

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

Aygaz Anonim Őirketi and Subsidiaries

**January 1 – March 31, 2015 interim condensed
consolidated financial statements**

Aygaz Anonim Şirketi and Subsidiaries

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

Aygaz Anonim Şirketi and Subsidiaries

Consolidated balance sheet

as at March 31, 2015

(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,
		2015	2014
Current assets		838.363	713.475
Cash and cash equivalents	4	190.219	160.904
Trade receivables		393.700	389.832
-Trade receivables from related parties	18	38.616	20.435
-Trade receivables from third parties	8	355.084	369.397
Other receivables		10.497	5.458
-Other receivables from related parties	18	6.353	-
-Other receivables from third parties		4.144	5.458
Derivative financial instruments	7	-	500
Inventories	9	189.635	110.448
Prepaid expenses		42.864	38.071
Assets related to current year tax		3.738	3.555
Other current assets		7.710	4.707
Non-current assets		2.761.645	2.698.743
Financial investments	5	346.701	346.706
Trade receivables		5.735	5.236
-Trade receivables from third parties	8	5.735	5.236
Other receivables		68	74
-Other receivables from third parties		68	74
Derivative financial instruments	7	11.422	4.294
Investments accounted under equity method	10	1.675.089	1.676.961
Property, plant and equipment	11	647.305	585.063
Intangible assets		24.446	25.748
-Other intangible assets	12	24.446	25.748
Prepaid expenses		50.428	54.270
Deferred tax asset	17	451	391
Total assets		3.600.008	3.412.218

The accompanying accounting policies and notes presented between pages 8 and 41 form an integral part of these interim condensed consolidated financial statements.

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

Aygaz Anonim Şirketi and Subsidiaries

Consolidated balance sheet

as at March 31, 2015

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

Liabilities	Notes	Current period (Not Reviewed)	Prior period (Audited)
		March 31, 2015	December 31, 2014
Short term liabilities		713.547	714.612
Short-term financial borrowings	6	4.347	4.625
Current portion of long term financial borrowings	6	25.741	166.607
Trade payables		355.721	318.557
- Trade payables to related parties	18	116.608	109.625
- Trade payables to third parties	8	239.113	208.932
Liabilities for employee benefits		5.044	44.093
Other payables		100.919	700
- Other payables to related parties	18	100.506	506
- Other payables to third parties		413	194
Derivative financial instruments	7	29	-
Deferred income		3.007	3.325
Provision for taxation on income	17	2.582	1.156
Short-term provisions		116.211	76.340
-Provisions for employee benefits		9.271	-
-Other provisions	14	106.940	76.340
Other current liabilities	14	99.946	99.209
Long term liabilities		593.503	338.416
Long-term borrowings	6	443.306	194.058
Other payables		79.847	78.809
- Other payables to third parties		79.847	78.809
Long-term provisions		29.805	28.273
-Provisions for employee benefits		29.805	28.273
Deferred tax liabilities	17	39.241	35.940
Other non-current liabilities		1.304	1.336
Equity		2.292.958	2.359.190
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		(2.892)	(2.892)
-Actuarial gain/loss arising from defined benefit plans		(2.892)	(2.892)
Other comprehensive income or expenses to be reclassified to profit or loss		223.453	242.909
-Foreign currency translation differences		1.428	1.230
-Hedging gains/losses		(19.700)	(46)
-Gains/losses from the revaluation and reclassification of marketable securities		241.725	241.725
Restricted reserves		312.333	303.833
Retained earnings		1.342.108	1.232.650
Net profit for the period		53.268	217.958
Equity attributable to equity holders of the parent		2.292.332	2.358.520
Non-controlling interests		626	670
Total equity and liabilities		3.600.008	3.412.218

The accompanying accounting policies and notes presented between pages 8 and 41 form an integral part of these interim condensed consolidated financial statements.

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

Aygaz Anonim Şirketi and Subsidiaries

Consolidated profit or loss and other comprehensive income statement for the three month interim period ended March 31, 2015

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

		Not Reviewed January 1 - March 31, 2015	Not Reviewed January 1 - March 31, 2014
	Notes		
Revenue		1.440.370	1.777.095
Cost of sales (-)		(1.294.165)	(1.646.388)
Gross profit		146.205	130.707
General administrative expenses (-)		(45.751)	(37.352)
Marketing, sales and distribution expenses (-)		(55.142)	(51.863)
Research and development expenses (-)		(343)	(441)
Other operating income		32.065	29.586
Other operating expenses (-)		(31.264)	(28.016)
Operating profit		45.770	42.621
Income from investment activities		497	2.723
Loss from investment activities (-)		(297)	(498)
Profit /losses from investments accounted under equity method	10	17.585	45.369
Operating profit before financial income/(expense)		63.555	90.215
Financial income		29.571	15.985
Financial expense (-)		(33.788)	(17.632)
Profit before taxation		59.338	88.568
Tax income / (expense)			
- Current tax expense for the period (-)	17	(2.788)	(8.115)
- Deferred tax income	17	(3.241)	3.343
Profit for the period		53.309	83.796
Other comprehensive income/(expense)			
To be reclassified as profit or loss			
Foreign currency translation differences		198	511
Gains/losses from the revaluation and reclassification of marketable securities		-	-
Hedging gains/losses		(19.654)	568
Other comprehensive income/(expense) (after taxation)		(19.456)	1.079
Total comprehensive income		33.853	84.875
Distribution of profit for the period			
Non-controlling interest		41	25
Equity holders of the parent		53.268	83.771
Distribution of total comprehensive income			
Non-controlling interest		41	25
Equity holders of the parent		33.812	84.850
Earnings per share (TL)	16	0,177560	0,279237

The accompanying accounting policies and notes presented between pages 8 and 41 form an integral part of these interim condensed 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, 2015**

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

	Share capital	Adjustment to share capital	Adjustment to share capital due to cross-ownership (-)	Other comprehensive income or expenses not to be reclassified to profit or loss	Other comprehensive income or expenses to be reclassified to profit or loss			Restricted reserves	Retained earnings	Net profit for the period	Equity attributable to equity holders of the parent	Non-controlling interest	Total equity
				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						
Not Reviewed													
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	-	-	-	-	-	-	-	-	(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
Not Reviewed													
Balance as of January 1, 2015	300.000	71.504	(7.442)	(2.892)	1.230	(46)	241.725	303.833	1.232.650	217.958	2.358.520	670	2.359.190
Transfers from retained earnings	-	-	-	-	-	-	-	-	217.958	(217.958)	-	-	-
Transfers from restricted reserves	-	-	-	-	-	-	-	8.500	(8.500)	-	-	-	-
Dividends paid (note 15)	-	-	-	-	-	-	-	-	(100.000)	-	(100.000)	(85)	(100.085)
Comprehensive income / (loss) for the period	-	-	-	-	198	(19.654)	-	-	-	53.268	33.812	41	33.853
Balance as of March 31, 2015	300.000	71.504	(7.442)	(2.892)	1.428	(19.700)	241.725	312.333	1.342.108	53.268	2.292.332	626	2.292.958

The accompanying accounting policies and notes presented between pages 8 and 41 form an integral part of these interim condensed 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, 2015
(Amounts expressed in thousands of Turkish Lira (“TL”) and in thousands for other currencies unless
otherwise indicated.)**

