                                     | 100                    | 100                  | 100                   | Natural gas           |
| ADG Enerji                   | Turkey                                     | 100                    | 100                  | 100                   | Natural gas           |
| Bal Kaynak <sup>(1)</sup>    | Turkey                                     | 100                    | -                    | 100                   | Bottled water         |

<sup>(1)</sup> Acquired in 2019.

Akpa Dayanımlı 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 Dayanımlı Tüketim LPG ve Akaryakıt Ürünleri Pazarlama A.Ş.” with the decision of Ordinary General Meeting held on March 17, 2005. Akpa is mainly engaged in sales of cylinders through either its own organisation or dealers, retail and wholesale of LPG, fuel and lubricants through autogas stations.

Main activity of Aygaz Doğal Gaz Toptan Satış A.Ş. and Aygaz Doğal Gaz İletim A.Ş. (together “Aygaz Doğal Gaz”) is to purchase natural gas from domestic and/or overseas suppliers, selling natural gas to domestic and/or overseas customers and make related arrangements for the modulation, storing of natural gas and building necessary facilities.

## Aygaz Anonim Şirketi and its Subsidiaries

### Notes to the interim condensed consolidated financial statements as of September 30, 2019

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

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

Within July 2010, the Company has restructured its shipping operations under new legal entities, and established Anadoluhisarı Tankercilik A.Ş. (“Anadolu Hisarı”), Kandilli Tankercilik A.Ş. (“Kandilli”), Kuleli Tankercilik A.Ş. (“Kuleli”) and Kuzguncuk Tankercilik A.Ş. (“Kuzguncuk”) with an effective ownership interest of 100%. The main activities of these companies are to purchase, build or rent vessels and to operate them in domestic and/or overseas transportation of crude oil, petroleum products, liquid petroleum gas, natural gas and solid, liquid and liquefied products. On October 13, 2017, the vessel named “Kuleli” which is used for the transportation of LPG, with net book value of TL 589 thousand was sold for USD 3.500 thousand in cash by Kuleli Tankercilik A.Ş. - the Company’s subsidiary. On March 14, 2019 Kuleli has acquired the 100% of shares of Bal Kaynak Su İthalat İhracat Sanayi ve Ticaret A.Ş. (“Bal Kaynak”) (Note 21).

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

#### Investments in associates

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

| Investments in associates             | Place of incorporation and operation | Ownership interest (%) |                   |                    | Principal activity |
|---------------------------------------|--------------------------------------|------------------------|-------------------|--------------------|--------------------|
|                                       |                                      | September 30 2019      | December 31, 2018 | Voting power right |                    |
| Enerji Yatırımları A.Ş. (“EYAŞ”)      | Turkey                               | 20,00                  | 20,00             | 20,00              | Energy             |
| Entek Elektrik Üretimi A.Ş. (“Entek”) | Turkey                               | 49,62                  | 49,62             | 49,62              | Electricity        |

In December 2005, Enerji Yatırımları A.Ş. (“EYAŞ”) was established to acquire 51% block shares of Türkiye Petrol Rafinerileri A.Ş. (“TÜPRAŞ”), to participate in Tüpraş’s management and its operational decisions as well as to establish and operate in oil refinery related sectors in Turkey. At the Extraordinary General Meeting of EYAŞ held on December 20, 2018, it was resolved to decrease EYAŞ’s share capital from TL 3.347.000 thousand to TL 2.347.000 thousand. The portion of the Company which is TL 200.000 thousand has been paid in cash on March 28, 2019.

Entek Elektrik Üretimi A.Ş. (“Entek”), the electricity generation company of Koç Group, operates one natural gas cycling plant with capacity of 97 MW in Kocaeli and eight hydroelectric power plants in Kahramanmaraş, Karaman, Samsun and Mersin with capacity of 265 MW in total reaching aggregate capacity of 362 MW. In September 2017, Entek submitted the highest bid to the Privatization Administration and was granted operating rights of the 178 MW Menzelet and Kılavuzlu HEPPs for 49 years. Following the bid process, the necessary approvals were obtained, and Menzelet and Kılavuzlu HEPPs were taken over by Menzelet Kılavuzlu Elektrik Üretimi A.Ş., wholly owned by Entek, and put into operation on March 9, 2018. In the Extraordinary General Assembly of Entek dated February 9, 2018, it was resolved to increase the paid-in capital by from TL 538.500 thousand to TL 950.000 thousand, TL 405 thousand to be paid out of internal funds and TL 411.095 thousand to be paid in cash. Our Company’s corresponding amount of TL 203.974 thousand was paid in cash on March 1, 2018.

## Aygaz Anonim Şirketi and its Subsidiaries

### Notes to the interim condensed consolidated financial statements as of September 30, 2019

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

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

##### Joint ventures

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

| Joint venture                        | Place of incorporation<br>and operation | Ownership interest (%) |                      |                       | Principal<br>activity |
|--------------------------------------|---|------------------------|----------------------|-----------------------|-----------------------|
|                                      |   | September 30<br>2019   | December 31,<br>2018 | Voting power<br>right |                       |
| Opet Aygaz Gayrimenkul A.Ş. (“OAGM”) | Turkey                                  | 50,00                  | 50,00                | 50,00                 | Real Estate           |

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

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

The interim condensed consolidated financial tables for the period ended on September 30, 2019 are approved on the Board of Directors meeting held on November 7, 2019 to be published.

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

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

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

The interim condensed consolidated financial statements of the Group have been prepared in accordance with the Turkish Accounting Standards/Turkish Financial Reporting Standards, (“IAS/IFRS”) and interpretations as adopted in line with international standards by the Public Oversight Accounting and Auditing Standards Authority of Turkey (“POA”) in line with the communiqué numbered II-14.1 “Communiqué on the Principles of Financial Reporting In Capital Markets” (“the Communiqué”) announced by the Capital Markets Board of Turkey (“CMB”) on June 13, 2013 which is published on Official Gazette numbered 28676. IAS/IFRS are updated in harmony with the changes and updates in International Financial and Accounting Standards (“IFRS”) by the communiqués announced by the POA.

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

The Group has prepared its condensed consolidated financial statements for the period ended on September 30, 2019 in accordance with TAS 34 “Interim Financial Reporting Standards”.

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

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

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

## Aygaz Anonim Şirketi and its Subsidiaries

### Notes to the interim condensed consolidated financial statements as of September 30, 2019

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

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

### 2.2 Summary of significant accounting policies

The interim condensed consolidated financial statements of the Group for the nine-month period ended September 30, 2019 have been prepared in accordance with IAS 34 “Interim Financial Reporting”. Additionally, the accounting policies used in the preparation of the interim condensed consolidated financial statements for the period ended September 30, 2019 are consistent with those used in the preparation of annual consolidated financial statements for the year ended December 31, 2018. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2018.

### 2.3 New and revised Turkey Financial Reporting Standards

#### a) *Standards, amendments and interpretations applicable as at September 30, 2019*

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

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

**IFRS 16, ‘Leases’;** effective from annual periods beginning on or after 1 January 2019. This standard replaces the current guidance in IAS 17 and is a far-reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognize a lease liability reflecting future lease payments and a ‘right of use asset’ for virtually all lease contracts. The impacts of the first time adoption of the standard and changes in accounting policies was disclosed in Note 2.5.

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

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

In accordance with the amendments applied within the frame of IFRS 9, any gain or loss from revaluation of financial assets carried at fair value through other comprehensive is accounted under other comprehensive income not to be classified to profit or loss.

## Aygaz Anonim Şirketi and its Subsidiaries

### Notes to the interim condensed consolidated financial statements as of September 30, 2019

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

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

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

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

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

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

#### **b) Standards, amendments and interpretations effective after September 30, 2019**

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

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

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

**Amendments to IFRS 9, IAS 39 and IFRS 7 - reform of interest rate benchmarks;** effective from Annual periods beginning on or after 1 January 2020. These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries.

## Aygaz Anonim Şirketi and its Subsidiaries

### Notes to the interim condensed consolidated financial statements as of September 30, 2019

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

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

### 2.5 Changes in accounting policies and estimates

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

The Group has been applied the change of “IFRS 16 Leases” which are effective as of January 1, 2019 considering the transition principles.

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

#### *The Group – as a lessee*

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

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

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

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

#### *Right of use asset*

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

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

## Aygaz Anonim Şirketi and its Subsidiaries

### Notes to the interim condensed consolidated financial statements as of September 30, 2019

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

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

The Group re-measures the right of use asset:

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

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

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

#### *Lease liability*

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

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

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

After initial recognition, the lease liability is measured by:

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

#### Extension and termination options

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

#### Variable lease payments

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

#### Exemptions and simplifications

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

**Aygaz Anonim Şirketi and its Subsidiaries**

**Notes to the interim condensed consolidated financial statements  
as of September 30, 2019**

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

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

***The Group - as a lessor***

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

**First time adoption of IFRS 16 Leases**

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

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

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

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

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

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

As of January 1, 2019 and September 30, 2019 , the details of the right of use assets that are accounted in the condensed consolidated financial statements are as follows:

|                                  | <b>September 30, 2019</b> | <b>January 1, 2019</b> |
|----------------------------------|---------------------------|------------------------|
| Land                             | 3.210                     | 2.836                  |
| Land improvements                | 7.415                     | 1.382                  |
| Buildings                        | 12.848                    | 7.488                  |
| Machinery and equipment          | 32.612                    | -                      |
| Vehicles                         | 61.875                    | 75.293                 |
| Furniture and fixtures           | 1.218                     | -                      |
| <b>Total right-of-use assets</b> | <b>119.178</b>            | <b>86.999</b>          |

Net book value of the right-of-use assets is TL 119.178 thousand as of September 30, 2019. For the period ended September 30, 2019, additions to the right-of-use assets amounted to TL 4.225 thousand and depreciation expenses amounted to TL 21.828 thousand. Additionally, TL 36.238 thousand of tangible assets and TL 10.000 thousand intangible assets have been sold and leased back from Yapı Kredi Finansal Kiralama A.O. on May 31,2019. Within the scope of IFRS 16 “Leases”, the balance has been transferred to Right-of-Use Assets. (Note 11,12).



