

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

# **Aygaz Anonim Őirketi and Subsidiaries**

**January 1 – March 31, 2014 interim consolidated financial statements**

## **Aygaz Anonim Şirketi and Subsidiaries**

### **Index**

	<b><u>Page</u></b>
Interim condensed consolidated balance sheet	3 -4
Interim condensed consolidated profit or loss and other comprehensive income statement	5
Interim consolidated statement of changes in equity	6
Interim consolidated cash flow statement	7
Disclosures related to interim consolidated financial statements	8 - 40

(Convenience translation of financial statements originally issued in Turkish – see Note 2)

## Aygaz Anonim Şirketi and Subsidiaries

### Condensed consolidated balance sheet

as at March 31, 2014

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

Assets	Notes	Current period	Prior period
		(Not Reviewed)	(Audited)
		March 31,	December 31,
		2014	2013
<b>Current assets</b>		<b>1.025.623</b>	<b>867.167</b>
Cash and cash equivalents	4	225.463	173.054
Trade receivables		468.947	367.454
-Trade receivables from related parties	18	27.135	18.360
-Trade receivables from third parties	8	441.812	349.094
Other receivables		23.652	4.505
-Other receivables from related parties	18	6.392	-
-Other receivables from third parties		17.260	4.505
Inventories	9	250.476	275.630
Prepaid expenses		49.355	39.762
Assets related to current year tax		54	40
Other current assets		7.676	6.722
<b>Non-current assets</b>		<b>2.367.130</b>	<b>2.321.139</b>
Financial investments	5	267.877	267.885
Trade receivables		6.493	6.756
-Trade receivables from third parties	8	6.493	6.756
Other receivables		75	77
-Other receivables from third parties		75	77
Investments accounted under equity method	10	1.431.102	1.377.154
Property, plant and equipment	11	581.362	589.330
Intangible assets		29.178	30.562
-Other intangible assets	12	29.178	30.562
Prepaid expenses		50.709	49.136
Deferred tax asset	17	334	239
<b>Total assets</b>		<b>3.392.753</b>	<b>3.188.306</b>

The accompanying accounting policies and notes presented between pages 8 and 40 form an integral part of these consolidated financial statements.

(Convenience translation of financial statements originally issued in Turkish – see Note 2)

## Aygaz Anonim Şirketi and Subsidiaries

### Condensed consolidated balance sheet

as at March 31, 2014

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

Liabilities	Notes	Current period	Prior period
		(Not Reviewed)	(Audited)
		March 31, 2014	December 31, 2013
<b>Short term liabilities</b>		<b>1.104.984</b>	<b>667.192</b>
Short-term financial borrowings		47.446	85.405
Current portion of long term financial borrowings	6	155.068	9.905
Trade payables		496.686	376.346
- Trade payables to related parties	18	170.012	164.175
- Trade payables to third parties	8	326.674	212.171
Liabilities for employee benefits		4.957	36.354
Other payables		175.584	578
- Other payables to related parties	18	175.434	434
- Other payables to third parties		150	144
Derivative financial instruments	7	1.941	-
Deferred income		1.771	2.968
Provision for taxation on income	17	7.719	2.649
Short-term provisions		109.559	85.373
-Provisions for employee benefits		2.618	-
-Other provisions	14	106.941	85.373
Other current liabilities	14	104.253	67.614
<b>Long term liabilities</b>		<b>134.318</b>	<b>277.538</b>
Long-term borrowings	6	-	142.497
Other payables		74.622	73.614
- Other payables to third parties		74.622	73.614
Long-term provisions		26.002	24.485
-Provisions for employee benefits		26.002	24.485
Deferred tax liabilities	17	33.694	36.942
<b>Equity</b>		<b>2.153.451</b>	<b>2.243.576</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		(106)	(106)
-Actuarial gain/loss arising from defined benefit plans		(106)	(106)
Other comprehensive income or expenses to be reclassified to profit or loss		168.611	167.532
-Foreign currency translation differences		2.386	1.875
-Hedging gains/losses		(640)	(1.208)
-Gains/losses from the revaluation and reclassification of marketable securities		166.865	166.865
Restricted reserves		293.875	277.875
Retained earnings		1.242.608	1.228.355
Net profit for the period		83.771	205.253
<b>Equity attributable to equity holders of the parent</b>		<b>2.152.821</b>	<b>2.242.971</b>
<b>Non-controlling interests</b>		<b>630</b>	<b>605</b>
<b>Total equity and liabilities</b>		<b>3.392.753</b>	<b>3.188.306</b>

The accompanying accounting policies and notes presented between pages 8 and 40 form an integral part of these consolidated financial statements.

(Convenience translation of financial statements originally issued in Turkish – see Note 2)

## Aygaz Anonim Şirketi and Subsidiaries

### Condensed consolidated profit or loss and other comprehensive income statement for the three month interim period ended March 31, 2014 (Amounts expressed in thousands of Turkish Lira (“TL”) and in thousands for other currencies unless otherwise indicated.)

		(Restated)
		Not Reviewed
		Not Reviewed
		January 1 -
		January 1 -
	Notes	March 31,
		March 31,
		2014
		2013
Revenue		1.777.095
Cost of sales (-)		(1.646.388)
<b>Gross profit</b>		<b>130.707</b>
Marketing, sales and distribution expenses (-)		(51.863)
General administrative expenses (-)		(37.352)
Research and development expenses (-)		(441)
Other operating income		29.586
Other operating expenses (-)		(28.016)
<b>Operating profit</b>		<b>42.621</b>
Income from investment activities		2.723
Loss from investment activities (-)		(498)
Profit /losses from investments accounted under equity method	10	45.369
<b>Operating profit before financial income/(expense)</b>		<b>90.215</b>
Financial income		15.985
Financial expense (-)		(17.632)
<b>Profit before taxation</b>		<b>88.568</b>
<b>Tax income / (expense)</b>		
- Current tax expense for the period (-)	17	(8.115)
- Deferred tax income	17	3.343
<b>Profit for the period</b>		<b>83.796</b>
<b>Other comprehensive income/(expense)</b>		
<b>Not to be reclassified as profit or loss</b>		
Actuarial gain/loss arising from defined benefit plans, netted off deferred tax		-
<b>To be reclassified as profit or loss</b>		
Foreign currency translation differences		511
Gains/losses from the revaluation and reclassification of marketable securities		-
Hedging gains/losses		568
<b>Other comprehensive income/(expense) (after taxation)</b>		<b>1.079</b>
<b>Total comprehensive income</b>		<b>84.875</b>
<b>Distribution of profit for the period</b>		
Non-controlling interest		25
Equity holders of the parent		83.771
<b>Distribution of total comprehensive income</b>		
Non-controlling interest		25
Equity holders of the parent		84.850
Earnings per share (TL)	16	0,279237

The accompanying accounting policies and notes presented between pages 8 and 40 form an integral part of these consolidated financial statements.

(Convenience translation of financial statements originally issued in Turkish – see Note 2)

**Aygaz Anonim Şirketi and Subsidiaries**

**Consolidated statement of changes in equity**

**for the period ended March 31, 2014**

**(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							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 (-)	Actuarial gain/loss arising from defined benefit plans	Foreign currency translation differences	Hedging gains/losses	Gains/losses from the revaluation and reclassification of marketable securities	Restricted reserves	Retained earnings				Net profit for the period
<b>Not Reviewed</b>													
Balance as of January 1, 2013	300.000	71.504	(7.442)	(1.862)	1.024	(3.095)	213.653	307.846	1.193.454	304.930	2.380.012	523	2.380.535
Transfers from retained earnings	-	-	-	-	-	-	-	-	304.930	(304.930)	-	-	-
Comprehensive income / (loss) for the period	-	-	-	-	(6)	594	-	-	-	40.148	40.736	19	40.755
Balance as of March 31, 2013	300.000	71.504	(7.442)	(1.862)	1.018	(2.501)	213.653	307.846	1.498.384	40.148	2.420.748	542	2.421.290
<b>Not Reviewed</b>													
Balance as of January 1, 2014	300.000	71.504	(7.442)	(106)	1.875	(1.208)	166.865	277.875	1.228.355	205.253	2.242.971	605	2.243.576
Transfers from retained earnings	-	-	-	-	-	-	-	-	205.253	(205.253)	-	-	-
Transfers from restricted reserves	-	-	-	-	-	-	-	16.000	(16.000)	-	-	-	-
Dividends paid (note 15)	-	-	-	-	-	-	-	-	(175.000)	-	(175.000)	-	(175.000)
Comprehensive income / (loss) for the period	-	-	-	-	511	568	-	-	-	83.771	84.850	25	84.875
Balance as of March 31, 2014	300.000	71.504	(7.442)	(106)	2.386	(640)	166.865	293.875	1.242.608	83.771	2.152.821	630	2.153.451

The accompanying accounting policies and notes presented between pages 8 and 40 form an integral part of these consolidated financial statements.

