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

Aygaz Anonim Şirketi and its Subsidiaries

Consolidated financial statements as of December 31, 2010 together with independent auditors' report

(Convenience translation of the auditors' report and 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, 2010 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, 2010, 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.

Other matter

The consolidated financial statements of Aygaz Anonim Şirketi and its subsidiaries prepared in accordance with financial reporting standards issued by Capital Market Board of Turkey as of December 31, 2009, were audited by another audit firm whose independent auditors' report thereon dated March 8, 2010 expressed an unqualified opinion.

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 9, 2011
İstanbul, Turkey

Aygaz Anonim Şirketi and its Subsidiaries

Consolidated balance sheet as at December 31, 2010

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

Assets	Notes	**Current period (Audited) December 31, 2010**	Prior period (Audited) December 31, 2009
Current assets			
Cash and cash equivalents	5	**262.429**	407.893
Trade receivables		**265.278**	336.541
-Due from related parties	*29*	***16.051***	*19.230*
-Other trade receivables	*9*	***249.227***	*317.311*
Other receivables	10	**2.107**	6.323
Inventories	11	**158.557**	81.183
Other current assets	18	**27.101**	22.003
		715.472	853.943
Assets held for sale	26	**372.278**	-
Total current assets		**1.087.750**	853.943
Non-current assets			
Trade receivables	9	**847**	799
Other receivables	10	**35**	33
Financial investments	6	**326.448**	196.924
Investments accounted under equity method	12	**853.176**	809.936
Property, plant and equipment	13	**475.306**	711.410
Intangible assets	14	**7.719**	3.957
Deferred tax asset	27	**109**	-
Other non-current assets	18	**52.258**	27.881
Total non-current assets		**1.715.898**	1.750.940
Total assets		**2.803.648**	2.604.883

The accompanying accounting policies and notes between the pages 9 and 82 form an integral part of these consolidated financial statements.

Aygaz Anonim Şirketi and its Subsidiaries

Consolidated balance sheet as at December 31, 2010
(Amounts expressed in thousands of Turkish Lira ("TL") and in thousands for other currencies unless otherwise indicated.)

		Current period (Audited)	Prior period (Audited)
Liabilities	**Notes**	**December 31, 2010**	December 31, 2009
Short term liabilities			
Financial borrowings	7	**2.605**	259.223
Other financial liabilities	8	**444**	-
Trade payables		**300.278**	167.612
- Due to related parties	*29*	***110.458***	*53.444*
- Other trade payables	*9*	***189.820***	*114.168*
Other payables	10	**18.157**	3.816
Current tax liabilities	27	**12.171**	10.683
Provision for other liabilities	16	**2.637**	3.596
Other short term liabilities	18	**117.016**	113.718
		453.308	558.648
Liabilities of assets held for sale	26	**117.747**	-
Total short term liabilities		**571.055**	558.648
Long term liabilities			
Financial borrowings	7	**108.602**	176.230
Other payables	10	**53.299**	49.428
Provision for employment termination benefits	17	**16.744**	14.931
Deferred tax liabilities	27	**40.040**	48.359
Total non-current liabilities		**218.685**	288.948
Equity			
Share capital	19	**300.000**	300.000
Inflation adjustment to share capital	19	**71.504**	71.504
Adjustment to share capital		**(7.442)**	(7.442)
Valuation fund on financial assets	19	**223.010**	99.491
Currency translation reserve		**476**	378
Restricted reserves		**373.230**	364.730
Financial risk hedging reserve		**(5.690)**	(6.384)
Retained earnings		**783.489**	577.247
Net profit for the period		**239.465**	314.604
Equity attributable to equity holders of the parent		**1.978.042**	1.714.128
Non-controlling interests	19	**35.866**	43.159
Total equity		**2.013.908**	1.757.287
Total liabilities and equity		**2.803.648**	2.604.883

The accompanying accounting policies and notes between the pages 9 and 82 form an integral part of these consolidated financial statements.

Aygaz Anonim Şirketi and its Subsidiaries

Consolidated income statement
for the year ended December 31, 2010
(Amounts expressed in thousands of Turkish Lira ("TL") and in thousands for other currencies unless otherwise indicated.)

	Notes	Current period (Audited) January 1- December 31, 2010	Prior period (Audited) January 1- December 31, 2009
Continuing operations			
Sales revenue (net)	20	**4.657.688**	3.760.710
Cost of sales (-)	20	**(4.156.273)**	(3.207.312)
Gross profit		**501.415**	553.398
Marketing, sales and distribution expenses (-)	21	**(154.513)**	(131.447)
General administrative expenses (-)	21	**(128.180)**	(127.367)
Research and development expenses (-)	21	**(1.806)**	(1.554)
Other operating income	23	**27.346**	67.665
Other operating expenses (-)	23	**(13.216)**	(17.478)
Operating profit		**231.046**	343.217
Profit from investments accounted under equity pick-up method		**42.448**	53.883
Finance income	24	**108.882**	129.433
Finance costs (-)	25	**(99.034)**	(152.311)
Profit before tax from continuing operations		**283.342**	374.222
Continuing operations tax income/(expense)			
- Income tax expense for the period	27	**(47.622)**	(50.539)
- Deferred tax income	27	**4.437**	2.896
Profit for the year from continuing operations		**240.157**	326.579
Discontinued operations			
Profit/(loss) after tax for the year from discontinued operations		**-**	(53)
Profit for the year		**240.157**	326.526
Attributable to			
Non-controlling interest		**692**	11.922
Equity holders of the parent		**239.465**	314.604
Earnings per share	28	**0,79822**	1,04868
Diluted earnings per share (TL)		**0,79822**	1,04868
-From continuing operations (thousand ordinary shares)	28	**0,79822**	1,04885
-From discontinued operations (thousand ordinary shares)		**-**	(0,00017)

The accompanying accounting policies and notes between the pages 9 and 82 form an integral part of these consolidated financial statements.

Aygaz Anonim Şirketi and its Subsidiaries

Consolidated statement of comprehensive income
for the year ended December 31, 2010

(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, 2010	January 1- December 31, 2009
Profit for the year	**240.157**	326.526
Other comprehensive income / (loss):		
Change in valuation fund on financial assets	**123.519**	18.843
Change in financial risk hedging reserve	**694**	6.586
Change in currency translation reserve	**98**	(396)
Other comprehensive income for the year, (after tax)	**124.311**	25.033
Total comprehensive income for the year	**364.468**	351.559
Attributable to:		
Non-controlling interests	**692**	11.922
Equity holders of the parent	**363.776**	339.637
	364.468	351.559

The accompanying accounting policies and notes between the pages 9 and 82 form an integral part of these consolidated financial statements.

Aygaz Anonim Şirketi and its Subsidiaries

Consolidated statement of changes in equity
for the year ended December 31, 2010

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

	Share capital	Adjustment to share capital	Valuation fund on financial assets	Inflation adjustment to share capital	Restricted reserves	Financial risk hedging reserve	Currency translation reserve	Retained earnings	Net profit for the period	Equity attributable to equity holders of the parent	Non-controlling interest	Total equity
Balance as of January 1, 2009	300.000	(7.329)	80.648	71.504	360.035	(12.970)	774	581.673	25.765	1.400.100	73.594	1.473.694
Dividends paid	-	-	-	-	-	-	-	(30.000)	-	(30.000)	(316)	(30.316)
Change in adjustment to share capital	-	(113)	-	-	-	-	-	-	-	(113)	-	(113)
Transactions with non-controlling interest	-	-	-	-	-	-	-	4.504	-	4.504	(42.041)	(37.537)
Transfers to reserves	-	-	-	-	4.695	-	-	21.070	(25.765)	-	-	-
Comprehensive income / (loss) for the period	-	-	18.843	-	-	6.586	(396)	-	314.604	339.637	11.922	351.559
Balance as of December 31, 2009	300.000	(7.442)	99.491	71.504	364.730	(6.384)	378	577.247	314.604	1.714.128	43.159	1.757.287
Balance as of January 1, 2010	**300.000**	**(7.442)**	**99.491**	**71.504**	**364.730**	**(6.384)**	**378**	**577.247**	**314.604**	**1.714.128**	**43.159**	**1.757.287**
Transfers from retained earnings	**-**	**-**	**-**	**-**	**8.500**	**-**	**-**	**306.104**	**(314.604)**	**-**	**-**	**-**
Dividends paid (note 19)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(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 (note 1)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1.025**	**-**	**1.025**	**-**	**1.025**
Comprehensive income for the period	**-**	**-**	**123.519**	**-**	**-**	**694**	**98**	**-**	**239.465**	**363.776**	**692**	**364.468**
Balance as of December 31, 2010	**300.000**	**(7.442)**	**223.010**	**71.504**	**373.230**	**(5.690)**	**476**	**783.489**	**239.465**	**1.978.042**	**35.866**	**2.013.908**

The accompanying accounting policies and notes between the pages 9 and 82 form an integral part of these consolidated financial statements.

