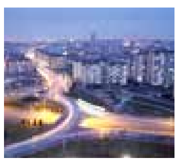
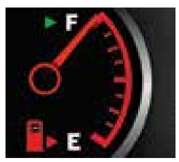
AYGAZ

ANNUAL REPORT 2012

Energy of the future **LPG**





AYGAZ IN BRIEF

FROM THE MANAGEMENT

2012 OVERVIEW

SUSTAINABLE GROWTH

SOCIAL RESPONSIBILITY

CORPORATE MANAGEMENT

CONSOLIDATED FINANCIAL STATEMENTS

Energy means life…

Giving life to Turkey and adding value to life for more than fifty years, Aygaz is once again number one…

- Turkey's most preferred brand in cylinder gas and autogas
- The first brand to be remembered in LPG
- Number one customer satisfaction among LPG companies
- The most reputable brand in the energy industry
- The only fully integrated LPG company in Turkey

Energy of the future: LPG

The European Union recognizes LPG among the fuels of the future. Aygaz contributes to the protection of environment and sustainable development with LPG, which has lower carbon emissions than alternative energy supplies.

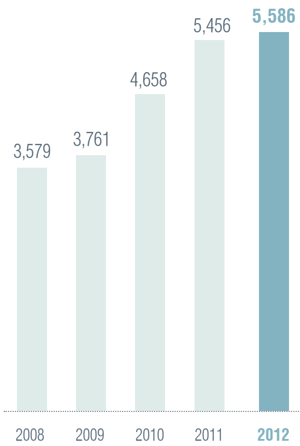
More fit, more flexible and leaner

Attaining a more fit, more flexible and leaner structure thanks to its successful performance in 2012, Aygaz moves forward with its commitment to add value to social and economic life.

AYGAZ

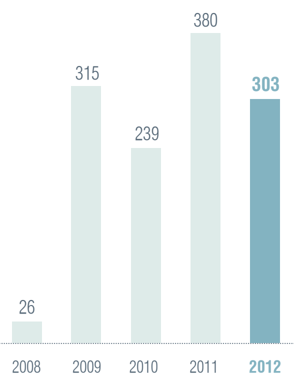
Financial and Operational Outlook

Sales (M TL)



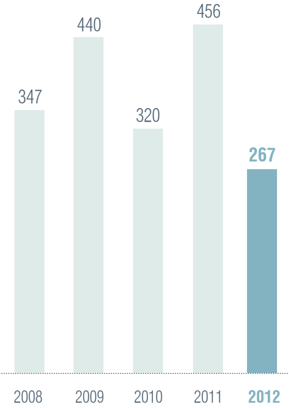
Turnover increase by **2%** year-on-year and **12%** CAGR in the last five years

Net Income (M TL)



73% increase excluding the profit from sale of the affiliate in 2011*

EBITDA (M TL)



6% growth excluding the profit from sale of the affiliate in 2011*

Summary Financial Indicators

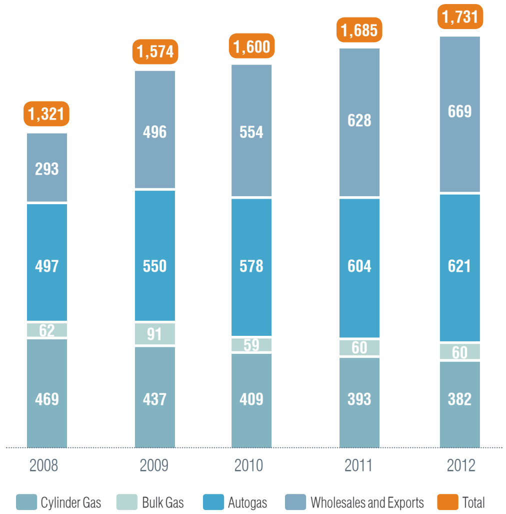
(TL Millions)

	2012	2011*	2010	2009	2008	% Change over the last year
Sales revenues	**5,586**	5,456	4,658	3,761	3,579	2%
Gross profit	**520**	478	501	553	476	9%
Operating profit	**188**	371	231	343	253	-49%
Pre-tax profit	**343**	419	283	374	63	-18%
Net profit	**303**	380	239	315	26	-20%
EBITDA	**267**	456	320	440	347	-41%
Gross profit margin	**9%**	9%	11%	15%	13%	-
Operating profit margin	**3%**	7%	5%	9%	7%	-4
Pre-tax profit margin	**6%**	8%	6%	10%	2%	-2
Net profit margin	**5%**	7%	5%	8%	1%	-2
EBITDA margin	**5%**	8%	7%	12%	10%	-3
Return on equity (ROE)	**13%**	18%	12%	19%	3%	-5
Net debt/ Equity ratio	**	**	**	2%	3%	-
Current ratio	**1,56**	1,78	1,90	1,54	0,97	-0.22

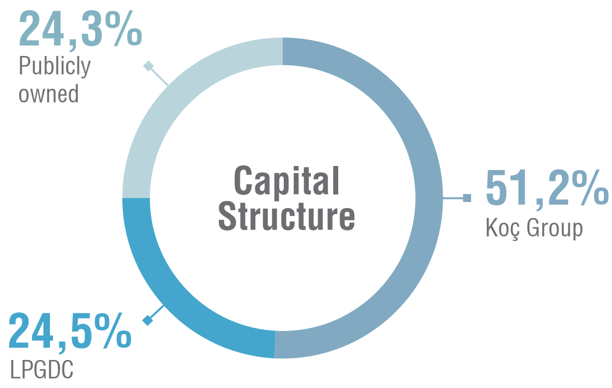
* Net income figure of 2011 includes the profit from sale of the affiliate amounting to TL 205 million.
** The Company has net cash position.

LPG Sales Volume by Segments

(000) Ton



The highest sales volume with a total of **1,731 thousand** tons



Market Shares

29%
Market share

43%
Cylinder gas market share

23%
Autogas market share

Subsidiaries&Affiliates*

100% — akpa

Akpa provides room equipment, central air-conditioner systems, electric-powered and gasoline-powered service vehicles to hotels, holiday camps, golf facilities, and hospitals throughout Turkey, particularly in the Marmara, Aegean, Mediterranean, Mid-Anatolia and Çukurova regions. Akpa meets 85% of the demand for durable consumer goods of Turkish tourism facilities. The Company conducts direct sales of cylinder gas and carboy water in the same regions and carries out wholesale fuel trade through its fuel stations in Mid-Anatolia. Operating in its sector for about half a century, Akpa is, in its field, one of Turkey's largest sales and marketing organizations.

100% — Anadoluhisarı

Having Turkey's largest LPG logistics operation, Aygaz carries out its LPG marine transportation through four ships: Kandilli, Kuleli, Kuzguncuk, and Beylerbeyi. These ships are managed and operated by Anadoluhisarı Tankercilik A.Ş., a 100% owned subsidiary of Aygaz.

20% — EYAŞ

Founded in 2006, Enerji Yatırımları A.Ş. owns 51% of the shares of Tüpraş, the largest industrial corporation in Turkey. Aygaz holds a 20% stake in Enerji Yatırımları A.Ş. As the only producer in Turkey's refining industry, Tüpraş operates in refinery, distribution, and gasoline and product marine transportation. Tüpraş is the seventh-largest oil refining company in Europe with an annual crude oil capacity of 28.1 million tons.

99% — AYGAZ DOĞALGAZ

Having operations in the natural gas market since 2004, Aygaz Doğal Gaz sells and delivers liquefied natural gas (LNG), as well as selling natural gas that it acquires from domestic market to users classified as eligible consumers through natural gas pipelines. The company carries out its activities with the vision of becoming a diversified player in the natural gas market.

25% — AESEntek

AES Entek operates three natural gas plants, two medium-sized and one small, with a total electricity production capacity of 302 MW in addition to three hydroelectric plants with a total capacity of 62 MW. AES Entek is owned by Koç Holding, Aygaz, and AES, an international energy company. Aygaz's share in the company is 24.81%. AES Entek closely pursues various investment opportunities and objectives with the goal of becoming one of Turkey's leading private electricity generation companies.

** Registration regarding the Company's merger with take over of Mogaz Petrol Gazları A.Ş., its wholly owned subsidiary, as of December 31, 2012, was completed on January 22, 2013.*

Highlights in 2012

MARCH

- Aygaz is proclaimed to be The Most Admired Company in the LPG sector according to the results of the Survey of the Most Admired Companies in Turkey conducted by Capital magazine.
- Aygaz hosts the leading companies of the sector under the Aygaz Conversion Specialists Club at the booth it opened in the Fifth LPG & CNG Fair.

APRIL

- Aygaz receives the award for being The Company Committed to Consumer Satisfaction at the 15th Annual Consumer Awards from the Turkish Ministry of Customs and Trade for the second consecutive year.
- Aygaz, the only publicly traded company in the LPG sector, holds its 51st Ordinary General Assembly on April 5.

- A fond farewell is bid to the tanker Anadoluhisarı, which kept the Turkish flag flying in international waters for 31 years.
- Aygaz participates in the Home & Garden Fair at the Istanbul Congress Center.
- Aygaz Otogaz Facebook page is launched allowing the company to actively participate in social media.

MAY

- The IKSV 18th Theatre Festival is held with the sponsorship of Aygaz, Tüpraş and Opet.
- The photography exhibition, "Aphrodisias through Three Objectives," is presented to art lovers at the Aygaz General Directorate building.

JUNE

- The corporate governance rating score of Aygaz is raised from 8.50 to 8.96, the third-highest corporate governance rating score in Turkey. Aygaz also takes its place among the first group having the best scores in the World Corporate Governance Index, which comprises 150 countries.
- On June 21, Aygaz holds an analysts meeting in Istanbul to inform the investors of its activities.
- Aygaz, the first Turkish company to publish sustainability reports, improves the application level, determined by the GRI criteria, of its 2010-2011 report from C to B. Thus, it becomes the first Turkish energy company to issue a B-level sustainability report.

JULY

- Aygaz ranks as the 10th largest industrial company in Turkey according to the list compiled by the Istanbul Chamber of Industry.
- Aygaz comes first in customer satisfaction among the LPG distribution companies according to the Turkey Customer Satisfaction Survey 2012 results.
- With the decision taken by the Board of Directors, the merger process of Aygaz and Mogaz is started.
- Regional dealer meetings are held in Antalya, Izmir, and Ankara.
- The autogas ad campaign with the slogan “Who Wants Performance Comes to Aygaz” receives the Crystal Apple in the 24th Crystal Apple Turkey Advertising Awards.
- The 20th Diabetic Children's Camp is organized by the Child and Adolescent Diabetic Association with support from Aygaz.
- Tulip and pomegranate designs of İznik tiles begin to enter into customers’ homes with small residential cylinders of Aygaz.

AUGUST

- Aygaz takes on the mission of introducing the “Barriers Free Life” project to every corner of Turkey with its specially designed education truck, which is also used to train dealership employees.

SEPTEMBER

- During the excavations of Ancient Van City, Castle and Mound, supported by Aygaz since 2010, a 2800-year old ancient fountain is discovered.

OCTOBER

- With its high score in employee loyalty, Akpa ranks second in terms of company management and human resources policies according to the results of the nationwide Best Workplaces Survey of AON Hewitt Consultancy Company.

DECEMBER

- For its efforts in the For My Country: Barriers Free Life project, Aygaz shares the first prize with Tofaş resulting from the evaluation made by Koç Holding among Koç Group companies.

AYGAZ otogaz+

- Aygaz, Turkey’s most preferred autogas brand, launches its new brand Aygaz Otogaz+ and its renewed logo with the ad campaign initiated with the slogan “Extra Performance in Extra Cold Weather”.
- Aygaz Doğal Gaz signs natural gas supply agreements with private importer companies amounting to approximately 400 million m^3.

Milestones

1961
- Aygaz begins operations under the trade name Gazsan Likit Gaz Tic. ve San. A.Ş.

1962
- The Yarımca Filling Facility is established next to the İzmit İpraş Refinery, and then LPG filling and distribution is launched.
- Groundbreaking for dealership network.

1963
- The company's trade name is changed from Gazsan to Aygaz A.Ş.
- The first Aygaz ad campaign is “40 TL in cash, 40 TL in installments”.

1965
- First publicity and promotion campaign: French fries are cooked on an Aygaz fryer in a delivery truck and distributed to the public.

1967
- Ambarlı Filling Facility is established.
- M/T Aygaz, Turkey's first LPG vessel, leaves port for the first time.

1970
- A total of five filling facilities, including the Aliağa Filling Facility, are in operation.
- Aygaz begins selling chemicals.

1976
- All Aygaz management units are consolidated in one location at the new headquarters in Zincirlikuyu, İstanbul.

1982
- The “blue seal lid”, a symbol of Aygaz’ safety for cylinders, is launched.

1984
- First Aygaz mobile heater is produced.

1985
- Transit LPG purchase and sales agreement is signed with Iraqi state oil company SOMO.

1988
- Modernization of Aygaz dealers in order to better serve customers begins.

1989
- Aygaz designs the “Gavdem Machine”, the first LPG equipment to change valves without releasing gas.

1993
- Twelve-kilogram tall residential cylinders and 24 kg commercial cylinders are put on the market.
- The “Aygaz jingle” is played on urban delivery trucks’ loudspeakers and creates a new media platform for marketing, a first for the market.

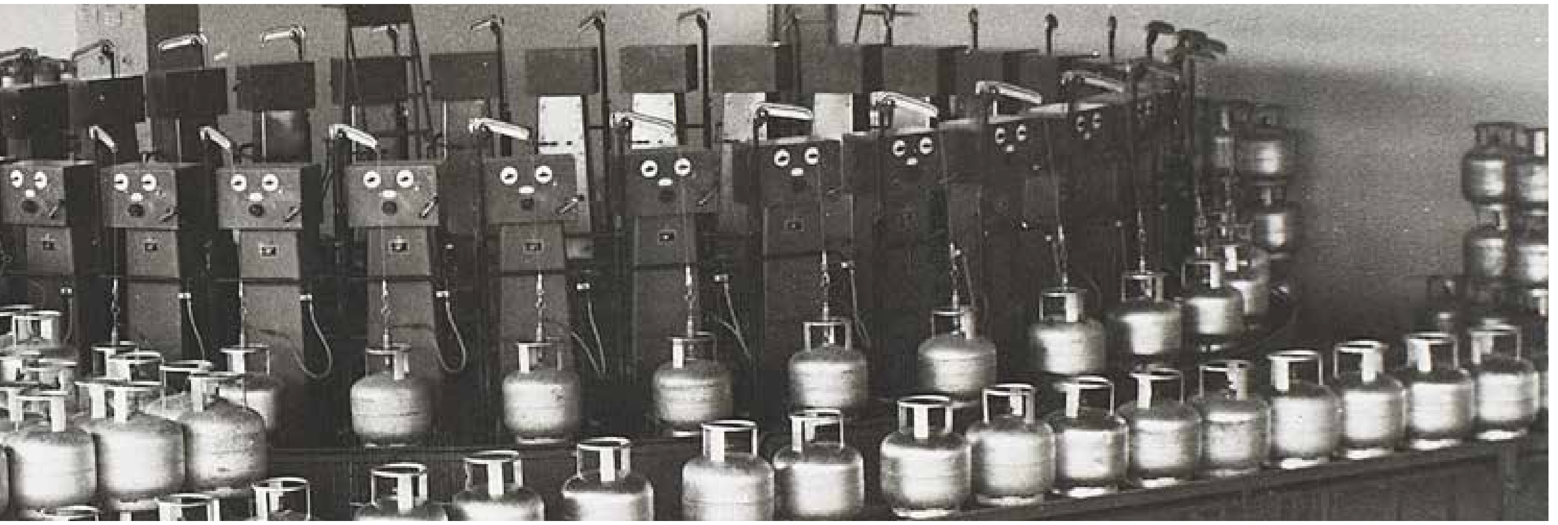
1995
- Aygaz Hotline is launched to provide information to consumers on Aygaz products and services.
- Occupational Health and Safety Management System is launched.
- Dealers start using Computerized Customer Code System.

1996
- Guaranteed seal cap is introduced for cylinder gas.

1997
- Aygaz 24 service and the Automatic Tank Ordering System are initiated.

1998
- Aygaz revamps its corporate image and identity. New logo introduced with the first Turkish zeppelin.
- Aygaz enters the autogas market.
- Framework agreement signed with Opet.
- The launch of the new social responsibility campaign, “Aygaz Warns About Accidents at Home”

1999
- Aygaz becomes the first LPG company to obtain ISO 9002 Certification.
- Aygaz introduces the Electronic Gas Control Detector in Turkey for the first time.
- Aygaz Patio Heater is introduced to the market.
- The Aygaz propane industrial cylinder starts a revolution in propane.



2000

- Aygaz receives an award for being the Turkey's Most Successful LPG Company in the Petroleum'99 Achievement Awards.

2001

- Aygaz A.Ş. and Gaz Aletleri A.Ş. (Gazal) are merged under the Aygaz brand; all operations from production to sales are united in a single organization.
- Turkish customers are introduced to Turkey's first autogas brand to meet European standards: OTOAYGAZ LPG1, designed just for automobiles.

2002

- The "Cautious Child - Raising Accident Awareness Campaign" is launched.

2004

- Aygaz Euro LPG is put on the market.

2005

- Aygaz differentiates itself in terms of cylinder gas safety by launching the first hologram cap application in the LPG sector.

2006

- The Turkey Customer Satisfaction Index (TMME) conducted by KalDer (Quality Association of Turkey) ranks Aygaz number one for four consecutive quarters.
- For the first time in Turkey, Aygaz offers consumers the option of purchasing cylinders via credit card or with loyalty points at their home.

2007

- A special forklift tank is produced for forklifts used extensively in factories and industrial establishments.
- Renovation is carried out on 81 community health clinics in 81 provinces as part of a project called "Moonlight: Aygaz brings the light of health".

2008

- Aygaz wins third place in the Management category at the EU Environment Awards.
- Aygaz ranks among the top five companies in Turkey in terms of financial transparency according to a report by Sabancı University and Standard & Poor's.
- Aygaz is rated the one of the four best brands in Turkey and the best brand in the LPG sector according to GfK Turkey's "Best Brands" study.

2009

- Aygaz increases its stake in the Koç Statoil Gaz Company to 98% and changes the name of the company to Aygaz Doğal Gaz.
- Aygaz Euro LPG+, Turkey's first autogas with additives, is put on the market.
- www.aygaz.com.tr is awarded the Superb Achievement award at the Interactive Media Awards competition.

2010

- Aygaz receives a Corporate Governance Rating score of 8.46.
- The social responsibility campaign"What Will the Weather Be Tomorrow?" is initiated against climate change.
- Aygaz receives the first prize in 'Performance Management' in the "2010 Human Management Awards" organized by Turkey Personnel Management Association (PERYÖN).

2011

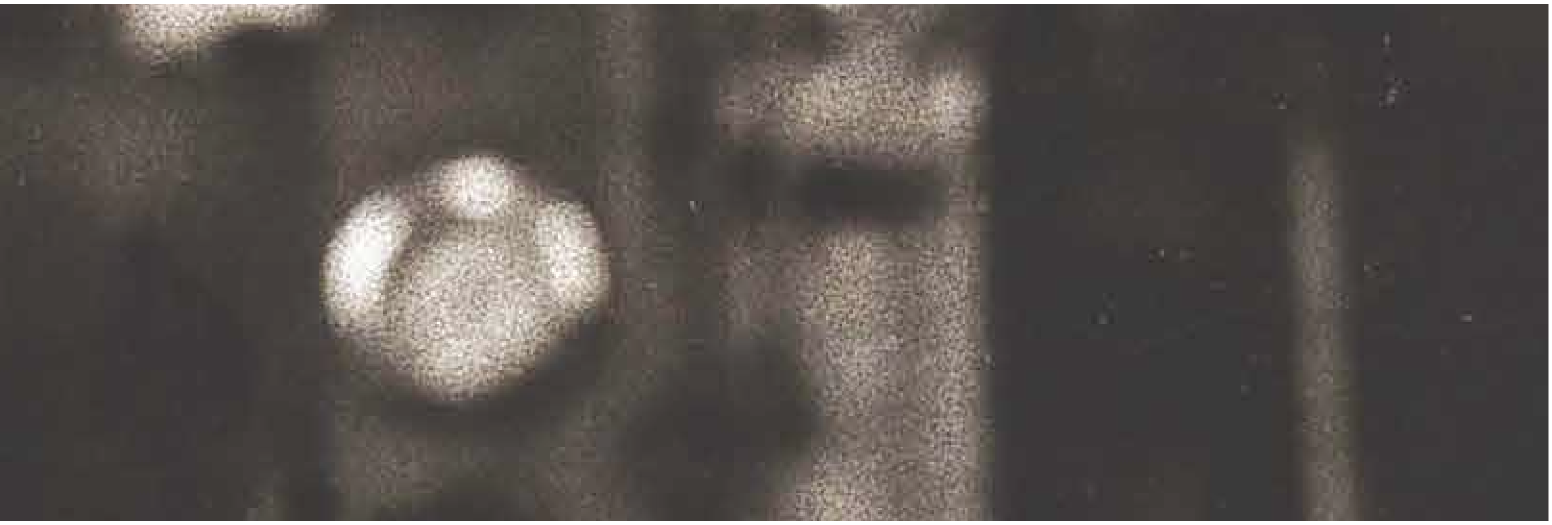
- Aygaz celebrates its 50th anniversary through a series of events with participation of its employees, dealers and industry representatives.
- Aygaz receives an impressive total of 14 awards given by national and international institutions.
- Aygaz breaks more ground in the LPG sector by obtaining the ISO 10002 certificate, recognizing the Company's excellence in resolving customer demands.

VISION

To be the leading company providing energy solutions to Turkey and other potential markets, particularly in LPG and natural gas

MISSION

To offer the best products and services in every field it operates, particularly in LPG, by prioritizing high quality and safety standards with working principles adopted from corporate values of the Koç Group and by always being responsive to society and the environment



STRATEGIC PRIORITIES

Sustaining market leadership in LPG through;

- Product differentiation and innovation for autogas
- Further penetration by opening new autogas stations
- Growth prospects for cylinder gas in rural Turkey
- Market diversification in neighboring countries

Utilizing and enhancing asset portfolio through;

- New acquisitions, mergers, and investments
- Profit generating opportunities

EVERYWHERE

Throughout Turkey, approximately 10 million homes/ workplaces and 3.5 million vehicles, of which 600 thousand are driven by women, prefer LPG.

Report of the Board of Directors and Message from the Chairman

Due to its efforts to increase efficiency as well as its leading and pioneering practices in the sector, Aygaz and its subsidiaries enjoyed another successful year of activity, especially in its core business area, the LPG market.

Dear Shareholders and Business Partners,

Welcome to our Company's 2012 Ordinary General Assembly Meeting. First of all, I would like to extend greetings on behalf of myself and the Board of Directors.

The year 2012 was characterized by lackluster economic growth in Turkey as well as the rest of the world. Despite those conditions, Aygaz took significant steps and made impressive progress toward achieving its goal to increase efficiency by taking advantage of economies of scale. Thus, we sustained our growth without compromising profitability. As a result, I am very pleased to share with you this report describing our Company's financial and operational results.

Before evaluating 2012's results, I would like to share with you some of my thoughts concerning developments in our country and the world at large.

The aftershocks of the recent global financial crisis are still being felt. The slowdown of the global economy that started in 2011 continued in 2012, primarily in developed countries. While going through a fragile recovery, the US ended the first months of 2013 under the threat of another recession. The US economy, which temporarily postponed its budget deficit and public debt problems, is expected to grow by 2% in 2013, which will positively affect global economic growth.

Europe's economic situation is not promising for the near future. The pains of the crisis are ongoing and opposition to austerity measures steadily increases. Political groups from the fringe gain power, accelerated by growing recession and unemployment. Unfortunately, the ideal of Europe's common future is gradually weakening. In some countries such as Spain and Greece, the weak links in the Euro Zone with their 25% of unemployment rates, despair has been replaced by anger. Because short-lived governments could not take necessary measures to attain medium- and long-term solutions, protests and demonstrations are a routine part of daily life. As a result, the expectation for growth has remained at 0.5%. Considering that European banks could not solve their problems, significant growth will not be possible in the near future.

Despite the slowdown of growth driven by recession in advanced countries, China still continues to be the world economy's driving force. Having chosen its new leaders last year, China is supposed to take the necessary steps for economic and political reforms to prolong its success. Therefore, it needs to be closely watched. Southeast Asia's developments and growth potential should also be closely followed.

Last year, Turkey benefitted from establishing its economic balances on solid grounds while many economies have been overly influenced by changes and transformations. Following the high growth rates achieved throughout the previous years, necessary measures were taken in 2012 to shrink domestic demand and increase external demand in line with the target of cooling down the economy. These measures bore fruit in a short span of time. In spite of economic difficulties in Europe, our largest market, a significant increase was reached in exports due to opening new foreign markets while imports declined. Growth continued at a slower rate. The ratio of the current acccount deficit to national income was reduced to 6.3% from a worrisome level of 10% in the previous year. The Istanbul Stock Exchange surpassed its historical peak by virtue of increasing global liquidity to our country, falling domestic interest rates and Fitch's decision to upgrade Turkey's credit rating. Above all, this successful performance was accomplished without compromising budget discipline.

Having briefly outlined the situation in global and the Turkish economies, I would like to evaluate the last year in terms of our Company's operations and the LPG market, our core business field. During the last decade, global LPG market grew by 30%. Last year's growth rate of 3% has been promising for the future of our sector. The fact that many countries, the European Union in particular, recognized LPG among the fuels of future and took many steps to encourage its use indicates that the increasing trend in growth will continue in the future. The most noteworthy impact of this trend on the Turkish market was seen in the autogas segment. The Turkish autogas market, which is the largest market in Europe and the second largest in the world, sustained its steady growth in 2012, reaching annual consumption of 2.7 million tons. Meanwhile, our Company has maintained its leadership in each segment of the LPG market.

Due to its efforts to increase efficiency as well as its leading and pioneering practices in the sector, Aygaz and its subsidiaries enjoyed another successful year of activity, especially in its core business area, the LPG market. Achieving a total turnover of TL 5.6 billion as of year-end, our Company continued to produce value for the national economy and society as a whole, including our stakeholders.

Successfully completing a merger with its wholly owned subsidiary Mogaz A.Ş. in the beginning of 2013, Aygaz created a more flexible and lean structure in its core business. Despite the shrinking cylinder gas market in parallel to the expansion of natural gas, our Company sustained its leading position in this market and increased its market share. In the meantime, Aygaz further strenghtened its leadership position in the autogas market.

Having a diversified investment and subsidiaries portfolio in the energy sector, in 2012, Aygaz also obtained outstanding results in the other fields it operates. Our subsidiary, Aygaz Doğal Gaz, recorded a noteworthy increase in its business volume through medium- and long-term natural gas purchase agreements and took an important step forward in line with its target of becoming an important player in the pipeline gas market.

Our affiliate, AES Entek, increased its installed capacity to a large extent by purchasing the Damlapınar, Kepezkaya, and Kumköy hydroelectric power plants of 62 MW. In partnership with OYAK, a new investment was initiated to build a coal plant capable of producing 625 MW. Another project is in progress to build a 226 MW natural gas-fired power plant in Kırıkkale to meet the energy need of the Tüpraş refinery.

Our Akpa Company recorded a noteworthy increase in sales tonnage as a result of the Aygaz-Mogaz merger. Akpa preserved its position as one of Turkey's largest sales and marketing organizations in its field.

Receiving the third-highest corporate governance rating score in Turkey, Aygaz has been a source of pride for our Conglomerate with its meticulous practices in this field. The positive results of our efforts to increase customer satisfaction were confirmed by independent surveys. The Ministry of Customs and Trade pronounced Aygaz as "The Company Committed to Customer Satisfaction" for two consecutive years.

With its social responsibility projects, Aygaz continued to be a pioneer not only in its sector but also in the whole business world. Our Company supported several projects including the Sagalassos, Aphrodisias, Van Castle and Maydos excavations that bring the cultural and historical heritage of Anatolia to the future. Aygaz hosted the Istanbul International Theatre Festival and continued to provide social support through its numerous projects ranging from environment to health, from education to culture and art.

Aygaz has a well-deserved reputation in Turkey's energy market by virtue of the added value it creates in every field in which it operates. I would like to express my thanks to our employees, dealers, suppliers, customers and shareholders who have contributed to successful business results of our Company.

Respectfully,

Rahmi M. Koç
Chairman of the Board of Directors

Board of Directors

RAHMİ M. KOÇ

Chairman of the Board of Directors

Mr. Koç completed his graduate studies in Industrial Management at Johns Hopkins University in the USA. He began his career in 1958 at Otokoç. In 1960, he was appointed to Koç Ticaret A.Ş., which represented the Koç Group in Ankara. In 1964, he was appointed as the General Coordinator of Koç Holding A.Ş. Subsequently, he served as Chairman of the Executive Committee in 1970, Deputy Chairman of the Management Committee in 1975, and Chairman of the Management Committee at Koç Holding A.Ş. in 1980. From 1984 to 2003, he carried out the duties of Chairman of the Board of Directors of Koç Holding A.Ş. Rahmi M. Koç served as the President of the International Chamber of Commerce from 1995-1996. He has been serving as the Honorary Chairman of Koç Holding A.Ş. since 2003 and has been the Chairman of the Board of Directors at Aygaz A.Ş. since 1996.

ÖMER M. KOÇ

Vice Chairman of the Board of Directors

Mr. Koç graduated from Columbia College (USA) with a B.A. in 1985. He started his professional career in 1985 working as a sales representative at Kofisa Trading Company in Switzerland. From 1989 to 1990, he worked as a sales representative at Ramerica Int. Inc. in New York and then became a manager at Gazal A.Ş. in 1991. Ömer M. Koç then served as Financial Coordinator at Koç Holding A.Ş. from 1992 to 1996, Energy Group Vice President from 1996 to 2000, and President of the Energy Group from 2000 to 2004. Ömer M. Koç, the Vice Chairman of the Board of Directors at Koç Holding A.Ş., has been on the Board of Directors at Aygaz A.Ş. since 1996, and has been the Vice Chairman since 2001.

ALEXANDRE F.J. PICCIOTTO

Member of the Board of Directors

Mr. Picciotto is one of the grandsons of Mr. Hillel Picciotto who established Aygaz in 1961 with Mr. Vehbi Koç. Graduated from Ecole Supérieure de Gestion (Paris) in 1990, he started his career in Orfim, the investment company of his family in Paris, France. From 1990 to 2003, he managed different subsidiaries operating in various fields including real estate, movie business and watch industry. In 2003, he was appointed General Manager at Liquid Petroleum Gas Development Company, the Picciotto family owned company, which is historical shareholder of Aygaz. Then he was appointed General Manager at Orfim in 2008. Mr. Picciotto is also member of the board of directors at various companies in both Turkey and France. He has been serving on the Aygaz Board of Directors since July 2012.

DR. BÜLENT BULGURLU

Member of the Board of Directors

After completing his higher education at the Ankara College of Engineering and Architecture, he continued on to a doctoral program at the Norwegian University of Science and Technology. Dr. Bülent Bulgurlu began his career working as a civil engineer at Elliot Strömme in Oslo in 1972. From 1977 to 1979, he worked as a civil engineer at İntes A.Ş. After working at Garanti İnşaat A.Ş. as Engineering, Planning and Construction Manager, Work Site Coordination and Construction Manager, Assistant General Manager and General Manager, he started working at Koç Holding A.Ş. in 1996 as Vice President of the Tourism and Services Group. Dr. Bulgurlu became President of the Tourism and Services Group in 2000 and President of the Tourism and Construction Group in 2001. In 2004, Dr. Bulgurlu was President of the Durable Consumer Goods and Construction Group and served as the CEO of Koç Holding A.Ş. from 2007 to 2010. Dr. Bülent Bulgurlu has been serving on the Aygaz Board of Directors since 2008.

OSMAN TURGAY DURAK

Member of the Board of Directors

Mr. Durak completed his graduate work at Northwestern University (USA) obtaining a Master's degree in Mechanical Engineering. He joined the Koç Group as a product development engineer at Ford Automotive in 1976, and in 1986, he was promoted to Assistant General Manager. In 2000, he became the Chief Assistant General Manager, and in 2002, he became the General Manager at Ford Otosan. From 2007 to 2009, he served as the Koç Holding Automotive Group President, and from May 2009 to 2010, he served as the Deputy CEO for Koç Holding. He was appointed as the CEO in 2010. He has been a member of the Koç Holding and Aygaz A.Ş. Board of Directors since 2010.

EROL MEMİOĞLU

Member of the Board of Directors

Mr. Memioğlu graduated from the Petroleum Engineering School at Middle East Technical University. He began his career in 1979 as an expert engineer at Turkish Petroleum Corporation (TPAO) and went on to become a Production Manager and then President of the International Projects Group at the same company. He joined Koç Holding A.Ş. in 1999 as Vice President of the Energy Group, and then served as Executive Member of the Board of Directors of the Koç Holding A.Ş. Energy Group from 2003 to 2004. Mr. Memioğlu has been President of the Koç Holding A.Ş. Energy Group and a Member of the Aygaz Board of Directors since May 2004.

AYŞE CANAN EDİBOĞLU

Member of the Board of Directors

Ayşe Canan Ediboğlu completed her high school education at Ancaster House School and her graduate studies at Southampton University (UK) obtaining a master's degree in financial control and management. Following her studies at the same university as a Research Assistant, she continued her professional life as Planning Manager at Shell in 1980. Assuming various responsibilities at Shell Turkey, she was appointed as General Manager in 2002 and the Country Officer in 2006. She served as a Board Member at Shell-Turcas Petrol A.Ş. from 2006 to 2009. Ayşe Canan Ediboğlu has been serving on the Aygaz Board of Directors since 2012.

TUNÇ ULUĞ

Member of the Board of Directors

Tunç Uluğ completed his graduate degrees at Robert College Engineering School and Columbia University (USA). He joined Koç Group in 1969 at Aygaz A.Ş. as Assistant General Manager. He was appointed as General Manager at Tat A.Ş. in 1976 and at RAM A.Ş. in 1979. At Koç Holding, he served as the Vice President of Energy and Trade Group between 1981-1985 and as the President of Foreign Trade Group between 1991-1997. After serving as a Member of Yaşar Holding Board of Directors between 1997-2000, Tunç Uluğ is now offering consultancy to various firms since 2001. Tunç Uluğ has memberships from DEIK, TESEV and Turkey- Switzerland Trade Office. He has been serving on the Aygaz Board of Directors since 2012.

MANSUR ÖZGÜN

Member of the Board of Directors

Mansur Özgün graduated from Ankara Economic and Commercial Sciences Academy. He started his career in 1958 at the Directorate General of Foundations and betwen 1963-1971 he worked at the Ministry of Finance. He joined Koç Group in 1971 at Koç Holding as Assistant Finance Manager. He was appointed as Assistant General Manager at Ormak A.Ş. between 1973-1974. He served as Finance Coordinator at Koç Holding between 1984-1999. After 1999, he worked as a chartered accountant. He has been serving on the Aygaz Board of Directors since 2012.

AUDITORS

SERKAN ÖZYURT

Serkan Özyurt graduated from Ankara University, Faculty of Political Sciences, Department of Finance. He started his career in 1990 as a Public Auditor at the Ministry of Finance and he took responsibility as Senior Public Auditor from 1999 to 2002. In Presidency of Public Auditors, he was appointed as Vice Chairman of Istanbul Group between 2002-2003 and Vice Chairman between 2003-2004. He joined Koç Holding in 2005 and currently he is the Coordinator in Auditor Group at Koç Holding.

KEMAL UZUN

Kemal Uzun completed his undergraduate studies at Ankara University, Department of Business Administration and obtained his master's degree at the University of Illinois, College of Business. From 1990 until March 2006, he served at the Ministry of Finance as Intern Accountant Controller, Assistant Public Auditor, Public Auditor, Department Head, Income Service Group Manager, Income Service Department Manager. Uzun served as the Coordinator of the Audit Group of Koç Holding A.Ş. from 2006 to 2011. He has served as Tax Audit Director since January 2011.