(Convenience translation of financial statements originally issued in Turkish – see Note 2)

**Aygaz Anonim Şirketi and Subsidiaries**

**Consolidated cash flow statement**

**for the period ended March 31, 2014**

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

		Not Reviewed	Restated Not Reviewed
	Notes	January 1- March 31, 2014	January 1- March 31, 2013
<b>A. Cash flows from operating activities</b>		<b>104.848</b>	44.980
Profit/loss before tax for the period		88.568	45.413
Adjustments related with the reconciliation of net profit/ loss for the period		2.220	45.702
-Adjustments for depreciation and amortization expenses	11, 12	20.731	20.745
-Adjustments for provisions		26.535	33.398
-Adjustments for interest income and expenses		964	(1.619)
-Adjustments for income from equity participations	10	(45.369)	(6.334)
-Adjustments for profit/ loss on sale of non-current assets		(2.225)	(409)
-Other adjustments for reconciliation of profit/ loss		1.584	(79)
Changes in working capital:		17.795	(42.032)
-Adjustments for increase/decrease in inventories		25.154	(31.168)
-Adjustments for increase/decrease in trade receivables		(101.314)	(51.912)
-Adjustments for other current assets and liabilities		(1.571)	(16.720)
-Adjustments for increase/ decrease in trade payables		120.340	53.490
-Adjustments for other non-current assets and long-term liabilities		(24.814)	4.278
<b>Cash flows from operating activities</b>		<b>108.583</b>	49.083
Tax payments/returns	17	(3.060)	(3.764)
Other cash inflow/outflows		(675)	(339)
<b>B. Cash flows from investing activities</b>		<b>(16.694)</b>	(12.429)
Cash inflows from the sale of property, plant and equipment and intangible assets	11, 12	4.796	749
Cash outflows from the purchase of property, plant and equipment and intangible assets	11, 12	(13.950)	(11.499)
Share capital participation to joint ventures		(7.500)	(1.679)
Net cash outflow due to acquisition of a subsidiary		(40)	-
<b>C. Cash flows from financing activities</b>		<b>(36.256)</b>	2.942
Net change in borrowings		(38.352)	1.323
Interest received		2.306	1.847
Interest paid		(210)	(228)
<b>Net increase/decrease in cash and cash equivalents before the effect of foreign currency translation differences</b>		<b>51.898</b>	35.493
<b>D. Impact of foreign currency translation differences on cash and cash equivalents</b>		<b>511</b>	(6)
<b>Net increase/decrease in cash and cash equivalents</b>		<b>52.409</b>	35.487
<b>E. Cash and cash equivalents at the beginning of the period</b>	4	<b>173.054</b>	125.365
<b>Cash and cash equivalents at the end of the period</b>	4	<b>225.463</b>	160.852

The accompanying accounting policies and notes presented between pages 8 and 40 form an integral part of these consolidated financial statements.

## **Aygaz Anonim Şirketi and Subsidiaries**

### **Notes to the consolidated financial statements as of March 31, 2014**

(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”) 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. As a result of the merger in 2001 with Gaz Aletleri A.Ş., the Company started to manufacture LPG cylinders, LPG tanks, LPG stoves and other supplementary materials which support the Company’s main business and which are necessary equipment for the end-user. In addition, the Company owns LPG vessels and provides transportation service on behalf of other LPG companies. The ultimate and controlling shareholder is Koç Holding A.Ş.

The Company is registered at the Capital Markets Board of Turkey (“CMB”) and as of March, 31 2014 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

As of March, 2014, number of personnel employed by categories in Aygaz and its subsidiaries (together with referred to as the “Group”) is 710 white-collar (December 31, 2013: 724) and 741 blue-collar (December 31, 2013: 703) totaling to 1.451 (December 31, 2013: 1.427).

#### **Subsidiaries**

Akpa Dayanıklı Tüketim LPG ve Akaryakıt Ürünleri Pazarlama A.Ş. (“Akpa”) reached to its current structure with the merger of four subsidiaries of Koç Holding Energy Group at the end of 2001. Before the merger, four companies were operating separately from each other in Bursa, Eskişehir, Ankara and Antalya. At the time of merger the company name was Bursa Gaz ve Ticaret A.Ş., later it was changed to “Akpa Dayanıklı Tüketim Lpg ve Akaryakıt Ürünleri Pazarlama Anonim Şirketi” with the decision of Ordinary General Meeting held on March 17, 2005. Akpa is mainly engaged in sales of cylinders through dealers, retail and wholesale of LPG, fuel and lubes through autogas stations sale of durable goods. In October 2012, the Company has purchased shares with a nominal amount of TL 4 from natural persons and raised Group’s effective control to 100%.

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 Doğal Gaz Toptan Satış A.Ş. has decided to increase its share capital from TL 28.000 thousand to TL 33.000 thousand in its Ordinary General Meeting dated February 6, 2012. The Company has agreed to pay the increased amount of TL 5.000 thousand in cash and the payment was realized on March 2, 2012. The Group’s share in Aygaz Doğal Gaz Toptan Satış A.Ş. has increased to 99,15%. Aygaz Doğal Gaz İletim A.Ş. has decided to increase its share capital from TL 3.700 thousand to TL 9.000 thousand in its Ordinary General Meeting dated February 6, 2012. The Company has agreed to pay the increased amount of TL 5.300 thousand in cash and the payment was realized on March 2, 2012. The Group’s share in Aygaz Doğal Gaz İletim A.Ş. has increased to 99,59%.



## Aygaz Anonim Şirketi and Subsidiaries

### Notes to the consolidated financial statements

as of March 31, 2014 (continued)

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

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

Within July 2010, the Company has restructured its shipping operations under new legal entities, and established Anadoluhisarı Tankercilik A.Ş. (“Anadolu Hisarı”), Kandilli Tankercilik A.Ş. (“Kandilli”), Kuleli Tankercilik A.Ş. (“Kuleli”) and Kuzguncuk Tankercilik A.Ş. (“Kuzguncuk”) with an effective ownership interest of 100%. The main activities of these companies are to purchase, build or rent vessels and to operate them in domestic and/or overseas transportation of crude oil, petroleum products, liquid petroleum gas, natural gas and solid, liquid and liquefied products.

The Company has purchased 100% ownership interest of Enram Su ve Çevre Yatırımları A.Ş. as a result of share assignment agreement dated March 14, 2014,. Enram Su ve Çevre Yatırımları A.Ş. has decided to change its trade name as ADG Enerji Yatırımları A.Ş. (“ADG Enerji”) and to increase share capital from TL 3.600.000 to TL 25.000.000 in its Extraordinary General Meeting held on March 20, 2014. The Company has paid in cash a part of the increased share amounting to TL 5.350.000 on March 20, 2014 and the remaining part amounting to TL 16.050.000 will be paid within 24 months from the date of decision. 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 to domestic and/or overseas customers and make related investments to storing, transportation and distribution of natural gas and building necessary facilities.

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

Subsidiaries	Place of incorporation and operation	Ownership interest (%)			Principal activity
		March 31, 2014	December 31, 2013	Voting power right	
Anadoluhisarı	Turkey	100%	100%	100%	Shipping
Kandilli	Turkey	100%	100%	100%	Shipping
Kuleli	Turkey	100%	100%	100%	Shipping
Kuzguncuk	Turkey	100%	100%	100%	Shipping
Akpa	Turkey	100%	100%	100%	Marketing
Aygaz Doğal Gaz Toptan Satış A.Ş.	Turkey	99,15%	99,15%	99,15%	Natural gas
Aygaz Doğal Gaz İletim A.Ş.	Turkey	99,59%	99,59%	99,59%	Natural gas
ADG Enerji	Turkey	100%	-	100%	Natural gas

#### Investments in associates

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.

AES Entek Elektrik Üretim A.Ş. (AES Entek), the electricity producer company of Koç Group, has been operating with its two natural gas cycling plants and one cogeneration facility with a total of 302 MW power in Kocaeli, Bursa and Istanbul, and two hydroelectric power plants in Karaman and one hydroelectric power plant in Samsun with a total of 62 MW power.

AES Entek increased its share capital from TL 402.000 thousand to TL 538.500 thousand with the decision taken through Ordinary General Meeting held on April 30, 2013. The Company has netted of TL 32.750 thousand of related increase, which corresponds to the preferential right of the Company, from the shareholder loan provided to AES Entek, and the remaining balance amounting to TL 1.113 thousand has been paid in cash in May, 2013.

(Convenience translation of financial statements originally issued in Turkish – see Note 2)

## Aygaz Anonim Şirketi and Subsidiaries

### Notes to the consolidated financial statements as of March 31, 2014 (continued)

(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)

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

Investments in associates	Place of incorporation and operation	Ownership interest (%)			Principal activity
		March 31, 2014	December 31, 2013	Voting power right	
EYAŞ	Turkey	20,00%	20,00%	20,00%	Energy
AES Entek	Turkey	24,81%	24,81%	24,81%	Electricity
Zinerji (*)	Turkey	56,00%	56,00%	56,00%	Energy

(\*) Since Zinerji is a dormant company, it is consolidated with equity method in the accompanying consolidated financial statements even though the ownership of the Group is 56%.

#### Joint ventures

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. It's main activity is to establish, purchase, operate and rent fuel and LPG stations. Opet Aygaz Gayrimenkul A.Ş. decided to increase its capital from TL 90.000 thousand to TL 150.000 thousand in its Ordinary General Meeting, held on March 10, 2014. TL 15.000 thousand was paid in cash, and the remaining balance will be paid up to December 31, 2014.

The details of the Group's business partnerships are as follows:

Joint venture	Place of incorporation and operation	Ownership interest (%)			Principal activity
		March 31, 2014	December 31, 2013	Voting power right	
Opet Aygaz Gayrimenkul A.Ş.	Turkey	50,00%	50,00%	50,00%	Real Estate

#### Approval of consolidated financial statements:

The consolidated financial tables for the period ended on March 31, 2014 are approved on the Board of Directors meeting held on May 9, 2014 to be published and are signed by Assistant General Manager (Finance) Gökhan Tezel and Subsidiaries and Accounting Director Nurettin Demirtaş.