		Not Reviewed January 1- March 31, 2015	Not Reviewed January 1- March 31, 2014
	Notes		
A. Cash flows from operating activities		9.480	104.848
Profit/loss before tax for the period		59.338	88.568
Adjustments related with the reconciliation of net profit/ loss for the period		53.501	2.220
-Adjustments for depreciation and amortization expenses	11, 12	21.541	20.731
-Adjustments for provisions		55.144	26.535
-Adjustments for interest income and expenses		6.187	964
-Adjustments for income from equity participations	10	(17.585)	(45.369)
-Adjustments for profit/ loss on sale of tangible/intangible assets		(200)	(2.225)
-Other adjustments for reconciliation of profit/ loss		(11.586)	1.584
Changes in working capital		(78.960)	17.795
-Adjustments for increase/decrease in inventories		(79.187)	25.154
-Adjustments for increase/decrease in trade receivables		(4.525)	(101.314)
-Adjustments for other current assets and liabilities		(10.960)	(1.571)
-Adjustments for increase/ decrease in trade payables		37.164	120.340
-Adjustments for other non-current assets and long-term liabilities		(21.452)	(24.814)
Cash flows from operating activities		33.879	108.583
-Tax payments/returns	17	(1.545)	(3.060)
-Tax penalty payment		(22.355)	-
-Other cash inflow/outflows		(499)	(675)
B. Cash flows from investing activities		(82.281)	(16.694)
Cash inflows from the sale of property, plant and equipment and intangible assets	11, 12	1.917	4.796
Cash outflows from the purchase of property, plant and equipment and intangible assets	11, 12	(84.198)	(13.950)
Share capital participation to joint ventures		-	(7.500)
Net cash outflow due to acquisition of a subsidiary		-	(40)
C. Cash flows from financing activities		101.918	(36.256)
Net change in borrowings		107.209	(38.352)
Interest received		2.879	2.306
Interest paid		(8.170)	(210)
Net increase/decrease in cash and cash equivalents before the effect of foreign currency translation differences		29.117	51.898
D. Impact of foreign currency translation differences on cash and cash equivalents		198	511
Net increase/decrease in cash and cash equivalents		29.315	52.409
E. Cash and cash equivalents at the beginning of the period	4	160.904	173.054
Cash and cash equivalents at the end of the period	4	190.219	225.463

The accompanying accounting policies and notes presented between pages 8 and 41 form an integral part of these interim condensed consolidated financial statements.

Aygaz Anonim Şirketi and Subsidiaries

Notes to the interim condensed consolidated financial statements as of March 31, 2015

(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. 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. 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 2015 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, 2015, number of personnel employed by categories in Aygaz and its subsidiaries (together with referred to as the “Group”) is 693 white-collar (December 31, 2014: 691) and 719 blue-collar (December 31, 2014: 691) totaling to 1.412 (December 31, 2014: 1.382).

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 lubricants through autogas stations and 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%. On July 24, 2014, Akpa, which already had 8% ownership of Zinerji A.Ş., acquired 100% ownership of Zinerji from other shareholders including the Company, by purchasing the rest of the shares with a nominal value of TL 184 thousand representing 92% of total capital, with a price of TL 3.404 thousand, with the decision taken through Board of Directors held on July 22, 2014. By the decision taken through Boards of Directors held on October 30, 2014, the procedures related with the acquisition of Zinerji A.Ş. by Akpa have been registered on December 10, 2014. The merger of Akpa, with Zinerji A.Ş., through a whole take-over of all assets and liabilities were completed as of registration date.

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 interim condensed consolidated financial statements

as of March 31, 2015 (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. Kandilli Tankercilik A.Ş. has decided to increase share capital from TL 8.500 thousand to TL 62.500 thousand in its Extraordinary General Meeting held on September 25, 2014. For the increased share amount of TL 54.000 thousand, the Company has paid TL 13.500 thousand in cash on September 26, 2014 and the remaining part amounting to TL 40.500 thousand was paid in cash on January 30, 2015.

The Company has purchased 100% ownership interest of Enram Su ve Çevre Yatırımları A.Ş. as a result of share assignment agreement dated March 14, 2014. Enram Su ve Çevre Yatırımları A.Ş. has decided to change its trade name as ADG Enerji Yatırımları A.Ş. (“ADG Enerji”) and to increase share capital from TL 3.600 thousand to TL 25.000 thousand in its Extraordinary General Meeting held on March 20, 2014. For the increased share amount of TL 21.400 thousand, the Company has paid TL 5.350 thousand in cash on March 20, 2014 and the remaining part amounting to TL 16.050 thousand 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 in 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, 2015	December 31, 2014	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%	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.

Entek Elektrik Üretim A.Ş. (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. On October 13, 2014, a Share Purchase Agreement was signed among Aygaz A.Ş., Koç Holding A.Ş. and AES Mont Blanc Holdings B.V. for the Company's acquisition of the shares with a nominal value of TL 133.594 thousand and equivalent to 24,81% of the shares of the Group's associate AES Entek Elektrik Üretimi A.Ş. for USD 62.500 thousand, and the acquisition of the shares with a nominal value of TL 133.594 thousand and equivalent to 24,81% by Koç Holding A.Ş., the Group's parent, from AES Mont Blanc Holdings B.V. for USD 62.500 thousand. After the receipt of EMRA approval and necessary legal permissions, the purchase price has been paid in cash on December 18, 2014. The share transfers have been completed on December 22, 2014 and the Company's share in Entek has increased to 49,62%. AES Entek changed its trade name as “Entek” with the decision of Ordinary General Meeting held on 2015.

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

Aygaz Anonim Şirketi and Subsidiaries

Notes to the interim condensed consolidated financial statements as of March 31, 2015 (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 (%)		Voting power right	Principal activity
		March 31, 2015	December 31, 2014		
EYAŞ	Turkey	20,00%	20,00%	20,00%	Energy
Entek Elektrik Üretimi A.Ş (“Entek”)	Turkey	49,62%	49,62%	49,62%	Electricity

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 All of the related increase has been paid in cash by shareholders.

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

Joint venture	Place of incorporation and operation	Ownership interest (%)		Voting power right	Principal activity
		March 31, 2015	December 31, 2014		
Opet Aygaz Gayrimenkul A.Ş.	Turkey	50,00%	50,00%	50,00%	Real Estate

Approval of condensed consolidated financial statements:

The condensed consolidated financial tables for the period ended on March 31, 2015 are approved on the Board of Directors meeting held on May 8, 2015 to be published and are signed by Assistant General Manager (Finance) Gökhan Tezel and Subsidiaries and Accounting Director Nurettin Demirtaş.

2. Basis of presentation of financial statements

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

2.1 Basis of presentation for consolidated financial statements

The interim consolidated financial statements of the Group have been prepared in accordance with the Turkish Accounting Standards/Turkish Financial Reporting Standards, (“TAS/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.

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

Aygaz Anonim Şirketi and Subsidiaries

Notes to the interim condensed consolidated financial statements as of March 31, 2015 (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 Group has prepared its condensed consolidated financial statements for the period ended on March 31, 2015 in accordance with TAS 34 “Interim Financial Reporting Standards”.

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

The interim condensed 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, 2014.

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

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

2.2 Changes in accounting policies

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

2.3 New and revised Turkey Financial Reporting Standards:

The accounting policies adopted in preparation of the interim condensed consolidated financial statements as at 31 March 2015 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 2015. The effects of these standards and interpretations on the Group’s financial position and performance have been disclosed in the related paragraphs.

i) The new standards, amendments and interpretations which are effective as at 1 January 2015 are as follows:

TAS 19 Defined Benefit Plans: Employee Contributions (Amendment)

TAS 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 did not have any impact on the financial position or performance of the Group.

Annual Improvements to TAS/TFRSs

In September 2014, POA has issued the below amendments to the standards in relation to “Annual Improvements - 2010–2012 Cycle” and “Annual Improvements - 2011–2013 Cycle. The changes are effective for annual reporting periods beginning on or after 1 July 2014.

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

Aygaz Anonim Şirketi and Subsidiaries

Notes to the interim condensed consolidated financial statements as of March 31, 2015 (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)

Annual Improvements to IFRSs – 2010–2012 Cycle

TFRS 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.