**Aygaz Anonim Şirketi and its Subsidiaries**

**Notes to the interim condensed consolidated financial statements  
as of September 30, 2019**

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

**3. Segment information**

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

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

- Gas and petroleum products
- Electricity
- Other

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

As of September 30, 2019 and December 31, 2018, assets and liabilities according to industrial segments are as follows:

|  | September 30, 2019         |                |                |                           |                  |
|--|----------------------------|----------------|----------------|---------------------------|------------------|
|  | Gas and petroleum products | Electricity    | Other          | Consolidation adjustments | Total            |
| <b>Assets</b>                                    |                            |                |                |                           |                  |
| Current assets                                   | 1.558.003                  | -              | 178.931        | (28.876)                  | 1.708.058        |
| Non-current assets                               | 2.643.168                  | 533.215        | 336.626        | (224.360)                 | 3.288.649        |
| <b>Total assets</b>                              | <b>4.201.171</b>           | <b>533.215</b> | <b>515.557</b> | <b>(253.236)</b>          | <b>4.996.707</b> |
| <b>Liabilities</b>                               |                            |                |                |                           |                  |
| Short-term liabilities                           | 1.579.504                  | -              | 99.300         | (28.894)                  | 1.649.910        |
| Long-term liabilities                            | 939.640                    | -              | 51.802         | (7.732)                   | 983.710          |
| Equity   | 1.682.027                  | 533.215        | 364.455        | (216.610)                 | 2.363.087        |
| <b>Total liabilities and equity</b>              | <b>4.201.171</b>           | <b>533.215</b> | <b>515.557</b> | <b>(253.236)</b>          | <b>4.996.707</b> |
| <b>Investments accounted under equity method</b> | <b>1.364.456</b>           | <b>533.215</b> | <b>139.222</b> | <b>-</b>                  | <b>2.036.893</b> |
|  | December 31, 2018          |                |                |                           |                  |
|  | Gas and petroleum products | Electricity    | Other          | Consolidation adjustments | Total            |
| <b>Assets</b>                                    |                            |                |                |                           |                  |
| Current assets                                   | 1.457.467                  | -              | 184.598        | (24.526)                  | 1.617.539        |
| Non-current assets                               | 2.956.387                  | 448.501        | 273.720        | (282.924)                 | 3.395.684        |
| <b>Total assets</b>                              | <b>4.413.854</b>           | <b>448.501</b> | <b>458.318</b> | <b>(307.450)</b>          | <b>5.013.223</b> |
| <b>Liabilities</b>                               |                            |                |                |                           |                  |
| Short-term liabilities                           | 1.446.764                  | -              | 61.805         | (24.538)                  | 1.484.031        |
| Long-term liabilities                            | 1.021.426                  | -              | 15.413         | (10.057)                  | 1.026.782        |
| Equity   | 1.945.664                  | 448.501        | 381.100        | (272.855)                 | 2.502.410        |
| <b>Total liabilities and equity</b>              | <b>4.413.854</b>           | <b>448.501</b> | <b>458.318</b> | <b>(307.450)</b>          | <b>5.013.223</b> |
| <b>Investments accounted under equity method</b> | <b>1.718.736</b>           | <b>448.501</b> | <b>137.562</b> | <b>-</b>                  | <b>2.304.799</b> |

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

**3. Segment information (continued)**

For the period ended September 30, 2019 and 2018, profit or loss statements according to industrial segments are as follows:

|   | January 1 - September 30, 2019   |               |               |                              |                |
|---|----------------------------------|---------------|---------------|------------------------------|----------------|
|   | Gas and<br>petroleum<br>products | Electricity   | Other         | Consolidation<br>adjustments | Total          |
| Revenue   | 7.304.434                        | -             | 566.048       | (225.466)                    | 7.645.016      |
| Cost of sales (-)   | (6.708.078)                      | -             | (485.510)     | 225.466                      | (6.968.122)    |
| <b>Gross profit</b>   | <b>596.356</b>                   | <b>-</b>      | <b>80.538</b> | <b>-</b>                     | <b>676.894</b> |
| General administrative expenses (-)                             | (192.547)                        | -             | (17.836)      | 3.587                        | (206.796)      |
| Marketing expenses (-)  | (223.184)                        | -             | (20.975)      | -                            | (244.159)      |
| Research and development expenses (-)                           | (1.821)                          | -             | (1)           | -                            | (1.822)        |
| Other operating income  | 157.659                          | -             | 16.179        | (4.712)                      | 169.126        |
| Other operating expenses (-)                                    | (128.760)                        | -             | (15.297)      | 1.225                        | (142.832)      |
| <b>Operating profit</b>   | <b>207.703</b>                   |               | <b>42.608</b> | <b>100</b>                   | <b>250.411</b> |
| Income from investment activities                               | 454.363                          | -             | 2.004         | (451.012)                    | 5.355          |
| Loss from investment activities (-)                             | (1.760)                          | -             | (140)         | -                            | (1.900)        |
| Profit/losses from investments<br>accounted under equity method | 30.222                           | 82.932        | 1.660         | -                            | 114.814        |
| <b>Operating profit before financial income<br/>(expense)</b>   | <b>690.528</b>                   | <b>82.932</b> | <b>46.132</b> | <b>(450.912)</b>             | <b>368.680</b> |
| Financial income  | 105.217                          | -             | 9.641         | -                            | 114.858        |
| Financial expense (-)   | (262.375)                        | -             | (5.016)       | -                            | (267.391)      |
| <b>Profit from continuing operations before tax</b>             | <b>533.370</b>                   | <b>82.932</b> | <b>50.757</b> | <b>(450.912)</b>             | <b>216.147</b> |
| <b>Tax income (expense) from continuing<br/>operations</b>      |                                  |               |               |                              |                |
| Current tax expense for the period (-)                          | (19.764)                         | -             | (6.161)       | -                            | (25.925)       |
| Deferred tax income/(expense)                                   | 8.403                            | -             | 58            | -                            | 8.461          |
| <b>Profit for the period</b>                                    | <b>522.009</b>                   | <b>82.932</b> | <b>44.654</b> | <b>(450.912)</b>             | <b>198.683</b> |

The accounting policy of Special Consumption Tax (SCT) on imported LPG which is required to be paid after the declaration made to the Republic of Turkey, Ministry of Finance is applied to be included in revenues and cost of goods sold (Gross profit and net income is not impacted by this record). For the period ended September 30, 2019, SCT on imported LPG included in revenues and the cost of goods sold is amounting to TL 1.462.632 thousand (January 1- September 30, 2018: TL 1.258.212 thousand).

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**3. Segment information (continued)**

|  | January 1 - September 30 2018 |                |               |                           |                |
|--|-------------------------------|----------------|---------------|---------------------------|----------------|
|  | Gas and petroleum products    | Electricity    | Other         | Consolidation adjustments | Total          |
| Revenue  | 6.926.899                     | -              | 435.220       | (170.985)                 | 7.191.134      |
| Cost of sales (-)  | (6.353.862)                   | -              | (374.536)     | 170.985                   | (6.557.413)    |
| <b>Gross profit</b>  | <b>573.037</b>                | <b>-</b>       | <b>60.684</b> | <b>-</b>                  | <b>633.721</b> |
| General administrative expenses (-)                          | (143.203)                     | -              | (14.406)      | 3.026                     | (154.583)      |
| Marketing expenses (-)                                       | (215.294)                     | -              | (15.735)      | -                         | (231.029)      |
| Research and development expenses (-)                        | (2.472)                       | -              | -             | -                         | (2.472)        |
| Other operating income                                       | 209.054                       | -              | 12.140        | (3.476)                   | 217.718        |
| Other operating expenses (-)                                 | (256.850)                     | -              | (7.729)       | 464                       | (264.115)      |
| <b>Operating profit</b>                                      | <b>164.272</b>                | <b>-</b>       | <b>34.954</b> | <b>14</b>                 | <b>199.240</b> |
| Income from investment activities                            | 425.727                       | -              | 368           | (402.904)                 | 23.191         |
| Loss from investment activities (-)                          | (1.430)                       | -              | -             | -                         | (1.430)        |
| Profit/losses from investments accounted under equity method | 194.398                       | (2.580)        | 3.322         | -                         | 195.140        |
| <b>Operating profit before financial income (expense)</b>    | <b>782.967</b>                | <b>(2.580)</b> | <b>38.644</b> | <b>(402.890)</b>          | <b>416.141</b> |
| Financial income   | 151.312                       | -              | 21.388        | -                         | 172.700        |
| Financial expense (-)  | (238.672)                     | -              | (3.397)       | -                         | (242.069)      |
| <b>Profit from continuing operations before tax</b>          | <b>695.607</b>                | <b>(2.580)</b> | <b>56.635</b> | <b>(402.890)</b>          | <b>346.772</b> |
| Tax income (expense), continuing operations                  |                               |                |               |                           |                |
| Current tax expense for the period (-)                       | (16.338)                      | -              | (5.923)       | -                         | (22.261)       |
| Deferred tax income/(expense)                                | (9.559)                       | -              | 182           | -                         | (9.377)        |
| <b>Profit for the period</b>                                 | <b>669.710</b>                | <b>(2.580)</b> | <b>50.894</b> | <b>(402.890)</b>          | <b>315.134</b> |

The amortization and depreciation expense for the industrial segmental assets for the period ended on September 30, 2019 and 2018 are as follows:

|                            | January 1 -<br>September 30, 2019 | January 1 -<br>September 30 2018 |
|----------------------------|-----------------------------------|----------------------------------|
| Gas and petroleum products | <b>84.251</b>                     | 59.658                           |
| Other                      | <b>10.141</b>                     | 7.187                            |
|                            | <b>94.392</b>                     | 66.845                           |

TL 21.828 thousand of total amount consists of depreciation allocated within the scope of IFRS 16” “Leases” (2018: None) (Not 2.5).