(Convenience translation of financial statements originally issued in Turkish – see Note 2)

## **Aygaz Anonim Şirketi and Subsidiaries**

### **Notes to the consolidated financial statements**

**as of March 31, 2014 (continued)**

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

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

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

### **2.1 Basis of presentation for consolidated financial statements**

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

The Group has prepared its consolidated financial statements for the period ended on March 31, 2014 in accordance with TAS 34 “Interim Financial Reporting Standards”.

The interim 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.

The interim consolidated financial statements do not include all of the disclosures required in year-end financial statements and should be evaluated with the Group’s consolidated financial statements as of December 31, 2013.

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 financial statements have been prepared in accordance with this decision.

## **Aygaz Anonim Şirketi and Subsidiaries**

### **Notes to the consolidated financial statements**

**as of March 31, 2014 (continued)**

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

#### **2.2 Changes in accounting policies**

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

#### **2.3 Comparative information and reclassifications on prior period financial statements**

The interim consolidated financial statements of the Group include comparative financial information to enable the determination of the trends in the financial position and performance. Comparative figures are reclassified, where necessary, to conform to changes in presentation in the current period interim consolidated financial statements and the significant changes are explained.

Pursuant to the decree taken in the CMB’s meeting dated June 7, 2013 and numbered 20/670, for capital market board institutions within the scope of the Communiqué on Principles Regarding Financial Reporting in the Capital Market, financial statement templates and a user guide have been published, effective as of the interim periods ended after March 31, 2013. Various classifications were made in the Group’s financial statements pursuant to these formats which have taken effect. The classifications made in the consolidated profit or loss and other comprehensive income statement for the period ended March 31, 2013 are as follows:

- Foreign exchange gains related with the trade payables and receivables, and interest income from credit sales, amounting to TL 6.690 thousand, shown under the finance income account were classified to “Other operating income”.
- Foreign exchange losses related with the trade payables and receivables, and interest expenses from credit purchases, amounting to TL 8.341 thousand, shown under finance expense account were classified to “Other operating expenses”.
- Income from the property, plant and equipment and intangible assets and scrap sales amounting to TL 590 thousand shown under other operating income was classified to “Income from investment activities”.
- Losses from the property, plant and equipment and intangible assets and scrap sales amounting to TL 97 thousand shown under other operating expenses were classified to “Loss from investment activities”.

## **Aygaz Anonim Şirketi and Subsidiaries**

### **Notes to the consolidated financial statements**

**as of March 31, 2014 (continued)**

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

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

### **2.4 New and revised International Financial Reporting Standards:**

The accounting policies adopted in preparation of the interim condensed consolidated financial statements as at 31 March 2014 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of 1 January 2014. The effects of these standards and interpretations on the Group’s financial position and performance have been disclosed in the related paragraphs.

**The new standards, amendments and interpretations which are effective as at 1 January 2014 are as follows:**

#### **TAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial liabilities (Amended)**

The amendments clarify the meaning of “currently has a legally enforceable right to set-off” and also clarify the application of the TAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These amendments are to be retrospectively applied for annual periods beginning on or after 1 January 2014. These amendments did not have an impact on the interim condensed consolidated financial statements of the Group.

#### **TRFS Interpretation 21 Levies**

The interpretation clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognized before the specified minimum threshold is reached. The interpretation is effective for annual periods beginning on or after 1 January 2014, with early application permitted. Retrospective application of this interpretation is required. The interpretation is not applicable for the Group and did not have any impact on the financial position or performance of the Group.

#### **Amendments to TAS 36 - (Recoverable Amount Disclosures for Non-Financial assets)**

As a consequential amendment to TFRS 13 Fair Value Measurement, some of the disclosure requirements in TAS 36 Impairment of Assets regarding measurement of the recoverable amount of impaired assets has been modified. The amendments required additional disclosures about the measurement of impaired assets (or a group of assets) with a recoverable amount based on fair value less costs of disposal. The amendments are to be applied retrospectively for annual periods beginning on or after 1 January 2014. These amendments did not have an impact on the interim condensed consolidated financial statements of the Group.

#### **Amendments to TAS 39 - Novation of Derivatives and Continuation of Hedge Accounting**

Amendments to TAS 39 Financial Instruments: Recognition and Measurement, provides a narrow exception to the requirement for the discontinuation of hedge accounting in circumstances when a hedging instrument is required to be novated to a central counterparty as a result of laws or regulations. The amendments are to be applied retrospectively for annual periods beginning on or after 1 January 2014. These amendments did not have an impact on the interim condensed consolidated financial statements of the Group.

(Convenience translation of financial statements originally issued in Turkish – see Note 2)

## **Aygaz Anonim Şirketi and Subsidiaries**

### **Notes to the consolidated financial statements**

**as of March 31, 2014 (continued)**

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

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

### **IFRS 10 Consolidated Financial Statements (Amendment)**

IFRS 10 is amended to provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss in accordance with IFRS 9 Financial Instruments Standard. The amendments are to be applied retrospectively for annual periods beginning on or after 1 January 2014. This amendment does not have any impact on the financial position or performance of the Group.

### **Standards issued but not yet effective and not early adopted**

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the interim condensed consolidated financial statements are as follows. The Group will make the necessary changes if not indicated otherwise, which will be affecting the interim condensed consolidated financial statements and disclosures, when the new standards and interpretations become effective.

### **IFRS 9 Financial Instruments – Classification and measurement**

As amended in December 2012, the new standard is effective for annual periods beginning on or after 1 January 2015. Phase 1 of this new IFRS introduces new requirements for classifying and measuring financial instruments. The amendments made to IFRS 9 will mainly affect the classification and measurement of financial assets and measurement of fair value option (FVO) liabilities and requires that the change in fair value of a FVO financial liability attributable to credit risk is presented under other comprehensive income. Early adoption is permitted. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

### **IAS 19 Defined Benefit Plans: Employee Contributions (Amendment)**

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. The amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. These amendments are to be retrospectively applied for annual periods beginning on or after 1 July 2014. The amendments will not have an impact on the financial position or performance of the Group.

### **The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not issued by Public Oversight Authority (POA)**

The following standards, interpretations and amendments to existing IFRS standards are issued by the IASB but not yet effective up to the date of issuance of the financial statements. However, these standards, interpretations and amendments to existing IFRS standards are not yet adapted/issued by the POA, thus they do not constitute part of IFRS. The Group will make the necessary changes to its interim condensed consolidated financial statements after the new standards and interpretations are issued and become effective under IFRS.

(Convenience translation of financial statements originally issued in Turkish – see Note 2)

## **Aygaz Anonim Şirketi and Subsidiaries**

### **Notes to the consolidated financial statements**

**as of March 31, 2014 (continued)**

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

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

##### **IFRS 9 Financial Instruments – Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39 - IFRS 9 (2013)**

In November 2013, the IASB issued a new version of IFRS 9, which includes the new hedge accounting requirements and some related amendments to IAS 39 and IFRS 7. Entities may make an accounting policy choice to continue to apply the hedge accounting requirements of IAS 39 for all of their hedging relationships. The standard does not have a mandatory effective date, but it is available for application now; a new mandatory effective date will be set when the IASB completes the impairment phase of its project on the accounting for financial instruments. The mandatory effective date of IFRS 9 has tentatively been decided as for annual periods beginning on or after 1 January 2018. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

##### **Improvements to IFRSs**

In December 2013, the IASB issued two cycles of Annual Improvements to IFRSs – 2010–2012 Cycle and IFRSs – 2011–2013 Cycle. Other than the amendments that only affect the standards’ Basis for Conclusions, the changes are effective for annual reporting periods beginning on or after 1 July 2014.

##### ***Annual Improvements to IFRSs – 2010–2012 Cycle***

###### *IFRS 2 Share-based Payment:*

Definitions relating to vesting conditions have changed and performance condition and service condition are defined in order to clarify various issues. The amendment is effective prospectively.

###### *IFRS 3 Business Combinations*

Contingent consideration in a business acquisition that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of IFRS 9 Financial Instruments. The amendment is effective for business combinations prospectively.

###### *IFRS 8 Operating Segments*

The changes are as follows: i) Operating segments may be combined/aggregated if they are consistent with the core principle of the standard. ii) The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendments are effective retrospectively.

###### *IFRS 13 Fair Value Measurement*

As clarified in the Basis for Conclusions short-term receivables and payables with no stated interest rates can be held at invoice amounts when the effect of discounting is immaterial. The amendment is effective immediately.

###### *IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets*

The amendment to IAS 16.35(a) and IAS 38.80(a) clarifies that revaluation can be performed, as follows:

i) Adjust the gross carrying amount of the asset to market value or ii) determine the market value of the carrying amount and adjust the gross carrying amount proportionately so that the resulting carrying amount equals the market value. The amendment is effective retrospectively.

(Convenience translation of financial statements originally issued in Turkish – see Note 2)

## **Aygaz Anonim Şirketi and Subsidiaries**

### **Notes to the consolidated financial statements**

**as of March 31, 2014 (continued)**

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

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

##### *IAS 24 Related Party Disclosures*

The amendment clarifies that a management entity – an entity that provides key management personnel services – is a related party subject to the related party disclosures. The amendment is effective retrospectively.

##### **Annual Improvements – 2011–2013 Cycle**

##### *IFRS 3 Business Combinations*

The amendment clarifies that: i) Joint arrangements are outside the scope of IFRS 3, not just joint ventures ii) The scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment is effective prospectively.

##### *Amendment to the Basis for Conclusions on IFRS 13 Fair Value Measurement*

The portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities but also to other contracts in the scope of IAS 39 . The amendment is effective prospectively.