Message from the General Manager

Aygaz, together with the Mogaz and Lipetgaz brands, maintained its leadership in all segments of its core business, the LPG sector, with a market share of 43% and 23% in cylinder gas and autogas, respectively.

Dear shareholders,

In 2012, despite the economic slow down on the global scale and shrinking demand in the domestic market, Aygaz achieved successful financial and operational results and also took significant steps towards its strategic targets. While the sector dynamics were continuously changing, we successfully led this change and strengthened our competitive edge thanks to our ability to adapt to change in many fields from our products and services to our processes.

In our core business field, the LPG sector, we successfully completed the merger with our subsidiary, Mogaz. We aim to improve our competitive edge through a long-term and permanent efficiency increase with this merger, which resulted in a leaner structure and increased the quality of service we offer to our dealers and the ultimate consumers.

Regarding other investments in our subsidiaries and affiliates, we work towards achieving growth based on efficiency and profitability. Within this context, we are making significant investments in other fields of the energy sector, particularly in natural gas and electricity.

The results of our efforts in the operational field throughout the year were reflected in our financial statements and became a source of pride for all of our stakeholders. Our consolidated turnover, operating profit, and exports reached TL 5.6 billion, TL 188 million, and US$ 392 million, respectively. Aygaz, together with the Mogaz and Lipetgaz brands, maintained its leadership in all segments of the LPG sector, its core business, with a market share of 43% in cylinder gas and 23% in autogas. In the LPG sector, Aygaz seeks to maintain its market share and sales volume in the domestic retail market without compromising profitability while conducting its wholesales and exports efficiently and effectively. To achieve this target, in 2013, we expect to realize results that are in line with the performance of 2012.

Our subsidiary, Aygaz Doğal Gaz, reached a turnover potential of 500 million m^3 amounting to TL 400 million in LNG and pipeline gas for 2013 owing to the mid- and long-term agreements it made. In parallel to increase in the private sector share, our Company has the potential to increase its business volume in the natural gas market and accordingly continues its efforts to make new long-term supply contracts.

Last year, AES Entek, our affiliate in the electricity sector, incorporated three hydroelectric power plants with a total capacity of 62 MW. Planning to increase its capacity rapidly by producing electricity from different resources and completing its ongoing investments, AES Entek targets to have a diversified portfolio and thus obtain a significant advantage in competition.

By achieving a 176% turnover increase in the carboy water business, which we began in 2011 with Pürsu brand, we became one of the 10 largest players in the market. Our broad distribution network in addition to the strength of our logistical infrastructure ensured our success in this activity, which significantly contributed to our dealers' revenues. In 2013, aiming to enhance our water business, we will be able to distribute to a broader geographical area by increasing the number of water resources. This business notably contributed to Akpa's strong growth, which assumed corporate Pürsu distribution together with LPG, durable goods, and fuel oil. In the meantime, as it incorporated Mogaz's direct distribution operation in 2012, Akpa expanded its distribution network from four cities to 12 cities, achieving a four-fold increase in its sales volume of cylinder gas. We expect that all these developments will positively affect the company's 2013 results.

In an environment dominated by rapidly changing dynamics, we review and revise all of our business processes from information technologies to logistics through a visionary approach. In addition to the capacity increase we achieved last year in our maritime logistics operations with purchase of the ship Beylerbeyi, we established a more efficient and more flexible structure in our overland transportation operations. We accomplished that through route optimizations and new tanker investments.

We did not content ourselves with our financial and operational success. According to the 2012 results of the Turkey Customer Satisfaction Index, Aygaz once more ranked first among the LPG distribution companies. Aygaz became Turkey's most preferred LPG brand thanks to this ranking, which is 8 points over the sector average in cylinder gas and 9 points over the average in autogas according to the sector's customer satisfaction scoring. The Turkish Ministry of Customs and Trade pronounced Aygaz as "The Company Committed to Consumer Satisfaction" for the second time.

Aygaz was designated as "The Most Reputable Company in the Energy Sector" based on an independent survey. We obtained the third-highest corporate governance rating score in Turkey, as of the assessment date, according to another independent survey. We ranked second in the Best Workplaces Survey in Human Resources owing to our Akpa company. We won the Crystal Apple award with the ad campaign for Aygaz Otogaz. We are proud of being the first Turkish energy company to publish sustainability report at "B" application level in Turkey.

We have added value to life for more than fifty years. Each day we enter 100 thousand houses and also provide an eco-friendly, high-performance and economical fuel for 1 million vehicles. Further, we conduct our social responsibility projects with this same approach. With the "For My Country: Barriers Free Life" project, we provide support to increase the quality of life for millions of disabled people and raise social awareness on this issue. We continue to support the projects carried out to preserve our country's cultural heritage.

I would like to present my profound thanks to all Aygaz employees, who made this success possible with their devoted efforts, as well as to our dealers, suppliers, customers and our valuable shareholders who increased our ambition to work with their trust and interest.

Respectfully yours,

Yağız Eyüboğlu
General Manager

Executive Management

YAĞIZ EYÜBOĞLU

General Manager

Yağız Eyüboğlu started his professional life as a Management Trainee at Arçelik A.Ş. in 1991. In 1993, he was promoted to Koç Holding Headquarters, where he worked for more than 10 years, as Auditor, Senior Internal Auditor, Assistant Financial Coordinator and Financial Coordinator respectively. Between 2004 and 2009, Eyüboğlu assumed several different responsibilities within the Koç Group, namely, CFO of Arçelik A.Ş., CEO and Board Member of Beko Elektronik A.Ş., Assistant to the President of the Koç Holding Foreign Trade and Tourism Group, and Human Resources Director of Koç Holding. Since 2009, Yağız Eyüboğlu has been the General Manager of Aygaz.

MEHMET TUFAN MUT

Assistant General Manager (Sales)

Mehmet Tufan Mut began his career as a newspaper reporter at Dünya newspaper in 1975. He then worked as a civil servant in the SSK Şişli Payment Office from 1977 to 1980. He began working at Aygaz in 1984, where he served as an Accountant, Assistant Marketing Chief, Vehicle Sales Supervisor, Marketing Group Supervisor, Assistant Regional Sales Manager, Assistant Sales Manager and Central Anatolia Sales Manager. Mr. Mut was appointed as the Assistant General Manager at Akpa A.Ş. in 2001 and served as the General Manager of Akpa A.Ş. from 2004 to 2008. Mr. Mut has been the Assistant General Manager of Sales at Aygaz since 2008.

GÖKHAN TEZEL

Assistant General Manager (Finance)

Gökhan Tezel began his career in 1993 as a finance expert at Tofaş A.Ş. and became the Finance Manager in 1998. In addition to this position, he also served as the General Manager of Koç Fiat Consumer Credit Financing A.Ş. Mr. Tezel has been the Assistant General Manager of Finance at Aygaz since December 1, 2009.

ALİ KIZILKAYA

Assistant General Manager (Technical Affairs and Investments)

Ali Kızılkaya began his career in 1988 as a Training Engineer at Bilar A.Ş. From 1992 to 1994, he worked as a Purchasing Engineer at Istanbul Fruehauf A.Ş. In 1996, he joined Aygaz A.Ş. and from 1996 to 2002 he served as the Bulk Gas Sales Supervisor in the Marmara Region and as the Purchasing Supervisor. In 2002, he served as the Lipet A.Ş. Operations Manager and in 2004 as the Mogaz A.Ş. Operations Manager, after which he became the Aygaz A.Ş. Facility System Manager and in 2004 as the Mogaz A.Ş. Operations Manager, after which he became the Aygaz A.Ş. Facility System Manager. Since 2008, Mr. Kızılkaya has served as the Aliağa Terminal Manager, and he was appointed as the Assistant General Manager of Technical Affairs and Investments in November 2010.

NURETTİN DEMİRTAŞ

Director (Affiliates and Accounting)

Nurettin Demirtaş began his career in 1986 in the Doğuş Financial Consultancy and Accounting Office. In 1988, he worked in the Accounting Department at Tekor Plastik A.Ş. He joined the Koç Group in 1989 and worked respectively as an Aygaz A.Ş. Accounting Specialist, General Accounting Department Administrator, Accounting Manager and Affiliates and Accounting Group Manager. In 2008, he was appointed as Director of Affiliates and Accounting.

AYŞE ABAMOR BİLGİN

Director
(Logistics)

Ayşe Abamor Bilgin began her career in 1998 as a Management Trainee at Aygaz A.Ş. Appointed as Procurement Manager in 2005, Ayşe Abamor Bilgin served as LPG Procurement and Trade Manager from 2008 to 2011. She serves as the Logistics Director since January 2012.

RAMAZAN PULAT OKTAY

Director
(Production)

Pulat Oktay began his career as an Engineer and Construction Site Foreman at Disa in 1988. He joined the Koç Group in 1991. From 1991 to 2001, he served at Gazal A.Ş. as a Project Engineer, Maintenance Engineer, Cylinder Production Method Process Specialist and Residential-Camp Cylinder Production Manager respectively. In 2001, he continued in his position as Residential-Camp Cylinder Production Manager after the merger of Gazal A.Ş. and Aygaz A.Ş. From 2003-2008, he worked as the Purchasing Manager. He was appointed to the position of Production Director in 2008.

AHMET ERCÜMENT POLAT

Director
(Marketing)

Ahmet Ercüment Polat began his career in 1995 as a Sales Engineer at Aygaz, and since 2004, he has served consecutively as the Trakya Regional Sales Supervisor, the Bulk Gas Sales Department Manager, the Bulk Gas Sales Manager and the Bulk Gas and Autogas Sales Manager. He served as the Akpa A.Ş. Branch Manager from 2004-2008 and as the Company Manager from 2008-2010. Since 2010, Ercüment Polat has served as the Aygaz Marketing Director.

ÖZGÜR ASENA YILDIRIM

Director
(Cylinder Gas Sales)

After beginning his career in 1988 as a Marine Mechanical Engineer at Türkiye Denizcilik İştemeleri, Mr. Yıldırım went on to work as a Marine Mechanical Engineer at Soh Trans Denizcilik, followed by Göksel Denizcilik. In 1993, Mr. Yıldırım began working as an Operations Engineer at Aygaz A.Ş., and then he worked as the Kırıkkale Facility Manager, Central Anatolian Bulk Gas Sales Manager, Çukurova Regional Sales Manager, Trakya Regional Sales Manager, Istanbul Regional Sales Manager and Marmara Regional Sales Manager. He has served as the Cylinder Gas Sales Director at Aygaz since 2010.

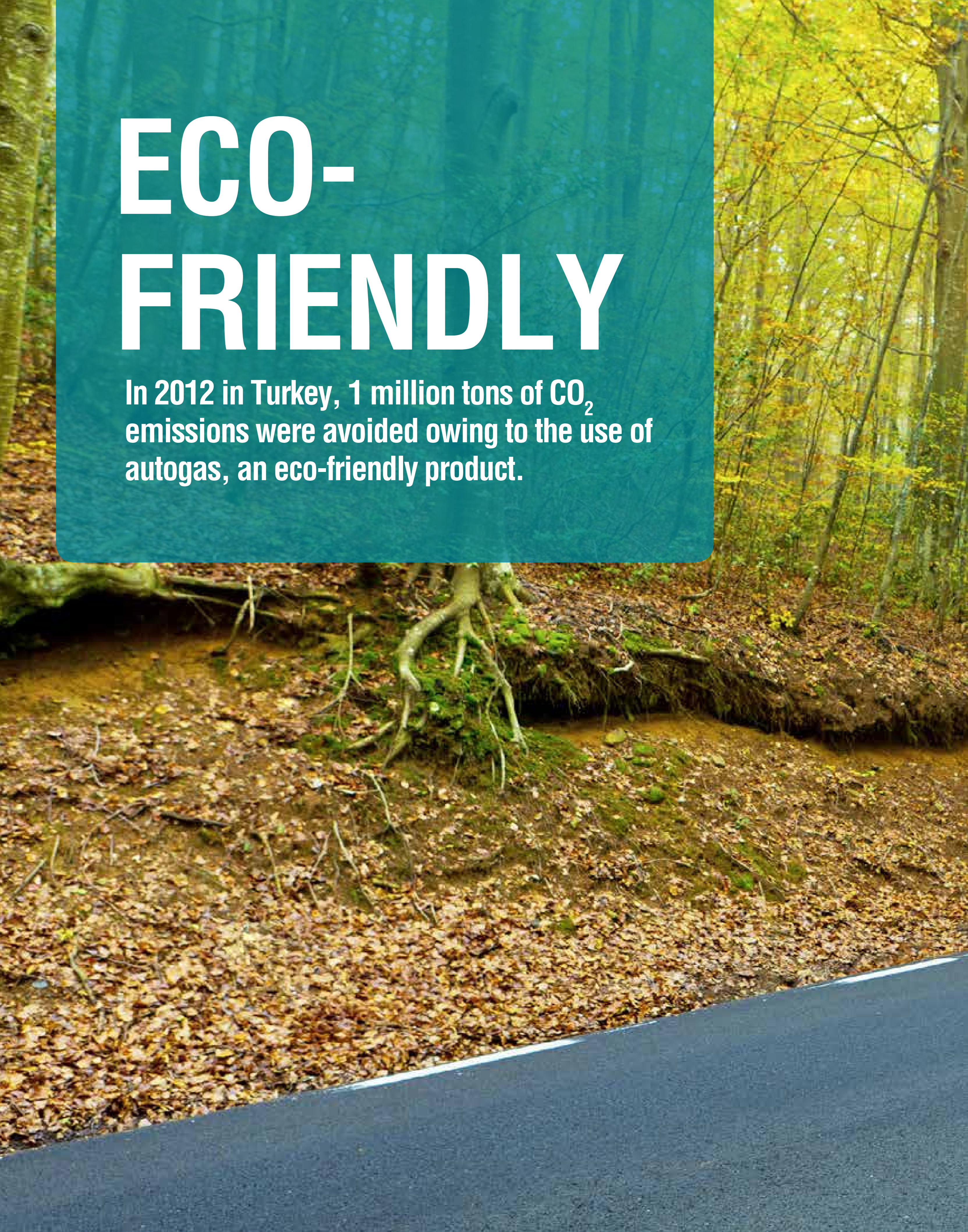
KENAN DENİZHAN EGE

Director
(Autogas Sales)

After beginning his career as a Quality Assurance Supervisor at Mutlu Akü in 1993, Mr. Ege worked as a Direct Sales Representative at ELF/Selyak, Product Manager at Toprak Seramik, Regional Manager at ELF/Selyak and Regional Manager at FL/Selenia respectively. In 2003, Mr. Ege began working as the Marmara Sales Manager at Opet A.Ş., and from 2008 to 2010 he served as the Sales Group Manager at Opet A.Ş. He serves as the Autogas Sales Director at Aygaz since 2010.

ECO-FRIENDLY

In 2012 in Turkey, 1 million tons of CO_2 emissions were avoided owing to the use of autogas, an eco-friendly product.



Activities

Without compromising its sustainable and strong growth policies, Aygaz ranked 19th in the Turkey Fortune 500 list by advancing two places.

Pioneer, innovative and reliable face of Turkey in the LPG sector

Aygaz, the first company of the Koç Conglomerate operating in the energy sector, was founded in 1961. The Company has sustained its leading position for half a century in its core business, LPG sector. Today, Aygaz ranks among the top five LPG companies in Europe by virtue of its sustainable and strong growth policies. As the 10th largest industrial company in Turkey according to the 2011 list compiled by the Istanbul Chamber of Industry, Aygaz ranked 19th in the Turkey Fortune 500 by advancing two places. Aygaz is the one and only publicly traded company in the LPG sector.

The competitive advantage of Aygaz, which is the best known brand of cylinder gas in Turkey, derives from its deep-rooted experience and know-how as well as its innovation and reliable position in the sector. Aygaz, which continuously strengthens its brand name by closely following and acting on changing patterns of consumer demand through a proactive approach and enhancing its product range, strives to lead the change.

In its core business field, Aygaz,

- Distributes LPG as autogas, cylinder gas, and bulk gas,
- Manufactures and sells LPG cylinders, tanks, valves and regulators,
- Markets LPG-operated devices.

The most reputable brand of the energy sector

Establishing an integrated energy holding structure, Aygaz has a leading position in the LPG sector, its core business, as well as in the natural gas market. Having always been far ahead of the competition since its establishment, the Company today has the most reputable brand* in the energy sector with significant contributions from its subsidiaries and affiliates. Aygaz carries out its activities with the vision of expanding its energy pool and accordingly, developing alternative projects to bring deep-rooted and long-lasting solutions for Turkey's energy needs.

* Aygaz was announced as "The Most Reputable Company in the Energy Sector" based on the 2011 Survey of Turkey Reputation Index.

Conducting its activities in the LPG market under the guiding principle of being an indispensable part of daily life, Aygaz provides uninterrupted services all around Turkey through 2,303 cylinder gas dealers and 1,477 licensed autogas stations in 81 cities.

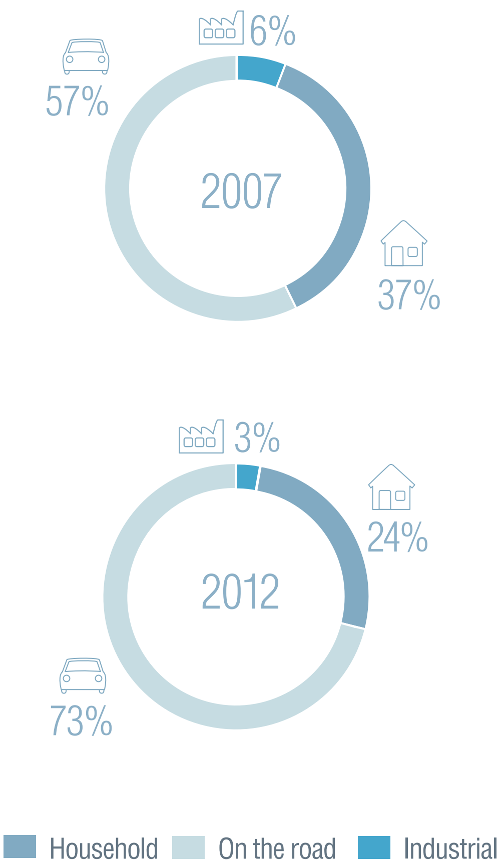
Strong growth potential in the global market

The increasing trend in LPG consumption continues on a global scale. According to data published by the World LP Gas Association (WLPGA) in 2012, the global LPG market, which grew by 30% with an increase of 50 million tons during the last decade, annually rose by 3% in 2011 and reached 260 million tons.

This 3% increase in the global LPG consumption is above the annual growth of global natural gas consumption as well as of total energy consumption. The fact that LPG has not yet been introduced to 1.5 billion people worldwide indicates huge growth potential in the global market. Meanwhile, in line with efforts to reduce harmful gas emissions, the target set by the European Union to double LPG's existing share amongst other types of energy by 2030 supports the expectations of rapid growth in the market.

LPG production increased by 4.6% in the last year and reached 269 million tons. Qatar, Russia, and Algeria are the three countries having the largest share in world LPG production. However, new shale gas resources recently discovered in the United States are expected to change the balance considerably.

Areas of LPG Usage in Turkey and Consumption Percentages



The residential LPG market led by China, the United States and India has the biggest share (45%) in total consumption. Following petrochemical, autogas ranks third with its 9% share in total consumption, which is dominated by South Korea, Turkey, and Russia.

In 2012, big fluctuations in LPG prices were seen on a global scale due to the changes in demand for petrochemicals as well as capacity changes in some production facilities. Changes in supply-demand balance in Far Eastern countries also caused price fluctuations.

Turkey is the second largest LPG market in Europe

Turkey is Europe's second largest LPG market after Russia with an annual consumption of 3.7 million tons. Turkey is followed by England, Italy, and France. Although the expansion of natural gas consumption caused a reduction in the cylinder gas and bulk gas markets, the LPG market performs with an annual average growth of 1-2% due to the increasing share of autogas in general consumption. Thus, it maintains its position in the energy sector.

According to Energy Market Regulatory Authority (EMRA) data, in the last five years, autogas rose from 57% to 73% as a percentage of total consumption. With its nearly 10 million workplace/residential customers, cylinder gas accounts for 24% of total consumption.

In 2012, 21% of Turkey's total LPG supply came from domestic sources while the remaining 79% was provided by imports. The purchases from Kazakhstan, Algeria, and Norway comprise the largest share in Turkey's LPG import volume.

Aygaz is far ahead of the sector with 29% market share

Having Turkey's most preferred brands in cylinder gas and autogas, Aygaz is the only integrated LPG company in the national market. In its core business, Aygaz operates in all LPG processes including production, procurement, storage and filling as well as produces and sells LPG-operated devices. According to EMRA data as of the end of 2012, with a market share of 29%, Aygaz maintains its leadership being far ahead of the sector that contains totally 72 companies. Aygaz capped another

In 2012, Aygaz's total domestic sales of cylinder gas, bulk gas and autogas were 1,062 thousand tons.

successful year with outstanding financial and operational results and attained 43% and 23% market shares, respectively, in cylinder gas and autogas.

Aygaz offers uninterrupted service all around Turkey. As of the end of 2012, Aygaz provides service via 2,303 cylinder gas dealers and 1,477 licensed autogas stations in 81 cities. Thanks to its countrywide distribution network, Aygaz cylinders enter into more than 100 thousand houses/workplaces every day. Meanwhile, more than 1 million vehicles are driven every day with its autogas, Aygaz Otogaz+.

In 2012, total sales of cylinder gas, autogas and bulk gas of Aygaz were 1,062 thousand tons. Total sales volume reached 1.7 million tons including domestic wholesale, exports and transit sales. As of the end of 2012, Aygaz's consolidated turnover was TL 5.6 billion, of which US$ 392 million is from exports and transit sales.

Aygaz-Mogaz merger process

In the beginning of 2012, merging with Mogaz A.Ş., which was providing distribution with Mogaz and Lipetgaz brands with an annual sales volume of 232 thousand tons and 6% market share, significantly contributed to Aygaz's efficiency increase.

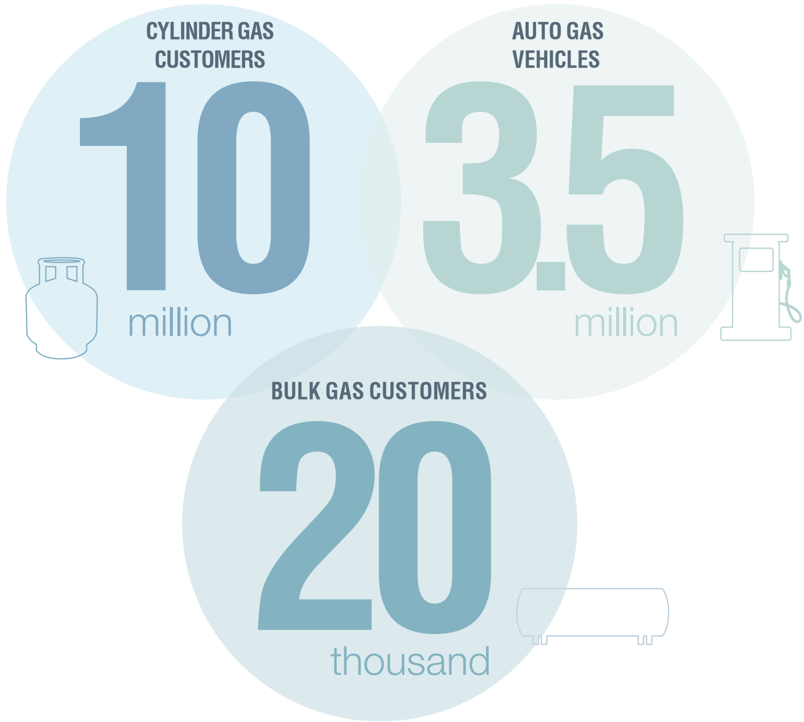
In 2004, operation of Mogaz facilities was transferred to Aygaz to ensure increased efficiency through centralization of production facilities. This cooperation was further strengthened over the years with shared management of support units.

Due to changes that occurred in the share structure since 2004, the share of Aygaz in the capital of Mogaz, its subsidiary, reached 100%. Thus, Aygaz and Mogaz began to be considered as consolidated with respect to Capital Markets legislation.

As per the decision taken by the Board of Directors on July 16, 2012, all assets and liabilities in the balance sheet of Mogaz Petrol Gazları A.Ş. as of June 30, 2012 were taken over by Aygaz. Thus, the merger process of the two companies was started.

The synergy created by this merger, completed in January 2013, significantly increased efficiency in procurement and production processes. Aygaz immediately made the required structural changes in order to take advantage of this synergy in brand and dealer management as well as in sales and logistics.

Turkey's LPG market



The largest LPG operation of Turkey

Aygaz transports LPG taken from Tüpraş or obtained from foreign markets to filling plants via pipelines, as well as by marine and road tankers. Aygaz is the largest importing company in Europe, in terms of import volume made to a single country. Due to its strength in logistics infrastructure, Aygaz also makes sales to foreign countries.

Meeting 34% of domestic demand by itself, Aygaz conducts the largest LPG operation in Turkey. One of Aygaz's most important competitive advantages is its high level of logistical skill. In line with its logistic optimization efforts, Aygaz makes necessary changes in its distribution network and in the capacities/numbers of its vehicles according to its sales volume by taking advantage of economies of scale and achieves efficiency increase through optimal routing.

Thanks to its visionary approach, since 1967 Aygaz has handled marine transportation requirements using its own ships. The Company has four LPG ships, which are specially equipped and fully pressurized. The fleet of Kandilli, Kuleli, Kuzguncuk and Beylerbeyi is operated by Anadoluhisarı Tankercilik A.Ş., a 100% subsidiary of Aygaz.

Having ISM Code, ISPS Code and ISO 9001 certificates and being inspected by globally respected companies, Anadoluhisarı Tankercilik A.Ş. obtained the ISO 14001 Environment Management System certificate in April 2012 following inspections done on board and at the offices by ClassNK.

Anadoluhisarı Tankercilik A.Ş. renewed its fleet with the new LPG ship it purchased in 2011 and thus strengthened its market position. Joining the company fleet under the name of Beylerbeyi and flying a Turkish flag, this ship was built in Japan in 2008 and has an LPG transportation capacity of 11.000 m^3. Meanwhile, the ship Anadoluhisarı, built in Norway in 1981 with a transportation capacity of 3.500 m^3, was taken out of the fleet as it completed its economic life. Following this operation, the company fleet took on a younger and more dynamic organization with its average ship age of 20 declining to 13 and having a total transportation capacity of 26.000 m^3.

Aygaz has also the largest road tanker fleet in Turkey with 307 tankers and 230 cylinder gas vehicles.

LPG products of Aygaz in 22 countries

Aygaz cylinders, valves, small bulk tanks, and regulators are produced with state-of-the-art technology and are tested to meet international security and quality standards. This manufacturing and testing are conducted at the Gebze facility, established on 52,000 m^2 of outdoor space and 25,000 m^2 of indoor space. Already having the ISO 9001:2008 Quality Control System certificate, the Gebze Facility also obtained the ISO 50001 Energy Management certificate; hence, it has combined higher security and quality standards with state-of-the-art technology.

The reduction in the domestic cylinder and bulk gas market due to the expansion of natural gas led Gebze Facility to alternative markets. In 2012, as a result of its intensive marketing efforts in the Middle East, Africa, Gulf and European countries, the facility exported its products to 22 countries with a total value of US$ 19 million.

Annual filling capacity of 1.1 million tons

Aygaz delivers its products to consumers with the same high quality regardless of location in Turkey.

In addition to its five sea terminals, 11 filling facilities and eight distribution centers, Aygaz has one cylinder manufacturing facility and one cylinder refurbishing facility, all of which meet international standards and operate using the latest technology. Aygaz has the largest LPG storage capacity in Turkey with 170,000 m^3; its annual filling capacity is 1.1 million tons.

Stored in the Aygaz facilities, which have strong technological infrastructure and equipment, LPG is automatically pumped into cylinders and is distributed following the security controls. Each Aygaz cylinder passes through inspections for leakage and overfilling and reaches to consumer sealed with the "Cylinder Information Card" and "Hologram Lid," which ensure that the product is fully filled and has passed all quality tests. Aygaz products have CE (free circulation in the EU) and PI (branding) certificates in addition to ISO 9001 Quality, ISO 14001 Environment and OHSAS 18001 Work Health and Safety certificates.

Investments

In 2012, Aygaz and its subsidiaries made new investments amounting to US$ 54 million to renovate cylinder parks and expand autogas distribution network and logistics.

Cylinder Gas

As the most preferred brand, Aygaz continues to increase its share in the cylinder gas market.

Despite the reduction in the market, Aygaz increased its market share by three points to 43% in 2012 from 40% in 2011.

According to EMRA data, domestic cylinder gas consumption dropped by 9% and totaled 890 thousand tons. In the meantime, cylinder gas sales of Aygaz were 382 thousand tons showing a decline of 3%.

More than 2,300 sales points throughout Turkey

Having successfully managed the merger and acquisition processes since 2011, Aygaz increased the number of its sales points to 2,303.

Achieving more efficient structuring in its dealer network, Aygaz strengthened its competitive edge in the cylinder gas market by being closer to its customers and further enhancing the quality and speed of its services.

"Cylinders in Space" with Aygaz Express

Aygaz, maintaining its competitive edge with its innovative practices that create a difference in the sector in addition to its superior service and product quality, launched the Aygaz Express system in 2011. Aygaz Express is a high-speed, satellite-ordering system that was introduced by a large scale and rip-roaring advertising campaign featuring, "Cylinders in Space". In 2012, the Aygaz Express distribution network was expanded and, in the meanwhile, the installation of the system in Mogaz dealers was started.

By means of the infrastructure supported by Aygaz Express, Aygaz offers consumers various advantages, including the benefits of extra points and installment payments through its national credit card campaigns. The Company further strengthened its position as being the most preferred brand by consumers and it notably raised the bar in the sector in terms of customer satisfaction. Aygaz received the Award for Being a Company Committed to Consumer Satisfaction from the Turkish Ministry of Customs and Trade for two consecutive years.

New faces of small cylinders

Offering customers a new look on their 2 kg LPG cylinders with a blue sleeve, in 2012, Aygaz distributed this product throughout Turkey with two new designs of İznik tiles. Ensuring differentiation of the Aygaz product from its competitors in the market, this application won great recognition from both consumers and dealers.

Customer satisfaction and training activities

Breaking more ground with receiving the ISO 10002 certification, which symbolizes excellence in managing customer demands, Aygaz continues training activities with consumers and dealers as an integral part of its efforts to increase its brand value and ensure long-term customer loyalty.

During the last five years, more than 6,500 employees working at Aygaz, Mogaz, and Lipetgaz dealerships were provided training to ensure that they fully adopted the corporate structure, values, and vision of Aygaz. In 2012, Aygaz also provided more than 2,000 consumers with training on the safe and problem-free use of cylinder gas.

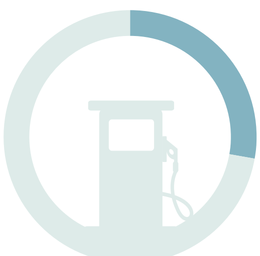
Since 2012, a specially designed Aygaz Training Truck, which also includes a showroom for Aygaz products, began to be used for training activities in addition to Aygaz Training Bus.

Support to “Barriers Free Life” project

In 2012, the “Barriers Free Life” project also took place extensively in Aygaz’s training activities. The “For My Country: Barriers Free Life” project was started by Koç Holding to increase the quality of life for disabled individuals who constitute 12% of Turkey’s total population and to raise social awareness on this issue. Within the scope of this project, approximately 7,200 participants comprising client service staff and consumers were comprehensively informed about the content of the project. These efforts significantly contributed to raising social awareness and responsibility about the problems of disabled people.

Autogas

In 2012, Aygaz maintained its leading position in the autogas segment with its "most preferred" brand and a 23% market share.



23%

Autogas market share

The largest autogas market in Europe and the second largest in the world

The Turkish autogas market comprises 11.1% of the global market. Having the largest autogas market in Europe and the second largest in the world, Turkey increased its autogas consumption by 2% to 2,695 thousand tons.

In Turkey, autogas is preferred by more than 3.5 million vehicle users, 41% of all automotive vehicles in Turkey. In other words, the Turkish market contains 16% a total of 21 million vehicles worldwide running on autogas. According to this data, Turkey has the largest number of LPG-powered vehicles in the world.

The growth in autogas is expected to continue owing especially to the price advantage offered to consumers. As the awareness rises on the fact that autogas is an eco-friendly product, consumers' perceptions of performance and safety change positively as well. These developments indicate that the upper socioeconomic group will prefer autogas in the forthcoming period and the market will maintain its growing trend.

Leader and pioneer with 23% market share

With a market share of 23%, Aygaz has a leading position in the autogas market, which has displayed a strong growth performance during the last 10 years and is today subject to intense competition. Last year, total autogas sales of Aygaz reached 621 thousand tons with an increase of 3% and the share of autogas in domestic LPG sales rose to 58%.

In 2012, Aygaz focused on meeting consumer demand by initiating proactive marketing policies and investments to expand its distribution network in a fiercely competitive autogas market, in which 10,000 autogas stations supply 3.5 million LPG vehicles. Expanding its distribution network by 9.7%, above the sector average, Aygaz provides services with 1,477 licensed autogas stations.

Aygaz revises and improves its strategies in line with the market dynamics and customer expectations. Thus, the Company continued its partnership with Opet on the one hand and grew through different distribution channels with Mogaz and Lipetgaz brands on the other hand. Aygaz succeeded to maintain its leadership position by further enhancing its product range and uninterruptedly continuing its R&D works.

New Brand: Aygaz Otogaz+

In 2012, in line with its proactive marketing policies, Aygaz completed its brand positioning, renewed its logo, and replaced its brand, “Aygaz Euro LPG+,” with “Aygaz Otogaz +” to reinforce favorable customer perceptions and meet their changing preferences.

Within the scope of its advertising activities, Aygaz received the Crystal Apple, one of the most prestigious awards of the sector, with its ad movie “Chase” in the category of automotive products. The target of the movie was to utter that autogas is being used by every segment of the society as well as to change the perception about the performance of autogas, the basis of Aygaz Otogaz+ positioning strategy. In the last month of the year, with its “Snowball” movie, which introduced the autogas special for winter, the Company moved its strength in product differentiation and performance one step further.

In addition to the efforts for strengthening its own brand perception, Aygaz also conducted effective activities to support the development of the autogas market. The campaign of “Fuel of Future: LPG”, which aimed to assure potential customer group that autogas is high performance, safe, widespread, eco-friendly and economic product, is expected to considerably contribute to the growth of the sector and to improve the perception about LPG.

Effective campaigns that lead the sector

Aygaz strives to ensure the highest level of customer satisfaction and continuous customer loyalty in the autogas market that is dominated by fierce competition. Therefore, the Company supports its activities with national and international campaigns that offer attractive opportunities to consumers.

The campaigns of the Aygaz Conversion Specialists Club were granted the Golden Prize in the "Direct Marketing" category of Mixx Awards Turkey 2012.

Aygaz strengthened its collaboration with vehicle manufacturers and autogas conversion companies through new campaigns in 2012. The Aygaz Conversion Specialists Club, which brought autogas conversion centers together under its roof to raise conversion safety standards in the sector, organized attractive campaigns targeting existing and potential customer groups. These campaigns, which aimed to strengthen customer loyalty as well as to accelerate market growth, attracted intense attention from the target group.

In 2012, internet and social media were also effectively used. Throughout the year, various campaigns were organized on the Aygaz Otogaz Facebook page, which has approximately 60.000 followers, to establish a stronger communication with consumers. On the Facebook page, an application called Depometre was developed to help consumers to calculate their autogas consumption and to remind them of the importance of engine tuneups to getting better mileage; the campaign of Aygaz Conversion Specialists Club was conducted via this application. These campaigns were granted the Golden Prize in "Direct Marketing" category of Mixx Awards Turkey 2012, one of the most recognized awards in interactive marketing.

Bulk Gas

In 2012, domestic bulk gas consumption decreased by 2%. Aygaz sustains its longstanding leadership in this shrinking bulk gas segment thanks to its superior service and product quality.

The share of bulk gas in total domestic LPG sales of Aygaz is 6%. Throughout 2012, the Company served more than 5,000 bulk-gas customers and realized a sales total of over 60 thousand tons in this market as of the year-end.

