

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

Aygaz Anonim Őirketi and its Subsidiaries

**Consolidated financial statements as of December 31,
2011 together with independent auditors' report**

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

Aygaz Anonim Şirketi and its Subsidiaries

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(Convenience translation of the independent auditors' report originally issued in Turkish)

Independent auditors' report

**To the Board of Directors of
Aygaz Anonim Şirketi**

We have audited the accompanying consolidated financial statements of Aygaz Anonim Şirketi ("Aygaz" or the "Company") and its subsidiaries (together will be referred to as "the Group"), which comprise the consolidated balance sheet as at December 31, 2011 and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Group management's responsibility for the financial statements

Group management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with financial reporting standards issued by Capital Market Board of Turkey. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards issued by Capital Market Board of Turkey. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Aygaz Anonim Şirketi and its subsidiaries as of December 31, 2011, and of its financial performance and its cash flows for the year then ended in accordance with financial reporting standards issued by Capital Market Board of Turkey.

Additional paragraph for convenience translation to English

As described in Note 2 to the accompanying financial statements, accounting principles and standards applied in the accompanying financial statements (financial accounting standards issued by Capital Market Board of Turkey (CMB) are based on International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board except for the adoption of an earlier date for discontinuation of application of IAS 29 (Financial Reporting in Hyperinflationary Economies). As per CMB financial accounting standards application of inflation accounting was ceased effective as of January 1, 2005 whereas per IFRS it was ceased effective January 1, 2006.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited



Erdem Tecer, SMMM
Partner

March 8, 2012
İstanbul, Turkey

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

Aygaz Anonim Şirketi and its Subsidiaries

Consolidated balance sheet as at December 31, 2011

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

		Current period (Audited)	Prior period (Audited)
Assets	Notes	December 31, 2011	December 31, 2010
Current assets			
Cash and cash equivalents	5	254.302	262.429
Trade receivables		299.099	265.278
-Due from related parties	28	23.370	16.051
-Other trade receivables	9	275.729	249.227
Other receivables	10	3.826	2.107
Inventories	11	185.984	158.557
Other current assets	17	40.219	27.101
		783.430	715.472
Assets held for sale	25	-	372.278
Total current assets		783.430	1.087.750
Non-current assets			
Trade receivables	9	2.124	847
Other receivables	10	39	35
Financial investments	6	243.868	326.448
Investments accounted under equity method	12	1.020.096	853.176
Property, plant and equipment	13	572.806	475.306
Intangible assets	14	39.671	7.719
Deferred tax asset	26	78	109
Other non-current assets	17	50.011	52.258
Total non-current assets		1.928.693	1.715.898
Total assets		2.712.123	2.803.648

The accompanying accounting policies and notes between the pages 9 and 81 form an integral part of these consolidated financial statements.

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

Aygaz Anonim Şirketi and its Subsidiaries

Consolidated balance sheet as at December 31, 2011

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

Liabilities	Notes	Current period	Prior period
		(Audited)	(Audited)
		December 31,	December 31,
		2011	2010
Short term liabilities			
Financial borrowings	7	1.764	2.605
Other financial liabilities	8	27	444
Trade payables		250.507	300.278
- Due to related parties	28	87.039	110.458
- Other trade payables	9	163.468	189.820
Other payables	10	19.469	18.157
Current tax liabilities	26	5.826	12.171
Provision for other liabilities	15	3.381	2.637
Other short term liabilities	17	158.152	117.016
		439.126	453.308
Liabilities of assets held for sale	25	-	117.747
Total short term liabilities		439.126	571.055
Long term liabilities			
Financial borrowings	7	-	108.602
Other payables	10	66.991	53.299
Provision for employment termination benefits	16	16.756	16.744
Deferred tax liabilities	26	34.619	40.040
Total non-current liabilities		118.366	218.685
Equity			
Share capital	18	300.000	300.000
Inflation adjustment to share capital	18	71.504	71.504
Adjustment to share capital		(7.442)	(7.442)
Valuation fund on financial assets	18	144.407	223.010
Currency translation adjustment		1.312	476
Restricted reserves		384.230	373.230
Risk hedge fund		(6.483)	(5.690)
Retained earnings		886.954	783.489
Net profit for the period		379.697	239.465
Equity attributable to equity holders of the parent		2.154.179	1.978.042
Non-controlling interests	18	452	35.866
Total equity		2.154.631	2.013.908
Total liabilities and equity		2.712.123	2.803.648

The accompanying accounting policies and notes between the pages 9 and 81 form an integral part of these consolidated financial statements.

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

Aygaz Anonim Şirketi and its Subsidiaries

Consolidated income statement

for the year ended December 31, 2011

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

		Current period (Audited)	Prior period (Audited)
		January 1- December 31, 2011	January 1- December 31, 2010
	Notes		
Sales revenue (net)	19	5.455.670	4.657.688
Cost of sales (-)	19	(4.978.096)	(4.156.273)
Gross profit		477.574	501.415
Marketing, sales and distribution expenses (-)	20	(195.468)	(154.513)
General administrative expenses (-)	20	(131.345)	(128.180)
Research and development expenses (-)	20	(1.948)	(1.806)
Other operating income	22	231.027	27.346
Other operating expenses (-)	22	(8.939)	(13.216)
Operating profit		370.901	231.046
Profit from investments accounted under equity pick-up method	12	50.519	42.448
Financial income	23	114.652	108.882
Financial expense (-)	24	(117.397)	(99.034)
Profit before tax		418.675	283.342
Tax income/(expense)			
- Current tax expense for the period	26	(45.054)	(47.622)
- Deferred tax income / (expense)	26	4.535	4.437
Net profit for the year		378.156	240.157
Profit attributable to:			
Non controlling interest		(1.541)	692
Parent company		379.697	239.465
Earnings per share (TL)	27	1,265657	0,798217

The accompanying accounting policies and notes between the pages 9 and 81 form an integral part of these consolidated financial statements.

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

Aygaz Anonim Şirketi and its Subsidiaries

**Consolidated statement of comprehensive income
for the year ended December 31, 2011**

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

	Current period (Audited)	Prior period (Audited)
	January 1- December 31, 2011	January 1- December 31, 2010
Profit for the year	378.156	240.157
Other comprehensive income / (loss):		
Change in financial assets revaluation fund	(78.603)	123.519
Change in financial risk hedge fund	(793)	694
Change in currency translation reserve	836	98
Other comprehensive income/ (loss) for the year, (after tax)	(78.560)	124.311
Total comprehensive income for the year	299.596	364.468
Attributable to:		
Non controlling interest	(1.541)	692
Parent company	301.137	363.776
	299.596	364.468

The accompanying accounting policies and notes between the pages 9 and 81 form an integral part of these consolidated financial statements.

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

Aygaz Anonim Şirketi and its Subsidiaries

**Consolidated statement of changes in equity
for the year ended December 31, 2011**

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

	Share capital	Inflation adjustment to share capital	Adjustment to share capital	Valuation fund on financial assets	Currency translation reserve	Restricted reserves	Risk hedge fund	Retained earnings	Net profit for the period	Equity attributable to the parent equity holders of controlling interest	Non- controlling interest	Total equity
Balance as of January 1, 2010	300.000	71.504	(7.442)	99.491	378	364.730	(6.384)	577.247	314.604	1.714.128	43.159	1.757.287
Transfers from retained earnings	-	-	-	-	-	8.500	-	306.104	(314.604)	-	-	-
Dividends paid	-	-	-	-	-	-	-	(100.000)	-	(100.000)	(4.148)	(104.148)
Transactions with non-controlling interests (note 3)	-	-	-	-	-	-	-	(887)	-	(887)	(3.837)	(4.724)
Subsidiary included to consolidation	-	-	-	-	-	-	-	1.025	-	1.025	-	1.025
Comprehensive income for the period	-	-	-	123.519	98	-	694	-	239.465	363.776	692	364.468
Balance as of December 31, 2010	300.000	71.504	(7.442)	223.010	476	373.230	(5.690)	783.489	239.465	1.978.042	35.866	2.013.908
Balance as of January 1, 2011	300.000	71.504	(7.442)	223.010	476	373.230	(5.690)	783.489	239.465	1.978.042	35.866	2.013.908
Transfers from retained earnings	-	-	-	-	-	11.000	-	228.465	(239.465)	-	-	-
Dividends paid (note 18)	-	-	-	-	-	-	-	(125.000)	-	(125.000)	-	(125.000)
Change in consolidation scope (note 3)	-	-	-	-	-	-	-	-	-	-	(33.873)	(33.873)
Comprehensive income / (expense) for the period	-	-	-	(78.603)	836	-	(793)	-	379.697	301.137	(1.541)	299.596
Balance as of December 31, 2011	300.000	71.504	(7.442)	144.407	1.312	384.230	(6.483)	886.954	379.697	2.154.179	452	2.154.631

The accompanying accounting policies and notes between the pages 9 and 81 form an integral part of these consolidated financial statements.

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

Aygaz Anonim Şirketi and its Subsidiaries

Consolidated statement of cash flows for the year ended December 31, 2011

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

		Audited January 1- December 31, 2011	Audited January 1- December 31, 2010
	Notes		
Cash flows from operating activities			
Net income before tax		418.675	283.342
Adjustments to reconcile net income before tax to net cash provided by operating activities:			
Profit from equity participations	12	(50.519)	(42.448)
Depreciation of property, plant and equipment	13	81.607	86.952
Amortization of intangible assets	14	3.226	2.019
Other provisions		12.214	20.742
Income from revaluation of cost of subsidiary		(32.023)	-
Provision for impairment of financial assets	6	(117)	(285)
Provision for retirement pay	16	5.238	5.338
Profit on sale of tangible/intangible assets (net)	22	(3.050)	(3.846)
Allowance for doubtful receivables	9	2.241	940
Interest income	23	(19.897)	(17.111)
Interest expense	24	873	6.766
Forward expenses		1.195	444
Forward income	24	(2.650)	-
Profit on sale of subsidiary		(172.538)	-
Operating cash flow before changes in working capital		244.475	342.853
Changes in working capital:			
Trade receivables		(30.020)	28.059
Due from related parties		(7.319)	3.179
Inventories	11	(27.427)	(77.251)
Other receivables and current assets		(21.685)	(4.120)
Trade payables		(26.352)	110.508
Due to related parties		(23.419)	57.014
Other payables and liabilities		30.978	(28.541)
Other non current receivables and payables		15.935	-
		155.166	431.701
Taxes paid		(50.994)	(40.336)
Retirement pay paid	16	(5.226)	(2.922)
Net cash generated from operations		98.946	388.443
Cash flows from investing activities			
Interest income	23	19.897	17.111
Forward income	23	2.650	-
Cash generated from sale of subsidiary – netted of with cash given-		202.020	-
Cash paid for purchases of subsidiary shares		-	(6.218)
Purchases of property, plant and equipment	13	(168.918)	(80.561)
Purchases of intangible assets	14	(33.253)	(6.642)
Proceeds of sale of tangible/intangible assets		7.001	13.725
Net cash generated from / (used in) investing activities		29.397	(62.585)
Cash flows from to financing activities			
Forward expenses		(1.612)	-
Changes in financial borrowings		(110.316)	(266.716)
Dividends paid	18	(125.000)	(100.000)
Dividends paid to non-controlling interest		-	(4.148)
Net cash generated from / (used in) financing activities		(236.928)	(370.864)
Net increase / (decrease) in cash and cash equivalents		(108.585)	(45.006)
Cash and cash equivalents at the beginning of the period	5	362.887	407.893
Cash and cash equivalents at the end of the period	5	254.302	362.887

The accompanying accounting policies and notes between the pages 9 and 81 form an integral part of these consolidated financial statements.

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

Aygaz Anonim Şirketi and its Subsidiaries

Notes to the consolidated financial statements for the year ended December 31, 2011

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

1. Organization and operations of the Company

The main activity of Aygaz Anonim Şirketi (“the Company”) is the purchase of liquid petroleum gas (LPG) in bulk from domestic refineries and the overseas market and delivery to retailers for distribution to customers. As a result of the merger in 2001 with Gaz Aletleri A.Ş., the Company started to manufacture LPG cylinders, LPG tanks, LPG stoves and other supplementary materials which support the Company’s main business and which are necessary equipment for the end-user. In addition, the Company owns LPG vessels and provides transportation service on behalf of other LPG companies. The ultimate and controlling shareholder is Koç Holding A.Ş.

The Company is registered at the Capital Markets Board of Turkey (“CMB”) and 24,27% of its shares have been quoted at the Istanbul Stock Exchange (“ISE”).

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

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

As of December 31, 2011, number of personnel of Aygaz and its subsidiaries (together with referred to as “the Group”) is 1.339 (December 31, 2010: 1.452).

Subsidiaries

Mogaz Petrol Gazları A.Ş. (“Mogaz”), a subsidiary of the Company, is a LPG distribution company. The Group has purchased 2,1% share of Mogaz in March 2010 by paying TL 5.300 thousand and raised Group’s effective control to 100%. According to the related purchase, Group’s effective control on subsidiaries has been changed as shown in the following table.

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.

Aygaz Doğal Gaz Toptan Satış A.Ş. (previously “Koç Statoil Gaz Toptan Satış A.Ş.”) and Aygaz Doğal Gaz İletim A.Ş. (previously “Koç Statoil Gaz İletim A.Ş.”) (together “Aygaz Doğal Gaz”) were established in April 2004 with equal shares distribution as a result of the joint venture agreement between Koç Group and Norwegian Statoil Hydro ASA which is one of the leading companies in international fuel and liquid natural gas (LNG) market. On January 9, 2009 the Group has acquired 50% shares of Aygaz Doğal Gaz Toptan Satış A.Ş. and Aygaz Doğal Gaz İletim A.Ş., which were the joint ventures accounted with proportionate consolidation method with effective ownership of 47,99%, from Statoil Hydro ASA paying TL 17.224 thousand for these shares and increased the effective control to 97,99%. In 2010, related to the purchase of Mogaz shares, stated above, the Group’s effective control at Aygaz Doğal Gaz has been raised to 99,00%.

Aygaz Anonim Şirketi and its Subsidiaries

Notes to the consolidated financial statements (continued) for the year ended December 31, 2011

(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. ("Anadoluhisarı"), Kandilli Tankercilik A.Ş. ("Kandilli"), Kuleli Tankercilik A.Ş. ("Kuleli") and Kuzguncuk Tankercilik A.Ş. ("Kuzguncuk") with an effective ownership interest of 100%. The main activities of these companies are to purchase, build or rent vessels and to operate them in domestic and/or overseas transportation of crude oil, petroleum products, liquid petroleum gas, natural gas and solid, liquid and liquefied products.

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

Subsidiaries	Place of incorporation and operation	Ownership interest (%)		Voting power right	Principal activity
		December 31, 2011	December 31, 2010		
Mogaz	Turkey	100%	100%	100%	LPG
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	99,99%	99,99%	99,99%	Marketing
Aygaz Doğal Gaz Toptan Satış A.Ş.	Turkey	99,00%	99,00%	99,00%	Natural gas
Aygaz Doğal Gaz İletim A.Ş.	Turkey	99,00%	99,00%	99,00%	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 the Tüpraş's management and its operational decisions as well to operate in oil refinery related sectors in Turkey.

Eltek Elektrik Enerjisi İthalat İhracat ve Toptan Ticaret A.Ş. ("Eltek"), was established at the end of 2003 with 46% participation of Entek Elektrik Üretimi A.Ş. ("Entek") and mainly engaged in wholesale, purchase, export and import of electricity. In July, 2010 Entek has purchased 54% of Eltek's shares by paying TL 1.836 thousand and accordingly the effective control has increased to 100%. After sale of Entek shares mentioned below, Group's effective control on Eltek has decreased to 24,81%.

Entek Elektrik Üretimi A.Ş. operates as electricity producer with its' 3 facilities in Bursa, İzmit and İstanbul. In 2009, 15,51% of shares were purchased by the Group and this purchase raised Group's effective control to 86,01%. In 2010, related with the purchase of Mogaz shares stated in subsidiaries section, the Group's effective control on Entek has been raised to 86,09%. As explained in detail in note 3, Group had decided to sell 49,62% shares of Entek, which was the Group's subsidiary with 86,09% ownership, to AES Mont Blanc Holdings B.V. Accordingly with the sale of shares realized on February 28, 2011, the Group's effective control has decreased to 36,47% and classified as joint venture and accounted with proportionate consolidation method. The business name of the company has been changed to AES Entek Elektrik Üretimi A.Ş. ("AES Entek"). In the Board of Directors meeting held on August 2, 2011, the Group had decided to sell its 166.034.110 shares, amounting to TL 8.302 thousand, representing 8,39% of shares of AES Entek Elektrik Üretimi A.Ş. with nominal value of 5 Kr. to Koç Holding A.Ş. in exchange of USD 25.299 thousand, in cash. The sales transaction has been finalized in October 2011. Additionally, shares of the Group's subsidiary Mogaz with a nominal value of TL 3.238 thousand, representing 3,27% of AES Entek Elektrik Üretimi A.Ş. had been sold to Koç Holding A.Ş. in October 2011 in exchange of USD 9.869 thousand, in cash. After these share transactions, Group's effective control on AES Entek has decreased to 24,81%. Accordingly, AES Entek has been accounted with equity method in accompanying consolidated financial statements beginning from October 7, 2011.