##### *IAS 40 Investment Property*

The amendment clarifies the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property. The amendment is effective prospectively.

The Group do not expect that these amendments will have significant impact on the financial position or performance of the Group.



## Aygaz Anonim Şirketi and Subsidiaries

### Notes to the consolidated financial statements

as of March 31, 2014 (continued)

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

### 3. Segment reporting

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

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

- Gas and petroleum products
- Electricity
- Other

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

As of March 31, 2014 and December 31, 2013, assets and liabilities according to industrial segments are as follows:

March 31, 2014					
	Gas and petroleum products	Electricity	Other	Consolidation adjustments	Total
<b>Assets</b>					
Current assets	915.269	-	123.911	(13.557)	1.025.623
Non-current assets	1.901.786	-	118.462	346.882	2.367.130
<b>Total assets</b>	<b>2.817.055</b>	<b>-</b>	<b>242.373</b>	<b>333.325</b>	<b>3.392.753</b>
<b>Liabilities</b>					
Short term liabilities	1.047.806	-	75.098	(17.920)	1.104.984
Long term liabilities	122.706	-	10.731	881	134.318
Equity	1.646.543	-	156.544	350.364	2.153.451
<b>Total liabilities and equity</b>	<b>2.817.055</b>	<b>-</b>	<b>242.373</b>	<b>333.325</b>	<b>3.392.753</b>
<b>Investments accounted under equity method</b>	<b>1.191.633</b>	<b>184.441</b>	<b>55.028</b>	<b>-</b>	<b>1.431.102</b>
December 31, 2013					
	Gas and petroleum products	Electricity	Other	Consolidation adjustments	Total
<b>Assets</b>					
Current assets	755.763	-	124.742	(13.338)	867.167
Non-current assets	1.891.932	-	119.068	310.139	2.321.139
<b>Total assets</b>	<b>2.647.695</b>	<b>-</b>	<b>243.810</b>	<b>296.801</b>	<b>3.188.306</b>
<b>Liabilities</b>					
Short term liabilities	623.359	-	61.405	(17.572)	667.192
Long term liabilities	266.238	-	9.613	1.687	277.538
Equity	1.758.098	-	172.792	312.686	2.243.576
<b>Total liabilities and equity</b>	<b>2.647.695</b>	<b>-</b>	<b>243.810</b>	<b>296.801</b>	<b>3.188.306</b>
<b>Investments accounted under equity method</b>	<b>1.145.592</b>	<b>184.393</b>	<b>47.169</b>	<b>-</b>	<b>1.377.154</b>

(Convenience translation of financial statements originally issued in Turkish – see Note 2)

## Aygaz Anonim Şirketi and Subsidiaries

### Notes to the consolidated financial statements

as of March 31, 2014 (continued)

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

### 3. Segment reporting (continued)

For the period ended March 31, 2014 and 2013, profit or loss statements according to industrial segments are as follows:

	January 1 - March 31, 2014				
	Gas and petroleum products	Electricity	Other	Consolidation adjustments	Total
Revenue	1.697.336	-	118.436	(38.677)	1.777.095
Cost of sales (-)	(1.581.836)	-	(103.489)	38.937	(1.646.388)
<b>Gross profit</b>	<b>115.500</b>	<b>-</b>	<b>14.947</b>	<b>260</b>	<b>130.707</b>
Marketing, sales and distribution expenses (-)	(48.454)	-	(3.409)	-	(51.863)
General administrative expenses (-)	(33.042)	-	(4.546)	236	(37.352)
Research and development expenses (-)	(441)	-	-	-	(441)
Other operating income	52.122	-	1.758	(24.294)	29.586
Other operating expenses (-)	(26.791)	-	(1.198)	(27)	(28.016)
<b>Operating profit</b>	<b>58.894</b>	<b>-</b>	<b>7.552</b>	<b>(23.825)</b>	<b>42.621</b>
Income from investment activities	2.723	-	-	-	2.723
Loss from investment activities (-)	(498)	-	-	-	(498)
Profit/losses from investments accounted under equity method	-	-	-	45.369	45.369
<b>Operating profit before financial income (expense)</b>	<b>61.119</b>	<b>-</b>	<b>7.552</b>	<b>21.544</b>	<b>90.215</b>
Financial income	14.359	-	1.626	-	15.985
Financial expense (-)	(16.738)	-	(894)	-	(17.632)
<b>Profit before taxation</b>	<b>58.740</b>	<b>-</b>	<b>8.284</b>	<b>21.544</b>	<b>88.568</b>
<b>Tax income / (expense)</b>					
Current tax expense for the period (-)	(7.545)	-	(570)	-	(8.115)
Deferred tax income / (expense)	3.248	-	95	-	3.343
<b>Profit for the period</b>	<b>54.443</b>	<b>-</b>	<b>7.809</b>	<b>21.544</b>	<b>83.796</b>
<b>Distribution of profit for the period:</b>					
Non-controlling interest	25	-	-	-	25
Equity holders of the parent	54.418	-	7.809	21.544	83.771
Investments accounted under equity method	44.962	48	359	-	45.369

(Convenience translation of financial statements originally issued in Turkish – see Note 2)

## Aygaz Anonim Şirketi and Subsidiaries

### Notes to the consolidated financial statements

as of March 31, 2014 (continued)

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

### 3. Segment reporting (continued)

	January 1 - March 31, 2013				
	Gas and petroleum products	Electricity	Other	Consolidation adjustments	Total
Revenue	1.322.677	-	84.246	(30.174)	1.376.749
Cost of sales (-)	(1.216.984)	-	(73.211)	30.800	(1.259.395)
Gross profit	105.693	-	11.035	626	117.354
Marketing, sales and distribution expenses (-)	(45.741)	-	(3.331)	-	(49.072)
General administrative expenses (-)	(28.900)	-	(3.964)	192	(32.672)
Research and development expenses (-)	(697)	-	-	-	(697)
Other operating income	37.021	-	1.120	(26.388)	11.753
Other operating expenses (-)	(8.903)	-	(544)	-	(9.447)
Operating profit	58.473	-	4.316	(25.570)	37.219
Income from investment activities	590	-	-	-	590
Loss from investment activities (-)	(97)	-	-	-	(97)
Profit/losses from investments accounted under equity method	-	-	-	6.334	6.334
Operating profit before financial income (expense)	58.966	-	4.316	(19.236)	44.046
Financial income	2.431	-	262	-	2.693
Financial expense (-)	(1.123)	-	(203)	-	(1.326)
Profit before taxation	60.274	-	4.375	(19.236)	45.413
Tax income / (expense)					
Current tax expense for the period (-)	(6.766)	-	(218)	-	(6.984)
Deferred tax income / (expense)	1.763	-	55	(80)	1.738
Profit for the period	55.271	-	4.212	(19.316)	40.167
Distribution of profit for the period:					
Non-controlling interest	19	-	-	-	19
Equity holders of the parent	55.252	-	4.212	(19.316)	40.148
Investments accounted under equity method	7.244	(910)	-	-	6.334

The amortization and depreciation expense for the industrial segmental assets for the period ended on March 31, 2014 and 2013 are as follows:

	January 1 - March 31, 2014	January 1 - March 31, 2013
Gas and petroleum products	18.924	18.973
Other	1.807	1.772
	<b>20.731</b>	<b>20.745</b>

(Convenience translation of financial statements originally issued in Turkish – see Note 2)

## Aygaz Anonim Şirketi and Subsidiaries

### Notes to the consolidated financial statements

as of March 31, 2014 (continued)

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

#### 3. Segment reporting (continued)

The investment expenditures for the industrial segmental assets for the periods ended on March 31, 2014 and 2013 are as follows:

	January 1 - March 31, 2014	January 1 - March 31, 2013
Gas and petroleum products	13.776	11.387
Other	174	112
	<b>13.950</b>	11.499

#### 4. Cash and cash equivalents

	March 31, 2014	December 31, 2013
Cash on hand	340	356
Cash at banks	191.118	140.136
- Demand deposits	39.752	16.187
- Time deposits	151.366	123.949
Receivables from credit card transactions	34.005	32.562
<b>Total cash and cash equivalents</b>	<b>225.463</b>	173.054

As of March 31, 2014 the Group's TL time deposits amounting to TL 25.990 thousand have maturities of 1-53 days and interest rate of 10,2-12,8%; USD time deposits amounting to USD 57.250 thousand (TL 125.366 thousand) have maturities of 1 day and interest rate of 1,9% (As of December 31, 2013, the Group's TL time deposits amounting to TL 76.670 thousand have maturities of 2 – 32 days and interest rates of 6,5% – 9,4%; USD time deposits amounting to USD 22.150 thousand (TL 47.275 thousand) have maturities of 2 days and interest rate of 1,9%).

## Aygaz Anonim Şirketi and Subsidiaries

### Notes to the consolidated financial statements

as of March 31, 2014 (continued)

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

#### 5. Financial assets

The long term financial assets identified as financial assets held for sale by the Group are as follows as of March 31, 2014 and December 31, 2013:

	March 31, 2014		December 31, 2013	
	Participation amount	Participation rate %	Participation amount	Participation rate %
Koç Finansal Hizmetler A.Ş. (*)	265.950	1,97	265.950	1,97
Ram Dış Ticaret A.Ş. (**)	1.338	2,50	1.338	2,50
Tanı Pazarlama ve İletişim Hizmetleri A.Ş.(***)	540	10,00	540	10,00
Tat Konserve Sanayi A.Ş. (**)	26	0,08	34	0,08
Other (***)	23	-	23	-
	<b>267.877</b>		<b>267.885</b>	

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

(\*\*) Stated at fair value, impairments are accounted as “Impairment reserve” under financial assets and impairment loss is recognized under consolidated profit or loss.