Pürsu

In 2011, Aygaz began distributing carboy water with the objective of optimizing its distribution network and further increasing dealer satisfaction.

176% increase in 2012 sales

The carboy water market grew by 1.5% in 2012 while Aygaz recorded 176% growth with its Pürsu activities in 30 cities in four regions. Thanks to this outstanding performance, Pürsu succeeded in taking its place among the 10 largest companies of the carboy water market, an industry that includes a total of 300 companies.

Aygaz has a goal to increase its filling capacity and expand its dealer network in the forthcoming period with a special emphasis on large cities and regions where Pürsu has not yet established a presence.

Subsidiaries

Carrying out its activities with the vision of becoming a diversified player in the natural gas market, Aygaz Doğal Gaz closely pursues the market dynamics and opportunities.

Aygaz Doğal Gaz

Having operated in the natural gas market since 2004, Aygaz Doğal Gaz sells and delivers liquefied natural gas (LNG), as well as selling natural gas that it acquires from domestic market to users classified as eligible consumers through natural gas pipelines. Carrying out its activities with the vision of becoming a diversified player in the natural gas market, Aygaz Doğal Gaz reached a turnover of TL 189 million in 2012.

Aygaz Doğal Gaz's operations are focused on small-scale LNG sales and supplies of natural gas. In April 2012, the company terminated the sale of compressed natural gas (CNG), which has been continued since 2008, due to the lower-than-expected, performance of the market suppressed by the expansion of pipeline gas.

Bulk sales of LNG

The size of Turkey's small-scale LNG market is approximately 700 million m^3. The LNG received from Botaş Marmara Ereğlisi and Egegaz Aliağa LNG terminals is distributed all around Turkey with special LNG trailers and is stored in specially designed LNG tanks on the premises of customers.

The asphalt, food and tourism sectors have an important place in the total consumption of the growing small-scale LNG market.

As one of the important participants, Aygaz Doğal Gaz completed its investments in this field considering the growth potential in the market.

Sales of pipeline gas

Operating in natural gas market since 2010, Aygaz Doğal Gaz strives to increase its domestic sales through imports. However, in common with other private companies, the Company had no imports in 2012 due to both the high global price of LNG and the subsidies that the state-owned Botaş applied on domestic prices. Aygaz Doğal Gaz closely pursues the market dynamics and opportunities by considering developments in the world

LNG markets and the prices in Turkey. The Company carries out its activities, in line with its strategy to grow as both an importer and a wholesaler, including LNG gasification facilities.

With the agreements it signed in 2012, Aygaz Doğal Gaz increased its pipeline gas sales and enhanced its customer portfolio. As of the end of 2012, the company signed natural gas supply agreements amounting to approximately 400 million m^3 with importer private sector companies.

In 2013, Aygaz Doğal Gaz strives to reach a total sales potential of 500 million m^3 in LNG and natural gas. Thus, it will raise its turnover to over TL 400 million with a two-fold increase. Accordingly, the Company, closely pursuing the liberalization process in the pipeline gas market, continues its procurement activities.

In April 2012 the underground natural gas storage facility, which belongs to Türkiye Petrolleri Anonim Ortaklığı in Silivri, was opened to use by the private sector for the first time. The fact that the private sector was allowed to enter storage operations, an inevitable part of pipeline gas activity, is seen as a significant development in Turkey's liberalization journey. Aygaz Doğal Gaz is one of the seven private companies that applied for the storage facility and is entitled to obtain a storage capacity.

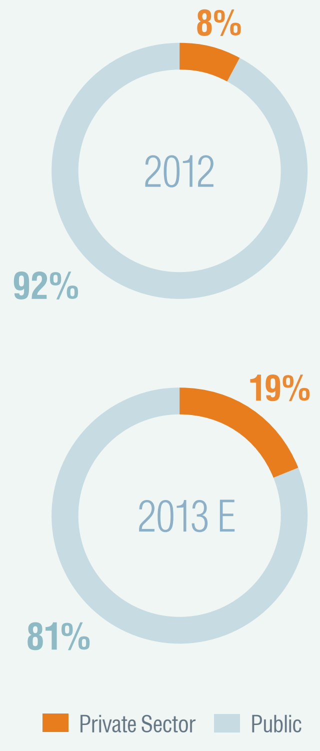
A market highly dependent on import

In 2012, domestic natural gas consumption grew by 2.3% and reached 45.2 billion m^3. In Turkey, which is a highly dependent import market, the production of natural gas meets approximately 1.7% of total demand.

Imported natural gas is brought to Turkey by state-owned Botaş and five private companies through pipelines and in liquefied form. In 2012, there was not a positive development in terms of the liberalization of the market compared to the previous year and the share of the private sector in domestic demand declined to 8%. However, in December 2012, the expired natural gas import agreements of 6 billion m^3 were renewed by the private companies. Therefore, as of 2013, the share of the private companies in Turkey's natural gas market reached approximately 19% while a significant and growing portion of the market began to be represented by the private sector.

In 2012, price increases in international markets caused a drop in the liquefied natural gas volume imported by Turkey. Due to the state's subsidy, the private sector could not enter the market and LNG to be consumed in the Turkish pipeline gas market was imported only by Botaş.

The strong growth of the Turkish economy, natural gas-fired electricity plants, which will come online in the near future, and the increase in the number of subscribers mark a strong growth potential in domestic natural gas consumption. It is forecast that total consumption will rise to 60 billion m^3 in 2020 from 45 billion m^3 in 2012. In other words, in 2020, the volume of the domestic natural gas market is expected to be equal to the volume of the fuel oil market.

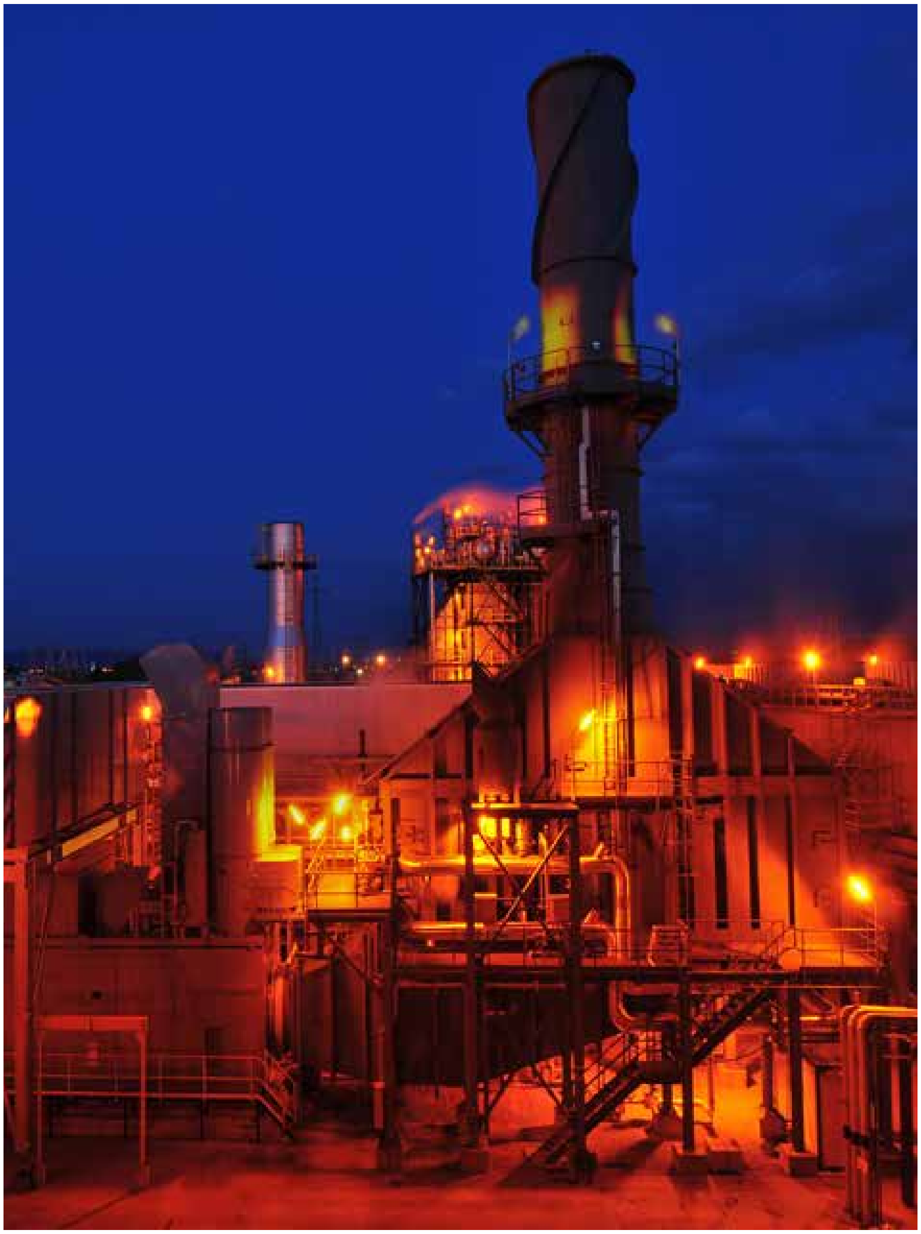


Akpa

Akpa provides room equipment, central air-conditioner systems, electric-powered and gasoline-powered service vehicles to hotels, holiday camps, golf facilities, and hospitals throughout Turkey, particularly in the Marmara, Aegean, Mediterranean, Mid-Anatolia and Çukurova regions. Akpa meets 85% of the demand for durable consumer goods of Turkish tourism facilities. The Company conducts direct sales of cylinder gas and carboy water in the same regions and carries out wholesale fuel trade through its fuel stations in Mid-Anatolia. Operating in its sector for about half a century, Akpa is, in its field, one of Turkey's largest sales and marketing organizations with a turnover of TL 275 million in 2012.

Affiliates

AES Entek closely pursues various investment opportunities with the goal of becoming one of Turkey's leading private electricity generation companies.



AES Entek

AES Entek operates three natural gas plants, two medium-sized and one small, with a total electricity production capacity of 302 MW in addition to three hydroelectric plants with a total capacity of 62 MW.

At the beginning of 2011, Aygaz sold a 50% stake in Entek to AES, the international energy company with headquarters in the US; following this sale, the company's name was changed as AES Entek. As a Fortune 200 company, AES operates with 130 electrical power plants and 15 distribution companies spread across the five continents. Aygaz shares the ownership of AES Entek with Koç Holding and AES with a 24.81% stake.

Within the framework of the 50-50 partnership agreement it signed with OYAK at the end of 2011, AES Entek plans to build a 625 MW coal-fired power plant in İskenderun Bay. This plant is expected to produce approximately 4.5 billion kWh of electricity per year. The licenses and permissions for this project are largely completed and financing will be obtained in 2013. The power plant, which will produce economical, reliable, and

clean energy by means of its state-of-the-art technology and high level of efficiency, is planned to come online by 2016.

A 220 MW natural gas-fired power plant to be built adjacent to the Kırıkkale-Tüpraş facilities will meet the Tüpraş plant's need for electricity and steam. Excess production will be sold on the free market.

AES Entek closely pursues various investment opportunities and objectives including mergers and acquisitions, privatization of production power plants, and nationwide new power plant projects with the goal of becoming one of Turkey's leading private electricity generation companies.

A growing demand for electricity

As of the end of 2012, the size of the Turkish electricity market is roughly 242 TWh, amounting to US$ 20 billion while the share of the private sector including private production and auto producer companies is 36%.

The heavy increase in the electricity consumption is driven by Turkey's rapid growth performance after the global crisis in 2008. As the growth of the market continued, electricity consumption rose by 5.1% in 2012.

In the last year, new power plants of 4,000 MW were put into operation and the installed power in Turkey reached 57,058 MW as of the end of 2012. During the next decade, additional installed power equal to the currently existing size will be needed.

Public authority works on restructuring the electricity market in free market conditions. The new Electricity Market Law, which is still being discussed at the National Assembly, is expected to be approved by the second quarter of 2013.

Enerji Yatırımları A.Ş.

Enerji Yatırımları A.Ş. was established for the purpose of purchasing 51% of the shares of Tüpraş, the largest industrial corporation in Turkey, from the Privatization Administration. Aygaz holds a 20% stake in Enerji Yatırımları A.Ş. As the only producer in Turkey's refining industry, Tüpraş operates in refinery, distribution, and gasoline and product marine transportation. Tüpraş is the seventh-largest oil refining company in Europe with an annual crude oil capacity of 28.1 million tons.

Aygaz Employees

The leading and pioneering position of Aygaz, sustained for more than fifty years, is primarily due to its highly qualified human resources composed of the best employees in the sector.

Aygaz's human resources policies are based on the philosophy expressed in the phrase of its founder, Vehbi Koç, "Our human resources are our most important assets." The leading and pioneering position of Aygaz, sustained for more than fifty years, is primarily due to its highly qualified human resources composed of the best employees in the sector.

The Company's corporate approach in human resources is dominated by mutual trust and respect among employees as well as participation and diversity as core values. In line with its human resources policies, Aygaz strives to hire highly qualified employees, to offer them continuous personal and professional development opportunities, and to ensure employee loyalty by keeping motivation high.

As of 2012-end, total number of Aygaz employees is 1.323, of which 730 are white collar and 593 are blue collar. Nine percent of employees are women and 91% are men with an average age of 37.9 and average seniority of 8.1 years. Fifty-six percent of employees have undergraduate and graduate degrees.

Performance management

The Performance Management System at Aygaz is based on delegating objectives from upper management down to all employees and bestowing concrete recognition of achievements. The Performance Management System has been reviewed and enhanced during the last two years. Appraisal of the blue-collar workers in 2011 and reward criteria in 2012 were included into the system.

Training and development planning

Considering the personal and professional training and development of employees among its corporate priorities, Aygaz enables its employees to receive feedback through 360-degree skill evaluation system.

By courtesy of the Koç Academy System, training opportunities of the Company are not limited to the workplace; employees have been given the opportunity to obtain training whenever and wherever they want in a digital environment. In 2012, the average number of hours of training provided per person increased to 32.7 hours from 26 hours in 2011.

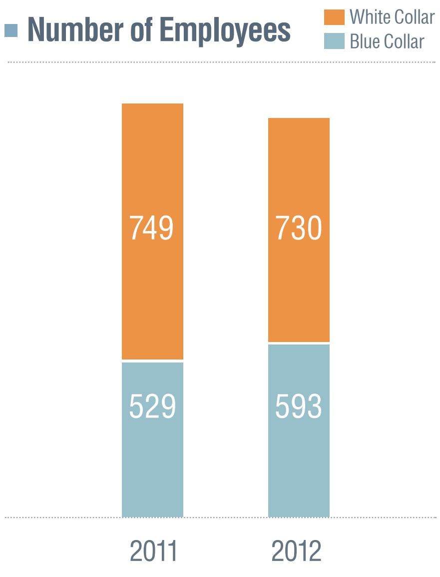
In 2012, a comprehensive Sales Development Program was put into practice to increase the motivation and performance of sales and field managers. Besides, seminars were held to encourage personal development of the employees working in terminals and facilities.

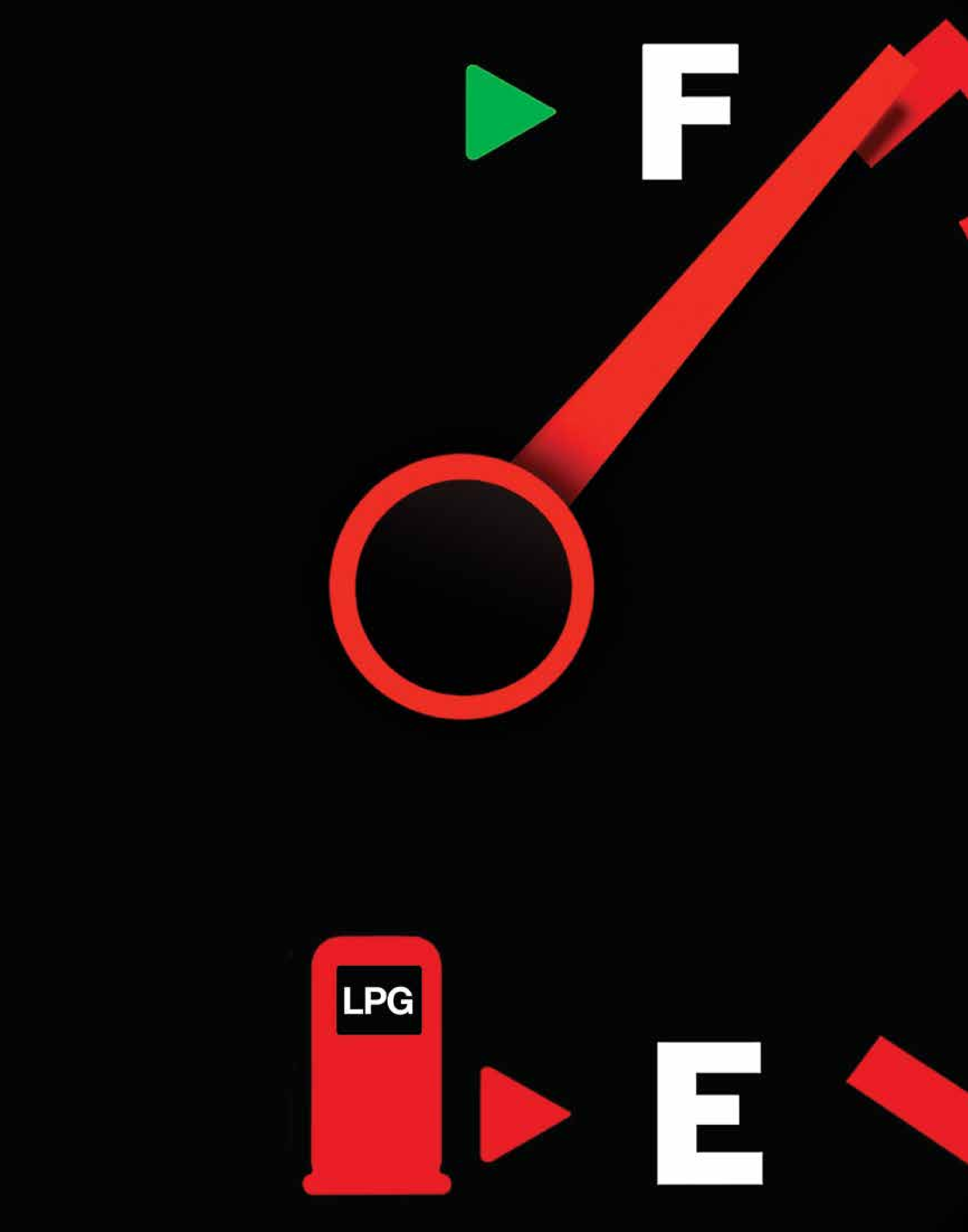
In 2012, 850 people including dealers, subscription service staff, tanker drivers, cylinder gas delivery truck drivers, subcontractors, blue-collar facility personnel and technical personnel were provided training by the experts of Chamber of Mechanical Engineers and Chamber of Chemical Engineers as well as Aygaz trainers who have LPG Authorized Personnel Course Trainer Engineering Competency Certificate.

Employee loyalty

The absolute prerequisite to achieving an outstanding level of customer satisfaction is to ensure that employees at all levels are satisfied. Creating the environment in which employees are happy results in superior quality of customer service. Aware of this fact, since 1996 Aygaz has conducted Workplace Evaluation and Improvement Surveys to measure employee satisfaction and employee engagement. Acting upon those results, Aygaz has taken the steps to ensure that employee needs are met.

Number of Employees




F
LPG
E

ECONOMIC

The 3.5 million vehicles converted to autogas ensure an annual average savings of TL 1,000 per car.

Health, Safety, Environment

Aygaz, the symbol of innovation and reliability with its operational activities, sets an example to the Turkish LPG market through its HSE-S implementations.

Pioneer in increasing quality standards
Conducting its business without harming the environment and its stakeholders, particularly employees and society, is a core principle of Aygaz. The Company emphasizes its commitment in this field through an Integrated Management Systems policy, which is an inseparable part of its corporate structure. All employees are responsible for adhering to the Integrated Management Systems policy of Aygaz without exception.

Leading and pioneering the sector since its foundation, Aygaz sets an example to all players in the Turkish LPG market through its HSE-S implementations. Aygaz has broken much ground in this field. In 2012, the Company obtained the ISO 50001 Energy Management System certificate provided by Turkish Lloyd and reviewed its Integrated Management Systems policy. Additionally, following both internal and external inspections, the Company reviewed and improved its ISO 9001 Quality, ISO 14001 Environment, OHSAS 18001 Health and Safety, and ISO 10002 Customer Satisfaction Management systems.

Blazing a trail in the sector with the ISO 9001 Quality Management System Certificate it obtained in 1998, Aygaz included 24 business units into the scope of the certificate in 2012. Thus, it became the first and only company accomplishing such a large-scale certification. Aygaz, the symbol of innovation and reliability with its operational activities, provided inspiration and a role model for increasing quality standards in the LPG market.

Within the scope of the OHSAS 18001 Occupational Health and Safety System, 5,300 man hours of training was provided throughout the Company in 2012. In addition, 5,502 man hours of environmental management training was provided.

Environment-friendly product portfolio
In 2011, Aygaz once again broke new ground in the sector by calculating the amount of greenhouse gases released from operations at the Aygaz Yarımca Filling Facility within the scope of the ISO 14064 Standard for Calculating and Reporting Emissions of Greenhouse Gases. It then had the results verified by an independent organization. In 2012, inspection and monitoring continued using calculations made within the scope of ISO 14064. The amount of greenhouse gases and the low level of emissions obtained as a result of these calculations once more confirm that LPG is an environment-friendly product and with no negative effect on human health.

Efficient utilization of natural resources and protecting the environment is a strategic priority for Aygaz, which contributes positively to urban air quality with its environmentally friendly product portfolio. The Company invested TL 3.9 million in environmental safety during the last year.

In 2012, environmental inspections were undertaken at the facilities. Preparatory work was completed at all filling facilities to obtain environmental licenses for emissions and waste disposal.


TÜRK LOYDU
BELGE
CERTIFICATE

Another first in the sector: ISO 50001 Energy Management System
Following its ongoing efforts to increase energy efficiency, Aygaz established leadership in the sector with the Energy Management System certificate it obtained in 2012. The ISO 50001 Energy Management System helps organizations in fields such as effective utilization of resources, protection of environment and reducing costs. The companies, which set up their energy policies within the scope of this system, enhance their capacities to manage energy consumption more effectively as well as to carry out performance evaluation studies and apply required improvements.

Research and Development

Aygaz carries out its activities in order to offer innovative, safe, and high-quality products to consumers. The Company further strengthens its pioneering position in the sector by virtue of its R&D activities focused on closely following existing technologies as well as developing new technological solutions.

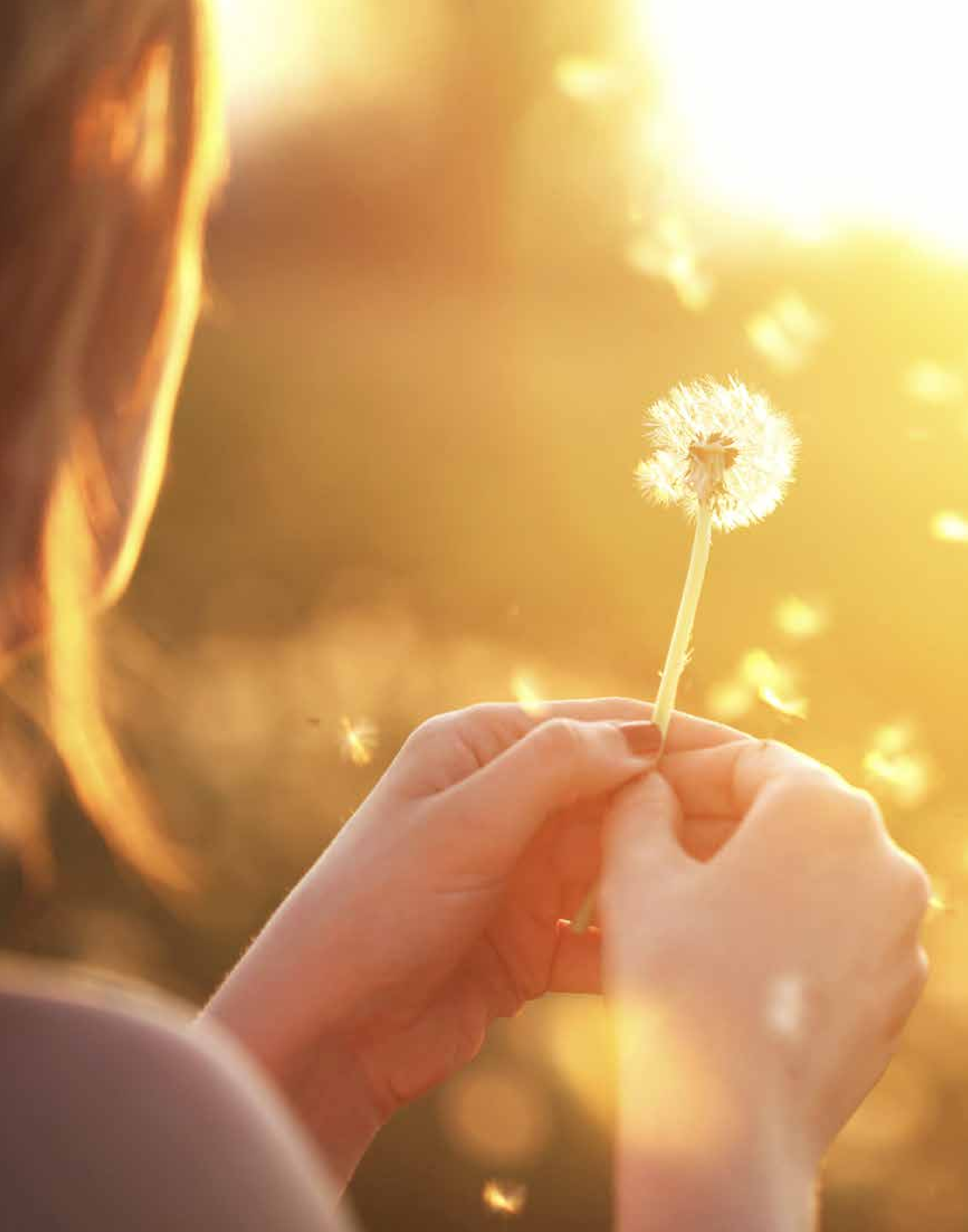
Aygaz carries out its R&D activities in three main categories: new product development, machine and process improvement, and alternative fuels.

Maintaining its sector leadership position in R&D thanks to its 29 patents, Aygaz applied to the Turkish Patent Institute for three patents in 2012.

Benefitting from the TÜBİTAK TEYDEB R&D incentives, Aygaz conducts some of its projects in cooperation with universities as well as technical and scientific organizations. In 2012, the Company worked on three projects in this field and submitted two new applications.

The Facility Reporting System went into operation in 2012. It allows central monitoring of cylinder-filling operations at facilities and ensures increased efficiency by making it possible for terminals to work at optimum conditions.

Providing consumers with innovative, safe and high-quality products, Aygaz also leads the sector in R&D investments with its 29 patents.



KEY ENERGY

With a broad range of utilization, LPG is a key energy product demanded by consumers at home and on the road as well as in rural and industrial production in the generation of energy.

Social Responsibility

As a corporate citizen that considers itself to have been an inseparable part of the society for the past half century, Aygaz has made substantial investments in its social responsibility projects.

Every day Aygaz touches hundreds of thousands of people from every segment of society through its products and services. Aygaz is aware that economic development cannot be separated from social and cultural prosperity. Further, Aygaz knows that the responsibility for adding value to life applies to companies as much as it does to individuals. As a corporate citizen that considers itself to have been an inseparable part of the society for the past half century, Aygaz has made substantial investments in its social responsibility projects.

Pursuing social responsibility efforts with its founder Vehbi Koç's philosophy summed up as "I live and prosper with my country," and "Give what you take from the community back to the community," Aygaz provides support for projects that protect the past while investing in the future.

What Will The Weather Be Like Tomorrow?

In September 2010, Aygaz began the "What Will the Weather Be Like Tomorrow?" project in cooperation with Regional Environmental Center (REC) and under the auspices of the Ministry of Environment and Forestry. Throughout 2010 and 2011, as part of this project, the Sky Truck visited thirty-two cities with a mobile planetarium and the Magical Globe, a three dimensional simulation device displaying the earth's movements. Approximately 10 thousand people attended the educational program in the Sky Truck and obtained certificates. Since 2012, these education programs have been provided in the discovery globe at the Rahmi Koç Museum. All of the information and visuals used in the project are located at www.yarinhavanasilolacak.org.

The restoration of the Sagalassos Antonine Nymphaeum

The history of the ancient city of Sagalassos in the foothills of the Taurus Mountains dates back to the 43rd century BCE. Since 2005, Aygaz has supported efforts to bring the past of Sagalassos to light.

Following completion of the Antonine Nymphaeum project in 2010, restoration of the Upper Agora structures surrounding the monumental fountain

began in 2011. The goal of this project is to revive the Upper Agora, the political center of this ancient city, and open it to the public as an open-air museum. When restoration is completed in 2016 as planned, the Upper Agora will regain its architectural and spatial integrity and will be one of the most remarkable ancient city centers.

Aygaz Library

The Aygaz Library project aims to remind people of Turkey's rich historical and cultural heritage and to preserve it for future generations. Since 1996, 11 books have been published as part of the project, which seeks to reach booklovers, art lovers, researchers and the nation's youth. The library, which includes books on different topics ranging from history to archeology, published its most recent work, "Images of Anatolian People before the Classical Age" in 2012.

The History of Ottoman Diplomacy

As part of the The History of Ottoman Diplomacy project, documents and supplementary information collected from the Ottoman archives were gathered into book form and published. Additionally, the diaries and papers of diplomats who served in Istanbul were published in book form. In 2012, six books were published within the scope of the project.

Van Castle excavations

In conjunction with the Ministry of Culture and Tourism and Istanbul University, Aygaz has supported mound excavations at Van Castle since 2010. In 2012, excavations carried out in the southern part of the Castle resulted in the discovery of a 2800-year old ancient fountain, a fine example of the Urartu civilization. During the excavations, a water source was discovered as well. The work carried out here indicates that this region was one of the most spectacular cities of the first millenium BCE. Within the scope of the project, restoration and renovation work are also planned together with further excavations in the future.

Maydos Kilisetepe excavations

Aygaz has begun support to the excavation of Maydos Kilisetepe Mound which is being carried out by the Ministry of Culture and Tourism. Aygaz's contribution as a sponsor

includes establishing a library as well as improving a ceramic garden and the field used as the Excavation House of the Archeotechnology Project. Aygaz will also provide interior fittings for a kitchen and a warehouse, land survey devices and the instruments necessary to document the excavation as well as software and technical equipment required for a barcode system.

Aygaz supports diabetic children

In 2012, 100 diabetic children attended the 20th Diabetic Children's Camp at the Gebze Life Port Hotel, organized by the Child and Adolescent Diabetic Association with support from Aygaz. Last year, the special event of the Camp, which Aygaz has supported since 2004, was a spectacular ballet show performed by the children. Prior to the performance, the children had received a five-day course of instruction in ballet and modern dance from four members of Blue Dance ballet school.

İKSV Istanbul International Theatre Festival

The 18th Istanbul Theatre Festival was held by the Istanbul Foundation for Culture and Arts (İKSV) from May 10 to June 5, 2012, with sponsorship from the Koç Holding Energy Group companies (Aygaz, Opet and Tüpraş). Under the theme of “Freedom-Inquiries”, more than 100 performances were presented by 40 national and five international theater and dance companies.

The Istanbul Theatre Festival that addresses issues and realities affecting human life such as human rights, immigration, war and violence hosted a very special event in 2012. The project entitled”SILSEL, Letters Written to Turkey”, prepared by world-renowned contemporary artist Kutluğ Ataman, called upon everyone, from 7 to 77, to create a sky of their own imagination at the Galata Elementary Private School.

Besides performances at 22 different venues around the city, the Istanbul Theatre Festival offered also panel discussions and workshops with renowned theater and dance groups as well as conferences and exhibitions.

Tree Planting Ceremony

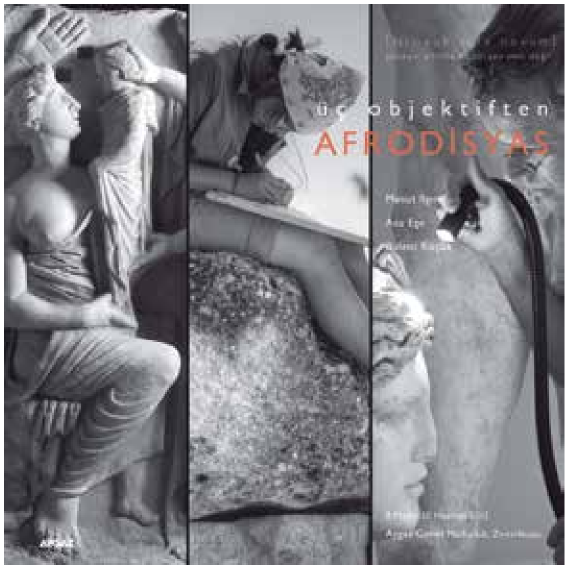
By increasing social awareness on climate change, Aygaz contributes to the efforts to establish more responsible and more sustainable consumption patterns. The Company held a Tree Planting Ceremony at Eskişehir Filling Facility on April 19, 2012 to increase environmental consciousness of its employees. During this ceremony a total of 200 trees, comprising 100 fruit and 100 pine trees, was planted in an area of approximately 6,000 m^2

Earth Hour

Aygaz also participated in the 2012 in Earth Hour, initiated by The World Wildlife Fund to decrease carbon emissions and tackle problems arising from global climate change. Accordingly, the lights at the Head Office in Esentepe, Istanbul, as well as at the buildings of ten regional and sales offices were turned out at 8.30 pm on March 31st, 2012. The Earth Hour activity was supported by 1 billion people and thousands of institutions around the world.

Aphrodisias Photography Exhibition

Aygaz opened the photography exhibition, “Aphrodisias through Three Objectives”, to introduce the ancient



city of Aphrodisias to art lovers from three different perspectives. The exhibit featured photos taken by Mesut Ilgım, member of the Geyre Foundation's Board of Directors, and two Aygaz employees, Asu Ege and Bülent Küçük, whose work reflected the breathtaking beauty of Aphrodisias through their own interpretations. The exibition took place at the Aygaz General Directorate building from May 8 to June 30, 2012.

"Sevgi Gönül Theatre Days" Project

Aygaz has supported Koç University's Sevgi Gönül Theatre Days since 2006. In 2012, in the course of the 11th Theatre Days, which was held during April 17 to 26, eight plays were staged with contributions from the theatre projects of other universities. These plays included "Waiting for Autumn" by Sadri Alışık Theatre, "Glass" by Aysa Prodüksiyon, "Live Broadcast" by Tiyatro Sahnekâr. Additionally, for the first time in the festival's history, The Tempest Ladies group from abroad staged the play "The Tempest" at the Sevgi Gönül Culture Center. The festival reached a total audience of 2,500 in 2012.

Vehbi Koç Foundation and "Vocational Education: A Crucial Matter For Nation" Project

Since its establishment in 1969, the Vehbi Koç Foundation (VKF) has worked to set an example of achieving ambitious goals in the fields of education, health, and culture through its programs and centers of excellence.

Aygaz has actively supported VKF since its establishment and contributed to the A Crucial Matter for the Nation (MLMM) Project's scholarship programs with TL 3.2 million in 2012. This project was initiated in cooperation with the Ministry of Education, Koç Holding and the Vehbi Koç Foundation in 2006. Over time, the project has been considered to be an outstanding example in vocational education not only in Turkey but at the international level as well. The MLMM Project began with the commitment to provide internship-supported educational scholarships to 8,000 vocational high school students in order to promote vocational education. By means of its vocational school coaching system, development models, educational laboratories, and "school-business cooperation" strategy, the project developed into a working model forging cooperative links between education and business.