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

Aygaz Anonim Şirketi and its Subsidiaries

Notes to the consolidated financial statements (continued) for the year ended December 31, 2011

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

1. Organization and operations of the company (continued)

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

Investments in associates	Place of incorporation and operation	Ownership interest (%)			Principal activity
		December 31, 2011	December 31, 2010	Voting power right	
EYAŞ	Turkey	20,00%	20,00%	20,00%	Energy
AES Entek Elektrik Üretimi A.Ş. ("AES Entek") (*)	Turkey	24,81%	86,09%	24,81%	Electricity
Eltek Elektrik Enerjisi İthalat İhracat ve Toptan Ticaret A.Ş. ("Eltek") (*)	Turkey	24,81%	86,09%	24,81%	Electricity
Zinerji (**)	Turkey	56,00%	56,00%	56,00%	Energy

(*) As explained in detail in note 3, as of December 31, 2011, AES Entek is accounted with equity method (note 3).

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

Approval of financial statements

The consolidated financial statements as of and for the year ended December 31, 2011 are approved in the Board of Directors meeting held on March 8, 2012 to be published and are signed by Assistant General Manager (Finance) Gökhan Tezel and Subsidiaries and Accounting Director Nurettin Demirtaş. The General Assembly has the power to amend the consolidated financial statements after issue.

2. Basis of presentation of financial statements

2.1 Financial reporting standards

The Company and its Turkish subsidiaries maintain their books of account and prepare their statutory financial statements in accordance with accounting principles in the Turkish Commercial Code ("TCC") and tax legislation. Subsidiaries operating in foreign countries maintain their books of account in the currencies of those countries and prepare their statutory financial statements in accordance with the legislation effective in those countries.

Capital Market Board of Turkey ("CMB") published a comprehensive set of accounting principles in accordance with the Decree Serial: XI, No: 29 on "The Decree for Capital Markets Accounting Standards". This decree is applicable for the first interim financial statements ended subsequent to January 1, 2008 period. The supplementary decree Serial: XI, No: 29 was issued as an amendment to Decree Serial: XI, No: 25 and states that, the financial statements will be prepared in accordance with the International Financial Reporting Standards ("IAS/IFRS") as conceded by the European Union (EU). IAS/IFRS will be applied till the time the differences between the IAS/IFRS and the Turkish Accounting/Financial Reporting Standards ("TAS/TFRS") are declared by the Turkish Accounting Standards Committee (TASC). Therefore, the TAS/TFRS which are in complaint with the applied standards will be adopted.

The consolidated financial statements are prepared in thousands of Turkish Lira (TL) based on the historical cost conversion, except for the financial assets and liabilities which are expressed with their fair values.

Aygaz Anonim Şirketi and its Subsidiaries

**Notes to the consolidated financial statements (continued)
for the year ended December 31, 2011**

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

2. Basis of presentation of financial statements (continued)

2.2 Change in accounting policies, accounting estimates and errors

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. No changes have been made to the financial statements dated December 31, 2010.

2.3 Consolidation principles

- (a) Consolidated financial statements incorporate the financial statements of the Company, its subsidiaries and affiliates, which have been prepared in accordance with guidelines defined in the items (b) to (f). In preparation of financial statements, reclassifications and adjustments have been made on the consolidated companies' financial statements for the purpose of fair presentation with the CMB Financial Reporting Standards and accounting policies and presentation of the Group.
- (b) Subsidiaries include Group Companies in which (a) the Company has a direct and/or indirect voting power more than 50%, through its shares on these Companies or (b) in which the Company does not have a voting power above 50% through its shares, but has a power of controlling the financial and management policies of the Companies, by using its actual authority of control.
- (c) Subsidiaries are fully consolidated from the date of acquisition, being the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. In case it is necessary, accounting policies are changed for subsidiaries in order to align with Group accounting policies.

Balance sheets and income statements of subsidiaries have been fully included into consolidation and the book values and equities of such subsidiaries which are owned by the Company, have been netted off. All inter-group transactions, balances, income and expenses are eliminated on consolidation. Book values of the shares owned by the Company and related dividends have been netted off from related equity and income statement accounts.

- (d) Investments in associated have been accounted using the equity method. These are institutions in which the Company has a voting power between 20% to 50% or in which the Company has a significant influence even though it does not have a controlling power.

Unrealized gains and losses on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. The Group ceases to account the associate using the equity method if it loses the significant influence or the net investment in the associate becomes nil, unless it has entered to a liability or a commitment. Subsequent to the date of the caesura of the significant influence, the investment is carried either at fair value when the fair value can be measured reliably, otherwise at cost.

- (e) Financial assets, in which the Group does not have a total voting power of 20% or even though it has a voting power above 20% but does not have a significant influence, or which are immaterial for the consolidated financial statements, or such assets which are not traded in an organized market or whose fair values cannot be measured reliably, are presented with cost values, after deducting the impairment, if any.

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Aygaz Anonim Şirketi and its Subsidiaries

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

2. Basis of presentation of financial statements (continued)

Available for sale financial assets, in which the Group does not have a total voting power of 20% or does not have a significant influence and which have market values in actively quoted markets and whose fair values can be reliably measured, are presented at fair values in the financial statements.

- (f) Non-controlling interests represent the portion of income statement and net assets not held by the Group and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet.

2.4 Adoption of new and revised International Financial Reporting Standards

The accounting policies adopted in preparation of the consolidated financial statements as at 31 December 2011 are consistent with those of the previous financial year, except for the adoption of new and amended IFRS and IFRIC interpretations effective as of 1 January 2011. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

The new standards, amendments and interpretations which are effective as at 1 January 2011 are as follows:

IFRIC 14 IAS 19—The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction— Prepayments of a Minimum Funding Requirement (Amended)

The amendment removes an unintended consequence when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover such requirements. The amendment permits a prepayment of future service cost by the entity to be recognized as a pension asset. The Group is not subject to minimum funding requirements, therefore the amendment of the interpretation has no effect on the financial position or performance of the Group.

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

This interpretation addresses the accounting treatment when there is a renegotiation between the entity and the creditor regarding the terms of a financial liability and the creditor agrees to accept the entity's equity instruments to settle the financial liability fully or partially. IFRIC 19 clarifies such equity instruments are "consideration paid" in accordance with paragraph 41 of IAS 39. As a result, the financial liability is derecognized and the equity instruments issued are treated as consideration paid to extinguish that financial liability. This interpretation does not apply when the creditor is acting in the capacity of a shareholder, in common control transactions or when the issue of equity shares was part of the original terms of the liability. The adoption of the interpretation did not have any impact on the financial position or performance of the Group.

IAS 32 Financial Instruments: Presentation - Classifications on Rights Issues (Amended)

The amendment alters the definition of a financial liability in IAS 32 to enable entities to classify rights issues and certain options or warrants as equity instruments. The amendment is applicable if the rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. The amendment has no effect on the financial position or performance of the Group because the Group does not have these types of instruments.

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

2. Basis of presentation of financial statements (continued)

IAS 24 Related Party Disclosures (Revised)

Amended standard clarified the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. In addition, the revised standard introduces a partial exemption of general disclosure requirements for transactions with government-related entities. The adoption of the amendment did not have any impact on the financial position or performance of the Group.

Improvements to IFRSs

In May 2010 the IASB issued its third omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. The adoption of the following amendments resulted in changes to accounting policies and disclosures, but no impact on the financial position or performance of the Group. There are separate transitional provisions for each standard. The amendments that are effective as at 1 January 2011 are as follows:

IFRS 3 Business Combinations

- i) Transition requirements for contingent consideration from a business combination that occurred before the effective date of revised IFRS

This improvement clarifies that the amendments to IFRS 7 Financial Instruments: Disclosures, IAS 32 Financial Instruments: Presentation and IAS 39 Financial Instruments: Recognition and Measurement, that eliminate the exemption for contingent consideration, do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of IFRS 3 (as revised in 2008).

- ii) Measurement of non-controlling interests

This improvement limits the scope of the measurement choices (fair value or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets) only to the components of non-controlling interest that are present ownership interests that entitle their holders to a proportionate share of the entity's net assets.

- iii) Unreplaced or voluntarily replaced share-based payment awards

This improvement requires an entity (in a business combination) to account for the replacement of the acquiree's share-based payment transactions (whether obliged or voluntarily), i.e., split between consideration paid and post combination expenses.

IFRS 7 Financial Instruments: Disclosures

This improvement gives clarifications of disclosures required by IFRS 7 and emphasizes the interaction between quantitative and qualitative disclosures and the nature and extent of risks associated with financial instruments. Among others, the improvement remove the disclosure requirement of the collateral held as security and other credit enhancements and estimate of their fair value for financial assets that are past due but not impaired and that are individually impaired; and instead include a disclosure requirement of financial effect of collateral held as security and other credit enhancements for all financial assets.

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

2. Basis of presentation of financial statements (continued)

IAS 1 Presentation of Financial Statements

This amendment clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements.

IAS 27 Consolidated and Separate Financial Statements

This improvement clarifies that the consequential amendments from IAS 27 made to IAS 21 "The Effect of Changes in Foreign Exchange Rates", IAS "28 Investments in Associates" and IAS 31 "Interests in Joint Ventures" apply prospectively for annual periods beginning on or after 1 July 2009 or earlier when IAS 27 is applied earlier.

IAS 34 Interim Financial Reporting

This improvement provides guidance to illustrate how to apply disclosure principles in IAS 34 and add disclosure requirements on i) the circumstances likely to affect fair values of financial instruments and their classification, ii) transfers of financial instruments between different levels of the fair value hierarchy, iii) changes in classification of financial assets, and iv) changes in contingent liabilities and assets.

IFRIC 13 Customer Loyalty Programmes

This improvement clarifies that when the fair value of award credits is measured based on the value of the awards for which they could be redeemed, the amount of discounts or incentives otherwise granted to customers not participating in the award credit scheme, is to be taken into account.

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 consolidated financial statements are as follows. The Group will make the necessary changes if not indicated otherwise, which will be affecting the consolidated financial statements and disclosures, after the new standards and interpretations become in effect.

IAS 1 Presentation of Financial Statements (Amended) – Presentation of Items of Other Comprehensive Income

The amendments are effective for annual periods beginning on or after 1 July 2012, but earlier application is permitted. The amendments to IAS 1 change only the grouping of items presented in other comprehensive income. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time would be presented separately from items which will never be reclassified. The amendments will be applied retrospectively. This standard has not yet been endorsed by the EU. The amendment affects presentation only and will have no impact on the financial position or performance of the Group.

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2. Basis of presentation of financial statements (continued)

IAS 12 Income Taxes: Recovery of Underlying Assets (Amendment)

The amendments are mandatory for annual periods beginning on or after 1 January 2012, but earlier application is permitted. IAS 12 has been updated to include i) a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale and ii) a requirement that deferred tax on non-depreciable assets, measured using the revaluation model in IAS 16, should always be measured on a sale basis. These amendments will be applied retrospectively. This standard has not yet been endorsed by the EU. The Group does not expect that this amendment will have significant impact on the financial position or performance of the Group.

IAS 19 Employee Benefits (Amended)

Amended standard is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted. With very few exceptions retrospective application is required. Numerous changes or clarifications are made under the amended standard. Among these numerous amendments, the most important changes are removing the corridor mechanism and making the distinction between short-term and other long-term employee benefits based on expected timing of settlement rather than employee entitlement. This standard has not yet been endorsed by the EU. The Group is in the process of assessing the impact of the amended standard on the financial position or performance of the Group.

IAS 27 Separate Financial Statements (Amended)

As a consequential amendment to IFRS 10 and IFRS 12, the IASB also amended IAS 27, which is now limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. Transitional requirement of this amendment is similar to IFRS 10. This standard has not yet been endorsed by the EU. This amendment will not have any impact on the financial position or performance of the Group.

IAS 28 Investments in Associates and Joint Ventures (Amended)

As a consequential amendment to IFRS 11 and IFRS 12, the IASB also amended IAS 28, which has been renamed IAS 28 Investments in Associates and Joint Ventures, to describe the application of the equity method to investments in joint ventures in addition to associates. Transitional requirement of this amendment is similar to IFRS 11. This standard has not yet been endorsed by the EU. The Group does not expect that this amendment will have any impact on the financial position or performance of the Group.

IAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial liabilities (Amended)

The amendments clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. This standard has not yet been endorsed by the EU. These amendments are to be retrospectively applied for annual periods beginning on or after 1 January 2014. The Group does not expect that these amendments will have significant impact on the financial position or performance of the Group.

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2. Basis of presentation of financial statements (continued)

IFRS 7 Financial Instruments: Disclosures - Enhanced Derecognition Disclosure Requirements (Amended)

The purpose of this amendment is to allow users of financial statements to improve their understanding of transfer transactions of financial assets (e.g. securitizations), including understanding the possible effects of any risks that may remain with the entity which transferred the assets. The amendment also requires additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period. This amendment has not yet been endorsed by the EU. The amendment is effective for annual periods beginning on or after 1 July 2011. Comparative disclosures are not required. The amendment affects disclosures only and will have no impact on the financial position or performance of the Group.

IFRS 7 Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities (Amended)

New disclosures would provide users of financial statements with information that is useful in (a) evaluating the effect or potential effect of netting arrangements on an entity's financial position and (b) analysing and comparing financial statements prepared in accordance with IFRSs and other generally accepted accounting standards. This standard has not yet been endorsed by the EU. The amendments are to be retrospectively applied for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The amendment affects disclosures only and will have no impact on the financial position or performance of the Group.

IFRS 9 Financial Instruments – Classification and measurement

As amended in December 2011, the new standard is effective for annual periods beginning on or after 1 January 2015. Phase 1 of this new IFRS introduces new requirements for classifying and measuring financial instruments. The amendments made to IFRS 9 will mainly affect the classification and measurement of financial assets and measurement of fair value option (FVO) liabilities and requires that the change in fair value of a FVO financial liability attributable to credit risk is presented under other comprehensive income. Early adoption is permitted. This standard has not yet been endorsed by the EU. The Group is in the process of assessing the impact of the new standard on the financial position or performance of the Group.

IFRS 10 Consolidated Financial Statements

The standard is effective for annual periods beginning on or after 1 January 2013 and is applied on a modified retrospective basis. This new Standard may be adopted early, but IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities should be also adopted early.

IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. A new definition of control is introduced, which is used to determine which entities are consolidated. This is a principle based standard and require preparers of financial statements to exercise significant judgment. This standard has not yet been endorsed by the EU. The Group is in the process of assessing the impact of the new standard on the financial position or performance of the Group.

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2. Basis of presentation of financial statements (continued)

IFRS 11 Joint Arrangements

The standard is effective for annual periods beginning on or after 1 January 2013 and is applied on a modified retrospective basis. This new Standard may be adopted early, but IFRS 10 Consolidated Financial Statements and IFRS 12 Disclosure of Interests in Other Entities should be also adopted early.

The standard describes the accounting for joint ventures and joint operations with joint control. Among other changes introduced, under the new standard, proportionate consolidation is not permitted for joint ventures. This standard has not yet been endorsed by the EU. The Group does not expect that this standard will have a significant impact on the financial position or performance of the Group.

IFRS 12 Disclosure of Interests in Other Entities

The standard is effective for annual periods beginning on or after 1 January 2013 and is applied on a modified retrospective basis. This new Standard may be adopted early, but IFRS 10 Consolidated Financial Statements and IFRS 11 Joint Arrangements should be also adopted early.

IFRS 12 includes all of the disclosures that were previously in IAS 27 Consolidated and Separate Financial Statements related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 Interests in Joint Ventures and IAS 28 Investment in Associates. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. This standard has not yet been endorsed by the EU. Under the new standard the Group will provide more comprehensive disclosures for interests in other entities.

IFRS 13 Fair Value Measurement

The new Standard provides guidance on how to measure fair value under IFRS but does not change when an entity is required to use fair value. It is a single source of guidance under IFRS for all fair value measurements. The new standard also brings new disclosure requirements for fair value measurements. IFRS 13 is effective for annual periods beginning on or after 1 January 2013 and will be adopted prospectively. Early application is permitted. The new disclosures are only required for periods beginning after IFRS 13 is adopted — that is, comparative disclosures for prior periods are not required. This standard has not yet been endorsed by the EU. The Group is in the process of assessing the impact of the new standard on the financial position or performance of the Group.

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine

The Interpretation is effective for annual periods beginning on or after 1 January 2013 with earlier application permitted. Entities will be required to apply its requirements for production phase stripping costs incurred from the start of the earliest comparative period presented. The Interpretation clarifies when production stripping should lead to the recognition of an asset and how that asset should be measured, both initially and in subsequent periods. This standard has not yet been endorsed by the EU. The interpretation is not applicable for the Group and will not have any impact on the financial position or performance of the Group.

2.5 Offsetting

Financial assets and liabilities are offset and reported in the net amount when there is a legally enforceable right or when there is an intention to settle the assets and liabilities on a net basis or realize the assets and settle the liabilities simultaneously.

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2. Basis of presentation of financial statements (continued)

2.6 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates, and other similar allowances.