Aygaz Anonim Şirketi and its Subsidiaries

Consolidated statement of cash flows
for the year ended December 31, 2010

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

	Notes	Audited January 1- December 31, 2010	Audited January 1- December 31, 2009
Cash flows from operating activities			
Net income before tax		**283.342**	374.222
Adjustments to reconcile net income before tax to net cash provided by operating activities:			-
Profit from equity participations	12	**(42.448)**	(53.883)
Depreciation of property, plant and equipment	13	**86.952**	95.410
Amortization of intangible assets	14	**2.019**	1.827
Income from sale of financial assets		**-**	(39.872)
Other provisions		**20.742**	17.296
Negative goodwill income		**-**	(2.663)
Provision for impairment of financial assets	6	**(285)**	(159)
Provision for retirement pay	17	**5.338**	4.040
Profit on sale of tangible/intangible assets (net)	23	**(3.846)**	(296)
Allowance for doubtful receivables	9	**940**	3.863
Interest income	24	**(17.111)**	(11.788)
Interest expense	25	**6.766**	18.827
Accrual for forward expenses	25	**444**	-
Other		**-**	(33.427)
Operating cash flow before changes in working capital		**342.853**	373.397
Changes in working capital:			
Trade receivables		**28.059**	(69.704)
Due from related parties		**3.179**	(2.134)
Inventories	11	**(77.251)**	(4.874)
Other receivables and current assets		**(4.120)**	13.485
Trade payables		**110.508**	(160.050)
Due to related parties		**57.014**	9.941
Other payables and liabilities		**(28.541)**	(8.510)
		431.701	151.551
Taxes paid		**(40.336)**	(41.927)
Retirement pay paid	17	**(2.922)**	(2.416)
Cash flows from operating activities		**388.443**	107.208
Cash flows from investing activities			
Interest income	24	**17.111**	11.788
Cash paid for equity investment capital increase		**-**	(9.400)
Purchases for subsidiary shares		**(6.218)**	(52.255)
Proceeds for joint venture disposal		**-**	84
Cash received from sale of available for sale financial assets		**-**	66.690
Purchases of property, plant and equipment	13	**(80.561)**	(126.744)
Purchases of intangible assets	14	**(6.642)**	(1.822)
Proceeds of sale of tangible/intangible assets		**13.725**	7.748
Other changes in investing activities		**-**	27.200
Cash flows used in investing activities		**(62.585)**	(76.711)
Cash flows from to financing activities			
Changes in financial borrowings		**(266.716)**	2.281
Dividends paid	19	**(100.000)**	(30.000)
Dividends paid to non-controlling interest	19	**(4.148)**	(316)
Net cash used in financing activities		**(370.864)**	(28.035)
Net change in cash and cash equivalents		**(45.006)**	2.462
Cash and cash equivalents at the beginning of the period	5	**407.893**	405.431
Cash and cash equivalents at the end of the period	5	**362.887**	407.893

The accompanying accounting policies and notes between the pages 9 and 82 form an integral part of these consolidated financial statements.

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 / İstanbul

As of December 31, 2010, number of personnel of Aygaz and its subsidiaries (together with referred to as "the Group") is 1.452 (December 31, 2009: 1.402).

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.

Entek Elektrik Üretimi A.Ş. ("Entek") 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 to the purchase of Mogaz shares stated above, the Group's effective control on Entek has been raised to 86,09%.

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.

(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)

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. 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%.

Eltek Elektrik Enerjisi İthalat İhracat ve Toptan Ticaret A.Ş. ("Eltek"), was established at the end of 2003 with 46% participation of 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%. With this purchase, the Group's effective control over Eltek has increased to 86,09%. As the transaction volume of Eltek has increased in the second quarter of 2010, considering that the subsidiary will have a material effect on financial statements both quantitatively and qualitatively, the Group has included Eltek into consolidation which was reflected at cost in prior periods,.

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

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

		Ownership interest (%)			
Subsidiaries	Place of incorporation and operation	**December 31, 2010**	December 31, 2009	Voting power right	Principal activity
Akpa	Turkey	**99,99%**	99,99%	99,99%	Marketing
Mogaz	Turkey	**100%**	97,90%	100%	LPG
Entek	Turkey	**86,09%**	86,01%	86,09%	Electricity
Eltek	Turkey	**86,09%**	64,60%	86,09%	Electricity
Aygaz Doğal Gaz Toptan Satış A.Ş.	Turkey	**99,00%**	97,99%	99,00%	LNG
Aygaz Doğal Gaz İletim A.Ş.	Turkey	**99,00%**	97,99%	99,00%	LNG
Anadolu Hisarı	Turkey	**100%**	-	100%	Shipping
Kandilli	Turkey	**100%**	-	100%	Shipping
Kuleli	Turkey	**100%**	-	100%	Shipping
Kuzguncuk	Turkey	**100%**	-	100%	Shipping

1. Organization and operations of the company (continued)

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.

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

		Ownership interest (%)			
Investments in associates	Place of incorporation and operation	**December 31, 2010**	December 31, 2009	Voting power right	Principal activity
EYAŞ	Turkey	**20,00%**	20,00%	20%	Energy
Zinerji (*)	Turkey	**56,00%**	55,83%	56%	Energy

(*) 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, 2010 are approved in the Board of Directors meeting held on March 9, 2011 to be published and are signed by Assistant General Manager (Finance) Gökhan Tezel and Subsidiaries and Accounting Director Nurettin Demirtaş. The consolidated financial statements will become final after the approval at General Assembly.

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 1 January 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.

2. Basis of presentation of financial statements (continued)

2.2 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.

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. Basis of presentation of financial statements (continued)

2.3 Comparative information and restatement of prior period financial statements

Consolidated financial statements of the Group have been prepared comparatively with the prior period in order to give information about financial position and performance. In case it is necessary, comparative financial statements are reclassified and significant differences are explained, in order to maintain consistency with current year financial statements.

In order to provide an accurate comparison with current period consolidated balance sheet and income statement, below mentioned reclassifications have been made in December 31, 2009 consolidated balance sheet and income statement.

- Re-classifications have been made in the consolidated income statement for the year ended in December 31, 2009, to reflect expenses related to sea-transportation services in "cost of sales" account.

- In the consolidated income statement for the year ended December 31, 2009, foreign exchange gains and losses in "financial income" and "financial expense" accounts are reflected with gross amounts. Accordingly such balances have been increased by TL 95.918 thousand.

- In the consolidated balance sheet as of December 31, 2009, spare parts of Entek amounting to TL 7.997 thousand, which have been presented under "inventories", are classified in "other non-current assets".

- Cylinder deposits received amounting to TL 3.207 thousand represented under "other payables" as of December 31, 2009, have been netted off with cylinder deposits given reflected under "other receivables".

2.4 Adoption of new and revised International Financial Reporting Standards

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year, except for the adoption of new standards and interpretations. The Group has applied the new IFRS and IFRIC interpretations, which are noted below, in the period started in January 1, 2010.

- IFRIC 17 "Distributions of Non-cash Assets to Owners",
- IAS 39 Financial Instruments: Recognition and Measurement (Amended) – eligible hedged items,
- IFRS 2 Group Cash-settled Share-based Payment Transactions (Amended)
- IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended)
- Improvements to IFRS, May 2008 – All of the published amendments, IFRS 5 is effective for the fiscal year ending December 31, 2009 except the amendment proposing "An entity that is committed to a sale involving loss of control of a subsidiary that qualifies for held-for-sale classification under IFRS 5 shall classify all of the assets and liabilities of that subsidiary as held for sale."
- Improvements to IFRS, April 2009

Mentioned new and amended IFRS and IFRIC interpretations do not have any significant impact on consolidated financial statements of the Group.

2. Basis of presentation of financial statements (continued)

Amendments resulting from improvements to IFRSs (April 2009) to the following standards which had or did not have an effect on the accounting policies, financial position or performance of the Group:

- IFRS 2 Share-based Payment
- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
- IFRS 8 Operating Segment Information
- IAS 1 Presentation of Financial Statements
- IAS 7 Statement of Cash Flows
- IAS 17 Leases
- IAS 18 Income
- IAS 36 Impairment of Assets
- IAS 38 Intangible Assets
- IAS 39 Financial Instruments: Recognition and Measurement (Amended) – eligible hedged items,
- IFRIC 9 Reassessment of Embedded Derivatives
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation

Standards issued but not yet effective and not early adopted

The new and amended IFRS and IFRIC interpretations, which are published but not effective as at the date of the approval of the financial statements and not early adopted by the Group, are as follows:

IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments"
The interpretation is effective for annual periods beginning on or after 1 July 2010. 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. The Group does not expect that this amendment will have any impact on the financial statements of the Group.

IFRIC 14 (Amended) "Prepayments of a Minimum Funding Requirement"
The change is effective for annual periods beginning on or after 1 January 2011. The purpose of this amendment was to permit entities to recognize as an asset some voluntary prepayments for minimum funding contributions. Earlier application is permitted and must be applied retrospectively. The Group does not expect that this amendment will have any impact on the financial statements of the Group.

IFRS 9 "Financial Instruments – Phase 1 financial assets, classification and measurement"
The new standard is effective for annual periods beginning on or after 1 January 2013. Phase 1 of IFRS 9 Financial Instruments introduces new requirements for classifying and measuring financial assets. Early adoption is permitted. 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 statements of the Group.

2. Basis of presentation of financial statements (continued)

IAS 32 (Amended) "Classification on Rights Issues",
The amendment is effective for annual periods beginning on or after 1 February 2010. This amendment relates to the rights issues offered for a fixed amount of foreign currency which were treated as derivative liabilities by the existing standard. The amendment states that if certain criteria are met, these should be classified as equity regardless of the currency in which the exercise price is denominated. The amendment is to be applied retrospectively. The Group does not expect that this amendment will have any impact on the financial statements of the Group.

IAS 24 (Revised) "Related Party Disclosures",
The amendment is effective for annual periods beginning on or after 1 January 2011. This revision relates to the judgment which is required so as to assess whether a government and entities known to the reporting entity to be under the control of that government are considered a single customer. In assessing this, the reporting entity shall consider the extent of economic integration between those entities. Early application is permitted and adoption shall be applied retrospectively. The Group does not expect that this amendment will have an impact on the financial statements of the Group.

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 effective dates of the improvements are various beginning on July 1, 2010. Early application is permitted in all cases and this annual improvements project has not yet been endorsed by the European Union.

- **IFRS 3 Business Combinations**, effective for annual periods beginning on or after July 1, 2010. 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).

  Moreover, 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.

  Finally, it 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 and post combination expenses.

- **IFRS 7 Financial Instruments: Disclosures,** effective for annual periods beginning on or after January 1, 2011
  This improvement gives clarifications of disclosures required by IFRS 7 and emphasises the interaction between quantitative and qualitative disclosures and the nature and extent of risks associated with financial instruments.

2. Basis of presentation of financial statements (continued)

- **IAS 1 Presentation of Financial Statements,** effective for annual periods beginning on or after January 1, 2011.
  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,** effective for annual periods beginning on or after July 1, 2010.
  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,** effective for annual periods beginning on or after January 1, 2011.
  This improvement provides guidance to illustrate how to apply disclosure principles in IAS 34 and add disclosure requirements.

- **IFRIC 13 Customer Loyalty Programmes,** effective for annual periods beginning on or after January 1, 2011.

  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

- **IFRS 7 Financial Instruments: Disclosures as part of its comprehensive review of off balance sheet activities (Amended) ,**effective for annual periods beginning on or after July 1, 2011. The purpose of this amendment is to allow users of financial statements to improve their understanding of transfer transactions of financial assets (e.g. securitisations), 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. The amendments broadly align the relevant disclosure requirements of IFRSs and US GAAP. This amendment has not yet been endorsed by the EU.