The efforts to expand the MLMM Project's scope throughout the country gathered speed in 2012. The Cooperation for Quality in Vocational Education project started in cooperation with Education Reform Initiative on December 20, 2010. Its goal is to generate suggestions to increase quality in vocational education. The project was completed in 2012.

The Vocational High School Coaching Program has been supported by the voluntary efforts of more than 550 employees from 20 Koç Group companies as part of the MLMM Project. That support continued up until recently when it was handed over to the business community under the guidance of the Corporate Volunteer Association. In 2012, in line with the Vocational High School Coaching Program, which provides support for personal development of vocational school students, nine Aygaz employees voluntarily took responsibility at eight schools to provide coaching for 92 students.

SAFE

LPG offers a safe, healthy, and sustainable form of alternative energy in every field of life.

Risk Management

Aygaz manages the risks that it encounters in line with policies approved by the Board of Directors.

Due to the nature of the industry in which it operates, Aygaz is exposed to various risks in the financial, operational and legal fields. Aygaz manages these risks in line with policies approved by the Board of Directors.

Financial risks are identified and evaluated within this framework; requisite instruments are used to mitigate these risks. Currency risks that originate due to transactions in foreign currencies are mitigated by reflecting exchange rate fluctuations to sales prices of products. The risks that may otherwise arise are targeted to be kept within predetermined limits by means of forward transactions.

The Company's interest-bearing assets are used in short-term investment instruments. The Company's policy in this field is to assume long-term liabilities with fixed-interest rates and to manage the potential interest rate risks that may otherwise occur through derivative instruments.

Continuously and closely monitoring its clients, Aygaz seeks to keep credit risk exposure arising from commercial receivables within approved limits. The Company is careful to conduct business only with parties possessing a high level of credibility and mitigates existing risks with bank guarantees. Due to its broad range of activities, Aygaz's receivables are spread across different industries and geographical regions through numerous dealers and customers. Thus, the Company avoids vulnerability resulting from concentrating on a specific field or a customer.

Liquidity risk is managed by continuously tracking existing and expected cash flows and by using fund management instruments when required.

The Company's objective in managing capital risk is to conduct its business with the best appropriate capital structure that minimizes the cost of capital while creating value for its stockholders. In this respect, the most significant indicator is the ratio of Net Financial Debt/Equity. The Company has a net cash position; its capital structure and debt capacity enables it to conduct its business in a healthy manner. The Company's issued capital of TL 300 million is maintained along with the equity that belongs to the parent company amounting to TL 2,380 million as of December 31, 2012.

Legislative changes are monitored by the Legal Department and other related units. All required information in this area is provided to the staff; training and compliance activities are carried out in order to avoid legal risks.

Operational, legal and strategic risks are evaluated by related units. The decisions taken by the executive management in this field are monitored by the Board of Directors through related committees. Corporate risk management activities conducted within the framework of strategic planning and management ensure the efficient use of the Company's resources. These activities also allow the Company to evaluate opportunities with effective risk-management vision and ensure the continuity of the stockholders' trust to the Company. The Board of Directors receives information about the activities and findings of the corporate risk management through the Executive Management and the Risk Management Committee.

The activities of Risk Management Committee

The Risk Management Committee was established as the result of a decision by the Board of Directors on July 15, 2010. The duties and responsibilities of the committee are as follows:

- To identify, assess and measure the impacts and probabilities of strategic, operational, financial, and every other kind of risk that may be assumed by the Company
- To integrate, manage, and report the risks in accordance with the Company's risk-taking profile and to consider them when making decisions
- To establish efficient internal control systems
- To provide advice and recommendations to the Board of Directors on the risk-management processes

The Board of Directors, elected by the Ordinary General Assembly on April 5, 2012, decided to revise the committee's working principles as of May 4, 2012 as per the terms and provisions stated in the Turkish Code of Commerce numbered 6102 and the Corporate Governance Principles of the Capital Markets Board. As of that date, Ayşe Canan Ediboğlu, independent member of the Board, and Dr. Bülent Bulgurlu, Board member, were appointed as chairwoman of the committee and committee member, respectively. The committee held three meetings during the year and evaluated the Aygaz A.Ş. risk-management system as well as setting guidelines for risk reporting. Accordingly, the committee is informed concerning implementation of the risk management system once a year and about identified risk criteria once in every two months, that is, six times a year. The reports and assessments prepared in line with these criteria are periodically submitted to the Board of Directors.

Internal Control System and Internal Audit

Being directly responsible to the General Manager, the Internal Audit Unit analyzes the Company's processes and reports risk issues to the Executive Management in line with the goal of establishing a more effective internal control structure.

In 2012, the Internal Control Unit controlled and consolidated the data of Aygaz A.Ş. for the sustainability report prepared by Koç Holding. In addition, the unit worked with the team, which set the Company's corporate risk management strategies.

Financial and operational processes were revised through the audits conducted by the main partner, Koç Holding, in addition to continuously applied in-house controls. The findings were submitted to the Executive Management and the Board of Directors. Besides all these audits, ordinary and limited audits were done by the Ministry of Finance, the Ministry of Customs and Trade, and relevant regulatory and legislative institutions. The information and documentation requirements of these institutions were met.

Also reporting to the Audit Committee, the Internal Audit Unit conducts efficient internal controls to ensure the integrity, consistency, reliability, timeliness, and security of the information provided by the accounting and financial reporting system. Further, the unit carries out periodical audits to ensure the continuity of an efficient internal control and internal audit system in the Company.

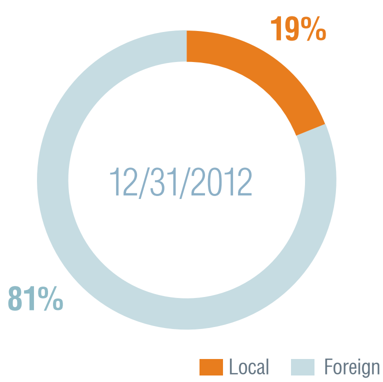
The Internal Audit unit assessed the Company's financial tables by comparing them with the results obtained from the internal control system. It was declared that the financial statements are free from material misstatement whether due to error and/or fraud; that critical accounting estimates, which were made with the accounting policies selected and applied by the management, as well as the presentation of the financial statements as a whole are appropriate and that the financial statements prepared as of the end of 2012 fairly present the Company's financial position and performance.

Investor Relations

Aygaz follows a consistent dividend policy that balances both the Company's and the shareholders' interests.

Share Information

- ISE Code : AYGAZ
- Reuters Code : AYGAZ.TI
- Bloomberg Code : AYGAZ.IS
- IPO date : 01/13/1988
- Free float rate : 24%
- Local/foreign investors



Investor Relations activities

Investor Relations Team attended a total of seven road shows and conferences both at home and abroad and conducted one-on-one meetings with more than 200 existing or potential investors through teleconferences or visits to company headquarters. At the Analyst Meeting in June, analysts and corporate investors had the opportunity to meet with the Company's executive managers.

In 2012, the number of the brokerage houses, which tracks Aygaz through continuous contact with the Company rose to 18. In all reports prepared by their analysts, the expectation regarding the share value of Aygaz is for it to beat or meet the index.

Company investor presentations and other informational documents are constantly updated and available at www.aygaz.com.tr in the Investor Relations section.

Protecting stockholder rights at the highest level through a transparent structure

SAHA Corporate Governance and Credit Rating Services Inc. is a rating agency authorized by the Capital Markets Board and rates the companies to be listed in the ISE Corporate Governance Index. It revised Aygaz's corporate governance rating score from 8.50 in 2011 to 8.96 in 2012. Aygaz obtained the third-highest corporate governance rating score in Turkey, as of the assessment date.

Main improvements that influenced this revision are as follows:

• Election of independent members to the Board of Directors was completed as per the independence criteria set by the Capital Markets Board.

• All members of the Audit Committee, established within the scope of the Board of Directors, are elected among the independent Board members.

• The corporate governance and risk

Corporate Governance Rating Score

Shareholders	Public Information and Transparency	Stakeholders	Board of Directors	Total
8.96	9.13	9.05	8.66	8.96

committees are chaired by the independent board members.

This score also confirms that the interests of stakeholders are fairly considered, that the Company is very good in public disclosure and transparency, and that the structure and efforts of the Board of Directors are based on solid grounds.

Share performance
The ISE-100 index surpassed its historical peak by virtue of increasing global liquidity to Turkey, falling domestic interest rates, and Fitch's decision to upgrade Turkey's credit rating.

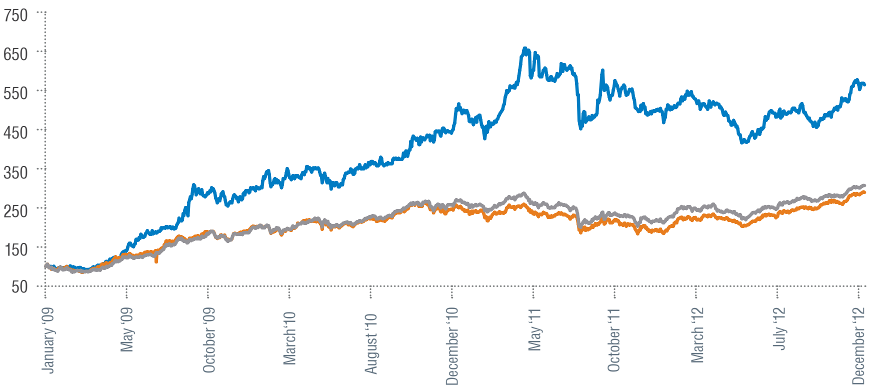
Compared to 2011, ISE 100 and ISE 30 indexes increased by 53% and 58%, respectively. With this outstanding performance, which attracted the attention of the whole world, ISE 100 has assured a 270% return since the 2008 financial crisis. Thus, ISE has become the second-most profitable stock market in the world as of 2012 and the third-fastest growing stock market since the global crisis.

In 2012, the share price of Aygaz increased by 13%. As of December 31, 2012, the company was valued at TL 2,832 million (1,581 million US dollar). The average transaction volume was TL 4,374 thousand.

Dividend policy
Aygaz strives to create share value for its stockholders and follows a consistent dividend policy that balances both the Company's and the shareholders' interests in accordance with the corporate governance principles.

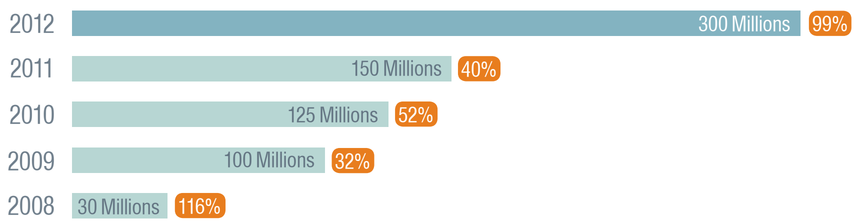
Share Performance

AYGAZ ISE 100 CORPORATE GOVERNANCE INDEX



Total Dividend (TL)

Payout Ratio (%)



How Aygaz creates shareholder value

- Well-diversified portfolio; LPG, natural gas, electricity and refinery
- Sustainable operating profitability from the core business, LPG
- High profit distribution
- Investor relations and corporate governance practices in conformity with international standards

Corporate Governance Principles Compliance Report

Legal Disclosures

Agenda of the Annual General Assembly

Proposal of Board of Directors for Profit Distribution

Statement of Responsibility

Auditors' Report

Independent Audit Report

Amendments to the Articles of Association

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

1) Corporate governance principles compliance declaration

Aygaz is aware of the benefit and importance of the Principles of Corporate Governance with regard to the capital market and companies. In a world that is becoming more globalized, it is very important to comply with international standards, to create sustainable value for shareholders, to procure funds from foreign markets and to achieve consistent growth. In this regard, corporate governance makes a significant contribution to increasing the quality of management, reducing risks and managing them better, and increasing the reliability and image of the Company on financial and capital markets.

Aygaz fully complies with the principles that are made compulsory as per the Capital Markets Board Communiqué Serial: IV, No: 56 “Regarding the Determination and Application of Corporate Governance Principles” and adopted a majority of the noncompulsory principles. While we strive to fully comply with Corporate Governance Principles, due to the difficulties associated with the implementation of some principles, the ongoing debate both on domestic and international platforms regarding the adoption of others, and the failure of fully overlap with the existing structure of the market and the Company of yet others, full compliance has yet to be achieved. Work is underway on the principles that have not yet been put in place; and we are planning to implement them upon the completion of the administrative, legal, and technical infrastructure work that would contribute in our Company’s effective management. The comprehensive efforts undertaken within the framework of Corporate Governance Principles and the principles that have yet to be adopted under relevant sections, and the resulting conflicts of interest, if any, are explained below.

The highlight of our work in the field of Corporate Governance in 2012 was the efforts to ensure compliance with the new CMB communiqué Serial: IV, No: 56 including the new regulations on the principles of corporate governance and the new Turkish Commercial Code. At our 2012 ordinary General Assembly, all amendments stipulated by the communiqué were made in our articles of association. Furthermore, the process regarding the determination and public disclosure of a sufficient number of independent member candidates in proportion to the number of our Board members was realized and the election was completed in line with the regulations. Both our existing and newly established board committees have left behind an active year. A remuneration policy was determined for the Board of Directors and senior managers and submitted to the information of shareholders at the General Assembly. Through the information document prepared for the General Assembly, General Assembly information such as privileged shares, voting rights, organizational changes, background information on the nominees for Board membership, a remuneration policy for the Board of Directors and senior managers, and all reports and information that must be drafted and disclosed with regard to related parties, disclosure of which is mandatory as per the principles, were submitted for the information of investors 3 week prior to the General Assembly meeting. All related party transactions were submitted for the information of the Board of Directors, which adopted a resolution to continue such transactions also with the approval of independent members. The Company website and annual report were also revised and the necessary changes were made towards full compliance with the principles.

Taking into account the developments in the legislation and practices, necessary efforts will be undertaken also in the upcoming period with a view to increasing compliance.

Aygaz A.Ş. has demonstrated the importance it places on the principles of corporate governance and its eagerness to implement these as a continual and dynamic process by receiving Corporate Governance Rating scores and remaining in the Corporate Governance Index. Operating in Turkey under license from the Capital Markets Board (CMB) to conduct corporate governance rating activities for the companies included in the ISE Corporate Governance Index, Saha Corporate Governance and Credit Rating Services upgraded Aygaz’s corporate governance rating score from 8.50 (84.95) in 2011 to 8.96 (89.57) on 30 June 2012 in consideration of the improvements made in the previous twelve months. As of its date of assignment, Aygaz’s new corporate governance score was the third best corporate governance score in Turkey.

The corporate governance rating score is determined by four main categories weighted to different degrees within the framework of the CMB resolution regarding the issue. Aygaz’s effective use of its website to effectively disseminate information was a factor in its receiving a high score (91.27) in the “Public Disclosure and Transparency” category. The Company was delighted to receive an above-average score for Turkey (90.51) in the “Stakeholders” category for its advanced corporate governance practices and the positive relations it has established with both employees and customers. In addition, it received 89.58 in the “Shareholders” and 86.64 in “Board of Directors” categories. Our efforts are underway to increase our performance in these categories.

Since the General Assembly meeting held in 2005, Aygaz has been preparing Corporate Governance Compliance Reports for the past nine reporting periods, publishing them on the Company’s internet site (www.aygaz.com.tr) and as part of its annual reports. Aygaz’s efforts in this area are accelerated thanks to its well-established corporate identity while its management structure and processes have been reorganized in compliance with these regulations. We hereby present for your information our Corporate Governance Report, which has been prepared this year in accordance with the format set out by the Capital Markets Board Resolution dated 01.02.2013 and no. 4/88.

Corporate Governance Committee

Mansur Özgün

Osman Turgay Durak

SECTION I - SHAREHOLDERS

2) Shareholder Relations Unit

At Aygaz, relations with the shareholders are maintained by the Investor Relations Unit, which has been established within the Finance Department. The unit is administered by Mehmet Özkan and Selin Sanver. Requests for information may be made to the unit by e-mail at yatirimci@aygaz.com.tr or investor@aygaz.com.tr, or by phone at (0212) 354 15 15 / extensions 1657-1659.

The primary responsibilities of Investor Relations Unit are as follows:

• To maintain relations with shareholders in an orderly manner within the scope of the disclosure policy, and to ensure regular and reliable access to information about the Company

• To ensure the exercise of shareholders' rights and to answer shareholders' inquiries

• To update the Company website, annual report, investor presentations, earnings releases, and similar communication tools to ensure complete and rapid access to such information for shareholders

• To meet requests for information made by investors by means of various communication methods and tools such as face-to-face meetings, investor conferences, road shows, teleconferencing, telephone, e-mail, fax, and disclosures/announcements with a view to increasing the value of the Company

• To facilitate a two-way flow of information between the shareholders and the Company's senior management and Board of Directors

• To keep shareholder records accurate, reliable, and up-to-date based on the records of the CRA

• To implement and monitor the Principles of Corporate Governance, and ensure compliance with such principles in the operations of the Company, and represent the corporate entity of the Company before the relevant ministries, Capital Markets Board (CMB), Istanbul Stock Exchange (ISE), ISE Settlement and Custody Inc. (Takasbank), Central Registry Agency (CRA), and other relevant institutions and organizations, and provide such institutions with reports and information as required

• To make the necessary disclosures to ISE via the Public Disclosure Platform

• To hold the General Assembly of Shareholders meetings, to hold Boards of Directors and Auditors meetings, and keep the records thereof

• To draft and follow up the approval process of the Board resolutions

Shareholders generally request information and make inquiries on the profitability, share value, investments, turnover, subsidiaries, and dividend payments of Aygaz as well as the withholding tax on dividends. In 2012, more than 100 requests for information were received. The requested information was provided in writing, verbally, and electronically. Furthermore, a total of seven road shows and investor conferences were attended in Turkey and abroad and more than 200 meetings were held with domestic and foreign corporate investors and brokerage house analysts. At an analysts meeting held in June, analysts and corporate investors following the Company were brought together with the senior management. Presentations prepared for this purpose are available to all investors on the Company website.

3) Exercise of Shareholders' Right to Obtain Information

The "Investor Relations" section on the Company website is constantly revised with a view to allowing shareholders to use it more easily and to access more information.

There is no discrimination among shareholders regarding the exercise of the right to obtain information and inspect, and all information is shared with shareholders with the exception of the information classified as trade secret. With the exception of information classified as confidential information and trade secret, inquiries put to the Investor Relations Unit are answered both on the telephone and in writing upon conferring with the highest-ranking official on the relevant issue. As explained under section 9 of this report, the Company website features all relevant information and explanation that may affect the exercise of shareholders' rights.

While our Articles of Association does not designate any right to request a special auditor as an individual right, as per Article 438 of the Turkish Commercial Code, each shareholder may request from the General Assembly, even if it is not included in the agenda, the clarification of certain events through a special audit provided that doing so is necessary for the exercise of shareholders' rights and the right to obtain information or inspect was previously exercised. To date, no such request has been made by shareholders. Furthermore, the Company's operations are periodically audited by an independent auditor appointed by the General Assembly.

4) General Assembly Meetings

The Ordinary General Assembly meeting, where the activities for 2011 during the reporting period were discharged, was held on 5 April 2012 with a shareholder attendance of 80%. Individual shareholders and members of the press also showed interest in the meeting.

The venue, agenda and a sample power of attorney were announced to the public 21 days prior to the meeting through announcements placed in the Turkish Trade Registry Gazette (TTRG), a national daily, and material disclosures made via the Public Disclosure Platform (PDP).

The 2011 annual report, auditor's report, independent audit report, financial statements and notes, and dividend distribution proposal of the Board of Directors, General Assembly information document and annexes were made available to shareholders both at the Company Head Office and on the Company website 21 days prior to the General Assembly meeting. The dividend distribution proposal was announced via the PDP. Shareholder's made no requests with regard to the agenda. The questions posed by shareholders at the General Assembly meeting were answered by the Company's Board of Directors and senior management. At the Ordinary General Assembly meeting, which is held on an annual basis, the Chairman and members of the Board of Directors are authorized as per articles 395 and 396 of the Turkish Commercial Code to carry out the businesses that fall within the scope of the Company personally or on behalf of others and to became partners in such companies and carry out other transactions. Within the framework of this authorization, members of the Board of Directors may assume other duties outside the Company without any limitations.

At the Ordinary General Assembly meeting held in 2012, information was provided regarding the donations and aids given in 2011 as a separate general assembly agenda item, and there have been no changes to our ongoing donation practices.

The Articles of Association contain no provisions that require a General Assembly resolution for the sale, purchase or lease of property. The minutes of the General Assembly are registered and announced in the TTRG and made accessible to shareholders both at the Company Head Office and on the Company website.

5) Voting Rights and Minority Rights
No privileges are accorded in the Company with regard to the shareholders' voting rights. There is no shareholding company that has a mutual participation with Aygaz. Minority rights are represented at the General Assembly directly or by proxy. The Company's Articles of Association contain no provisions on the cumulative voting method.

6) Dividend Rights
There are no privileges regarding the sharing of company profits. Dividend distribution is made in accordance with and at the intervals stipulated by the relevant legal legislation.

The goal has been to determine and declare a dividend distribution policy in compliance with the Principles of Corporate Governance that will take into consideration the interests of both the shareholders and the Company. At the Company's Board of Directors meeting on 15 March 2010, the dividend distribution policy was revised into its present form as follows:
"Taking into account its long-term strategies, investment and financing plans and current profitability, our Company may distribute dividends from the distributable profit calculated on the basis of the Capital Markets Board communiqués and regulations at such rate that is not less than the minimum profit distribution rate set out by the Capital Markets Board, as cash dividend or scrip issue or a combination of the two. This shall be our policy for the next three years. Should there be any changes to this policy, the public shall be notified accordingly. This policy may be revised in due course in accordance with any changes in legislation or investment needs and the public shall be notified of such changes in accordance with the Principles of Corporate Governance."

As per the Principles of Corporate Governance, the General Assembly on 5 April 2012 was informed of the Profit Distribution Policy presented on the Company website and in the annual report to ensure that the shareholders possessed this information.

7) Transfer of Shares
The Company's Articles of Association contain no provisions that restrict the transfer of shares.

SECTION II – PUBLIC DISCLOSURE AND TRANSPARENCY

8) Company Disclosure Policy
Annual information that does not constitute a trade secret and projections for the upcoming period will be disclosed to the public via the print and visual media following the annual Ordinary General Assembly. In the event of the emergence of developments deemed significant enough to be announced to the public, material disclosures are made in a timely fashion. Pursuant to Article 23 of the Capital Markets Board's Communiqué Serial: IV, No: 56 on the Principles Regarding the Public Disclosure of Special Circumstances, the General Assembly on 5 April 2012 was informed of the Company's disclosure policy, which was prepared by the Company management and made available on the Company website.

The individuals in charge of executing the Company's disclosure policy are General Manager Yağız Eyüboğlu, and Assistant General Manager in charge of Finance Gökhan Tezel. The Investor Relations Unit has also been exclusively charged with overseeing every aspect of public disclosure and responding to inquiries addressed to the Company. Written and oral inquiries addressed to the Company are answered by this unit.

As is explained in the relevant sections of our Company's annual report, information regarding the future will be disclosed to the public together with assumptions and the data on which such assumptions are based. In the event that the projections included in the information regarding the future fail to materialize or it becomes clear that they would not materialize, updated information is also included.

9) Company Website and Content
The Company website is accessible at www.aygaz.com.tr. It is available in two languages including Turkish and English. As explained in detail in the Company Disclosure Policy, the Investor Relations section includes main headings such as stock ID, financial statements, material disclosures, shareholders and participation, Board of Directors, corporate governance, news and announcements, presentations, frequently asked questions, and contact us as well as a diverse set of documents and information under these that must be featured on the website as per the principles of corporate governance and other legislation. Changes either to these information and to the legislation are reflected on the website simultaneously.

10) Annual Report
The Company's Annual Report shall be drafted in a manner that includes all information stipulated by the Corporate Governance Principle No. 2.3 and its subparagraphs, in sufficient detail to ensure that the public can reach complete and accurate information regarding the Company's activities and in compliance with the relevant legislation.

SECTION III - STAKEHOLDERS

11) Informing Stakeholders
Company stakeholders are informed regularly on matters that concern them. Company employees are informed at internal communication meetings. Blue-collar workers at the Aygaz Gebze Plant and seamen working on vessels are members of trade unions organized in their respective industries. These workers are informed

through union representatives. Regional or general dealer meetings are held every year. During these meetings, dealers are informed about the Company's activities and their requests and suggestions are received. Individual and group meetings are held with the suppliers where a mutual exchange of information takes place.

In the meantime, information is also conveyed through an extensive range of media such as the Company website, e-bulletins, technical publications, and the Company magazine, "Aygaz Dünyası" The Dealer Portal, which is designed specifically to improve communication with dealers, also continues to be used effectively.

Our Company has initiated efforts to ensure that stakeholders can use the reporting line on our Company's internet and intranet sites to report any infringements to the rules and ethically inappropriate activities to the Internal Audit Department to be submitted to the Audit Committee.

12) Stakeholder Participation in Management

At the stakeholder meetings, participants find the opportunity to express their requests and suggestions, which are then taken into consideration by the management. Furthermore, the Individual Suggestion System and e-mail pools established within the Company provide an opportunity to bring new ideas, and those whose ideas are implemented are rewarded.

13) Human Resources Policy

As is true at all Koç Group companies, Aygaz's human resources policy is also based on the "Our most valuable asset is our human resources" philosophy. The Aygaz vision is to be "The best company to work for in Turkey" by our employees, who we deem to be a strategic advantage that manages all resources, by keeping their satisfaction and loyalty at the highest possible level through our established systems and practices.

Our human resources mission is to support the entire company management and all employees and to put in place human resource systems in coordination with the relevant departments, with a view to ensuring the continuity of a creative, dynamic, well trained, motivated, and productive Aygaz team.

HR Management Principles:

- Make employee motivation and company loyalty a priority
- Provide an environment conducive to continuing training and self-improvement
- Systematically plan and develop the careers of individuals in line with the needs of the organization
- Conduct human resources planning and organizational redundancy
- Provide fair compensation and rewards
- Provide individuals with feedback on their job performance
- Hire employees based on their qualifications and the Company's needs
- Honor employees with public recognition and respect their personal rights when offering criticism
- Promote social and cultural activities

In addition to union workplace representatives designated in accordance the Collective Labor Agreement, Human Resources staff working in all the regions is charged with facilitating communication and coordination between employees and the Human Resources Department. No discrimination complaints were filed by the employees.

Aygaz Group has a Performance Management System in place for all employees. The performance of white-collar workers is evaluated through objective business objectives in the system, which has been established based on the balanced scorecard methodology. For blue-collar workers, the required functional competences to achieve excellent performance have been defined and the evaluation is made through these competences. With regard to recognition and award practices, in addition to the Individual Recommendation System and TPM applications that aim to boost efficiency, the reward categories were redefined and the Blue Star Reward System was put in place in 2012. The Blue Star Reward System aims to instantly recognize and reward high performance and efforts that make a difference.

Company employees are informed of their job definitions and distribution of work as well as performance and reward criteria. Employee satisfaction and loyalty are measured through an "Employee Loyalty Assessment Questionnaire" as a result of which areas that require improvement are determined and remedial measures are taken.

The Collective Labor Agreement made with the Turkish Metal Union through the Turkish Metal Industrialists' Union (MESS), to which our Company is a member, expired on 31.08.2012 and Collective Agreement negotiations are underway for the 01.09.2012-31.08.2014 period.
No representatives have been assigned within the Company to maintain relations with the employees other than the union workplace representative designated in accordance with the Collective Labor Agreement. Relations with the union are maintained by the Human Resources Department.

14) Codes of Conduct and Social Responsibility

Throughout its history of half a century, Aygaz has always been an exemplary company with its integrity, reputation, reliability, ethical conduct, and a culture of compliance with laws and regulatory rules.

In the performance of their duties, employees of Aygaz, which is part of the Koç Group, are obligated to comply with the "Koç Group Goals and Principles. Committed to Koç Group's ethical principles, Aygaz;

- Respects the respectability, privacy, and personal rights of individuals.
- Respects the differences among individuals such as race, origin, religion, gender, social class, nationality, age, and physical disability, and does not discriminate.
- Provides all of its employees with equal opportunity in personal development and career regardless of their origins and creeds as part of its employee commitments.
- Enforces the mechanisms related to the rules of work discipline in the cases of human rights violations.

• Respects the traditions, culture, and history of each and every community in which it operates.
• Respects the union rights of its employees.

In 2010, Aygaz put its "Codes of Ethical Conduct and Practice" with a view to ensuring that ethical values are extended to all employees with the same effectiveness and handed down to the next generations.

A Board of Ethical Conduct has been established so as to better assess any infringements and to harmonize the practice. The Ethics Board is comprised of the General Manager, the relevant Assistant General Manager, Human Resources Manager, and the Legal Advisor.

The "Codes of Ethical Conduct and Practice" were made into a booklet and sent to all permanent staff, who were then requested to read it and sign the Document of Declaration and Undertaking on the last page to be included in their respective personal files. Newly recruited personnel are also informed of these principles and declare and undertake that they would adhere to them.
The principles of the Company's environmental policy have also been announced in the annual report and our website. The social responsibility projects in which our Company takes part as well as the efforts undertaken in this field are further explained in the relevant sections of the Annual Report.

SECTION IV - BOARD OF DIRECTORS

15) The Composition and Election of the Board of Directors
The Aygaz Board of Directors is composed of one Chairperson, one Vice Chairperson and nine members, three of whom are independent. Backgrounds of the Board members and the General Manager are provided in the annual report.

As of 2011, there were no independent members on the Board of Directors. Board members who are major shareholders may also serve on the Board of Directors of other companies within Koç Holding.

Name of Board Member	Whether of Not Executive	Independence Status	Appointment Date	Term of Office	Duties in the Board and Committees	Duties Outside the Company
Rahmi M. Koç	Non-executive	Non-independent	04.05.2012	Until the next Ordinary General Assembly	Board and Executive Committee Chairperson	Koç Holding A.Ş. Honorary President and Board Member in Koç Group Companies
Ömer M. Koç	Non-executive	Non-independent	04.05.2012	Until the next Ordinary General Assembly	Board Vice Chairperson and Executive Committee Member	Koç Holding A.Ş. Board Vice Chairperson and Board Member in Koç Group Companies
Alexandre F.J. Picciotto	Non-executive	Non-independent	07.13.2012	Until the next Ordinary General Assembly	Board Member	Orfim General Manager
Dr. Bülent Bulgurlu	Non-executive	Non-independent	04.05.2012	Until the next Ordinary General Assembly	Board Member, Risk Management Committee Member and Executive Committee Member	Board Member in Koç Holding A.Ş. and Koç Group Companies
Osman Turgay Durak	Non-executive	Non-independent	04.05.2012	Until the next Ordinary General Assembly	Board Member and Corporate Governance Committee Member	Koç Holding A.Ş. CEO and Board Member in Koç Group Companies
Erol Memioğlu	Non-executive	Non-independent	04.05.2012	Until the next Ordinary General Assembly	Board Member, Executive Committee Member	Koç Holding A.Ş. Energy Group President and Board Member in Koç Group Companies
Ayşe Canan Ediboğlu	Non-executive	Independent	04.05.2012	Until the next Ordinary General Assembly	Board Member, Risk Management Committee Chairperson	ING Bank Türkiye Board Member
Tunç Uluğ	Non-executive	Independent	04.05.2012	Until the next Ordinary General Assembly	Board Member, Audit Committee Chairperson	Arçelik A.Ş. Board Member
Mansur Özgün	Non-executive	Independent	04.05.2012	Until the next Ordinary General Assembly	Board Member, Corporate Governance Committee Chairperson	Tat Konserve A.Ş. Board Member

The offices of the Chairman of the Board of Directors and General Manager are held by different persons. While Board members are expected to spare the required time for the affairs of the Company, there are no limitations imposed on them as to other duty/duties outside the Company. Such a limitation is not deemed necessary particularly for independent members due to their important contributions in the Board of Directors with their respective professional and sectoral experiences. Prior to the General Assembly, background of the member as well as the duties he/she performs outside the Company are submitted for the information of the shareholders.

In our Company, duties of the Nomination Committee have been assumed by the Corporate Governance Committee. In 2012, three nominees were submitted for independent memberships and the declarations of nomination and backgrounds of these persons were evaluated at the Corporate Governance Committee meeting on 12.03.2012 and Board of Directors meeting on 15.03.2012, and it was decided that all should be designated as independent member candidates. All independent Board members submitted their statements of independence to the Corporate Governance Committee. Approval was obtained from the Capital Markets Board on 08.03.2012 for a limited period of one year for Mr. Tunç Uluğ, who has failed to fully meet the criterion stipulated by subparagraph (a) among the independence criteria set out by the Corporate Governance Principle no. 4.3.7 as relative of his is employed at a non-decision making position at the Company. During the 2012 operating period, no situations that would eliminate independence arose.

16) Operating Principles of the Board of Directors
In 2012, the Board of Directors held eight meetings and passed a total of 22 resolutions including those that fall under the scope of paragraph 4 of Article 390 of the Turkish Commercial Code. The agenda is set based on the needs of the Company as a result of the assessment of the Company's activities. General Manager and the Assistant Manager in charge of Finance inform and maintain communication with the Board of Directors.

Board members have no weighted voting privileges and/or negative veto power. During the reporting term, all resolutions were passed unanimously.

The Board of Directors is authorized to make decisions related to the affairs of the Company with the exception of powers vested in the General Assembly by the Turkish Commercial Code. Powers and responsibilities of Board members and managers are regulated by the specimen of signature drafted n accordance with the provisions of Article 10 of the Company's Articles of Association.

Board members of the Company do not carry out any transactions with the Company or take part in any competitive entities.
In 2012, all related party transactions and transaction principles were submitted to the Board of Directors. It was decided with the approval of all independent Board members that in the event of any changes to the conditions of the aforementioned transactions or of the related party transactions to be executed after the date of the Board resolution, single-time transactions of which amounts are in excess of TL 5 million and among common and continuous transactions, those of which total in an accounting period are in excess of TL 10 million should be submitted for Board approval and that all related party transactions under these limits should be executed in line with the decisions taken by the Company management. No new transactions or any transactions with changed conditions in excess of the prescribed limits were carried out after this decision. In 2012, no related party transactions or material transaction was carried out that needed to be submitted to General Assembly approval in the absence of approval by independent members.

17) Number, Composition and Independence of Committees within the Board
The Audit Committee was formed within the statutory period and fulfills the duties set out by the CMB communiqué. Within this scope, it audits the Company's accounting system, disclosure of financial information to the public, independent audit, and the functioning and efficiency of the internal control mechanism of the partnership. Selection of the independent auditing firm, drafting of independent auditing agreements, initiation of the independent audit process, and efforts of the independent auditing firm at all stages are carried out under the supervision of the Audit Committee.

The Audit Committee convenes at least four times a year and more frequently when required as it must report in writing, along with its own assessments, to the Board of Directors on whether the annual and interim financial reports to be disclosed to the public complied with the accounting principles followed by the partnership and fully reflected the financial condition of the Company after conferring with the responsible managers of the partnership and independent auditors.

Together with the Company management, the Audit Committee is responsible for the meticulous execution of internal and external audits and ensuring compliance of records, operation, and reporting with the relevant laws, rules and regulations as well as the principles set out by CMB and IFRS.

In 2012, independent Board member Tunç Uluğ was appointed as the Audit Committee Chairperson and Mansur Özgün as committee member.

Independent Board member Mansur Özgün is the Chairperson of the Corporate Governance Committee, which has been created to supervise compliance with Corporate Governance Principles and to examine the grounds with regard to the principles that have yet to be implemented. Osman Turgay Durak was appointed as committee member.

Risk Management Committee has been established with a view to providing the Board of Directors with suggestions and recommendations regarding the identification, assessment and calculation of the impact and likelihood of all strategic, operational, financial and miscellaneous risks that may affect the Company, management in accordance with the corporate risk-taking profile, reporting, and taking into consideration in the decision making mechanisms of such risks, as well as the creation and integration of effective internal control systems to this end. The Risk Management Committee convenes at least 6 times a year.

In 2012, independent Board member Ayşe Canan Ediboğlu was appointed as the Chairperson and Dr. Bülent Bulgurlu as member of the committee.