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

#### 6. Financial borrowings

##### Short term bank borrowings

	March 31, 2014	Interest rate (%)	December 31, 2013	Interest rate (%)
Short term borrowings (USD)	43.796	1,85	85.372	1,79 - 1,85
Short term borrowings (TL)	3.650	-	33	-
<b>Short term financial borrowings</b>	<b>47.446</b>	<b>1,85</b>	<b>85.405</b>	<b>1,79 - 1,85</b>

##### Current portion of long term financial borrowings

On April 18, 2013, the Group has issued a fixed rate bond with a nominal value of TL 150.000 thousand, with a maturity of 700 days and half-yearly coupon payments. As of March 31, 2014, net present value of the issued bond is TL 155.068 thousand and its effective interest rate is 7,26%.

#### 7. Derivative financial instruments

As of March 31, 2014, the Group has forward contracts with an average maturity of three months and nominal amounts of USD 26.014 thousand. The Group recognized the difference between net book value and fair value as of March 31, 2014, amounting to TL 1.941 thousand in derivative financial instruments under current liabilities (As of December 31, 2013 - none).

(Convenience translation of financial statements originally issued in Turkish – see Note 2)

## Aygaz Anonim Şirketi and Subsidiaries

### Notes to the consolidated financial statements

as of March 31, 2014 (continued)

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

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

The Group's trade receivables as March 31, 2014 and December 31, 2013 are as follows:

<b>Current trade receivables</b>	<b>March 31, 2014</b>	December 31, 2013
Trade receivables	<b>389.671</b>	300.896
Notes receivables	<b>68.829</b>	64.892
Allowance for doubtful receivables (-)	<b>(16.688)</b>	(16.694)
<b>Total current trade receivables</b>	<b>441.812</b>	349.094

  

<b>Non-current trade receivables</b>	<b>March 31, 2014</b>	December 31, 2013
Notes receivable	<b>6.493</b>	6.756
<b>Total non-current trade receivables</b>	<b>6.493</b>	6.756

The Group's trade payables as March 31, 2014 and December 31, 2013 are as follows:

<b>Short term trade payables</b>	<b>March 31, 2014</b>	December 31, 2013
Trade payables	<b>326.674</b>	212.171
<b>Total short term trade payables</b>	<b>326.674</b>	212.171

#### 9. Inventories

	<b>March 31, 2014</b>	December 31, 2013
Raw materials	<b>209.791</b>	223.889
Trade goods	<b>24.190</b>	21.080
Finished goods	<b>8.662</b>	10.596
Goods in transit	<b>6.497</b>	19.333
Work in process	<b>1.565</b>	961
Allowance for impairment on inventory	<b>(229)</b>	(229)
<b>Total inventories</b>	<b>250.476</b>	275.630

As of March 31, 2014, the inventories comprise of 65.055 tons of LPG (December 31, 2013: 71.441 tons).

(Convenience translation of financial statements originally issued in Turkish – see Note 2)

## Aygaz Anonim Şirketi and Subsidiaries

### Notes to the consolidated financial statements as of March 31, 2014 (continued)

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

#### 10. Equity investments

	March 31, 2014		December 31, 2013	
	Participation amount	Participation rate %	Participation amount	Participation rate %
Enerji Yatırımları A.Ş. acquisition value	669.400		669.400	
Adjustment to share capital due to cross-ownership	(7.442)		(7.442)	
Foreign currency translation differences	2.386		1.875	
Legal reserves	10.837		5.509	
Financial risk hedge fund	(640)		(1.208)	
Actuarial gain/loss arising from defined benefit plans	(273)		(273)	
The share of the Group in the retained earnings after the acquisition date	517.365		477.731	
	<b>1.191.633</b>	<b>20,00%</b>	1.145.592	20,00%
AES Entek acquisition value	118.930		118.930	
Participation in share capital increase of equity investment	108.300		108.300	
The share of the Group in the retained earnings after the acquisition date	(42.789)		(42.837)	
	<b>184.441</b>	<b>24,81%</b>	184.393	24,81%
Zinerji Enerji Sanayi ve Tic. A.Ş. (cost )	738		738	
Group's share in accumulated profit occurred after the date of establishment	1.356		1.313	
	<b>2.094</b>	<b>56,00%</b>	2.051	56,00%
Opet Aygaz Gayrimenkul A.Ş.	45.000		45.000	
Participation in share capital increase of equity investment	7.500		-	
Group's share in accumulated profit occurred after the date of establishment	434		118	
	<b>52.934</b>	<b>50,00%</b>	45.118	50,00%
<b>Total</b>	<b>1.431.102</b>		1.377.154	

(Convenience translation of financial statements originally issued in Turkish – see Note 2)

**Aygaz Anonim Şirketi and Subsidiaries**

**Notes to the consolidated financial statements  
as of March 31, 2014 (continued)**

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

**11. Property, plant and equipment**

	Land	Land	Buildings	Plant, machinery, equipment and LPG cylinders	Vehicles and vessels	Furnitures and fixtures	Leasehold improvements	Construction in progress	Total
	Land	Improvements							
<b>Acquisition cost</b>									
Opening balance as of January 1, 2014	16.204	115.176	70.607	1.555.764	205.600	53.042	24.719	11.901	2.053.013
Additions	-	-	-	1.407	102	19	-	12.422	13.950
Transfers	-	16	5	10.681	-	354	34	(11.090)	-
Disposals	-	(355)	-	(9.668)	(257)	(1.105)	(139)	-	(11.524)
<b>Ending balance as of March 31, 2014</b>	<b>16.204</b>	<b>114.837</b>	<b>70.612</b>	<b>1.558.184</b>	<b>205.445</b>	<b>52.310</b>	<b>24.614</b>	<b>13.233</b>	<b>2.055.439</b>
<b>Accumulated depreciation</b>									
Opening balance as of January 1, 2014	-	48.769	45.216	1.192.476	115.316	38.954	22.952	-	1.463.683
Charge of the period	-	1.068	509	13.894	2.662	1.018	196	-	19.347
Disposals	-	(191)	-	(7.363)	(257)	(1.104)	(38)	-	(8.953)
<b>Ending balance as of March 31, 2014</b>	<b>-</b>	<b>49.646</b>	<b>45.725</b>	<b>1.199.007</b>	<b>117.721</b>	<b>38.868</b>	<b>23.110</b>	<b>-</b>	<b>1.474.077</b>
<b>Net book value as of March 31, 2014</b>	<b>16.204</b>	<b>65.191</b>	<b>24.887</b>	<b>359.177</b>	<b>87.724</b>	<b>13.442</b>	<b>1.504</b>	<b>13.233</b>	<b>581.362</b>



(Convenience translation of financial statements originally issued in Turkish – see Note 2)

**Aygaz Anonim Şirketi and Subsidiaries**

**Notes to the consolidated financial statements**

**as of March 31, 2014 (continued)**

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

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

	Land	Land improvements	Buildings	Plant, machinery, equipment and LPG cylinders	Vehicles and vessels	Furnitures and fixtures	Leasehold improvements	Construction in progress	Total
<b>Acquisition cost</b>									
Opening balance as of January 1, 2013	16.204	109.330	69.165	1.531.572	201.546	51.601	24.109	15.512	2.019.039
Additions	-	-	-	2	81	56	36	11.324	11.499
Transfers	-	-	-	8.346	23	345	-	(8.714)	-
Disposals	-	-	-	(3.322)	(72)	(190)	-	-	(3.584)
<b>Ending balance as of March 31, 2013</b>	<b>16.204</b>	<b>109.330</b>	<b>69.165</b>	<b>1.536.598</b>	<b>201.578</b>	<b>51.812</b>	<b>24.145</b>	<b>18.122</b>	<b>2.026.954</b>
<b>Accumulated depreciation</b>									
Opening balance as of January 1, 2013	-	46.118	43.346	1.170.826	107.113	37.883	22.319	-	1.427.605
Charge of the period	-	1.004	495	14.259	2.459	937	175	-	19.329
Disposals	-	-	-	-	-	-	-	-	-
	-	-	-	(3.000)	(61)	(183)	-	-	(3.244)
<b>Ending balance as of March 31, 2013</b>	<b>-</b>	<b>47.122</b>	<b>43.841</b>	<b>1.182.085</b>	<b>109.511</b>	<b>38.637</b>	<b>22.494</b>	<b>-</b>	<b>1.443.690</b>
<b>Net book value as of March 31, 2013</b>	<b>16.204</b>	<b>62.208</b>	<b>25.324</b>	<b>354.513</b>	<b>92.067</b>	<b>13.175</b>	<b>1.651</b>	<b>18.122</b>	<b>583.264</b>

(Convenience translation of financial statements originally issued in Turkish – see Note 2)

