

(Convenience translation of financial statements  
originally issued in Turkish)

## **Aygaz A.Ş. and Subsidiaries**

**Condensed consolidated financial statements  
as of March 31, 2010**

(Convenience translation of financial statements originally issued in Turkish)

## **Aygaz A.Ş and Subsidiaries**

### **Index**

	<b><u>Page</u></b>
Interim condensed consolidated balance sheet	1-2
Interim condensed consolidated income statement	3
Interim condensed consolidated comprehensive income statement	4
Interim condensed consolidated changes in equity	5
Interim condensed consolidated cash flow statement	6
Disclosures related to interim condensed consolidated financial statements	7-36

(Convenience translation of financial statements originally issued in Turkish)

**Aygaz A.Ş. and Subsidiaries**

**Condensed consolidated balance sheet**

**As of March 31, 2010**

(Amounts are expressed in thousands of Turkish Lira (TL) unless otherwise stated, other currencies are also expressed in thousands unless otherwise stated)

		Current period (Not reviewed)	Prior period (Audited)
Assets	Notes	March 31, 2010	December 31, 2009
<b>Current assets</b>			
Cash and cash equivalents	5	302.360	407.893
Trade receivables		285.329	336.541
-Due from related parties	20	13.904	19.230
-Other trade receivables	8	271.425	317.311
Other receivables		1.905	6.323
Inventories	9	148.288	89.180
Other current assets	15	48.771	22.003
<b>Total current assets</b>		<b>786.653</b>	861.940
<b>Non-current assets</b>			
Trade receivables	8	1.139	799
Other receivables		3.450	3.240
Financial Investments	6	196.937	196.924
Investments accounted under equity method	10	809.654	809.936
Property, plant and equipment	11	693.033	711.410
Intangible assets	12	3.915	3.957
Other non-current assets	15	20.320	19.884
<b>Total non-current assets</b>		<b>1.728.448</b>	1.746.150
<b>Total assets</b>		<b>2.515.101</b>	2.608.090

The accompanying accounting policies and notes presented between pages 7 and 36 form an integral part of these consolidated financial statements.

(Convenience translation of financial statements originally issued in Turkish)

**Aygaz A.Ş. and Subsidiaries**

**Condensed consolidated balance sheet**

**As of March 31, 2010**

(Amounts are expressed in thousands of Turkish Lira (TL) unless otherwise stated, other currencies are also expressed in thousands unless otherwise stated)

		Current period (Not reviewed)	Prior period (Audited)
		March 31, 2010	December 31, 2009
<b>Liabilities</b>	<b>Notes</b>		
<b>Short term liabilities</b>			
Financial borrowings	7	69.166	259.223
Trade payables		234.635	167.612
- Due to related parties	20	64.552	53.444
- Other trade payables	8	170.083	114.168
Other payables	14	827	3.816
Current tax liabilities	19	14.300	10.683
Provision for other liabilities		3.463	3.596
Other short term liabilities	15	151.750	113.718
<b>Total short term liabilities</b>		<b>474.141</b>	<b>558.648</b>
<b>Long term liabilities</b>			
Financial borrowings	7	128.551	176.230
Other long term payables	14	53.272	52.635
Provision for employment termination benefits		15.573	14.931
Deferred tax liabilities	19	46.428	48.359
<b>Total non current liabilities</b>		<b>243.824</b>	<b>292.155</b>
<b>Equity</b>			
Share capital	16	300.000	300.000
Inflation adjustment to share capital	16	71.504	71.504
Reciprocal adjustment to share capital		(7.442)	(7.442)
Valuation fund on financial assets		99.491	99.491
Currency translation reserve		411	378
Restricted reserves		364.730	364.730
Risk hedge fund		(6.860)	(6.384)
Retained earnings		890.284	577.247
Net profit for the period		50.074	314.604
<b>Equity attributable to equity holders of the parent</b>		<b>1.762.192</b>	<b>1.714.128</b>
Minority interest		34.944	43.159
<b>Total equity</b>		<b>1.797.136</b>	<b>1.757.287</b>
<b>Total liabilities and equity</b>		<b>2.515.101</b>	<b>2.608.090</b>

The accompanying accounting policies and notes presented between pages 7 and 36 form an integral part of these consolidated financial statements.

(Convenience translation of financial statements originally issued in Turkish)

## Aygaz A.Ş. and Subsidiaries

### Condensed consolidated income statement

For the period ended March 31, 2010

(Amounts are expressed as thousand Turkish Lira (TL) unless otherwise stated, other currencies are also expressed in thousands unless otherwise stated)