Sale of goods:

Revenue from sale of goods is recognized when all the following conditions are satisfied:

- The Group has transferred all the significant risks and rewards of ownership of the goods and services to the buyer;
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold and services provided;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the entity; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services:

Revenue is recognized by when it is probable that the economic benefits associated with the transaction will flow to the entity. When an uncertainty occurs about the collectability of revenue recognized, the uncollected revenue is not deducted from the revenue. Instead, it is recognized as expense in the financial statements.

The assumptions for the reliability of revenue recognition after the agreement of third parties is as follows:

- Contractual rights of each parties under sanction according to the agreement
- Service fee
- Payment terms and conditions

Dividend and interest revenue

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. Dividend revenue from investments is recognized when the shareholders' rights to receive payment have been established.

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2. Basis of presentation of financial statements (continued)

2.7 Inventories

Inventories are valued at the lower of cost or net realizable value. Cost elements included in inventories are materials, labour and factory overheads. Overheads include, expenses directly related to production such as direct labor expenses. These expenses also include systematically distributed amounts from fixed and variable costs in factory overheads. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and estimated costs to make the sale.

2.8 Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Legal fees are not included into costs. Depreciation of these assets, begins when the assets are ready for their intended use.

With the exception of land and construction in progress, the costs of property, plant and equipment are subject to depreciation using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Economic useful lives of property, plant and equipment are as follows:

	Useful lives
Buildings	10-50 years
Land improvements	6-25 years
LPG Cylinders	10 years
Plant, machinery and equipment	5-23 years
Vessels	10-20 years
Vehicles	4-15 years
Furnitures and fixtures	2-50 years
Leasehold improvements	1-10 years

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2. Basis of presentation of financial statements (continued)

2.9 Intangible assets

Intangible assets acquired separately

Intangible assets acquired separately are reported at cost less accumulated amortization and accumulated impairment losses. Amortization is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Trade rights and licenses

Acquired trade rights and licenses are shown at historical cost. Trade rights and licenses have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of trademarks and licenses over their estimated useful lives (3 to 25 years).

Computer software

Acquired computer software licences are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (5 – 8 years).

2.10 Impairment of assets

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.11 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Other borrowing costs are recorded directly to profit and loss statement.

2.12 Financial instruments

2.12.1 Financial assets

Financial assets are classified into the following specified categories: financial assets as 'at fair value through profit or loss' (FVTPL), 'held-to-maturity investments', 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification is made considering the purpose of acquisition of financial asset and its specifications, at the time of initial recording of the asset.

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2. Basis of presentation of financial statements (continued)

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognized on an effective interest basis for debt instruments other than those financial assets designated as at FVTPL.

Financial assets at FVTPL

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

Available-for-sale financial assets

Quoted equity investments and quoted certain debt securities held by the Group that are traded in an active market are classified as being available-for-sale financial assets and are stated at fair value. The Group also has investments in unquoted equity investments that are not traded in an active market but are also classified as available-for-sale financial assets and stated at fair value. Similarly, investments in unquoted equity investments that are not traded in an active market but are also classified as available-for-sale financial assets and stated at cost since the fair value of these investments can not be measured reliably. Gains and losses arising from changes in fair value are recognized in other comprehensive income and accumulated in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognized in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Dividends related to available for sale equity items are accounted in income statement, in case the group has earned a right for dividends.

Loans and receivables

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'receivables'. Receivables are measured at amortized cost using the effective interest method less any impairment.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For loans and receivables, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

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2. Basis of presentation of financial statements (continued)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of available-for-sale equity securities, any increase in fair value subsequent to an impairment loss is recognized directly in equity.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, credit card receivables from banks and other short-term highly liquid investments which their maturities are three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

2.12.2 Financial liabilities

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below. Financial liabilities are recognized in Group's balance sheet in case the Group is a party related to the liability.

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL. Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability.

Other financial liabilities

Trade payables are recognized at fair value and subsequently measured at amortized cost using effective interest rate method.

2.12.3 Derivative financial instruments and hedge accounting

The Group's activities expose it primarily to the financial risks of changes in foreign exchange rates and interest rates. The Group uses derivative financial instruments (primarily foreign currency forward contracts) to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions.

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2. Basis of presentation of financial statements (continued)

These derivative instruments are recorded at fair value at the beginning of the contract and subsequently measured with its fair value. If the fair value is positive, derivatives are classified as financial asset or otherwise financial liability.

Such derivative instruments are generally accounted as trading derivative instruments in consolidated financial statements, because they do not have related specifications in terms of hedge accounting. The gains and losses related to the changes in fair values of such financial instruments are shown in the income statement.

2.13 Business combinations

From 1 January 2010 the Group has applied revised IFRS 3 "Business Combinations" in accounting for business combinations. The change in accounting policy has been applied prospectively and had no effect on business combinations completed during prior periods.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquirer. The consideration transferred is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, the liabilities incurred by the Group to former owners of the entity and the equity interests issued by the Group. When the agreement with the seller includes a clause that the consideration transferred could be adjusted for future events, the acquisition-date fair value of this contingent consideration is included in the cost of the acquisition. All transaction costs incurred by the Group have been recognized in general administrative expenses.

For each business combination, the Group elects whether it measures the non-controlling interest in the acquirer either at fair value or at the proportionate share of the acquirer's identifiable net assets.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquirer.

Acquisition method requires allocation of the acquisition cost to the assets acquired and liabilities assumed at their fair values on the date of acquisition. Accordingly, acquired assets and liabilities and contingent liabilities assumed are recognized at IFRS 3 fair values on the date of acquisition. Acquired company is consolidated starting from the date of acquisition.

If the fair values of the acquired identifiable assets, liabilities and contingent liabilities or cost of the acquisition are based on provisional assessment as at the balance sheet date, the Group made provisional accounting.

Partial share sale and purchase transactions settled with minority shareholders

The Group evaluates the share transactions realized with non-controlling interests as transactions within the shareholders. Consequently, the difference between the purchase cost and the net asset purchased from other shareholders are accounted under shareholders' equity in "subsidiary share purchase transactions" whereas share sale transactions to parties other than parent company are accounted as "transactions with non-controlling interest".

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Notes to the consolidated financial statements (continued) for the year ended December 31, 2011

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

2. Basis of presentation of financial statements (continued)

2.14 Foreign currency transactions

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in TL, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than TL (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognized in profit or loss in the period in which they arise except for:

- Exchange differences on transactions entered in order to hedge certain foreign currency risks (see below for hedging accounting policies); and
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognized in the foreign currency translation reserve and recognized in profit or loss on disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in TL using exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such exchange differences are recognized in profit or loss in the period in which the foreign operation is disposed of.

2.15 Earnings per share

Earnings per share disclosed in the accompanying consolidated statement of income is determined by dividing net income by the weighted average number of shares in existence during the year concerned.

In Turkey, companies can raise their share capital by distributing "Free Shares" to shareholders from retained earnings. In computing earnings per share, such "free share" distributions are assessed as issued shares. Accordingly, the retrospective effect for those share distributions is taken into consideration in determining the weighted-average number of shares outstanding used in this computation.

Aygaz Anonim Şirketi and its Subsidiaries

Notes to the consolidated financial statements (continued) for the year ended December 31, 2011

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

2. Basis of presentation of financial statements (continued)

2.16 Subsequent events

An explanation for any event between the balance sheet date and the publication date of the balance sheet, which has positive or negative effects on the Group (should any evidence come about events that were prior to the balance sheet date or should new events come about) they will be explained in the relevant footnote.

The Group restates its financial statements if subsequent events which require restatement arise.

2.17 Provisions, contingent liabilities, contingent assets

Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.18 Related parties

Parties are considered related to the Group if;

- (a) A person or a close member of that person's family is related to a reporting entity if that person:
 - (i) has control or joint control over the reporting entity;
 - (ii) has significant influence over the reporting entity; or
 - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- (b) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (i) Entity and Company are members of the same Group
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity)

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

Aygaz Anonim Şirketi and its Subsidiaries

Notes to the consolidated financial statements (continued) for the year ended December 31, 2011

(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)

In accordance with the purposes of consolidated financial statements, shareholders, important management personnel and members of board of director, their families and companies controlled by them or depend upon them, the affiliates and partnerships and Koç Group companies are accepted and presented as related parties.

2.19 Segmental information

The Group management assumes three operating segments to evaluate performance and source utilization decisions. These segments are gas and petroleum products, electricity and other operations. These operating segments are managed separately as the risk and return of these segments are affected by different economic conditions and geographical locations. The Group Management believes that financial results prepared according to IFRS are the best approach to evaluate performance of these operating segments.

2.20 Discontinued operations and asset held for sale and related liabilities

Discontinued operations are part of a group which either are classified as held-for-sale or have been disposed of and whose activities and cash flow can be treated separable from the Group’s whole activities and cash flows. Discontinued operations; represent separate business or geographical segment, are parts of the plans to sell or dispose thereof, or is a subsidiary acquired for selling. The Group’s discontinued operations have been valued with the lower of the book values of related asset and liabilities of the discontinued operations, or fair value less costs to sell.

An entity shall classify a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset (or disposal group) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups) and its sale must be highly probable.

For the sale to be highly probable, the appropriate level of management must be committed to a plan to sell the asset (or disposal group), and an active program to locate a buyer and complete the plan must have been initiated. In addition, the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification, and actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

2.21 Taxation and deferred tax

Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

Income tax expense represents the sum of the tax currently payable and deferred tax.

Corporate tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

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

Aygaz Anonim Şirketi and its Subsidiaries

Notes to the consolidated financial statements (continued) for the year ended December 31, 2011

(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)

Deferred tax

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which is used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

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

Aygaz Anonim Şirketi and its Subsidiaries

Notes to the consolidated financial statements (continued) for the year ended December 31, 2011

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

2. Basis of presentation of financial statements (continued)

2.22 Employment benefits

Defined benefit plan:

Employment termination benefits, as required by the Turkish Labour Law and the laws applicable in the countries where the subsidiaries operate, represent the estimated present value of the total reserve of the future probable obligation of the Company arising in case of the retirement of the employees, termination of employment without due cause, call for military service, be retired or death upon the completion of a minimum one year service. Provision which is allocated by using defined benefit pension's current value is calculated by using prescribed liability method. All actuarial profits and losses are recognized in consolidated statements of income.

Defined contribution plan:

Group, has to compensate the Social Security Contribution of the employees. As long as this is compensated, there is no any other obligation for the Company. Social Security Contributions are classified as personnel expenses as of the accrual date.

2.23 Statement of cash flows

In statement of cash flow, cash flows are classified according to operating, investment and finance activities.

2.24 Share capital and dividends

Common shares are classified as equity. Dividends on common shares are recognized in equity in the period in which they are approved and declared.

2.25 Research and development expenses

Research expenditure is recognized as an expense as incurred. Costs, except for listed below are classified as development expenditures and recognized as expense as incurred.

- If the cost related to the products can be defined and only if the cost can be measured reliably,
- If the technological feasibility can be measured.
- If the good will be sold or will be used within the company.
- If there's a potential market or can be proved that it is used within the company.
- If necessary technological, financial and other resources can be provided to complete the Project.

Other development expenditures are recognized as expense as incurred.

Development costs previously recognized as expense are not recognized as an asset in a subsequent period. Development costs that have been capitalized are amortized from the commencement of the commercial production of the product on a straight-line basis. As of December 31, 2011, there is no research and development expense capitalized by the Group.

Aygaz Anonim Şirketi and its Subsidiaries

Notes to the consolidated financial statements (continued) for the year ended December 31, 2011

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

2. Basis of presentation of financial statements (continued)

2.26 Important accounting policies and applications

Accounting policies which have material effects on book values of assets and liabilities are as follows:

- a) Property plant and equipment and intangible fixed assets are subject to depreciation according to their useful lives (Note 13,14). Estimations of such useful lives are based on the expectations of Group management.
- b) The Group Management uses market values for equity items traded in active markets, while determining fair values of available for sale financial assets for sale. For other available for sale financial assets for sale, fair values are determined in line with generally accepted valuation principles using current economical data, trends in the market and expectations.

Available-for-sale investment of the Group includes shares of Koç Finansal Hizmetler A.Ş. as an unlisted company, which owns the majority shareholder of Yapı ve Kredi Bankası with 81,80%. Since the shares of Yapı ve Kredi Bankası are traded in Istanbul Stock Exchange, the fair value of shares of Koç Finansal Hizmetler has been determined by using several methods such as the existing market value of Yapı ve Kredi Bankası and discounted cash flow method and comparisons with recent similar local or international acquisitions realized. In the aforementioned discounted cash flow method, discount rate of 15,4 % has been taken into consideration (Note 6).

- c) Provision for doubtful receivables is an estimated amount that management believes to reflect for possible future losses on existing receivables that have collection risk due to current economic conditions. During the impairment test for the receivables, the debtors, other than the key accounts and related parties, are assessed with their prior year performances, their credit risk in the current market, their performance after the balance sheet date up to the issuing date of the financial statements and furthermore, the renegotiation conditions with these debtors are considered (Note 9).
- d) In order to record allowances for litigations, the consequences of lost cases are evaluated with the Company lawyers and Company Management makes most accurate evaluations with the available data (Note 15).
- e) Actuarial assumptions used on turnover ratio, discount rate and salary increase to calculate the employee benefit provision. Calculation details have been provided in related disclosure (Note 16).
- f) There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business and significant judgment is required in determining the provision for income taxes. The Group recognizes tax liabilities for anticipated tax issues based on estimates of whether additional taxes will be due and recognizes tax assets for the carry forward tax losses and unused investment tax credits to the extent that the realization of the related tax benefit through the future taxable profits is probable (Note 26). Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

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Notes to the consolidated financial statements (continued) for the year ended December 31, 2011

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

3. Business combinations

The Group, as declared to public disclosure platform of Turkey on December 1, 2010, in accordance with the board of directors meeting decision held on November 30, 2010, had decided to sell 49,62% shares of its subsidiary Entek with a nominal value of TL 49.079 thousand to be paid in cash, when share transfer procedures are completed, to AES-Mont Blanc Holdings B.V. in exchange of USD 136.455 thousand. As of December 31, 2010, the assets and liabilities of the subsidiary held for sale had been classified as assets and liabilities held for sale in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations". At February 28, 2011 the Group, following the permits granted from EMRA (Energy Market Regulation Authority) and the Turkish Competition Authority, had completed the transfer of shares of Entek. Share transfer price of USD 136.455 thousand was paid in cash to the Company. The sales price, as declared in public disclosure dated December 1, 2010, had been revised based on the financial statements of Entek as of February 28, 2011 as USD 149.581 thousand after finalization of the process. In the Board of Directors meeting held on August 2, 2011, the Group had decided to sell its 166.034.110 shares, amounting to TL 8.302 thousand, representing 8,39% of shares of AES Entek Elektrik Üretimi A.Ş. with nominal value of 5 Kr. to Koç Holding A.Ş. in exchange of USD 25.299 thousand, in cash. Additionally shares of the Group's subsidiary Mogaz with a nominal value of TL 3.238 thousand, representing 3,27% of AES Entek Elektrik Üretimi A.Ş. have been sold to Koç Holding A.Ş. in exchange of USD 9.869 thousand, in cash. The sales transaction had been finalized by completing the requirements of energy market and other related regulations and announced at October 7, 2011. After these share transactions, Group's effective control on AES Entek has decreased to 24,81%. Accordingly, AES Entek has been accounted with equity method in accompanying consolidated financial statements beginning from October 7, 2011.

Sale of Entek's shares realized in February 28, 2011 had been accounted in accordance with IFRS 3 "Business Combinations" by considering as sale of subsidiary and acquisition of 36,47% shares back. Group had calculated revaluated cost of 36,47% of Entek based on the sales price and had accounted the difference between revalued amount and net asset value of Entek that belongs to the Group as at sales date, as goodwill in interim consolidated financial statements in accordance with transition statements of IFRS 3.

The Group has completed the "Purchase price allocation" work required by IFRS 3 – Business Combinations and has calculated goodwill amounting to TL 32.023 thousand for the remaining 24,81% shares and reflected the amount under its financial investments as addition to revalued cost.

Acquisition amount (*)	118.930
Acquired net assets (**)	86.907
Goodwill	32.023

(*) States the revalued cost of 24,81% of the investment.

(**) Represents net assets, after purchase price allocation in accordance with IFRS 3, as of February 28, 2011.

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Aygaz Anonim Şirketi and its Subsidiaries

Notes to the consolidated financial statements (continued) for the year ended December 31, 2011

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3. Business combinations (continued)

The fair value of the identifiable assets and liabilities (24,81%) of AES Entek according to purchase price allocation in accordance with IFRS 3:

	February 28, 2011
	Fair value
Cash and cash equivalents	12.621
Trade receivables	7.426
Due from related parties	1.045
Property, plant and equipment	84.837
Intangible assets	963
Other assets	2.941
Financial borrowings	(5.228)
Trade payables	(7.845)
Due to related parties	(56)
Deferred tax liabilities	(8.553)
Other liabilities	(1.244)
Net assets acquired (24,81%)	86.907

As of December 31, 2011, Group has accounted the income amounting to TL 204.561 thousand under "Other operating income" related with the sales of shares of AES Entek and revalued cost calculations.