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**3. Segment information (continued)**

The investment expenditures for the industrial segmental assets for the periods ended on September 30, 2019 and 2018 are as follows:

|                            | January 1 -<br>September 30, 2019 | January 1 -<br>September 30 2018 |
|----------------------------|-----------------------------------|----------------------------------|
| Gas and petroleum products | 66.006                            | 71.017                           |
| Other                      | 6.950                             | 1.643                            |
|                            | <b>72.956</b>                     | <b>72.660</b>                    |

**4. Cash and cash equivalents**

|   | September 30, 2019 | December 31, 2018 |
|---|--------------------|-------------------|
| Cash on hand                              | 286                | 223               |
| Cash at banks                             | 751.114            | 589.377           |
| - Demand deposits                         | 44.646             | 39.010            |
| - Time deposits                           | 706.468            | 550.367           |
| Receivables from credit card transactions | 66.294             | 58.410            |
| <b>Total cash and cash equivalents</b>    | <b>817.694</b>     | <b>648.010</b>    |

As of September 30, 2019 the Group's TL time deposits amounting to TL 348.683 thousand with maturities of 1 day and average interest rate of 14,35%; USD time deposits amounting to USD 63.223 thousand (TL 357.785 thousand) with maturities of 1 days and interest rate of 2,25% (As of December 31, 2018 the Group's TL time deposits amounting to TL 344.731 thousand with maturities of 2 days and interest rates of 22,50-24,33%. USD time deposits amounting to USD 39.088 thousand (TL 205.636 thousand) with maturities of 2 days and interest rate of 3,40%).

**5. Financial assets**

The long-term financial assets of the Group are as follows as of September 30, 2019 and December 31, 2018:

|  | September 30, 2019      |                           | December 31, 2018       |                           |
|--|-------------------------|---------------------------|-------------------------|---------------------------|
|  | Participation<br>amount | Participation<br>rate (%) | Participation<br>amount | Participation<br>rate (%) |
| Financial assets measured at fair value through<br>other comprehensive income: |                         |                           |                         |                           |
| -Koç Finansal Hizmetler A.Ş.(*)  | 344.747                 | 1,97                      | 285.647                 | 1,97                      |
| Financial assets measured at fair value through<br>profit or loss:             |                         |                           |                         |                           |
| - Ram Dış Ticaret A.Ş.   | 501                     | 2,50                      | 420                     | 2,50                      |
| -Tanı Pazarlama ve İletişim Hizmetleri A.Ş.                                    | 540                     | 10,00                     | 540                     | 10,00                     |
| -Tat Gıda Sanayi A.Ş.  | 73                      | 0,08                      | 53                      | 0,08                      |
| -Other   | 436                     | -                         | 436                     | -                         |
|  | <b>346.297</b>          |                           | <b>287.096</b>          |                           |

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

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**6. Financial borrowings**

As of September 30, 2019 and December 31, 2018 the Group's short-term financial borrowings are as follows:

|   | <b>September 30, 2019</b> | December 31, 2018 |
|---|---------------------------|-------------------|
| TL-denominated short-term bank borrowings (*)   | <b>75.558</b>             | 78.596            |
| Short-term lease liabilities  | <b>26.767</b>             | -                 |
| <b>Total short-term financial borrowings</b>  | <b>102.325</b>            | 78.596            |
| Short-term portion and interest accruals of TL-denominated long-term bank borrowings  | <b>279.795</b>            | 275.038           |
| Short-term portion and interest accruals of USD-denominated long-term bank borrowings | <b>125.900</b>            | 67.592            |
| Short-term portion of long-term bond issued (**)                                      | <b>161.676</b>            | 149.721           |
| <b>Total short-term portion of long-term financial borrowings</b>                     | <b>567.371</b>            | 492.351           |

(\*) As of September 30, 2019, the Group has interest free loan which was used for custom expenses payment amounting to TL 32.972 thousand (December 31, 2018: TL 5.981 thousand). Group has short-term bank loans amounting to TL 34.779 thousand with a maturity of October 17, 2019 and TL 7.807 thousand with a maturity of November 2019.

(\*\*) On October 20, 2017, January 26, 2018, June 21, 2019 and August 7, 2019, the Group has issued a fixed rate bond with a nominal value of TL 50.000 thousand, with a maturity of 728 days and half-yearly coupon payments, a fixed rate bond with a nominal value of TL 75.000 thousand, with a maturity of 728 days and half-yearly coupon payments, a floating rate bond with a nominal value TL 90.000 thousand with a maturity of 728 days and quarterly coupon payments and a floating rate bond with a nominal value TL 80.000 thousand with a maturity of 728 days and quarterly coupon payments respectively. In order to hedge cash flow risk, the interest rates of the issued bonds dated on June 21, 2019 and August 7, 2019 have been fixed by interest rate swap transaction (Note 7).

As of September 30, 2019 the details of short-term financial borrowings are as follows:

| <b>Currency</b> | <b>Effective interest rate per annum (%)</b> | <b>Original amount</b> | <b>TL amount</b> |
|-----------------|--|------------------------|------------------|
| TL              | -  | <b>32.972</b>          | <b>32.972</b>    |
| TL              | <b>32,9</b>                                  | <b>42.586</b>          | <b>42.586</b>    |
|                 |  |                        | <b>75.558</b>    |

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

| <b>Currency</b> | <b>Effective interest rate per annum (%)</b> | <b>Original amount</b> | <b>TL amount</b> |
|-----------------|--|------------------------|------------------|
| TL              | -  | 5.981                  | 5.981            |
| TL              | 30,13  | 72.615                 | 72.615           |
|                 |  |                        | <b>78.596</b>    |

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**6. Financial borrowings (continued)**

As of September 30, 2019 and December 31, 2018 the Group's long-term financial borrowings are as follows:

|   | <b>September 30, 2019</b> | December 31, 2018 |
|---|---------------------------|-------------------|
| TL-denominated long-term bank borrowings    | <b>498.690</b>            | 621.581           |
| USD-denominated long-term bank borrowings   | <b>50.932</b>             | 139.414           |
| <b>Total long-term financial borrowings</b> | <b>549.622</b>            | 760.995           |
| Long-term bonds issued                      | <b>141.213</b>            | 69.073            |
| <b>Total long-term bonds</b>                | <b>141.213</b>            | 69.073            |
| Long-term lease liabilities                 | <b>83.950</b>             | -                 |
| <b>Total long-term lease liabilities</b>    | <b>83.950</b>             | -                 |
| <b>Total long-term financial borrowings</b> | <b>774.785</b>            | 830.068           |

As of September 30, 2019 the details of long-term financial borrowings are as follows:

| <b>Currency</b>   | <b>Effective interest rate per annum (%)</b> | <b>Original amount</b> | <b>TL amount</b> |
|---|--|------------------------|------------------|
| TL  | <b>19,95</b>                                 | <b>778.485</b>         | <b>778.485</b>   |
| USD   | <b>4,90</b>                                  | <b>31.247</b>          | <b>176.832</b>   |
| Short-term portion of long-term bank borrowings and interest accruals |  |                        | <b>(405.695)</b> |
|   |  |                        | <b>549.622</b>   |

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

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

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**7. Derivative financial instruments**

As of September 30, 2019 and December 31, 2018 the Group's derivative financial instruments are as follows:

|  | September 30, 2019 |                                 | December 31, 2018 |                                 |
|--|--------------------|---------------------------------|-------------------|---------------------------------|
|  | Contract amount    | Fair value assets (liabilities) | Contract amount   | Fair value assets (liabilities) |
| Foreign currency swap contracts (**)                     | 26.100             | 25.479                          | 26.100            | 24.830                          |
| Commodity hedge (***)                                    | 40.748             | 3.794                           | 41.245            | 1.109                           |
| <b>Total short-term derivative financial assets</b>      | <b>66.848</b>      | <b>29.273</b>                   | <b>67.345</b>     | <b>25.939</b>                   |
| Forward transactions (*)                                 | (38.046)           | (1)                             | -                 | -                               |
| <b>Total short-term derivative financial liabilities</b> | <b>(38.046)</b>    | <b>(1)</b>                      | <b>-</b>          | <b>-</b>                        |

|   | September 30, 2019 |                                 | December 31, 2018 |                                 |
|---|--------------------|---------------------------------|-------------------|---------------------------------|
|   | Contract amount    | Fair value assets (liabilities) | Contract amount   | Fair value assets (liabilities) |
| Foreign currency swap contracts (**)                    | 26.100             | 25.479                          | 39.150            | 37.245                          |
| <b>Total long-term derivative financial assets</b>      | <b>26.100</b>      | <b>25.479</b>                   | <b>39.150</b>     | <b>37.245</b>                   |
| Interest rate swap (****)                               | 170.000            | (11.572)                        | -                 | -                               |
| <b>Total long-term derivative financial liabilities</b> | <b>170.000</b>     | <b>(11.572)</b>                 | <b>-</b>          | <b>-</b>                        |

(\*) As of September 30, 2019 the Group has entered into forward transaction with a maturity of 18 days and nominal value amounting to USD 6.700 thousand (As of December 31, 2018 the Group has no forward transaction).