		Current period (Not reviewed)	Prior period (Not Reviewed)
	Notes	January 1- March 31, 2010	January 1- March 31, 2009
<b>Continuing operations</b>			
Sales revenue (net)		1.063.749	811.083
Cost of sales (-)		(955.658)	(643.630)
<b>Gross profit</b>		<b>108.091</b>	<b>167.453</b>
Marketing, sales and distribution expenses (-)		(33.556)	(26.614)
General administrative expenses (-)		(24.401)	(23.242)
Research and development expenses (-)		(185)	(135)
Other operating income		16.244	15.166
Other operating expenses (-)		(10.619)	(7.633)
<b>Operating profit</b>		<b>55.574</b>	<b>124.995</b>
Profit / (loss) from investments accounted under equity method	10	162	(58.781)
Finance income	17	11.597	12.874
Finance expense (-)	18	(5.120)	(48.299)
<b>Profit / (loss) from continuing operations before taxation</b>		<b>62.213</b>	<b>30.789</b>
<b>Continuing operations tax income / (expense)</b>			
- Current tax expense for the period	19	(14.300)	(13.107)
- Deferred tax income / (expense)	19	1.931	(2.950)
<b>Continued operations profit / (loss)</b>		<b>49.844</b>	<b>14.732</b>
<b>Discontinued operations</b>		<b>-</b>	<b>-</b>
<b>Discontinued operations profit / (loss) after tax</b>		<b>-</b>	<b>-</b>
<b>Net profit for the period</b>		<b>49.844</b>	<b>14.732</b>
<b>Profit attributable to:</b>			
Minority interest		(230)	6.728
Parent company		50.074	8.004
		<b>49.844</b>	<b>14.732</b>
<b>Earnings per share</b>			
<b>Diluted earnings per share</b>			
-From continuing operations (TL)		0,166913	0,026680
-From discontinuing operations		-	-

The accompanying accounting policies and notes presented between pages 7 and 36 form an integral part of these consolidated financial statements.

(Convenience translation of financial statements originally issued in Turkish)

**Aygaz A.Ş. and Subsidiaries**

**Condensed consolidated comprehensive income statement  
For the period ended March 31, 2010**

(Amounts are expressed as thousand Turkish Lira (TL) unless otherwise stated, other currencies are also expressed in thousands unless otherwise stated)

	<b>Current period (Not reviewed)</b>	Prior period (Not reviewed)
	<b>January 1- March 31, 2010</b>	January 1- March 31, 2009
<b>Profit for the period</b>	<b>49.844</b>	14.732
<b>Other comprehensive income / (loss):</b>		
Change in financial assets revaluation fund	-	7.511
Change in financial hedge fund	(476)	1.356
Change in translation reserve	33	222
<b>Other comprehensive income / (loss) (after tax)</b>	<b>(443)</b>	9.089
<b>Total comprehensive income</b>	<b>49.401</b>	23.821
<b>Attributable to:</b>		
Minority share	(230)	7.529
Parent company	49.631	16.292
	<b>49.401</b>	23.821

The accompanying accounting policies and notes presented between pages 7 and 36 form an integral part of these consolidated financial statements.

(Convenience translation of financial statements originally issued in Turkish)

**Aygaz A.Ş. and Subsidiaries**

**Changes in the condensed consolidated statement of equity**

**For the period ended March 31, 2010**

(Amounts are expressed as thousand Turkish Lira (TL) unless otherwise stated, other currencies are also expressed in thousands unless otherwise stated)

	Share capital	Reciprocal adjustments of shareholders equity	Revaluation fund on financial assets	Inflation adjustments of share capital	Restricted reserves	Risk hedge fund	Currency translation reserve	Retained earnings	Net profit / (loss)	Equities attributable to parent company	Minority interests	Total equity
Balance as of January 1, 2009	300.000	(7.329)	80.648	71.504	360.035	(12.970)	774	581.673	25.765	1.400.100	73.594	1.473.694
Dividends paid	-	-	-	-	-	-	-	(30.000)	-	(30.000)	(316)	(30.316)
Change in consolidation scope	-	-	-	-	-	-	-	175	-	175	493	668
Transfers to reserves	-	-	-	-	4.695	-	-	21.070	(25.765)	-	-	-
Comprehensive income / (loss) for the period	-	-	6.710	-	-	1.356	222	-	8.004	16.292	7.529	23.821
Balance as of March 31, 2009	300.000	(7.329)	87.358	71.504	364.730	(11.614)	996	572.918	8.004	1.386.567	81.300	1.467.867
Balance as of January 1, 2010	300.000	(7.442)	99.491	71.504	364.730	(6.384)	378	577.247	314.604	1.714.128	43.159	1.757.287
Transfers from retained earnings	-	-	-	-	-	-	-	314.604	(314.604)	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	-	(4.148)	(4.148)
Transfers with minority shares (note 3)	-	-	-	-	-	-	-	(1.567)	-	(1.567)	(3.837)	(5.404)
Comprehensive income / (loss) for the period	-	-	-	-	-	(476)	33	-	50.074	49.631	(230)	49.401
Balance as of March 31, 2010	300.000	(7.442)	99.491	71.504	364.730	(6.860)	411	890.284	50.074	1.762.192	34.944	1.797.136

The accompanying accounting policies and notes presented between pages 7 and 36 form an integral part of these consolidated financial statements.