- **IAS 12 Deferred Tax: Recovery of Underlying Assets (Amendment):** The amendments are mandatory for annual periods beginning on or after January 1, 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. .This standard has not yet been endorsed by the EU. The Group does not expect that these amendments to have any impact on the financial statement or the performance of the Group.

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

2. Basis of presentation of financial statements (continued)

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.

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

(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)

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.

2.7 Inventories

Inventories are valued at the lower of cost or net realisable 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 realisable 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	4-15 years
Vessels	10-20 years
Vehicles	4-15 years
Furnitures and fixtures	4-50 years
Leasehold improvements	1-10 years

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.

Trademarks and licenses

Acquired trademarks and licenses are shown at historical cost. Trademarks 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 30 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. Basis of presentation of financial statements (continued)

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.

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

2. Basis of presentation of financial statements (continued)

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.

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.

2. Basis of presentation of financial statements (continued)

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.

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

The acquisition of subsidiaries and businesses are accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquire, plus any costs directly attributable to the business combination. The acquirer's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3, "Business Combinations" are recognized at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5, "Non-Current Assets Held for Sale and Discontinued Operations", which are recognized and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognized as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized. If, after reassessment, the Group's interest in the net fair value of the acquirer's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognized immediately in profit or loss.

The interest of non-controlling shareholders in the acquirer is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognized.

Since there is no guidance in IFRS 3 or IFRS for accounting of entities under common control, Aygaz decided to implement an accounting policy paralleled with "pooling of interests" for accounting of entities under common control, which is consistent with other generally accepted accounting principles, with the assumption that this method presents economic base of this transaction fairly.

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".

2. Basis of presentation of financial statements (continued)

2.14 Trade payables

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

2.15 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 which relate to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings;

- Exchange differences on transactions entered into 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. Basis of presentation of financial statements (continued)

2.16 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.

2.17 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 such subsequent events arise.

2.18 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.

2.19 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.

2. Basis of presentation of financial statements (continued)

2.20 Related parties

Parties are considered related to the Group if;

(a) directly, or indirectly through one or more intermediaries, the party:
  (i) controls, is controlled by, or is under common control with, the Group (this includes parents, subsidiaries and fellow subsidiaries);
  (ii) has an interest in the Group that gives it significant influence over the Group; or
  (iii) has joint control over the Group;
(b) the party is an associate of the Group;
(c) the party is a joint venture in which the Group is a venture;
(d) the party is member of the key management personnel of the Group or its parent;
(e) the party is a close member of the family of any individual referred to in (a) or (d);
(f) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or
(g) the party is a post-employment benefit plan for the benefit of employees of the Group, or of any entity that is a related party of the Group.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

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.

2.21 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.

2.22 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.

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. Basis of presentation of financial statements (continued)

2.23 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.

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.

2. Basis of presentation of financial statements (continued)

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.

2.24 Employment benefits

Defined benefit plan:

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Group. Such payments are considered as being part of defined retirement benefit plan as per International Accounting Standard 19 "Employee Benefits" ("IAS 19").

The retirement benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses. All the calculated actuarial gains and losses are reflected in the income statement.

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.

2.25 Statement of cash flows

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

2.26 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.

2.27 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.

2. Basis of presentation of financial statements (continued)

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, 2010, there is no research and development expense capitalized by the Group.

2.28 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).

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 (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 16).

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 17).

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 27). 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.

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

3. Business combinations

Entek has purchased 54% shares of its affiliate Eltek in July 2010 by paying TL 1.836 thousand.

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

In 2009, the Group purchased 15,51% of shares of its subsidiary Entek by paying TL 38.030 thousand.

Entek share purchase is evaluated as transactions within the shareholders and purchase of shares of Mogaz and Eltek are 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.

The Group has acquired 50% shares of Aygaz Doğal Gaz Toptan Satış A.Ş. and Aygaz Doğal Gaz İletim A.Ş., which are the joint ventures accounted with proportionate consolidation method with effective ownership of 47,99%, from Statoil Hydro ASA and paid TL 17.224 thousand for these shares on January 9, 2009. As a result of this acquisition, Aygaz Doğal Gaz Toptan Satış A.Ş. and Aygaz Doğal Gaz İletim A.Ş., which were consolidated according to proportionate consolidation method as of December 31, 2008, are accounted with purchase accounting method according to IFRS 3 "Business Combinations". Fair value of purchased assets and liabilities taken over of Aygaz Doğal Gaz Toptan Satış A.Ş. and Aygaz Doğal Gaz İletim A.Ş. and their purchase value with purchase accounting method are shown below:

	January 9, 2009 Book value
Cash and cash equivalents	6.000
Trade receivables	9.399
Due from related parties	778
Inventories	437
Other current assets	1.717
Property, plant and equipment	30.411
Intangible assets	274
Trade payables	(6.496)
Due to related parties	(152)
Other payables	(243)
Deferred tax liabilities	(1.128)
Other liabilities	(1.223)
Total net assets	**39.774**
Percentage of the entity acquired	50%
Net assets acquired (A)	19.887
Amount paid in cash (B)	17.224
Cash and cash equivalents acquired (C)	3.000
Total net cash paid (B-C)	**14.224**
Negative goodwill income (A-B)	**2.663**

Net assets and negative goodwill income, are accounted under 'Other Operating Income' in income statement.

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

4. Segment information

The Group has started to apply IFRS 8 since 1 January 2009. 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 taker 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 also evaluated disclosure of geographical distribution of revenues for the period in addition to industrial segments. However, the Groups concluded that there is no geographical reporting segments as each segment is operating in different geographical areas. The Group Management evaluates financial results and performance based of IFRS financial statements. Therefore, IFRS financial statements are the basis of segmental reporting.

As of December 31, 2010 and December 31, 2009, assets and liabilities according to industrial segments are as follows:

					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**

(*) As of December 31, 2010, "Entek" has been classified as "Asset held for sale" in accordance with IFRS 5 (note 26).

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

4. Segment information (continued)

					December 31, 2009
	Gas and petroleum products	Electricity	Other	Consolidation adjustments	Total
Assets					
Current assets	596.462	178.848	87.061	(8.428)	853.943
Non-current assets	1.767.757	255.438	5.933	(278.188)	1.750.940
Total assets	2.364.219	434.286	92.994	(286.616)	2.604.883
Liabilities					
Short term liabilities	469.387	80.947	16.742	(8.428)	558.648
Long term liabilities	206.575	73.684	3.453	5.236	288.948
Equity	1.688.257	279.655	72.799	(283.424)	1.757.287
Total liabilities and equity	2.364.219	434.286	92.994	(286.616)	2.604.883

As of December 31, 2010 and December 31, 2009, income and loss according to industrial segments are as follows:

					January 1 - December 31, 2010
	Gas and petroleum products	**Electricity (*)**	**Other**	**Consolidation adjustments**	**Total**
Operating income					
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 from continuing operations	**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 from continuing operations	**284.372**	**4.621**	**9.660**	**(58.496)**	**240.157**
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**

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

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

4. Segment information (continued)

					January 1 - December 31, 2009
	Gas and petroleum products	Electricity	Other	Consolidation adjustments	Total
Operating income					
Sales revenue (net)	3.281.843	376.074	196.434	(93.641)	3.760.710
Cost of sales (-)	(2.795.151)	(327.567)	(176.218)	91.624	(3.207.312)
Gross profit	486.692	48.507	20.216	(2.017)	553.398
Marketing, sales and distribution expenses (-)	(126.373)	-	(5.074)	-	(131.447)
General administrative expenses (-)	(94.064)	(27.103)	(6.984)	784	(127.367)
Research and development expenses (-)	(1.554)	-	-	-	(1.554)
Other operating income	45.821	622	23.102	(1.880)	67.665
Other operating expenses (-)	(21.152)	(18)	(1.567)	5.259	(17.478)
Operating profit	289.370	22.008	29.693	2.146	343.217
Profit from investments accounted under equity pick-up method	-	-	-	53.883	53.883
Finance income	110.682	36.723	4.769	(22.741)	129.433
Finance expense (-)	(129.958)	(19.017)	(3.481)	145	(152.311)
Profit before tax from continuing operations	270.094	39.714	30.981	33.433	374.222
Income tax expense for the period	(45.328)	(2.096)	(3.115)	-	(50.539)
Deferred tax income	312	2.599	(15)	-	2.896
Profit for the year from continuing operations	225.078	40.217	27.851	33.433	326.579
Profit/(loss) after tax for the year from discontinued operations	-	-	-	(53)	(53)
Profit for the year	225.078	40.217	27.851	33.380	326.526
Attributable to					
Non-controlling interest	901	11.018	3	-	11.922
Equity holders of the parent	224.177	29.199	27.848	33.380	314.604

The amortization and depreciation expense for the industrial segmental assets as of December 31, 2010 and December 31, 2009 is as follows:

	January 1 - December 31, 2010	January 1 - December 31, 2009
Gas and petroleum products	**59.502**	68.295
Electricity	**29.069**	28.491
Other	**400**	450
	88.971	97.236

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

4. Segment information (continued)

The investment expenditures for the industrial segmental assets as of December 31, 2010 and December 31, 2009 are as follows:

	January 1 - December 31, 2010	January 1 - December 31, 2009
Gas and petroleum products	**79.861**	59.631
Electricity (*)	**6.857**	68.240
Other	**485**	693
	87.203	128.564

(*) As of December 31, 2010, "Entek" has been classified as "Asset held for sale" in accordance with IFRS 5 (note 26).

5. Cash and cash equivalents

	December 31, 2010	December 31, 2009
Cash on hand	**150**	167
Cash at banks	**256.061**	403.135
- Demand deposits	**56.753**	19.918
- Time deposits	**199.308**	383.217
Receivables from credit card transactions	**6.218**	4.591
Total cash and cash equivalents	**262.429**	407.893
Cash and cash equivalents of asset held for sale (note 26)	**100.458**	-
Cash and cash equivalents at consolidated statement of cash flow	**362.887**	407.893

As of 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 5,5 – 9,28%; USD time deposits amounting to USD 12.318 thousand (TL 19.043 thousand) have maturities of 7 – 28 days and interest rates of 0,5 – 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 0,4 – 3,00%. (December 31, 2009 - the Group's TL time deposits amounting to TL 200.239 thousand have maturities of 4 - 38 days and interest rates of 5 - 10,6%; USD time deposits amounting to USD 121.058 thousand (TL 182.277 thousand) with maturities of 8 - 48 days and interest rates of 0,6 - 3,3%; Euro time deposits amounting to Euro 215 thousand (TL 464 thousand) have a maturity of 8 days and interest rates of 0,6 - 0,75%.).