(\*\*) In June, 2016, the Group has realized swap transaction with a contract amounting to TL 91.350 thousand with 5 years maturity, half yearly interest payment and fixed interest rate of 13,415%, in return for USD 31.500 thousand with a floating interest rate of six-month USD LIBOR + 2,4%. As of September 30, 2019, principal payment of USD 13.500 thousand was made.

(\*\*\*) As of September 30, 2019 the Group has commodity swap transaction which is made for the quantity of 20.000 metric tonne of propane (Sonatrach FOB Bethioua). The relevant contract month of the transaction is January 2020 and the weighted average fixed price is USD 355,03/per metric tonne (As of December 31, 2018 the Group has Commodity swap transaction which is made for the quantity of 20.000 metric tonne of propane (Sonatrach FOB Bethioua). The relevant contract month of the transaction is February 2019 and the weighted average fixed price is USD 392/per metric tonne).

(\*\*\*\*) The Group has entered interest rate swap transactions for the bond on June 21, 2019 amounting to TL 90.000 thousand in total, fixing interest rate of TL 50.000 thousand of total bond with 21,95% and the TL 40.000 thousand of total bond with 20,75% and for the bond on August 7, 2019 amounting to TL 80.000 thousand in total, fixing interest rate of TL 50.000 thousand of total bond with 16,85% and the TL 30.000 thousand of total bond with 16,47%.

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

The Group's trade receivables from third parties as of September 30, 2019 and December 31, 2018 are as follows:

| Current trade receivables                  | September 30, 2019 | December 31, 2018 |
|--|--------------------|-------------------|
| Trade receivables                          | 435.698            | 390.652           |
| Notes receivables                          | 43.154             | 46.873            |
| Allowance for doubtful receivables (-) (*) | (29.049)           | (27.938)          |
| <b>Total current trade receivables</b>     | <b>449.803</b>     | <b>409.587</b>    |

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

| Non-current trade receivables              | September 30, 2019 | December 31, 2018 |
|--|--------------------|-------------------|
| Notes receivable                           | 8.782              | 8.835             |
| <b>Total non-current trade receivables</b> | <b>8.782</b>       | <b>8.835</b>      |

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**8. Trade receivables and payables from third parties (continued)**

The Group's trade payables from third parties as of September 30, 2019 and December 31, 2018 are as follows:

| <b>Short-term trade payables</b>       | <b>September 30, 2019</b> | December 31, 2018 |
|--|---------------------------|-------------------|
| Trade payables                         | 405.665                   | 414.382           |
| <b>Total short-term trade payables</b> | <b>405.665</b>            | 414.382           |

**9. Inventories**

|                                       | <b>September 30, 2019</b> | December 31, 2018 |
|---------------------------------------|---------------------------|-------------------|
| Raw materials                         | 131.344                   | 170.663           |
| Goods in transit                      | 19.746                    | 156.125           |
| Trade goods                           | 6.679                     | 5.812             |
| Finished goods                        | 8.515                     | 12.861            |
| Work in process                       | 3.274                     | 3.077             |
| Allowance for impairment on inventory | (229)                     | (229)             |
| <b>Total inventories</b>              | <b>169.329</b>            | 348.309           |

As of September 30, 2019, the inventories comprise of 56.158 tons of LPG (December 31, 2018: 117.213 tons).

**10. Equity investments**

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

|       | <b>September 30, 2019</b>   |                           | December 31, 2018    |                    |
|-------|-----------------------------|---------------------------|----------------------|--------------------|
|       | <b>Participation amount</b> | <b>Participation Rate</b> | Participation amount | Participation Rate |
| EYAŞ  | 1.364.456                   | %20,00                    | 1.718.736            | %20,00             |
| Entek | 533.215                     | %49,62                    | 448.501              | %49,62             |
| OAGM  | 139.222                     | %50,00                    | 137.562              | %50,00             |
|       | <b>2.036.893</b>            |                           | 2.304.799            |                    |

The movement of equity investments is as follows:

|  | <b>2019</b>      | 2018      |
|--|------------------|-----------|
| <b>Opening balance on January 1</b>  | <b>2.304.799</b> | 2.273.331 |
| Shares of profit/(loss)  | 114.814          | 195.140   |
| Shares of other comprehensive income/(loss)                                  | 3.992            | (168.849) |
| Dividend income (*)  | (186.712)        | (347.454) |
| Participation in share capital decrease (increase) of equity investment (**) | (200.000)        | 203.974   |
| <b>Closing balance on September 30</b>                                       | <b>2.036.893</b> | 2.156.142 |

(\*) EYAŞ dividend income.

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



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**10. Equity investments (continued)**

Shares of profit (loss) of equity investments:

|       | January 1-<br>September 30<br>2019 | July 1-<br>September 30<br>2019 | January 1-<br>September 30<br>2018 | July 1-<br>September 30<br>2018 |
|-------|------------------------------------|---------------------------------|------------------------------------|---------------------------------|
| EYAŞ  | 30.222                             | (17.364)                        | 194.397                            | 53.882                          |
| Entek | 82.932                             | 29.128                          | (2.579)                            | 6.593                           |
| OAGM  | 1.660                              | (104)                           | 3.322                              | 1.314                           |
|       | <b>114.814</b>                     | <b>11.660</b>                   | 195.140                            | 61.789                          |

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

|          | January 1-<br>September 30<br>2019 | July 1-<br>September 30<br>2019 | January 1-<br>September 30<br>2018 | July 1-<br>September 30<br>2018 |
|----------|------------------------------------|---------------------------------|------------------------------------|---------------------------------|
| EYAŞ (*) | 2.210                              | 11.143                          | (150.666)                          | (107.563)                       |
| Entek    | 1.782                              | 1.784                           | (18.183)                           | (10.699)                        |
|          | <b>3.992</b>                       | <b>12.927</b>                   | (168.849)                          | (118.262)                       |

(\*) TÜPRAŞ, a subsidiary of EYAŞ, designated its investment loans amounting to USD 864.054 thousand (TL 4.889.767 thousand) (December 31, 2018: USD 982.082 thousand, TL 5.166.635 thousand) as hedging instrument against USD/TL spot exchange rate risk which is exposed due to highly probable estimated export revenue in USD and, in this context, applies accounting for cash flow hedge. Foreign exchange gains (losses) on investment loans amounting to TL 2.490.168 (December 31, 2018: TL 2.575.965) are accounted under “Gains (losses) on hedging” under shareholders’ equity until the cash flows of the related hedged item are realized.

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**11. Property, plant and equipment**

|  | Land          | Land improvements | Buildings     | Plant, machinery, equipment and LPG cylinders | Vehicles and vessels | Furniture and fixtures | Leasehold improvements | Construction in progress | Total            |
|--|---------------|-------------------|---------------|---|----------------------|------------------------|------------------------|--------------------------|------------------|
| <b>Cost</b>                                    |               |                   |               |   |                      |                        |                        |                          |                  |
| Opening balance as of January 1, 2019          | 16.506        | 166.925           | 74.294        | 1.740.441                                     | 230.349              | 79.891                 | 24.938                 | 11.837                   | 2.345.181        |
| Additions                                      | -             | -                 | -             | 3.041   | 357                  | 3.306                  | 9                      | 66.142                   | 72.855           |
| Acquisitions                                   | 1.128         | 4.836             | 4.374         | 24.941  | -                    | 959                    | -                      | -                        | 36.238           |
| Transfers (*)                                  | (628)         | (4.171)           | (4.222)       | 18.471  | 88                   | 1.452                  | -                      | (47.808)                 | (36.818)         |
| Disposals                                      | -             | (34)              | (14)          | (9.671)                                       | (488)                | (8.234)                | (193)                  | -                        | (18.634)         |
| <b>Ending balance as of September 30, 2019</b> | <b>17.006</b> | <b>167.556</b>    | <b>74.432</b> | <b>1.777.223</b>                              | <b>230.306</b>       | <b>77.374</b>          | <b>24.754</b>          | <b>30.171</b>            | <b>2.398.822</b> |
| <b>Accumulated depreciation</b>                |               |                   |               |   |                      |                        |                        |                          |                  |
| Opening balance as of January 1, 2019          | -             | 69.976            | 50.050        | 1.350.572                                     | 110.390              | 53.713                 | 23.950                 | -                        | 1.658.651        |
| Charge of the period                           | -             | 4.554             | 4.042         | 42.386  | 10.652               | 5.384                  | 653                    | -                        | 67.671           |
| Disposals                                      | -             | (13)              | (2)           | (8.195)                                       | (417)                | (5.863)                | (81)                   | -                        | (14.571)         |
| <b>Ending balance as of September 30, 2019</b> | <b>-</b>      | <b>74.517</b>     | <b>54.090</b> | <b>1.384.763</b>                              | <b>120.625</b>       | <b>53.234</b>          | <b>24.522</b>          | <b>-</b>                 | <b>1.711.751</b> |
| <b>Net book value as of September 30, 2019</b> | <b>17.006</b> | <b>93.039</b>     | <b>20.342</b> | <b>392.460</b>                                | <b>109.681</b>       | <b>24.140</b>          | <b>232</b>             | <b>30.171</b>            | <b>687.071</b>   |