(Convenience translation of financial statements originally issued in Turkish)

## Aygaz A.Ş. and Subsidiaries

### Condensed consolidated statement of cash flows

For the period ended March 31, 2010

(Amounts are expressed as thousand Turkish Lira (TL) unless otherwise stated, other currencies are also expressed in thousands unless otherwise stated)

		Current period (Not reviewed)	Prior period (Not reviewed)
	Notes	January 1- March 31, 2010	January 1- March 31, 2009
<b>Cash flows from operating activities</b>			
Net income before tax		62.213	30.789
Adjustments to reconcile net income before tax to net cash provided by operating activities:			
(Income) / Loss from equity participations	10	(162)	58.781
Depreciation of property, plant and equipment	11	23.760	23.659
Depreciation of intangible assets	12	511	455
Sundry provisions		32.634	34.084
Negative goodwill income		-	(2.663)
Provision for impairment of financial assets	6	(13)	1
Provision for retirement pay		1.434	1.181
Profit of sale of tangible/intangible assets (net)		(278)	(365)
Allowance for doubtful receivables		96	464
Interest income	17	(5.892)	(6.566)
Interest expense	18	2.495	4.590
<b>Operating cash flow before changes in working capital</b>		<b>116.798</b>	<b>144.410</b>
<b>Changes in working capital:</b>			
Trade receivables		45.452	(59.560)
Due from related parties	20	5.327	1.550
Inventories	9	(59.108)	(31.577)
Other receivables and current assets		(22.787)	9.601
Trade payables		55.915	(152.439)
Due to related parties	20	11.108	27.036
Other payables and liabilities		2.198	(69.622)
Other non current receivables and payables		428	762
<b>Net cash generated from operating activities</b>		<b>155.331</b>	<b>(129.841)</b>
Income taxes paid		(11.711)	(9.334)
Retirement pay paid		(792)	(795)
<b>Net cash generated from / (used in) operations</b>		<b>143.828</b>	<b>(139.970)</b>
<b>Cash flows from investing activities</b>			
Interest received	17	5.892	6.566
Purchases for subsidiary shares		(5.300)	(14.224)
Purchases for property, plant and equipment		(5.879)	(28.669)
Purchases for intangible assets		(469)	(84)
Proceeds of sale of tangible/intangible assets		774	495
<b>Net cash used in investing activities</b>		<b>(4.982)</b>	<b>(35.916)</b>
<b>Cash flows from financing activities</b>			
Changes in financial borrowings		(240.231)	2.796
Dividends paid to minority interests		(4.148)	(314)
<b>Net cash generated by / (used in) financing activities</b>		<b>(244.379)</b>	<b>2.480</b>
Net increase / (decrease) in cash and cash equivalents		(105.533)	(173.404)
Cash and cash equivalents at the beginning of the period	5	407.893	405.431
Cash and cash equivalents at the end of the period	5	302.360	232.027

The accompanying accounting policies and notes presented between pages 7 and 36 form an integral part of these consolidated financial statements.



## **Aygaz A.Ş. and Subsidiaries**

### **Notes to condensed consolidated financial statements As of March 31, 2010**

(Amounts are expressed as thousand Turkish Lira (TL) unless otherwise stated, other currencies are also expressed in thousands unless otherwise stated)

#### **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 shares of the Company are quoted to İstanbul Stock Exchange Market (ISE).

The address of the Company's registered office and principal place of business is as follows:

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

As of March 31, 2010, number of personnel of Aygaz and its subsidiaries ("the Group") is 1.390 (December 31, 2009: 1.402).

#### **Subsidiaries**

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

Entek Elektrik Üretimi A.Ş. ("Entek") operates as electricity producer with its 3 facilities in Bursa, İzmit and İstanbul. In 2009, 15,51% of shares were purchased by the Group and this purchase raised Group's effective control to 86,01%. In 2010, related to the purchase of Mogaz shares stated above, the Group's effective control on Entek is raised to 86,09%.

Akpa Dayanıklı Tüketim LPG ve Akaryakıt Ürünleri Pazarlama A.Ş. ("Akpa") reached to its current structure with the merger of four subsidiaries of Koç Holding Energy Group at the end of 2001. Before the merger, four companies were operating separately from each other in Bursa, Eskişehir, Ankara and Antalya. Merged company name was Bursa Gaz ve Ticaret A.Ş., but it was changed to "Akpa Dayanıklı Tüketim Lpg ve Akaryakıt Ürünleri Pazarlama Anonim Şirketi" with the decision of ordinary general meeting held on March 17, 2005.

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

(Convenience translation of financial statements originally issued in Turkish)

## Aygaz A.Ş. and Subsidiaries

### Notes to condensed consolidated financial statements (continued)

As of March 31, 2010

(Amounts are expressed as thousand Turkish Lira (TL) unless otherwise stated, other currencies are also expressed in thousands unless otherwise stated)

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

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

Subsidiaries	Place of incorporation and operation	Ownership interest (%)			Principal activity
		March 31, 2010	December 31, 2009	Voting power right	
Akpa	Turkey	99,99%	99,99%	99,99%	Marketing
Mogaz	Turkey	100%	97,90%	100%	LPG
Entek	Turkey	86,09%	86,01%	86,09%	Electricity
Aygaz Doğal Gaz Toptan Satış A.Ş.	Turkey	99,00%	97,99%	99,00%	LNG
Aygaz Doğal Gaz İletim A.Ş.	Turkey	99,00%	97,99%	99,00%	LNG

#### Investments in associates

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

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

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

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

#### Approval of financial statements:

The consolidated financial tables for the period ended on March 31, 2010 are approved on the Board of Directors meeting held on May 13, 2010 to be published and are signed by Assistant General Manager (Finance) Gökhan Tezel and Subsidiaries and Accounting Director Nurettin Demirtaş.