After the above mentioned sales transactions, the Group's ownership on AES Entek has decreased to 24,81% and after the completion of sale of such shares, AES Entek has been accounted with equity method in the consolidated financial statements prepared as of December 31, 2011. After the first sale of shares realized in February 2011, AES Entek had been proportionally consolidated as a joint venture of the Group and after the second sale of shares in October, AES Entek has become an investment in associate. Accordingly, in 2011, AES Entek's income/loss amount has been fully consolidated for January and February whereas proportionally for the period March – September.

The Group has purchased 2,1% of shares of its subsidiary Mogaz in March 2010 by paying TL 5.300 thousand.

Purchase of shares of Mogaz is evaluated under IAS 27 "Consolidated and Separate Financial Statements". Consequently, when shares are purchased from a non parent company, the difference between the purchase cost and net asset purchased are accounted as the "Transactions with non controlling interests" under equity.

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4. Segment information

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

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

- Gas and petroleum products
- Electricity
- Other

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

As of December 31, 2011 and 2010, assets and liabilities according to industrial segments are as follows:

	December 31, 2011				
	Gas and petroleum products	Electricity (*)	Other	Consolidation adjustments	Total
Assets					
Current assets	723.597	-	95.445	(35.612)	783.430
Non-current assets	1.880.757	-	123.276	(75.340)	1.928.693
Total assets	2.604.354	-	218.721	(110.952)	2.712.123
Liabilities					
Short term liabilities	432.802	-	41.937	(35.613)	439.126
Long term liabilities	112.559	-	4.932	875	118.366
Equity	2.058.993	-	171.852	(76.214)	2.154.631
Total liabilities and equity	2.604.354	-	218.721	(110.952)	2.712.123
Investments accounted under equity method	905.463	114.633	-	-	1.020.096

(*) As of December 31, 2011, "AES Entek" is accounted with equity method (note 3).

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Notes to the consolidated financial statements (continued) for the year ended December 31, 2011

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

4. Segment information (continued)

	December 31, 2010				
	Gas and petroleum products	Electricity (*)	Other	Consolidation adjustments	Total
Assets					
Current assets	643.577	372.278	123.252	(51.357)	1.087.750
Non-current assets	1.885.960	-	17.970	(188.032)	1.715.898
Total assets	2.529.537	372.278	141.222	(239.389)	2.803.648
Liabilities					
Short term liabilities	476.507	117.747	28.228	(51.427)	571.055
Long term liabilities	208.851	-	4.230	5.604	218.685
Equity	1.844.179	254.602	108.764	(193.637)	2.013.908
Total liabilities and equity	2.529.537	372.349	141.222	(239.460)	2.803.648
Investments accounted under equity method	853.176	-	-	-	853.176

(*) As of December 31, 2010, "Entek" has been classified as "Asset held for sale" in accordance with IFRS 5 (note 25).

As of December 31, 2011 and 2010, income and loss according to industrial segments are as follows:

	January 1 - December 31, 2011				
	Gas and petroleum products	Electricity	Other	Consolidation adjustments	Total
Sales revenue (net)	5.076.803	161.471	328.880	(111.484)	5.455.670
Cost of sales (-)	(4.621.662)	(158.555)	(302.684)	104.805	(4.978.096)
Gross profit	455.141	2.916	26.196	(6.679)	477.574
Marketing, sales and distribution expenses (-)	(193.004)	-	(6.197)	3.733	(195.468)
General administrative expenses (-)	(115.782)	(6.665)	(9.520)	622	(131.345)
Research and development expenses (-)	(1.948)	-	-	-	(1.948)
Other operating income (*)	227.170	316	2.036	1.505	231.027
Other operating expenses (-)	(7.312)	(1.326)	(301)	-	(8.939)
Operating profit / (loss)	364.265	(4.759)	12.214	(819)	370.901
Profit from investments accounted under equity pick-up method	-	-	-	50.519	50.519
Finance income	99.684	5.801	9.167	-	114.652
Finance expense (-)	(107.055)	(4.867)	(5.475)	-	(117.397)
Profit / (loss) before tax	356.894	(3.825)	15.906	49.700	418.675
Income tax expense for the period (-)	(42.166)	(966)	(1.922)	-	(45.054)
Deferred tax income	1.105	2.283	(31)	1.178	4.535
Profit / (loss) for the year	315.833	(2.508)	13.953	50.878	378.156
Attributable to					
Non-controlling interest	-	(480)	-	(1.061)	(1.541)
Equity holders of the parent	315.833	(2.028)	13.953	51.939	379.697
Investments accounted under equity method	52.244	(1.725)	-	-	50.519

(*) As stated in note 3, as of December 31, 2011, Group has accounted the income related with the sales of shares of AES Entek and revalued cost calculations under "Other operating income".

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4. Segment information (continued)

	January 1 - December 31, 2010				
	Gas and petroleum products	Electricity (*)	Other	Consolidation adjustments	Total
Sales revenue (net)	4.092.424	400.986	251.517	(87.239)	4.657.688
Cost of sales (-)	(3.631.436)	(389.031)	(231.367)	95.561	(4.156.273)
Gross profit	460.988	11.955	20.150	8.322	501.415
Marketing, sales and distribution expenses (-)	(149.457)	-	(5.618)	562	(154.513)
General administrative expenses (-)	(108.832)	(12.928)	(7.792)	1.372	(128.180)
Research and development expenses (-)	(1.806)	-	-	-	(1.806)
Other operating income	32.457	4.051	3.033	(12.195)	27.346
Other operating expenses (-)	(12.170)	(817)	(289)	60	(13.216)
Operating profit	221.180	2.261	9.484	(1.879)	231.046
Profit from investments accounted under equity pick-up method	-	-	-	42.448	42.448
Finance income	180.691	24.440	5.122	(101.371)	108.882
Finance expense (-)	(74.355)	(22.124)	(2.632)	77	(99.034)
Profit before tax	327.516	4.577	11.974	(60.725)	283.342
Income tax expense for the period (-)	(43.981)	(1.274)	(2.367)	-	(47.622)
Deferred tax income	837	1.318	53	2.229	4.437
Profit for the year	284.372	4.621	9.660	(58.496)	240.157
Attributable to					
Non-controlling interest	48	643	1	-	692
Equity holders of the parent	284.324	3.978	9.659	(58.496)	239.465
Investments accounted under equity method	42.448	-	-	-	42.448

(*) Financial statements of Eltek (the Company's subsidiary) have been included into consolidation starting from the year 2010 (note 1).

The amortization and depreciation expense for the industrial segmental assets as of December 31, 2011 and 2010 is as follows:

	January 1 - December 31, 2011	January 1 - December 31, 2010
Gas and petroleum products	64.844	59.502
Electricity	16.065	29.069
Other	3.924	400
	84.833	88.971

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Notes to the consolidated financial statements (continued) for the year ended December 31, 2011

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4. Segment information (continued)

The investment expenditures for the industrial segmental assets as of December 31, 2011 and 2010 are as follows:

	January 1 - December 31, 2011	January 1 - December 31, 2010
Gas and petroleum products	139.413	79.861
Electricity (*)	-	6.857
Other	62.758	485
	202.171	87.203

(*) As of December 31, 2010, "Entek" has been classified as asset held for sale in accordance with IFRS 5 (note 25). As of December 31, 2011, AES Entek has been accounted with equity method (note 3).

5. Cash and cash equivalents

	December 31, 2011	December 31, 2010
Cash on hand	458	150
Cash at banks	234.922	256.061
- Demand deposits	31.168	56.753
- Time deposits	203.754	199.308
Receivables from credit card transactions	18.922	6.218
Total cash and cash equivalents	254.302	262.429
Cash and cash equivalents of asset held for sale (note 25)	-	100.458
Cash and cash equivalents at consolidated statement of cash flow	254.302	362.887

As of December 31, 2011 the Group's TL time deposits amounting to TL 201.517 thousand have maturities of 2 – 88 days and interest rates of 8,25 – 12,50%; USD time deposits amounting to USD 856 thousand (TL 1.617 thousand) have maturities of 5 - 30 days and interest rates of 0,40 – 3,05%; Euro time deposits amounting to Euro 39 thousand (TL 95 thousand) have maturities of 2 – 5 days and interest rates of 0,25 – 0,40%. (December 31, 2010 - the Group's TL time deposits amounting to TL 128.672 thousand have maturities of 3 - 31 days and interest rates of 5,50% – 9,28%; USD time deposits amounting to USD 12.318 thousand (TL 19.043 thousand) with maturities of 7 - 28 days and interest rates of 0,50% – 2,75%; Euro time deposits amounting to Euro 25.096 thousand (TL 51.228 thousand) have maturities of 7 - 21 days and interest rates of 0,40% – 3,00%).

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Aygaz Anonim Şirketi and its Subsidiaries

Notes to the consolidated financial statements (continued) for the year ended December 31, 2011

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

6. Financial assets

The Group's long term financial assets identified as available-for-sale financial assets are as follows as of December 31, 2011 and 2010:

	December 31, 2011		December 31, 2010	
	Participation amount	Participation rate %	Participation amount	Participation rate %
Koç Finansal Hizmetler A.Ş. (*)	242.310	1,97	325.050	1,97
Ram Dış Ticaret A.Ş. (**)	1.783	2,50	1.740	2,50
Tanı Pazarlama ve İletişim Hizmetleri A.Ş.(***)	540	10,00	540	10,00
Tat Konserve Sanayi A.Ş. (**)	236	0,08	236	0,08
Other (***)	23	-	23	-
Impairment reserve (-)	(1.024)	-	(1.141)	-
	243.868		326.448	

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

(**) Stated at fair value, impairments are accounted as "Impairment reserve" under financial assets and impairment loss is recognized.

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

7. Financial borrowings

a) Short term bank borrowings

	December 31, 2011		December 31, 2010	
	Amount	Interest rate (%)	Amount	Interest rate (%)
Short term borrowings (TL)	1.764	-	1.800	-
Short term portions of long term borrowings (*)	-	-	805	-
Total short term bank borrowings	1.764		2.605	

(*) Include interest accruals of long term credits.

b) Long term bank borrowings

	December 31, 2011			December 31, 2010		
	Foreign currency amount	TL amount	Interest rate (%)	Foreign currency amount	TL amount	Interest rate (%)
Euro borrowings (**)	-	-	-	53.000	109.407	Euribor + 2,75
Less, short term portion	-	-	-	-	(805)	-
Total long term borrowings					108.602	

(*) TL amounts also include interest accruals.

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7. Financial borrowings (continued)

As of December 31, 2011 and 2010 repayment plan of the Group's long term borrowings are as follows:

	December 31, 2011	December 31, 2010
2012 (*)	-	108.602
	-	108.602

(*) Considering the current financial situation, future plans and market conditions of the Company; the remaining portion of the borrowing, that was indebted through the loan provided by Koç Holding from a consortium that includes various financial institutions, amounting to EUR 53 million with 27 month maturity (April 24, 2012) and Euribor+ 2, 75% interest rate is closed earlier than its maturity together with its accumulated interest as of January 28, 2011.

8. Other financial liabilities

As of December 31, 2011, the Company has forward contracts with an average maturity of four months and nominal amounts of USD 2.000 thousand. The Company recognized the difference between net book value and fair value as of December 31, 2011, amounting to TL 27 thousand under other financial liabilities. (As of December 31, 2010, the Company has forward contracts with an average maturity of four months and nominal amounts of TL 15.593 thousand and USD 8.350 thousand. The Company recognized the difference between net book value and fair value as of December 31, 2010, amounting to TL 444 thousand under other financial liabilities.)

9. Trade receivables and payables

The Group's trade receivables as December 31, 2011 and 2010 are as follows:

Current trade receivables	December 31, 2011	December 31, 2010
Trade receivables	239.766	218.352
Notes receivables	51.183	44.832
Allowance for doubtful receivables (-)	(15.220)	(13.957)
Total current trade receivables	275.729	249.227
Non-current trade receivables	December 31, 2011	December 31, 2010
Notes receivable	2.124	847
Total non-current trade receivables	2.124	847

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9. Trade receivables and payables (continued)

Movement of allowance for doubtful receivables	January 1 - December 31, 2011	January 1 - December 31, 2010
Balance at beginning of year	13.957	14.493
Additional provision	2.241	940
Collections	(978)	(1.476)
Closing balance	15.220	13.957

Allowance for doubtful receivables has been raised per customer based on the past experiences of the Company management.

Level and composition of risks of trade receivables are explained in note 29.

The Group's trade payables as of December 31, 2011 and 2010 are as follows:

Short term trade payables	December 31, 2011	December 31, 2010
Trade payables	163.468	189.719
Other trade payables	-	101
Total short term trade payables	163.468	189.820

10. Other trade receivables and payables

The Group's other trade receivables and payables as of December 31, 2011 and 2010 are as follows:

Other current receivables	December 31, 2011	December 31, 2010
Guarantees and deposits given	2.444	1.270
Other receivables	1.382	837
Total other current receivables	3.826	2.107
Non-current receivables	December 31, 2011	December 31, 2010
Guarantees and deposits given	39	35
Total non-current receivables	39	35
Other payables	December 31, 2011	December 31, 2010
Due to personnel	19.109	17.880
Other payables	360	277
Total other payables	19.469	18.157
Other long term payables	December 31, 2011	December 31, 2010
Cylinder deposits received	66.991	53.299
Total other long term payables	66.991	53.299

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Aygaz Anonim Şirketi and its Subsidiaries

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

11. Inventories

	December 31, 2011	December 31, 2010
Raw materials	146.824	124.292
Goods in transit	23.089	21.633
Trade goods	9.819	7.796
Finished goods	5.937	4.483
Work in process	544	582
Allowance for impairment on inventory	(229)	(229)
Total inventories	185.984	158.557

As of December 31, 2011, the inventories comprise of 58.652 tons of LPG. (December 31, 2010: 53.023 tons).

Movement of allowance for impairment on inventory of the Group is as follows:

	January 1 - December 31, 2011	January 1 - December 31, 2010
Movement of allowance for impairment on inventory		
Opening balance	229	352
Reversal of allowance related to sales	-	(123)
Closing balance	229	229

12. Equity investments

	December 31, 2011		December 31, 2010	
	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	1.312		476	
Legal reserves	5.108		3.195	
Financial risk hedge fund	(6.483)		(5.690)	
The share of the Group in the profit after the acquisition date	243.201		192.874	
	905.096	20,00%	852.813	20,00%
AES Entek acquisition value	118.930		-	
The share of the Group in the profit after the acquisition date (*)	(4.297)		-	
	114.633	24,81%	-	-
Zinerji Enerji Sanayi ve Tic. A.Ş.	738		738	
Impairment reserve (-)	(371)		(375)	
	367	%56,00	363	56,00%
Total	1.020.096		853.176	

(*) As explained in detail in note 3, as the share of the Group in the income and losses of its subsidiary AES Entek has been consolidated with different consolidation methods, the months January and February have been fully consolidated and the period March – September have been proportionally consolidated into the income statement. Related with the change in the Group's share on AES Entek, income/loss for the period October – December has been consolidated with equity method (loss of TL 1.725 thousand) have been accounted with equity method based on the share of the Group.

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Aygaz Anonim Şirketi and its Subsidiaries

Notes to the consolidated financial statements (continued) for the year ended December 31, 2011

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12. Equity investments (continued)

Financial information on Enerji Yatırımları A.Ş., which is consolidated in the Group's financial statements according to equity pick-up method is set out below:

Consolidated balance sheet	December 31, 2011	December 31, 2010
Total assets	20.095.464	19.324.224
Total liabilities	(12.259.964)	(11.968.520)
Non-controlling interest	(3.310.022)	(3.091.639)
Net assets	4.525.478	4.264.065
Group's ownership	20%	20%
Group's share in associates' net assets	905.096	852.813
Consolidated income statement	January 1 - December 31, 2011	January 1 - December 31, 2010
Revenue	41.415.867	26.218.713
Income/(loss) for the year	261.198	212.233
Group's share in associates' profit/(loss) for the year	52.240	42.448

Financial information on AES Entek which is consolidated in the Group's financial tables according to equity pick-up method is set out below:

Consolidated balance sheet	December 31, 2011	December 31, 2010
Total assets	427.172	-
Total liabilities	(94.212)	-
Net assets	332.960	-
Group's ownership	24,81%	-
Group's share in associates' net assets	82.610	-
Goodwill	32.023	-
Group's total share	114.633	-
Consolidated income statement	January 1 - December 31, 2011	January 1 - December 31, 2010
Revenue	353.115	-
Income/(loss) for the year	(7.170)	-
Group's share in associates' loss for the period (*)	(1.725)	-

(*) As explained in detail in note 3, as the share of the Group in the income and losses of its subsidiary AES Entek has been consolidated with different consolidation methods, the months January and February have been fully and the period March – September have been proportionally consolidated into the income statement. Related with the change in the Group's share on AES Entek, income/loss the period October – December has been accounted with equity method.