(\*) TL 580 thousand under "Construction in progress" under the account property, plant and equipment has been classified to intangible fixed assets. Additionally, TL 36.238 thousand of tangible assets have been sold and leased back from Yapı Kredi Finansal Kiralama A.O. on May 31, 2019. Within the scope of IFRS 16 "Leases", the balance has been transferred to Right-of-Use 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     |
|--|--------|-------------------|-----------|---|----------------------|------------------------|------------------------|--------------------------|-----------|
| <b>Cost</b>                            |        |                   |           |   |                      |                        |                        |                          |           |
| Opening balance as of January 1, 2018  | 16.006 | 160.107           | 75.457    | 1.691.823                                     | 225.707              | 74.485                 | 26.713                 | 10.103                   | 2.280.401 |
| Additions                              | -      | -                 | 53        | 2.887   | 1.240                | 163                    | 141                    | 68.157                   | 72.641    |
| Transfers                              | 500    | 2.397             | 233       | 46.935  | -                    | 2.099                  | -                      | (52.164)                 | -         |
| Disposals                              | -      | (1.363)           | (6.487)   | (10.815)                                      | (469)                | (3.981)                | (2.305)                | -                        | (25.420)  |
| Ending balance as of September 30 2018 | 16.506 | 161.141           | 69.256    | 1.730.830                                     | 226.478              | 72.766                 | 24.549                 | 26.096                   | 2.327.622 |
| <b>Accumulated depreciation</b>        |        |                   |           |   |                      |                        |                        |                          |           |
| Opening balance as of January 1, 2018  | -      | 64.997            | 53.020    | 1.313.275                                     | 97.092               | 48.513                 | 25.577                 | -                        | 1.602.474 |
| Charge of the period                   | -      | 4.374             | 1.192     | 40.946  | 10.642               | 5.285                  | 614                    | -                        | 63.053    |
| Disposals                              | -      | (891)             | (4.869)   | (9.515)                                       | (329)                | (1.354)                | (2.358)                | -                        | (19.316)  |
| Ending balance as of September 30 2018 | -      | 68.480            | 49.343    | 1.344.706                                     | 107.405              | 52.444                 | 23.833                 | -                        | 1.646.211 |
| Net book value as of September 30 2018 | 16.506 | 92.661            | 19.913    | 386.124                                       | 119.073              | 20.322                 | 716                    | 26.096                   | 681.411   |

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**12. Intangible assets**

|  | <b>Rights</b>  | <b>Total</b>   |
|--|----------------|----------------|
| <b>Acquisition costs</b>                       |                |                |
| Opening balance as of January 1, 2019          | <b>68.424</b>  | <b>68.424</b>  |
| Additions                                      | <b>101</b>     | <b>101</b>     |
| Acquisitions                                   | <b>15.018</b>  | <b>15.018</b>  |
| Transfers (*)                                  | <b>(9.420)</b> | <b>(9.420)</b> |
| <b>Ending balance as of September 30, 2019</b> | <b>74.123</b>  | <b>74.123</b>  |
| <b>Accumulated amortization</b>                |                |                |
| Opening balance as of January 1, 2019          | <b>47.070</b>  | <b>47.070</b>  |
| Charge for the period                          | <b>4.893</b>   | <b>4.893</b>   |
| <b>Ending balance as of September 30, 2019</b> | <b>51.963</b>  | <b>51.963</b>  |
| <b>Carrying value as of September 30, 2019</b> | <b>22.160</b>  | <b>22.160</b>  |

(\*) TL 580 thousand under “Construction in progress” under the account property, plant and equipment has been classified to intangible fixed assets. Additionally, TL 10.000 thousand of intangible assets have been sold and leased back from Yapı Kredi Finansal Kiralama A.O. on May 31,2019. Within the scope of IFRS 16 “Leases”, the balance has been transferred to Right-of-use Assets.

|  | <b>Rights</b> | <b>Total</b>  |
|--|---------------|---------------|
| <b>Acquisition costs</b>                       |               |               |
| Opening balance as of January 1, 2018          | 61.187        | 61.187        |
| Additions                                      | 19            | 19            |
| <b>Ending balance as of September 30, 2018</b> | <b>61.206</b> | <b>61.206</b> |
| <b>Accumulated amortization</b>                |               |               |
| Opening balance as of January 1, 2018          | 41.907        | 41.907        |
| Charge for the period                          | 3.792         | 3.792         |
| <b>Ending balance as of September 30, 2018</b> | <b>45.699</b> | <b>45.699</b> |
| <b>Carrying value as of September 30, 2018</b> | <b>15.507</b> | <b>15.507</b> |

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**13. Contingent assets and liabilities**

Guarantees given as of September 30, 2019 and December 31, 2018 are as follows:

|   | <b>September 30, 2019</b> | December 31, 2018 |
|---|---------------------------|-------------------|
| Letter of guarantees given for gas purchase | <b>881.087</b>            | 866.327           |
| Other letter of guarantees given            | <b>22.835</b>             | 24.009            |
| <b>Total guarantees given</b>               | <b>903.922</b>            | 890.336           |

**The liability for environmental pollution:**

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

**National inventory reserve liability:**

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

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

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

|   | September 30, 2019          |                            |                |                | December 31, 2018           |                            |         |          |
|---|-----------------------------|----------------------------|----------------|----------------|-----------------------------|----------------------------|---------|----------|
|   | TL<br>equivalent<br>of Euro | TL<br>equivalent<br>of USD | TL             | Total TL       | TL<br>equivalent<br>of Euro | TL<br>equivalent<br>of USD | TL      | Total TL |
| <b>A. CPMBs given on behalf of the Company’s legal personality</b>  | <b>68.499</b>               | -                          | <b>475.345</b> | <b>543.844</b> | 66.776                      | 256                        | 611.767 | 678.799  |
| <b>B. CPMBs given in favor of subsidiaries included in full consolidation (*)</b>                                   | -                           | <b>310.622</b>             | <b>49.456</b>  | <b>360.078</b> | -                           | 211.537                    | -       | 211.537  |
| <b>C. CPMBs given by the Company for the liabilities of 3rd parties in order to run ordinary course of business</b> | -                           | -                          | -              | -              | -                           | -                          | -       | -        |
| <b>D. Other GPM's</b>   |                             |                            |                |                |                             |                            |         |          |
| i. CPMBs given in favor of parent company   | -                           | -                          | -              | -              | -                           | -                          | -       | -        |
| ii. CPMBs given in favor of companies not in the scope of B and C above   | -                           | -                          | -              | -              | -                           | -                          | -       | -        |
| iii. CPMBs given in favor of third party companies not in the scope of C above                                      | -                           | -                          | -              | -              | -                           | -                          | -       | -        |
| <b>Total amount of CPMBs</b>  | <b>68.499</b>               | <b>310.622</b>             | <b>524.801</b> | <b>903.922</b> | 66.776                      | 211.793                    | 611.767 | 890.336  |

(\*) As of September 30, 2019 , total amount of commission accrued for guarantees given or contingent liabilities except ‘A. CPMBs given on behalf of the Company’s legal personality’ is TL 1.125 thousand (December 31, 2018: TL 998 thousand).

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

| <b>Other short-term provisions</b>           | <b>September 30, 2019</b> | <b>December 31, 2018</b> |
|--|---------------------------|--------------------------|
| Provision for price revision (*)             | <b>192.129</b>            | 178.610                  |
| Provision for lawsuit                        | <b>8.435</b>              | 8.874                    |
| Provision for EMRA contribution              | <b>4.312</b>              | 6.029                    |
| Provision for selling and marketing expenses | <b>11.973</b>             | 4.762                    |
| Provision for warranty expenses              | <b>3.909</b>              | 4.260                    |
| Provision for other operating expenses       | <b>19.068</b>             | 3.219                    |
| <b>Total other short-term provisions</b>     | <b>239.826</b>            | <b>205.754</b>           |

(\*) As communicated to Aygaz Doğal Gaz Toptan Satış A.Ş., a Subsidiary of the Company, by Akfel Gaz Sanayi ve Ticaret A.Ş. (“Akfel”), from which natural gas is supplied; the price revision arbitration process initiated by Gazprom Export LLC (“Gazprom”), which Akfel has imported natural gas, was concluded against Akfel and effective from January 1, 2017, the import price would be adjusted in favor of Gazprom and in this context, it was decided to abolish the discount applied to Akfel and to reflect the change in import price to natural gas price applied to Aygaz Doğal Gaz Toptan Satış A.Ş. in accordance with the contract signed between Akfel and Aygaz Doğal Gaz Toptan Satış A.Ş. It was also notified that, the price determination mechanism in the contract will be revised according to the arbitration decision and the related amount of the debt and related invoices will be sent separately to Aygaz Doğal Gaz Toptan Satış A.Ş. as the contract price is updated retrospectively as of January 1, 2017. The amount of total debt was conveyed to Aygaz Doğal Gaz Toptan Satış A.Ş. by Akfel, however related invoices were not delivered yet as of the date of this report. As of December 31, 2018, total provision of USD 33.949 thousand (TL 192.129 thousand), USD 15.368 thousand for 2017 and USD 18.582 thousand for 2018, has been recognized in the consolidated financial statements (December 31, 2018: TL 178.610 thousand in total).