(Convenience translation of financial statements originally issued in Turkish)

## **Aygaz A.Ş. and Subsidiaries**

### **Notes to condensed consolidated financial statements (continued)**

**As of March 31, 2010**

(Amounts are expressed as thousand Turkish Lira (TL) unless otherwise stated, other currencies are also expressed in thousands unless otherwise stated)

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

The Group's condensed consolidated financial statements for the period ended on March 31, 2010 are prepared in accordance with International Accounting Standards ("IAS") 34 "Interim financial reporting standards".

Interim condensed consolidated financial statements do not include all of the disclosures required in year end financial statements and should be evaluated with the Group's financial statements as of December 31, 2009.

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

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

The Group maintains its books of account and prepares its statutory financial statements in accordance with accounting principles in the Turkish Commercial Code and tax legislation in Turkish Lira (TL).

The condensed consolidated financial statements and disclosures have been prepared in accordance with the format that must be applied according to the communiqué numbered XI-29 announced by the CMB (hereinafter will be referred to as "the CMB Accounting Standards") on April 9, 2008.

The consolidated financial statements are based on the statutory records, with adjustments and reclassifications for the purpose of fair presentation in accordance with the Accounting Standards of the CMB and are presented in TL. Such adjustments mainly comprise accounting for deferred taxation, accounting for the depreciation charge of property, plant and equipment according to lower of useful life and concession periods, effects of application for long-term employee benefits according to International Accounting Standards ("IAS") 19, accounting for provisions and the effects of application of IFRS 3 "Business Combinations".

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

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

The accounting policies adopted in the preparation of the condensed interim consolidated financial statements are consistent with those followed in the preparation of the financial statements of the prior year and for the year ended December 31, 2009 and applicable beginning from January 1, 2010.

As stated in Note 3, the acquisition of 2,1% of Mogaz shares are accounted in compliance with changes in IFRS 3 "Business Combinations" and "IAS 27 "Consolidated and Non-consolidated Financial Statements" which are applicable for financial statements as of December 31, 2010.

(Convenience translation of financial statements originally issued in Turkish)

## **Aygaz A.Ş. and Subsidiaries**

### **Notes to condensed consolidated financial statements (continued)**

**As of March 31, 2010**

(Amounts are expressed as thousand Turkish Lira (TL) unless otherwise stated, other currencies are also expressed in thousands unless otherwise stated)

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

New and amended standards and interpretations of IFRS that are effective for December 2010 year end

The amendments and standards that do not have an effect on Group's financial position or performance are as follows:

Amendments to IFRS 2 'Group cash settled share based Payment Transactions',

Amendments to IAS 39 Financial Instruments: Recognition and Measurement – 'Eligible Hedged Items',

IFRIC 17 'Distributions of Non-cash Assets to Owners',

Improvements to International Financial Reporting Standards (issued 2008),

Improvements to International Financial reporting Standards (issued 2009).

New and amended standards and interpretations issued that are effective subsequent to December 2010 year-ends:

IFRS 9 Financial Instruments (Effective for periods beginning on or after January 1, 2013),

IAS 24 Related Party Disclosures (Revised) (Effective for periods beginning on or after January 1, 2011),

IAS 32 Classification of Rights Issues (Amendment) (Effective for periods beginning on or after February 1, 2010),

IFRIC 14 Prepayments of a Minimum Funding Requirement (Amendment) (Effective for periods beginning on or after January 1, 2011, with earlier application permitted),

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (Effective for periods beginning on or after July 1, 2010, with earlier application permitted).

## **3. Business combinations**

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

In 2009, the Group purchased 15,51% shares of Entek and paid TL 38.030 thousand in cash.

These purchase of shares of Entek is evaluated as a transaction between the shareholders and purchase of shares of Mogaz is evaluated under IAS 27 "Consolidated and separate financial statements". Consequently, when shares are purchased from non parent company the difference between the purchase cost and net asset purchased are accounted as "the transactions with minority shares" under equity.

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

**Aygaz A.Ş. and Subsidiaries**

**Notes to condensed consolidated financial statements (continued)**

**As of March 31, 2010**

(Amounts are expressed as thousand Turkish Lira (TL) unless otherwise stated, other currencies are also expressed in thousands unless otherwise stated)

**3. Business combinations (continued)**

Fair value of purchased assets and liabilities taken over of Aygaz Doğal Gaz Toptan Satış A.Ş. and Aygaz Doğal Gaz İletim A.Ş. and their purchase value with purchase accounting method are shown below:

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

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

**4. Segmental information**

The Group has started to apply IFRS 8 since January 1, 2009. The segmental operations are specified according to the internal reports reviewed regularly by the authority entitled to making decision for the Group's operations.

The Group's decision 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

**Aygaz A.Ş. and Subsidiaries**

**Notes to condensed consolidated financial statements (continued)**

**As of March 31, 2010**

(Amounts are expressed as thousand Turkish Lira (TL) unless otherwise stated, other currencies are also expressed in thousands unless otherwise stated)