(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, 2010 and December 31, 2009:

	December 31, 2010		December 31, 2009	
	Participation amount	**Participation rate %**	Participation amount	Participation rate %
Koç Finansal Hizmetler A.Ş. (*)	**325.050**	**1,97**	195.030	1,97
Ram Dış Ticaret A.Ş. (**)	**1.740**	**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
Eltek Elektrik Top. Tic. A.Ş. (****)	**-**	**-**	781	64,60
Other (***)	**23**	**-**	23	-
Impairment reserve (-)	**(1.141)**	**-**	(1.426)	-
	326.448		196.924	

(*) 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 recognised.
(***) Stated at cost, because fair value could not be determined reliably.
(****) Effective from 2010, Eltek has been included into consolidation due to increasing operations. Eltek has been classified as asset held for sale together with Entek in the consolidated balance sheet as of December 31, 2010.

7. Financial borrowings

a) Short term bank borrowings

	December 31, 2010	**Interest rate (%)**	December 31, 2009	Interest rate (%)
Short term borrowings (TL)	**1.800**	**-**	123.007	0 - 7,25
Short term borrowings (USD)	**-**	**-**	121.163	Libor + 2,50 - 2,82
Short term portions of long term borrowings (*)	**805**	**-**	15.053	-
Total short term bank borrowings	**2.605**	**-**	259.223	

(*) Include interest accruals of long term credits.

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

7. Financial borrowings (continued)

b) Long term bank borrowings

	December 31, 2010			December 31, 2009		
	Foreign currency amount	**TL amount**	**Interest rate (%)**	Foreign currency amount	TL amount	Interest rate (%)
Long term borrowings (*)						
Euro borrowings (**)	**53.000**	**109.407**	**Euribor + 2,75**	53.000	115.764	Euribor + 4,49
USD borrowings	**-**	**-**	**-**	50.156	75.519	Libor + 1,4 – Libor+ 4,2
Less, short term portion		**(805)**			(15.053)	
Total long term borrowings		**108.602**			176.230	

(*) TL amounts also include interest accruals.

As of December 31, 2010 and December 31, 2009 repayment plan of the Group's long term borrowings are as follows:

	December 31, 2010	December 31, 2009
2011	**-**	42.160
2012 (*)	**108.602**	134.070
	108.602	176.230

(**) 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

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 (2009 – none) under other financial liabilities.

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

9. Trade receivables and payables

The Group's trade receivables as December 31, 2010 and December 31, 2009 are as follows:

Current trade receivables	**December 31, 2010**	December 31, 2009
Trade receivables	**218.352**	278.182
Notes receivables	**44.832**	53.622
Allowance for doubtful receivables (-)	**(13.957)**	(14.493)
Total current trade receivables	**249.227**	317.311

Non-current trade receivables	**December 31, 2010**	December 31, 2009
Notes receivable	**847**	799
Total non-current trade receivables	**847**	799

Movement of allowance for doubtful receivables	**January 1, December 31, 2010**	January 1, December 31, 2009
Balance at beginning of year	**14.493**	11.359
Additional provision	**940**	3.863
Collections	**(1.476)**	(769)
Change in consolidation scope (note 26)	**-**	40
Closing balance	**13.957**	14.493

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 30.

The Group's trade payables as of December 31, 2010 and December 31, 2009 are as follows:

Short term trade payables	**December 31, 2010**	December 31, 2009
Trade payables	**189.719**	114.037
Other trade payables	**101**	131
Total short term trade payables	**189.820**	114.168

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

10. Other trade receivables and payables

Other current receivables	December 31, 2010	December 31, 2009
Guarantees and deposits given	**1.270**	4.115
Other receivables	**837**	2.208
Total other current receivables	**2.107**	6.323

Non-current receivables	December 31, 2010	December 31, 2009
Guarantees and deposits given	**35**	33
Total non-current receivables	**35**	33

Other payables	December 31, 2010	December 31, 2009
Due to personnel	**17.880**	3.608
Other payables	**277**	208
Total other payables	**18.157**	3.816

Other long term payables	December 31, 2010	December 31, 2009
Cylinder deposits received	**53.299**	49.425
Total other long term payables	**53.299**	49.428

11. Inventories

	December 31, 2010	December 31, 2009
Raw materials	**124.292**	69.545
Goods in transit	**21.633**	-
Trade goods	**7.796**	9.759
Finished goods	**4.483**	1.005
Work in process	**582**	506
Other inventory	**-**	720
Allowance for impairment on inventory	**(229)**	(352)
Total inventories	**158.557**	81.183

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

11. Inventories (continued)

As of December 31, 2010, the inventories compromise of 53.023 tons of LPG. (December 31, 2009: 24.258 tons).

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

Movement of allowance for impairment on inventory	**January 1, December 31, 2010**	January 1, December 31, 2009
Opening balance	**352**	-
Charge for the year	**-**	352
Reversal of allowance related to sales	**(123)**	-
Closing balance	**229**	352

12. Equity investments

	December 31, 2010		December 31, 2009	
	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	**476**		378	
Legal reserves	**3.195**		2.254	
Financial risk hedge fund	**(5.690)**		(6.384)	
The share of the Group in the profit after the acquisition date	**192.874**		151.368	
	852.813	**20,00%**	809.574	20,00%
Zinerji Enerji Sanayi ve Tic. A.Ş.	**738**		738	
Impairment reserve (-)	**(375)**		(376)	
	363	**56,00%**	362	55,83%
Total	**853.176**		809.936	

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

12. Equity investments (continued)

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

Consolidated balance sheet	**December 31, 2010**	December 31, 2009
Total assets	**19.324.224**	15.720.995
Total liabilities	**(11.968.520)**	(8.606.932)
Non-controlling interest	**(3.091.639)**	(3.066.192)
Net assets	**4.264.065**	4.047.871
Group's ownership	**20%**	20%
Group's share in associates' net assets	**852.813**	809.574

Consolidated income statement	**January 1, December 31, 2010**	January 1, December 31, 2009
Revenue	**26.218.713**	20.389.883
Income/(loss) for the year	**212.233**	269.392
Group's share in associates' profit/(loss) for the year	**42.447**	53.878

(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	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 26)	(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	168.166	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 26)	-	(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 assets:

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

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, 2009	29.267	95.616	71.762	1.737.733	171.104	45.212	23.135	11.347	2.185.176
Consolidation scope change (note 1)	-	616	48	14.056	3.161	287	576	116	18.860
Additions	368	24	123	48.490	914	2.000	32	74.794	126.745
Transfers	-	4.421	733	55.851	1.412	251	-	(79.516)	(16.848)
Disposals	-	(103)	(40)	(50.171)	(19.227)	(894)	(742)	-	(71.177)
Ending balance as of December 31, 2009	29.635	100.574	72.626	1.805.959	157.364	46.856	23.001	6.741	2.242.756
Accumulated depreciation									
Opening balance as of January 1, 2009	-	37.249	39.083	1.240.955	142.005	34.572	19.309	-	1.513.173
Consolidation scope change (note 1)	-	70	11	1.422	1.633	84	112	-	3.332
Charge of the period	-	3.686	2.167	80.457	3.870	3.419	1.811	-	95.410
Transfers	-	-	-	(16.839)	-	-	-	-	(16.839)
Disposals	-	(52)	-	(43.219)	(19.003)	(714)	(742)	-	(63.730)
Ending balance as of December 31, 2009	-	40.953	41.261	1.262.776	128.505	37.361	20.490	-	1.531.346
Net book value as of December 31, 2009	29.635	59.621	31.365	543.183	28.859	9.495	2.511	6.741	711.410

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

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 2010, the Group has not capitalized any borrowing cost (2009: TL 2.055 thousand).

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

	December 31, 2010	December 31, 2009
Land improvements	**12.053**	11.198
Buildings	**15.840**	15.344
Plant, machinery, equipment and LPG cylinders	**732.049**	715.970
Vehicles and vessels	**85.358**	83.480
Furniture and fixtures	**26.288**	24.721
Leasehold improvements	**18.857**	13.999
	890.445	864.712

As of December 31, 2010 and December 31, 2009, the details of depreciation expenses are as follows:

	January 1- December 31 2010	January 1 – December 31, 2009
Cost of sales	**76.025**	81.195
General and administrative expenses	**7.094**	10.845
Selling, marketing and distribution expenses	**3.263**	3.050
Capitalized on cylinders	**195**	278
Capitalized on inventory	**375**	42
	86.952	95.410

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

14. Intangible assets

	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 26)	**(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 26)	**(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.

	Rights	Other intangible fixed assets	Total
Acquisition costs			
Opening balance as of January 1, 2009	13.289	605	13.894
Additions	1.782	37	1.819
Business combinations	237	-	237
Transfers	9	-	9
Disposals	(13)	-	(13)
Ending balance as of December 31, 2009	15.304	642	15.946
Accumulated depreciation			
Opening balance as of January 1, 2009	9.655	422	10.077
Charge for the period	1.775	51	1.826
Business combinations	97	-	97
Disposals	(11)	-	(11)
Ending balance as of December 31, 2009	11.516	473	11.989
Carrying value as of December 31, 2009	3.788	169	3.957

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

14. Intangible assets (continued)

As of December 31, 2010 and December 31, 2009, the details of amortization expenses of intangible assets are as follows:

	January 1, December 31, 2010	January 1, December 31, 2009
General and administrative expenses	**2.019**	1.826
	2.019	1.826

15. Goodwill

The Group has acquired 50% shares of Aygaz Doğal Gaz Toptan Satış A.Ş. and Aygaz Doğal Gaz İletim A.Ş., which are the joint ventures accounted with proportionate consolidation method with effective ownership of 47,99%, from Statoil Hydra ASA and paid TL 17.224 thousand on January 9, 2009 for these shares. Net assets and negative goodwill income, are accounted under 'Other Operating Income' in Income Statement (note 3).