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**Notes to the consolidated financial statements
for the year ended December 31, 2011 (continued)**

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

13. Property, plant and equipment

	Land	Land improvements	Land	Buildings	Plant, machinery, equipment and LPG cylinders	Vehicles and vessels	Furniture and fixtures	Leasehold improvements	Construction in progress (*)	Total
Acquisition cost										
Opening balance as of January 1, 2011	15.531	96.551	62.788	1.442.704	168.166	46.421	22.188	7.976	1.862.325	
Additions	-	60	18	29.509	65.720	770	42	72.799	168.918	
Transfers	-	5.131	1.758	47.227	1.574	4.912	468	(62.926)	(1.856)	
Disposals	-	(361)	(29)	(31.882)	(5.957)	(2.319)	-	-	(40.548)	
Ending balance as of December 31, 2011	15.531	101.381	64.535	1.487.558	229.503	49.784	22.698	17.849	1.988.839	
Accumulated depreciation										
Opening balance as of January 1, 2011	-	39.287	39.758	1.114.113	136.314	36.311	21.236	-	1.387.019	
Charge of the period (**)	-	3.523	1.749	51.792	4.680	3.373	494	-	65.611	
Disposals	-	(318)	(4)	(29.089)	(5.550)	(1.636)	-	-	(36.597)	
Ending balance as of December 31, 2011	-	42.492	41.503	1.136.816	135.444	38.048	21.730	-	1.416.033	
Net book value as of December 31, 2011	15.531	58.889	23.032	350.742	94.059	11.736	968	17.849	572.806	

(*) TL 1.856 thousand under construction in progress under the account property, plant and equipment has been classified to intangible fixed assets.

(**) As explained in detail in note 3, AES Entek has been consolidated with equity method and income / loss amounts of AES Entek for the months January – February 2011 have been fully and for the period March – September 2011 have been proportionally consolidated. Accordingly depreciation of property, plant and equipment and intangible assets are different than related movement tables.

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13. Property, plant and equipment (continued)

	Land	Land improvements	Buildings	Plant, machinery, equipment and LPG cylinders	Vehicles and vessels	Furniture and fixtures	Leasehold improvements	Construction in progress (*)	Total
Acquisition cost									
Opening balance as of January 1, 2010	29.635	100.574	72.626	1.805.959	157.364	46.856	23.001	6.741	2.242.756
Classification related with asset held for sale (note 25)	(12.007)	(8.227)	(11.842)	(378.914)	(59)	(2.592)	(1.010)	(5.832)	(420.483)
Additions	-	1.051	268	29.691	2.537	2.868	220	43.926	80.561
Transfers	-	3.290	1.971	15.547	9.704	1.610	-	(32.236)	(114)
Disposals	(2.097)	(137)	(235)	(29.579)	(1.380)	(2.321)	(23)	(4.623)	(40.395)
Ending balance as of December 31, 2010	15.531	96.551	62.788	1.442.704	168.165	46.421	22.188	7.976	1.862.325
Accumulated depreciation									
Opening balance as of January 1, 2010	-	40.953	41.261	1.262.776	128.505	37.361	20.490	-	1.531.346
Classification related with asset held for sale (note 25)	-	(5.257)	(3.396)	(188.449)	(59)	(2.195)	(781)	-	(200.137)
Charge of the period	-	3.734	2.085	72.536	3.874	3.157	1.566	-	86.952
Transfers	-	-	-	(5.294)	5.294	-	-	-	-
Disposals	-	(143)	(192)	(27.456)	(1.300)	(2.012)	(39)	-	(31.142)
Ending balance as of December 31, 2010	-	39.287	39.758	1.114.113	136.314	36.311	21.236	-	1.387.019
Net book value as of December 31, 2010	15.531	57.264	23.030	328.591	31.852	10.110	952	7.976	475.306

(*) TL 114 thousand under construction in progress under the account property, plant and equipment has been classified to intangible fixed asset

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13. Property, plant and equipment (continued)

The Group has capitalizes foreign currency differences and interest expenses on the loans, till the related equipment are ready for use. In year 2011, the Group has not capitalized any borrowing cost (2010: none).

The carrying amounts of fully depreciated property, plant and equipment still in use are as follows:

	December 31, 2011	December 31, 2010
Land improvements	12.767	12.053
Buildings	16.110	15.840
Plant, machinery, equipment and LPG cylinders	756.765	732.049
Vehicles and vessels	87.788	85.358
Furniture and fixtures	28.117	26.288
Leasehold improvements	19.805	18.857
	921.352	890.445

As of December 31, 2011 and 2010, the details of depreciation expenses are as follows:

	January 1 - December 31 2011	January 1 - December 31, 2010
Cost of sales	71.671	76.025
General and administrative expenses	5.883	7.094
Selling, marketing and distribution expenses	3.682	3.263
Capitalized on cylinders	371	195
Capitalized on inventory	-	375
	81.607	86.952

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**Notes to the consolidated financial statements
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14. Intangible assets

	Rights	Other intangible fixed assets	Total
Acquisition costs			
Opening balance as of January 1, 2011	16.214	-	16.214
Additions (*)	33.253	-	33.253
Transfers (**)	1.856	-	1.856
Disposals	-	-	-
Ending balance as of December 31, 2011	51.323	-	51.323
Accumulated depreciation			
Opening balance as of January 1, 2011	8.495	-	8.495
Charge for the period (***)	3.157	-	3.157
Disposals	-	-	-
Ending balance as of December 31, 2011	11.652	-	11.652
Carrying value as of December 31, 2011	39.671	-	39.671

- (*) The Company has purchased the usage rights of licenses of Totalgaz brand in exchange of TL 32.800 thousand and reflected the related amount under intangible assets.
- (**) TL 1.856 thousand under construction in progress under the account property, plant and equipment has been classified to intangible fixed assets.
- (**) As explained in detail in note 3, AES Entek has been consolidated with equity method and income / Loss amounts of AES Entek for the months January – February 2011 have been fully and for the period March – September 2011 have been proportionally consolidated. Accordingly depreciation of property, plant and equipment and intangible assets are different than related movement tables.

	Rights	Other intangible fixed assets	Total
Acquisition costs			
Opening balance as of January 1, 2010	15.304	642	15.946
Classifications related with asset held for sale (note 25)	(464)	(654)	(1.118)
Additions	6.632	10	6.642
Transfers (*)	112	2	114
Disposals	(5.370)	-	(5.370)
Ending balance as of December 31, 2010	16.214	-	16.214
Accumulated depreciation			
Opening balance as of January 1, 2010	11.516	473	11.989
Classifications related with asset held for sale (note 25)	(241)	(528)	(769)
Charge for the period	1.964	55	2.019
Disposals	(4.744)	-	(4.744)
Ending balance as of December 31, 2010	8.495	-	8.495
Carrying value as of December 31, 2010	7.719	-	7.719

- (*) TL 114 thousand under construction in progress under the account property, plant and equipment has been classified to intangible fixed assets.

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14. Intangible assets (continued)

As of December 31, 2011 and 2010, the details of amortization expenses of intangible assets are as follows:

	January 1 - December 31, 2011	January 1 - December 31, 2010
General and administrative expenses	3.226	2.019
	3.226	2.019

15. Provisions, contingent liabilities, contingent assets

Details of provisions as of December 31, 2011 and 2010 are as follows:

	December 31, 2011	December 31, 2010
Provisions for lawsuits	3.381	2.637
	3.381	2.637

Details of contingent liabilities as of December 31, 2011 and 2010 are as follows:

Guarantees given	December 31, 2011	December 31, 2010
Letter of guarantees given to customs for gas import	44.821	33.807
Other letter of guarantees given	10.657	33.755
Total guarantees given	55.478	67.562

The liability for environmental pollution:

According to the effective environmental laws, the Group is responsible for the environmental pollution it causes as a result of its operational activities without seeking a reason of defaulting. The Group may be fined with indemnity if the group causes an environmental pollution. As of the balance sheet date, there is no case opened against the Group.

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

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**Notes to the consolidated financial statements
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15. Provisions, contingent liabilities, contingent 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:

	December 31, 2011				December 31, 2010			
	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	27.140	239	28.099	55.478	22.699	23.551	21.312	67.562
B. GPMs given in favor of subsidiaries included in full consolidation	-	-	-	-	-	-	-	-
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	27.140	239	28.099	55.478	22.699	23.551	21.312	67.562

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16. Employee benefits

	December 31, 2011	December 31, 2010
Retirement pay provision	16.756	16.744

Retirement pay provision:

Under the Turkish Legislations, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service and reaches the retirement age (58 for women and 60 for men).

The amount payable consists of one month's salary limited to a maximum of full TL 2.731,85 (December 31, 2010: full TL 2.517,01) for each year of service at December 31, 2011.

The liability is not funded, as there is no funding requirement.

In accordance with Turkish Labour Code, employment termination benefit is the present value of the total estimated provision for the liabilities of the personnel who may retire in the future. The provision made for present value of determined social relief is calculated by the prescribed liability method. All actuarial profits and losses are accounted in the consolidated income statement.

IFRS require actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. The Group makes a calculation for the employment termination benefit by applying the prescribed liability method, by the experiences and by considering the personnel who become eligible for pension. This provision is calculated by expecting the present value of the future liability which will be paid for the retired personnel.

Accordingly, the following actuarial assumptions were used in the calculation of the total liability.

	2011	2010
Net discount rate (%)	4,63 - 4,68	4,66
Turnover rate related the probability of retirement (%)	91,35 - 97,86	92 – 97,96

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation.

The movement of retirement pay provision for the period ended December 31, 2011 and 2010 is as follows:

	January 1 - December 31, 2011	January 1 - December 31, 2010
Opening balance at January 1,	16.744	14.931
Charge for the period	5.183	4.402
Actuarial loss	55	936
Classifications related with asset held for sale and change in consolidation scope	-	(603)
Retirement pay paid	(5.226)	(2.922)
Closing balance at December 31	16.756	16.744

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17. Other short/long term assets and short/long term liabilities

	December 31, 2011	December 31, 2010
Other current assets		
Prepaid expenses	25.930	23.386
VAT carried forward	5.170	91
Advances given	3.438	544
Income accrual	912	56
Prepaid tax	561	26
Deductable taxes and funds	126	1.611
Other current assets	4.082	1.387
Total other current assets	40.219	27.101
	December 31, 2011	December 31, 2010
Other non-current assets		
Prepaid expenses	49.440	51.044
Advances given for property, plant and equipment purchases	571	1.214
Total other non-current assets	50.011	52.258
	December 31, 2011	December 31, 2010
Other short term liabilities		
Taxes and funds payable	103.930	77.932
Expense accruals	45.458	33.988
Social security premiums payable	3.590	1.907
Other liabilities	5.174	3.189
Total other short term liabilities	158.152	117.016

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Notes to the consolidated financial statements for the year ended December 31, 2011 (continued)

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18. Share capital

As of December 31, 2011 and 2010 the share capital held is as follows:

Shareholders	Participation rate	December 31, 2011	Participation rate	December 31, 2010
Koç Holding A.Ş.	40,68%	122.054	40,68%	122.054
Liquid Petroleum Gas Development Company	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

Restricted reserves assorted from the profit

The legal reserves consist of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the historical paid-in share capital. The second legal reserve is appropriated after the first legal reserve and dividends, at the rate of 10% per annum of all cash dividend distributions. According to Turkish Commercial Code, legal reserves may only be used as long as it does not exceed 50% of the paid capital. It may not be used under any circumstances.

The details of the restricted reserves are stated below:

	December 31, 2011	December 31, 2010
Legal reserves	84.159	73.159
Gain on sale of subsidiary share and property, recognized in equity	300.071	300.071
	384.230	373.230

Aygaz Anonim Şirketi and its Subsidiaries

**Notes to the consolidated financial statements
for the year ended December 31, 2011 (continued)**

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

18. Share capital (continued)

Profit distribution:

Public companies pay dividend according to Capital Market Board Standards as explained below:

Profit distribution should be made based on the requirements set out in the Board's Communiqué Serial: IV, No: 27 "Principles of Dividend Advance Distribution of Companies That Are Subject To The Capital Markets Board Regulations", terms of articles of corporations and profit distribution policies publicly disclosed by the companies.

According to CMB's decision (Date: February 25,2005 No: 7/242), if all the dividend amount -which is calculated on the basis of net distributable profit prepared according to CMB's regulations, and which is calculated according to the regulations related to the CMB's obligation of minimum dividend payment- may be covered by the distributable profit on the legal records, the whole amount would be distributed; if not, the whole amount of net distributable profit on legal records would be paid.

Based on the decision of CMB dated January 27, 2010, it is decided not to determine any minimum dividend payment distribution requirement for publicly held companies.

Complying with the decision related to the profit distribution principles for the operating profits made in 2008 by the publicly traded companies; which is announced in the CMB Communiqué numbered 1/6 and dated January 9, 2010; the companies which are obliged to prepare consolidated financial statements are allowed to calculate the profits to be distributed by considering the net profit amount included in the financial statements which are prepared according to the CMB Communiqué Serial:XI, No:29 – Communiqué on Principles of Financial Reporting in Capital Markets; regardless of the decision taken by the general assembly to distribute the profit, as long as the profit portions transferred from the subsidiaries, joint managing companies and affiliates shown under the profit presented in the consolidated financial statements, to the parent's consolidated financial statements are afforded by the companies' sources according to legal bookings.

Sources subject to profit distribution:

Inflation adjustments to issued capital and historical amount of extraordinary reserves can be used for in kind capital increase, dividend distribution in cash or the net loss deduction. In case inflation adjustment to issued capital is used as dividend distribution in cash, it is subject to corporation tax.

No privileges exist regarding the distribution of company profits. Dividend distribution is made in compliance with the law and at intervals stipulated by the law. Taking into account long-term strategies, investment and financing plans and current profitability, the company may distribute dividends such that it is not less than the minimum profit distribution percentage specified by the Capital Markets Board, calculated on the basis of the Capital Markets Board communiqués and legislation, as a cash dividend or scrip issue or a combination of the two.

Total net statutory profit for the year, after deducting the prior year losses and other sources that are subject the profit distribution as of December 31, 2011 amounts to TL 1.248.455 thousand.

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

Aygaz Anonim Şirketi and its Subsidiaries

Notes to the consolidated financial statements for the year ended December 31, 2011 (continued)

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

18. Share capital (continued)

Dividends paid

At the Ordinary General Assembly held at March 30, 2011, the Company has decided to distribute dividend over year 2010 distributable profit amounting to TL 125.000 thousand after deducting the general reserve amounting to TL 11.000 thousand;

- a cash dividend payment at the rate of 41,6667 %, which corresponds to Kr 0,41667 in gross and net cash dividend for the shares with a nominal value of Kr 1 to institutional shareholders who are full taxpayers or limited liable taxpayers and obtain dividends through a business or permanent representative in Turkey.
- Kr 0,41667 in gross and Kr 0,35396 net cash dividend to other shareholders.

According to this decision, the Company has started dividend payments on April 6, 2011.

Revaluation fund

The detail of the financial revaluation fund is as follows:

	December 31, 2011	December 31, 2010
Koç Finansal Hizmetler A.Ş.	144.407	223.010
Total revaluation fund	144.407	223.010

Financial risk hedging reserve:

As of December 31, 2010, fair value of losses resulting from the interest rate swap agreements made for hedging against interest rate risks relating to the loan used by Enerji Yatırımları A.Ş. for the purchase of 51% of TÜPRAŞ shares is shown as "Financial Risk Hedging Fund" in consolidated financial statements.

Non-controlling interest:

	January 1 - December 31, 2011	January 1 - December 31, 2010
Opening balance	35.866	43.159
Classifications related with asset held for sale (note 25)	-	(3.837)
Non-controlling interest on current year profit	(1.541)	692
Change in consolidation scope (note 3)	(33.873)	-
Dividends paid to minority interest	-	(4.148)
Closing balance	452	35.866

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

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**Notes to the consolidated financial statements
for the year ended December 31, 2011 (continued)**

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

19. Sales and cost of goods sold

Sales	January 1 - December 31, 2011	January 1 - December 31, 2010
Domestic sales	5.136.487	4.457.965
Export sales	513.922	357.806
Sales returns (-)	(6.303)	(13.324)
Sales discounts (-)	(188.436)	(144.759)
Total sales, net	5.455.670	4.657.688

Cost of sales:	January 1 - December 31, 2011	January 1 - December 31, 2010
Raw materials used	4.230.931	3.584.378
Production overheads	78.893	70.504
Depreciation expenses	71.671	76.025
Personnel expenses	32.390	35.950
Change in work in progress inventories	38	(76)
Change in finished goods inventories	(1.454)	(3.478)
	4.412.469	3.763.303
Cost of merchandises sold	537.094	381.837
Cost of services rendered (*)	28.533	11.133
Total cost of sales	4.978.096	4.156.273

(*) Within July 2010, the Company has restructured its shipping operations under new legal entities, and established Anadoluhisarı, Kandilli, Kuleli and Kuzguncuk and has reflected cost of services provided by these shipping companies under "Cost of services rendered".