**4. Segmental information (continued)**

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

<b>March 31, 2010</b>					
	<b>Gas and petroleum products</b>	<b>Electricity</b>	<b>Other</b>	<b>Eliminations</b>	<b>Total</b>
<b>Assets</b>					
Current assets	600.209	122.497	66.041	(2.094)	786.653
Non-current assets	1.781.276	246.890	6.138	(305.856)	1.728.448
<b>Total assets</b>	<b>2.381.485</b>	<b>369.387</b>	<b>72.179</b>	<b>(307.950)</b>	<b>2.515.101</b>
<b>Liabilities</b>					
Short term liabilities	367.676	83.221	25.338	(2.094)	474.141
Long term liabilities	203.593	37.913	3.624	(1.306)	243.824
Equity	1.810.216	248.253	43.217	(304.550)	1.797.136
<b>Total liabilities and equity</b>	<b>2.381.485</b>	<b>369.387</b>	<b>72.179</b>	<b>(307.950)</b>	<b>2.515.101</b>
<b>December 31, 2009</b>					
	<b>Gas and petroleum products</b>	<b>Electricity</b>	<b>Other</b>	<b>Eliminations</b>	<b>Total</b>
<b>Assets</b>					
Current assets	596.462	186.845	87.061	(8.428)	861.940
Non-current assets	1.770.964	247.441	5.933	(278.188)	1.746.150
<b>Total assets</b>	<b>2.367.426</b>	<b>434.286</b>	<b>92.994</b>	<b>(286.616)</b>	<b>2.608.090</b>
<b>Liabilities</b>					
Short term liabilities	469.387	80.947	16.742	(8.428)	558.648
Long term liabilities	209.782	73.684	3.453	5.236	292.155
Equity	1.688.257	279.655	72.799	(283.424)	1.757.287
<b>Total liabilities and equity</b>	<b>2.367.426</b>	<b>434.286</b>	<b>92.994</b>	<b>(286.616)</b>	<b>2.608.090</b>

(Convenience translation of financial statements originally issued in Turkish)

**Aygaz A.Ş. and Subsidiaries**

**Notes to condensed consolidated financial statements (continued)**

**As of March 31, 2010**

(Amounts are expressed as thousand Turkish Lira (TL) unless otherwise stated, other currencies are also expressed in thousands unless otherwise stated)

**4. Segmental information (continued)**

	January 1 - March 31, 2010				
	Gas and petroleum products	Electricity	Other	Eliminations	Total
<b>Operating income</b>					
Sales revenue (net)	972.447	60.556	52.819	(22.073)	1.063.749
Cost of sales (-)	(865.564)	(63.197)	(48.655)	21.758	(955.658)
<b>Gross profit / (loss)</b>	<b>106.883</b>	<b>(2.641)</b>	<b>4.164</b>	<b>(315)</b>	<b>108.091</b>
Marketing, sales and distribution expenses (-)	(32.347)	-	(1.251)	42	(33.556)
General administrative expenses (-)	(19.670)	(2.906)	(2.084)	259	(24.401)
Research and development expenses (-)	(185)	-	-	-	(185)
Other operational income	13.347	1.380	724	793	16.244
Other operational expenses (-)	(10.481)	-	(41)	(97)	(10.619)
<b>Operating profit / (loss)</b>	<b>57.547</b>	<b>(4.167)</b>	<b>1.512</b>	<b>682</b>	<b>55.574</b>
Profit / (loss) from investments accounted under equity method	-	-	-	162	162
Finance income	67.153	3.040	697	(59.293)	11.597
Finance expense (-)	(4.063)	(932)	(125)	-	(5.120)
<b>Profit / (loss) from continuing operations before taxation</b>	<b>120.637</b>	<b>(2.059)</b>	<b>2.084</b>	<b>(58.449)</b>	<b>62.213</b>
Current tax expense for the period	(13.816)	-	(484)	-	(14.300)
Deferred tax income / (expense)	1.586	333	12	-	1.931
<b>Profit / (loss) from continuing operations for the period</b>	<b>108.407</b>	<b>(1.726)</b>	<b>1.612</b>	<b>(58.449)</b>	<b>49.844</b>
<b>Net profit / (loss) for the period</b>	<b>108.407</b>	<b>(1.726)</b>	<b>1.612</b>	<b>(58.449)</b>	<b>49.844</b>
<b>Attributable to:</b>					
Minority interest	10	(240)	-	-	(230)
Parent company	108.397	(1.486)	1.612	(58.449)	50.074

**Aygaz A.Ş. and Subsidiaries**

**Notes to condensed consolidated financial statements (continued)**

**As of March 31, 2010**

(Amounts are expressed as thousand Turkish Lira (TL) unless otherwise stated, other currencies are also expressed in thousands unless otherwise stated)