| <b>Other current liabilities</b>       | <b>September 30, 2019</b> | <b>December 31, 2018</b> |
|--|---------------------------|--------------------------|
| Taxes and funds payable                | <b>124.586</b>            | 85.791                   |
| Other liabilities                      | <b>462</b>                | 2.505                    |
| <b>Total other current liabilities</b> | <b>125.048</b>            | <b>88.296</b>            |

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**15. Share capital**

As of September 30, 2019 and December 31, 2018 the share capital held is as follows:

| <b>Shareholders</b>   | <b>Participation rate</b> | <b>September 30 2019</b> | <b>Participation rate</b> | <b>December 31, 2018</b> |
|---|---------------------------|--------------------------|---------------------------|--------------------------|
| 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                   |
| <b>Total Koç Family Members and companies owned by Koç Family Members</b> | <b>10,53%</b>             | <b>31.589</b>            | 10,53%                    | 31.589                   |
| Koç Holding A.Ş.  | 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                   |
| <b>Nominal capital</b>  | <b>100,00%</b>            | <b>300.000</b>           | 100,00%                   | 300.000                  |
| Inflation adjustment (**)   |                           | 71.504                   |                           | 71.504                   |
| <b>Adjusted capital</b>   |                           | <b>371.504</b>           |                           | 371.504                  |

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

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

Dividends paid

In the Ordinary General Meeting held on March 20, 2019, the Company decided to reserve TL 37.100 thousand as legal reserves and distribute TL 386.000 thousand gross dividends from the net distributable income of 2018. According to this decision, the Company has begun dividend payments on March 28, 2019.



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**16. Earnings per share**

|  | January 1-<br>September<br>30<br>2019 | July 1-<br>September<br>30<br>2019 | January 1-<br>September<br>30<br>2018 | July 1-<br>September<br>30<br>2018 |
|--|---------------------------------------|------------------------------------|---------------------------------------|------------------------------------|
| Average number of ordinary shares outstanding during the period (one thousand) | 300.000                               | 300.000                            | 300.000                               | 300.000                            |
| Net profit for the year attributable to equity holders of the parent company   | 198.683                               | 67.888                             | 315.134                               | 111.508                            |
| Earnings per thousand shares (TL)  | 0,662277                              | 0,226293                           | 1,050447                              | 0,371693                           |

**17. Tax assets and liabilities**

|                                 | September 30, 2019 | December 31, 2018 |
|---------------------------------|--------------------|-------------------|
| <b>Current tax liability</b>    |                    |                   |
| Current corporate tax provision | 25.925             | 15.871            |
| Less: Prepaid taxes and funds   | (22.226)           | (23.282)          |
| <b>Current tax liability</b>    | <b>3.699</b>       | <b>(7.411)</b>    |

| Tax expenses                      | January 1-<br>September 30, 2019 | January 1-<br>September 30 2018 |
|-----------------------------------|----------------------------------|---------------------------------|
| - Current corporate tax provision | (25.925)                         | (22.261)                        |
| - Deferred tax                    | 8.461                            | (9.377)                         |
| <b>Total</b>                      | <b>(17.464)</b>                  | <b>(31.638)</b>                 |

**Corporate tax**

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

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

The effective rate of tax in 2019 is 22% (2018: 22%).

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate in 2019 is 22% (2018: 22%). Losses are allowed to be carried 5 years maximum to be deducted from the taxable profit of the following years. Tax carry back is not allowed.

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

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

**Deferred tax**

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

In accordance with the regulation numbered 7061, published in Official Gazette on December 5, 2017, "Law Amending Certain Tax Laws and Certain Other Laws", corporate tax rate for the years 2018, 2019 and 2020 has increased from 20% to 22%. Therefore, deferred tax assets and liabilities as of September 30, 2019 are calculated with 22% tax rate for the temporary differences that will be realized in 2019 and 2020, and with 20% tax for those that will be realized after 2021 and onwards.

|   | September 30,<br>2019 | December 31,<br>2018 |
|---|-----------------------|----------------------|
| <b>Deferred tax (assets) / liabilities:</b>   |                       |                      |
| Depreciation/amortization differences of property,<br>plant and equipment and other intangible assets | 45.985                | 44.033               |
| Revaluation of financial assets measured at fair value<br>through other comprehensive income          | 9.389                 | 6.434                |
| Provision for employment termination benefits   | (7.628)               | (6.676)              |
| Valuation of inventories  | (875)                 | (4.585)              |
| Other   | (8.730)               | 7.866                |
|   | <b>38.141</b>         | <b>47.072</b>        |

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.

|                 | September 30, 2019 |               |                     | December 31, 2018 |               |                     |
|-----------------|--------------------|---------------|---------------------|-------------------|---------------|---------------------|
|                 | Assets             | Liabilities   | Deferred tax<br>Net | Assets            | Liabilities   | Deferred tax<br>Net |
| Aygaz A.Ş.      | (27.829)           | 66.089        | 38.260              | (18.249)          | 64.981        | 46.732              |
| Akpa A.Ş.       | (1.111)            | 451           | (660)               | (1.114)           | 512           | (602)               |
| Aygaz Doğal Gaz | (941)              | 1.482         | 541                 | (659)             | 1.601         | 942                 |
|                 | <b>(29.881)</b>    | <b>68.022</b> | <b>38.141</b>       | <b>(20.022)</b>   | <b>67.094</b> | <b>47.072</b>       |

Movement of deferred tax assets and liabilities are as follows:

| <b>Movement of deferred tax (assets) / liabilities :</b>   | 2019           | 2018    |
|--|----------------|---------|
| <b>Opening balance on January 1</b>  | <b>47.072</b>  | 43.938  |
| Change to the profit or loss:  | <b>(8.461)</b> | 9.377   |
| Change to the equity:  | <b>(470)</b>   | 2.312   |
| -Effect of change in accounting policies   | -              | (94)    |
| -Effect of gains (losses) on cash flow hedges  | <b>(3.425)</b> | 3.769   |
| -Effect of gains (losses) on financial assets measured at fair value<br>through other comprehensive income | <b>2.955</b>   | (1.363) |
| <b>Closing balance on September 30</b>   | <b>38.141</b>  | 55.627  |

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

A company is defined as a related party of the Company, if one of the companies has a control power on the other company or has a significant impact on financial and administrative decisions of the other company. The Company is controlled by Koç Holding, Koç Family or Entities owned by Koç Family. In financial statements, shareholder companies, shareholders, financial investments and other Group companies' assets are shown as related parties. As of September 30, 2019 ; TL 1.211 thousand (December 31, 2018: TL 1.052 thousand) of total amount of other payables to related parties consists of dividend payables to the shareholders except for Koç Group.

| September 30, 2019                                   |                |           |                |           |
|--|----------------|-----------|----------------|-----------|
| Balances with related parties                        | Receivables    |           | Payables       |           |
|  | Trade          | Non-trade | Trade          | Non-trade |
| <b>Group companies (*)</b>                           |                |           |                |           |
| Türkiye Petrol Rafinerileri A.Ş.                     | 116.523        | -         | 90.552         | -         |
| Demir Export A.Ş.                                    | 18.380         | -         | -              | -         |
| Demir Export A.Ş. - Fernas İnşaat A.Ş. Adi Ortaklığı | 1.173          | -         | -              | -         |
| Açelik A.Ş.  | 463            | -         | 1              | -         |
| Opet Petrolcülük A.Ş.                                | 340            | -         | 50.844         | -         |
| Ford Otomotiv Sanayi A.Ş.                            | 233            | -         | -              | -         |
| Tofaş Türk Otomobil Fabrikası A.Ş.                   | 205            | -         | -              | -         |
| Otokoç Otomotiv Tic. ve San. A.Ş.                    | 14             | -         | 1.926          | -         |
| Zer Merkezi Hizmetler ve Ticaret A.Ş. (**)           | -              | -         | 4.942          | -         |
| Ram Dış Ticaret A.Ş.                                 | -              | -         | 1.472          | -         |
| Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.         | -              | -         | 1.126          | -         |
| Other  | 2.442          | -         | 1.423          | -         |
| <b>Shareholders</b>                                  |                |           |                |           |
| Koç Holding A.Ş.                                     | -              | -         | 1.340          | -         |
| <b>Investments accounted under the equity method</b> |                |           |                |           |
| Entek Elektrik Üretimi A.Ş.                          | 3.518          | -         | -              | -         |
|  | <b>143.291</b> | <b>-</b>  | <b>153.626</b> | <b>-</b>  |

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

(\*) Group companies include Koç Group companies.