TFRS 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 TFRS 9 Financial Instruments. The amendment is effective for business combinations prospectively.

TFRS 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.

TAS 16 Property, Plant and Equipment and TAS 38 Intangible Assets

The amendment to TAS 16.35(a) and TAS 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.

TAS 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

TFRS 3 Business Combinations

The amendment clarifies that: i) joint arrangements are outside the scope of TFRS 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 TFRS 13 Fair Value Measurement

The portfolio exception in TFRS 13 can be applied to financial assets, financial liabilities and other contracts in the scope of TAS 39. The amendment is effective prospectively.

TAS 40 Investment Property

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

The amendments did not have a significant impact on the financial position or performance of the Group.

Aygaz Anonim Şirketi and Subsidiaries

Notes to the interim condensed consolidated financial statements as of March 31, 2015 (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)

ii) 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 and are not early adopted by the Group are as follows. The Group will make the necessary changes if not indicated otherwise, which will be affecting the consolidated financial statements and disclosures, when the new standards and interpretations become effective.

TFRS 9 Financial Instruments – Classification and measurement

As amended in December 2012 and February 2015, the new standard is effective for annual periods beginning on or after 1 January 2018. Phase 1 of this new TFRS introduces new requirements for classifying and measuring financial instruments. The amendments made to TFRS 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. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is adopted by POA.

TFRS 11 Acquisition of an Interest in a Joint Operation (Amendment)

TFRS 11 is amended to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. This amendment requires the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in TFRS 3 Business Combinations, to apply all of the principles on business combinations accounting in TFRS 3 and other TFRSs except for those principles that conflict with the guidance in this TFRS. In addition, the acquirer shall disclose the information required by TFRS 3 and other TFRSs for business combinations. These amendments are to be applied prospectively for annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendments will not have any impact on the financial position or performance of the Group.

TAS 16 and TAS 38 - Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to TAS 16 and TAS 38)

The amendments to TAS 16 and TAS 38, have prohibited the use of revenue-based depreciation for property, plant and equipment and significantly limiting the use of revenue-based amortisation for intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendments will not have any impact on the financial position or performance of the Group.

TAS 16 Property, Plant and Equipment and TAS 41 Agriculture: Bearer Plants (Amendment)

TAS 16 is amended to provide guidance that bearer plants, such as grape vines, rubber trees and oil palms should be accounted for in the same way as property, plant and equipment in TAS 16. Once a bearer plant is mature, apart from bearing produce, its biological transformation is no longer significant in generating future economic benefits. The only significant future economic benefits it generates come from the agricultural produce that it creates. Because their operation is similar to that of manufacturing, either the cost model or revaluation model should be applied. The produce growing on bearer plants will remain within the scope of TAS 41, measured at fair value less costs to sell. Entities are required to apply the amendments for annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendment is not applicable for the Group and will not have an impact on the financial position or performance of the Group.

Aygaz Anonim Şirketi and Subsidiaries

Notes to the interim condensed consolidated financial statements as of March 31, 2015 (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)

TAS 27 Equity Method in Separate Financial Statements (Amendment to TAS 27)

In February 2015, Public Oversight Accounting and Auditing Standards Authority of Turkey (“POA”) issued an amendment to TAS 27 to restore the option to use the equity method to account for investments in subsidiaries and associates in an entity’s separate financial statements. Therefore, an entity must account for these investments either:

- At cost
- In accordance with TFRS 9,
- or
- Using the equity method defined in TAS 28

The entity must apply the same accounting for each category of investments. The amendment is effective for annual periods beginning on or after 1 January 2016. The amendments must be applied retrospectively. Early application is permitted and must be disclosed. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)

In February 2015, amendments issued to TFRS 10 and TAS 28, to address the acknowledged inconsistency between the requirements in TFRS 10 and TAS 28 in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture, to clarify that an investor recognises a full gain or loss on the sale or contribution of assets that constitute a business, as defined in TFRS 3, between an investor and its associate or joint venture. The gain or loss resulting from the re-measurement at fair value of an investment retained in a former subsidiary should be recognised only to the extent of unrelated investors’ interests in that former subsidiary. An entity shall apply those amendments prospectively to transactions occurring in annual periods beginning on or after 1 January 2016. Earlier application is permitted. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

TFRS 10, TFRS 12 and TAS 28: Investment Entities: Applying the Consolidation Exception (Amendments to TFRS 10 and TAS 28)

In February 2015, amendments issued to TFRS 10, TFRS 12 and TAS 28, to address the following issues that have arisen in applying the investment entities exception under TFRS 10 Consolidated Financial Statements; i) the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value, ii) only a subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value, iii) the amendments to TAS 28 Investments in Associates and Joint Ventures allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries. The amendments are applicable for annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendments are applied retrospectively. However, when the first time the amendments to TFRS 10 are applied, the quantitative information required TAS 8 need only be presented for the annual period immediately preceding the date of initial application. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

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

Aygaz Anonim Şirketi and Subsidiaries

Notes to the interim condensed consolidated financial statements as of March 31, 2015 (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)

TAS 1: Disclosure Initiative (Amendment to TAS 1)

In February 2015, amendments issued to TAS 1. Those amendments include narrow-focus improvements in the following five areas: Materiality, Disaggregation and subtotals, Notes structure, Disclosure of accounting policies, Presentation of items of other comprehensive income (OCI) arising from equity accounted investments. The amendments are applicable for annual periods beginning on or after 1 January 2016. Earlier application is permitted. These amendments are not expected have significant impact on the notes to the consolidated financial statements of the Group.

Annual Improvements to TFRSs - 2012-2014 Cycle

In February 2015, POA issued, Annual Improvements to TFRSs 2012-2014 Cycle. The document sets out five amendments to four standards, excluding those standards that are consequentially amended, and the related Basis for Conclusions. The standards affected and the subjects of the amendments are:

- TFRS 5 Non-current Assets Held for Sale and Discontinued Operations – changes in methods of disposal
- TFRS 7 Financial Instruments: Disclosures – clarification on the assessment of servicing contracts for the continuing involvement of financial assets
- TAS 19 Employee Benefits – regional market issue regarding discount rate
- TAS 34 Interim Financial Reporting – disclosure of information ‘elsewhere in the interim financial report’

The amendments are effective for annual periods beginning on or after 1 January 2016, with earlier application permitted. The Group is in the process of assessing the impact of the amendments on 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 new standards, interpretations and amendments to existing IFRS standards are not yet adapted/issued by the POA, thus they do not constitute part of TFRS. The Group will make the necessary changes to its consolidated financial statements after the new standards and interpretations are issued and become effective under TFRS.

Annual Improvements – 2010–2012 Cycle

TFRS 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.

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

Aygaz Anonim Şirketi and Subsidiaries

Notes to the interim condensed consolidated financial statements as of March 31, 2015 (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)

Annual Improvements – 2011–2013 Cycle

IFRS 15 Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers. The new five-step model in the standard provides the recognition and measurement requirements of revenue. The standard applies to revenue from contracts with customers and provides a model for the sale of some non-financial assets that are not an output of the entity’s ordinary activities (e.g., the sale of property, plant and equipment or intangibles). IFRS 15 is effective for reporting periods beginning on or after 1 January 2017, with early adoption permitted. Entities will transition to the new standard following either a full retrospective approach or a modified retrospective approach. The modified retrospective approach would allow the standard to be applied beginning with the current period, with no restatement of the comparative periods, but additional disclosures are required. The Group is in the process of assessing the impact of the standard on financial position or performance of the the Group.