**4. Segmental information (continued)**

January 1 – March 31, 2009					
	Gas and petroleum products	Electricity	Other	Eliminations	Total
Operating income					
Sales revenue (net)	672.152	119.847	40.343	(21.259)	811.083
Cost of sales (-)	(534.382)	(94.404)	(35.557)	20.713	(643.630)
<b>Gross profit / (loss)</b>	<b>137.770</b>	<b>25.443</b>	<b>4.786</b>	<b>(546)</b>	<b>167.453</b>
Marketing, sales and distribution expenses (-)	(25.577)	-	(1.037)	-	(26.614)
General administrative expenses (-)	(18.337)	(3.479)	(1.718)	292	(23.242)
Research and development expenses (-)	(135)	-	-	-	(135)
Other operational income	12.429	-	356	2.381	15.166
Other operational expenses (-)	(7.436)	(18)	(175)	(4)	(7.633)
<b>Operating profit / (loss)</b>	<b>98.714</b>	<b>21.946</b>	<b>2.212</b>	<b>2.123</b>	<b>124.995</b>
Profit / (loss) from investments accounted under equity method	-	-	-	(58.781)	(58.781)
Finance income	27.418	7.621	993	(23.158)	12.874
Finance expense (-)	(44.730)	(4.036)	104	363	(48.299)
<b>Profit / (loss) from continuing operations before taxation</b>	<b>81.402</b>	<b>25.531</b>	<b>3.309</b>	<b>(79.453)</b>	<b>30.789</b>
Current tax expense for the period	(9.952)	(2.477)	(678)	-	(13.107)
Deferred tax income / (expense)	(1.949)	(1.007)	6	-	(2.950)
<b>Profit / (loss) from continuing operations for the period</b>	<b>69.501</b>	<b>22.047</b>	<b>2.637</b>	<b>(79.453)</b>	<b>14.732</b>
<b>Net profit / (loss) for the period</b>	<b>69.501</b>	<b>22.047</b>	<b>2.637</b>	<b>(79.453)</b>	<b>14.732</b>
Attributable to:					
Minority interest	223	6.504	-	-	6.728
Parent company	69.278	15.543	2.637	(79.453)	8.004

The amortization and depreciation expense for the industrial segmental assets for the period ended on March 31, 2010 and 2009 are as follows:

	January 1 - March 31, 2010	January 1 - March 31, 2009
Gas and petroleum products	<b>16.904</b>	17.322
Electricity	<b>7.260</b>	6.678
Other	<b>107</b>	114
	<b>24.271</b>	24.114



(Convenience translation of financial statements originally issued in Turkish)

## Aygaz A.Ş. and Subsidiaries

### Notes to condensed consolidated financial statements (continued)

#### As of March 31, 2010

(Amounts are expressed as thousand Turkish Lira (TL) unless otherwise stated, other currencies are also expressed in thousands unless otherwise stated)

#### 4. Segmental information (continued)

The investment expenditures for the industrial segmental assets for the periods ended on March 31, 2010 and 2009 are as follows:

	January 1 - March 31, 2010	January 1 - March 31, 2009
Gas and petroleum products	6.189	15.055
Electricity	113	13.557
Other	46	141
	<b>6.348</b>	<b>28.753</b>

#### 5. Cash and cash equivalents

	March 31, 2010	December 31, 2009
Cash on hand	161	167
Cash at banks	297.814	403.135
- Demand deposits	15.674	19.918
- Time deposits	282.140	383.217
Receivables from credit card transactions	4.385	4.591
	<b>302.360</b>	<b>407.893</b>

As of March 31, 2010 the Group's TL time deposits amounting to TL 175.319 thousand have maturities of 1 – 40 days and interest rates of 6 - 9,8%; USD time deposits amounting to USD 51.976 thousand (TL 79.081 thousand) have maturities of 6 - 76 days and interest rates of 0,4 – 4%; Euro time deposits amounting to Euro 13.199 thousand (TL 27.089 thousand) have maturities of 7 - 60 days and interest rates of 0,4 - 2,5%. (December 31, 2009 - the Group's TL time deposits amounting to TL 200.239 thousand have maturities of 4 - 38 days and interest rates of 5 - 10,6%; USD time deposits amounting to 121.058 thousand (TL 182.277 thousand) with maturities of 8 - 48 days and interest rates of 0,6 - 3,3%; Euro time deposits amounting to Euro 215 thousand (TL 464 thousand) have a maturity of 8 days and interest rates of 0,6 - 0,75%.).

## Aygaz A.Ş. and Subsidiaries

### Notes to condensed consolidated financial statements (continued)

As of March 31, 2010

(Amounts are expressed as thousand Turkish Lira (TL) unless otherwise stated, other currencies are also expressed in thousands unless otherwise stated)

## 6. Financial assets

The long term financial assets identified as financial assets held for sale by the Group are as follows as of March 31, 2010 and December 31, 2009:

	March 31, 2010		December 31, 2009	
	Participation amount	Participation rate %	Participation amount	Participation rate %
Koç Finansal Hizmetler A.Ş. (*)	195.030	1,97%	195.030	1,97%
Ram Dış Ticaret A.Ş. (**)	1.740	2,50%	1.740	2,50%
Eltek Elektrik Top. Tic. A.Ş. (***)	781	64,79%	781	64,60%
Tanı Pazarlama ve İletişim Hizmetleri A.Ş.(****)	540	10,00%	540	10,00%
Tat Konserve Sanayi A.Ş. (**)	236	0,08%	236	0,08%
Other (****)	23		23	
Impairment reserve (-)	(1.413)		(1.426)	
	<b>196.937</b>		<b>196.924</b>	

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

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

(\*\*\*) Even though the entity is a subsidiary of the Group, it is carried at cost value due to immateriality both quantitatively and qualitatively.