With the Board resolution dated 4 May 2012, it was decided that the activities of the Investment and Business Development Committee, which had been established on 15 July 2010 with a view to generating ideas and strategies within the Company, ensuring coordination among relevant departments, and accordingly, determining the special fields in the sectors in which the Company operates and designing and planning of new projects and investments as well as overseeing the management of adopted strategies and projects, should be expanded to also include providing the Board of Directors with support in all matters; and that it should be renamed as Executive Committee. The Executive Committee convenes as frequently as required by the activities of the Company.

The committee is comprised of four non-independent members. Mustafa Rahmi Koç is the committee Chairman with Mehmet Ömer Koç, Dr. Bülent Bulgurlu and Erol Memioğlu acting as members.

18) Risk Management and Internal Control Mechanism

The Board of Directors is responsible for the sound operation of the internal control system and internal audit, and related efforts are coordinated by the General Manager, overseen by the committees created by the Board of Directors and necessary information is submitted to the Board of Directors.

The Internal Audit Department, which is responsible to the General Manager but also reports to the Audit Committee, continues its efforts to put in place a more effective internal control structure by analyzing company processes and reporting to senior management the issues that it deems to be risky.

Furthermore, periodic audits are conducted by Koç Holding Internal Control Units and an independent auditing firm, and the reports drafted based on these audits are presented to the Board of Directors.

Enterprise Risk Management (ERM) efforts are conducted by a team comprised of members from various departments under the supervision of the Risk Management Committee created by the Board of Directors.

In 2012, Aygaz put its risk management work plan, which is comprised of various steps, into practice so as to set out the principles of its ERM Process, put these in place where required, and achieve coordinated management and central tracking of risks.

Within the scope of the created work plan, trainings and workshops have been organized with a view to raising risk awareness and identifying various risk scenarios. All risks assessed at the workshops were consolidated and a risk management work plan was put in place and action plans drawn up for priority risks. These plans are dynamically monitored by the ERM team.

19) The Company's Strategic Goals

In addition to the Company's vision and mission, its strategic goals have also been determined and are submitted for the information of all stakeholders through various channels. Annual targets, which are determined and set out for the Company management by the Board of Directors in accordance with these, and divided among all levels. Both the Board of Directors and relevant committees are periodically briefed regarding the realization of the given targets and the developments.

The strategic goals of Aygaz are to maintain its leading position in the LPG market by sustaining its product diversity and innovative approach in autogas, increasing its market penetration through new autogas filling stations, realizing the growth potential of cylinder-gas in rural areas, increasing market diversification in neighboring countries, and; to develop and strengthen the existing portfolio of subsidiaries by pursuing new acquisition, merger, and investment opportunities, and taking advantage of highly profitable opportunities.

20) Financial Rights

Our Company's Remuneration Policy for the members of the Board of Directors and Senior Executives, which includes all rights, benefits and wages provided to the members of the Board of Directors and senior executives was submitted for the examination of our shareholders through an Information Document published on our website three week before our Ordinary General Assembly on 05.04.2012, and took effect thereafter. Every year, the total of the payments made within the framework of the Remuneration Policy for the members of the Board of Directors and Senior Executives is assessed by the Corporate Governance Committee and the Board of Directors. In parallel with general practices, payments made to the Board members and senior executives are also disclosed to the public in the notes to our financial statements. There are strictly no transactions that may lead to conflicts of interest such as loaning, extension of credit, provision of guarantees to the benefit of our Board members or executives.

At the Company's Ordinary General Assembly Meeting on 5 April 2012, a resolution was passed to pay a monthly gross honorarium of TL 10,000 to the members of the Board of Directors and TL 500 to the auditors.

Legal Disclosures

The commercial name, registry number, contact information of its head office and branches
The Company is registered at the Istanbul Trade Registry with the number 80651, and contact information of its head office and branches appear on its website www.aygaz.com.tr.

Capital and Shareholding Structure
Issued capital our Company is TL 300,000,000, and the entire issued capital has been pledged and paid in full.
Issued capital is divided into 30,000,000,000 (thirty billion) registered shares with 1 Kuruş nominal value per share.
The shareholding structure as of 31 December 2012 is as follows:

Name and Title of the Person or Company	Amount of Shares (TL)	Share Stake (%)
Koç Group	**153,642,567.78**	**51.21**
Koç Holding A.Ş.	122,053,514.27	40.68
Temel Ticaret Ve Yatırım A.Ş.	15,883,935.60	5.29
Koç Family	15,705,117.91	5.24
Other	**146,357,432.22**	**48.79**
Liquid Petroleum Gas Development Company (LPGDC)	73,545,660.24	24.52
Free Float*	72,811,771.98	24.27
Total	**300,000,000.00**	**100.00**

* Shares with a value of TL 2,725,041.31 (share stake 0.91%) in the free float are owned by Hilal Madeni Eşya Ticaret Sanayi ve Yatırım A.Ş., which is 100% owned by LPGDC.

Changes to the Board of Directors
As per Article 363 of the Turkish Commercial Code no. 6102, Alexandre François Julien Picciotto was appointed to the membership vacated due to the resignation for personal reasons of Shelby R. du Pasquier, who had been elected at the Ordinary General Assembly meeting on 05 April 2012 to represent the Liquid Petroleum Gas Development Company at our Company's Board of Directors.

Furthermore, as per Article 363 of the Turkish Commercial Code no. 6102, Dr. Bülent Bulgurlu, Osman Turgay Durak and Erol Memioğlu were appointed as of 5 September 2012 to the memberships vacated by Dr. Bülent Bulgurlu, Osman Turgay Durak and Erol Memioğlu, who had been appointed as Board members on behalf of Koç Holding A.Ş. at the Ordinary General Assembly meeting on 5 April 2012, due to their resignation as per Article 25 of the Law no. 6103.

Lawsuits and Sanctions
There are no administrative or legal sanctions imposed on the Company and the members of its management bodies due to lawsuits and practices in violation of legal provisions that were brought against the Company and might affect the financial situation and activities of the Company.

The Related Company report drafted as per Article 199 of the Turkish Commercial Code
As per Article 199 of the Turkish Commercial Code no. 6102, which entered into force on 1 July 2012, Aygaz A.Ş. Board of Directors is liable to issue within the first quarter of the current year a report on the relations of the Company with its controlling shareholder and the subsidiaries of the controlling shareholder in the previous year and include the conclusion of such report in its annual report. The necessary explanations regarding the transactions are included in the footnote 27 of the financial statement.

The report dated 8 March 2013, which was prepared by the Aygaz A.Ş. Board of Directors, says: "It is concluded that, with respect to all the transactions of Aygaz A.Ş. with the controlling shareholder and the subsidiaries of the controlling shareholder in 2012, in each transaction a proper counter-gain was obtained according to the circumstances and conditions known by us when the transaction was carried out or the measure was taken or avoided and that there is no measure taken or avoided that can cause the Company incur any losses and that there is no transaction or measure that necessitates balancing within this framework."

Events after the balance sheet date
Registration procedures related to the merger through acquisition with our subsidiary Mogaz Petrol Gazları A.Ş. were carried out on 22 January 2013 and the merger process has been completed.

Our Company has decided to issue a 24-month maturity, TL 150 million face value, 6-month fixed coupon bond with principal payment at maturity, and the process still continues.

Detailed information on these matters is available in the footnote 29 of the financial statements.

Agenda of the Aygaz Anonim Şirketi Ordinary General Assembly Meeting on April 3, 2013 for the Year 2012

1. Opening and election of the Presiding Committee,
2. Reading of, deliberations on, and approval of the 2012 Annual Report drafted by the Company's Board of Directors,
3. Reading of the Auditors' Report and the Independent Audit Report for the accounting year 2012,
4. Reading of, deliberations on, and approval of the financial statements for the accounting year 2012,
5. Approval of the change made in the Board of Directors memberships during the year as per Article 363 of the Turkish Commercial Code,
6. Discharge from liability of the members of the Board of Directors and Auditors in respect of the duties performed during the year 2012,
7. Informing shareholders about the "Dividend Distribution Policy" of the Company in 2013 and subsequent years in accordance with the Capital Markets Board regulations,
8. Approval, approval after modification or rejection of the Board of Directors' proposal concerning the dividend distribution for 2012 and dividend distribution date,
9. Provided that the necessary approval was obtained from the Capital Markets Board and the Republic of Turkey Ministry of Customs and Trade; approval, approval after modification or rejection of the Board of Directors' proposal concerning the amendment in all articles of the Company's Articles of Association except for articles 1 and 5,
10. Determination of the number and terms of office of the members of the Board of Directors, election based on the determined number of members, election of Independent members of the Board of Directors,
11. Informing the shareholders on the Remuneration Policy for the members of the Board of Directors and senior executives and on the payments made within the scope of the policy and its approval in accordance with the Capital Markets Board regulations,
12. Determination of the monthly gross remuneration of the members of the Board of Directors,
13. Approval of the independent auditing firm selection of the Board of Directors in accordance with the Turkish Commercial Code and the Capital Markets Board regulations,
14. Approval, approval after modification or rejection of the Board of Directors' proposal concerning the General Assembly internal directive, which includes the rules pertaining to the working principles and procedures of the General Assembly,
15. Informing the shareholders on the transactions made by related parties in 2012 in accordance with the Capital Markets Board regulations,
16. Informing the shareholders on the Company Information Policy in accordance with the Capital Markets Board regulations,
17. Informing the shareholders on the aids and donations made by the Company to foundations and associations for social aid purposes, and setting of an upper limit for the donations to be made in 2013 in accordance with the Capital Markets Board regulations,
18. Granting permission to the shareholders holding the management control, the members of the Board of Directors who are shareholders, the senior managers and their spouses and blood relatives and relatives by virtue of marriage up to third degree in accordance with articles 395 and 396 of the Turkish Commercial Code and the Capital Markets Board regulations, and informing the shareholders on the transactions carried out in this context during 2012 in line with the Corporate Governance Principles,
19. Wishes and comments.

Proposal of Board of Directors for Profit Distribution

Dear Shareholders,

In Company's Consolidated Balance Sheet, Total Assets are TL 2,956,255,000 and Total Shareholders' Equity is TL 2,380,012,000, and a consolidated net profit after-tax of TL 303,487,000, and net profit of TL 137,582,205.67 for the period have been realized, according to legal records, from the activities in 2012.

The 5% Legal Reserves, which must be allocated pursuant to Article 519 of the Turkish Commercial Code, were not allocated in the current year, as the amount allowed in prior years has exceeded the ceiling. It has been seen that in accordance with the Capital Markets Law and Capital Markets Board regulations, a distributable profit of TL 303,487,000 has been posted for the period, and with the addition on this amount of the TL 4,742,534.09 in donations made during the year to tax-exempt foundations and associations, the first dividend base is found to be TL 308,229,534.09 while in legal records, a total of TL 823,127,989.65 distributable profit is seen, TL 137,582,205.67 of such amount being the profit for the current year, and it was resolved to propose for approval at the Ordinary General Assembly Meeting to be held on Wednesday, 3 April 2013 to discuss the financial results for the year 2012,

Payment of TL 300,000,000.00 as Gross Cash Dividend to shareholders from the total profit amount of TL 328,500,000.00 including the Current Year's Profit on TL 303,487,000 calculated in accordance with CMB Communiqués and Previous Years' Profits of TL 25,013,000, and allowance of TL 28,500,000.00 as 2nd Issue Legal Reserves, and the remaining amount as extraordinary reserves,

And upon acceptance by the General Assembly of the dividend distribution proposal made above, distribution from the distributable profit of TL 823,127,989.65 based on our legal records of TL 300,000,000.00 of a total of TL 328,500,000 as gross cash dividend out, TL 137,582,205.67 of such amount provided from the profit for the current year and TL 190,917,794.33 from Extraordinary Reserves,

* 1,0000 Kr gross=net cash dividend per 1 Kr nominal share, at 100.00% to our fully-fledged corporate taxpayer and limited taxpayer corporate shareholders gaining dividends through an office or representative office in Turkey

* gross 1,0000 Kr, net 0.8500 Kr cash dividend to other shareholders, and

allowance of TL 28,500,000.00 as 2nd Issue Legal Reserves, and commencement of dividend payment on 9 April 2013.

Kind regards,

Rahmi M. Koç
Chairman of the Board of Directors

Statement of Responsibility

STATEMENT OF RESPONSIBILITY AS PER ARTICLE 9 OF SECTION THREE OF THE CAPITAL MARKETS BOARD COMMUNIQUÉ SERIAL: XI, NO: 29

BOARD OF DIRECTORS RESOLUTION REGARDING THE ACCEPTANCE OF FINANCIAL STATEMENTS AND ANNUAL REPORTS
RESOLUTION DATE: 07 March 2013
RESOLUTION NO: 773

Subject: Disclosure of the financial statements for the twelve-month period that closed on 31.12.2012.

Enclosed herewith are our independently audited financial reports for the 01.01.2012 – 31.12.2012 period, which had been prepared in accordance with the formats indicated by the International Financial Reporting Standards (IFRS) and Capital Markets Board (CMB) in accordance with the CMB Communiqué Serial: XI, No: 29 on the "Principles Regarding Financial Reporting in the Capital Market", upon conferring with our Company's Audit Committee, approved by our Board of Directors resolution dated 07/03/2012 and no: 773.

We hereby declare that the Consolidated Financial Statement, Income Statement, Cash Flow Statement, and Owners' Equity Statements, which were prepared by our Company and audited by Independent Auditing Company Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (A Member Firm of Ernst&Young Global Limited) and relevant footnotes were;

- reviewed by us,
- do not contain any untrue statement or any omission of material facts that may result in misleading conclusion as of the date of issuance according to the information to which we have access as a part of our duties and responsibilities in our Company,
- According to information to which we have access as a part of our duties and responsibilities, the consolidated financial tables, which have been prepared in accordance with applicable financial reporting standards, faithfully reflect the assets, liabilities, financial standing and profits and losses of the Company, and that the Annual Report faithfully reflects the development and performance of the business and the consolidated financial situation of the Company along with the risks and uncertainties that the Company is facing,

and declare that we are responsible for the disclosure made.

Kind regards,

Nurettin DEMİRTAŞ	Gökhan TEZEL
Subsidiaries and Accounting Director	Assistant General Manager (Finance)

Auditor's Report

Aygaz Anonim Şirketi
To the General Assembly,

The results of the audit of the company accounts for the 2012 accounting period have been presented below for your evaluation.

1. In accordance with the Turkish Commercial Code and the relevant legislation, it was observed that:

   a. The books and records were kept in compliance with legal requirements,

   b. The documents authenticating records were kept in an orderly manner, and

   c. The resolutions concerning the management of the company were duly recorded in the minutes registry.

2. In this regard, in view of the Company's situation and status, in our opinion, the consolidated financial statements drawn up on December 31, 2012, attached herewith, have been prepared in compliance with the provisions of the "Communiqué on the Principles Regarding Financial Reporting in the Capital Markets", Series XI, No. 29, issued by the Capital Markets Board, and the notifications that explain this communiqué, and accurately reflect the financial status of the Company on the stated date and the results of the consolidated operations within the stated period.

In conclusion, we request that the General Assembly evaluate and approve the following: the company activities summarized in the report prepared by the Board of Directors, the consolidated financial statements drawn up in compliance with the Capital Markets legislation, the recommendations of the Board of Directors with respect to the results of the period, and absolving the Board of Directors.

Istanbul, March 7, 2013

Respectfully yours,

Serkan ÖZYURT　　　　Kemal UZUN

Independent Auditors' Report

To the Board of Directors of Aygaz Anonim Şirketi

We have audited the accompanying consolidated financial statements of Aygaz Anonim Şirketi and its subsidiaries (together will be referred to as "the Group"), which comprise the consolidated balance sheet as at December 31, 2012 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, 2012, 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.

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

Erdem Tecer, SMMM
Partner

March 7, 2013
İstanbul, Turkey

Amendments to the Articles of Association

OLD TEXT

Article 2 – COMMERCIAL TITLE
The commercial title of the Company is AYGAZ ANONİM ŞİRKETİ.

Article 3 – OBJECTS
The Company can engage in trade and industrial activities within the framework of the related legislations. In this regard, with the aim of receiving the relevant permissions, licenses etc., from related institutions and agencies in line with the legislation, the Company can:
a) Import natural and liquid gases and similar fuels and chemicals; bulk purchase from the production facilities in the country and directly or indirectly sell these products via licensed agents and export them when necessary,

b) Establish storage and filling facilities and sales centers for gases and chemicals,

c) Procure and operate vehicles and vessels that enable land and sea transportation of gases and chemicals, purchase and sell sea and land transportation vehicles; and engage in activities defined by the Bylaw for Land Transportation,

d) Engage in the direct production and export of gas holders, tanks with various sizes and their accessories such as valves, regulators and pressure reducer/controllers, or arrange contracts with production companies for this purpose,

e) import or manufacture, or have other parties import or manufacture, apparatus where gas is used, and related materials and equipment as well as solar power apparatus; engage in wholesales activities related with them; export them, establish them for the use of subscribers, undertake their maintenance, purchase their patents, sell and lease them,

f) Export or manufacture, or have other parties export or manufacture, durable goods used by households or offices, such as refrigerators, washing machines, vacuum cleaners, televisions, irons, ovens and other similar durable goods that use electricity or all kinds of energy; engage in their trade and undertake their maintenance, receive the related patents, hand over the patents and lease them,

g) Engage in retail and wholesale activities related to; all kinds of construction, hardware and lighting materials; liquid, gas and solid fuels which are used for heating and energy generation purposes and additives used with them and their spare parts; work and agriculture machines, trucks, pickups, automobiles, motorcycles, bicycles and all spare parts related with them, and tires of all sizes for all kinds of vehicles used for land transportation,

h) Establish facilities that produce industrial gases and electricity energy, form partnerships with such companies, become partners in institutions engaged in stock farming and meat production and export, as well as with commercial banks and insurance companies,

i) Engage in ship agency and brokering activities,

j) Produce, purchase, sell, import, export and distribute all kinds of oil products, lubricants and petrochemicals, dyes, chemical fertilizers and medicines,

k) Engage in retail and wholesale activities related to; phone cards, telecommunication equipments and systems, cards used in the banking sector, electronic cards for counters, electronic tickets and all kinds of electrical and manual devices used with them; computers and all kinds of auxiliary systems used with computers,

l) Engage in retail and wholesale activities related to all kinds of foods, beverages, animal-derived or agricultural foods, solid and liquid foods, or cleaning and hygiene products in bottled, packed, finished or semi-finished formats.

To this end, the Company can:
1- Establish facilities related to its field of activity and open branches and sales points,
2- Purchase or sell all kinds of movable assets including sea and land transportation vehicles and real-estate, rent all kinds of movable assets including sea and land transportation vehicles and real-estate, establish, request the removal of usufructuary rights, collateral, mortgage or other rights on the movable assets and real estates it owns for the benefit of third parties on condition that it acts in line with the principles set by the

NEW TEXT

Article 2 – COMMERCIAL TITLE
The commercial title of the Company is AYGAZ ANONİM ŞİRKETİ and shall hereinafter be referred to as the "Company".

Article 3 – OBJECTS
The Company has been established with a view to engaging, subject to the issuance of the relevant permits, licenses etc. from related institutions and agencies in accordance with the legislation, in the (i) storage, manufacture or commissioning the manufacture, import, export, purchase, wholesale or retail sale directly or through dealerships, and distribution of liquefied petroleum gas, natural gas and similar fuels, gasses and chemical substances as well as the apparatuses in which gases are used and related materials and equipment, and solar energy apparatuses and all kinds of petroleum products, mineral oils and grease oils, and petrochemical products, paints, chemical fertilizers and pharmaceuticals; (ii) manufacture, wholesale or retail trade of edible, drinkable, useable products; (iii) procurement of the import, export, manufacture or commissioning the manufacture, trade and maintenance of all kinds of durable consumer goods used in households and businesses, and purchase, sale and lease of the patents in respect thereof; (iv) trade of all kinds of promotional materials related to its activities; and (v) rendering of shipping agency and brokerage services. To this end, the Company may:

a) Establish storage and filling facilities and sales centers for gases and chemical substances.

b) Manufacture, import, export, and engage in all kinds of trade of the cylinders, tanks and vessels of various volumes specific to the storage and sale of gases and the pressure releasers and regulators such as valves, regulators, etc. of the equipments and tools designated for their consumption.

c) Procure and operate vehicles for the marine or land transport of gases and chemical substances, purchase and sale of marine vessels and land vehicles and engage in other activities within the scope of Bylaw for Land Transportation.

d) Import or manufacture, or commission the import or manufacture of the apparatuses, in which gases are used, and related materials and equipment as well as solar power apparatuses, procure their wholesale or retail sale, export, install for use by subscribers, maintain, purchase, sell and lease the patents thereof.

e) Manufacture, purchase, sell, import, export, and distribute all kinds of petroleum products, mineral oils, and grease oils as well as petrochemical products, paints, chemical fertilizers and pharmaceuticals.

f) With a view to achieving its purpose, engage in all kinds of industrial and commercial investments it deems fit in Turkey and abroad; establish facilities and/or companies related to its field of operation also including those that manufacture industrial gases and generate electric power, and with such companies; participate in banks and insurance companies, open branches and sales points, and enter into agreements with other companies. When necessary, it may terminate all of these through transfer or by other means, and liquidate partnerships. Regulations of the Capital Market Legislation regarding the transfer of concealed gains shall be reserved.

g) Purchase all kinds of properties including land vehicles, marine vessels and air vehicles and real estate, have them built or produced or acquire any other miscellaneous real or individual rights on them, lease them, operate, lease out, sell, and dispose of in miscellaneous ways what it has acquired or leased, on condition of adherence to the principles laid down by the Capital Markets Board, establish and request the release of usufructuary, lien, mortgage and other real or individual rights on the properties and real estates under its possession to the benefit of third parties, and establish, take over and release usufructuary, lien, mortgage and other real or individual rights on all kinds of properties and real estates of third parties to its benefit as collateral for all kinds of its receivables.

h) On condition of adherence to the regulations of the Capital Market Legislation regarding the transfer of concealed gains, carry out any transaction and disposition related to registration, annotation, type classification, allotment, land amalgamation, partition, parcellation, also including abandonment and donation, at the land registry offices with regard to any kind of real estate; execute renunciation for green areas or roads, alienate

Capital Markets Board and establish, request removal of usufructuary rights, collaterals, mortgages or other rights for its own benefit on the movable assets and real estates of third parties which will serve as a guarantee for its receivables, provide guarantees, act as a cosigner and provide letters of guarantee for the benefit of 3rd parties with the condition that it acts in line with the principles set by the Capital Markets Board, receive guarantee, accept a third party as a cosigner and receive a letter of guarantee to act as a guarantee for its own benefit, enter into tenders organized by or act as the contractor of public and private organizations,

3- Act as the franchisee, representative company and agent of local and foreign commercial and industrial establishments, and establish agencies, representative offices and franchises for their sale within national borders,

4- Enter into partnerships with real or legal entities, participate in companies that were or will be established regarding its field of activity, terminate such affiliations through transfer of shares or otherwise, and dissolve partnerships,

5- Obtain and give all kinds of loans, lend and borrow money in Turkey or from abroad within the framework of the principles to be set by the Capital Markets Board,

6-Establish ventures to finance and provide insurance for credit sales regarding its field of activity,

7-Manufacture, import, export, buy or sell via wholesale or retail channels all kinds of commodity covered by its fields of activity, obtain, transfer or allow third parties utilize all kinds of patent rights and other industrial proprietary rights,

8- Become a member in organizations established or to be established in relation to its fields of activity, give support or make grants to foundations and societies, universities and similar organizations established for social purposes, within framework of the principles set by the Capital Market Law.

In the event that the Company desires to engage in activities other than the ones mentioned above, after the proposal of the Board of Directors, facts of the case shall be presented to the General Assembly for approval and after a decision is made in this direction, the Company shall be able to engage in the desired business activities. However, for such decisions, which constitute amendments to the Articles of Association, to be effective, permission shall be obtained from the Ministry of Industry and Commerce and the Capital Markets Board.

them, and abandon and donate the aforementioned real estates gratis.

i) With a view to achieving the purpose of the Company, borrow loans from domestic and foreign persons, companies and banks, borrow and lend money, enter into any kind of miscellaneous financial, commercial, economic commitments vis-à-vis third parties, on condition of adherence to the principles laid down by the Capital Markets Board, issue bonds and any kind of miscellaneous capital market instruments; invest in, sell, and establish any kind of rights on securities, derivative products, and any kind of miscellaneous capital market instruments. On condition of adherence to the principles laid down by the Capital Markets Board, it may give pledges, securities and guarantees to the benefit of third parties. If necessary, it may accept the establishment to its benefit by third parties a pledge, security and guarantee.

j) Participate on its own or through partnerships with third parties in tenders initiated by public and private institutions in Turkey and abroad. Regulations of the Capital Market Legislation regarding the transfer of concealed gains shall be reserved.

k) Carry out the above-stated activities by itself or through the agency of domestic or foreign natural and legal persons without prejudice to the other provisions of these Articles of Association. To this end, if it deems fit, the Company may establish both in Turkey and abroad ordinary partnerships, trading companies or miscellaneous legal entities, assume the representation, dealership and brokerage of Turkish and foreign commercial and industrial enterprises, establish secondary agencies, representations, and dealerships, or on condition of adherence to the regulations of the Capital Market Legislation regarding the transfer of concealed gains, fully or partially take over ordinary partnerships or miscellaneous legal entities established to the same end, and acquire, transfer shares of ordinary partnerships and companies without pursuing the goal of brokerage and managing a securities portfolio. In order to realize its goal, the Company may make any industrial and commercial investments it deems appropriate in Turkey and abroad; and establish factories, facilities and sales offices, and participate in ordinary partnerships to this end both in Turkey and abroad. If required, it may transfer or otherwise terminate these, and liquidate partnerships.

l) It may engage in initiatives to meet the finance and insurance of sales on credit related to its fields of operation.

m) The company may carry out any transaction, import, export, and engage in all kinds of trade in relation to its above-mentioned fields of operation.

n) It may register under its own name, acquire, have others use, transfer, pledge as collateral provided that the Capital Markets Board regulations are adhered to, and execute licensing agreements concerning all licenses, letters patent, patents, know how, brands, commercial titles, company names, and other miscellaneous intellectual property rights relating to its purpose.

o) Provided that it is not in contravention of the Capital Markets Legislation, the required material event disclosures are made and the donations made during the year are submitted for the information of the partners at the General Assembly, the upper limits of the donations to be made are set by the general assembly, and the donations made are added on the profit base, it may donate to foundations established for social purposes, associations, universities, and similar institutions; become a member to associations and join foundations in a manner that does not hinder its objects. No donations may be made in excess of the upper limit set at the General Assembly.

Article 4 – HEAD OFFICE AND BRANCHES

The Head Office of the Company is in Istanbul. The Company may establish or open branches, representation offices, agencies, gas stock and filling stations either in Turkey or abroad. The Ministry of Trade is to be notified about branch opening and closures.

Article 4 – COMPANY HEAD OFFICE AND BRANCHES

The Head Office of the Company is in Istanbul. Its address is Büyükdere Caddesi, Aygaz Han No. 145/1 Zincirlikuyu – Şişli / Istanbul. In the event of an address change, the new address shall be registered with the Trade Registry and announced through the Turkish Trade Registry Gazette. Any notification made to the registered and announced address shall be deemed made to the Company. Failing to register and announce its new address during the designated period despite having moved out of its registered and announced address is grounds for the dissolution of the Company. In the event of branch openings and closures, such events shall be registered with the Trade Registry and announced through the Turkish Trade Registry Gazette.

Article 6 – CAPITAL

In line with the provisions of the Law no. 2499, the Company has accepted the registered capital system and adopted this system with the permission dated 2 March 1987, no. 96 of the Capital Markets Board.

Registered capital of the Company is TL 500,000,000 (Five hundred million), and is divided into 50,000,000,000 (fifty billion) shares with 1 (one) Kurus value per share.

The upper limit of the registered capital permission issued by the Capital Markets Board is valid for 2009-2013 (5 years). Even if the permitted upper limit of the registered capital has not been reached as of the end of year 2013, any board of directors decision to increase the capital requires authorization from the general assembly for a new period after acquiring permission from the Capital Markets Board for the previously allowed upper limit or for a new upper limit amount. Unless such authorization is obtained, the

Article 6 – CAPITAL

In accordance with the provisions of the Capital Market Law, the Company has accepted the registered capital system and adopted the registered capital system with the permission no. 96, dated 2 March 1987 of the Capital Markets Board.

The upper limit of the registered capital of the Company shall be TL 500,000,000 (Five hundred million Turkish Liras), and divided into 50,000,000,000 (fifty billion Turkish Liras) registered shares with 1 (one) Kuruş par value per share.

The registered capital ceiling permission issued by the Capital Markets Board shall be valid from 2013 to 2017 (five years). Even if the permitted registered capital ceiling has not been reached as of the end of 2017, any resolution by the Board of Directors to increase capital shall require authorization from the General Assembly for a new period of no longer than five years upon receiving permission from the Capital Markets Board either for the company shall be deemed to have left the registered capital system.

For the period of 2009 and 2013, in line with the provisions of the Capital Markets Law, the board of directors is entitled to increase the issued capital, excluding the registered shares, up to the registered capital ceiling.

Shares are registered and in line with articles 416-418 of the Turkish Commercial Code and may be transferred by a Board of Directors resolution on condition that majority of the capital remain in the possession of Turkish citizens.

The issued capital of the Company is TL 300,000,000.00 (three hundred million Turkish Liras) and is fully paid. Issued capital is divided into 30,000,000,000 (thirty billion) shares with 1 (one) Kurus value per share.

The shares that represent TL 300,000,000.00 (three hundred million Turkish Liras), are monitored in line with the share registering principles.

previously allowed ceiling or for a new ceiling amount. Unless such authorization is obtained from the Board, the Company shall be deemed to have left the registered capital system.

The issued capital of the Company is TL 300,000,000.00 (three hundred million Turkish Liras) and the said issued capital has been paid in full free of collusion. Issued capital is divided into 30,000,000,000 (thirty billion) registered shares with 1 (one) Kuruş nominal value per share.

Shares representing the capital are registered within the framework of the share registering principles. The Company's may be increased or reduced when necessary within the framework of the Turkish Commercial Code and Capital Market Legislation.

When it deems necessary, in accordance with the provisions of the Capital Market Law, the Board of Directors shall be authorized to increase the issued capital by issuing new shares up to the upper limit of the registered capital, limit the new share purchasing privileges of existing shareholders and issue shares with a premium or under their nominal value. The power to limit the new share purchasing privileges may not be used in a manner that leads to inequality among shareholders.

Article 7 – INCREASE OR DECREASE OF THE CAPITAL
The capital of the Company may be increased and decreased within the framework of the provisions of the Turkish Trade Law and Capital Market regulations.

Revoked

Article 8 – DIVIDEND RIGHT CERTIFICATES OF THE INCORPORATOR
In compensation of their work related to the establishment and organization of the Company, a number of 100 (one hundred) dividend right certificates were issued on a free of charge and registered basis to be distributed by and between the incorporators. These dividend right certificates of incorporators shall be valid until 31 March 1983 and be automatically null and void after the distribution of the profit for 1982.

Revoked

Article 9 – ISSUANCE OF BONDS and DIVIDEND CERTIFICATE
The Company, upon the resolution of the Board of Directors, may issue either guaranteed or non-guaranteed bonds in the amount envisaged by the Capital Market Law in Turkey or abroad. Under these circumstances, the provisions of the articles 423 and 424 shall not be applicable.

It is possible for the Company to change the share certificates and issue bonds within the framework of the principles set out and announced by the Capital Markets Board and upon the resolution of the Board of Directors.

According to the decisions of the Council of Ministers Nr. 8/4053, the Company may issue dividend certificates (dividend bonds) for the participation in either profit or losses. The General Assembly may decide on the issuance of the dividend share certificates and determination of the maximum number. The General Assembly may authorize the Board of Directors on the determination of the other provisions related to dividend certificates.

Article 7 – ISSUANCE OF BONDS AND MISCELLANEOUS SECURITIES
The Company may issue to be sold in Turkey and abroad to natural and legal persons, in accordance with the provisions of the Capital Market Law and other miscellaneous legislation and upon the resolution of the Board of Directors all kinds of bonds, convertible bonds, gold, silver, and platinum bonds, commercial bills, participation dividend certificates, profit and loss sharing certificates, other capital market instruments deemed by the Capital Markets Board to be debt instruments in nature, and all kinds of miscellaneous capital market instruments. As per the Capital Market Law, the Board of Directors shall be authorized regarding issuance and determination of the maximum amounts, types, expiry, interest and other conditions of issuance as well as the authorization of the Company management in respects thereof. In all issues, arrangements in the Capital Market Law and related legislation shall be observed.

Not cited in the old text.

Article 8 – TRANSFER OF SHARES
Regarding the relations with the Company, persons recorded in the stock ledger pursuant to the records held at the Central Registry Agency shall be deemed shareholders or holders of usufructuary rights on the share.

Capital Markets Board regulations shall apply to the transfer of the Company's publicly traded, registered shares.

Not cited in the old text.

Article 9 – TAKEOVER OR ACCEPTANCE BY THE COMPANY OF ITS SHARES AS PLEDGE
The Company may accept and/or acquire its shares as pledge in an onerous manner in accordance with the relevant provisions of the Turkish Commercial Code, Capital Markets Board regulations and miscellaneous legislation.

Article 10 – BOARD OF DIRECTORS
The business of the Company and its management shall be conducted by a Board of Directors consisting of at least 5 persons to be chosen by the General Assembly from among the shareholders for a maximum period of three years within the framework of the provisions of the Turkish Commercial Code and the regulations of the Capital Markets Board. The number of independent members who will serve on the Board of Directors and their qualifications shall be determined in accordance with the regulations of the Capital Markets Board regarding corporate governance. Any member whose term expires can be reelected.

The Board of Directors shall meet once every three months and at least four times per year. The Board of Directors shall be authorized to make decisions regarding all company business, except in those areas where the Turkish Commercial Code and the regulations of the Capital Markets Board have given authority exclusively to the General Assembly. The Board of Directors is responsible for the management of the company and representing

Article 10 – BOARD OF DIRECTORS, ELECTIONS OF MEMBERS and RESOLUTIONS OF THE BOARD OF DIRECTORS
In accordance with the relevant provisions of the Turkish Commercial Code, without prejudice to the inalienable authorities of the General Assembly, all affairs and administration of the Company shall be carried out by a Board of Directors consisting of 5 (five) persons to be elected by the General Assembly in accordance with the provisions of the Turkish Commercial Code and Capital Markets Board regulations. The number and qualifications of the independent members to serve in the Board of Directors shall be determined in accordance with the regulations concerning Principles of Corporate Governance of the Capital Markets Board.

Members of the Board of Directors shall be elected for a maximum period of three years. Any member whose term of office has expired may be re-elected.

The General Assembly shall be authorized with regard to the determination of the number it before others. The Board of Directors may delegate its authorities to one or several of its members or to company managers. In order for contracts that are concluded or any document provided by the Company to be valid, they must be signed in accordance with the signature authority document drawn up and announced by the Board of Directors. articles 312-345 of the Turkish Commercial Code related to the Board of Directors shall be strictly applied to the Company unless explicit statements to the contrary are found in the Articles of Association.

The meetings of the Board of Directors and the meeting and resolution quorums in these meetings are subject to the provisions of the Turkish Commercial Code without prejudice to the provisions of article 27 of these Articles of Association.

The Board of Directors may assign its management and representation duties among the members, or they may delegate them in full or in part to executives who are members of the Board of Directors or to managers who are not required to be shareholders.
The Board of Directors is authorized to delegate management and representation duties in the aforementioned manner.

The Board of Directors specifies the authorities and responsibilities of executive members and managers. It can transfer all of the authorities and responsibilities granted to the Board of Directors to relevant individuals within the framework of the conditions, provisions and restrictions that will be specified again by the Board of Directors. It can change and modify or retract all or part of these authorities whenever it deems this necessary.

The Board of Directors may form advisory, coordination and similar types of committees or sub-committees consisting of its own members and/or non-members on issues it deems appropriate.