16. Provisions, contingent liabilities, contingent assets

Details of provisions as of December 31, 2010 and December 31, 2009 is as follows:

	December 31, 2010	December 31, 2009
Provisions for lawsuits	**2.637**	3.596
	2.637	3.596

Details of contingent liabilities as of December 31, 2010 and December 31, 2009 is as follows:

Guarantees given	**December 31, 2010**	December 31, 2009
Letter of guarantees given to customs for gas import	**33.807**	21.603
Other letter of guarantees given	**33.755**	18.527
Total guarantees given	**67.562**	40.130

16. Provisions, contingent liabilities, contingent assets (continued)

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 distributers 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.

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

16. 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, 2010				December 31, 2009			
	Euro guarantees	**USD guarantees**	**TL guarantees**	**TL total**	Euro guarantees	USD guarantees	TL guarantees	TL guarantees
A. GPMs given on behalf of the Company's legal personality	**22.699**	**23.551**	**21.312**	**67.562**	23.931	3.004	13.195	40.130
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	**22.699**	**23.551**	**21.312**	**67.562**	23.931	3.004	13.195	40.130

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

17. Employee benefits

	December 31, 2010	December 31, 2009
Retirement pay provision	**16.744**	14.931

Retirement pay provision:

Under Turkish Labor Law, the Company is required to pay employment termination benefits to each employee who has qualified. Also, employees who retired by gaining right to receive retirement pay provisions are to be paid their retirement pay provisions according to current 506 numbered Social Insurance Law's 6 March 1981 dated, 2422 numbered, 25 August 1999 dated and 4447 numbered with 60th article that has been changed. The amount payable consists of one month's salary limited to a maximum of full TL 2.517,01 as of December 31, 2010 (December 31, 2009: full TL 2.365,16).

Employment termination benefits are not subject to any kind of funding.

The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of employees. IAS 19 requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at December 31, 2010, the provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated assuming an annual inflation rate of 5,10% and a discount rate of 10%, resulting in a real discount rate of approximately 4,66% (December 31, 2009: 5,92% real discount rate).The anticipated rate of forfeitures is considered. As the maximum liability is revised semi annually, the maximum amount of TL 2.517,01 as of December 31, 2010 has been taken into consideration in calculation of provision from employment termination benefits (December 31, 2009: TL 2.427,04). The movement of retirement pay provision for the period ended December 31, 2010 and December 31, 2009 is as follows:

	January 1 - December 31, 2010	January 1 - December 31, 2009
Opening balance at 1 January	**14.931**	13.284
Charge for the period	**4.402**	3.637
Actuarial loss	**936**	403
Classifications related with asset held for sale and change in consolidation scope	**(603)**	23
Retirement pay paid	**(2.922)**	(2.416)
Closing balance at December 31	**16.744**	14.931

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

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

Other current assets	December 31, 2010	December 31, 2009
Prepaid expenses	**23.386**	11.515
VAT deductable	**1.611**	385
Advances given for inventories	**544**	4.201
VAT carried forward	**91**	952
Income accrual	**56**	314
Prepaid tax	**26**	4.550
Other current assets	**1.387**	86
Total other current assets	**27.101**	22.003

Other non-current assets	December 31, 2010	December 31, 2009
Prepaid expenses	**51.044**	19.884
Advances given for property, plant and equipment purchases	**1.214**	-
Other non-current assets	**-**	7.997
Total other non-current assets	**52.258**	27.881

Other short term liabilities	December 31, 2010	December 31, 2009
Taxes and funds payable	**77.932**	96.720
Expense accruals	**33.988**	13.701
Social security premiums payable	**1.907**	1.827
Other liabilities	**3.189**	1.470
Total other short term liabilities	**117.016**	113.718

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

19. Share capital

As of December 31, 2010 and December 31, 2009 the share capital held is as follows:

Shareholders	**Participation rate**	**December 31, 2010**	Participation rate	December 31, 2009
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
Other	**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.

According to corporate tax law, the 75% of the gain on sale of subsidiaries holding a place in the actives for at least two years is exempted from corporate tax. To be able to benefit from this exemption, the part of the gain on sales benefited from the exemption should be held in a special fund account until the end of the fifth year following the sale.

The details of the restricted reserves are stated below:

	December 31, 2010	December 31, 2009
Legal reserves	**73.159**	64.659
Gain on sale of subsidiary share and property, recognized in equity	**300.228**	300.071
	373.387	364.730

19. 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 and accordingly profit distribution can not be less than 20% of profit after deducting prior year losses. According to the Board’s decision and Communiqué No: IV-27 issued by CMB, the distribution of the relevant amount may be realised as cash, as bonus shares, partly as cash and bonus shares or the relevant amount can be retained within the Company.

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, 2009; 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.

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, 2010 amounts to TL 1.025.795 thousand.

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

19. Share capital (continued)

Dividends paid

At the Ordinary General Meeting held at April 7, 2010, the Company has decided to distribute dividend amounting to TL 100.000 thousand after deducting the general reserve amounting to TL 8.500 thousand;

- a cash dividend payment at the rate of 33,33%, which corresponds to Kr 0,33333 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 0,33333 in gross and Kr 0,28333 net cash dividend to other shareholders.

Revaluation fund

The detail of the financial revaluation fund is as follows:

	December 31, 2010	December 31, 2009
Koç Finansal Hizmetler A.Ş.	**223.010**	99.491
	223.010	99.491

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, 2010	January 1, December 31, 2009
Opening balance	**43.159**	73.594
Classifications related with asset held for sale (note 26)	**(3.837)**	-
Non-controlling interest on current year profit	**692**	11.922
Transactions with non-controlling interest (note 3)	**-**	(42.041)
Dividends paid to minority interest	**(4.148)**	(316)
Closing balance	**35.866**	43.159

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

20. Sales and cost of goods sold

Sales	January 1, December 31, 2010	January 1, December 31, 2009
Domestic sales	**4.457.965**	3.718.482
Export sales	**357.806**	210.235
Sales returns (-)	**(13.324)**	(18.211)
Sales discounts (-)	**(144.759)**	(149.796)
Total sales, net	**4.657.688**	3.760.710

Cost of sales:	January 1, December 31, 2010	January 1, December 31, 2009
Raw materials used	**3.584.378**	2.841.198
Production overheads	**89.404**	78.744
Depreciation expenses	**76.025**	81.195
Personnel expenses	**17.050**	14.581
Change in work in progress inventories	**(76)**	112
Change in finished goods inventories	**(3.478)**	(3.569)
	3.763.303	3.012.261
Cost of merchandises sold	**381.837**	188.260
Cost of services rendered	**11.133**	6.791
Total cost of sales	**4.156.273**	3.207.312

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

	January 1, December 31, 2010	January 1, December 31, 2009
Marketing, sales and distribution expenses	**154.513**	131.447
General administrative expenses	**128.180**	127.367
Research and development expenses	**1.806**	1.554
Total	**284.499**	260.368

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

21. 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, 2010	January 1, December 31, 2009
Transportation, distribution and warehousing expenses	**59.000**	53.021
Sales expenses	**31.329**	24.974
Advertising and promotion expenses	**26.883**	18.969
Personnel expenses	**23.183**	20.234
Transportation expenses	**4.839**	5.435
Depreciation and amortization expenses	**3.263**	3.050
License expenses	**2.873**	2.237
Maintenance expenses	**816**	404
Insurance expenses	**765**	1.068
Lawsuit, consultancy and auditing expenses	**388**	339
Communication expenses	**366**	328
Rent expenses	**364**	249
Tax expenses	**259**	175
Other marketing, sales and distribution expenses	**185**	964
Total marketing, sales and distribution expenses	**154.513**	131.447

b) Detail on general administrative expenses

	January 1, December 31, 2010	January 1, December 31, 2009
Personnel expenses	**67.983**	67.999
Depreciation and amortization expenses	**9.113**	12.672
Transportation expenses	**5.628**	4.429
Tax expenses	**5.547**	3.231
Information technology expenses	**4.952**	4.167
Donation and aids	**4.755**	4.792
Consultancy expenses	**4.015**	5.641
Lawsuit, consultancy and auditing expenses	**3.896**	1.931
Insurance expenses	**2.772**	3.022
Communication expenses	**2.301**	2.047
Maintenance expenses	**1.789**	2.033
Post office expenses	**1.614**	1.023
Rent expenses	**1.371**	1.376
Public relations activities expenses	**1.289**	530
Project expenses	**-**	26
Other administrative expenses	**11.155**	12.448
Total general administrative expenses	**128.180**	127.367

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

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

c) Detail of research & development expenses

	January 1, December 31, 2010	January 1, December 31, 2009
Outsourced research and development expenses	**1.806**	1.540
Project expenses	**-**	14
Total research and development expenses	**1.806**	1.554

22. Expenses related to their nature

	January 1, December 31, 2010	January 1, December 31, 2009
Personnel expenses	**91.166**	88.233
Transportation, distribution and warehousing expenses	**59.000**	53.021
Sales expenses	**31.329**	24.974
Advertising and promotion expenses	**26.883**	18.969
Depreciation and amortization expenses	**12.376**	15.722
Transportation expenses	**10.467**	9.864
Tax expenses	**5.806**	3.406
Information technology expenses	**4.952**	4.167
Donation and aids	**4.755**	4.792
Lawsuit, consultancy and auditing expenses	**4.284**	2.270
Consultancy expenses	**4.015**	5.641
Insurance expenses	**3.537**	4.090
License expenses	**2.873**	2.237
Communication expenses	**2.667**	2.375
Maintenance expenses	**2.605**	2.437
Outsourced research and development expenses	**1.806**	1.540
Rent expenses	**1.735**	1.625
Public relations activities expenses	**1.289**	530
Project expenses	**-**	40
Other	**12.954**	14.435
Total	**284.499**	260.368

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

23. Other operating income / expenses

Other operating income and profit for the years ended December 31, 2010 and December 31, 2009 are as follows:

	January 1, December 31, 2010	January 1, December 31, 2009
Vessel service income	**4.323**	7.275
Commission income	**4.251**	7.611
Gain on sale of property, plant and equipment	**3.902**	493
Income from port services	**2.611**	2.317
Rent income	**1.489**	1.293
Reversal of provisions	**1.476**	769
LPG pipeline usage income	**1.444**	1.612
Dividend income	**56**	11
Income from sale of financial asset	**-**	39.872
Negative goodwill income (Note 3)	**-**	2.663
Insurance and incentive income	**-**	234
Other income and profits	**7.794**	3.515
Total other operating income	**27.346**	67.665

Other operating expense and loss for the period ended December 31, 2010 and December 31, 2009 are as follows:

	January 1, December 31, 2010	January 1, December 31, 2009
Vessel service expenses	**6.534**	8.415
Provision expense	**2.836**	2.599
Demurrage expenses	**1.355**	-
Expense to port services	**563**	718
Upfront fee paid to gas stations	**325**	3.571
Commission expense	**248**	141
Loss on sale of property, plant and equipment	**56**	197
Other expenses and losses	**1.299**	1.837
Total other operating expense	**13.216**	17.478

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

24. Financial income

Financial income for the period ended December 31, 2010 and December 31, 2009 are as follows:

	January 1, December 31, 2010	January 1, December 31, 2009
Foreign exchange translation gains	**78.870**	95.918
Interest income	**17.111**	11.788
Income generated from maturity differences of sales made on credit	**12.901**	21.727
Total financial income	**108.882**	129.433

25. Financial expense

Financial expense for the period ended December 31, 2010 and December 31, 2009 are as follows:

	January 1, December 31, 2010	January 1, December 31, 2009
Foreign exchange translation loss	**77.688**	126.230
Expenses form maturity differences of purchases on credit	**10.965**	3.290
Interest expense	**6.766**	18.827
Credit commission expense	**2.654**	3.217
Fair value differences on forward transactions	**444**	-
Other financial expense	**517**	747
Total financial expense	**99.034**	152.311

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

26. Assets held for sale and discontinued operations

a) Assets held for sale

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 31, 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. 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. When the sales process would be realized, Entek will become a joint venture and will be subject to proportional consolidation.

Assets held for sale	**2010**	2009
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	**2010**	2009
		-
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	-

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

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

Income statement related with assets held for sale	**Current year**
	January 1 - December 31, 2010
Continuing operations	
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 from continuing operations	**4.577**
Continuing operations 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

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

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

b) Discontinued operations:

The Company and Opet Petrolcülük A.Ş ("Opet") established Opet Aygaz BV as a joint venture to continue their common operations abroad. Opet Aygaz BV, the Group's joint venture, located in Netherlands signed a share transfer agreement at June 19, 2008 regarding the sale of the Opet Aygaz Bulgaria EAD and share transfer had been completed on October 31, 2008. Accordingly, Opet Aygaz BV has been liquidated on December 30,2009.

The income statements related to discontinued operations is as follows:

	January 1, December 31, 2009
Sales revenue (net)	-
Cost of sales (-)	-
Gross operating profit	-
General administrative expenses (-)	(47)
Other operating income	-
Operating loss	(47)
Finance income	196
Finance costs (-)	-
Profit for the year from discontinued operations	149
Taxation income/expense for discontinued operations	-
Current tax expense	(24)
Deferred tax income / (expense)	-
Profit / (loss) from discontinued operations	125
Profit / (loss) from disposal of joint venture	(178)
Discontinued operations profit / (loss) for the period	(53)

During the liquidation of Opet Aygaz BV, cash and cash equivalents amounting to TL 84 thousand has been transferred to the Group's accounts and intercompany finance income of Opet Aygaz BV amounting to TL 137 thousand has been eliminated from consolidated financial statements. As a result of these transactions, loss amounting to TL 53 thousand is recognized as "loss on disposal of joint venture" in the accompanying financial statements.

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

27. Tax assets and liabilities

	December 31, 2010	December 31, 2009
Current tax liability:		
Current corporate tax provision	**46.348**	50.539
Less: Prepaid taxes and funds	**(34.177)**	(39.856)
	12.171	10.683

Tax expense in income statement:

From continuing operations	**January 1, December 31, 2010**	January 1, December 31, 2009
Current tax liability		
Current corporate tax expense	**(47.622)**	(50.539)
Deferred tax income	**4.437**	2.896
	(43.185)	(47.643)

From discontinued operations	**January 1, December 31, 2010**	January 1, December 31, 2009
Current tax liability		
Current corporate tax expense	**-**	(24)
Deferred tax income	**-**	-
Deferred tax expense / (income)	**-**	(24)

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 2010 is 20% (2009: 20%).

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate in 2010 is 20% (2009: 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.

27. Tax assets and liabilities (continued)

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

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.

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% starting from April 24, 2003. This rate was changed to 15% commencing from July 23, 2006. 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.

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.

Entek Elektrik Üretimi A.Ş., Group's subsidiary has investment incentives with withholding tax amounting to TL 186.401 thousand and investment incentives without withholding tax amounting to TL 20.748 thousand. The Group's management, according to their projections, have calculated deferred tax asset on investment incentives to be used in potential future income.

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

27. Tax assets and liabilities (continued)

Deferred tax

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between the financial statements as reported for 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 2010 (2009: 20%).

Deferred tax (assets)/liabilities:	**December 31, 2010**	December 31, 2009
Restatement and depreciation / amortization differences of property, plant and equipment and other intangible assets	**31.246**	52.139
Revaluation fund on financial assets	**11.737**	5.236
Valuation of inventories	**1.491**	951
Effective interest method adjustment	**(80)**	218
Provision for employment termination benefits	**(3.347)**	(2.986)
Investment allowance	**-**	(6.473)
Other	**(1.116)**	(726)
	39.931	48.359

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, 2010			December 31, 2009		
	Deferred tax			Deferred tax		
	Assets	**Liabilities**	**Net**	Assets	Liabilities	Net
Aygaz A.Ş.	**(4.024)**	**38.720**	**34.696**	(3.357)	32.820	29.463
Mogaz Petrol Gazları A.Ş.	**(2.482)**	**6.425**	**3.943**	(262)	6.170	5.908
Akpa A.Ş.	**(249)**	**140**	**(109)**	(109)	53	(56)
Entek Elektrik Üretim A.Ş (Note 26)	**-**	**-**	**-**	(7.207)	19.016	11.809
Aygaz Doğal Gaz	**(22)**	**1.423**	**1.401**	-	1.235	1.235
	(6.777)	**46.708**	**39.931**	(10.935)	59.294	48.359

Movement of deferred tax assets and liabilities from continuing activities is as follows:

Movement of deferred tax (assets)/liabilities :	**January 1, December 31, 2010**	January 1, December 31, 2009
Opening balance on January 1	**48.359**	49.689
Deferred tax expense / (income)	**(4.437)**	(2.896)
Deferred tax associated with financial asset revaluation fund	**6.501**	991
Classifications related with assets held for sale	**(10.492)**	575
Closing balance on December 31	**39.931**	48.359

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

27. Tax assets and liabilities (continued)

Tax reconciliation :

	January 1, December 31, 2010	January 1, December 31, 2009
Profit from continuing operations before tax	**283.342**	374.222
Income tax rate	**20%**	20%
Expected tax expense	**56.669**	74.845
Tax effects of:		
-Revenue that is exempt from taxation	**(26.294)**	(13.606)
-Expenses that are not deductible in determining taxable profit	**3.237**	587
-Consolidation eliminations without tax effect	**14.666**	(6.695)
-Investment incentive certificates not accounted in the prior period	**(4.522)**	(6.473)
Other	**(571)**	(1.015)
Tax expense in the income statement	**43.185**	47.643

28. Earnings per share

	January 1, December 31, 2010	January 1, December 31, 2009
Average number of ordinary shares outstanding during the period (one thousand)	**300.000.000**	300.000.000
Net profit for the year attributable equity holders of the parent company	**239.465**	314.604
Less: Profit/ (loss) for the year from discontinued operations	**-**	(53)
Net profit for the purposes of basic earnings per share from continuing operations	**239.465**	314.657
Basic earnings per share from continuing and discontinued operations(one thousand shares)	**0,79822**	1,04868
Basic earnings per share from continuing operations - Per one thousand of ordinary shares (TL)	**0,79822**	1,04885
Basic earnings per share from discontinued operations - Per one thousand of ordinary shares (TL)	**-**	(0,00017)

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

29. Transactions with related parties

A related party is a person or entity that is related to the entity that is preparing its financial statements. Company is controlled by Koç Holding. In financial statements, shareholder companies, shareholders and financial investments and other Group companies' assets are shown as related parties.

	December 31, 2010			
	Receivables (****)		Payables (****)	
Balances with related parties	**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 Altınyunus 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	-	-	-
Altınyunus Çeşme Turistik Tesisler. A.Ş.	19	-	-	-
THY Opet	17	-	-	-
Ayvalık Marina ve Yat İşl. San. ve Tic. A.Ş.	13	-	-	-
Beldesan Otomotiv Yan Sanayii 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 insurance companies in exchange of insurance services and payables to Ram Sigorta 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 26, 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.

As of December 31, 2010, TL 267 thousand (2009 – TL 206 thousand), which is reflected within other payables at the consolidated balance sheet, represent mainly the dividends payable related to dividends declared for 2006 profits to the shareholders, who have not received their dividends, which were distributed on May 24, 2007.