**Aygaz Anonim Şirketi and Subsidiaries**

**Notes to the consolidated financial statements**

**as of March 31, 2014 (continued)**

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

**12. Intangible assets**

	<b>Rights</b>	<b>Total</b>
<b>Acquisition costs</b>		
Opening balance as of January 1, 2014	<b>53.152</b>	<b>53.152</b>
Additions	-	-
<b>Ending balance as of March 31, 2014</b>	<b>53.152</b>	<b>53.152</b>
<b>Accumulated depreciation</b>		
Opening balance as of January 1, 2014	<b>22.590</b>	<b>22.590</b>
Charge for the period	<b>1.384</b>	<b>1.384</b>
<b>Ending balance as of March 31, 2014</b>	<b>23.974</b>	<b>23.974</b>
<b>Carrying value as of March 31, 2014</b>	<b>29.178</b>	<b>29.178</b>
	<b>Rights</b>	<b>Total</b>
<b>Acquisition costs</b>		
Opening balance as of January 1, 2013	52.127	52.127
Additions	-	-
<b>Ending balance as of March 31, 2013</b>	<b>52.127</b>	<b>52.127</b>
<b>Accumulated depreciation</b>		
Opening balance as of January 1, 2013	16.982	16.982
Charge for the period	1.416	1.416
Disposals	-	-
<b>Ending balance as of March 31, 2013</b>	<b>18.398</b>	<b>18.398</b>
<b>Carrying value as of March 31, 2013</b>	<b>33.729</b>	<b>33.729</b>

(Convenience translation of financial statements originally issued in Turkish – see Note 2)

**Aygaz Anonim Şirketi and Subsidiaries**

**Notes to the consolidated financial statements  
as of March 31, 2014 (continued)**

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

**13. Contingent liabilities and contingent assets**

<b>Guarantees given</b>	<b>March 31, 2014</b>	<b>December 31, 2013</b>
Letter of guarantees given to customs for gas import	<b>590.363</b>	234.171
Other letter of guarantees given	<b>18.930</b>	18.180
	<b>609.293</b>	252.351

**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 defaulting. The Group may be fined with indemnity if the group causes an environmental pollution. There is no case opened against the Group accordingly as of the consolidated balance sheet date, the Group does not have a liability for environmental pollution.

**National inventory reserve liability:**

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

**Commitments of EYAŞ resulting from acquisition of Tüpraş:**

The agreements of EYAŞ related with the loans taken for TUPRAŞ acquisition have certain covenants regarding dividend distribution of EYAŞ and usage of dividend payments of TUPRAŞ. Moreover, EYAŞ has various financial and non-financial commitments related to these loans and acquisition of TUPRAŞ. If these commitments are not met by EYAŞ, the financial institutions have rights to recall these loans.

(Convenience translation of financial statements originally issued in Turkish – see Note 2)

**Aygaz Anonim Şirketi and Subsidiaries**

**Notes to the consolidated financial statements  
as of March 31, 2014 (continued)**

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

**13. Provisions, contingent liabilities and assets (continued)**

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

	March 31, 2014				December 31, 2013			
	Euro guarantees	USD guarantees	TL guarantees	TL total	Euro guarantees	USD guarantees	TL guarantees	TL total
<b>A. GPMs given on behalf of the Company’s legal personality</b>	<b>33.410</b>	<b>4.023</b>	<b>571.860</b>	<b>609.293</b>	32.625	4.172	215.554	252.351
<b>B. GPMs given in favor of subsidiaries included in full consolidation</b>	-	-	-	-	-	-	-	-
<b>C. GPMs 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. - GPMs given in favor of parent company	-	-	-	-	-	-	-	-
ii. - GPMs given in favor of companies not in the scope of B and C above	-	-	-	-	-	-	-	-
iii. - GPMs given in favor of third party companies not in the scope of C above	-	-	-	-	-	-	-	-
<b>Total amount of GPM</b>	<b>33.410</b>	<b>4.023</b>	<b>571.860</b>	<b>609.293</b>	32.625	4.172	215.554	252.351

(Convenience translation of financial statements originally issued in Turkish – see Note 2)

## Aygaz Anonim Şirketi and Subsidiaries

### Notes to the consolidated financial statements

as of March 31, 2014 (continued)

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

#### 14. Other short-term provisions

	March 31, 2014	December 31, 2013
<b>Other short term provisions</b>		
Special Consumption Tax (SCT) provision on imported LPG	69.404	64.554
Provision for general and administrative expenses	16.957	11.592
Provision for selling and marketing expenses	12.008	2.214
Provision for EMRA contribution	4.592	3.653
Provision for lawsuit	3.980	3.360
<b>Total other short term provisions</b>	<b>106.941</b>	<b>85.373</b>

	March 31, 2014	December 31, 2013
<b>Other short-term liabilities</b>		
Taxes and funds payable	101.652	63.359
Other liabilities	2.601	4.255
<b>Total other short-term liabilities</b>	<b>104.253</b>	<b>67.614</b>

#### 15. Share capital

As of March 31, 2014 and December 31, 2013 the share capital held is as follows:

Shareholders	Participation rate	March 31, 2014	Participation rate	December 31, 2013
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
Temel Ticaret ve Yatırım A.Ş.	5,29%	15.884	5,29%	15.884
Koç Family	5,24%	15.705	5,24%	15.705
Publicly held (*)	24,27%	72.811	24,27%	72.811
<b>Nominal capital</b>	<b>100,00%</b>	<b>300.000</b>	<b>100,00%</b>	<b>300.000</b>
Adjustment to share capital (Inflation adjustment)		71.504		71.504
<b>Adjusted capital</b>		<b>371.504</b>		<b>371.504</b>

(\*) 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.

#### Dividend paid

In the Ordinary General Meeting held on March 31, 2014, the Company decided to reserve TL 16.000 thousand as legal reserves and distribute TL 175.000 thousand gross dividends from the net distributable income of 2013. According to this decision, the Company has begun dividend payments on April 7, 2014.

(Convenience translation of financial statements originally issued in Turkish – see Note 2)

## Aygaz Anonim Şirketi and Subsidiaries

### Notes to the consolidated financial statements

as of March 31, 2014 (continued)

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

#### 16. Earnings per share

	January 1 – March 31, 2014	January 1 – March 31, 2013
Average number of shares throughout the period (thousand)	300.000	300.000
Net profit for the year attributable to equity holders of the parent	83.771	40.148
Earnings per thousand shares (TL)	0,279237	0,133827

#### 17. Tax assets and liabilities

	March 31, 2014	December 31, 2013
<b>Current tax liability:</b>		
Current corporate tax provision	8.115	32.361
Less: Prepaid taxes and funds	(396)	(29.712)
<b>Current tax liability</b>	<b>7.719</b>	<b>2.649</b>

	January 1- March 31, 2014	January 1- March 31, 2013
<b>Tax expense in profit or loss statement:</b>		
Current corporate tax provision	(8.115)	(6.984)
Deferred tax income	3.343	1.738
	<b>(4.772)</b>	<b>(5.246)</b>

#### Corporate tax

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

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

The effective rate of tax in 2014 is 20% (2013: 20%).

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate in 2014 is 20% (2013: 20%). Losses are allowed to be carried 5 years maximum to be deducted from the taxable profit of the following years. Tax carry back is not allowed.

**Aygaz Anonim Şirketi and Subsidiaries**

**Notes to the consolidated financial statements**

**as of March 31, 2014 (continued)**

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

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

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

**Deferred tax assets and liabilities**

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between the financial statements as reported for TFRS purposes 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 TFRS and tax legislation. The rate applied in the calculation of deferred tax assets and liabilities is 20%. (December 31, 2013: 20%).

	<b>March 31, 2014</b>	December 31, 2013
<b>Deferred tax (assets)/liabilities:</b>		
Restatement and depreciation / amortization differences of property, plant and equipment and other intangible assets	<b>33.796</b>	34.721
Revaluation fund on financial assets	<b>8.782</b>	8.782
Valuation of inventories	<b>(534)</b>	249
Provision for employment termination benefits	<b>(4.258)</b>	(3.963)
Carry forward tax losses	<b>(365)</b>	(365)
Other	<b>(4.061)</b>	(2.721)
	<b>33.360</b>	36.703

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

	March 31, 2014			December 31, 2013		
	Deferred tax			Deferred tax		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Aygaz A.Ş.	(9.654)	42.425	32.771	(8.006)	43.217	35.211
Akpa A.Ş.	(530)	196	(334)	(517)	278	(239)
Aygaz Doğal Gaz	(778)	1.701	923	(603)	2.334	1.731
	<b>(10.962)</b>	<b>44.322</b>	<b>33.360</b>	(9.126)	45.829	36.703

Movement of deferred tax from continuing operations is as follows:

	<b>January 1- March 31, 2014</b>	January 1- March 31, 2013
<b>Movement of deferred tax (asset) / liability:</b>		
Opening balance as of January 1	<b>36.703</b>	39.573
Deferred tax expense / (income)	<b>(3.343)</b>	(1.738)
Closing balance as of March 31	<b>33.360</b>	37.835

**Aygaz Anonim Şirketi and Subsidiaries****Notes to the consolidated financial statements****as of March 31, 2014 (continued)****(Amounts expressed in thousands of Turkish Lira (“TL”) and in thousands for other currencies unless otherwise indicated.)****18. Transactions with related parties**

A company is defined as a related party of the Company, if one of the companies has control power on the other company or has a significant impact on financial and administrative decisions of the other company. The Company is controlled by Koç Holding, Koç family or entities owned by Koç family. In financial statements, shareholder companies, shareholders and financial investments and other Group companies' assets are shown as related parties.