The duties of the Chairman and members of committees, and which members shall serve, as well as the principles to which they must comply for holding meetings, conducting business and reporting shall be determined, regulated and amended by the Board of Directors.
An honorarium may be paid to the members of the Board of Directors in accordance with the provisions of the Turkish Commercial Code. Salaries, bonuses and other shares of earnings may, in addition to an honorarium, be paid to the Board of Directors and the aforementioned committee members as compensation for the other services they have rendered to the Company as members of the Board of Directors and as committee members. Payment plans based on company performance may not be utilized in the compensation of independent members of the board of directors. The amount and manner of payments made to members of the Board of Directors, including executive directors for their membership on the Board of Directors shall be determined by the General Assembly while the amount and manner of payment to be made to committee members for their service shall be determined by the Board of Directors in accordance with legislation.

and the election of the members of the Board of Directors. Without prejudice to the requirements laid down by the Principles of Corporate Governance of the Capital Markets Board for independent members, the General Assembly may change the members of the Board of Directors any time it deems necessary in accordance with Article 364 of the Turkish Commercial Code.

In the event that a membership of the Board of Directors becomes vacant for whatever reason, the Board of Directors shall elect on a temporary basis a person that meets the legal requirements and shall submit for approval to the first General Assembly to be held. In the event that the independent member loses his/her independence, resigns or becomes unable to perform his/her duties, Capital Markets Board regulations shall be observed.

Quorum in the meetings and resolutions of the Board of Directors shall be simple majority of the total number of its members. This is without prejudice to the requirements imposed by the Principles of Corporate Governance of the Capital Markets Board.

Unless a member of the Board of Directors calls for discussions, the Board of Directors may also take its resolutions by means of obtaining the written approvals from others for a proposal on a certain issue by a member. Resolutions may be taken in this manner by means of obtaining the written approvals of at least the majority of the total number of members. Bringing the same proposal to all members of the Board of Directors shall be a requirement for any resolution so taken to be valid. Approvals need not be on the same paper; however, for the resolution to be valid, all papers bearing the approval signatures must be affixed to the Board of Directors minute book or transformed into a decision containing the signatures of those that agree to it.

Not cited in the old text.

Article 11 – DIVISION OF TASKS, DELEGATION OF REPRESENTATION AND MANAGEMENT AT THE BOARD OF DIRECTORS

Unless elected by the General Assembly, the Chairman of the Board of Directors and a Deputy Chairman to represent him/her in his/her absence shall be elected by the Board of Directors. The Deputy Chairman of the Board of Directors shall also be authorized to exercise the powers vested by the Turkish Commercial Code in the Chairman of the Board of Directors regarding convocation of meetings and information requests by the members of the Board of Directors.

The Board of Directors shall be authorized to transfer management in part or in full to one or more persons (managers) that may or may not be members of the Board of Directors through an internal directive it shall draw up as per Article 367 of the Turkish Commercial Code. The Board of Directors shall assign the powers and responsibilities to the managing members through this internal directive and may transfer any power and responsibility at the disposal of the Board of Directors to the relevant persons subject to the conditions, provisions and limitations to be determined, again, by the Board of Directors, and may modify and amend or withdraw all or part of these powers when deemed necessary. This is without prejudice to articles 371, 374, and 375 of the Turkish Commercial Code regarding the non-assignable and inalienable powers of the Board of Directors.

Within the framework of Article 370 of the Turkish Commercial Code, the Board of Directors may delegate its representative authority to one or more persons that are members of the Board of Directors or that need not be shareholders or members of the Board of Directors. In the latter case, however, at least one member of the Board of Directors must hold the representative authority. Unless a special resolution is taken by the Board of Directors, any two members of the Board of Directors that are not independent may bind the Company within the framework of the Capital Markets Board regulations in all respects with their conjoint signatures under the Company title.

The Board of Directors shall be authorized in the sharing of the management and representative duties as mentioned.

On condition that it complies with the provisions of the relevant legislation, the Board of Directors may establish on the topics it may deem suitable consultation, coordination, audit, and similar committees and subcommittees comprised of its members and/or non-members. The meeting organization, working, and reporting principles of the Chairman and members of the committees shall be set out, regulated, and amended by the Board of Directors.

Not cited in the old text.

Article 12 – REMUNERATION OF THE BOARD OF DIRECTORS AND COMMITTEE MEMBERS
Within the scope of the relevant provisions of the Turkish Commercial Code and Capital Markets Board regulations, financial rights such as attendance fees, wages, bonuses or premiums may be paid to the members of the Board of Directors and to the committee members indicated in Article 11 for the services they render as members of the Board of Directors and committee members. The form and amount of the payments made to the members of the Board of Directors, also including the managing members, for their membership to the Board of Directors shall be determined by the General Assembly while the form and amount of the payments to be made to the committee members for their services as committee members shall be determined by the Board of Directors in accordance with the legislation. Share certificate options or payment plans based on Company performance shall not be used in the remuneration of the independent members of the Board of Directors.

Article 13 – ATTENDANCE OF A COMMISSARY AT THE MEETING AND NOTIFICATION TO THE MINISTRY
It is necessary to notify the Ministry of Trade of the date of either ordinary or extraordinary general assembly meeting at least 20 days in advance from the meeting date, and to dispatch a copy of the agenda topics and documents related to the mentioned agenda.

Attendance of a commissary from the Ministry of Trade is definitely required in such meetings. The General Assembly Meetings due to be held in the absence of the Commissary and resolutions made therein shall not be valid.

Revoked

Article 14 – VOTING RIGHT
Every share in either ordinary or extraordinary General Assembly meetings has one voting right.

Revoked

Article 15 – REPRESENTATION IN PROXY
The shareholders may have themselves be represented at the General Assembly meetings by a proxy they shall designate either from among other shareholders or from outside.

Revoked

Article 16 – CHAIRMAN OF THE GENERAL ASSEMBLY MEETING(S)
The General Assembly meetings shall be presided by the Chairman of the Board of Directors, and in the event of his/her absence, the chairman shall be elected among the shareholders present at the meeting.

Revoked

Article 17 – METHOD OF VOTING
The votes in the General Assembly meetings shall be cast by indication. However, it is possible to hold a secret ballot upon the request of the shareholders representing one-tenth of the Company's capital.

Revoked

Article 18 – PROVISIONS RELATED TO THE GENERAL ASSEMBLY
Articles 360-398 of the Turkish Commercial Code concerning the General Assemblies shall apply on the matters that are not indicated explicitly in the Articles of Association.

Revoked

Article 11 – AUDITORS
The General Assembly may elect 1-3 auditors either from among the shareholders or from outside, for a period of one year. It is possible for an auditor whose term of office expired to be reelected. In the event that an auditor is elected by the General Assembly and cannot execute his duty within the year, then a substitute member may be elected for the replacement of the said auditor.

The auditors carry out the duties within the framework of the provisions of the Turkish Commercial Code. Provisions of the articles 347-359 of the same Law regarding Auditors shall be applicable.

Article 13 – AUDITING
The relevant provisions of the Turkish Commercial Code and the Capital Market Regulations shall apply regarding the auditing of the Company and other matters envisaged by the legislation. Pursuant to Article 366 of the Turkish Commercial Code, in addition to an independent auditor, the Board of Directors may establish its own internal audit system for the purposes of internal auditing.

Article 12 – GENERAL ASSEMBLIES
General Assemblies consisting of the Company shareholders shall convene on an ordinary or extraordinary basis. The ordinary general assembly shall meet at least once a year and within three months after the close of the Company's fiscal year. In these meetings, the issues specified in article 369 of the Turkish Commercial Code shall be reviewed and the necessary resolutions adopted.

The meetings of the General Assembly and the resolution quorums in these meetings are subject to the provisions of the Turkish Commercial Code and the Capital Market Law without prejudice to article 27 of these Articles of Association.

Extraordinary General Assemblies shall convene at times and in situations required by company business in accordance with the provisions specified in the Law and the Articles of Association, and the necessary resolutions shall be passed.

The General Assembly meeting shall be announced three weeks prior to the date of the meeting. The meetings of the General Assembly shall be open to the public, including the media and stakeholders without the right to take the floor.

Article 14 – GENERAL ASSEMBLY
The following principles shall apply to the General Assembly meetings.

a) Method of Convocation; General Assemblies shall meet on an ordinary and extraordinary basis. Provisions of the Turkish Commercial Code and Capital Markets Board regulations shall apply to such meetings. The General Assembly shall convene open to the public also including stakeholders and the media without any right to speak.

b) Meeting Day; The ordinary General Assembly shall convene within three months following the end of the fiscal year and at least once a year. At such meetings, issues that need to be discussed in accordance with the agenda shall be examined and settled.

The extraordinary General Assembly shall convene and take the necessary resolutions at such instances and times that the affairs of the Company so require in accordance with the Turkish Commercial Code, Capital Markets Board regulations, and the provisions of the Articles of Association.

c) Voting Right; Shareholders that are present at the Ordinary and Extraordinary General

At least one member of the Board of Directors, one auditor, at least one of the officers responsible for preparing the financial statements, and at least one officer familiar with and capable of explaining issues presented on the agenda shall be present in the general assembly meeting. In the event that any of these individuals are not present in the meeting, the chairman of the meeting shall inform the general assembly as to the grounds of their absence.

Assembly meetings shall use their voting rights in proportion to the nominal value of their total shares. The votes shall be cast openly at the General Assembly meetings. However, the method of secret voting shall be used upon the request of the shareholders holding at least one-twentieth of the shares represented at the meeting.

d) Representation; Provided that the Capital Markets Board regulations are observed regarding representation by proxy, shareholders may have other shareholders or externally appointed proxies represent them at the General Assembly meetings. In addition to their own votes, proxies that own shares in the Company shall be allowed to cast votes on behalf of the shareholder they represent as well. Without prejudice to the proxy appointments made through the Electronic General Assembly System, the power of attorney given in this matter must be in writing.

e) Meeting Place; The General Assembly shall convene at the Head Office building of the Company or in an appropriate location in Istanbul.

f) Participation in the Meeting: Managing members as well as at least one member of the Board of Directors, the auditor, at least one of the officials with responsibility in the drafting of the financial statements, and at least one official with good knowledge of the issues in the agenda shall be present at the General Assembly meeting. In the event that persons other than those whose attendance at the meeting is required by law are absent, their grounds for not attending the meeting shall be submitted to the General Assembly by the Chairman.

g) Meeting Chair; A Chairman authorized to preside over the General Assembly shall be appointed from among shareholders, and at least 1 (one) member authorized to collect votes and Minute Holder shall be appointed from among or outside the shareholders.

h) Quorum for Meeting and Resolution; Without prejudice to the provisions of the Turkish Commercial Code regarding the resolutions on the imposition of obligations and secondary obligations for recouping accounting losses and in the transfer of Company head office abroad, and higher quorums stipulated by the Capital Market Law and Capital Markets Board regulations and these Articles of Association, the quorum for meeting and resolution at all General Assembly meetings of the Company shall be simple majority of the capital.

(i) Internal Directive; In accordance with the relevant provisions of the Turkish Commercial Code and the regulations and communiqués issued within the framework of this Law, the Board of Directors shall draw up and submit for approval by the General Assembly an internal directive containing the working procedures and principles of the General Assembly. The internal directive approved by the General Assembly shall be registered with the Trade Registry and announced.

(i) Participation in the General Assembly meeting on the electronic medium; Beneficiaries that are entitled to participate in the general assembly meetings of the Company may attend such meetings also on the electronic medium as per Article 1527 of the Turkish Commercial Code. In accordance with the provisions of the Regulation Regarding the General Assemblies to be Held on the Electronic Medium at Joint Stock Companies, the Company may either set up an electronic general assembly system that would allow beneficiaries to participate, share their views, make proposals and cast votes at the general assembly meetings through the electronic medium or purchase services from the systems established to this end. As per this provision of the Articles of Association, beneficiaries and their representatives shall be enabled to exercise their rights set out in the provisions of the said regulation at all general assembly meetings to be held through the system that has been established

Article 19 – AMENDMENT OF THE ARTICLES OF ASSOCIATION

Permission of the Ministry of Industry and Trade and if necessary, the Capital Market Board shall be required for the formation and application of the amendments due to be made in the Articles of Association through the General Assembly. Amendments on this matter shall be valid from their respective dates of announcement of them following their approval and registration at the Trade Registry in accordance with the procedures.

Revoked

Article 20 – ANNUAL REPORTS

Three copies from the tables indicating the list of the names and share proportions of the shareholders that attended in the General Assembly meeting, and the Auditor's and Board of Directors' report, annual balance sheet, profit/loss account and in the meantime, from the General Assembly meeting minutes must be dispatched to the Ministry of Industry and Trade within one month from the meeting date and given to the Commissary attending the meeting. In addition, the Company must prepare the balance sheet, profit/loss statement, annual management (the Board of Directors) report as well as auditor's report in accordance with the forms and principles set out by the Capital Market Board, and further, to announce (publicize) the balance sheet and profit/loss account as well as the auditor's report approved and finalized by the General Assembly, at least in two newspapers where the advertisements with regard to the securities of the Company are offered and sold to the public are published on the basis of the principles determined by the Capital Market Board. The Board of Directors must submit the published announcement in the newspaper, annual activity report and auditor's report to the Board within thirty days following the General Assembly meeting.

Revoked

Article 27 – COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

The Principles of Corporate Governance required by the Capital Markets Board shall

Article 15 – PRINCIPLES OF CORPORATE GOVERNANCE

Principles of Corporate Governance, observance of which is deemed mandatory by the Capital be complied with. Board of director resolutions and transactions conducted without complying with the mandatory principles shall be null and void; they shall be considered a violation of the articles of association.

The regulations of the Capital Markets Board regarding corporate governance shall be complied with in transactions related to providing guarantees, liens and securities for third parties, all of the company's transactions with concerned parties and transactions considered significant in terms of applying the Principles of Corporate Governance.

Markets Board, shall be adhered to. Any actions and Board of Directors resolutions taken in disregard of the mandatory principles shall be invalid and deemed in violation of the Articles of Association.

Corporate governance regulations of the Capital Markets Board shall be observed in the transactions that are deemed as of significant nature in terms of the application of the Principles of Corporate Governance and in all transactions to which the Company is a party as well as in those transactions concerning the placement of collateral, lien, and mortgages to the benefit of third persons.

Article 21 – ANNUAL ACCOUNTS
The accounting year of the Company is a calendar year. The first accounting year is the period beginning from the firm establishment of the Company until the end of the same calendar year.

Article 16 – FISCAL YEAR
The fiscal year of the Company shall commence on the first day of January and end on the last day of December.

Article 22 – DISTRIBUTION OF PROFIT
The net profit of the Company obtained after the amounts to be paid by the Company such as overhead expenses, depreciation, provisions and all kinds of other taxes to be paid by the Company's legal entity shall deducted from the revenue posted at the end of the relevant fiscal year; and which is indicated in the annual balance sheet, shall be distributed as follows after any losses for previous year, if any, are deducted:

First Issue Legal Reserve
a- 5% of the net profit shall be allocated as legal reserve.

First Dividend
b- From the remainder, a first dividend according to the amount and rate specified by the Capital Market Board shall be allocated.

Second Dividend
c- After the amounts specified in paragraphs a and b above are deducted from the net profit, the General Assembly shall be entitled to decide whether to distribute the balance in full or in part as second dividend among the shareholders; or to allocate it as extraordinary legal reserve.

Second Issue Legal Reserve
d- One-tenth of the amount obtained after a profit share amounting to 5% of the paid-in capital is deducted from the amount to be distributed among shareholders and others holding a right to receive a dividend shall be allocated as second issue legal reserve in compliance with line 3 of paragraph 2 of article 466 of Turkish Commercial Code. In case the profit shares and extraordinary legal reserves are distributed as shares by way of capital increase, then no second issue legal reserve shall be allocated.

e- Unless the legal reserves stipulated in the Turkish Commercial Code and the first dividend -specified in the Articles of Association of the Company- to be distributed among shareholders are allocated, the General Assembly shall in no way be entitled to decide to allocate any other legal reserve, to transfer the said amount to the coming year, unless the first dividend is distributed the General Assembly shall in no way be entitled to distribute the shares of the members of the Board of Directors as well as the employees, doormen and workmen, or to distribute shares from the profit to foundations established for various purposes as well as similar persons and/or organizations.

The date and type of profit distribution, also including the first dividend, shall be specified by the General Assembly upon the proposal to be filed by the Board of Directors by taking into account the relevant communiqués issued by the Capital Market Board.

The Company may make dividend payments in advance to its shareholders in compliance with the Capital Market Law regulations.

Article 17 – CALCULATION AND DISTRIBUTION OF PROFIT
The Company shall comply with the regulations on the distribution of profit set out by the Turkish Commercial Code and the Capital Market legislation

After general overheads of the Company as well as other sums that must be paid or allocated by the Company such as miscellaneous amortization, and taxes that must be paid by the Company legal entity are deducted From the company's profits ascertained at the end of its operating term, the remaining period income seen in the annual financial statement shall be distributed after the losses from previous years, if exists, as follows:

General Legal Reserve:
a) A 5% legal reserve shall be allocated until such time that the amount of general legal reserves reach 20% of the subscribed capital.

First Dividend:
b) A first dividend shall be allocated in accordance with the Turkish Commercial Code and Capital Market Legislation over the amount to be determined after the donations, if applicable, made during the year are added.

Second Dividend:
c) The General Assembly shall be authorized to distribute the balance for net profit for the period after deducting amounts mentioned in items (a) and (b), in part or in full, as second dividend or allocate as voluntary reserve as per Article 521 of the Turkish Commercial Code.

General Legal Reserve:
d) One-tenth of the amount obtained after the deduction of a 5% profit share from the amount designated to be distributed to shareholders and other persons participating in the profit shall be added to the general legal reserve as per paragraph 2 of Article 519 of the Turkish Commercial Code.

Unless the reserves that must be allocated in accordance with legal provisions are allocated, unless the dividend designated for shareholders in the Articles of Association is distributed in cash and/or in shares; no resolutions shall be made to allocate any other legal reserve, to transfer profit to the next year and to distribute dividends to the members of the Board of Directors, and officials, clerks and workers, foundations established for various purposes and persons and/or institutions of similar nature.

The dividend shall be distributed equally to all existing shares as of the distribution date, without any regard for the issue and acquisition dates thereof.

The form and timing of the distribution of dividends shall be determined by the general assembly ipon the proposal of the Board of Directors on the matter.

The dividend distribution resolution adopted in accordance with the provisions of these Articles of Association may not be revoked.

Article 23 – DATE FOR THE DISTRIBUTION OF PROFIT
The date of distribution of the profit to the shareholders shall be determined on the basis of the provisions of the Article 22 concerning distribution of profit.

Revoked

Not cited in the old text.

Article 18 – ADVANCE DIVIDEND
Within the framework of the Capital Markets Board regulations and relevant legislation, the General Assembly may decide to distribute advance dividend to shareholders.

Not cited in the old text.

Article 19 – FOUNDATION FOR THE COMPANY PERSONNEL
The Company may establish a foundation to the benefit of officials, employees, and workers as stipulated by Article 522 of the Turkish Commercial Code and join in foundations established within this scope.

Article 24 – ANNOUNCEMENTS
Announcements related to the Company are made in the Turkish Trade Registry Gazette and its websites in compliance with the directive of the Capital Markets Board and without prejudice to article 37 of the Turkish Commercial Code.

Announcements regarding summons to the General Assembly meeting are made in accordance with the provisions of article 368 of the Turkish Commercial Code and the Capital Markets Board regulations. These announcements shall be made at least three weeks in advance, excluding the day of the meeting or invitation.

The provisions of articles 397 and 438 shall apply to announcements related to a reduction in capital or liquidation. The Capital Market Law, relevant directives and regulations shall apply.

Article 20 – ANNOUNCEMENT
Issues that are mandatory to be announced by law shall be announced in accordance with the relevant provisions of the Turkish Commercial Code and the regulations, communiqués issued within the framework of this law, Capital Markets Board regulations and other legislations it is subject to. Issues, for which no place of announcement is specified by the regulations, shall be announced on the website of the Company.

Article 25 – ISSUANCE OF THE ARTICLES OF ASSOCIATION AND SUBMISSION OF THE SAME TO THE MINISTRY
The Company will issue these Articles of Association and distribute its copy to the shareholders, and in the meantime, send 10 (ten) copies of it to the Ministry of Trade accordingly.

Revoked

Article 26 – GENERAL AND LEGAL PROVISIONS
The provisions of Turkish Commercial Code, Capital Market Law, related regulations and communiqués are applicable for all the matters that are not included in this Articles of Association.

Article 21 – LEGAL PROVISIONS
Turkish Commercial Code and the Capital Market Law and relevant legislation shall apply to all matters not included in this Articles of Association.

TEMPORARY ARTICLE 1
The following persons have been elected to the membership of Board of Directors of the Company in order to serve duty until the first ordinary or extraordinary General Assembly meetings from the establishment of the Company.

Vehbi KOÇ,
Hulki ALİSBAH
Muhterem KOLAY

Revoked

TEMPORARY ARTICLE 2
Isak De Eskinazis has been elected as the auditor of the Company for a period indicated in the Provisional Article Nr. 1.

Vehbi KOÇ	(Signature)
Hulki ALİSBAH	(Signature)
Muhterem KOLAY	(Signature)
Israel MENAŞE	(Signature)
Isak De ESKİNAZIS	(Signature)

Revoked

TEMPORARY ARTICLE 3
While the nominal value of the shares was TL 1,000, it has been changed to 1 Ykr in line with the law numbered 5274 related to an amendment to Turkish Code of Commerce and then in line with Council of Ministers decision dated 4 April 2007 and dated 2007/11693, about removing the phrase "New" from New Turkish Lira and "New Kuruş" as of 1 January 2009, it has been changed to 1 Kuruş. As a result of this change, total number of shares has decreased and in return for 10 shares of TL 1,000 each, 1 share worth of 1 Ykr will be given. The rights of the shareholders arising from their existing rights due to this particular change are reserved.

Revoked

AYGAZ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2012

Table of contents	Page

AYGAZ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEET
AS AT DECEMBER 31, 2012

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

Assets	Notes	Current period (Audited) December 31, 2012	Prior period (Audited) December 31, 2011
Current assets			
Cash and cash equivalents	5	125.365	254.302
Trade receivables		303.609	299.099
-Due from related parties	27	15.241	23.370
-Other trade receivables	9	288.368	275.729
Other receivables	10	3.929	3.826
Inventories	11	216.803	183.891
Other current assets	17	46.260	42.312
Total current assets		695.966	783.430
Non-current assets			
Trade receivables	9	5.087	2.124
Other receivables	10	32.811	39
Financial investments	6	317.258	243.868
Investments accounted under equity method	12	1.230.191	1.020.096
Property, plant and equipment	13	591.434	572.806
Intangible assets	14	35.145	39.671
Deferred tax asset	25	72	78
Other non-current assets	17	48.291	50.011
Total non-current assets		2.260.289	1.928.693
Total assets		2.956.255	2.712.123

CONSOLIDATED BALANCE SHEET
AS AT DECEMBER 31, 2012

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

Liabilities	Notes	Current period (Audited) December 31, 2012	Prior period (Audited) December 31, 2011
Short term liabilities			
Financial borrowings	7	5.810	1.764
Other financial liabilities	8	135	27
Trade payables		268.580	250.507
- Due to related parties	27	118.120	87.039
- Other trade payables	9	150.460	163.468
Other payables	10	14.116	19.469
Current tax liabilities	25	3.459	5.826
Provision for other liabilities	15	2.377	3.381
Other short term liabilities	17	151.001	158.152
Total short term liabilities		445.478	439.126
Long term liabilities			
Other payables	10	70.696	66.991
Provision for employment termination benefits	16	19.901	16.756
Deferred tax liabilities	25	39.645	34.619
Total non-current liabilities		130.242	118.366
Equity			
Share capital	18	300.000	300.000
Inflation adjustment to share capital	18	71.504	71.504
Adjustment to share capital		(7.442)	(7.442)
Valuation fund on financial assets	18	213.653	144.407
Currency translation adjustment		1.024	1.312
Restricted reserves		307.846	384.230
Risk hedge fund		(3.095)	(6.483)
Retained earnings		1.193.035	886.954
Net profit for the period		303.487	379.697
Equity attributable to equity holders of the parent		2.380.012	2.154.179
Non-controlling interests	18	523	452
Total equity		2.380.535	2.154.631
Total liabilities and equity		2.956.255	2.712.123

AYGAZ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2012

(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, 2012	Prior period (Audited) January 1- December 31, 2011
Sales revenue (net)	19	5.586.059	5.455.670
Cost of sales (-)	19	(5.065.726)	(4.978.096)
Gross profit		520.333	477.574
Marketing, sales and distribution expenses (-)	20	(213.836)	(195.468)
General administrative expenses (-)	20	(138.102)	(131.345)
Research and development expenses (-)	20	(2.521)	(1.948)
Other operating income	22	28.435	231.027
Other operating expenses (-)	22	(6.115)	(8.939)
Operating profit		188.194	370.901
Profit from investments accounted under equity pick-up method	12	134.236	50.519
Financial income	23	51.211	114.652
Financial expense (-)	24	(30.484)	(117.397)
Profit before tax for the year		343.157	418.675
Tax income/(expense)			
- Current tax expense for the period	25	(38.247)	(45.054)
- Deferred tax income / (expense)	25	(1.388)	4.535
Net profit for the year		303.522	378.156
Profit attributable to:			
Non controlling interest		35	(1.541)
Parent company		303.487	379.697
Earnings per share (TL)	26	1,011623	1,265657

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2012

	Current period (Audited) January 1- December 31, 2012	Prior period (Audited) January 1- December 31, 2011
Profit for the year	303.522	378.156
Other comprehensive income / (loss):		
Change in financial assets revaluation fund	69.246	(78.603)
Change in financial risk hedge fund	3.388	(793)
Change in currency translation reserve	(288)	836
Other comprehensive income/ (loss) for the year, (after tax)	72.346	(78.560)
Total comprehensive income for the year	375.868	299.596
Attributable to:		
Non controlling interest	35	(1.541)
Parent company	375.833	301.137
	375.868	299.596

AYGAZ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2012

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

	Share capital	Inflation adjustment to share capital	Adjustment to share capital	Valuation fund on financial assets	Currency translation reserve	Restricted reserves	Risk hedge fund	Retained earnings	Net profit for the period	Equity attributable to equity holders of the parent	Non-controlling interest	Total equity
Balance as of January 1, 2011	300.000	71.504	(7.442)	223.010	476	373.230	(5.690)	783.489	239.465	1.978.042	35.866	2.013.908
Transfers from retained earnings	-	-	-	-	-	11.000	-	228.465	(239.465)	-	-	-
Dividends paid	-	-	-	-	-	-	-	(125.000)	-	(125.000)	-	(125.000)
Change in consolidation scope (note 3)	-	-	-	-	-	-	-	-	-	-	(33.873)	(33.873)
Comprehensive income / (expense) for the period	-	-	-	(78.603)	836	-	(793)	-	379.697	301.137	(1.541)	299.596
Balance as of December 31, 2011	300.000	71.504	(7.442)	144.407	1.312	384.230	(6.483)	886.954	379.697	2.154.179	452	2.154.631
Balance as of January 1, 2012	**300.000**	**71.504**	**(7.442)**	**144.407**	**1.312**	**384.230**	**(6.483)**	**886.954**	**379.697**	**2.154.179**	**452**	**2.154.631**
Transfers from retained earnings	-	-	-	-	-	-	-	379.697	(379.697)	-	-	-
Dividends paid (note 18)	-	-	-	-	-	-	-	(150.000)	-	(150.000)	-	(150.000)
Transfers to reserves	-	-	-	-	-	(76.384)	-	76.384	-	-	-	-
Transactions with non-controlling interests	-	-	-	-	-	-	-	-	-	-	36	36
Comprehensive income / (expense) for the period	-	-	-	69.246	(288)	-	3.388	-	303.487	375.833	35	375.868
Balance as of December 31, 2012	**300.000**	**71.504**	**(7.442)**	**213.653**	**1.024**	**307.846**	**(3.095)**	**1.193.035**	**303.487**	**2.380.012**	**523**	**2.380.535**

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

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2012

	Notes	Audited January 1- December 31, 2012	Audited January 1- December 31, 2011
Cash flows from operating activities			
Profit before tax for the year		343.157	418.675
Adjustments to reconcile net income before tax to net cash provided by operating activities:			
Profit from equity participations	12	(134.236)	(50.519)
Depreciation of property, plant and equipment	13	73.346	81.607
Amortization of intangible assets	14	5.581	3.226
Other provisions	17	(8.102)	12.214
Income from revaluation of cost of subsidiary	3	-	(32.023)
Provision for impairment of financial assets	6	(500)	(117)
Provision for retirement pay	16	7.403	5.238
Profit on sale of tangible/intangible assets (net)	22	(5.460)	(3.050)
Allowance for doubtful receivables	9	1.921	2.241
Interest income	23	(15.433)	(19.897)
Interest expense	24	-	873
Forward expenses	24	882	1.195
Forward income	23	(181)	(2.650)
Profit on sale of subsidiary		-	(172.538)
Operating cash flow before changes in working capital		268.378	244.475
Changes in working capital:			
Trade receivables		(17.485)	(30.020)
Due from related parties	27	8.129	(7.319)
Inventories	11	(32.912)	(27.427)
Other receivables and current assets		(3.795)	(21.685)
Trade payables	9	(13.008)	(26.352)
Due to related parties	27	31.081	(23.419)
Other payables and liabilities		(5.298)	30.978
Other non current receivables and payables		(27.349)	15.935
		207.741	155.166
Taxes paid		(40.870)	(50.994)
Retirement pay paid	16	(4.258)	(5.226)
Net cash generated from operations		162.613	98.946
Cash flows from investing activities			
Interest income	23	15.433	19.897
Cash generated from sale of subsidiary – netted of with cash given-		-	202.020
Share capital increase of subsidiary	1	(72.759)	-
Purchases of property, plant and equipment	13	(96.871)	(168.918)
Purchases of intangible assets	14	(231)	(33.253)
Proceeds of sale of tangible/intangible assets		9.533	7.001
Net cash generated from / (used in) investing activities		(144.895)	26.747
Cash flows from to financing activities			
Forward income	23	181	2.650
Forward expenses	24	(882)	(1.612)
Changes in financial borrowings	7	4.046	(110.316)
Dividends paid	18	(150.000)	(125.000)
Net cash used in financing activities		(146.655)	(234.278)
Net change in cash and cash equivalents		(128.937)	(108.585)
Cash and cash equivalents at the beginning of the period	5	254.302	362.887
Cash and cash equivalents at the end of the period	5	125.365	254.302

AYGAZ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

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") since 1961 and as of December 31, 2012 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, 2012, number of personnel of Aygaz and its subsidiaries (together with referred to as "the Group") is 1.413 (December 31, 2011: 1.339).

Subsidiaries

Mogaz Petrol Gazları A.Ş. ("Mogaz"), a subsidiary of the Company, is a LPG distribution company. In September 2012, the Company has purchased shares with a nominal amount of TL 4 from natural persons and raised Group's effective control to 100%.

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

Main activity of Aygaz Doğal Gaz Toptan Satış A.Ş. and Aygaz Doğal Gaz İletim A.Ş. (together "Aygaz Doğal Gaz") is to purchase natural gas from domestic and/or overseas suppliers, selling natural gas to domestic and/or overseas customers and make related arrangements for the modulation, storing of natural gas and building necessary facilities. Aygaz Doğal Gaz Toptan Satış A.Ş. has decided to increase its share capital from TL 28.000 thousand to TL 33.000 thousand in its Ordinary General Meeting dated February 6, 2012. The Company has agreed to pay the increased amount in cash and the payment was realized on March 2, 2012. The Group's share in Aygaz Doğal Gaz Toptan Satış A.Ş. has increased to 99,15%. Aygaz Doğal Gaz İletim A.Ş. has decided to increase its share capital from TL 3.700 thousand to TL 9.000 thousand in its Ordinary General Meeting dated February 6, 2012. The Company has agreed to pay the increased amount in cash and the payment was realized on March 2, 2012. The Group's share in Aygaz Doğal Gaz İletim A.Ş. has increased to 99,59%.

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

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

1. ORGANIZATION AND OPERATIONS OF THE COMPANY (CONTINUED)

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

		Ownership interest (%)			
Subsidiaries	Place of incorporation and operation	December 31, 2012	December 31, 2011	Voting power right	Principal activity
Mogaz	Turkey	100%	99,99%	100%	LPG
Anadoluhisarı	Turkey	100%	100%	100%	Shipping
Kandilli	Turkey	100%	100%	100%	Shipping
Kuleli	Turkey	100%	100%	100%	Shipping
Kuzguncuk	Turkey	100%	100%	100%	Shipping
Akpa	Turkey	100%	99,99%	100%	Marketing
Aygaz Doğal Gaz Toptan Satış A.Ş.	Turkey	99,15%	99,00%	99,15%	Natural gas
Aygaz Doğal Gaz İletim A.Ş.	Turkey	99,59%	99,00%	99,59%	Natural gas

Investments in associates

In December 2005, Enerji Yatırımları A.Ş. ("EYAŞ") was established to acquire 51% block shares of Türkiye Petrol Rafinerileri A.Ş, ("TÜPRAŞ") to participate in the Tüpraş's management and its operational decisions as well to operate in oil refinery related sectors in Turkey.

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 with the purchase of Mogaz shares stated in subsidiaries section, the Group's effective control on Entek has been raised to 86,09%. As explained in detail in note 3, Group had decided to sell 49,62% shares of Entek, which was the Group's subsidiary with 86,09% ownership, to AES Mont Blanc Holdings B.V. Accordingly with the sale of shares realized on February 28, 2011, the Group's effective control has decreased to 36,47% and classified as joint venture and accounted with proportionate consolidation method. The business name of the company has been changed to AES Entek Elektrik Üretimi A.Ş ("AES Entek"). In the Board of Directors meeting held on August 2, 2011, the Group had decided to sell its 166.034.110 shares, amounting to TL 8.302 thousand, representing 8,39% of shares of AES Entek Elektrik Üretimi A.Ş. with nominal value of 5 Kr. to Koç Holding A.Ş. in exchange of USD 25.299 thousand, in cash. The sales transaction has been finalized in October 2011. Additionally, shares of the Group's subsidiary Mogaz with a nominal value of TL 3.238 thousand, representing 3,27% of AES Entek Elektrik Üretimi A.Ş. had been sold to Koç Holding A.Ş. in October 2011 in exchange of USD 9.869 thousand, in cash. After these share transactions, Group's effective control on AES Entek has decreased to 24,81%. Accordingly, AES Entek has been accounted with equity method in accompanying consolidated financial statements beginning from October 7, 2011. Eltek Elektrik Enerjisi İthalat İhracat ve Toptan Ticaret A.Ş. ("Eltek"), was established at the end of 2003 with 46% participation of Entek Elektrik Üretimi A.Ş. ("Entek") and mainly engaged in wholesale, purchase, export and import of electricity. In July 2010, Entek has purchased 54% of Eltek's shares by paying TL 1.836 thousand and accordingly the effective control has increased to 100%. After sale of Entek shares mentioned below, Group's effective control on Eltek has decreased to 24,81%. As a result of its search for new investments, AES Entek has established a company named Seymenoba Elektrik Üretimi A.Ş. in January 2012 to produce energy by using natural gas in Kırıkkale. Moreover, in May 2012 AES Entek has purchased 50% shares of Ayas Enerji Üretimi ve Ticaret A.Ş., established in Adana, from OYAK Group and become a shareholder of the coal fired power plant to be built. Finally, AES Entek has purchased three hydroelectric power plants named Kumköy, Kepezkaya and Damlapınar owned by AES Mont Blanc Holdings B.V. in December 20, 2012. After these purchases, energy production capacity of the Company has increased to 364 MW.