20. Research and development expenses, marketing, sales and distribution expenses, general administrative expenses

	January 1 - December 31, 2011	January 1 - December 31, 2010
Marketing, sales and distribution expenses	195.468	154.513
General administrative expenses	131.345	128.180
Research and development expenses	1.948	1.806
Total	328.761	284.499

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

Aygaz Anonim Şirketi and its Subsidiaries

**Notes to the consolidated financial statements
for the year ended December 31, 2011 (continued)**

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

20. Research and development expenses, marketing, sales and distribution expenses, general administrative expenses (continued)

a) Detail of marketing, sales and distribution expenses

	January 1 - December 31, 2011	January 1 - December 31, 2010
Transportation, distribution and warehousing expenses	82.674	59.000
Sales expenses	40.059	31.329
Advertising and promotion expenses	31.355	26.883
Personnel expenses	24.952	23.183
Transportation expenses	5.573	4.839
Depreciation and amortization expenses	3.682	3.263
License expenses	3.791	2.873
Maintenance expenses	722	816
Insurance expenses	651	765
Post office expenses	385	366
Rent expenses	383	364
Lawsuit, consultancy and auditing expenses	289	388
Tax expenses	221	259
Other marketing, sales and distribution expenses	731	185
Total marketing, sales and distribution expenses	195.468	154.513

b) Detail on General administrative expenses

	January 1 - December 31, 2011	January 1 - December 31, 2010
Personnel expenses	68.575	67.983
Depreciation and amortization expenses	9.109	9.113
Information technology expenses	7.334	4.952
Transportation expenses	5.989	5.628
Donation and aids	5.686	4.755
Tax expenses	4.116	5.547
Consultancy expenses	3.834	4.015
Lawsuit, consultancy and auditing expenses	3.445	3.896
Maintenance expenses	3.376	1.789
Communication expenses	2.849	2.301
Insurance expenses	2.135	2.772
Post office expenses	1.658	1.614
Rent expenses	1.367	1.371
Public relations activities expenses	2.152	1.289
Other administrative expenses	9.720	11.155
Total general administrative expenses	131.345	128.180

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

Aygaz Anonim Şirketi and its Subsidiaries

**Notes to the consolidated financial statements
for the year ended December 31, 2011 (continued)**

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

20. Research and development expenses, marketing, sales and distribution expenses, general administrative expenses (continued)

c) Detail of research & development expenses

	January 1 - December 31, 2011	January 1 - December 31, 2010
Outsourced research and development expenses	1.948	1.806
Total research and development expenses	1.948	1.806

21. Expenses related to their nature

	January 1 - December 31, 2011	January 1 - December 31, 2010
Personnel expenses	93.527	91.166
Transportation, distribution and warehousing expenses	82.674	59.000
Sales expenses	40.059	31.329
Advertising and promotion expenses	31.355	26.883
Depreciation and amortization expenses	12.791	12.376
Transportation expenses	11.562	10.467
Information technology expenses	7.334	4.952
Donation and aids	5.686	4.755
Tax expenses	4.337	5.806
Maintenance expenses	4.098	2.605
Consultancy expenses	3.834	4.015
License expenses	3.791	2.873
Lawsuit, consultancy and auditing expenses	3.734	4.284
Insurance expenses	2.786	3.537
Communication expenses	2.849	2.667
Outsourced research and development expenses	1.948	1.806
Rent expenses	1.750	1.735
Public relations activities expenses	2.152	1.289
Other	12.494	12.954
Total	328.761	284.499

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

Aygaz Anonim Şirketi and its Subsidiaries

Notes to the consolidated financial statements for the year ended December 31, 2011 (continued)

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

22. Other operating income / expenses

Other operating income and profit for the years ended December 31, 2011 and 2010 are as follows:

	January 1 - December 31, 2011	January 1 - December 31, 2010
Income from sale of financial asset	204.561	-
Vessel service income	3.325	4.323
Gain on sale of property, plant and equipment	3.126	3.902
Income from port services	2.716	2.611
Rent income	1.861	1.489
Commission income	1.146	4.251
LPG pipeline usage income	1.142	1.444
Reversal of provisions	1.072	1.476
Dividend income	64	56
Other income and profits	12.014	7.794
Total other operating income	231.027	27.346

Other operating expense and loss for the period ended December 31, 2011 and 2010 are as follows:

	January 1 - December 31, 2011	January 1 - December 31, 2010
Vessel service expenses	3.397	6.534
Provision expense	2.434	2.836
Expense to port services	617	563
Upfront fee paid to gas stations	361	325
Commission expense	254	248
Demurrage expenses	228	1.355
Loss on sale of property, plant and equipment	76	56
Other expenses and losses	1.572	1.299
Total other operating expense	8.939	13.216

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

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**Notes to the consolidated financial statements
for the year ended December 31, 2011 (continued)**

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

23. Financial income

Financial income for the period ended December 31, 2011 and 2010 are as follows:

	January 1 - December 31, 2011	January 1 - December 31, 2010
Foreign exchange translation gains	68.533	78.870
Income generated from maturity differences of sales made on credit	23.572	12.901
Interest income	19.897	17.111
Fair value differences on forward transactions	2.650	-
Total financial income	114.652	108.882

24. Financial expense

Financial expense for the period ended December 31, 2011 and 2010 are as follows:

	January 1 - December 31, 2011	January 1 - December 31, 2010
Foreign exchange translation loss	97.364	77.688
Expenses from maturity differences of purchases on credit	16.923	10.965
Fair value differences on forward transactions	1.612	444
Interest expense	873	6.766
Credit commission expense	-	2.654
Other financial expense	625	517
Total financial expense	117.397	99.034

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

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Notes to the consolidated financial statements for the year ended December 31, 2011 (continued)

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

25. Assets held for sale and discontinued operations

Assets held for sale

The Group, in accordance with the board of directors meeting decision held on November 30, 2010, has decided to sell 49,62% shares of Entek with a nominal value of TL 49.079 thousand, when share transfer procedures are completed, to AES-Mont Blanc Holdings B.V in exchange of USD 136.455 thousand. As of December 31, 2010 the assets and liabilities of the subsidiary held for sale have been classified as assets and liabilities held for sale in accordance with IFRS 5. As explained in detail in note 3, related with the sale of shares of AES Entek in 2011, the Group's effective control over AES Entek has decreased to 24,81% and AES Entek has been consolidated with equity method.

Assets held for sale	2011	2010
Cash and cash equivalents	-	100.458
Trade receivables	-	39.039
Other current assets	-	3.238
Property, plant and equipment	-	220.346
Intangible fixed assets	-	349
Other long-term assets	-	8.848
	-	372.278

Liabilities held for sale	2011	2010
Short term financial liabilities	-	44.197
Long term financial liabilities	-	20.098
Trade payables	-	34.856
Other payables	-	1.916
Other short term liabilities	-	3.484
Retirement pay provision	-	609
Deferred tax liability	-	12.587
	-	117.747

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

Aygaz Anonim Şirketi and its Subsidiaries

**Notes to the consolidated financial statements
for the year ended December 31, 2011 (continued)**

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

25. Non-current assets held for sale and discontinued operations (continued)

Income statement related with assets held for sale	Prior year January 1 - December 31, 2010
Sales revenue	400.986
Cost of sales	(389.031)
Gross operating profit	11.955
General administrative expenses	(12.928)
Other operating income	4.051
Other operating expenses	(817)
Operating profit	2.261
Profit from investments accounted under equity pick-up method	-
Finance income	24.440
Finance costs	(22.124)
Profit before tax	4.577
Tax income/(expense)	
- Income tax expense for the period	(1.274)
- Deferred tax income	1.318
Profit for the year	4.621
Attributable to:	
Non-controlling interest	643
Equity holders of the parent	3.978
	4.621

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

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Notes to the consolidated financial statements for the year ended December 31, 2011 (continued)

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26. Tax assets and liabilities

	December 31, 2011	December 31, 2010
Current tax liability:		
Current corporate tax provision	44.088	46.348
Less: Prepaid taxes and funds	(38.262)	(34.177)
	5.826	12.171

Tax expense in income statement:

	January 1 - December 31, 2011	January 1 - December 31, 2010
From continuing operations		
<u>Current tax liability</u>		
Current corporate tax expense	(44.088)	(47.622)
Deferred tax income	1.253	4.437
Change in consolidation scope (note 3)	2.316	-
- Current corporate tax provision	(966)	-
- Deferred tax income / (expense)	3.282	-
	(40.519)	(43.185)

Corporate tax

The Company 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 2011 is 20% (2010: 20%).

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate in 2011 is 20% (2010: 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.

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for IFRS purposes and its statutory tax financial statements. These differences usually result in the recognition of income and expenses in different reporting periods for IFRS and tax purposes and they are given below.

Aygaz Anonim Şirketi and its Subsidiaries

Notes to the consolidated financial statements for the year ended December 31, 2011 (continued)

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

26. Tax assets and liabilities (continued)

Income withholding tax

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are resident companies in Turkey and Turkish branches of foreign companies. The rate of income withholding tax is 15%. Undistributed dividends incorporated in share capital are not subject to income withholding taxes.

Withholding tax at the rate of 19,8% is still applied to investment allowances relating to investment incentive certificates obtained prior to April 24, 2003. Subsequent to this date, companies can deduct 40% of the investments within the scope of the investment incentive certificate and that are directly related to production facilities of the Company. The investments without investment incentive certificates do not qualify for tax allowance.

Investment incentives certificates

Investment incentive certificates are revoked commencing from January 1, 2006. If companies cannot use investment incentive due to inadequate profit, such outstanding investment incentive can be carried forward to following years so as to be deducted from taxable income of subsequent profitable years. However the companies can deduct the carried forward outstanding allowance from 2006, 2007 and 2008 taxable income. The investment incentive amount that cannot be deducted from 2008 taxable income will not be carried forward to following years. But, on 15 October 2009, the Constitutional Court decided to cancel such legal arrangement on the grounds of unconstitutionality and accordingly period restriction on the usage of the carried forward investment allowances has been cancelled as of reporting date. This decision was promulgated in the Official Gazette dated 8 January 2010.

A new arrangement related to implementation of investment incentives has been introduced in Law no:5, dated August 1, 2010 and published in Official Gazette No: 27659. With this new arrangement and the decision of Supreme Court, no time limit has been mentioned related to usage of investment incentives circulating form 2005, but the usage of investment incentive is limited to 25% of the revenue. Accordingly taxpayers are required to pay 20% of their remaining 75% revenue, after using investment incentives, as corporate tax.

Deferred tax

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between the financial statements as reported for IFRS purposes and financial statements prepared in accordance with the tax legislation. These differences arise from the differences in accounting periods for the recognition of income and expenses in accordance with IFRS and tax legislation. The rate applied in the calculation of deferred tax assets and liabilities is 20% for 2011 (2010: 20%).

Deferred tax (assets)/liabilities:	December 31, 2011	December 31, 2010
Restatement and depreciation / amortization differences of property, plant and equipment and other intangible assets	31.945	31.246
Revaluation fund on financial assets	7.600	11.737
Valuation of inventories	369	1.491
Effective interest method adjustment	(90)	(80)
Provision for employment termination benefits	(3.322)	(3.347)
Investment allowance	(384)	-
Other	(1.577)	(1.116)
	34.541	39.931

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

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Notes to the consolidated financial statements for the year ended December 31, 2011 (continued)

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26. Tax assets and liabilities (continued)

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.

	December 31, 2011			December 31, 2010		
	Deferred tax			Deferred tax		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Aygaz A.Ş.	(4.357)	33.819	29.462	(4.024)	38.720	34.696
Mogaz Petrol Gazları A.Ş.	(2.690)	6.455	3.765	(2.482)	6.425	3.943
Akpa A.Ş.	(298)	220	(78)	(249)	140	(109)
Aygaz Doğal Gaz	(498)	1.890	1.392	(22)	1.423	1.401
	(7.843)	42.384	34.541	(6.777)	46.708	39.931

Movement of deferred tax assets and liabilities are as follows:

	January 1 - December 31, 2011	January 1 - December 31, 2010
Movement of deferred tax (assets)/liabilities :		
Opening balance on January 1	39.931	48.359
Deferred tax expense / (income)	(1.253)	(4.437)
Deferred tax associated with financial asset revaluation fund	(4.137)	6.501
Classifications related with assets held for sale	-	(10.492)
Closing balance on December 31	34.541	39.931

Tax reconciliation :

	January 1 - December 31, 2011	January 1 - December 31, 2010
Profit from continuing operations before tax	418.675	283.342
Income tax rate	20%	20%
Expected tax expense	83.735	56.669
Tax effects of:		
-Revenue that is exempt from taxation	(43.477)	(26.294)
-Expenses that are not deductible in determining taxable profit	1.307	3.237
-Consolidation eliminations without tax effect	(3.869)	14.666
-Investment incentive certificates not accounted in the prior period	-	(4.522)
Other	2.823	(571)
Tax expense in the income statement	40.519	43.185

27. Earnings per share

	January 1 - December 31, 2011	January 1 - December 31, 2010
Average number of ordinary shares outstanding during the period (one thousand)	300.000	300.000
Net profit for the year attributable equity holders of the parent company	379.697	239.465
Basic earnings per thousand shares (TL)	1,265657	0,798217

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Notes to the consolidated financial statements for the year ended December 31, 2011 (continued)

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28. 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	December 31, 2011			
	Receivables		Payables	
	Trade	Non-trade	Trade	Non-trade
Group companies (*)				
Türkiye Petrol Rafinerileri A.Ş.	8.484	-	34.451	-
Ford Otomotiv Sanayi A.Ş.	3.775	-	0	-
Arçelik A.Ş.	3.023	-	18.560	-
Zer Merkezi Hizmetler ve Ticaret A.Ş. (**)	2.284	-	5.578	-
Demir Export A.Ş.	2.195	-	-	-
Otokar Otobüs Karoseri Sanayi A.Ş.	674	-	6	-
Türk Traktör ve Ziraat Makinaları A.Ş.	587	-	-	-
Tofaş Türk Otomobil Fabrikası A.Ş.	582	-	40	-
R.M.K ve Mahdumları Mad. İnş.Tur.Yat. ve Tic. A.Ş.	256	-	-	-
Opet Petrolcülük A.Ş.	134	-	21.819	-
Vehbi Koç Vakfı Koç Üniversitesi	127	-	-	-
Koçtaş Yapı Marketleri Ticaret A.Ş.	90	-	44	-
Harranova Besi ve Tarım Ürünleri A.Ş.	86	-	-	-
Altinyunus Çeşme Turistik Tesisler. A.Ş.	85	-	-	-
Otokoç Otomotiv Tic. ve San. A.Ş.	76	-	692	-
Setur Servis Turistik A.Ş.	63	-	196	-
Palmira Turizm Ticaret A.Ş.	45	-	138	-
Arçelik LG Klima San. ve Tic. A.Ş.	42	-	-	-
Yapı Kredi Bankası A.Ş.	38	-	15	-
Yapı Kredi Kültür Sanat Yayıncılık Tic.ve San. A.Ş.	21	-	-	-
Tat Konserve Sanayi A.Ş.	19	-	6	-
RMK Marine Gemi Yapım San. ve Deniz Taş. İşl. A.Ş.	18	-	170	-
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	8	-	1.938	-
Beldesun Otomotiv Yan Sanayii ve Tic. A.Ş.	6	-	-	-
Küsel Ltd.Şti.	6	-	-	-
Düzye Tüketim Malları Pazarlama A.Ş.	3	-	92	-
THY Opet Havacılık Yakıtları A.Ş.	3	-	-	-
Yapı Kredi Sigorta A.Ş.	2	-	1	-
Vehbi Koç Vakfı Amerikan Hastanesi	2	-	-	-
Ram Sigorta Aracılık Hizmetleri A.Ş.(***)	2	-	209	-
Callus Bilgi ve İletişim Hizmetleri A.Ş.	1	-	105	-
Marmaris Altinyunus Turistik Tesisleri A.Ş.	1	-	-	-
Tanı Pazarlama ve İletişim Hizmetleri A.Ş.	1	-	738	-
Kanel Kangal Elektrik A.Ş.	1	-	-	-
Koç Tüketici Finansmanı A.Ş.	1	-	-	-
Promena Elektronik Ticaret A.Ş.	-	-	31	-
Ark İnşaat A.Ş.	-	-	267	-
Bilkom Bilişim Hizmetleri A.Ş.	-	-	4	-
Koçnet Haberleşme Teknoloji ve İlet. Hizm. A.Ş.	-	-	4	-
Opet-Fuchs Madeni Yağlar	-	-	40	-
Oriente Klassik Giyim San. ve Tic.A.Ş.	-	-	14	-
Ram Dış Ticaret A.Ş.	-	-	1.098	-
Setair Hava Taşımacılığı ve Hizm. A.Ş.	-	-	58	-
Shareholders				
Koç Holding A.Ş.	-	-	652	-
Investments accounted under equity method				
Zinerji Enerji Sanayi ve Ticaret A.Ş.	628	-	-	-
AES Entek Elektrik Üretimi A.Ş.	1	-	73	-
	23.370	-	87.039	-

(*) Group companies include Koç Group companies.

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

(***) Ram Sigorta Aracılık Hizmetleri A.Ş. ("Ram Sigorta") provides insurance services to the Group. As of balance sheet date, trade payables consist of Group's payables to third party insurance companies in exchange of insurance services and payables to Ram Sigorta for commissions for intermediary activities.

As of December 31, 2011, the Company has dividend payables amounting to TL 336 thousand (December 31, 2010 – TL 267 thousand), which is reflected within other payables at the consolidated balance sheet.