Balances with related parties	March 31, 2014			
	Receivables		Payables	
	Trade	Non-trade	Trade	Non-trade
<b>Group companies (*)</b>				
Türkiye Petrol Rafinerileri A.Ş.	15.296	-	80.267	-
Demir Export A.Ş.	5.758	-	-	-
Ford Otomotiv Sanayi A.Ş.	2.776	-	-	-
Arçelik A.Ş.	549	-	32.746	-
Tat Gıda Sanayi A.Ş.	411	-	-	-
Opet Petrolcülük A.Ş.	111	-	34.708	-
Otokoç Otomotiv Tic. ve San. A.Ş.	96	-	1.500	-
Koç Finansal Hizmetler A.Ş.	-	6.392	-	-
Ram Dış Ticaret A.Ş.	-	-	11.418	-
Zer Merkezi Hizmetler ve Ticaret A.Ş. (**)	-	-	3.486	-
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	-	-	1.497	-
Other	2.137	-	3.612	-
<b>Shareholders</b>				
Koç Holding A.Ş.	-	-	425	-
<b>Investments accounted under equity method</b>				
AES Entek Elektrik Üretimi A.Ş.	1	-	353	-
	<b>27.135</b>	<b>6.392</b>	<b>170.012</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 insurance companies in exchange of insurance services and payables for commissions for intermediary activities.

As of March 31, 2014; dividends payable amounting to TL 175.434 thousand (December 31, 2013 – TL 434 thousand) is reflected within other payables to related parties at the consolidated balance sheet.

Balances with related parties	December 31, 2013			
	Receivables		Payables	
	Trade	Non-trade	Trade	Non-trade
<b>Group companies (*)</b>				
Türkiye Petrol Rafinerileri A.Ş.	8.347	-	75.991	-
Demir Export A.Ş.	4.762	-	-	-
Ford Otomotiv Sanayi A.Ş.	975	-	6	-
Tat Gıda Sanayi A.Ş.	448	-	-	-
Arçelik A.Ş.	447	-	22.223	-
Opet Petrolcülük A.Ş.	161	-	45.553	-
Otokoç Otomotiv Tic. ve San. A.Ş.	86	-	1.708	-
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	49	-	2.306	-
Zer Merkezi Hizmetler ve Ticaret A.Ş. (**)	-	-	7.453	-
Ram Dış Ticaret A.Ş.	-	-	5.827	-
Other	1.443	-	2.405	-
<b>Shareholders</b>				
Koç Holding A.Ş.	-	-	244	-
<b>Investments accounted under equity method</b>				
AES Entek Elektrik Üretimi A.Ş.	1.642	-	459	-
	<b>18.360</b>	<b>-</b>	<b>164.175</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 insurance companies in exchange of insurance services and payables for commissions for intermediary activities.



**Aygaz Anonim Şirketi and Subsidiaries****Notes to the consolidated financial statements  
as of March 31, 2014 (continued)**

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

**18. Transactions with related parties (continued)**

Transactions with related parties	January 1 - March 31, 2014			
	Purchases (Goods)	Sales (Goods)	Purchases (Services)	Sales (Services)
<b>Group companies (*)</b>				
Türkiye Petrol Rafinerileri A.Ş.	219.403	87.020	269	-
Opet Petrolcülük A.Ş. (**)	42.838	280	74	-
Arçelik A.Ş.	21.600	1.365	14	-
Zer Merkezi Hizmetler ve Ticaret A.Ş.	3.541	1	2.365	-
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	1	44	1.372	-
Tanı Pazarlama ve İletişim Hizmetleri A.Ş.	-	2	213	-
Otokoç Otomotiv Tic. ve San. A.Ş.	1	683	122	-
Ford Otomotiv Sanayi A.Ş.	-	4.142	-	-
Demir Export A.Ş.	-	12.295	-	-
Tat Gıda Sanayi A.Ş.	-	1.003	-	-
Setur Servis Turistik A.Ş.	-	12	570	-
Vehbi Koç Vakfı	-	-	2	-
Setair Hava Taşımacılığı ve Hizm. A.Ş.	-	-	1.151	-
Other	12.102	3.928	843	-
<b>Shareholders</b>				
Koç Holding A.Ş.	-	9	1.101	-
<b>Investments accounted under equity method</b>				
AES Entek Elektrik Üretimi A.Ş.	-	5	795	-
	<b>299.486</b>	<b>110.789</b>	<b>8.891</b>	<b>-</b>

(\*) Group companies include Koç Group companies.

(\*\*) Commission expense regarding LPG sold at Opet stations as of March 31, 2014 is TL 19.620 thousand (March 31, 2013 - TL 18.109 thousand). The commission expense mentioned above is evaluated as part of sales and accounted under income statement as sales discounts.

Transactions with related parties	January 1 - March 31, 2013			
	Purchases (Goods)	Sales (Goods)	Purchases (Services)	Sales (Services)
<b>Group companies (*)</b>				
Türkiye Petrol Rafinerileri A.Ş.	131.344	63.609	250	-
Arçelik A.Ş.	28.270	1.051	7	-
Opet Petrolcülük A.Ş.	21.651	399	631	-
Ram Dış Ticaret A.Ş.	8.740	-	11	-
Zer Merkezi Hizmetler ve Ticaret A.Ş.	2.139	6	214	-
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	220	9	411	-
Tanı Pazarlama ve İletişim Hizmetleri A.Ş.	11	1	315	-
Ford Otomotiv Sanayi A.Ş.	-	3.844	-	-
Otokoç Otomotiv Tic. ve San. A.Ş.	-	128	184	-
Otokar Otomotiv ve Savunma Sanayi A.Ş.	-	1.168	50	-
Tofaş Türk Otomobil Fabrikası A.Ş.	-	1.586	1	-
Tat Konserve Sanayi A.Ş.	-	1.073	-	-
Setur Servis Turistik A.Ş.	-	10	572	-
Setair Hava Taşımacılığı ve Hizm. A.Ş.	-	-	796	-
Yapı Kredi Sigorta A.Ş.	-	9	97	-
Other	228	2.514	438	-
<b>Shareholders</b>				
Koç Holding A.Ş.	-	7	1.045	-
<b>Investments accounted under equity method</b>				
AES Entek Elektrik Üretimi A.Ş.	-	3.655	190	-
	<b>192.603</b>	<b>79.069</b>	<b>5.212</b>	<b>-</b>

(\*) Group companies include Koç Group companies.

(Convenience translation of financial statements originally issued in Turkish – see Note 2)

**Aygaz Anonim Şirketi and Subsidiaries**

**Notes to the consolidated financial statements**

**as of March 31, 2014 (continued)**

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

**18. Transactions with related parties (continued)**

January 1 - March 31, 2014				
Tangible asset and rent transactions with related parties	Rent income	Rent expense	Fixed asset purchases	Fixed asset sales
<b>Group companies (*)</b>				
Opet Petrolcülük A.Ş.	120	5	-	-
Arçelik A.Ş.	-	-	5	-
Otokoç Otomotiv Tic. ve San. A.Ş.	-	1.000	-	-
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	-	-	54	-
Koçtaş Yapı Marketleri Ticaret A.Ş.	-	-	1	-
<b>Investments accounted under equity method</b>				
Zinerji Enerji Sanayi ve Ticaret A.Ş.	1	-	-	-
	<b>121</b>	<b>1.005</b>	<b>60</b>	<b>-</b>

January 1 - March 31, 2013				
Tangible asset and rent transactions with related parties	Rent income	Rent expense	Fixed asset purchases	Fixed asset sales
<b>Group companies (*)</b>				
Opet Petrolcülük A.Ş.	112	5	-	-
Otokoç Otomotiv Tic. ve San. A.Ş.	-	931	39	-
Yapı Kredi Bankası A.Ş.	-	48	-	-
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	-	-	160	-
Zer Merkezi Hizmetler ve Ticaret A.Ş.	-	-	11	-
Koçtaş Yapı Marketleri Ticaret A.Ş.	-	-	2	-
<b>Investments accounted under equity method</b>				
Zinerji Enerji Sanayi ve Ticaret A.Ş.	1	-	-	-
	<b>113</b>	<b>984</b>	<b>212</b>	<b>-</b>

(\*) Group companies include Koç Group companies.

(Convenience translation of financial statements originally issued in Turkish – see Note 2)

## Aygaz Anonim Şirketi and Subsidiaries

### Notes to the consolidated financial statements as of March 31, 2014 (continued)

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

#### 18. Transactions with related parties (continued)

Financial and other transactions with related parties	January 1 - March 31, 2014			
	Financial income	Financial expense	Other income	Other expense
<b>Group companies (*)</b>				
Yapı Kredi Bankası A.Ş.	4.386	4.330	-	-
	<b>4.386</b>	<b>4.330</b>	-	-

Financial and other transactions with related parties	January 1 - March 31, 2013			
	Financial income	Financial expense	Other income	Other expense
<b>Group companies (*)</b>				
Yapı Kredi Bankası A.Ş.	1.734	503	-	-
Investments accounted under equity method AES Entek Elektrik Üretimi A.Ş.	845	-	-	-
	<b>2.579</b>	<b>503</b>	-	-

Deposits at banks	March 31,	December 31,
	2014	2013
<b>Group companies (*)</b>		
Yapı Kredi Bankası A.Ş.	159.347	129.151
<b>Credit card receivables</b>	<b>March 31,</b>	<b>December 31,</b>
	<b>2014</b>	<b>2013</b>
<b>Group companies (*)</b>		
Yapı Kredi Bankası A.Ş.	26.733	24.274

(\*) Group companies include Koç Group companies.

#### Benefits to Top Management

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

Benefits provided to senior management include salaries, premiums, social security premiums, unemployment employer premium and honorarium paid to board of directors.

Total of the benefit provided to senior management of the Group as of March 31, 2014 is TL 1.435 thousand (March 31, 2013: TL 1.584 thousand).

**Aygaz Anonim Şirketi and Subsidiaries****Notes to the consolidated financial statements****as of March 31, 2014 (continued)****(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****Financial risk factors**

The risks of the Group, resulted from operations, include market risk (including currency risk, fair value interest rate risk, cash flow interest risk and price risk), credit risk and liquidity risk. The Group’s risk management program generally focuses on minimizing the effects of uncertainty in financial market on financial performance of the Group. The Group uses derivative financial instruments in order to safeguard itself from different financial risks.