1. ORGANIZATION AND OPERATIONS OF THE COMPANY (CONTINUED)

In the Ordinary General Meeting, AES Entek Elektirk Üretimi A.Ş. ("AES Entek") has decided to increase its share capital from TL 98.919 thousand to TL 402.000 thousand. Aygaz, regarding its percentage of ownership in AES Entek, has received TL 750 thousand shares as bonus shares and has netted off TL 72.759 thousand from its preemptive right with the shareholder loan provided to AES Entek which was declared in the public disclosure dated December 19, 2012. The preemptive right of the balance amounting to TL 1.679 thousand will be paid in cash in the 24 month period after the registration of the General Meeting.

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

		Ownership interest (%)			
Investments in associates	Place of incorporation and operation	**December 31, 2012**	December 31, 2011	**Voting power right**	Principal activity
EYAŞ	Turkey	**20,00%**	20,00%	**20,00%**	Energy
AES Entek Elektrik Üretimi A.Ş ("AES Entek")	Turkey	**24,81%**	24,81%	**24,81%**	Electricity
Zinerji (*)	Turkey	**56,00%**	56,00%	**56,00%**	Energy

(*) Since Zinerji is a dormant company, it is 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, 2012 are approved in the Board of Directors meeting held on March 7, 2013 to be published and are signed by Assistant General Manager (Finance) Gökhan Tezel and Subsidiaries and Accounting Director Nurettin Demirtaş. The General Assembly has the power to amend the consolidated financial statements after issue.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Financial reporting standards

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

Capital Market Board of Turkey ("CMB") published a comprehensive set of accounting principles in accordance with the Decree Serial: XI, No: 29 on "The Decree for Capital Markets Accounting Standards". This decree is applicable for the first interim financial statements ended subsequent to January 1, 2008 period. The supplementary decree Serial: XI, No: 29 was issued as an amendment to Decree Serial: XI, No: 25 and states that, the financial statements will be prepared in accordance with the International Financial Reporting Standards ("IAS/IFRS") as conceded by the European Union (EU). IAS/IFRS will be applied till the time the differences between the IAS/IFRS and the Turkish Accounting/Financial Reporting Standards ("TAS/TFRS") are declared by the Turkish Accounting Standards Committee (TASC)(In November 2011 TASB has been dismissed and its responsibilities are transferred to Public Oversight Accounting and Auditing Standards Authority) declares the differences between the IFRS as adopted by the EU and the IFRS as adopted by the International Accounting Standards Board (IASB). 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.

2.2 Change in accounting policies, accounting estimates and errors

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

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.3 Comparative information and reclassifications on prior period financial statements

In order to enable determination of financial status and performance trends, the Group's condensed consolidated financial statements are prepared in comparison with prior period. In order to provide an accurate comparison with current period, comparative figures are reclassified when necessary and significant differences are explained. Below mentioned reclassification has been made in consolidated balance sheet as of December 31, 2011.

- In the consolidated balance sheet as at December 31, 2011, fuel used for shipping operations which are recorded under "Inventories", have been classified to "Other current assets". Related with this reclassification, there has been a decrease in "Inventories" amounting to TL 2.093 thousand and an increase in "Other current assets" amounting to TL 2.093 thousand.

2.4 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)

2.5 Adoption of new and revised International Financial Reporting Standards

New and amended standards and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as at 31 December 2012 are consistent with those of the previous financial year, except for the adoption of new and amended IFRS and IFRIC interpretations effective as of January 1, 2012. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

The new standards, amendments and interpretations which are effective as at January 1, 2012 are as follows:

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

IAS 12 has been updated to include i) a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale and ii) a requirement that deferred tax on non-depreciable assets, measured using the revaluation model in IAS 16, should always be measured on a sale basis. These amendments will be applied retrospectively. Adoption of this amendment did not have any impact on the financial position or performance of the Group.

IFRS 7 Financial Instruments: Disclosures - Transfers of Financial Assets (Amended)

The purpose of this amendment is to allow users of financial statements to improve their understanding of transfer transactions of financial assets (e.g. securitizations), including understanding the possible effects of any risks that may remain with the entity which transferred the assets. The amendment also requires additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period. Comparative disclosures are not required. The amendment affects disclosures only and did not have any impact on the financial position or performance of the Group.

Standards issued but not yet effective and not early adopted

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

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

The amendments are effective for annual periods beginning on or after July 1, 2012, but earlier application is permitted. The amendments to IAS 1 change only the grouping of items presented in other comprehensive income. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time would be presented separately from items which will never be reclassified. The amendments will be applied retrospectively. The amendment affects presentation only and will have no impact on the financial position or performance of the Group.

IAS 19 Employee Benefits (Amended)

Amended standard is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted. With very few exceptions retrospective application is required. Numerous changes or clarifications are made under the amended standard. Among these numerous amendments, the most important changes are removing the corridor mechanism and making the distinction between short-term and other long-term employee benefits based on expected timing of settlement rather than employee entitlement. The most important impact of the amended standard on the financial position or performance of the Group will be that the actuarial gains and losses will be accounted under other comprehensive income statement.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

IAS 27 Separate Financial Statements (Amended)

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

IAS 28 Investments in Associates and Joint Ventures (Amended)

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

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

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

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

New disclosures would provide users of financial statements with information that is useful in (a) evaluating the effect or potential effect of netting arrangements on an entity's financial position and (b) analysing and comparing financial statements prepared in accordance with IFRSs and other generally accepted accounting standards. The amendments are to be retrospectively applied for annual periods beginning on or after January 1, 2013 and interim periods within those annual periods. The amendment affects disclosures only and will have no impact on the financial position or performance of the Group.

IFRS 9 Financial Instruments – Classification and Measurement

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

IFRS 10 Consolidated Financial Statements

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

IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. A new definition of control is introduced, which is used to determine which entities are consolidated. This is a principle based standard and require preparers of financial statements to exercise significant judgment. The Group does not expect that this standard will have a significant impact on the financial position or performance of the Group.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

IFRS 11 Joint Arrangements

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

The standard describes the accounting for joint ventures and joint operations with joint control. Among other changes introduced, under the new standard, proportionate consolidation is not permitted for joint ventures. The Group does not expect that this standard will have an impact on the financial position or performance of the Group.

IFRS 12 Disclosure of Interests in Other Entities

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

IFRS 12 includes all of the disclosures that were previously in IAS 27 Consolidated and Separate Financial Statements related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 Interests in Joint Ventures and IAS 28 Investment in Associates. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. Under the new standard the Group will provide more comprehensive disclosures for interests in other entities.

IFRS 13 Fair Value Measurement

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

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

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

Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)

The guidance is effective for annual periods beginning on or after January 1, 2013. The amendments change the transition guidance to provide further relief from full retrospective application. The date of initial application is defined as 'the beginning of the annual reporting period in which IFRS 10 is applied for the first time'. The assessment of whether control exists is made at 'the date of initial application' rather than at the beginning of the comparative period. If the control assessment is different between IFRS 10 and IAS 27/SIC-12, retrospective adjustments should be determined. However, if the control assessment is the same, no retrospective application is required. If more than one comparative period is presented, additional relief is given to require only one period to be restated. For the same reasons IASB has also amended IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities to provide transition relief. This guidance has not yet been endorsed by the EU. The Group does not expect that this standard will have a significant impact on the financial position or performance of the Group.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

Improvements to IFRSs

The IASB has issued the "Annual Improvements" to IFRSs – 2009 – 2011 Cycle, which contains amendments to its standards. The annual improvements project provides a mechanism for making necessary, but non-urgent, amendments to IFRS. The effective date for the amendments is for annual periods beginning on or after January 1, 2013. Earlier application is permitted in all cases, provided that fact is disclosed. This project has not yet been endorsed by the EU. The Group does not expect that the project will have a significant impact on the financial position or performance of the Group.

IAS 1 Financial Statement Presentation:
Clarifies the difference between voluntary additional comparative information and the minimum required comparative information.

IAS 16 Property, Plant and Equipment:
Clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.

IAS 32 Financial Instruments: Presentation:
Clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes. The amendment removes existing income tax requirements from IAS 32 and requires entities to apply the requirements in IAS 12 to any income tax arising from distributions to equity holders.

IAS 34 Interim Financial Reporting:
Clarifies the requirements in IAS 34 relating to segment information for total assets and liabilities for each reportable segment. Total assets and liabilities for a particular reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total amount disclosed in the entity's previous annual financial statements for that reportable segment.

IFRS 10 Consolidated Financial Statements (Amendment)

IFRS 10 is amended to provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss in accordance with IFRS 9 Financial Instruments. The amendment applies for annual periods beginning on or after January 1, 2014 with earlier application permitted. The amendment has not yet been endorsed by the EU. The amendment is not applicable for the Group and will not have any impact on the financial position or performance of the Group.

2.6 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.

2.7 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.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

Rendering of services:

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

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

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

Dividend and interest revenue

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

2.8 Inventories

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

2.9 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.

(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)

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

	Useful lives
Buildings	50 years
Land improvements	6-25 years
LPG Cylinders	10 years
Plant, machinery and equipment	4-25 years
Vessels	10-20 years
Vehicles	3-15 years
Furnitures and fixtures	2-50 years
Leasehold improvements	3-10 years

2.10 Intangible assets

Intangible assets acquired separately

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

Trade rights and licenses

Acquired trade rights and licenses are shown at historical cost. Trade rights and licenses have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of trademarks and licenses over their estimated useful lives (3 – 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 (3 – 8 years).

2.11 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.

2.12 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.

2.13 Financial instruments

2.13.1 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.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

Effective interest method

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

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

Financial assets at FVTPL

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

Available-for-sale financial assets

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

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

Loans and receivables

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

Impairment of financial assets

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

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.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

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.

2.13.2 Financial liabilities

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

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

Financial liabilities at FVTPL

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

Other financial liabilities

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

2.13.3 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.

2.14 Business combinations

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

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

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

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

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

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

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".

2.15 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 on transactions entered in order to hedge certain foreign currency risks; 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 subsequent events which require restatement arise.

2.18 Provisions, contingent liabilities, contingent assets

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group are not included in the consolidated financial statements and are disclosed as contingent assets or liabilities

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.

2.19 Related parties

Parties are considered related to the Company if;

a) A person or a close member of that person's family is related to a reporting entity if that person:

(i) has control or joint control over the reporting entity;
(ii) has significant influence over the reporting entity; or
(iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

b) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

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

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. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.20 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.

2.21 Taxation and deferred tax

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

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

Corporate tax

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

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.

2.22 Employment benefits

Defined benefit plan:

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

Defined contribution plan:

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

2.23 Statement of cash flows

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

2.24 Share capital and dividends

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

2.25 Research and development expenses

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

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

Other development expenditures are recognized as expense as incurred.

Development costs previously recognized as expense are not recognized as an asset in a subsequent period. Development costs that have been capitalized are amortized from the commencement of the commercial production of the product on a straight-line basis. As of December 31, 2012, the Group has capitalized research and development expenses amounting to TL 2.622 thousand (December 31, 2011: TL 3.666 thousand).

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.26 Important accounting policies and applications

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

a) Property plant and equipment and intangible fixed assets are subject to depreciation according to their useful lives (Note 13,14). Estimations of such useful lives are based on the expectations of Group management.

b) The Group Management uses market values for equity items traded in active markets, while determining fair values of available for sale financial assets for sale. For other available for sale financial assets for sale, fair values are determined in line with generally accepted valuation principles using current economical data, trends in the market and expectations.

Available-for-sale investment of the Group includes shares of Koç Finansal Hizmetler A.Ş. as an unlisted company, which owns the majority shareholder of Yapı ve Kredi Bankası with 81,8%. Since the shares of Yapı ve Kredi Bankası are traded in Istanbul Stock Exchange, the fair value of shares of Koç Finansal Hizmetler has been determined by using several methods such as the existing market value of Yapı ve Kredi Bankası and discounted cash flow method and considering price/equity ratio of recent similar local or international acquisitions realized. In the aforementioned discounted cash flow method, discount rate of 12,9% has been taken into consideration (Note 6).

c) Provision for doubtful receivables is an estimated amount that management believes to reflect for possible future losses on existing receivables that have collection risk due to current economic conditions. During the periodic impairment test for the receivables, the debtors are assessed with their prior year performances and provision is accounted accordingly (Note 9).

d) In order to record allowances for litigations, the consequences of lost cases are evaluated with the Company lawyers and Company Management makes most accurate evaluations with the available data (Note 15).

e) Actuarial assumptions used on turnover ratio, discount rate and salary increase to calculate the employee benefit provision. Calculation details have been provided in related disclosure (Note 16).

f) There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business and significant judgment is required in determining the provision for income taxes. The Group recognizes tax liabilities for anticipated tax issues based on estimates of whether additional taxes will be due and recognizes tax assets for the carry forward tax losses and unused investment tax credits to the extent that the realization of the related tax benefit through the future taxable profits is probable (Note 25). 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.

3. BUSINESS COMBINATIONS

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

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

3. BUSINESS COMBINATIONS (CONTINUED)

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

The Company has completed the "Purchase price allocation" work required by IFRS 3 – Business Combinations and has calculated goodwill amounting to TL 32.023 thousand for the remaining 24,81% shares and reflected the amount under its financial investments as addition to revalued cost as of December 31, 2011.

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

(*) States the revalued cost of 24,81% of the investment.
(**) Represents net assets, after purchase price allocation in accordance with IFRS 3, as of February 28, 2011.

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

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

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

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

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

4. SEGMENT INFORMATION

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

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

- Gas and petroleum products
- Electricity
- Other

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

As of December 31, 2012 and 2011, assets and liabilities according to industrial segments are as follows:

	December 31, 2012				
	Gas and petroleum products	Electricity (*)	Other	Consolidation adjustments	Total
Assets					
Current assets	650.134	-	103.803	(57.971)	695.966
Non-current assets	2.014.916	-	118.783	126.590	2.260.289
Total assets	2.665.050	-	222.586	68.619	2.956.255
Liabilities					
Short term liabilities	464.050	-	39.399	(57.971)	445.478
Long term liabilities	120.615	-	6.306	3.321	130.242
Equity	2.080.385	-	176.881	123.269	2.380.535
Total liabilities and equity	2.665.050	-	222.586	68.619	2.956.255
Investments accounted under equity method	1.056.685	173.506	-	-	1.230.191

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

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

4. SEGMENT INFORMATION (CONTINUED)

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

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

As of December 31, 2012 and 2011, income and loss according to industrial segments are as follows:

					January 1 - December 31, 2012
	Gas and petroleum products	Electricity (*)	Other	Consolidation adjustments	Total
Sales revenue (net)	5.398.666	-	326.691	(139.298)	5.586.059
Cost of sales (-)	(4.920.158)	-	(286.815)	141.247	(5.065.726)
Gross profit	478.508	-	39.876	1.949	520.333
Marketing, sales and distribution expenses (-)	(204.075)	-	(9.761)	-	(213.836)
General administrative expenses (-)	(124.898)	-	(14.129)	925	(138.102)
Research and development expenses (-)	(2.521)	-	-	-	(2.521)
Other operating income	38.061	-	2.331	(11.957)	28.435
Other operating expenses (-)	(5.319)	-	(2.459)	1.663	(6.115)
Operating profit / (loss)	179.756	-	15.858	(7.420)	188.194
Profit from investments accounted under equity pick-up method	-	-	-	134.236	134.236
Finance income	44.627	-	6.688	(104)	51.211
Finance expense (-)	(26.091)	-	(4.497)	104	(30.484)
Profit before tax for the year	198.292	-	18.049	126.816	343.157
Income tax expense for the period (-)	(36.800)	-	(1.447)	-	(38.247)
Deferred tax expense (-)	(1.151)	-	(89)	(148)	(1.388)
Profit for the year	160.341	-	16.513	126.668	303.522
Attributable to					
Non-controlling interest	35	-	-	-	35
Equity holders of the parent	160.306	-	16.513	126.668	303.487
Investments accounted under equity method	148.122	(13.886)	-	-	134.236

(*) Beginning from October 7, 2011, "AES Entek" is accounted with equity method (note 3).

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

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

The amortization and depreciation expense for the industrial segmental assets as of December 31, 2012 and 2011 is as follows:

	January 1 - December 31, 2012	January 1 - December 31, 2011
Gas and petroleum products	72.190	64.844
Electricity (*)	-	16.065
Other	6.737	3.924
	78.927	84.833

(*) Beginning from October 7, 2011, "AES Entek" is accounted with equity method (note 3).

(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, 2012 and 2011 are as follows:

	January 1 - December 31, 2012	January 1 - December 31, 2011
Gas and petroleum products	95.218	139.413
Other	1.884	62.758
	97.102	202.171

5. CASH AND CASH EQUIVALENTS

	December 31, 2012	December 31, 2011
Cash on hand	232	458
Cash at banks	99.545	234.922
- Demand deposits	33.146	31.168
- Time deposits	66.399	203.754
Receivables from credit card transactions	25.588	18.922
Total cash and cash equivalents	125.365	254.302

As of December 31, 2012 the Group's TL time deposits amounting to TL 46.016 thousand have maturities of 2 – 35 days and interest rates of 6 – 8%; USD time deposits amounting to USD 11.400 thousand (TL 20.231 thousand) have a maturity of 2 days and an interest rate of 2%. (As of December 31, 2011 the Group's TL time deposits amounting to TL 201.517 thousand have maturities of 2 – 88 days and interest rates of 8,25% – 12,50%; USD time deposits amounting to USD 856 thousand (TL 1.617 thousand) have maturities of 5 - 30 days and interest rates of 0,40% – 3,05%; Euro time deposits amounting to Euro 39 thousand (TL 95 thousand) have maturities of 2 – 5 days and interest rates of 0,25% – 0,40%).

6. FINANCIAL ASSETS

The Group's long term financial assets identified as available-for-sale financial assets are as follows as of December 31, 2012 and 2011:

	December 31, 2012		December 31, 2011	
	Participation amount	Participation rate %	Participation amount	Participation rate %
Koç Finansal Hizmetler A.Ş. (*)	315.200	1,97	242.310	1,97
Ram Dış Ticaret A.Ş. (**)	1.783	2,50	1.783	2,50
Tanı Pazarlama ve İletişim Hizmetleri A.Ş.(***)	540	10,00	540	10,00
Tat Konserve Sanayi A.Ş. (**)	236	0,08	236	0,08
Other (***)	23	-	23	-
Impairment reserve (-)	(524)	-	(1.024)	-
	317.258		243.868	

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

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

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

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

7. FINANCIAL BORROWINGS

Short term bank borrowings

	December 31, 2012	Interest rate (%)	December 31, 2011	Interest rate (%)
Short term borrowings (TL)	5.810	-	1.764	-
Total short term bank borrowings	5.810		1.764	

8. OTHER FINANCIAL LIABILITIES

As of December 31, 2012, the Company has forward contracts with an average maturity of three months and nominal amount of USD 14.430 thousand. The Company reflected the fair value of such forward transactions, which amount to TL 135 thousand as of December 31, 2012, under other financial liabilities. (As of December 31, 2011, the Company has forward contracts with an average maturity of four months and nominal amounts of USD 2.000 thousand. The Company reflected the fair value of such forward transactions, which amount to TL 27 thousand as of December 31, 2011, under other financial liabilities).

9. TRADE RECEIVABLES AND PAYABLES

The Group's trade receivables as December 31, 2012 and 2011 are as follows:

Current trade receivables	December 31, 2012	December 31, 2011
Trade receivables	251.989	239.766
Notes receivables	51.937	51.183
Allowance for doubtful receivables (-)	(15.558)	(15.220)
Total current trade receivables	288.368	275.729

Non-current trade receivables	December 31, 2012	December 31, 2011
Notes receivable	5.087	2.124
Total non-current trade receivables	5.087	2.124

Movement of allowance for doubtful receivables	January 1 - December 31, 2012	January 1 - December 31, 2011
Balance at beginning of year	15.220	13.957
Additional provision	1.921	2.241
Written off (*)	(946)	-
Collections	(637)	(978)
Closing balance	15.558	15.220

(*) Uncollectible doubtful receivables and related allowances are written off.

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

9. TRADE RECEIVABLES AND PAYABLES (CONTINUED)

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 28.

The Group's trade payables as of December 31, 2012 and 2011 are as follows:

Short term trade payables	**December 31, 2012**	December 31, 2011
Trade payables	**150.460**	163.468
Total short term trade payables	**150.460**	163.468

10. OTHER TRADE RECEIVABLES AND PAYABLES

The Group's other trade receivables and payables as of December 31, 2012 and 2011 are as follows:

Other current receivables	**December 31, 2012**	December 31, 2011
Guarantees and deposits given	**3.031**	2.444
Other receivables	**898**	1.382
Total other current receivables	**3.929**	3.826

Non-current receivables	**December 31, 2012**	December 31, 2011
Loans provided to participations (*)	**32.750**	-
Guarantees and deposits given	**61**	39
Total non-current receivables	**32.811**	39

(*) Company, which owns 24,81% of AES Entek has decided to provide AES Entek a shareholder loan to be used mainly for investments in electricity production by percentage of ownership. Accordingly, the Company has provided shareholder loan to AES Entek with its portion amounting to TL 32.750 thousand. The interest rate is TRLIBOR + 3,75% and the interest rate of first interest payment is 14,3244% and is due semi-annually. The following interest payments will be due in three or six months and capital payment will be made at the fifth year.

As of December 31, 2012 and 2011, other payables of the Group are as follows:

Other short term payables	**December 31, 2012**	December 31, 2011
Due to personnel	**13.724**	19.109
Other payables	**392**	360
Total other short term payables	**14.116**	19.469

Other long term payables	**December 31, 2012**	December 31, 2011
Cylinder deposits received	**70.696**	66.991
Total other long term payables	**70.696**	66.991

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

11. INVENTORIES

	December 31, 2012	December 31, 2011
Raw materials	159.661	144.731
Goods in transit	30.746	23.089
Trade goods	20.545	9.819
Finished goods	5.451	5.937
Work in process	629	544
Allowance for impairment on inventory	(229)	(229)
Total inventories	216.803	183.891

As of December 31, 2012, the inventories compromise of 61.647 tons of LPG (December 31, 2011: 58.652 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, 2012	January 1- December 31, 2011
Opening balance	229	229
Additional provision	-	-
Closing balance	229	229

12. EQUITY INVESTMENTS

	December 31, 2012		December 31, 2011	
	Participation amount	Participation rate %	Participation amount	Participation rate %
Enerji Yatırımları A.Ş. acquisition value	669.400		669.400	
Adjustment to share capital	(7.442)		(7.442)	
Currency translation reserve	1.024		1.312	
Legal reserves	5.509		5.108	
Financial risk hedge fund	(3.095)		(6.483)	
The share of the Group in the retained earnings after the acquisition date	390.926		243.201	
	1.056.322	20,00%	905.096	20,00%
AES Entek acquisition value	118.930		118.930	
Participation in share capital increase of equity investment	72.759		-	
The share of the Group in the retained earnings after the acquisition date (*)	(18.183)		(4.297)	
	173.506	24,81%	114.633	24,81%
Zinerji Enerji Sanayi ve Tic. A.Ş.	738		738	
Impairment reserve (-)	(375)		(371)	
	363	56,00%	367	56,00%
Total	1.230.191		1.020.096	

(*) As explained in detail in note 3, as the share of the Group in the income and losses of its subsidiary AES Entek has been consolidated with different consolidation methods, the months January and February 2011 have been fully consolidated and the period March – September 2011 have been proportionally consolidated into the income statement. Related with the change in the Group's share on AES Entek, income/loss for the period October – December 2011 has been consolidated with equity method (loss of TL 1.725 thousand) have been accounted with equity method based on the share of the Group.

(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 statements according to equity pick-up method is set out below:

Consolidated balance sheet	**December 31, 2012**	December 31, 2011
Total assets	**22.252.155**	20.095.464
Total liabilities	**(13.451.171)**	(12.259.964)
Non-controlling interest	**(3.519.374)**	(3.310.022)
Net assets	**5.281.610**	4.525.478
Group's ownership	**20%**	20%
Group's share in associates' net assets	**1.056.322**	905.096

Consolidated income statement	**January 1 - December 31, 2012**	January 1 - December 31, 2011
Revenue	**47.099.085**	41.415.867
Income for the year	**740.623**	261.198
Group's share in associates' profit for the year	**148.125**	52.240

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

Consolidated balance sheet	**December 31, 2012**	December 31, 2011
Total assets	**982.348**	427.172
Total liabilities	**(412.080)**	(94.212)
Net assets	**570.268**	332.960
Group's ownership	**24,81%**	24,81%
Group's share in associates' net assets	**141.483**	82.610
Goodwill	**32.023**	32.023
Group's total share	**173.506**	114.633

Consolidated income statement	**January 1 - December 31, 2012**	January 1 - December 31, 2011
Revenue	**308.375**	353.115
Loss for the year	**(55.969)**	(7.170)
Group's share in associates' loss for the period (*)	**(13.886)**	(1.725)

(*) As explained in detail in note 3, as the share of the Group in the income and losses of its subsidiary AES Entek has been consolidated with different consolidation methods, the months January and February 2011 have been fully consolidated and the period March – September 2011 have been proportionally consolidated into the income statement. Related with the change in the Group's share on AES Entek, income/loss for the period October – December 2011 has been consolidated with equity method (loss of TL 1.725 thousand) have been accounted with equity method based on the share of the Group.

(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, 2012	15.531	101.381	64.535	1.487.558	229.503	49.784	22.698	17.849	1.988.839
Additions	-	308	1.244	14.402	6.690	637	1.356	72.234	96.871
Transfers (*)	673	7.777	3.416	53.037	3.154	4.992	655	(74.571)	(867)
Disposals	-	(136)	(30)	(23.425)	(37.801)	(3.812)	(600)	-	(65.804)
Ending balance as of December 31, 2012	**16.204**	**109.330**	**69.165**	**1.531.572**	**201.546**	**51.601**	**24.109**	**15.512**	**2.019.039**
Accumulated depreciation									
Opening balance as of January 1, 2012	-	42.492	41.503	1.136.816	135.444	38.048	21.730	-	1.416.033
Charge of the period	-	3.732	1.848	54.524	8.970	3.548	724	-	73.346
Disposals	-	(106)	(5)	(20.514)	(37.301)	(3.713)	(135)	-	(61.774)
Ending balance as of December 31, 2012	**-**	**46.118**	**43.346**	**1.170.826**	**107.113**	**37.883**	**22.319**	**-**	**1.427.605**
Net book value as of December 31, 2012	**16.204**	**63.212**	**25.819**	**360.746**	**94.433**	**13.718**	**1.790**	**15.512**	**591.434**

(*) TL 867 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, 2011	15.531	96.551	62.788	1.442.704	168.166	46.421	22.188	7.976	1.862.325
Additions	-	60	18	29.509	65.720	770	42	72.799	168.918
Transfers (*)	-	5.131	1.758	47.227	1.574	4.912	468	(62.926)	(1.856)
Disposals	-	(361)	(29)	(31.882)	(5.957)	(2.319)	-	-	(40.548)
Ending balance as of December 31, 2011	15.531	101.381	64.535	1.487.558	229.503	49.784	22.698	17.849	1.988.839
Accumulated depreciation									
Opening balance as of January 1, 2011	-	39.287	39.758	1.114.113	136.314	36.311	21.236	-	1.387.019
Charge of the period (**)	-	3.523	1.749	51.792	4.680	3.373	494	-	65.611
Disposals	-	(318)	(4)	(29.089)	(5.550)	(1.636)	-	-	(36.597)
Ending balance as of December 31, 2011	-	42.492	41.503	1.136.816	135.444	38.048	21.730	-	1.416.033
Net book value as of December 31, 2011	15.531	58.889	23.032	350.742	94.059	11.736	968	17.849	572.806

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

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

(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 2012, the Group has not capitalized any borrowing cost (2011: none).

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

	December 31, 2012	December 31, 2011
Land improvements	9.476	12.767
Buildings	15.812	16.110
Plant, machinery, equipment and LPG cylinders	780.063	756.765
Vehicles and vessels	89.117	87.788
Furniture and fixtures	29.291	28.117
Leasehold improvements	21.723	19.805
	945.482	921.352

As of December 31, 2012 and 2011, the details of depreciation expenses are as follows:

	January 1 - December 31 2012	January 1 - December 31, 2011
Cost of sales	57.603	68.311
Cost of services rendered	5.831	3.360
Selling, marketing and distribution expenses	5.213	3.682
General and administrative expenses	3.899	5.883
Capitalized on cylinders	800	371
	73.346	81.607

14. INTANGIBLE ASSETS

	Rights	Total
Acquisition costs		
Opening balance as of January 1, 2012	51.323	51.323
Additions	231	231
Transfers (*)	867	867
Disposals	(294)	(294)
Ending balance as of December 31, 2012	52.127	52.127
Accumulated depreciation		
Opening balance as of January 1, 2012	11.652	11.652
Charge for the period	5.581	5.581
Disposals	(251)	(251)
Ending balance as of December 31, 2012	16.982	16.982
Carrying value as of December 31, 2012	35.145	35.145

(*) TL 867 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.)

14. INTANGIBLE ASSETS (CONTINUED)

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

(*) The Company has purchased the usage rights of licenses of Totalgaz brand in exchange of TL 32.800 thousand and reflected the related amount under intangible assets.

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

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

As of December 31, 2012 and 2011, the details of amortization expenses of intangible assets are as follows:

	January 1 - December 31, 2012	January 1 - December 31, 2011
General and administrative expenses	5.581	3.226
	5.581	3.226

15. PROVISIONS, CONTINGENT LIABILITIES, CONTINGENT ASSETS

Details of provisions as of December 31, 2012 and 2011 are as follows:

	December 31, 2012	December 31, 2011
Provisions for lawsuits	2.377	3.381
	2.377	3.381

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

15. PROVISIONS, CONTINGENT LIABILITIES, CONTINGENT ASSETS (CONTINUED)

Details of contingent liabilities as of December 31, 2012 and 2011 are as follows:

Guarantees given	**December 31, 2012**	December 31, 2011
Letter of guarantees given to customs for gas import	**31.916**	44.821
Other letter of guarantees given	**13.410**	10.657
Total guarantees given	**45.326**	55.478

The liability for environmental pollution:

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

National inventory reserve liability:

Oil refineries, licensed oil and LPG 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.)

15. PROVISIONS, CONTINGENT LIABILITIES, CONTINGENT ASSETS (CONTINUED)

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

	December 31, 2012				December 31, 2011			
	Euro guarantees	USD guarantees	TL guarantees	TL total	Euro guarantees	USD guarantees	TL guarantees	TL total
A. GPMs given on behalf of the Company's legal personality	26.303	3.341	15.682	45.326	27.140	239	28.099	55.478
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	26.303	3.341	15.682	45.326	27.140	239	28.099	55.478

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

16. EMPLOYEE BENEFITS

	December 31, 2012	December 31, 2011
Retirement pay provision	19.901	16.756

Retirement pay provision:

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

The amount payable consists of one month's salary limited to a maximum of full TL 3.033,98
(December 31, 2011: full TL 2.731,85) for each year of service at December 31, 2012.

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

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

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

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

	2012	2011
Net discount rate (%)	3,86	4,63 - 4,68
Turnover rate related the probability of retirement (%)	93,49 – 97,86	91,35 - 97,86

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

The movement of retirement pay provision for the period ended December 31, 2012 and 2011 is as follows:

	January 1 - December 31, 2012	January 1 - December 31, 2011
Opening balance at January 1	16.756	16.744
Charge for the period	6.045	5.183
Actuarial loss	1.358	55
Retirement pay paid	(4.258)	(5.226)
Closing balance at December 31	19.901	16.756

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

17. OTHER ASSETS AND LIABILITIES

Other current assets	December 31, 2012	December 31, 2011
Prepaid expenses	34.602	25.930
VAT carried forward	3.514	5.170
Advances given	3.414	3.438
Fuel used in shipping operations	1.867	2.093
Income accrual	1.175	912
Prepaid tax	256	561
Deductable taxes and funds	251	126
Other current assets	1.181	4.082
Total other current assets	46.260	42.312

Other non-current assets	December 31, 2012	December 31, 2011
Prepaid expenses	48.289	49.440
Advances given for property, plant and equipment purchases	2	571
Total other non-current assets	48.291	50.011

Other short term liabilities	December 31, 2012	December 31, 2011
Taxes and funds payable	105.260	103.930
Expense accruals	37.356	45.458
Social security premiums payable	2.209	3.590
Other liabilities	6.176	5.174
Total other short term liabilities	151.001	158.152

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

18. SHARE CAPITAL

As of December 31, 2012 and 2011 the share capital held is as follows:

Shareholders	Participation rate	December 31, 2012	Participation rate	December 31, 2011
Koç Holding A.Ş.	40,68%	122.054	40,68%	122.054
Liquid Petroleum Gas Development Company	24.52%	73.546	24.52%	73.546
Temel Ticaret ve Yatırım A.Ş.	5,29%	15.884	5,29%	15.884
Koç Family	5,24%	15.705	5,24%	15.705
Publicly held	24,27%	72.811	24,27%	72.811
Nominal capital	100,00%	300.000	100,00%	300.000
Inflation adjustment		71.504		71.504
Adjusted capital		371.504		371.504

Restricted reserves assorted from the profit

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

The details of the restricted reserves are stated below:

	December 31, 2012	December 31, 2011
Legal reserves	97.659	84.159
Gain on sale of subsidiary share that will be added to capital	210.187	300.071
	307.846	384.230

Profit distribution:

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

In accordance with the CMB Decision dated 27 January 2010, concerning allocation basis of profit, starting in 2010, and minimum profit distribution obligation will not be applied for listed companies. According to the Board's decision and Communiqué Serial: IV No:27 issued by CMB regarding allocation basis of profit of listed companies, to items in the main agreements of the Group and to publicly disclosed profit distribution policies, based on the decision the general assembly of the companies, 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.

In addition, according to aforementioned Board Decision, it is stipulated that companies which have the obligation to prepare consolidated financial statements, calculate the net distributable profit amount by taking into account the net profits for the period in the consolidated financial statements that will be prepared and announced to the public in accordance with the Communiqué XI No: 29, "Principles of Financial Reporting in Capital Markets" issued by CMB providing the profits can be met by the sources in their statutory records.

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

18. SHARE CAPITAL (CONTINUED)

Sources subject to profit distribution:

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

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

Total net statutory profit for the year, after deducting the prior year losses and other sources that are subject the profit distribution as of December 31, 2012 amounts to TL 1.227.398 thousand. TL 194.083 thousand of such sources from adjustment differences and TL 210.187 thousand from other capital reserves are subject to corporation tax when distributed.

Dividends paid

At the Ordinary General Assembly held at April 5, 2012, the Company has decided to distribute dividend over year 2012 distributable profit amounting to TL 150.000 thousand after deducting the general reserve amounting to TL 13.500 thousand;

- a cash dividend payment at the rate of 50%, which corresponds to Kr 0,5 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 0,5 in gross and 0,425 net cash dividend to other shareholders.

According to this decision, the Company has started dividend payments on April 12, 2012.

Revaluation fund

The detail of the financial revaluation fund is as follows:

	December 31, 2012	December 31, 2011
Koç Finansal Hizmetler A.Ş.	213.653	144.407
Total revaluation fund	213.653	144.407

Currency translation adjustment

Currency translation adjustment as of December 31, 2012 represent, the Company's share of currency translation adjustment of equity investment.

Financial risk hedging reserve:

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. as of December 2010 for the purchase of 51% of TÜPRAŞ shares is shown as "Financial Risk Hedging Fund" in consolidated financial statements.