IFRS 9 Financial Instruments - Final standard (2014)

In July 2014 the IASB published the final version of IFRS 9 Financial Instruments. The final version of IFRS 9 brings together the classification and measurement, impairment and hedge accounting phases of the IASB’s project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 is built on a logical, single classification and measurement approach for financial assets that reflects the business model in which they are managed and their cash flow characteristics. Built upon this is a forward-looking expected credit loss model that will result in more timely recognition of loan losses and is a single model that is applicable to all financial instruments subject to impairment accounting. In addition, IFRS 9 addresses the so-called ‘own credit’ issue, whereby banks and others book gains through profit or loss as a result of the value of their own debt falling due to a decrease in credit worthiness when they have elected to measure that debt at fair value. The Standard also includes an improved hedge accounting model to better link the economics of risk management with its accounting treatment. IFRS 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early application. In addition, the own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

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.

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

Aygaz Anonim Şirketi and Subsidiaries

Notes to the interim condensed consolidated financial statements

as of March 31, 2015 (continued)

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

3. Segment reporting (continued)

As of March 31, 2015 and December 31, 2014, assets and liabilities according to industrial segments are as follows:

	March 31, 2015				
	Gas and petroleum products	Electricity	Other	Consolidation adjustments	Total
Assets					
Current assets	749.136	-	98.195	(8.968)	838.363
Non-current assets	2.353.173	332.765	250.123	(174.416)	2.761.645
Total assets	3.102.309	332.765	348.318	(183.384)	3.600.008
Liabilities					
Short term liabilities	667.061	-	60.385	(13.899)	713.547
Long term liabilities	576.941	-	13.813	2.749	593.503
Equity	1.858.307	332.765	274.120	(172.234)	2.292.958
Total liabilities and equity	3.102.309	332.765	348.318	(183.384)	3.600.008
Investments accounted under equity method	1.266.566	332.765	75.758	-	1.675.089
	December 31, 2014				
	Gas and petroleum products	Electricity	Other	Consolidation adjustments	Total
Assets					
Current assets	594.264	-	124.293	(5.082)	713.475
Non-current assets	2.319.945	327.879	184.631	(133.712)	2.698.743
Total assets	2.914.209	327.879	308.924	(138.794)	3.412.218
Liabilities					
Short term liabilities	691.263	-	33.307	(9.958)	714.612
Long term liabilities	322.114	-	13.255	3.047	338.416
Equity	1.900.832	327.879	262.362	(131.883)	2.359.190
Total liabilities and equity	2.914.209	327.879	308.924	(138.794)	3.412.218
Investments accounted under equity method	1.273.776	327.879	75.306	-	1.676.961

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

Aygaz Anonim Şirketi and Subsidiaries

Notes to the interim condensed consolidated financial statements

as of March 31, 2015 (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, 2015 and 2014, profit or loss statements according to industrial segments are as follows:

	January 1 - March 31, 2015				
	Gas and petroleum products	Electricity	Other	Consolidation adjustments	Total
Revenue	1.373.845	-	101.481	(34.956)	1.440.370
Cost of sales (-)	(1.242.252)	-	(87.029)	35.116	(1.294.165)
Gross profit	131.593		14.452	160	146.205
General administrative expenses (-)	(40.913)	-	(5.115)	277	(45.751)
Marketing, sales and distribution expenses (-)	(52.112)	-	(3.030)	-	(55.142)
Research and development expenses (-)	(343)	-	-	-	(343)
Other operating income	78.698	-	3.809	(50.442)	32.065
Other operating expenses (-)	(28.996)	-	(2.510)	242	(31.264)
Operating profit	87.927		7.606	(49.763)	45.770
Income from investment activities	-	-	497	-	497
Loss from investment activities (-)	(193)	-	(104)	-	(297)
Profit/losses from investments accounted under equity method	11.905	5.228	452	-	17.585
Operating profit before financial income (expense)	99.639	5.228	8.451	(49.763)	63.555
Financial income	25.074	-	4.497	-	29.571
Financial expense (-)	(33.461)	-	(327)	-	(33.788)
Profit before taxation	91.252	5.228	12.621	(49.763)	59.338
Tax income / (expense)					
Current tax expense for the period (-)	(1.366)	-	(1.422)	-	(2.788)
Deferred tax income / (expense)	(3.301)	-	60	-	(3.241)
Profit for the period	86.585	5.228	11.259	(49.763)	53.309
Distribution of profit for the period:					
Non-controlling interest	41	-	-	-	41
Equity holders of the parent	86.544	5.228	11.259	(49.763)	53.268
Investments accounted under equity method	11.905	5.228	452	-	17.585

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

Aygaz Anonim Şirketi and Subsidiaries

Notes to the interim condensed consolidated financial statements

as of March 31, 2015 (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, 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)
Gross profit	115.500	-	14.947	260	130.707
General administrative expenses (-)	(33.042)	-	(4.546)	236	(37.352)
Marketing, sales and distribution expenses (-)	(48.454)	-	(3.409)	-	(51.863)
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)
Operating profit	58.894	-	7.552	(23.825)	42.621
Income from investment activities	2.723	-	-	-	2.723
Loss from investment activities (-)	(498)	-	-	-	(498)
Profit/losses from investments accounted under equity method	44.962	48	359	-	45.369
Operating profit before financial income (expense)	106.081	48	7.911	(23.825)	90.215
Financial income	14.359	-	1.626	-	15.985
Financial expense (-)	(16.738)	-	(894)	-	(17.632)
Profit before taxation	103.702	48	8.643	(23.825)	88.568
Tax income / (expense)					
Current tax expense for the period (-)	(7.545)	-	(570)	-	(8.115)
Deferred tax income / (expense)	3.248	-	95	-	3.343
Profit for the period	99.405	48	8.168	(23.825)	83.796
Distribution of profit for the period:					
Non-controlling interest	25	-	-	-	25
Equity holders of the parent	99.380	48	8.168	(23.825)	83.771
Investments accounted under equity method	44.962	48	359	-	45.369

The amortization and depreciation expense for the industrial segmental assets for the period ended on March 31, 2015 and 2014 are as follows:

	January 1 - March 31, 2015	January 1 - March 31, 2014
Gas and petroleum products	19.269	18.924
Other	2.272	1.807
	21.541	20.731

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

Aygaz Anonim Şirketi and Subsidiaries

Notes to the interim condensed consolidated financial statements

as of March 31, 2015 (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, 2015 and 2014 are as follows:

	January 1 - March 31, 2015	January 1 - March 31, 2014
Gas and petroleum products	16.763	13.776
Other (*)	67.435	174
	84.198	13.950

(*) On February 25, 2015, the vessel named “Knightsbridge” which is used in the transportation of liquid fuel gas, was bought for USD 27.150 thousand in cash by Kandilli Tankercilik A.Ş - the Company’s subsidiary.

4. Cash and cash equivalents

	March 31, 2015	December 31, 2014
Cash on hand	604	518
Cash at banks	161.601	134.869
- Demand deposits	16.187	14.177
- Time deposits	145.414	120.692
Receivables from credit card transactions	28.014	25.517
Total cash and cash equivalents	190.219	160.904

As of March 31, 2015 the Group’s TL time deposits amounting to TL 33.430 thousand have maturities of 1-34 days and interest rate of 9,00-9,25%; USD time deposits amounting to USD 42.900 thousand (TL 111.978 thousand) have maturities of 1 day and interest rate of 1,75% (As of December 31, 2014, the Group’s TL time deposits amounting to TL 83.890 thousand have maturities of 2 – 54 days and interest rates of 8,75– 10,00% USD; time deposits amounting to USD 15.870 thousand (TL 36.801 thousand) have maturities of 2 days and interest rate of 1,55%).