Foreign currency risk management

Foreign currency transactions results in foreign currency risk. The Group controls foreign currency risk coming from its operations and cash flows of finance contracts by using “forward foreign exchange contracts”.

The foreign currency denominated assets and liabilities of monetary and non-monetary items as of the balance sheet date are as follows:

<b>March 31, 2014</b>		<b>Total TL equivalent</b>	<b>TL equivalent of USD</b>	<b>TL equivalent of Euro</b>	<b>TL equivalent of other</b>
1.	Trade receivables	55.606	53.931	1.675	-
2.a	Monetary financial assets	127.879	126.066	1.652	161
2.b	Non monetary financial assets	-	-	-	-
3.	Other	-	-	-	-
<b>4.</b>	<b>Current assets</b>	<b>183.485</b>	<b>179.997</b>	<b>3.327</b>	<b>161</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>183.485</b>	<b>179.997</b>	<b>3.327</b>	<b>161</b>
10.	Trade payables	(265.786)	(265.656)	(118)	(12)
11.	Financial liabilities	(43.796)	(43.796)	-	-
12.a	Other monetary financial liabilities	-	-	-	-
12.b	Other non monetary financial liabilities	-	-	-	-
<b>13.</b>	<b>Current liabilities</b>	<b>(309.582)</b>	<b>(309.452)</b>	<b>(118)</b>	<b>(12)</b>
14.	Trade payables	-	-	-	-
15.	Financial liabilities	-	-	-	-
16.a	Other monetary financial liabilities	-	-	-	-
16.b	Other non monetary financial liabilities	-	-	-	-
<b>17.</b>	<b>Non current liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>18.</b>	<b>Total liabilities</b>	<b>(309.582)</b>	<b>(309.452)</b>	<b>(118)</b>	<b>(12)</b>
19.	Net asset / liability position of off balance sheet liabilities (19a-19b)	56.970	56.970	-	-
19.a	Total hedged assets	56.970	56.970	-	-
19.b	Total hedged liabilities	-	-	-	-
<b>20.</b>	<b>Net foreign currency asset / liability position</b>	<b>(69.127)</b>	<b>(72.485)</b>	<b>3.209</b>	<b>149</b>
<b>21.</b>	<b>Net foreign currency asset / liability position of monetary items (1+2a+5+6a+10+11+12a+14+15+16a)</b>	<b>(126.097)</b>	<b>(129.455)</b>	<b>3.209</b>	<b>149</b>
22.	Fair value of foreign currency hedged financial assets	-	-	-	-
23.	Hedged foreign currency assets	-	-	-	-
24.	Hedged foreign currency liabilities	-	-	-	-
25.	Export	195.851	191.030	4.821	-
26.	Import	641.075	639.777	1.104	194

**Aygaz Anonim Şirketi and Subsidiaries****Notes to the consolidated financial statements****as of March 31, 2014 (continued)****(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)**

The Group manages its foreign currency risk by regularly considering and reflecting the foreign exchange rate changes in the determination of product prices. As of March 31, 2014, the Group has LPG amounting to TL 121.353 thousand (December 31, 2013 TL 151.698 thousand).

December 31, 2013		Total TL equivalent	TL equivalent of USD	TL equivalent of Euro	TL equivalent of other
1.	Trade receivables	26.346	22.706	3.640	-
2.a	Monetary financial assets	48.163	47.713	203	247
2.b	Non monetary financial assets	-	-	-	-
3.	Other	-	-	-	-
4.	Current assets	74.509	70.419	3.843	247
5.	Trade receivables	-	-	-	-
6.a	Monetary financial assets	-	-	-	-
6.b	Non monetary financial assets	-	-	-	-
7.	Other	-	-	-	-
8.	Non current assets	-	-	-	-
9.	<b>Total assets</b>	<b>74.509</b>	<b>70.419</b>	<b>3.843</b>	<b>247</b>
10.	Trade payables	(136.707)	(136.605)	(56)	(46)
11.	Financial liabilities	(85.372)	(85.372)	-	-
12.a	Other monetary financial liabilities	-	-	-	-
12.b	Other non monetary financial liabilities	-	-	-	-
13.	Current liabilities	(222.079)	(221.977)	(56)	(46)
14.	Trade payables	-	-	-	-
15.	Financial liabilities	-	-	-	-
16.a	Other monetary financial liabilities	-	-	-	-
16.b	Other non monetary financial liabilities	-	-	-	-
17.	Non current liabilities	-	-	-	-
18.	<b>Total liabilities</b>	<b>(222.079)</b>	<b>(221.977)</b>	<b>(56)</b>	<b>(46)</b>
19.	Net asset / liability position of off balance sheet asset and liabilities (19a-19b)	-	-	-	-
19.a	Total foreign currency amount of off-balance sheet derivative financial assets	-	-	-	-
19.b	Total foreign currency amount of off-balance sheet derivative financial liabilities	-	-	-	-
20.	<b>Net foreign currency asset / liability position</b>	<b>(147.570)</b>	<b>(151.558)</b>	<b>3.787</b>	<b>201</b>
21.	Net foreign currency asset / liability position of monetary items (1+2a+5+6a+10+11+12a+14+15+16a)	(147.570)	(151.558)	3.787	201
22.	Fair value of foreign currency hedged financial assets	-	-	-	-
23.	Hedged foreign currency assets	-	-	-	-
24.	Hedged foreign currency liabilities	-	-	-	-
25.	Export	611.454	593.180	18.274	-
26.	Import	2.197.655	2.188.288	8.569	798

(Convenience translation of financial statements originally issued in Turkish – see Note 2)

## Aygaz Anonim Şirketi and Subsidiaries

### Notes to the consolidated financial statements

as of March 31, 2014 (continued)

(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)

As of March 31, 2014 and December 31, 2013, the sensitivity analysis of the Group’s pre-tax income related to 10% change in USD and Euro (when other variables are held constant) are as follows:

	March 31, 2014			
	Foreign exchange appreciation	Gain/Loss Foreign exchange depreciation	Foreign exchange appreciation	Equity Foreign exchange depreciation
+/-10% fluctuation of USD rate				
USD net asset/liability	(7.249)	7.249	(7.249)	7.249
Secured portion from USD risk	-	-	-	-
<b>USD net effect</b>	<b>(7.249)</b>	<b>7.249</b>	<b>(7.249)</b>	<b>7.249</b>
+/-10% fluctuation of Euro rate				
Euro net asset/liability	321	(321)	321	(321)
Secured portion from Euro risk	-	-	-	-
<b>Euro net effect</b>	<b>321</b>	<b>(321)</b>	<b>321</b>	<b>(321)</b>
<b>Total</b>	<b>(6.928)</b>	<b>6.928</b>	<b>(6.928)</b>	<b>6.928</b>

	December 31, 2013			
	Foreign exchange appreciation	Gain/Loss Foreign exchange depreciation	Foreign exchange appreciation	Equity Foreign exchange depreciation
10% fluctuation of USD rate				
USD net asset/liability	(15.156)	15.156	(15.156)	15.156
Secured portion from USD risk	-	-	-	-
<b>USD net effect</b>	<b>(15.156)</b>	<b>15.156</b>	<b>(15.156)</b>	<b>15.156</b>
10% fluctuation of Euro rate				
Euro net asset/liability	379	(379)	379	(379)
Secured portion from Euro risk	-	-	-	-
<b>Euro net effect</b>	<b>379</b>	<b>(379)</b>	<b>379</b>	<b>(379)</b>
<b>Total</b>	<b>(14.777)</b>	<b>14.777</b>	<b>(14.777)</b>	<b>14.777</b>

(Convenience translation of financial statements originally issued in Turkish – see Note 2)

## Aygaz Anonim Şirketi and Subsidiaries

### Notes to the consolidated financial statements

as of March 31, 2014 (continued)

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

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

##### Currency forward agreements

Currency forward agreements which are valid as of March 31, 2014 are summarized at the tables below: (December 31, 2013 – None)

Maturity	Parity	Type of contract	Transaction	Total amount	March 31, 2014
					Currency
1 to 3 months	2,2180 - 2,2525	Forward	Sells TL, buys USD	25.814	USD
3 to 6 months	2,2640	Forward	Sells TL, buys USD	200	USD

##### Fair value of financial instruments

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 at fair value are as follows:

Financial assets / liabilities	Level of fair value as of reporting date			
	March 31, 2014	1st Level	2nd Level	3rd Level
Available-for-sale financial assets (*)	267.314	26	267.288	-
Forward transactions	(1.941)	-	(1.941)	-

Financial assets / liabilities	Level of fair value as of reporting date			
	December 31, 2013	1st Level	2nd Level	3rd Level
Available-for-sale financial assets (*)	267.322	34	267.288	-

- (\*) The Group has available for sale financial assets, which are not quoted in stock markets, and total amount of these financial assets is TL 564 thousand as of March 31, 2014 (December 31, 2013 – TL 564 thousand). The fair value of these financial assets cannot be measured reliably and stated at cost in the accompanying financial statements.

(Convenience translation of financial statements originally issued in Turkish – see Note 2)

## **Aygaz Anonim Şirketi and Subsidiaries**

### **Notes to the consolidated financial statements as of March 31, 2014 (continued)**

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

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

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

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

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

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

##### *Financial assets*

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

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

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

##### *Financial Liabilities*

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

#### **20. Events after balance sheet date**

None.