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

Aygaz Anonim Şirketi and its Subsidiaries

Notes to the consolidated financial statements for the year ended December 31, 2011 (continued)

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

28. Transactions with related parties (continued)

Balances with related parties	December 31, 2010			
	Receivables (****)		Payables (****)	
	Trade	Non-trade	Trade	Non-trade
Group companies (*)				
Türkiye Petrol Rafinerileri A.Ş.	9.119	-	19.625	-
Ford Otomotiv Sanayi A.Ş.	6.200	-	-	-
Yapı Kredi Bankası A.Ş.	1.755	-	90	-
Tofaş Türk Otomobil Fabrikası A.Ş.	1.156	-	-	-
Arçelik A.Ş.	828	-	13.382	-
Zer Merkezi Hizmetler ve Ticaret A.Ş.(**)	827	-	8.241	-
Türk Traktör ve Ziraat Makinaları A.Ş.	817	-	7	-
Koçtaş Yapı Marketleri Ticaret A.Ş.	629	-	221	-
Demir Export A.Ş.	498	-	-	-
Opet Petrolcülük A.Ş.	498	-	54.305	-
Otokar Otobüs Karoseri Sanayi A.Ş.	482	-	-	-
Tat Konserve Sanayi A.Ş.	361	-	-	-
Vehbi Koç Vakfı Koç Üniversitesi	357	-	-	-
Vehbi Koç Vakfı Amerikan Hastanesi	298	-	2	-
RMK Marine Gemi Yapım San. ve Deniz Taş. İşl. A.Ş.	180	-	49	-
Palmira Turizm Ticaret A.Ş.	150	-	78	-
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	116	-	4.977	-
Harranova Besi ve Tarım Ürünleri A.Ş.	111	-	-	-
Tek-Art Kalamış ve Fenerbahçe Mar. Tur. Tes. A.Ş.	100	-	-	-
Vehbi Koç Vakfı	76	-	100	-
Marmaris Altinyunus Turistik Tesisleri A.Ş.	72	-	5	-
Kanel Kangal Elektrik A.Ş.	69	-	-	-
Setur Servis Turistik A.Ş.	48	-	245	-
Arçelik LG Klima San. ve Tic. A.Ş.	40	-	-	-
Düzey Tüketim Malları Pazarlama A.Ş.	38	-	117	-
Otokoç Otomotiv Tic. ve San. A.Ş.	36	-	313	-
Yapı Kredi Kültür Sanat Yayıncılık Tic.ve San. A.Ş.	30	-	-	-
Altinyunus Çeşme Turistik Tesisler. A.Ş.	19	-	-	-
THY Opet	17	-	-	-
Ayvalık Marina ve Yat İşl. San. ve Tic. A.Ş.	13	-	-	-
Beldesana Otomotiv Yan Sanayi ve Tic. A.Ş.	5	-	-	-
Küsel Ltd.Şti.	2	-	-	-
Ark İnşaat A.Ş.	-	-	1.323	-
Bilkom Bilişim Hizmetleri A.Ş.	-	-	1	-
Koçnet Haberleşme Teknoloji ve İlet. Hizm. A.Ş.	-	-	183	-
Koç Yapı Malzemeleri Ticaret A.Ş.	-	-	3	-
Opet-Fuchs Madeni Yağlar	-	-	91	-
Promena Elektronik Ticaret A.Ş.	-	-	21	-
Ram Dış Ticaret A.Ş.	-	-	6.031	-
Ram Sigorta Aracılık Hizmetleri A.Ş. (****)	-	-	116	-
Setair Hava Taşımacılığı ve Hizm. A.Ş.	-	-	189	-
Tanı Pazarlama ve İletişim Hizmetleri A.Ş.	-	-	830	-
Oriente Klassik Giyim San.ve Tic.A.Ş.	-	-	11	-
İltur Gemicilik	-	-	9	-
Callus Bilgi ve İletişim Hizmetleri A.Ş.	-	-	57	-
Shareholders				
Koç Holding A.Ş.	-	-	9	-
Investments accounted under equity method				
Zinerji Enerji Sanayi ve Ticaret A.Ş.	325	-	-	-
	25.272	-	110.631	-

(*) Group companies include Koç Group companies.

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

(***) Ram Sigorta Aracılık Hizmetleri A.Ş. ("Ram Sigorta") provides insurance services to the Group. As of balance sheet date, trade payables consist of Group's payables to third party insurance companies in exchange of insurance services and payables to Ram Sigorta for commissions for intermediary activities.

(****) As stated in note 25, Entek has been classified as "Asset Held for Sale" in the balance sheet. Related party receivables and payables of Entek have been included in related party disclosure.

Aygaz Anonim Şirketi and its Subsidiaries

Notes to the consolidated financial statements for the year ended December 31, 2011 (continued)

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

28. Transactions with related parties (continued)

Transactions with related parties	January 1 - December 31, 2011			
	Purchases (Goods)	Sales (Goods)	Purchases (Service)	Sales (Service)
Group companies (*)				
Türkiye Petrol Rafinerileri A.Ş.	541.118	276.476	1.316	535
Opet Petrolcülük A.Ş.(**)	153.248	1.724	708	137
Arçelik A.Ş.	76.177	14.928	106	-
Ram Dış Ticaret A.Ş.	18.042	-	320	-
Zer Merkezi Hizmetler ve Ticaret A.Ş.	14.037	572	24.179	-
Opet-Fuchs Madeni Yağlar	371	-	-	-
Koçtaş Yapı Marketleri Ticaret A.Ş.	361	225	52	-
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	308	14	6.108	-
Palmira Turizm Ticaret A.Ş.	16	167	287	-
Ford Otomotiv Sanayi A.Ş.	13	30.016	-	-
Otokar Otobüs Karoseri Sanayi A.Ş.	10	4.143	87	-
Otokoç Otomotiv Tic. ve San. A.Ş.	6	2.542	3.974	-
Koçnet Haberleşme Teknoloji ve İlet. Hizm. A.Ş.	5	-	907	-
Arçelik LG Klima San. ve Tic. A.Ş.	5	-	-	-
East Marine Denizcilik ve Turizm A.Ş.	4	-	-	-
Oriente Klassik Giyim San. ve Tic.A.Ş.	3	-	-	-
Düzyayın Tüketim Malları Pazarlama A.Ş.	1	4	504	-
Vehbi Koç Vakfı Koç Üniversitesi	1	200	-	-
Altinyunus Çeşme Turistik Tesisler. A.Ş.	-	488	-	7
Bilkom Bilişim Hizmetleri A.Ş.	-	1	-	-
Callus Bilgi ve İletişim Hizmetleri A.Ş.	-	4	-	-
Demir Export A.Ş.	-	15.527	-	-
Harranova Besi ve Tarım Ürünleri A.Ş.	-	1.607	-	-
Koç Tüketici Hizmetleri A.Ş.	-	2	-	-
Marmaris Altinyunus Turistik Tesisleri A.Ş.	-	333	5	-
Ram Sigorta Aracılık Hizmetleri A.Ş.	-	-	27	-
RMK Marine Gemi Yapım San. ve Deniz Taş. İşl. A.Ş.	-	1.090	350	-
Setair Hava Taşımacılığı ve Hizm. A.Ş.	-	-	-	-
Setur Servis Turistik A.Ş.	-	32	8.027	-
Tanı Pazarlama ve İletişim Hizmetleri A.Ş.	-	1	1.866	-
Tat Konserve Sanayi A.Ş.	-	1.123	6	-
Tofaş Türk Otomobil Fabrikası A.Ş.	-	6.396	34	-
Türk Traktör ve Ziraat Makinaları A.Ş.	-	4.721	-	-
Vehbi Koç Vakfı	-	6	-	-
Vehbi Koç Vakfı Amerikan Hastanesi	-	2	-	-
Yapı Kredi Bankası A.Ş.	-	224	12	-
Yapı Kredi Faktoring A.Ş.	-	-	3	-
Yapı Kredi Yatırım Menkul Değerler A.Ş.	-	-	19	-
Tek-Art Kalamış ve Fenerbahçe Mar. Tur. Tes. A.Ş.	-	1	-	-
THY Opet Havacılık Yakıtları A.Ş.	-	30	-	-
Shareholders				
Koç Holding A.Ş.	-	5	3.551	-
	803.726	362.604	52.448	679

(*) Group companies include Koç Group companies.

(**) Commission expense regarding LPG sold at Opet stations as of December 31, 2011 is TL 87.236 thousand (December 31, 2010 - TL 82.201 thousand). The commission expense mentioned above is evaluated as part of sales and accounted under income statement as sales discounts.

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

Aygaz Anonim Şirketi and its Subsidiaries

Notes to the consolidated financial statements for the year ended December 31, 2011 (continued)

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

28. Transactions with related parties (continued)

Transactions with related parties	January 1 - December 31, 2010			
	Purchases (Goods)	Sales (Goods)	Purchases (Service)	Sales (Service)
Group companies (*)				
Türkiye Petrol Rafinerileri A.Ş.	358.501	205.477	1.242	-
Opet Petrolcülük A.Ş.(**)	99.070	1.572	2.062	409
Arçelik A.Ş.	62.628	10.570	91	-
Ram Dış Ticaret A.Ş.	24.883	-	248	-
Zer Merkezi Hizmetler ve Ticaret A.Ş.	14.813	3.562	26.734	-
Koçtaş Yapı Marketleri Ticaret A.Ş.	1.030	2.534	44	-
Otokoç Otomotiv Tic. ve San. A.Ş.	645	2.359	2.935	-
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	642	550	3.232	-
Ark İnşaat A.Ş.	472	-	883	-
Opet-Fuchs Madeni Yağlar	415	-	-	-
Arçelik LG Klima San. ve Tic. A.Ş.	133	463	1	-
Palmira Turizm Ticaret A.Ş.	133	845	8	-
Tanı Pazarlama ve İletişim Hizmetleri A.Ş.	117	-	1.707	-
Ford Otomotiv Sanayi A.Ş.	48	34.624	-	-
Oriente Klassik Giyim San.ve Tic.A.Ş.	16	-	-	-
East Marine	5	-	-	-
Düzyey Tüketim Malları Pazarlama A.Ş.	3	25	639	-
Beldeyama Motorlu Vasıtalar San. A.Ş.	1	1	-	-
Harranova Besi ve Tarım Ürünleri A.Ş.	1	2.162	-	-
Bilkom Bilişim Hizmetleri A.Ş.	1	-	4	-
Ayvalık Marina ve Yat İşl. San. ve Tic. A.Ş.	-	34	-	-
Beldesın Otomotiv Yan Sanayii ve Tic. A.Ş.	-	18	-	-
Demir Export A.Ş.	-	14.751	-	-
Koç Fiat Kredi Tüketici Finansmanı A.Ş.	-	3	-	-
Koçnet Haberleşme Teknoloji ve İlet. Hizm. A.Ş.	-	1	1.291	-
Marmaris Altinyunus Turistik Tesisleri A.Ş.	-	549	4	-
Otokar Otobüs Karoseri Sanayi A.Ş.	-	2.283	163	-
RMK Marine Gemi Yapım San. ve Deniz Taş. İşl. A.Ş.	-	809	275	-
Setur Servis Turistik A.Ş.	-	234	3.040	-
Tat Konserve Sanayi A.Ş.	-	3.664	-	-
Tek-Art Kalamış ve Fenerbahçe Mar. Tur. Tes. A.Ş.	-	304	34	-
Tofaş Türk Otomobil Fabrikası A.Ş.	-	9.600	120	-
Türk Traktör ve Ziraat Makinaları A.Ş.	-	4.140	6	-
Vehbi Koç Vakfı	-	1	-	-
Vehbi Koç Vakfı Amerikan Hastanesi	-	1.434	17	-
Vehbi Koç Vakfı Koç Üniversitesi	-	2.548	114	-
Yapı Kredi Bankası A.Ş.	-	6.847	128	-
Yapı Kredi Finansal Kiralama A.O.	-	91	-	-
THY Opet	-	29	-	-
Altinyunus Çeşme Turistik Tesisler. A.Ş.	-	336	-	12
VKV Koç Özel İlköğretim Okulu	-	44	4	-
Promena Elektronik Ticaret A.Ş.	-	-	135	-
Setair Hava Taşımacılığı ve Hizm. A.Ş.	-	-	3.218	-
Yapı Kredi Kültür Sanat Yayıncılık Tic.ve San. A.Ş.	-	-	7	-
Yapı Kredi Sigorta A.Ş.	-	-	3	-
Yapı Kredi Yatırım Menkul Değerler A.Ş.	-	-	18	-
İltur Gemicilik	-	-	7	-
Callus Bilgi ve İletişim Hizmetleri A.Ş.	-	-	722	-
Koç Yönder	-	-	2	-
Rahmi Koç Müzecilik	-	-	1	-
Yapı Kredi Spor Klübü Derneği	-	-	29	-
Shareholders				
Koç Holding A.Ş.	-	-	4.018	-
	563.557	312.464	53.186	421

(*) Group companies include Koç Group companies.

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

Aygaz Anonim Şirketi and its Subsidiaries

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

28. Transactions with related parties (continued)

January 1 - December 31, 2011				
Tangible asset and rent transactions with related parties	Rent income	Rent expense	Tangible and intangible asset purchases	Sale of fixed assets
Group companies (*)				
Opet Petrolcülük A.Ş.	432	16	-	-
Yapı Kredi Bankası A.Ş.	-	175	-	-
Otokoç Otomotiv Tic. ve San. A.Ş.	-	105	777	-
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	-	-	2.294	-
Zer Merkezi Hizmetler ve Ticaret A.Ş.	-	-	334	2.787
Ark İnşaat A.Ş.	-	-	267	-
Koçnet Haberleşme Teknoloji ve İlet. Hizm. A.Ş.	-	-	23	-
Bilkom Bilişim Hizmetleri A.Ş.	-	-	12	-
Koçtaş Yapı Marketleri Ticaret A.Ş.	-	-	2	-
Shareholders				
Temel Ticaret ve Yatırım A.Ş.	-	55	-	-
	432	351	3.709	2.787

January 1 - December 31, 2010				
Tangible asset and rent transactions with related parties	Rent income	Rent expense	Tangible and intangible asset purchases	Fixed asset sales
Group companies (*)				
Opet Petrolcülük A.Ş.	400	15	-	-
Otokoç Otomotiv Tic. ve San. A.Ş.	-	88	173	-
Yapı Kredi Bankası A.Ş.	-	62	-	-
Arçelik A.Ş.	-	-	28	-
Bilkom Bilişim Hizmetleri A.Ş.	-	-	6	-
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	-	-	6.081	-
Koçnet Haberleşme Teknoloji ve İlet. Hizm. A.Ş.	-	-	91	12
Koçtaş Yapı Marketleri Ticaret A.Ş.	-	-	79	-
Tat Konserve Sanayi A.Ş.	-	-	5	-
Türkiye Petrol Rafinerileri A.Ş.	-	-	45	-
Zer Merkezi Hizmetler ve Ticaret A.Ş.	-	-	43	1.798
THY Opet	-	-	-	161
Shareholders				
Temel Ticaret ve Yatırım A.Ş.	-	52	-	-
Koç Family Members	-	65	-	-
	400	302	6.551	1.971

(*) Group companies include Koç Group companies.

Aygaz Anonim Şirketi and its Subsidiaries

**Notes to the consolidated financial statements
for the year ended December 31, 2011 (continued)**

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

28. Transactions with related parties (continued)

Financial and other transactions with related parties	January 1 - December 31, 2011			
	Financial income	Financial expense	Other income	Other expense
Group companies (*)				
Yapı Kredi Bankası A.Ş.	19.135	10.643	-	-
Türkiye Petrol Rafinerileri A.Ş.	847	-	-	-
Arçelik A.Ş.	9	-	-	-
Otokoç Otomotiv Tic. ve San. A.Ş.	5	-	-	-
Koçnet Haberleşme Teknoloji ve İlet. Hizm. A.Ş.	-	-	8	-
Shareholders				
Koç Holding A.Ş.	-	-	9.933	-
	19.996	10.643	9.941	-

Financial and other transactions with related parties	January 1 - December 31, 2010			
	Financial income	Financial expense	Other income	Other expense
Group companies (*)				
Yapı Kredi Bankası A.Ş.	10.569	324	-	-
Türkiye Petrol Rafinerileri A.Ş.	560	-	-	-
Koçnet Haberleşme Teknoloji ve İlet. Hizm. A.Ş.	14	-	-	-
Arçelik A.Ş.	13	-	-	-
Ford Otomotiv Sanayi A.Ş.	5	-	-	-
R.M.K ve Mahdumları Mad. İnş.Tur.Yat. ve Tic. A.Ş.	2	-	-	-
Marmaris Altinyunus Turistik Tesisleri A.Ş.	1	-	-	-
Türk Traktör ve Ziraat Makineleri A.Ş.	1	-	-	-
Opet Petrolcülük A.Ş.	-	-	300	-
Shareholders				
Koç Holding A.Ş.	-	547	-	-
	11.165	871	300	-

(*) Group companies include Koç Group companies.

Cash at banks	December 31, 2011	December 31, 2010
Group companies (*)		
Yapı Kredi Bankası A.Ş.	184.396	262.013
Credit card receivables	December 31, 2011	December 31, 2010
Group companies (*)		
Yapı Kredi Bankası A.Ş.	14.144	5.333

(*) Group companies include Koç Group companies.