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

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

| Transactions with related parties                    | January 1 - September 30, 2019 |                  |                        |                    |
|--|--------------------------------|------------------|------------------------|--------------------|
|  | Purchases<br>(Goods)           | Sales<br>(Goods) | Purchases<br>(Service) | Sales<br>(Service) |
| <b>Group companies (*)</b>                           |                                |                  |                        |                    |
| Türkiye Petrol Rafinerileri A.Ş.                     | 893.630                        | 989.914          | 4.924                  | -                  |
| Opet Petrolcülük A.Ş.(**) (***)                      | 268.181                        | 3.447            | 100.173                | -                  |
| Zer Merkezi Hizmetler ve Ticaret A.Ş.                | 11.363                         | 84               | 10.318                 | -                  |
| Ram Dış Ticaret A.Ş.                                 | 1.235                          | -                | 14                     | -                  |
| Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.         | 10                             | 91               | 9.854                  | -                  |
| Otokoç Otomotiv Tic. ve San. A.Ş.                    | 2                              | 350              | 1.802                  | -                  |
| Arçelik A.Ş.   | 2                              | 3.085            | 18                     | -                  |
| Tanı Pazarlama ve İletişim Hizmetleri A.Ş.           | -                              | 11               | 1.698                  | -                  |
| Setur Servis Turistik A.Ş.                           | -                              | 87               | 3.266                  | -                  |
| Körfez Hava Ulaştırma A.Ş.                           | -                              | 1.219            | -                      | -                  |
| Demir Export A.Ş.                                    | -                              | 68.517           | -                      | -                  |
| Ford Otomotiv Sanayi A.Ş.                            | -                              | 16.935           | -                      | -                  |
| Other  | 6.398                          | 22.603           | 3.435                  | -                  |
| <b>Shareholders</b>                                  |                                |                  |                        |                    |
| Koç Holding A.Ş. (****)                              | -                              | 53               | 13.569                 | -                  |
| Temel Ticaret ve Yatırım A.Ş.                        | -                              | 3                | 4                      | -                  |
| Koç Family members                                   | -                              | 79               | -                      | -                  |
| <b>Investments accounted under the equity method</b> |                                |                  |                        |                    |
| Entek Elektrik Üretimi A.Ş.                          | -                              | 26.591           | -                      | -                  |
|  | <b>1.180.821</b>               | <b>1.133.069</b> | <b>149.102</b>         | <b>-</b>           |

| Transactions with related parties                    | January 1 - September 30 2018 |                  |                        |                    |
|--|-------------------------------|------------------|------------------------|--------------------|
|  | Purchases<br>(Goods)          | Sales<br>(Goods) | Purchases<br>(Service) | Sales<br>(Service) |
| <b>Group companies (*)</b>                           |                               |                  |                        |                    |
| Türkiye Petrol Rafinerileri A.Ş.                     | 799.659                       | 203.147          | 5.285                  | 2.067              |
| Opet Petrolcülük A.Ş.(**) (***)                      | 210.977                       | 3.342            | 92.393                 | -                  |
| Ram Dış Ticaret A.Ş.                                 | 35.820                        | -                | 113                    | -                  |
| Zer Merkezi Hizmetler ve Ticaret A.Ş.                | 10.921                        | 37               | 10.952                 | -                  |
| Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.         | 13                            | 74               | 7.186                  | -                  |
| Arçelik A.Ş.   | 1                             | 3.002            | -                      | -                  |
| Otokoç Otomotiv Tic. ve San. A.Ş.                    | 1                             | 280              | 665                    | -                  |
| Körfez Hava Ulaştırma A.Ş.                           | -                             | 11.383           | -                      | -                  |
| Demir Export A.Ş.                                    | -                             | 51.205           | -                      | -                  |
| Ford Otomotiv Sanayi A.Ş.                            | -                             | 17.490           | -                      | -                  |
| Setur Servis Turistik A.Ş.                           | -                             | 54               | 2.603                  | -                  |
| Tanı Pazarlama ve İletişim Hizmetleri A.Ş.           | -                             | 9                | 2.010                  | -                  |
| Other  | 4.964                         | 24.184           | 2.225                  | -                  |
| <b>Shareholders</b>                                  |                               |                  |                        |                    |
| Koç Holding A.Ş. (****)                              | -                             | 45               | 9.105                  | -                  |
| Temel Ticaret ve Yatırım A.Ş.                        | -                             | 3                | -                      | -                  |
| Koç Family members                                   | -                             | 60               | -                      | -                  |
| <b>Investments accounted under the equity method</b> |                               |                  |                        |                    |
| Entek Elektrik Üretimi A.Ş.                          | -                             | 13.439           | 2.321                  | -                  |
|  | <b>1.062.356</b>              | <b>327.754</b>   | <b>134.858</b>         | <b>2.067</b>       |

(\*) Group companies include Koç Group companies.

(\*\*) Commission expenses regarding LPG sold at Opet stations for nine-month period ended September 2019 is TL 98.603 thousand (January 1 -September 30, 2018: TL 91.431 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 fulfill 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 5.078 thousand has been made to Opet for nine-month period ended September 2019 in consideration of 5 years sale agreement on average to be paid to Aygaz Dealers making auto-gas sales at Opet stations (January 1 - September 30 2018: TL 14.957 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 Communiqué 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 - September 30, 2019                            |             |              |   |                      |
|---|-------------|--------------|---|----------------------|
| Tangible asset and rent transactions with related parties | Rent income | Rent expense | Tangible and intangible asset purchases | Sale of fixed assets |
| <b>Group companies (*)</b>                                |             |              |   |                      |
| Opet Petrolcülük A.Ş.                                     | 545         | -            | 10                                      | -                    |
| Otokoç Otomotiv Tic. ve San. A.Ş.                         | -           | -            | 99                                      | 57                   |
| Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.              | -           | -            | 2.912                                   | -                    |
| Zer Merkezi Hizmetler ve Ticaret A.Ş.                     | -           | -            | 64                                      | -                    |
| Other   | -           | -            | 65                                      | 14                   |
| <b>Shareholders</b>                                       |             |              |   |                      |
| Koç Holding A.Ş.  | -           | 342          | -                                       | -                    |
|   | <b>545</b>  | <b>342</b>   | <b>3.150</b>                            | <b>71</b>            |

| January 1 - September 30 2018                             |             |              |   |                      |
|---|-------------|--------------|---|----------------------|
| Tangible asset and rent transactions with related parties | Rent income | Rent expense | Tangible and intangible asset purchases | Sale of fixed assets |
| <b>Group companies (*)</b>                                |             |              |   |                      |
| Opet Petrolcülük A.Ş.                                     | 430         | 20           | 6                                       | -                    |
| Otokoç Otomotiv Tic. ve San. A.Ş.                         | -           | 6.251        | 927                                     | 136                  |
| Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.              | -           | -            | 5.131                                   | -                    |
| Türkiye Petrol Rafinerileri A.Ş.                          | -           | -            | -                                       | 17.800               |
| Other   | -           | -            | 238                                     | -                    |
| <b>Shareholders</b>                                       |             |              |   |                      |
| Koç Family Members  | -           | 566          | -                                       | -                    |
| Temel Ticaret ve Yatırım A.Ş.                             | -           | 603          | -                                       | -                    |
|   | <b>430</b>  | <b>7.440</b> | <b>6.302</b>                            | <b>17.936</b>        |

(\*) Group companies include Koç Group companies.

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

|   | January 1 - September 30, 2019 |                   |              |               |
|---|--------------------------------|-------------------|--------------|---------------|
| Financial and other transactions with related parties | Financial income               | Financial expense | Other income | Other expense |
| <b>Group companies (*)</b>                            |                                |                   |              |               |
| Yapı Kredi Bankası A.Ş.                               | 96.096                         | 47.323            | -            | -             |
| Zer Merkezi Hizmetler ve Ticaret A.Ş.                 | -                              | -                 | 1            | 25            |
| Other   | -                              | -                 | 16           | 26            |
|   | <b>96.096</b>                  | <b>47.323</b>     | <b>17</b>    | <b>51</b>     |

|   | January 1 - September 30 2018 |                   |              |               |
|---|-------------------------------|-------------------|--------------|---------------|
| Financial and other transactions with related parties | Financial income              | Financial expense | Other income | Other expense |
| <b>Group companies (*)</b>                            |                               |                   |              |               |
| Yapı Kredi Bankası A.Ş.                               | 90.996                        | 19.564            | -            | -             |
| Türkiye Petrol Rafinerileri A.Ş.                      | -                             | -                 | 533          | -             |
| Opet Petrolcülük A.Ş.                                 | -                             | -                 | 79           | -             |
| Ram Dış Ticaret A.Ş.                                  | -                             | -                 | 550          | 363           |
| Other   | -                             | -                 | 23           | 41            |
|   | <b>90.996</b>                 | <b>19.564</b>     | <b>1.185</b> | <b>404</b>    |

**Cash at banks** **September 30, 2019** December 31, 2018

|                            |                |         |
|----------------------------|----------------|---------|
| <b>Group companies (*)</b> |                |         |
| Yapı Kredi Bankası A.Ş.    | <b>562.173</b> | 545.618 |

**Credit card receivables** **September 30, 2019** December 31, 2018

|                            |               |        |
|----------------------------|---------------|--------|
| <b>Group companies (*)</b> |               |        |
| Yapı Kredi Bankası A.Ş.    | <b>64.114</b> | 58.286 |

**Bank loans** **September 30, 2019** December 31, 2018

|                            |               |        |
|----------------------------|---------------|--------|
| <b>Group companies (*)</b> |               |        |
| Yapı Kredi Bankası A.Ş.    | <b>71.409</b> | 90.613 |

(\*) Group companies include Koç Group companies.

**Benefits to Top Management:**

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

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

As of September 30, 2019, total short-term benefit provided to the senior management of the Company is TL 7.146 thousand (September 30, 2018: TL 7.770 thousand. TL 1.581 thousand of total amount consists of payments to senior management due to their leave, the remaining amount consists of short-term benefits).