Aygaz Anonim Şirketi and Subsidiaries

Notes to the interim condensed consolidated financial statements

as of March 31, 2015 (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, 2015 and December 31, 2014:

	March 31, 2015		December 31, 2014	
	Participation amount	Participation rate (%)	Participation amount	Participation rate (%)
Koç Finansal Hizmetler A.Ş. (*)	344.750	1,97	344.750	1,97
Ram Dış Ticaret A.Ş. (**)	925	2,50	925	2,50
Tanı Pazarlama ve İletişim Hizmetleri A.Ş. (***)	540	10,00	540	10,00
Tat Gıda Sanayi A.Ş. (**)	50	0,08	55	0,08
Other (***)	436	-	436	-
	346.701		346.706	

(*) 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

As of March 31, 2015 and December 31, 2014 the Group’s short-term financial borrowings are as follows:

	March 31, 2015	December 31, 2014
TL-denominated short-term borrowings (*)	4.347	4.625
Total short-term financial borrowings	4.347	4.625
Short-term portion and interest accruals of TL-denominated long-term borrowings	15.846	13.616
Interest accruals of USD-denominated long-term borrowings	326	120
Short-term portion of long-term bond issued (**)	9.569	152.871
Total short-term portion of long-term financial borrowings	25.741	166.607

(*) As of March 31, 2015, the Group has interest free loan with a total amount of TL 1.597 thousand which was used for SSI payment amounting to TL 1.594 thousand and custom expenses payment amounting to TL 3 thousand.

(**) On March 18, 2015 and March 30, 2015, the Group has issued a fixed rate bond with a nominal value of TL 100.000 thousand, with a maturity of 728 days and half-yearly coupon payments and a floating rate bond with a nominal value of TL 60.000 thousand, with a maturity of 1.092 days and quarter-yearly coupon payments, respectively. As of March 31, 2015, net present value of these issued bonds is TL 160.355 thousand (TL 150.786 thousand of this amount is shown as long-term bond issued) and their effective interest rates are 10,55-10,37% respectively.

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

Aygaz Anonim Şirketi and Subsidiaries

Notes to the interim condensed consolidated financial statements

as of March 31, 2015 (continued)

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

6. Financial borrowings (continued)

As of March 31, 2015 the details of short-term loans are as follows:

Currency	Effective interest rate per annum (%)	Original amount	TL amount
TL	-	1.597	1.597
TL	10	2.750	2.750
		4.347	4.347

As of December 31, 2014 the details of short-term loans are as follows:

Currency	Effective interest rate per annum (%)	Original amount	TL amount
TL	-	4.625	4.625
			4.625

As of March 31, 2015 and December 31, 2014 the Group's long-term financial borrowings are as follows:

	March 31, 2015	December 31, 2014
TL-denominated long-term borrowings	159.217	138.242
USD-denominated long-term borrowings	133.303	55.816
Total long-term borrowings	292.520	194.058
Long-term bonds issued	150.786	-
Total long-term bonds issued	150.786	-
Total long-term borrowings	443.306	194.058

As of March 31, 2015 the details of long-term loans are as follows:

Currency	Effective interest rate per annum (%)	Original amount	TL amount
TL	11.60-13.79	175.063	175.063
USD	2.08 - 3.15	51.195	133.629
			308.692
Short-term portion and interest accruals of long-term financial borrowings			(16.172)
			292.520

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

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as of March 31, 2015 (continued)

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

7. Derivative financial instruments

As of March 31, 2015 and December 31, 2014 the Group’s derivative financial instruments are as follows:

Short-term derivative financial instruments	March 31, 2015		December 31, 2014	
	Contract amount	Fair value assets/(liabilities)	Contract amount	Fair value assets/(liabilities)
Forward transactions (*)	52.403	(29)	26.787	500
Long-term derivative financial instruments	March 31, 2015		December 31, 2014	
	Contract amount	Fair value assets/(liabilities)	Contract amount	Fair value assets/(liabilities)
Foreign currency swap contracts (**)	50.635	11.422	50.635	4.294

(*) As of March 31, 2015, the Group made forward transaction with a maturity of 7 days and nominal value amounting to USD 20.000 thousand.

(**) In May, 2014, the Group has realized swap transaction with a contract amounting to TL 50.635 thousand with 2 years maturity, quarterly interest payment and fixed interest rate of 11,2%, in return for USD 24.070 thousand with a floating interest rate of three-months USDLIBOR +1,8%.

8. Trade receivables and payables from third parties

The Group’s trade receivables from third parties as of March 31, 2015 and December 31, 2014 are as follows:

Current trade receivables	March 31, 2015	December 31, 2014
Trade receivables	328.420	346.700
Notes receivables	44.634	40.640
Allowance for doubtful receivables (-)	(17.970)	(17.943)
Total current trade receivables	355.084	369.397
Non-current trade receivables	March 31, 2015	December 31, 2014
Notes receivable	5.735	5.236
Total non-current trade receivables	5.735	5.236

The Group’s trade payables as of March 31, 2015 and December 31, 2014 are as follows:

Short-term trade payables	March 31, 2015	December 31, 2014
Trade payables	239.113	208.932
Total short-term trade payables	239.113	208.932

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

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Notes to the interim condensed consolidated financial statements

as of March 31, 2015 (continued)

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

9. Inventories

	March 31, 2015	December 31, 2014
Raw materials	152.792	74.438
Trade goods	18.185	15.182
Goods in transit	9.437	11.276
Finished goods	7.779	8.418
Work in process	1.671	1.363
Allowance for impairment on inventory	(229)	(229)
Total inventories	189.635	110.448

As of March 31, 2015, the inventories compromise of 65.321 tons of LPG (December 31, 2014: 39.031 tons).

10. Equity investments

	March 31, 2015		December 31, 2014	
	Participation amount	Participation rate %	Participation amount	Participation rate %
Enerji Yatırımları A.Ş. acquisition value	669.400		669.400	
Adjustment to share capital	(7.442)		(7.442)	
Currency translation reserve	1.428		1.230	
Legal reserves	15.494		14.239	
Financial risk hedge fund	(19.359)		(46)	
Actuarial gain/loss arising from defined benefit plans	(1.141)		(1.141)	
The share of the Group in the retained earnings after the acquisition date	608.186		597.536	
	1.266.566	20,00%	1.273.776	20,00%
Entek acquisition value	118.930		118.930	
Acquisition of additional shares	147.831		147.831	
Participation in share capital increase of equity investment	108.300		108.300	
Financial risk hedge fund	(342)		-	
The share of the Group in the retained earnings after the acquisition date	(41.954)		(47.730)	
Fair value adjustment for share purchase	-		548	
	332.765	49,62%	327.879	49,62%
Opet Aygaz Gayrimenkul A.Ş.	45.000		45.000	
Participation in share capital increase of equity investment	30.000		30.000	
Group's share in accumulated profit occurred after the date of establishment	758		306	
	75.758	50,00%	75.306	50,00%
Total	1.675.089		1.676.961	

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

Aygaz Anonim Şirketi and Subsidiaries

**Notes to the interim condensed consolidated financial statements
as of March 31, 2015 (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 improvements	Buildings	Plant, machinery, equipment and LPG cylinders	Vehicles and vessels	Furnitures and fixtures	Leasehold improvements	Construction in progress	Total
Acquisition cost									
Opening balance as of January 1, 2015	16.204	122.673	70.847	1.577.648	179.650	55.463	25.022	16.135	2.063.642
Additions	-	-	-	327	67.353	77	-	16.441	84.198
Transfers	-	-	-	11.035	-	732	-	(11.767)	-
Disposals	-	-	(170)	(1.969)	(569)	(2.020)	-	-	(4.728)
Ending balance as of March 31, 2015	16.204	122.673	70.677	1.587.041	246.434	54.252	25.022	20.809	2.143.112
Accumulated depreciation									
Opening balance as of January 1, 2015	-	52.523	47.247	1.220.227	94.012	40.953	23.617	-	1.478.579
Charge of the period	-	1.147	496	13.808	3.481	1.109	198	-	20.239
Disposals	-	-	(5)	(1.665)	(201)	(1.140)	-	-	(3.011)
Ending balance as of March 31, 2015	-	53.670	47.738	1.232.370	97.292	40.922	23.815	-	1.495.807
Net book value as of March 31, 2015	16.204	69.003	22.939	354.671	149.142	13.330	1.207	20.809	647.305