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

## 7. Financial borrowings

### a) Short term bank borrowings

	March 31, 2010	Interest rate (%)	December 31, 2009	Interest rate (%)
Short term borrowings (TL)	12.140	0 - 6,90	123.007	0 - 7,25
Short term borrowings (USD)	-	-	121.163	Libor + 2,50 - 2,82
Short term portions of long term borrowings	57.026	-	15.053	-
	<b>69.166</b>		<b>259.223</b>	

### b) Long term bank borrowings

	March 31, 2010			December 31, 2009		
	Foreign currency amount	TL amount	Interest rate (%)	Foreign currency amount	TL amount	Interest rate (%)
Long term borrowings (*)						
Borrowings with Euro guarantees	53.000	109.486	Euribor + 2,75	53.000	115.764	Euribor + 4,49
Borrowings with USD guarantees	50.011	76.091	1,79 - 4,45	50.156	75.519	2,16 - 4,47
Less, short term portions		(57.026)			(15.053)	
<b>Total long term borrowings</b>		<b>128.551</b>			<b>176.230</b>	

(\*) TL amounts also include interest accruals.

**Aygaz A.Ş. and Subsidiaries**

**Notes to condensed consolidated financial statements (continued)**

**As of March 31, 2010**

(Amounts are expressed as thousand Turkish Lira (TL) unless otherwise stated, other currencies are also expressed in thousands unless otherwise stated)

**7. Financial borrowings (continued)**

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

	<b>March 31, 2010</b>	December 31, 2009
2010	-	-
2011	-	42.160
2012	<b>128.551</b>	134.070
	<b>128.551</b>	176.230

In the Board of Directors Meeting as of 14 January 2010, the Group management decided to close the existing long term loan and obtained a new loan amounting to Euro 53.000 thousand, which was obtained with the title of sub-debtor under the scope of credit agreement that was declared by Koç Holding A.Ş. at 23 December 2009.

Under the scope of the general principals in new loan agreement, the principle payment will be performed at the end of the period and the terms that will be valid are as follows: 27-month maturity, the option of paying the interest rate by 1,3 or 6 months' end and EURIBOR+2,75 % the annual interest rate excluding the transaction costs.

**8. Trade receivables and payables**

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

	<b>March 31, 2010</b>	December 31, 2009
Current trade receivables		
Trade receivables	<b>232.236</b>	278.182
Notes receivables	<b>52.574</b>	53.622
Allowance for doubtful receivables (-)	<b>(13.385)</b>	(14.493)
	<b>271.425</b>	317.311

	<b>March 31, 2010</b>	December 31, 2009
Non-current trade receivables		
Notes receivables	<b>1.139</b>	799

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

	<b>March 31, 2010</b>	December 31, 2009
Short term trade payables		
Trade payables	<b>169.989</b>	114.037
Other trade payables	<b>94</b>	131
	<b>170.083</b>	114.168

(Convenience translation of financial statements originally issued in Turkish)

## Aygaz A.Ş. and Subsidiaries

### Notes to condensed consolidated financial statements (continued)

#### As of March 31, 2010

(Amounts are expressed as thousand Turkish Lira (TL) unless otherwise stated, other currencies are also expressed in thousands unless otherwise stated)

## 9. Inventories

	March 31, 2010	December 31, 2009
Raw materials	123.906	69.545
Work in process	635	506
Finished goods	2.768	1.005
Trade goods	12.907	9.759
Other inventory	8.423	8.717
Allowance for impairment on inventory	(351)	(352)
	148.288	89.180

Movement of allowance for impairment on inventory	January 1 – March 31, 2010	January 1 – March 31, 2009
Opening balance	(352)	-
Charge for the year	-	-
Allowance related to sales	1	-
Closing balance	(351)	-

## 10. Equity investments

	March 31, 2010		December 31, 2009	
	Participation amount	Participation rate %	Participation amount	Participation rate %
Enerji Yatırımları A.Ş. acquisition value	669.400		669.400	
Reciprocal adjustments of shareholders equity	(7.442)		(7.442)	
Change in translation reserve	411		378	
Legal reserves	3.195		2.254	
Risk hedge fund	(6.860)		(6.384)	
The share of the Group in the profit after the acquisition date	150.591		151.368	
	809.295	20%	809.574	20%
Zinerji Enerji Sanayi ve Tic. A.Ş. Impairment reserve (-)	738 (379)		738 (376)	
	359	56,00%	362	55,83%
<b>Total</b>	<b>809.654</b>		<b>809.936</b>	

**Aygaz A.Ş. and Subsidiaries****Notes to condensed consolidated financial statements (continued)****As of March 31, 2010**

(Amounts are expressed as thousand Turkish Lira (TL) unless otherwise stated, other currencies are also expressed in thousands unless otherwise stated)