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

29. Transactions with related parties (continued)

	December 31, 2009			
	Receivables		Payables	
Balances with related parties	Trade	Non-trade	Trade	Non-trade
Group companies (*)				
Türkiye Petrol Rafinerileri A.Ş.	14.160	-	20.300	-
Tofaş Türk Otomobil Fabrikası A.Ş.	1.105	-	222	-
Ford Otomotiv Sanayi A.Ş.	891	-	-	-
Vehbi Koç Vakfı Koç Üniversitesi	341	-	-	-
Demir Export A.Ş.	339	-	-	-
Arçelik A.Ş.	206	-	7.477	-
Otokar Otobüs Karoseri Sanayi A.Ş.	178	-	-	-
Harranova Besi ve Tarım Ürünleri A.Ş.	152	-	-	-
Arçelik LG Klima San. Ve Tic. A.Ş.	131	-	-	-
RMK Marine Gemi Yapım San. Ve Deniz Taş.İşl. A.Ş.	125	-	-	-
Otokoç Otomotiv Tic. Ve San. A.Ş.	124	-	332	-
Yapı Kredi Kültür Sanat Yayıncılık Tic. Ve San. A.Ş.	81	-	2	-
Opet Petrolcülük A.Ş.	75	-	10.159	-
Kanel Kangal Elektrik A.Ş.	64	-	-	-
Türk Traktör ve Ziraat Makinaları A.Ş.	41	-	-	-
Altınyunus Çeşme Turistik Tesisler A.Ş.	29	-	-	-
Rahmi Koç Vakfı Müzesi	20	-	-	-
Palmira Turizm Ticaret A.Ş.	12	-	34	-
Tat Konserve Sanayi A.Ş.	9	-	-	-
Beldesan Otomotiv Yan Sanayii ve Tic A.Ş.	5	-	-	-
Koçtaş Yapı Marketleri Ticaret A.Ş.	2	-	117	-
Marmaris Altınyunus Turistik Tesisleri A.Ş.	1	-	3	-
Ram Dış Ticaret A.Ş.	-	-	8.175	-
Zer Merkezi Hizmetler ve Ticaret A.Ş.(**)	-	-	3.611	-
Koç Sistem Bilgi ve İletişim Hizm. A.Ş.	-	-	1.251	-
Ram Sigorta Aracılık Hizmetler A.Ş. (***)	-	-	377	-
Setair Hava Taşımacılığı ve Hizm. A.Ş.	-	-	273	-
Düzey Tüketim Malları Pazarlama A.Ş	-	-	173	-
Tanı Pazarlama ve İletişim Hizmetleri A.Ş.	-	-	137	-
Setur Servis Turistik A.Ş.	-	-	121	-
Opet-Fuchs Madeni Yağlar	-	-	110	-
Koçnet Haberleşme Teknoloji ve İletişim Hizm. A.Ş.	-	-	105	-
Promena Elektronik Ticaret A.Ş.	-	-	19	-
Yapı Kredi Bankası A.Ş.	-	-	3	-
Vehbi Koç Vakfı Amerikan Hastanesi	-	-	3	-
Investments accounted under equity method				
Zinerji Enerji Sanayi ve Ticaret A.Ş.	1.126	-	-	-
Eltek Elektrik İthalat İhracat ve Toptan Ticaret A.Ş.	13	-	-	-
Shareholders				
Koç Holding A.Ş.	-	-	440	-
	19.230	-	53.444	-

(*) Group companies include Koç Group companies.

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

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

29. Transactions with related parties (continued)

	January 1 - December 31, 2010			
Transactions with related parties	**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	-	-	-
Düzey 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	-	-
Beldesan 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 Altınyunus 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	-	-
Altınyunus 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.

(**) Commission expense regarding LPG sold at Opet stations as of December 31, 2010 is TL 82.201 thousand (December 31, 2009 - TL 73.429 thousand). The commission expense mentioned above is evaluated as part of sales and accounted under income statement as sales discounts.

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

29. Transactions with related parties (continued)

	January 1 - December 31, 2009			
Transactions with related parties	Purchases (Goods)	Sales (Goods)	Purchases (Service)	Sales (Service)
Group companies (*)				
Türkiye Petrol Rafinerileri A.Ş.	318.264	190.007	1.298	-
Opet Petrolcülük A.Ş.	58.593	1.406	2.490	648
Arçelik A.Ş.	56.790	6.401	49	22
Ram Dış Ticaret A.Ş.	13.202	39	30	-
Zer Merkezi Hizmetler ve Ticaret A.Ş.	8.004	3.475	24.963	7
TBS Denizcilik ve Petrol Ürünleri Ticaret A.Ş.(**)	4.105	-	-	-
Koçtaş Yapı Marketleri Ticaret A.Ş:	1.116	326	36	-
Arçelik LG Klima San. Ve Tic. A.Ş.	802	362	-	-
Otokoç Otomotiv Tic. San. A.Ş..	596	2.211	3.173	4
Beldeyama Motorlu Vasıtalar San. A.Ş.	466	2	-	-
Opet-Fuchs Madeni Yağlar	344	-	-	-
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş:	301	11	3.438	-
Koçnet Haberleşme teknoloji ve İlet. Hizm. A.Ş.	217	14	1.197	-
Setur Servis Turistik A.Ş:	67	22	1.414	1
Temel Ticaret ve Yatırım A.Ş.	49	-	-	-
Tanı Pazarlama ve İletişim Hizmetleri A.Ş.	36	16	1.488	-
Düzey Tüketim Malları Pazarlama A.Ş.	18	2	668	-
Vehbi Koç Vakfı Amerikan Hastanesi	17	-	3	-
Oriente Klassik Giyim San. ve Tic. A.Ş.	10	-	-	-
Demir Export A.Ş.	9	8.178	-	-
Ford Otomotiv San. A.Ş.	8	6.583	-	-
Otokar Otobüs Karoseri San. A.Ş.	8	1.207	157	-
Vehbi Koç Vakfı	8	-	-	-
Grundig Elektronik A.Ş.(***)	4	46	-	-
Palmira Turizm Ticaret A.Ş.	3	20	42	1
Yapı Kredi Kültür Sanat Yayıncılık Tic. Ve San. A.Ş.	2	78	4	-
Marmaris Altınyunus Turistik Tesisleri A.Ş.	-	223	13	-
Rahmi Koç Vakfı Müzesi	-	-	-	-
Tofaş Türk Otomobil Fabrikası A.Ş.	-	15.463	304	352
Vehbi Koç Vakfı Koç Üniversitesi	-	2.759	124	-
Harranova Besi ve Tarım Ürünleri A.Ş.	-	1.901	-	-
Türk Traktör ve Ziraat Makinaları A.Ş.	-	746	-	-
RMK Marine Gemi Yapım San ve Deniz Taş. İşl. A.Ş.	-	736	9	-
Altınyunus Çeşme Turistik Tesisleri A.Ş.	-	346	-	9
Tat Konserve Sanayi A.Ş.	-	83	-	-
Yapı Kredi Bankası A.Ş.	-	67	22	-
Beldesan Otomotiv Yan Sanayi ve Tic. A.Ş.	-	18	-	-
Zinerji Enerji Sanayi ve Tic. A.Ş.	-	3	-	-
Setair Hava Taşımacılığı ve Hizm. A.Ş.	-	-	2.414	-
Promena Elektronik Tic. A.Ş.	-	-	149	-
Koç Yönder	-	-	42	-
Yapı Kredi Yatırım Menkul Değerler A.Ş.	-	-	24	-
Yapı Kredi Sigorta A.Ş.	-	-	2	-
Deniz İşletmeciliği ve Ticaret A.Ş.	-	-	-	-
Eltek Elektrik İthalat İhracat ve Toptan Tic. A.Ş.	-	-	-	11
Shareholders				
Koç Holding A.Ş.	256	-	1.592	-
	463.295	242.751	45.145	1.055

(*) Group companies include Koç Group companies.
(**) This company is sold on 22 April 2009 and is no longer a related party.
(***) Merged with Arçelik A.Ş. as of June 2009.

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

29. Transactions with related parties (continued)

	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**

	January 1 - December 31, 2009			
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.	375	16	-	-
Zinerji Enerji Sanayi ve Ticaret A.Ş.	2	-	-	-
Küsel Petrolcülük A.Ş.	2	-	-	-
Otokoç Otomotiv Tic. ve San. A.Ş.	-	83	79	-
Yapı Kredi Bankası A.Ş.	-	146	-	-
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	-	-	1.340	-
Koçnet Haberleşme Teknoloji ve İlet. Hizm. A.Ş	-	-	250	-
Koçtaş Yapı Marketleri Ticaret A.Ş.	-	-	16	-
Bilkom Bilişim Hizmetleri A.Ş.	-	-	3	-
Ford Otomotiv Sanayi A.Ş.	-	-	268	-
Shareholders				
Temel Ticaret ve Yatırım A.Ş.	-	49	-	-
Koç Family Members	-	132	-	-
	379	426	1.956	-

(*) Group companies include Koç Group companies.

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

29. Transactions with related parties (continued)

	January 1 - December 31, 2010			
Financial and other transactions with related parties	**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 Altınyunus 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**	**-**

	December 31, 2009			
Financial and other transactions with related parties	Financial income	Financial expense	Other income	Other expense
Group companies (*)				
Yapı Kredi Bankası A.Ş.	11.805	302	-	-
Türkiye Petrol Rafinerileri A.Ş. (Tüpraş)	144	154	-	-
Koçnet Haberleşme Teknolojileri ve İlet. Hizm. A.Ş.	13	-	-	-
Arçelik A.Ş.	2	-	-	-
RMK Marine Gemi Yapım San. ve Deniz Taş. İşl. A.Ş.	1	-	-	-
Ford Otomotiv Sanayi A.Ş.	1	-	-	-
Marmaris Altınyunus Turistik Tesisleri A.Ş:	-	-	-	-
Türk Traktör ve Ziraat Makineleri A.Ş.	-	-	-	-
Yapı Kredi Portföy Yönetimi A.Ş.	-	-	-	-
Eemir Export A.Ş.	-	-	-	-
Tat Konserve Sanayi A.Ş.	-	-	-	-
Tofaş Türk Otomotiv Fabrikası A.Ş.	-	-	-	-
Setur Servis Turistik A.Ş.	-	-	-	-
Opet Petrolcülük A.Ş.	-	7.547	85	3.416
Vehbi Koç Vakfı	-	-	-	3.075
Vehbi Koç Vakfı Koç Üniversitesi	-	-	-	1
Rahmi M. Koç Müzecilik ve Kültür Vakfı	-	-	-	50
Investments accounted under equity method				
Zinerji Enerji Sanayi ve Ticaret A.Ş.	2	-	-	-
Shareholders				
Koç Holding A.Ş.	-	32.362	-	-
Koç Family Members	-	-	39.872	-
	11.968	40.365	39.957	6.542

(*) Group companies include Koç Group companies.