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

Aygaz Anonim Şirketi and Subsidiaries

**Notes to the interim condensed consolidated financial statements
as of March 31, 2015 (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
Acquisition cost									
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)
Ending balance as of March 31, 2014	16.204	114.837	70.612	1.558.184	205.445	52.310	24.614	13.233	2.055.439
Accumulated depreciation									
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)
Ending balance as of March 31, 2014	-	49.646	45.725	1.199.007	117.721	38.868	23.110	-	1.474.077
Net book value as of March 31, 2014	16.204	65.191	24.887	359.177	87.724	13.442	1.504	13.233	581.362

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

Aygaz Anonim Şirketi and Subsidiaries

Notes to the interim condensed consolidated financial statements

as of March 31, 2015 (continued)

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

12. Intangible assets

	Rights	Total
Acquisition costs		
Opening balance as of January 1, 2015	53.825	53.825
Additions	-	-
Ending balance as of March 31, 2015	53.825	53.825
Accumulated depreciation		
Opening balance as of January 1, 2015	28.077	28.077
Charge for the period	1.302	1.302
Ending balance as of March 31, 2015	29.379	29.379
Carrying value as of March 31, 2015	24.446	24.446
	Rights	Total
Acquisition costs		
Opening balance as of January 1, 2014	53.152	53.152
Additions	-	-
Ending balance as of March 31, 2014	53.152	53.152
Accumulated depreciation		
Opening balance as of January 1, 2014	22.590	22.590
Charge for the period	1.384	1.384
Ending balance as of March 31, 2014	23.974	23.974
Carrying value as of March 31, 2014	29.178	29.178

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

Aygaz Anonim Şirketi and Subsidiaries

Notes to the interim condensed consolidated financial statements as of March 31, 2015 (continued)

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

13. Contingent liabilities and contingent assets

	March 31, 2015	December 31, 2014
Guarantees given		
Letter of guarantees given to for gas purchase	840.383	813.698
Other letter of guarantees given	17.728	21.190
Total guarantees given	858.111	834.888

The liability for environmental pollution:

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

National inventory reserve liability:

Oil refineries, licensed oil and LPG distributors should carry at least equivalent of 20 times their average daily sales of inventory in their storage 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 interim condensed consolidated financial statements
as of March 31, 2015 (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, 2015				December 31, 2014			
	Euro guarantees	USD guarantees	TL guarantees	TL total	Euro guarantees	USD guarantees	TL guarantees	TL total
A. GPMs given on behalf of the Company’s legal personality	31.446	4.247	587.854	623.547	31.332	3.803	591.772	626.907
B. GPMs given in favor of subsidiaries included in full consolidation	-	128.735	105.829	234.564	-	63.948	144.033	207.981
C. GPMs given by the Company for the liabilities of 3rd parties in order to run ordinary course of business	-	-	-	-	-	-	-	-
D. Other GPM's								
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	-	-	-	-	-	-	-	-
Total amount of GPM	31.446	132.982	693.683	858.111	31.332	67.751	735.805	834.888

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

Aygaz Anonim Şirketi and Subsidiaries

Notes to the interim condensed consolidated financial statements

as of March 31, 2015 (continued)

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

14. Other short-term provisions and liabilities

	March 31, 2015	December 31, 2014
Other short-term provisions		
Special Consumption Tax (SCT) provision on imported LPG	70.271	33.542
Provision for other operating expenses	14.355	28.211
Provision for selling and marketing expenses	9.319	4.269
Provision for lawsuit	6.118	6.221
Provision for EMRA contribution	4.564	4.097
Provision for sales discounts	2.313	-
Total other short-term provisions	106.940	76.340

	March 31, 2015	December 31, 2014
Other current liabilities		
Taxes and funds payable	98.875	97.276
Other liabilities	1.071	1.933
Total other current liabilities	99.946	99.209

15. Share capital

As of March 31, 2015 and December 31, 2014 the share capital held is as follows:

Shareholders	Participation rate	March 31, 2015	Participation rate	December 31, 2014
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
Nominal capital	100,00%	300.000	100,00%	300.000
Inflation adjustment (**)		71.504		71.504
Adjusted capital		371.504		371.504

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

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

Dividend paid

In the Ordinary General Meeting held on March 30, 2015, the Company decided to reserve TL 8.500 thousand as legal reserves and distribute TL 100.000 thousand gross dividends from the net distributable income of 2014. According to this decision, the Company has begun dividend payments on April 6, 2015.

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

Aygaz Anonim Şirketi and Subsidiaries

Notes to the interim condensed consolidated financial statements as of March 31, 2015 (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, 2015	January 1 – March 31, 2014
Average number of shares throughout the period (thousand)	300.000	300.000
Net profit for the year attributable to equity holders of the parent	53.268	83.771
Earnings per thousand shares (TL)	0,177560	0,279237

17. Tax assets and liabilities

	March 31, 2015	December 31, 2014
Current tax liability		
Current corporate tax provision	2.788	23.167
Less: Prepaid taxes and funds	(206)	(22.011)
Current tax liability	2.582	1.156
	January 1- March 31, 2015	January 1- December 31, 2014
Tax expense in profit or loss statement		
Current corporate tax provision	(2.788)	(8.115)
Deferred tax expense / (income)	(3.241)	3.343
	(6.029)	(4.772)

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 2015 is 20% (2014: 20%).

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate in 2015 is 20% (2014: 20%). Losses are allowed to be carried 5 years maximum to be deducted from the taxable profit of the following years. Tax carry back is not allowed.

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

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

Aygaz Anonim Şirketi and Subsidiaries

Notes to the interim condensed consolidated financial statements as of March 31, 2015 (continued)

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

17. Tax assets and liabilities (continued)

Deferred tax

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between the financial statements as reported for TAS/IFRS purposes issued by POA and financial statements prepared in accordance with the tax legislation. These differences arise from the differences in accounting periods for the recognition of income and expenses in accordance with TAS/IFRS and tax legislation. The rate applied in the calculation of deferred tax assets and liabilities is 20% (December 31, 2014: 20%).