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

18. SHARE CAPITAL (CONTINUED)

Non-controlling interest:

	January 1 - December 31, 2012	January 1 - December 31, 2011
Opening balance	452	35.866
Non-controlling interest on current year profit	35	(1.541)
Transactions with non-controlling interests	36	-
Change in consolidation scope (note 3)	-	(33.873)
Closing balance	523	452

19. SALES AND COST OF GOODS SOLD

Sales	January 1 - December 31, 2012	January 1 - December 31, 2011
Domestic sales	5.159.264	5.161.530
Export sales	700.264	513.922
Sales returns (-)	(9.919)	(6.303)
Sales discounts (-)	(263.550)	(213.479)
Total sales, net	5.586.059	5.455.670
Sale of goods	5.048.816	4.825.674
Sale of merchandises	484.830	593.874
Sale of services	52.413	36.122
Sales income	5.586.059	5.455.670

	January 1 - December 31, 2012	January 1 - December 31, 2011
Cost of sales:		
Raw materials used	4.445.593	4.218.987
Production overheads	80.275	78.893
Depreciation expenses	57.603	71.671
Personnel expenses	30.582	32.390
Change in finished goods inventories	486	(1.454)
Change in work in progress inventories	(85)	38
	4.614.454	4.400.525
Cost of services rendered		
Production overheads	23.365	17.376
Personnel expenses	8.916	7.797
Depreciation expenses	5.831	3.360
	38.112	28.533
Cost of merchandises sold	413.160	549.038
Total cost of sales	5.065.726	4.978.096

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

20. RESEARCH AND DEVELOPMENT EXPENSES, MARKETING, SALES AND DISTRIBUTION EXPENSES, GENERAL ADMINISTRATIVE EXPENSES

	January 1 - December 31, 2012	January 1 - December 31, 2011
Marketing, sales and distribution expenses	213.836	195.468
General administrative expenses	138.102	131.345
Research and development expenses	2.521	1.948
Total	354.459	328.761

a) Detail of marketing, sales and distribution expenses

	January 1 - December 31, 2012	January 1 - December 31, 2011
Transportation, distribution and warehousing expenses	96.276	82.674
Sales expenses	37.938	40.059
Personnel expenses	30.824	24.952
Advertising and promotion expenses	28.488	31.355
Transportation expenses	6.197	5.573
Depreciation and amortization expenses	5.213	3.682
License expenses	4.169	3.791
Maintenance expenses	870	722
Insurance expenses	693	651
Rent expenses	458	383
Post office expenses	437	385
Tax expenses	410	221
Lawsuit, consultancy and auditing expenses	398	289
Other marketing, sales and distribution expenses	1.465	731
Total marketing, sales and distribution expenses	213.836	195.468

b) Detail on General administrative expenses

	January 1 - December 31, 2012	January 1 - December 31, 2011
Personnel expenses	60.149	68.575
Tax expenses	14.199	4.116
Depreciation and amortization expenses	9.480	9.109
Information technology expenses	7.378	7.334
Transportation expenses	6.253	5.989
Donation and aids	4.767	5.686
Consultancy expenses	4.543	3.834
Maintenance expenses	4.807	3.376
Lawsuit, consultancy and auditing expenses	3.321	3.445
Insurance expenses	3.116	2.135
Communication expenses	2.484	2.849
Post office expenses	1.746	1.658
Public relations activities expenses	1.274	2.152
Rent expenses	1.184	1.367
Other administrative expenses	13.401	9.720
Total general administrative expenses	138.102	131.345

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

20. RESEARCH AND DEVELOPMENT EXPENSES, MARKETING, SALES AND DISTRIBUTION EXPENSES, GENERAL ADMINISTRATIVE EXPENSES (CONTINUED)

c) Detail of research and development expenses

	January 1 - December 31, 2012	January 1 - December 31, 2011
Outsourced research and development expenses	2.521	1.948
Total research and development expenses	2.521	1.948

21. EXPENSES RELATED TO THEIR NATURE

	January 1 - December 31, 2012	January 1 - December 31, 2011
Personnel expenses	90.973	93.527
Transportation, distribution and warehousing expenses	96.276	82.674
Sales expenses	37.938	40.059
Advertising and promotion expenses	28.488	31.355
Depreciation and amortization expenses	14.693	12.791
Tax expenses	14.609	4.337
Transportation expenses	12.450	11.562
Information technology expenses	7.378	7.334
Maintenance expenses	5.677	4.098
Donation and aids	4.767	5.686
Consultancy expenses	4.543	3.834
License expenses	4.169	3.791
Insurance expenses	3.809	2.786
Lawsuit, consultancy and auditing expenses	3.719	3.734
Outsourced research and development expenses	2.521	1.948
Communication expenses	2.484	2.849
Rent expenses	1.642	1.750
Public relations activities expenses	1.274	2.152
Other	17.049	12.494
Total	354.459	328.761

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

22. OTHER OPERATING INCOME / EXPENSES

Other operating income and profit for the years ended December 31, 2012 and 2011 are as follows:

	January 1 - December 31, 2012	January 1 - December 31, 2011
Gain on sale of property, plant and equipment	5.994	3.126
Demurrage income	4.048	3.670
Income from port services	2.509	2.716
Rent income	2.261	1.861
Reversal of provisions	2.088	1.072
Vessel service income	1.316	3.325
Commission income	1.163	1.146
LPG pipeline usage income	1.102	1.142
Dividend income	106	64
Income from sale of financial asset (note 3)	-	204.561
Other income and profits	7.848	8.344
Total other operating income	28.435	231.027

Other operating expense and loss for the period ended December 31, 2012 and 2011 are as follows:

	January 1 - December 31, 2012	January 1 - December 31, 2011
Provision expense	3.295	2.434
Commission expense	697	254
Loss on sale of property, plant and equipment	534	76
Expense to port services	480	617
Upfront fee paid to gas stations	336	361
Vessel service expenses	-	3.397
Demurrage expenses	-	228
Other expenses and losses	773	1.572
Total other operating expense	6.115	8.939

23. FINANCIAL INCOME

Financial income for the period ended December 31, 2012 and 2011 are as follows:

	January 1 - December 31, 2012	January 1 - December 31, 2011
Income generated from maturity differences of sales made on credit	18.622	23.572
Interest income	15.433	19.897
Foreign exchange translation gain	14.181	68.533
Fair value differences on forward transactions	181	2.650
Other	2.794	-
Total financial income	51.211	114.652

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

24. FINANCIAL EXPENSE

Financial expense for the period ended December 31, 2012 and 2011 are as follows:

	January 1 - December 31, 2012	January 1 - December 31, 2011
Foreign exchange translation loss	15.509	97.364
Expenses from maturity differences of purchases on credit	13.671	16.923
Fair value differences on forward transactions	882	1.612
Interest expense	-	873
Other financial expense	422	625
Total financial expense	30.484	117.397

25. TAX ASSETS AND LIABILITIES

	December 31, 2012	December 31, 2011
Current tax liability:		
Current corporate tax provision	38.247	44.088
Less: Prepaid taxes and funds	(34.788)	(38.262)
	3.459	5.826

Tax expense in income statement:

From continuing operations	January 1 - December 31, 2012	January 1 - December 31, 2011
Current tax liability		
Current corporate tax expense	(38.247)	(44.088)
Deferred tax income	(1.388)	1.253
Change in consolidation scope (note 3)	-	2.316
- Current corporate tax provision	-	(966)
- Deferred tax income	-	3.282
	(39.635)	(40.519)

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 2012 is 20% (2011: 20%).

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate in 2012 is 20% (2011: 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.

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

25. 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 which are provided in the deferred tax section.

Income withholding tax

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

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 2012 (2011: 20%).

Deferred tax (assets)/liabilities:	December 31, 2012	December 31, 2011
Restatement and depreciation / amortization differences of property, plant and equipment and other intangible assets	33.678	31.945
Revaluation fund on financial assets	11.243	7.600
Valuation of inventories	141	369
Effective interest method adjustment	-	(90)
Provision for employment termination benefits	(3.921)	(3.322)
Carry forward tax losses used	(495)	-
Carry forward tax losses	-	(384)
Other	(1.073)	(1.577)
	39.573	34.541

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, 2012			December 31, 2011		
	Deferred tax			Deferred tax		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Aygaz A.Ş.	(4.371)	37.846	33.475	(4.357)	33.819	29.462
Mogaz Petrol Gazları A.Ş.	(2.464)	7.112	4.648	(2.690)	6.455	3.765
Akpa A.Ş.	(282)	210	(72)	(298)	220	(78)
Aygaz Doğal Gaz	(714)	2.236	1.522	(498)	1.890	1.392
	(7.831)	47.404	39.573	(7.843)	42.384	34.541

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

25. TAX ASSETS AND LIABILITIES (CONTINUED)

Movement of deferred tax assets and liabilities are as follows:

Movement of deferred tax (assets) / liabilities :	January 1 - December 31, 2012	January 1 - December 31, 2011
Opening balance on January 1	34.541	39.931
Deferred tax expense / (income)	1.388	(1.253)
Deferred tax associated with financial asset revaluation fund	3.644	(4.137)
Deferred tax associated with financial risk hedge fund	-	-
Deferred tax associated with currency translation reserve	-	-
Closing balance on December 31	39.573	34.541

Tax reconciliation:

	January 1 - December 31, 2012	January 1 - December 31, 2011
Profit before tax	343.157	418.675
Income tax rate	20%	20%
Expected tax expense	68.631	83.735
Tax effects of:		
-revenue that is exempt from taxation	(5.611)	(43.477)
-expenses that are not deductible in determining taxable profit	2.007	1.307
-consolidation eliminations without tax effect	(25.839)	(3.869)
-carry forward tax losses used	279	-
Other	168	2.823
Tax expense in the income statement	39.635	40.519

26. EARNINGS PER SHARE

	January 1 - December 31, 2012	January 1 - December 31, 2011
Average number of ordinary shares outstanding during the period (one thousand)	300.000	300.000
Net profit for the year attributable equity holders of the parent company	303.487	379.697
Basic earnings per thousand shares (TL)	1,011623	1,265657

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

27. TRANSACTIONS WITH RELATED PARTIES

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

				December 31, 2012
	Receivables		Payables	
Balances with related parties	Trade	Non-trade	Trade	Non-trade
Group companies (*)				
Türkiye Petrol Rafinerileri A.Ş.	10.138	-	61.650	-
Zer Merkezi Hizmetler ve Ticaret A.Ş. (**)	1.648	-	6.372	-
Ford Otomotiv Sanayi A.Ş.	882	-	358	-
Arçelik A.Ş.	714	-	19.454	-
Otokar Otobüs Karoseri Sanayi A.Ş.	496	-	-	-
RMK Marine Gemi Yapım San. ve Deniz Taş. İşl. A.Ş.	248	-	-	-
Tofaş Türk Otomobil Fabrikası A.Ş.	241	-	47	-
Opet Petrolcülük A.Ş.	167	-	19.430	-
Demir Export A.Ş.	165	-	-	-
Türk Traktör ve Ziraat Makinaları A.Ş.	161	-	-	-
Harranova Besi ve Tarım Ürünleri A.Ş.	72	-	-	-
Koçtaş Yapı Marketleri Ticaret A.Ş.	70	-	27	-
Koç Topluluğu Spor Klubü Derneği	61	-	3	-
Altınyunus Çeşme Turistik Tesisler. A.Ş.	37	-	-	-
AES Entek Elektrik Üretimi A.Ş	31	-	81	-
Otokoç Otomotiv Tic. ve San. A.Ş.	29	-	858	-
Tat Konserve Sanayi A.Ş.	18	-	-	-
Yapı Kredi Kültür Sanat Yayıncılık Tic. ve San. A.Ş.	18	-	-	-
Yapı Kredi Bankası A.Ş.	12	-	21	-
Vehbi Koç Vakfı Koç Üniversitesi	9	-	6	-
Düzey Tüketim Malları Pazarlama A.Ş.	5	-	67	-
Yapı Kredi Sigorta A.Ş	4	-	1	-
Opet-Fuchs Madeni Yağlar	4	-	76	-
Beldesan Otomotiv Yan Sanayii ve Tic. A.Ş.	2	-	165	-
Yapı Kredi Emeklilik A.Ş.	2	-	-	-
Callus Bilgi ve İletişim Hizmetleri A.Ş.	2	-	170	-
Rahmi M.Koç Müzecilik ve Kültür Vakfı	1	-	-	-
Marmaris Altınyunus Turistik Tesisleri A.Ş.	1	-	-	-
Ark İnşaat A.Ş.	1	-	-	-
Akdeniz Akaryakıt Depolama	1	-	-	-
Yapı Kredi Spor Klubü Derneği	1	-	-	-
Ram Sigorta Aracılık Hizmetleri A.Ş.(***)	-	-	1.092	-
Setur Servis Turistik A.Ş.	-	-	266	-
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	-	-	2.510	-
Vehbi Koç Vakfı Amerikan Hastanesi	-	-	10	-
Tanı Pazarlama A.Ş	-	-	1.525	-
Bilkom Bilişim Hizmetleri A.Ş	-	-	9	-
Promena Elektronik Ticaret A.Ş.	-	-	15	-
Ram Dış Ticaret A.Ş.	-	-	3.620	-
Setair Hava Taşımacılığı ve Hizm. A.Ş.	-	-	43	-
East Marine	-	-	4	-
Oriente Klassik Giyim San.ve Tic. A.Ş.	-	-	5	-
Divan Turizm İşletmeleri	-	-	62	-
Shareholders				
Koç Holding A.Ş.	-	-	173	-
	15.241	-	118.120	-

(*) Group companies include Koç Group companies.

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

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

As of December 31, 2012, the Company has dividend payables amounting to TL 310 thousand (December 31, 2011 – TL 336 thousand), which is reflected within other payables at the consolidated balance sheet.

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

27. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

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

(*) Group companies include Koç Group companies.

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

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

(****) Koçnet Haberleşme Teknoloji ve İlet. Hizm. A.Ş. has been sold to a non-group company as of November 30, 2011.

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

27. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

			January 1 - December 31, 2012	
Transactions with related parties	Purchases (Goods)	Sales (Goods)	Purchases (Service)	Sales (Service)
Group companies (*)				
Türkiye Petrol Rafinerileri A.Ş.	644.886	259.129	1.626	864
Opet Petrolcülük A.Ş.(**)	105.592	835	2.972	-
Arçelik A.Ş.	82.539	4.853	57	-
Ram Dış Ticaret A.Ş.	22.260	-	221	-
Zer Merkezi Hizmetler ve Ticaret A.Ş.	16.491	357	23.611	17
Opet-Fuchs Madeni Yağlar	656	17	24	-
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	308	38	7.685	-
Koçtaş Yapı Marketleri Ticaret A.Ş.	274	301	16	-
Tanı Pazarlama ve İletişim Hizmetleri A.Ş.	101	4	2.246	-
Otokoç Otomotiv Tic. ve San. A.Ş.	31	2.409	4.278	-
East Marine	11	-	-	-
Bilkom Bilişim Hizmetleri A.Ş	9	11	-	-
Oriente Klassik Giyim San.ve Tic.A.Ş.	8	-	-	-
Ford Otomotiv Sanayi A.Ş.	-	15.026	315	-
Otokar Otobüs Karoseri Sanayi A.Ş.	-	3.375	71	-
Düzey Tüketim Malları Pazarlama A.Ş.	-	36	565	-
Demir Export A.Ş.	-	7.016	-	-
Tofaş Türk Otomobil Fabrikası A.Ş.	-	5.909	3	-
Türk Traktör ve Ziraat Makinaları A.Ş.	-	2.723	-	-
Yapı Kredi Bankası A.Ş.	-	366	-	-
RMK Marine Gemi Yapım San. ve Deniz Taş. İşl. A.Ş.	-	854	7	-
Vehbi Koç Vakfı Koç Üniversitesi	-	141	402	-
Tat Konserve Sanayi A.Ş.	-	222	-	-
Koç Tüketici Finansmanı A.Ş.	-	7	-	-
Vehbi Koç Vakfı Amerikan Hastanesi	-	9	16	-
Harranova Besi ve Tarım Ürünleri A.Ş.	-	2.172	-	-
Marmaris Altınyunus Turistik Tesisleri A.Ş.	-	335	9	-
Altınyunus Çeşme Turistik Tesisler. A.Ş.	-	590	-	-
Tek-Art Kalamış ve Fenerbahçe Mar. Tur. Tes. A.Ş.	-	-	57	-
Setur Servis Turistik A.Ş.	-	34	3.036	-
Vehbi Koç Vakfı	-	4	-	-
Setair Hava Taşımacılığı ve Hizm. A.Ş.	-	-	3.446	-
Callus Bilgi ve İletişim Hizmetleri A.Ş.	-	19	1.185	-
Ark İnşaat A.Ş.	-	18	-	-
Yapı Kredi Sigorta A.Ş.	-	38	57	-
Promena Elektronik Ticaret A.Ş.	-	1	153	-
Temel Ticaret ve Yatırım A.Ş.	-	3	-	-
Yapı Kredi Yatırım Menkul Değerler A.Ş.	-	8	10	-
Yapı Kredi Faktoring A.Ş.	-	2	5	-
AES Entek Elektrik Üretimi A.Ş.	-	18	774	-
Yapı Kredi Spor Klübü Derneği	-	-	44	-
Haremlik Gıda Dekorasyon ve Ekipman	-	-	2	-
Yapı Kredi Emeklilik A.Ş.	-	22	-	-
Digital Panorama	-	3	-	-
Katron	-	3	-	-
Tasfiye Halinde Otoyol Sanayi A.Ş	-	2	-	-
Rahmi Koç Müzecilik ve Kültür Vakfı	-	10	140	-
Ditaş	-	2	-	-
THY Opet Havacılık Yakıtları A.Ş.	-	10	-	-
Tek-Art Kalamış ve Fenerbahçe Mar. Tur. Tes. A.Ş.	-	5	-	-
Akdeniz Akaryakıt Depolama	-	10	-	-
Beykoz Tankercilik	-	3	-	-
Kadıköy Tankercilik	-	2	-	-
Divan Turizm İşletmeleri	-	304	231	-
Yapı Kredi Portföy Yönetimi A.Ş.	-	2	-	-
Yapı Kredi Kültür Sanat Yayıncılık Tic. ve San. A.Ş.	-	-	20	-
Yapı Kredi Finansal Kiralama A.O.	-	5	-	-
Netsel Turizm Yatırımları A.Ş.	-	3	-	-
Koç Topl.Spor Kulübü Derneği	-	-	12	-
Shareholders				
Koç Holding A.Ş.	-	22	4.554	-
	873.166	307.288	57.850	881

(*) Group companies include Koç Group companies.

(**) Commission expense regarding LPG sold at Opet stations as of December 31, 2012 is TL 81.873 thousand (December 31, 2011 - TL 70.098 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.)

27. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

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

(*) Group companies include Koç Group companies.

(**) Koçnet Haberleşme Teknoloji ve İlet. Hizm. A.Ş. has been sold to a non-group company as of November 30, 2011. Transactions until November 30, 2011 are defined as related party transactions.

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

27. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

	January 1 - December 31, 2012			
Tangible asset and rent transactions with related parties	**Rent income**	**Rent expense**	**Tangible and intangible asset purchases**	**Sale of fixed assets**
Group companies (*)				
Opet Petrolcülük A.Ş.	421	18	-	36
Küsel Ltd. Şti.	2	-	-	-
Yapı Kredi Bankası A.Ş.	-	342	-	-
Otokoç Otomotiv Tic. ve San. A.Ş.	-	108	1.283	277
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	-	-	1.695	-
Otokar Otobüs Karoseri Sanayi A.Ş.	-	-	230	-
Zer Merkezi Hizmetler ve Ticaret A.Ş.	-	-	30	2.138
Koçtaş Yapı Marketleri Ticaret A.Ş.	-	-	3	-
Türkiye Petrol Rafinerileri A.Ş.	-	-	73	-
THY Opet Havacılık Yakıtları A.Ş.	-	-	-	14
Shareholders				
Temel Ticaret ve Yatırım A.Ş.	-	46	-	-
Investments accounted under equity method				
Zinerji Enerji Sanayi ve Ticaret A.Ş.	3	-	-	-
	426	514	3.314	2.465

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

(*) Group companies include Koç Group companies.

(**) Koçnet Haberleşme Teknoloji ve İlet. Hizm. A.Ş. has been sold to a non-group company as of November 30, 2011. Transactions until November 30, 2011 are defined as related party transactions.

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

27. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

	January 1 - December 31, 2012			
Financial and other transactions with related parties	**Financial income**	**Financial expense**	**Other income**	**Other expense**
Group companies (*)				
Yapı Kredi Bankası A.Ş.	11.889	9.095	-	-
AES Entek Elektrik Üretimi A.Ş	2.794	-	-	-
Zer Merkezi Hizmetler ve Ticaret A.Ş.	-	-	1.143	-
Opet Petrolcülük A.Ş.	-	-	23	-
THY-Opet Havacılık Yakıtları A.Ş	-	-	8	-
	14.683	9.095	1.174	-

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

(*) Group companies include Koç Group companies.

(**) Koçnet Haberleşme Teknoloji ve İlet. Hizm. A.Ş. has been sold to a non-group company as of November 30, 2011. Transactions until November 30, 2011 are defined as related party transactions.

Cash at banks	**December 31, 2012**	December 31, 2011
Group companies (*)		
Yapı Kredi Bankası A.Ş.	76.894	184.396

Credit card receivables	**December 31, 2012**	December 31, 2011
Group companies (*)		
Yapı Kredi Bankası A.Ş.	20.442	14.144

(*) Group companies include Koç Group companies.

Benefits to Top Management:

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

Benefits to top 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, 2012 is TL 21.879 thousand (2011: TL 23.659 thousand).

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

28. 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, 2012	December 31, 2011
Total financial liabilities	5.810	1.764
Less: Cash and cash equivalents	(125.365)	(254.302)
Net debt	-	-
Shareholder's equity	2.379.760	2.154.631
Net financial debt / equity ratio	-	-

b) Financial risk factors

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

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.)

28. NATURE AND THE LEVEL OF RISK DERIVED FROM FINANCIAL INSTRUMENTS (CONTINUED)

Credit risk of financial instruments

	Receivables							
	Trade receivables		Other receivables					
December 31, 2012	Related party	Third party	Related party	Third party	Deposits in banks	Credit card receivables	Derivative instruments	Other
Receivables maximum net credit risk as of balance sheet date (*)	15.241	293.455	32.750	3.990	99.545	25.588	-	-
- The part of maximum risk under guarantee with collateral etc.	-	195.283	-	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	15.241	256.213	32.750	3.990	99.545	25.588	-	-
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	-	37.242	-	-	-	-	-	-
- The part under guarantee with collateral etc-	-	24.625	-	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-	-	-
- Past due (gross carrying amount)	-	15.558	-	-	-	-	-	-
- Impairment (-)	-	(15.558)	-	-	-	-	-	-
- 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.

Credit risk of financial instruments

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

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

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

28. NATURE AND THE LEVEL OF RISK DERIVED FROM FINANCIAL INSTRUMENTS (CONTINUED)

December 31, 2012	**Trade receivables**	**Other receivables**	**Deposits in banks**	**Derivative instruments**	**Other**	**Total**
Past due 1-30 days	25.836	-	-	-	-	25.836
Past due 1-3 months	7.545	-	-	-	-	7.545
Past due 3-12 months	3.208	-	-	-	-	3.208
Past due 1-5 years	653	-	-	-	-	653
Past due more than 5 years	-	-	-	-	-	-
Total past due	37.242	-	-	-	-	37.242
The part under guarantee with collateral	24.625	-	-	-	-	24.625

December 31, 2011	Trade receivables	Other receivables	Deposits in banks	Derivative instruments	Other	Total
Past due 1-30 days	16.468	-	-	-	-	16.468
Past due 1-3 months	7.189	-	-	-	-	7.189
Past due 3-12 months	7.507	-	-	-	-	7.507
Past due 1-5 years	160	-	-	-	-	160
Past due more than 5 years	-	-	-	-	-	-
Total past due	31.324	-	-	-	-	31.324
The part under guarantee with collateral	18.804	-	-	-	-	18.804

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.)

28. NATURE AND THE LEVEL OF RISK DERIVED FROM FINANCIAL INSTRUMENTS (CONTINUED)

December 31, 2012

Contractual maturity analysis	Carrying value	Total cash outflow according to the contract (I+II+III+IV)	Less than 3 months (I)	3 – 12 months (II)	1-5 years (III)	More than five years (IV)
Non-derivative financial liabilities						
Bank borrowings	5.810	5.810	5.810	-	-	-
Trade payables	150.460	150.460	150.460	-	-	-
Payables to related parties	118.120	118.120	118.120	-	-	-
Other payables	84.812	84.812	14.116	-	-	70.696
Other liabilities	1.545	1.545	1.545	-	-	-
Total liabilities	360.747	360.747	290.051	-	-	70.696

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	-	25.723	23.120	2.603	-	-
Derivative cash outflows	-	(25.985)	(23.339)	(2.646)	-	-
Derivative instruments, net	(135)	(262)	(219)	(43)	-	-

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

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

28. NATURE AND THE LEVEL OF RISK DERIVED FROM FINANCIAL INSTRUMENTS (CONTINUED)

December 31, 2011						
Contractual maturity analysis	Carrying value	Total cash outflow according to the contract (I+II+III+IV)	Less than 3 months (I)	3 - 12 months (II)	1-5 years (III)	More than five years (IV)
Non-derivative financial liabilities						
Bank borrowings	1.764	1.764	1.764	-	-	-
Trade payables	163.468	163.468	163.468	-	-	-
Payables to related parties	87.039	87.039	87.039	-	-	-
Other payables	86.460	86.460	19.469	-	-	66.991
Other liabilities	745	745	745	-	-	-
Total liabilities	339.476	339.476	272.485	-	-	66.991

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

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.)

28. 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, 2012		Total TL equivalent	TL equivalent of USD	TL equivalent of Euro	TL equivalent of other
1.	Trade receivables	30.881	30.352	529	-
2.a	Monetary financial assets	23.209	21.266	1.780	163
2.b	Non monetary financial assets	-	-	-	-
3.	Other	-	-	-	-
4.	**Current assets**	**54.090**	**51.618**	**2.309**	**163**
5.	Trade receivables	-	-	-	-
6.a	Monetary financial assets	-	-	-	-
6.b	Non monetary financial assets	-	-	-	-
7.	Other	-	-	-	-
8.	**Non current assets**	-	-	-	-
9.	**Total assets**	**54.090**	**51.618**	**2.309**	**163**
10.	Trade payables	(100.719)	(99.669)	(1.007)	(43)
11.	Financial liabilities	-	-	-	-
12.a	Other monetary financial liabilities	-	-	-	-
12.b	Other non monetary financial liabilities	-	-	-	-
13.	**Current liabilities**	**(100.719)**	**(99.669)**	**(1.007)**	**(43)**
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**	**(100.719)**	**(99.669)**	**(1.007)**	**(43)**
19.	Net asset / liability position of off balance sheet asset and liabilities (19a-19b)	-	-	-	-
19.a	Total foreign currency amount of off-balance sheet derivative financial assets	25.723	25.723	-	-
19.b	Total foreign currency amount of off-balance sheet derivative financial liabilities	-	-	-	-
20.	**Net foreign currency asset / liability position**	**(20.906)**	**(22.328)**	**1.302**	**120**
21.	**Net foreign currency asset / liability position of monetary items (1+2a+5+6a+10+11+12a+14+15+16a)**	**(20.906)**	**(22.328)**	**1.302**	**120**
22.	Fair value of foreign currency hedged financial assets	-	-	-	-
23.	Hedged foreign currency assets	-	-	-	-
24.	Hedged foreign currency liabilities	-	-	-	-
25.	Export	**700.264**	**686.898**	**13.366**	-
26.	Import	**2.378.250**	**2.371.886**	**5.614**	**750**

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, 2012, the Group has LPG amounting to TL 110.739 thousand (December 31, 2011, TL 91.932 thousand).

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

28. NATURE AND THE LEVEL OF RISK DERIVED FROM FINANCIAL INSTRUMENTS (CONTINUED)

December 31, 2011		Total TL equivalent	TL equivalent of USD	TL equivalent of Euro	TL equivalent of other
1.	Trade receivables	18.552	17.018	1.534	-
2.a	Monetary financial assets	17.183	8.238	8.794	151
2.b	Non monetary financial assets	-	-	-	-
3.	Other	-	-	-	-
4.	Current assets	35.735	25.256	10.328	151
5.	Trade receivables	-	-	-	-
6.a	Monetary financial assets	-	-	-	-
6.b	Non monetary financial assets	-	-	-	-
7.	Other	-	-	-	-
8.	Non current assets	-	-	-	-
9.	Total assets	35.735	25.256	10.328	151
10.	Trade payables	(99.958)	(99.856)	(97)	(5)
11.	Financial liabilities	-	-	-	-
12.a	Other monetary financial liabilities	-	-	-	-
12.b	Other non monetary financial liabilities	-	-	-	-
13.	Current liabilities	(99.958)	(99.856)	(97)	(5)
14.	Trade payables	-	-	-	-
15.	Financial liabilities	-	-	-	-
16.a	Other monetary financial liabilities	-	-	-	-
16.b	Other non monetary financial liabilities	-	-	-	-
17.	Non current liabilities	-	-	-	-
18.	Total liabilities	(99.958)	(99.856)	(97)	(5)
19.	Net asset / liability position of off balance sheet liabilities (19a-19b)	-	-	-	-
19.a	Total foreign currency amount of off-balance sheet derivative financial assets	3.778	3.778	-	-
19.b	Total foreign currency amount of off-balance sheet derivative financial liabilities	-	-	-	-
20.	Net foreign currency asset / liability position	(60.445)	(70.822)	10.231	146
21.	Net foreign currency asset / liability position of monetary items (1+2a+6a+10+11+12a+14+15+16a)	(60.445)	(70.822)	10.231	146
22.	Fair value of foreign currency hedged financial assets	-	-	-	-
23.	Hedged foreign currency assets	-	-	-	-
24.	Hedged foreign currency liabilities	-	-	-	-
25.	Export	513.922	484.255	29.667	-
26.	Import	2.233.334	2.227.120	5.741	473

Currency forward agreements

Currency forward agreements which are valid as of December 31, 2012 and 2011 are summarized at the table below.

					December 31, 2012
Maturity	Parity	Type of contract	Transaction	Total amount	Currency
1 to 3 months	**1,784 - 1,7965**	**Forward**	**Sells TL, buys USD**	**12.970**	**USD**
3 to 6 months	**1,8013**	**Forward**	**Sells TL, buys USD**	**1.460**	**USD**

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

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

28. 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, 2012
		Income/Expense		Equity
	Foreign exchange appreciation	Foreign exchange depreciation	Foreign exchange appreciation	Foreign exchange depreciation
10% fluctuation of USD rate				
USD net asset/liability	(2.233)	2.233	(2.233)	2.233
Secured portion from USD risk	-	-	-	-
USD net effect	(2.233)	2.233	(2.233)	2.233
10% fluctuation of Euro rate				
Euro net asset/liability	130	(130)	130	(130)
Secured portion from Euro risk	-	-	-	-
Euro net effect	130	(130)	130	(130)
Total	**(2.103)**	**2.103**	**(2.103)**	**2.103**

				December 31, 2011
		Income/Expense		Equity
	Foreign exchange appreciation	Foreign exchange depreciation	Foreign exchange appreciation	Foreign exchange depreciation
10% fluctuation of USD rate				
USD net asset/liability	(7.082)	7.082	(7.082)	7.082
Secured portion from USD risk	-	-	-	-
USD net effect	(7.082)	7.082	(7.082)	7.082
10% fluctuation of Euro rate				
Euro net asset/liability	1.023	(1.023)	1.023	(1.023)
Secured portion from Euro risk	-	-	-	-
Euro net effect	1.023	(1.023)	1.023	(1.023)
Total	(6.059)	6.059	(6.059)	6.059

28. NATURE AND THE LEVEL OF RISK DERIVED FROM FINANCIAL INSTRUMENTS (CONTINUED)

b.3.2) Interest rate risk management

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

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

Interest rate position table

	December 31, 2012	December 31, 2011
Fixed interest instruments		
Time deposits	66.338	203.230
Variable interest instruments		
Financial liabilities	-	-

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

28. FINANCIAL INSTRUMENTS (EXPLANATIONS RELATED TO FAIR VALUE AND HEDGE ACCOUNTING)

Financial instrument categories

December 31, 2012	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	125.365	-	-	-	-	125.365	5
Trade receivables	-	293.455	-	-	-	293.455	9
Due from related parties	-	15.241	-	-	-	15.241	27
Other financial assets	-	-	317.258	-	-	317.258	6
Other receivables	-	36.740	-	-	-	36.740	10
Financial liabilities	-	-	-	-			
Financial liabilities	-	-	-	-	5.810	5.810	7
Trade payables	-	-	-	-	150.460	150.460	9
Due to related parties	-	-	-	-	118.120	118.120	27
Other financial liabilities	-	-	-	135	-	135	8
Other payables	-	-	-	-	84.812	84.812	10

December 31, 2011	Financial assets at amortized cost	Loans and receivables	Financial assets available for sale	Financial assets at fair value through profit or loss	Financial liabilities at amortized cost	Fair value	Note
Financial assets							
Cash and cash equivalents	254.302	-	-	-	-	254.302	5
Trade receivables	-	277.853	-	-	-	277.853	9
Due from related parties	-	23.370	-	-	-	23.370	27
Other financial assets	-	-	243.868	-	-	243.868	6
Other receivables	-	3.865	-	-	-	3.865	10
Financial liabilities							
Financial liabilities	-	-	-	-	1.764	1.764	7
Trade payables	-	-	-	-	163.468	163.468	9
Due to related parties	-	-	-	-	87.039	87.039	27
Other financial liabilities	-	-	-	27	-	27	8
Other payables	-	-	-	-	86.460	86.460	10

(*) 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.)

28. 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 / (liabilities)		**Level of fair value as of reporting date**		
	December 31, 2012	**1st Level**	**2nd Level**	**3rd Level**
Available-for-sale financial assets (*)	316.694	32	316.662	-
Forward transactions	(135)	-	(135)	-

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

(*) The Group has available for sale financial assets, which are not quoted in stock markets, and total amount of these financial assets is TL 564 thousand as of December 31, 2012 (December 31, 2011 – TL 564 thousand). The fair value of these financial assets cannot be measured reliably and stated at cost in the accompanying financial statements.

Information for reflecting financial assets and liabilities at fair value:

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

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

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

28. FINANCIAL INSTRUMENTS (EXPLANATIONS RELATED TO FAIR VALUE AND HEDGE ACCOUNTING) (CONTINUED)

Financial assets

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

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

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

Financial Liabilities

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

29. THE EVENTS AFTER THE BALANCE SHEET DATE

a) Registration procedures regarding the merger of Aygaz, with Mogaz Petrol Gazları A.Ş., 100% owned subsidiary through a whole take-over of all assets and liabilities reflected in the balance sheet dated June 30, 2012, were completed on January 22, 2013 and the merger process has been completed.

b) In the Board of Directors meeting dated February 15, 2013, the Company decided that;

- An application shall be made to the CMB for a bond issuance with a nominal value of TL 150.000 thousand.
- Upon the acceptance of the application, the bonds shall be issued with 24-month maturity, payable with a fixed coupon once every 6 months and with capital on the maturity date, the interest rate of these bonds shall be determined by adding a margin between 150 base points and 155 base points over the Treasury of the Turkish Republic Benchmark Government Bond annual joint interest which is traded on the market in accordance with the maturity of the Company bond to be issued;
- The sale shall be made by private placement and/or by sale to a qualified investor without public listing;
- The bonds to be issued in case of allotment to a qualified investor shall be sold after being recorded to be traded in Istanbul Stock Exchange regional market in a manner that it does not cause public listing;
- Yapı Kredi Yatırım Menkul Değerler A.Ş. shall be used as a brokerage firm in the issuance of the bond;
- The brokerage operations shall be realized by stand-by underwriting.

30. OTHER SIGNIFICANT ISSUES AFFECTING THE FINANCIAL STATEMENTS OR THE OTHER ISSUES REQUIRED FOR CLARIFICATION OF FINANCIAL STATEMENTS

None.

Graphic Design: Demirbağ

Aygaz Headquarters
Büyükdere Caddesi No: 145-1
Zincirlikuyu 34394 İstanbul-Turkey
P: +90 212 354 15 15 **F:** +90 212 288 39 63
www.aygaz.com.tr

Aygaz Corporate Communications
Devrim Çubukçu, Manager

P: +90 212 354 15 95 **F:** +90 212 216 17 98
devrim.cubukcu@aygaz.com.tr

Aygaz Investor Relations
Mehmet Özkan, Manager

P: +90 212 354 16 57 **F:** +90 212 288 31 51
mehmet.ozkan@aygaz.com.tr

Selin Sanver, Manager

P: +90 212 354 16 59 **F:** +90 212 288 31 51
selin.sanver@aygaz.com.tr

AYGAZ

www.aygaz.com.tr

Koç

This report has been
printed on recycled paper.

NAPM RECYCLED 100% APPROVED