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

29. Transactions with related parties (continued)

Cash at banks	**December 31, 2010**	December 31, 2009
Group companies (*)		
Yapı Kredi Bankası A.Ş.	**262.013**	332.819

Credit card receivables	**December 31, 2010**	December 31, 2009
Group companies (*)		
Yapı Kredi Bankası A.Ş.	**5.333**	3.732

				December 31, 2010	
Loans from related parties	**Original currency**	**Maturity**	**Interest rate %**	**Current liabilities**	**Non-current liabilities**
Group companies (*)					
Yapı Kredi Bankası	**-**	**-**	**-**	**-**	**-**

				December 31, 2009	
Loans from related parties	Original currency	Maturity	Interest rate %	Current liabilities	Non-current liabilities
Group companies (*)					
Yapı Kredi Bankası	TL	Spot	-	4.055	-
				4.055	-

(*) Group companies include Koç Group companies.

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, 2010 is TL 19.104 thousand (2009: TL 14.399 thousand).

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

30. 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, 2010	December 31, 2009
Total financial liabilities	**111.207**	435.453
Less: Cash and cash equivalents	**(262.429)**	(407.893)
Net debt	**-**	27.560
Shareholder's equity	**2.013.908**	1.757.287
Debt capital ratio	**-**	2%

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.

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.

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

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

Credit risk of financial instruments

	Receivables					
	Trade receivables		Other receivables			
December 31, 2010	**Related party**	**Third party**	**Related party**	**Third party**	**Deposits in banks**	**Credit card receivables**
Receivables maximum net credit risk as of balance sheet date (*)	**16.051**	**250.974**	**-**	**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.

	Receivables				Cash and cash equivalents	
	Trade receivables		Other receivables			
December 31, 2009	Related party	Third party	Related party	Third party	Deposits in banks	Credit card receivables
Maximum net credit risk as of balance sheet date(*)	19.230	318.111	-	6.356	403.135	4.591
The part of maximum risk under guarantee with collateral etc.	-	109.540	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	19.230	218.763	-	6.356	403.135	4.591
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	-	99.347	-	-	-	-
- The part under guarantee with collateral etc-	-	3.263	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-
- Past due (gross carrying amount)	-	14.493	-	-	-	-
- Impairment (-)	-	(14.493)	-	-	-	-
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.

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

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

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**

December 31, 2009	Trade receivables	Other receivables	Deposits in banks	Derivative instruments	Other	Total
Past due 1-30 days	50.508	-	-	-	-	50.508
Past due 1-3 months	45.654	-	-	-	-	45.654
Past due 3-12 months	3.087	-	-	-	-	3.087
Past due 1-5 years	98	-	-	-	-	98
Past due more than 5 years	-	-	-	-	-	-
Total past due	99.347	-	-	-	-	99.347
The part under guarantee with collateral	3.263	-	-	-	-	3.263

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.

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

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

December 31, 2010

Contractual maturity analysis	Carrying value	Total cash outflow according to the contract (I+II+III+IV)	Less than three months (I)	3 - 12 months (II)	1-5 years (III)	More than five years (IV)
Non-derivative financial liabilities						
Bank borrowings	**111.207**	**111.402**	**1.800**	**-**	**108.602**	**-**
Trade payables	**189.820**	**189.820**	**189.820**	**-**	**-**	**-**
Payables to related parties	**110.458**	**110.458**	**110.458**	**-**	**-**	**-**
Total liabilities	**411.485**	**410.680**	**302.078**	**-**	**108.602**	**-**

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	**-**	**28.502**	**17.200**	**11.302**	**-**	**-**
Derivative cash outflows	**-**	**(28.341)**	**(17.132)**	**(11.209)**	**-**	**-**
Derivative cash instruments, net	**(444)**	**161**	**68**	**93**	**-**	**-**

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

December 31, 2009

Contractual maturity analysis	Carrying value	Total cash outflow according to the contract (I+II+III+IV)	Less than three months (I)	3 - 12 months (II)	1-5 years (III)	More than five years (IV)
Non-derivative financial liabilities						
Bank borrowings	435.453	450.418	246.103	17.182	187.133	-
Trade payables	114.168	114.168	114.168	-	-	-
Payables to related parties	53.444	53.444	53.444	-	-	-
Total liabilities	603.065	618.030	413.715	17.182	187.133	-

30. 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.

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

30. 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, 2010		Total TL equivalent	TL equivalent of USD	TL equivalent of Euro	TL equivalent of GBP	Other
1.	Trade receivables	44.813	18.128	26.685	-	-
2.a	Monetary financial assets	114.123	58.135	55.852	130	6
2.b	Non monetary financial assets	-	-	-	-	-
3.	Other	-	-	-	-	-
4.	Current assets	158.936	76.263	82.537	130	6
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	130	6
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)	130	6
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)	130	6
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

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, 2010, the Group has LPG amounting to TL 77.060 thousand (December 31, 2009 TL 26.741 thousand).

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

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

December 31, 2009		Total TL equivalent	TL equivalent of USD	TL equivalent of Euro	TL equivalent of GBP	Other
1.	Trade receivables	27.723	24.422	3.301	-	-
2.a	Monetary financial assets	192.140	186.209	5.886	45	-
2.b	Non monetary financial assets	-	-	-	-	-
3.	Other	104	51	53	-	-
4.	Current assets	219.967	210.682	9.240	45	-
5.	Trade receivables	-	-	-	-	-
6.a	Monetary financial assets	-	-	-	-	-
6.b	Non monetary financial assets	-	-	-	-	-
7.	Other	-	-	-	-	-
8.	Non current assets	-	-	-	-	-
9.	Total assets	219.967	210.682	9.240	45	-
10.	Trade payables	(83.708)	(82.743)	(965)	-	-
11.	Financial liabilities	(136.217)	(134.950)	(1.267)	-	-
12.a	Other monetary financial liabilities	-	-	-	-	-
12.b	Other non monetary financial liabilities	-	-	-	-	-
13.	Current liabilities	(219.925)	(217.693)	(2.232)	-	-
14.	Trade payables	-	-	-	-	-
15.	Financial liabilities	(176.230)	(61.734)	(114.496)	-	-
16.a	Other monetary financial liabilities	-	-	-	-	-
16.b	Other non monetary financial liabilities	-	-	-	-	-
17.	Non current liabilities	(176.230)	(61.734)	(114.496)	-	-
18.	Total liabilities	(396.155)	(279.427)	(116.728)	-	-
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	(176.188)	(68.745)	(107.488)	45	-
21.	Net foreign currency asset / liability position of monetary items (1+2a+6a+10+11+12a+14+15+16a)	(176.292)	(68.796)	(107.541)	45	-
22.	Fair value of foreign currency hedged financial assets	-	-	-	-	-
23.	Hedged foreign currency assets	-	-	-	-	-
24.	Export	210.235	198.723	11.512	-	-
25.	Import	983.006	968.006	14.716	101	183

Currency forward agreements

Currency forward agreements which are valid as of December 31, 2010 are summarized at the table below (December 31, 2009: None)

					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

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

30. 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.

				December 31, 2010
		Income/Expense		**Equity**
	Foreign exchange appreciation	**Foreign exchange depreciation**	**Foreign exchange appreciation**	**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**

				December 31, 2009
		Income/Expense		Equity
	Foreign exchange appreciation	Foreign exchange depreciation	Foreign exchange appreciation	Foreign exchange depreciation
+/-10% fluctuation of USD rate				
USD net asset/liability	(6.875)	6.875	(6.875)	6.875
Secured portion from USD risk	-	-	-	-
USD net effect	(6.875)	6.875	(6.875)	6.875
+/-10% fluctuation of Euro rate				
Euro net asset/liability	(10.749)	10.749	(10.749)	10.749
Secured portion from Euro risk	-	-	-	-
Euro net effect	(10.749)	10.749	(10.749)	10.749
Total	(17.624)	17.624	(17.624)	17.624

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

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

b) Financial risk factors

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, 2010	December 31, 2009
Fixed interest instruments		
Financial liabilities	**-**	198.526
Time deposits	**198.943**	383.217
Variable interest instruments		
Financial liabilities	**108.602**	236.927

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, 2009: TL 1.185 thousand).

Equity price sensitivity

Sensitivity analysis below is determined based on equity shares price risk exposed as of the balance sheet date.

If the price data in valuation method were 10% higher / lower and all other variables fixed:

Financial assets revaluation fund would increase/decrease by TL 32.505 thousand (2009: TL 19.507 thousand). It is mainly because of changes in fair value of available for sale equity shares.

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

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

Financial instrument categories

December 31, 2010	**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	**262.429**	**-**	**-**	**-**	**-**	**262.429**	**5**
Trade receivables	**-**	**250.074**	**-**	**-**	**-**	**250.074**	**9**
Due from related parties	**-**	**16.051**	**-**	**-**	**-**	**16.051**	**29**
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**	**29**
Other financial liabilities	**-**	**-**	**-**	**444**	**-**	**444**	**8**

December 31, 2009	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	407.893	-	-	-	-	407.893	5
Trade receivables	-	318.110	-	-	-	318.110	9
Due from related parties	-	19.230	-	-	-	19.230	29
Other financial assets	-	-	196.924	-	-	196.924	6
Financial liabilities							
Financial liabilities	-	-	-	-	435.453	435.453	7
Trade payables	-	-	-	-	114.168	114.168	9
Due to related parties	-	-	-	-	53.444	53.444	29

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

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

30. 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, 2010	**1st Level**	**2nd Level**	**3rd Level**
Available-for –sale financial assets (*)	**325.884**	**59**	**325.825**	**-**
Forward transactions	**444**	**-**	**444**	**-**

Financial assets		Level of fair value as of reporting date		
	December 31, 2009	1st Level	2nd Level	3rd Level
Available-for –sale financial assets (*)	195.580	42	195.538	-

(*) 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, 2009 – TL 1.344 thousand). The fair value of these financial assets can not be measured reliably and stated at cost in the accompanying financial statements.

31. The events after the balance sheet date

a) 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.

b) The transfer of shares of Entek is completed (note 26) as of February 28, 2011 (closure date) after all preliminary specifications being fulfilled, including the permits granted from EMRA and the Competition Authority that were stated in the stock transfer agreement.

Share transfer price of USD 136.455 thousand is paid in cash to the Company and as stated in the Group's disclosure dated December 1, 2010, this amount is subject to adjustment according to the net financial debt amount in the financial statements that will be prepared according to the closure date. After the sale of such shares, the Company's ownership on Entek's has been decreased to 36,47%. There is no decision taken regarding the utilization of the sales profit that will be calculated after the adjustment procedure.

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

None.