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

*Foreign currency risk management*

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

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

| <b>September 30, 2019</b> |  | <b>Total TL<br/>equivalent</b> | <b>TL<br/>equivalent<br/>of USD</b> | <b>TL<br/>equivalent<br/>of Euro</b> | <b>TL<br/>equivalent<br/>of Other</b> |
|---------------------------|--|--------------------------------|-------------------------------------|--------------------------------------|---------------------------------------|
| 1.                        | Trade receivables  | 171.917                        | 171.917                             | -                                    | -                                     |
| 2.a                       | Monetary financial assets  | 362.964                        | 360.338                             | 2.338                                | 288                                   |
| 2.b                       | Non-monetary financial assets  | -                              | -                                   | -                                    | -                                     |
| 3.                        | Other  | 6.842                          | 3.531                               | 112                                  | 3.199                                 |
| <b>4.</b>                 | <b>Current assets</b>  | <b>541.723</b>                 | <b>535.786</b>                      | <b>2.450</b>                         | <b>3.487</b>                          |
| 5.                        | Trade receivables  | -                              | -                                   | -                                    | -                                     |
| 6.a                       | Monetary financial assets  | -                              | -                                   | -                                    | -                                     |
| 6.b                       | Non-monetary financial assets  | -                              | -                                   | -                                    | -                                     |
| 7.                        | Other  | -                              | -                                   | -                                    | -                                     |
| <b>8.</b>                 | <b>Non-current assets</b>  | <b>-</b>                       | <b>-</b>                            | <b>-</b>                             | <b>-</b>                              |
| <b>9.</b>                 | <b>Total assets</b>  | <b>541.723</b>                 | <b>535.786</b>                      | <b>2.450</b>                         | <b>3.487</b>                          |
| 10.                       | Trade payables   | (283.720)                      | (282.927)                           | (793)                                | -                                     |
| 11.                       | Financial liabilities  | (132.211)                      | (125.900)                           | (6.311)                              | -                                     |
| 12.a                      | Other monetary financial liabilities   | (192.129)                      | (192.129)                           | -                                    | -                                     |
| 12.b                      | Other non-monetary financial liabilities   | (693)                          | (691)                               | (2)                                  | -                                     |
| <b>13.</b>                | <b>Current liabilities</b>   | <b>(608.753)</b>               | <b>(601.647)</b>                    | <b>(7.106)</b>                       | <b>-</b>                              |
| 14.                       | Trade payables   | -                              | -                                   | -                                    | -                                     |
| 15.                       | Financial liabilities  | (57.788)                       | (50.932)                            | (6.856)                              | -                                     |
| 16.a                      | Other monetary financial liabilities   | -                              | -                                   | -                                    | -                                     |
| 16.b                      | Other non-monetary financial liabilities   | -                              | -                                   | -                                    | -                                     |
| <b>17.</b>                | <b>Non-current liabilities</b>   | <b>(57.788)</b>                | <b>(50.932)</b>                     | <b>(6.856)</b>                       | <b>-</b>                              |
| <b>18.</b>                | <b>Total liabilities</b>   | <b>(666.541)</b>               | <b>(652.579)</b>                    | <b>(13.962)</b>                      | <b>-</b>                              |
| 19.                       | Net asset/liability position of<br>off balance sheet asset and liabilities (19a-19b)                           | 63.948                         | 63.948                              | -                                    | -                                     |
| 19.a                      | Total hedged assets  | 101.864                        | 101.864                             | -                                    | -                                     |
| 19.b                      | Total hedged liabilities   | 37.916                         | 37.916                              | -                                    | -                                     |
| <b>20.</b>                | <b>Net foreign currency asset/liability position<br/>(9+18+19)</b>   | <b>(60.870)</b>                | <b>(52.845)</b>                     | <b>(11.512)</b>                      | <b>3.487</b>                          |
| <b>21.</b>                | <b>Net foreign currency asset/liability position<br/>of monetary items<br/>(1+2a+5+6a+10+11+12a+14+15+16a)</b> | <b>(130.967)</b>               | <b>(119.633)</b>                    | <b>(11.622)</b>                      | <b>288</b>                            |
| 22.                       | Fair value of foreign currency hedged<br>financial assets  | -                              | -                                   | -                                    | -                                     |
| 23.                       | Hedged foreign currency assets   | -                              | -                                   | -                                    | -                                     |
| 24.                       | Hedged foreign currency liabilities  | -                              | -                                   | -                                    | -                                     |
| 25.                       | Export   | 1.220.119                      | 1.202.641                           | 17.478                               | -                                     |
| 26.                       | Import   | 3.030.203                      | 3.024.539                           | 4.550                                | 1.114                                 |

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

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

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

|  | September 30, 2019 | December 31, 2018 |
|--|--------------------|-------------------|
| Assets   | 541.723            | 285.127           |
| Liabilities  | (666.541)          | (742.119)         |
| <b>Net asset/liability position</b>                          | <b>(124.818)</b>   | <b>(456.992)</b>  |
| Derivative instruments net position                          | 63.948             | 118.370           |
| <b>Net foreign currency asset/liability position</b>         | <b>(60.870)</b>    | <b>(338.622)</b>  |
| Inventories under the natural hedge <sup>(*)</sup>           | 97.740             | 320.769           |
| <b>Net foreign currency position after the natural hedge</b> | <b>36.870</b>      | <b>(17.853)</b>   |

(\*) The Group manages its foreign currency risk by regularly considering and reflecting the foreign exchange rate changes in the determination of product prices (natural hedge). As of September 30, 2019, the Group has LPG amounting to TL 97.740 thousand (December 31, 2018: TL 320.769 thousand).



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**19. Nature and level of risk derived from financial instruments (continued)**Foreign currency sensitivity:

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

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

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

|                                | September 30, 2019                  |                                     |                                     |                                     |
|--------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
|                                | Income (Expense)                    |                                     | Equity                              |                                     |
|                                | Foreign<br>exchange<br>appreciation | Foreign<br>exchange<br>depreciation | Foreign<br>exchange<br>appreciation | Foreign<br>exchange<br>depreciation |
| 10% fluctuation of USD rate    |                                     |                                     |                                     |                                     |
| USD net asset/liability        | (11.963)                            | 11.963                              | (11.963)                            | 11.963                              |
| Secured portion from USD risk  | 6.395                               | (6.395)                             | 6.395                               | (6.395)                             |
| <b>USD net effect</b>          | <b>(5.568)</b>                      | <b>5.568</b>                        | <b>(5.568)</b>                      | <b>5.568</b>                        |
| 10% fluctuation of Euro rate   |                                     |                                     |                                     |                                     |
| Euro net asset/liability       | (1.162)                             | 1.162                               | (1.162)                             | 1.162                               |
| Secured portion from Euro risk | -                                   | -                                   | -                                   | -                                   |
| <b>Euro net effect</b>         | <b>(1.162)</b>                      | <b>1.162</b>                        | <b>(1.162)</b>                      | <b>1.162</b>                        |
| <b>Total</b>                   | <b>(6.730)</b>                      | <b>6.730</b>                        | <b>(6.730)</b>                      | <b>6.730</b>                        |

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

**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)**

Currency forward agreements

Currency forward agreements that are valid as of September 30, 2019 are summarized at the table below. The Group has no currency forward agreement as of December 31, 2018.

| Maturity | Parity        | Type of contract | Transactions       | Total amount | September 30, 2019 |  |
|----------|---------------|------------------|--------------------|--------------|--------------------|--|
|          |               |                  |                    |              | Currency           |  |
| 18 days  | 5,6760-5,6808 | Forward          | Sells USD, buys TL | 6.700        | USD                |  |

Swap agreements

As of September 30, 2019 the Group has a swap agreement amounting to TL 52.200 thousand with fixed interest rate of 13,415% in return for USD 18.000 thousand with a floating interest rate of six-month USDLIBOR +2,4%. Swap transaction has half-yearly interest payments and principal repayment of USD 13.500 thousand in total. Last installment will be paid on the maturity date 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 |           |           |           |
|---|--|-----------|-----------|-----------|
|   | September 30, 2019                       | 1st Level | 2nd Level | 3rd Level |
| Financial assets measured at fair value | 346.297                                  | 73        | 345.248   | 976       |
| Derivative financial instruments        | 43.179                                   | -         | 43.179    | -         |

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

Information for reflecting financial assets and liabilities at fair value

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

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

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

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

*Financial assets*

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

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

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

*Financial Liabilities*

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

**20. Subsequent events**

None.

**21. Business combinations**

On March 14, 2019, Kuleli, a subsidiary of the Group, has acquired total shares of Bal Kaynak Su İthalat İhracat Sanayi ve Ticaret A.Ş., which has all business permits and licenses of the operations, the water filling plant that this company currently maintains its natural spring water operation and properties which this facility located on, amounting to TL 50.239 thousand. With this acquisition the Group has aimed to expand its water operations and ensure sustainable production in water business. In line with this objective, the Group conducts the necessary works for the coordination of the water activities with Bal Kaynak. The provisional fair value of the identifiable assets and liabilities arising from the acquisition in accordance with TFRS 3 is as follows:

|  | <b>March 14, 2019</b> |
|--|-----------------------|
| Inventories                            | 630                   |
| Other current assets                   | 855                   |
| Tangible assets                        | 36.238                |
| Intangible assets                      | 15.018                |
| <b>Total assets</b>                    | <b>52.741</b>         |
| Trade payables                         | 2.255                 |
| Other current liabilities              | 247                   |
| <b>Total liabilities</b>               | <b>2.502</b>          |
| <b>Net assets acquired</b>             | <b>50.239</b>         |
|  |                       |
| Consideration amount - cash            | 38.490                |
| Consideration amount - future payments | 11.749                |
| <b>Total consideration</b>             | <b>50.239</b>         |

**Aygaz Anonim Şirketi and its Subsidiaries**

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

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

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