Aygaz Anonim Şirketi and its Subsidiaries

Notes to the consolidated financial statements for the year ended December 31, 2011 (continued)

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

28. Transactions with related parties (continued)

Benefits to Key Management:

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

Benefits to key management personnel includes salaries, premiums, Social Security Institution employer's contribution, employer's contribution of unemployment insurance and the attendance fees of board of directors.

Total of the benefit provided to senior management of the Group as of December 31, 2011 is TL 23.659 thousand (2010: TL 19.104 thousand).

29. Nature and the level of risk derived from financial instruments

a) Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or rearrange capital structure, the Company can return back capital to shareholders, issue new shares and sale assets in order to decrease debt requirement.

The Group controls its capital using the net financial debt/total equity ratio parallel to other companies in the sector. This ratio is the calculated as net debt divided by the equity amount. Net debt is calculated as total financial debt amount less cash and cash equivalents.

Risk management is managed by treasury department based on the policies approved by the board of directors. Group's treasury department defines and reviews the financial risk and uses tools to minimize the risk by collaborating with Group's operational units based on such risk policies. Board of directors prepares written procedures or general policies related with the risk management including currency risk, interest risk, using of derivative and non-derivative instruments and to evaluate cash surplus.

	December 31, 2011	December 31, 2010
Total financial liabilities	-	111.207
Less: Cash and cash equivalents	(254.302)	(262.429)
Net debt	-	-
Shareholder's equity	2.154.631	2.013.908
Debt capital ratio	-	-

b) Financial risk factors

The risks of the Group resulted from operations, include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Group's risk management program generally seeks to minimize 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.

Aygaz Anonim Şirketi and its Subsidiaries

**Notes to the consolidated financial statements
for the year ended December 31, 2011 (continued)**

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

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

b.1) Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group manages this risk by the credit limits up to the guarantees received from customers. The usage of credit limits are monitored by the Group according to the customer's credibility is evaluated continuously.

Trade receivables consist of many customers that operate in various industries and locations. Credit risk of the receivables from counterparties are evaluated perpetually.

Credit risk of financial instruments

	Receivables					
	Trade receivables		Other receivables		Deposits in banks	Credit card receivables
December 31, 2011	Related party	Third party	Related party	Third party		
Receivables maximum net credit risk as of balance sheet date (*)	23.370	277.853	-	3.865	234.922	18.922
- The part of maximum risk under guarantee with collateral etc.	-	270.489	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	23.370	246.529	-	3.865	234.922	18.922
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	-	31.324	-	-	-	-
- The part under guarantee with collateral etc.	-	18.804	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-
- Past due (gross carrying amount)	-	15.220	-	-	-	-
- Impairment (-)	-	(15.220)	-	-	-	-
The part of net value under guarantee with collateral etc.	-	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-	-

(*) Amounts show the maximum credit risk as of balance sheet date, without considering the guarantees or other items increasing credit security.

	Receivables					
	Trade receivables		Other receivables		Deposits in banks	Credit card receivables
December 31, 2010	Related party	Third party	Related party	Third party		
Receivables maximum net credit risk as of balance sheet date (*)	16.051	250.074	-	2.142	256.061	6.218
- The part of maximum risk under guarantee with collateral etc.	-	167.720	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	16.051	232.830	-	2.142	256.061	6.218
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	-	17.244	-	-	-	-
- The part under guarantee with collateral etc.	-	1.525	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-
- Past due (gross carrying amount)	-	13.957	-	-	-	-
- Impairment (-)	-	(13.957)	-	-	-	-
The part of net value under guarantee with collateral etc.	-	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-	-

(*) Amounts show the maximum credit risk as of balance sheet date, without considering the guarantees or other items increasing credit security.

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**Notes to the consolidated financial statements
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29. Nature and the level of risk derived from financial instruments (continued)

December 31, 2011	Trade receivables	Other receivables	Deposits in banks	Derivative instruments	Other	Total
Past due 1-30 days	16.468	-	-	-	-	16.468
Past due 1-3 months	7.189	-	-	-	-	7.189
Past due 3-12 months	2.133	-	-	-	-	2.133
Past due 1-5 years	-	-	-	-	-	-
Past due more than 5 years	-	-	-	-	-	-
Total past due	25.790	-	-	-	-	25.790
The part under guarantee with collateral	9.339	-	-	-	-	9.339

December 31, 2010	Trade receivables	Other receivables	Deposits in banks	Derivative instruments	Other	Total
Past due 1-30 days	13.982	-	-	-	-	13.982
Past due 1-3 months	3.262	-	-	-	-	3.262
Past due 3-12 months	-	-	-	-	-	-
Past due 1-5 years	-	-	-	-	-	-
Past due more than 5 years	-	-	-	-	-	-
Total past due	17.244	-	-	-	-	17.244
The part under guarantee with collateral	1.525	-	-	-	-	1.525

b.2) Liquidity risk management

Liquidity risk management responsibility mainly belongs to the Board of Directors. The Board of Directors has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profile of financial assets and liabilities.

The following table presents the maturity of Group's derivative and non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of non-derivative financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. Derivative financial liabilities are presented according to undiscounted net cash inflow and cash outflow. The table has been drawn up based on the undiscounted net cash inflows/(outflows) on the derivative instrument that settle on a net basis and the undiscounted gross inflows and (outflows) on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the reporting date.

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

Contractual maturity analysis	Carrying value	Total cash outflow according to the contract (I+II+III+IV)			
		Less than 3 months (I)	3 - 12 months (II)	1-5 years (III)	More than five years (IV)
Non-derivative financial liabilities					
Bank borrowings	1.764	1.764	-	-	-
Trade payables	163.468	163.468	-	-	-
Payables to related parties	87.039	87.039	-	-	-
Other payables	86.460	19.469	-	-	66.991
Other liabilities	745	745	-	-	-
Total liabilities	339.476	272.485	-	-	66.991

Derivative Instruments (*)	Book value	Cash flow according to contract			
		Less than 3 months	3 - 12 months	1 - 5 years	Above 5 years
Derivative cash inflows	-	3.778	-	-	-
Derivative cash outflows	-	(3.715)	-	-	-
Derivative cash instruments, net	(27)	63	-	-	-

(*) The amounts are cash flows according to contract, which have not been discounted.

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

December 31, 2010		Total cash outflow according to the contract (I+II+III+IV)				
Contractual maturity analysis	Carrying value	Less than 3 months (I)	3 - 12 months (II)	1 - 5 years (III)	More than five years (IV)	
Non-derivative financial liabilities						
Bank borrowings	111.207	1.800	-	108.602	-	
Trade payables	189.820	189.820	-	-	-	
Payables to related parties	110.458	110.458	-	-	-	
Other payables	71.456	18.157	-	-	53.299	
Other liabilities	117	117	-	-	-	
Total liabilities	483.058	320.352	-	108.602	53.299	
		Cash flow according to contract				
Derivative Instruments (*)	Book value	Less than 3 months	3 - 12 months	1 - 5 years	Above 5 years	
Derivative cash inflows	-	17.200	11.302	-	-	
Derivative cash outflows	-	(17.132)	(11.209)	-	-	
Derivative cash instruments, net	(444)	68	93	-	-	

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Notes to the consolidated financial statements for the year ended December 31, 2011 (continued)

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

b.3) Market risk management

The Group's activities are exposed to a variety of financial risks including foreign currency risk and interest rate risk as explained below. The Group uses derivative financial instruments to hedge certain risk exposures in order to manage foreign currency and interest rate risks. These instruments are:

1. Foreign exchange forward purchase agreements to manage exposure to liabilities denominated in foreign currencies.
2. Foreign exchange purchase options to manage exposure to liabilities denominated in foreign currencies.
3. Principal and interest swap agreements to manage exposure to liabilities denominated in foreign currencies.

At the Group level market risk exposures are measured by sensitivity analysis and stress scenarios.

There has been no change in the Group's exposure to market risks or the manner which it manages and measures the risk compared to the previous year.

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Notes to the consolidated financial statements for the year ended December 31, 2011 (continued)

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

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

b.3.1) Foreign currency risk management

The Group controls foreign currency risk coming from its operations and cash flows of finance contracts by using "forward foreign exchange contracts".

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

December 31, 2011	Total TL equivalent	TL equivalent of USD	TL equivalent of Euro	Other
1. Trade receivables	18.552	17.018	1.534	-
2.a Monetary financial assets	17.183	8.238	8.794	151
2.b Non monetary financial assets	-	-	-	-
3. Other	-	-	-	-
4. Current assets	35.735	25.256	10.328	151
5. Trade receivables	-	-	-	-
6.a Monetary financial assets	-	-	-	-
6.b Non monetary financial assets	-	-	-	-
7. Other	-	-	-	-
8. Non current assets	-	-	-	-
9. Total assets	35.735	25.256	10.328	151
10. Trade payables	(92.860)	(92.758)	(97)	(5)
11. Financial liabilities	-	-	-	-
12.a Other monetary financial liabilities	-	-	-	-
12.b Other non monetary financial liabilities	-	-	-	-
13. Current liabilities	(92.860)	(92.758)	(97)	(5)
14. Trade payables	-	-	-	-
15. Financial liabilities	-	-	-	-
16.a Other monetary financial liabilities	-	-	-	-
16.b Other non monetary financial liabilities	-	-	-	-
17. Non current liabilities	-	-	-	-
18. Total liabilities	(92.860)	(92.758)	(97)	(5)
19. Net asset / liability position of off balance sheet liabilities (19a-19b)	-	-	-	-
19.a Total hedged assets	-	-	-	-
19.b Total hedged liabilities	-	-	-	-
20. Net foreign currency asset / liability position	(57.125)	(67.502)	10.231	146
21. Net foreign currency asset / liability position of monetary items (1+2a+6a+10+11+12a+14+15+16a)	(57.125)	(67.502)	10.231	146
22. Fair value of foreign currency hedged financial assets	-	-	-	-
23. Export	515.402	485.735	29.667	-
24. Import	2.233.334	2.227.120	5.741	473

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 December 31, 2011, the Group has LPG amounting to TL 91.932 thousand (December 31, 2010 TL - 77.060 thousand).

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

December 31, 2010	Total TL equivalent	TL equivalent of USD	TL equivalent of Euro	Other
1. Trade receivables	44.813	18.128	26.685	-
2.a Monetary financial assets	114.123	58.135	55.852	136
2.b Non monetary financial assets	-	-	-	-
3. Other	-	-	-	-
4. Current assets	158.936	76.263	82.537	136
5. Trade receivables	-	-	-	-
6.a Monetary financial assets	-	-	-	-
6.b Non monetary financial assets	-	-	-	-
7. Other	-	-	-	-
8. Non current assets	-	-	-	-
9. Total assets	158.936	76.263	82.537	136
10. Trade payables	(147.191)	(147.051)	(140)	-
11. Financial liabilities	(109.407)	-	(109.407)	-
12.a Other monetary financial liabilities	-	-	-	-
12.b Other non monetary financial liabilities	-	-	-	-
13. Current liabilities	(256.598)	(147.051)	(109.547)	-
14. Trade payables	-	-	-	-
15. Financial liabilities	-	-	-	-
16.a Other monetary financial liabilities	-	-	-	-
16.b Other non monetary financial liabilities	-	-	-	-
17. Non current liabilities	-	-	-	-
18. Total liabilities	(256.598)	(147.051)	(109.547)	-
19. Net asset / liability position of off balance sheet liabilities (19a-19b)	-	-	-	-
19.a Total hedged assets	-	-	-	-
19.b Total hedged liabilities	-	-	-	-
20. Net foreign currency asset / liability position	(97.662)	(70.788)	(27.010)	136
21. Net foreign currency asset / liability position of monetary items (1+2a+6a+10+11+12a+14+15+16a)	(97.662)	(70.788)	(27.010)	136
22. Fair value of foreign currency hedged financial assets	-	-	-	-
23. Export	357.806	348.548	9.255	3
24. Import	1.230.276	1.225.536	3.829	911

Currency forward agreements

Currency forward agreements which are valid as of December 31, 2011 and 2010 are summarized at the table below.

					December 31, 2011	
Maturity	Parity	Type of contract	Transaction	Total amount	Currency	
1 to 3 months	1,8577 - 1,8300	Forward	Sells TL, buys USD	2.000	USD	

					December 31, 2010	
Maturity	Parity	Type of contract	Transaction	Total amount	Currency	
1 to 3 months	1,3235	Forward	Sells EUR, Buys USD	8.350	USD	
1 to 3 months	2,0581	Forward	Sells EUR, Buys TL	4.291	TL	
3 to 6 months	2,0581	Forward	Sells EUR, Buys TL	8.814	TL	
6 to 9 months	2,0581	Forward	Sells EUR, Buys TL	2.488	TL	

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

Foreign currency sensitivity :

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

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

	Income/Expense		December 31, 2011	
	Foreign exchange appreciation	Foreign exchange depreciation	Foreign exchange appreciation	Equity Foreign exchange depreciation
10% fluctuation of USD rate				
USD net asset/liability	(6.750)	6.750	(6.750)	6.750
Secured portion from USD risk	-	-	-	-
USD net effect	(6.750)	6.750	(6.750)	6.750
10% fluctuation of Euro rate				
Euro net asset/liability	1.023	(1.023)	1.023	(1.023)
Secured portion from Euro risk	-	-	-	-
Euro net effect	1.023	(1.023)	1.023	(1.023)
Total	(5.727)	5.727	(5.727)	5.727

	Income/Expense		December 31, 2010	
	Foreign exchange appreciation	Foreign exchange depreciation	Foreign exchange appreciation	Equity Foreign exchange depreciation
10% fluctuation of USD rate				
USD net asset/liability	(7.079)	7.079	(7.079)	7.079
Secured portion from USD risk	-	-	-	-
USD net effect	(7.079)	7.079	(7.079)	7.079
10% fluctuation of Euro rate				
Euro net asset/liability	(2.701)	2.701	(2.701)	2.701
Secured portion from Euro risk	-	-	-	-
Euro net effect	(2.701)	2.701	(2.701)	2.701
Total	(9.780)	9.780	(9.780)	9.780

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**Notes to the consolidated financial statements
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29. Nature and the level of risk derived from financial instruments (continued)

b.3.2) Interest rate risk management

The Group is exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings, by the use of interest rate swap contracts and forward interest rate contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite; ensuring optimal hedging strategies are applied, by either positioning the balance sheet or protecting interest expense through different interest rate cycles.

Details of Group's financial instruments that are sensitive to interest rates are as follows:

Interest position table

	December 31, 2011	December 31, 2010
Fixed interest instruments		
Time deposits	203.230	198.943
Variable interest instruments		
Financial liabilities	-	108.602

The Group's Euro / USD denominated financial borrowings have variable interest rates indexed to Euribor / Libor accordingly. The Group is exposed to interest rate risk due to the fluctuations in Euribor and Libor rates. The Group has paid its non-current financial liabilities with variable interest rates at January 28, 2011 (note 7) and do not foresee any interest rate risk as of the balance sheet date (December 31, 2010: none).

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29. Financial instruments (explanations related to fair value and hedge accounting)

Financial instrument categories

December 31, 2011	Financial assets at amortized cost	Loans and receivables	Financial assets available for sale	Financial assets at fair value through profit or loss	Financial liabilities at amortized cost	Fair value	Note
Financial assets							
Cash and cash equivalents	254.302	-	-	-	-	254.302	5
Trade receivables	-	277.853	-	-	-	277.853	9
Due from related parties	-	23.370	-	-	-	23.370	28
Other financial assets	-	-	243.868	-	-	243.868	6
Financial liabilities							
Financial liabilities	-	-	-	-	1.764	1.764	7
Trade payables	-	-	-	-	163.468	163.468	9
Due to related parties	-	-	-	-	87.039	87.039	28
Other financial liabilities	-	-	-	27	-	27	8
December 31, 2010							
Financial assets							
Cash and cash equivalents	262.429	-	-	-	-	262.429	5
Trade receivables	-	250.074	-	-	-	250.074	9
Due from related parties	-	16.051	-	-	-	16.051	28
Other financial assets	-	-	326.448	-	-	326.448	6
Financial liabilities							
Financial liabilities	-	-	-	-	111.207	111.207	7
Trade payables	-	-	-	-	189.820	189.820	9
Due to related parties	-	-	-	-	110.458	110.458	28
Other financial liabilities	-	-	-	444	-	444	8

(*) The Group believes the carrying value of its financial instruments are at fair value.

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**Notes to the consolidated financial statements
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**29. Financial instruments (explanations related to fair value and hedge accounting)
(continued)**

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	Level of fair value as of reporting date			
	December 31, 2011	1st Level	2nd Level	3rd Level
Available-for –sale financial assets (*)	243.304	25	243.279	-
Forward transactions	(27)	-	(27)	-

Financial assets	Level of fair value as of reporting date			
	December 31, 2010	1st Level	2nd Level	3rd Level
Available-for –sale financial assets (*)	325.884	59	325.825	-
Forward transactions	(444)	-	(444)	-

(*) The Group has available for sale financial assets, which are not quoted in stock markets, and total amount of these financial assets is TL 564 thousand (December 31, 2010 – TL 564 thousand). The fair value of these financial assets cannot be measured reliably and stated at cost in the accompanying financial statements.

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:

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**29. Financial instruments (explanations related to fair value and hedge accounting)
(continued)**

Financial Assets

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

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

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

Financial Liabilities

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

30. The events after the balance sheet date

None.

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

None.