Deferred tax (assets) / liabilities:	March 31, 2015	December 31, 2014
Restatement and depreciation / amortization differences of property, plant and equipment and other intangible assets	34.356	34.899
Revaluation fund on financial assets	12.722	12.722
Provision for employment termination benefits	(4.816)	(4.521)
Valuation of inventories	(1.389)	(2.863)
Other	(2.083)	(4.688)
	38.790	35.549

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, 2015			December 31, 2014		
	Deferred tax			Deferred tax		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Aygaz A.Ş.	(9.317)	47.296	37.979	(13.441)	47.789	34.348
Akpa A.Ş.	(741)	290	(451)	(677)	286	(391)
Aygaz Doğal Gaz	(679)	1.941	1.262	(526)	2.118	1.592
	(10.737)	49.527	38.790	(14.644)	50.193	35.549

Movement of deferred tax from continuing operations is as follows:

Movement of deferred tax (asset) / liability:	2015	2014
Opening balance as of January 1	35.549	36.703
Deferred tax expense / (income)	3.241	(3.343)
	38.790	33.360

Aygaz Anonim Şirketi and Subsidiaries**Notes to the interim condensed consolidated financial statements
as of March 31, 2015 (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, 2015			
	Receivables		Payables	
	Trade	Non-trade	Trade	Non-trade
Group companies (*)				
Türkiye Petrol Rafinerileri A.Ş.	10.099	-	55.687	-
Demir Export A.Ş.	4.293	-	-	-
Ford Otomotiv Sanayi A.Ş.	2.455	-	-	-
Arçelik A.Ş.	302	-	24.539	-
Tat Gıda Sanayi A.Ş.	533	-	-	-
Opet Petrolcülük A.Ş.	19.074	-	12.163	-
Otokoç Otomotiv Tic. ve San. A.Ş.	68	-	1.828	-
Ram Dış Ticaret A.Ş.	-	-	14.197	-
Zer Merkezi Hizmetler ve Ticaret A.Ş. (**)	-	-	3.253	-
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	-	-	1.548	-
Koç Finansal Hizmetler A.Ş.	-	6.353	-	-
Other	1.791	-	3.067	-
Shareholders				
Koç Holding A.Ş.	-	-	28	-
Investments accounted under equity method				
Entek Elektrik Üretimi A.Ş.	1	-	298	-
	38.616	6.353	116.608	-

Balances with related parties	December 31, 2014			
	Receivables		Payables	
	Trade	Non-trade	Trade	Non-trade
Group companies (*)				
Türkiye Petrol Rafinerileri A.Ş.	11.244	-	52.931	-
Demir Export A.Ş.	5.305	-	-	-
Ford Otomotiv Sanayi A.Ş.	1.149	-	-	-
Tat Gıda Sanayi A.Ş.	444	-	-	-
Arçelik A.Ş.	319	-	9.738	-
Opet Petrolcülük A.Ş.	47	-	24.087	-
Otokoç Otomotiv Tic. ve San. A.Ş.	51	-	1.598	-
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	-	-	1.700	-
Zer Merkezi Hizmetler ve Ticaret A.Ş. (**)	-	-	4.087	-
Ram Dış Ticaret A.Ş.	-	-	10.790	-
Other	1.875	-	2.038	-
Shareholders				
Koç Holding A.Ş.	-	-	2.196	-
Investments accounted under equity method				
Entek Elektrik Üretimi A.Ş.	1	-	460	-
	20.435	-	109.625	-

(*) 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 supplier companies in exchange of insurance services and payables to Zer for commissions for intermediary activities.

Aygaz Anonim Şirketi and Subsidiaries**Notes to the interim condensed consolidated financial statements
as of March 31, 2015 (continued)**

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

18. Transactions with related parties (continued)

As of March 31, 2015; dividends payable amounting to TL 100.506 thousand (December 31, 2014 – TL 506 thousand) is reflected within other payables to related parties at the consolidated balance sheet.

Transactions with related parties	January 1 - March 31, 2015			
	Purchases (Goods)	Sales (Goods)	Purchases (Services)	Sales (Services)
Group companies (*)				
Türkiye Petrol Rafinerileri A.Ş.	149.508	85.460	675	-
Opet Petrolcülük A.Ş.(**)	39.900	254	49	-
Arçelik A.Ş.	17.980	862	14	-
Ram Dış Ticaret A.Ş.	13.612	-	939	-
Zer Merkezi Hizmetler ve Ticaret A.Ş.	3.845	2	2.326	-
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	19	110	1.551	-
Tanı Pazarlama ve İletişim Hizmetleri A.Ş.	-	2	651	-
Otokoç Otomotiv Tic. ve San. A.Ş.	2	503	509	-
Ford Otomotiv Sanayi A.Ş.	-	4.297	-	-
Demir Export A.Ş.	-	8.659	-	-
Tat Gıda Sanayi A.Ş.	-	1.153	-	-
Setur Servis Turistik A.Ş.	-	11	540	-
Vehbi Koç Vakfı	-	1	26	-
Other	941	3.860	777	-
Shareholders				
Koç Holding A.Ş.	-	9	2.002	-
Investments accounted under equity method				
Entek Elektrik Üretimi A.Ş.	-	3	826	-
	225.807	105.186	10.885	-

Transactions with related parties	January 1 - March 31, 2014			
	Purchases (Goods)	Sales (Goods)	Purchases (Services)	Sales (Services)
Group companies (*)				
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	-
Ram Dış Ticaret A.Ş.	10.743	-	-	-
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	1.359	3.928	843	-
Shareholders				
Koç Holding A.Ş.	-	9	1.101	-
Investments accounted under equity method				
Entek Elektrik Üretimi A.Ş.	-	5	795	-
	299.486	110.789	8.891	-

(*) Group companies include Koç Group companies.

(**) Commission expense regarding LPG sold at Opet stations as of March 31, 2015 is TL 21.246 thousand (March 31, 2014 - TL 19.620 thousand). The commission expense mentioned above is evaluated as part of sales and accounted under income statement as sales discounts.

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

Aygaz Anonim Şirketi and Subsidiaries

**Notes to the interim condensed consolidated financial statements
as of March 31, 2015 (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, 2015				
Tangible asset and rent transactions with related parties	Rent income	Rent expense	Fixed asset purchases	Fixed asset sales
Group companies (*)				
Opet Petrolcülük A.Ş.	131	-	-	-
Arçelik A.Ş.	-	-	5	-
Otokoç Otomotiv Tic. ve San. A.Ş.	-	992	-	-
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	-	-	299	-
Yapı ve Kredi Bankası A.Ş.	-	66	-	-
Türkiye Petrol Rafinerileri A.Ş.	-	4	-	-
Zer Merkezi Hizmetler ve Ticaret A.Ş.	-	14	39	-
Other	-	-	1	-
Shareholders				
Koç Family	-	792	-	-
	131	1.868	344	-

January 1 - March 31, 2014				
Tangible asset and rent transactions with related parties	Rent income	Rent Expense	Fixed asset purchases	Fixed asset sales
Group companies (*)				
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	-
Investments accounted under equity method				
Zinerji Enerji Sanayi ve Ticaret A.Ş.	1	-	-	-
	121	1.005	60	-

(*) 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 interim condensed consolidated financial statements

as of March 31, 2015 (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, 2015			
	Financial income	Financial expense	Other income	Other expense
Group companies (*)				
Yapı Kredi Bankası A.Ş.	5.357	586	-	-
Koç Finansal Hizmetler A.Ş.	-	-	6.353	-
Arçelik A.Ş.	7	-	-	-
Ram Dış Ticaret A.Ş.	-	-	150	-
Ditaş Deniz İşletmeciliği ve Tic. A.Ş.	-	-	4	-
	5.364	586	6.507	-

Financial and other transactions with related parties	January 1 - March 31, 2014			
	Financial income	Financial expense	Other income	Other expense
Group companies (*)				
Koç Finansal Hizmetler A.Ş.	-	-	6.392	-
Yapı Kredi Bankası A.Ş.	4.386	4.330	-	-
	4.386	4.330	6.392	-

Deposits at banks	March 31, 2015	December 31, 2014
	Group companies (*)	
Yapı Kredi Bankası A.Ş.	151.818	124.805
Credit card receivables		
Group companies (*)		
Yapı Kredi Bankası A.Ş.	24.491	22.324

(*) 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, 2015 is TL 1.620 thousand (March 31, 2014: TL 1.435 thousand).

Aygaz Anonim Şirketi and Subsidiaries**Notes to the interim condensed consolidated financial statements****as of March 31, 2015 (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 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, 2015, the Group has LPG amounting to TL 70.381 thousand (December 31, 2014 TL 37.824 thousand).

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

March 31, 2015		Total TL equivalent	TL equivalent of USD	TL equivalent of Euro	TL equivalent of other
1.	Trade receivables	53.440	52.508	709	223
2.a	Monetary financial assets	112.878	112.432	281	165
2.b	Non monetary financial assets	-	-	-	-
3.	Other	-	-	-	-
4.	Current assets	166.318	164.940	990	388
5.	Trade receivables	-	-	-	-
6.a	Monetary financial assets	-	-	-	-
6.b	Non monetary financial assets	-	-	-	-
7.	Other	-	-	-	-
8.	Non current assets	-	-	-	-
9.	Total assets	166.318	164.940	990	388
10.	Trade payables	(163.191)	(162.926)	(240)	(25)
11.	Financial liabilities	(326)	(326)	-	-
12.a	Other monetary financial liabilities	-	-	-	-
12.b	Other non monetary financial liabilities	-	-	-	-
13.	Current liabilities	(163.517)	(163.252)	(240)	(25)
14.	Trade payables	-	-	-	-
15.	Financial liabilities	(133.303)	(133.303)	-	-
16.a	Other monetary financial liabilities	-	-	-	-
16.b	Other non monetary financial liabilities	-	-	-	-
17.	Non current liabilities	(133.303)	(133.303)	-	-
18.	Total liabilities	(296.820)	(296.555)	(240)	(25)
19.	Net asset / liability position of off balance sheet liabilities (19a-19b)	115.216	115.216	-	-
19.a	Total hedged assets	115.216	115.216	-	-
19.b	Total hedged liabilities	-	-	-	-
20.	Net foreign currency asset / liability position	(15.286)	(16.399)	750	363
21.	Net foreign currency asset / liability position of monetary items (1+2a+5+6a+10+11+12a+14+15+16a)	(130.502)	(131.615)	750	363
22.	Fair value of foreign currency hedged financial assets	-	-	-	-
23.	Hedged foreign currency assets	-	-	-	-
24.	Hedged foreign currency liabilities	-	-	-	-
25.	Export	148.674	147.605	846	223
26.	Import	429.505	428.789	553	163

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

Aygaz Anonim Şirketi and Subsidiaries

Notes to the interim condensed consolidated financial statements

as of March 31, 2015 (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)

December 31, 2014		Total TL equivalent	TL equivalent of USD	TL equivalent of Euro	TL equivalent of other
1.	Trade receivables	24.779	22.449	90	2.240
2.a	Monetary financial assets	38.048	37.123	184	741
2.b	Non-monetary financial assets	-	-	-	-
3.	Other	-	-	-	-
4.	Current assets	62.827	59.572	274	2.981
5.	Trade receivables	-	-	-	-
6.a	Monetary financial assets	-	-	-	-
6.b	Non-monetary financial assets	-	-	-	-
7.	Other	-	-	-	-
8.	Non-current assets	-	-	-	-
9.	Total assets	62.827	59.572	274	2.981
10.	Trade payables	(100.269)	(99.666)	(603)	-
11.	Financial liabilities	(120)	(120)	-	-
12.a	Other monetary financial liabilities	-	-	-	-
12.b	Other non-monetary financial liabilities	-	-	-	-
13.	Current liabilities	(100.389)	(99.786)	(603)	-
14.	Trade payables	-	-	-	-
15.	Financial liabilities	(55.816)	(55.816)	-	-
16.a	Other monetary financial liabilities	-	-	-	-
16.b	Other non-monetary financial liabilities	-	-	-	-
17.	Non-current liabilities	(55.816)	(55.816)	-	-
18.	Total liabilities	(156.205)	(155.602)	(603)	-
19.	Net asset / liability position of off balance sheet asset and liabilities (19a-19b)	82.832	82.832	-	-
19.a	Total foreign currency amount of off-balance sheet derivative financial assets	82.832	82.832	-	-
19.b	Total foreign currency amount of off-balance sheet derivative financial liabilities	-	-	-	-
20.	Net foreign currency asset / liability position	(10.546)	(13.198)	(329)	2.981
21.	Net foreign currency asset / liability position of monetary items (1+2a+5+6a+10+11+12a+14+15+16a)	(93.378)	(96.030)	(329)	2.981
22.	Fair value of foreign currency hedged financial assets	-	-	-	-
23.	Hedged foreign currency assets	-	-	-	-
24.	Hedged foreign currency liabilities	-	-	-	-
25.	Export	513.262	507.057	6.205	-
26.	Import	2.380.071	2.375.342	3.974	755

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

Aygaz Anonim Şirketi and Subsidiaries

Notes to the interim condensed consolidated financial statements

as of March 31, 2015 (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, 2015 and December 31, 2014, 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, 2015			
	Gain/Loss		Equity	
	Foreign exchange appreciation	Foreign exchange depreciation	Foreign exchange appreciation	Foreign exchange depreciation
+/-10% fluctuation of USD rate				
USD net asset/liability	(13.162)	13.162	(13.162)	13.162
Secured portion from USD risk	-	-	-	-
USD net effect	(13.162)	13.162	(13.162)	13.162
+/-10% fluctuation of Euro rate				
Euro net asset/liability	75	(75)	75	(75)
Secured portion from Euro risk	-	-	-	-
Euro net effect	75	(75)	75	(75)
Total	(13.087)	13.087	(13.087)	(13.087)

	December 31, 2014			
	Gain/Loss		Equity	
	Foreign exchange appreciation	Foreign exchange depreciation	Foreign exchange appreciation	Foreign exchange depreciation
10% fluctuation of USD rate				
USD net asset/liability	(9.603)	9.603	(9.603)	9.603
Secured portion from USD risk	-	-	-	-
USD net effect	(9.603)	9.603	(9.603)	9.603
10% fluctuation of Euro rate				
Euro net asset/liability	(33)	33	(33)	33
Secured portion from Euro risk	-	-	-	-
Euro net effect	(33)	33	(33)	33
Total	(9.636)	9.636	(9.636)	9.636

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

Aygaz Anonim Şirketi and Subsidiaries

Notes to the interim condensed consolidated financial statements

as of March 31, 2015 (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, 2015 and December 31, 2014 are summarized at the tables below:

Maturity	Parity	Type of contract	Transaction	March 31, 2015	
				Total amount	Currency
1 to 3 months	2,6187	Forward	Sells TL, buys USD	20.000	USD

Maturity	Parity	Type of contract	Transaction	December 31, 2014	
				Total amount	Currency
1 to 3 months	2,3352-2,3518	Forward	Sells TL, buys USD	11.650	USD

Swap agreements

As of March 31, 2015 and December 31, 2014, the Group has swap agreements amounting to TL 50.635 thousand with fixed interest rate of 11,2% in return for USD 24.070 thousand with a floating interest rate of three-month USDLIBOR +1,8%. Swap transaction has quarterly interest payments and the maturity date of principal payment is on May 23, 2016.

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, 2015	1st Level	2nd Level	3rd Level
Available-for-sale financial assets (*)	345.725	50	345.675	-
Derivative financial instruments	11.393	-	11.393	-

Financial assets / liabilities	Level of fair value as of reporting date			
	December 31, 2014	1st Level	2nd Level	3rd Level
Available-for-sale financial assets (*)	345.730	55	345.675	-
Derivative financial instruments	4.794	-	4.794	-

(*) The Group has available for sale financial assets, which are not quoted in stock markets, and total amount of these financial assets is TL 976 thousand as of March 31, 2015 (December 31, 2014 – TL 976 thousand). The fair value of these financial assets cannot be measured reliably and stated at cost in the accompanying financial statements.

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

Aygaz Anonim Şirketi and Subsidiaries

Notes to the interim condensed consolidated financial statements as of March 31, 2015 (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.

Financial Liabilities

The fair values of short-term financial borrowings 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.