**11. Property, plant and equipment**

	January 1, 2010	Additions	Transfers	Disposals	March 31, 2010	
<b>Acquisition cost</b>						
Land	29.635	-	-	-	29.635	
Land improvements	100.573	3	48	-	100.624	
Buildings	72.626	-	(48)	-	72.578	
Plant, machinery and equipment	953.185	1.639	(7.188)	(659)	946.977	
LPG Cylinders	852.774	2.688	-	(8.137)	847.325	
Vehicles	28.037	94	7.340	(597)	34.874	
Vessels	129.327	-	-	-	129.327	
Furniture and fixtures	46.856	340	3	(1.191)	46.008	
Leasehold improvements	23.001	181	-	-	23.182	
Construction in progress	6.741	934	(155)	-	7.520	
	<b>2.242.755</b>	<b>5.879</b>	<b>-</b>	<b>(10.584)</b>	<b>2.238.050</b>	
<b>Accumulated depreciation</b>						
Land improvements	40.953	951	-	-	41.904	
Buildings	41.260	542	-	-	41.802	
Plant, machinery and equipment	555.668	12.023	(5.117)	(461)	562.113	
LPG Cylinders	707.107	8.056	-	(8.129)	707.034	
Vehicles	23.959	533	5.117	(531)	29.078	
Vessels	104.547	423	-	-	104.970	
Furniture and fixtures	37.361	823	-	(967)	37.217	
Leasehold improvements	20.490	409	-	-	20.899	
	<b>1.531.345</b>	<b>23.760</b>	<b>-</b>	<b>(10.088)</b>	<b>1.545.017</b>	
<b>Net book value</b>	<b>711.410</b>	<b>(17.881)</b>	<b>-</b>	<b>(496)</b>	<b>693.033</b>	
	January 1, 2009	Business Combinations	Additions	Transfers	Disposals	March 31, 2009
<b>Acquisition cost</b>						
Land	29.267	-	41	-	-	29.308
Land improvements	95.616	616	-	-	-	96.232
Buildings	71.762	48	65	-	-	71.875
Plant, machinery and equipment	886.933	14.056	170	2.127	(837)	902.449
LPG Cylinders	850.800	-	10.083	-	(3.804)	857.079
Vehicles	25.382	3.161	40	-	(90)	28.493
Vessels	145.722	-	-	-	-	145.722
Furniture and fixtures	45.212	287	263	-	(111)	45.651
Leasehold improvements	23.135	576	-	-	-	23.711
Construction in progress	11.347	116	18.007	(2.127)	-	27.343
	<b>2.185.176</b>	<b>18.860</b>	<b>28.669</b>	<b>-</b>	<b>(4.842)</b>	<b>2.227.863</b>
<b>Accumulated depreciation</b>						
Land	37.249	70	998	-	-	38.317
Land improvements	39.083	8	541	-	-	39.632
Buildings	547.115	1.422	11.132	-	(710)	558.959
Plant, machinery and equipment	693.840	-	8.558	-	(3.808)	698.590
LPG Cylinders	21.743	1.633	704	-	(86)	23.994
Vehicles	120.263	-	411	-	-	120.674
Furniture and fixtures	34.572	84	859	-	(110)	35.405
Leasehold improvements	19.309	134	456	-	-	19.899
	<b>1.513.174</b>	<b>3.351</b>	<b>23.659</b>	<b>-</b>	<b>(4.714)</b>	<b>1.535.470</b>
<b>Net book value</b>	<b>672.002</b>	<b>15.509</b>	<b>5.010</b>	<b>-</b>	<b>(128)</b>	<b>692.393</b>

(Convenience translation of financial statements originally issued in Turkish)

**Aygaz A.Ş. and Subsidiaries**

**Notes to condensed consolidated financial statements (continued)**

**As of March 31, 2010**

(Amounts are expressed as thousand Turkish Lira (TL) unless otherwise stated, other currencies are also expressed in thousands unless otherwise stated)

**12. Intangible assets**

	<b>Rights</b>	<b>Other intangible fixed assets</b>	<b>Total</b>
<b>Acquisition costs</b>			
Opening balance as of January 1, 2010	<b>15.306</b>	<b>642</b>	<b>15.948</b>
Additions	<b>469</b>	<b>-</b>	<b>469</b>
<b>Ending balance as of March 31, 2010</b>	<b>15.775</b>	<b>642</b>	<b>16.417</b>
<b>Accumulated depreciation</b>			
Opening balance as of January 1, 2010	<b>11.518</b>	<b>473</b>	<b>11.991</b>
Charge for the period	<b>511</b>	<b>-</b>	<b>511</b>
<b>Ending balance as of March 31, 2010</b>	<b>12.029</b>	<b>473</b>	<b>12.502</b>
<b>Carrying value as of March 31, 2010</b>	<b>3.746</b>	<b>169</b>	<b>3.915</b>

	<b>Rights</b>	<b>Other intangible fixed assets</b>	<b>Total</b>
<b>Acquisition costs</b>			
Opening balance as of January 1, 2009	13.289	605	13.894
Additions	84	-	84
Business combinations	237	-	237
<b>Ending balance as of March 31, 2009</b>	<b>13.610</b>	<b>605</b>	<b>14.215</b>
<b>Accumulated depreciation</b>			
Opening balance as of January 1, 2009	9.655	422	10.077
Charge for the period	443	12	455
Business combinations	97	-	97
<b>Ending balance as of March 31, 2009</b>	<b>10.195</b>	<b>434</b>	<b>10.629</b>
<b>Carrying value as of March 31, 2009</b>	<b>3.415</b>	<b>171</b>	<b>3.586</b>

(Convenience translation of financial statements originally issued in Turkish)

## Aygaz A.Ş. and Subsidiaries

### Notes to condensed consolidated financial statements (continued)

As of March 31, 2010

(Amounts are expressed as thousand Turkish Lira (TL) unless otherwise stated, other currencies are also expressed in thousands unless otherwise stated)

#### 13. Provisions, contingent liabilities and assets

<b>Guarantees given</b>	<b>March 31, 2010</b>	<b>December 31, 2009</b>
Letter of guarantees given to customs for gas import	<b>20.523</b>	21.603
Other letter of guarantees given	<b>23.813</b>	18.527
	<b>44.336</b>	40.130

#### The liability for environmental pollution:

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

#### National inventory reserve liability:

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

The Company's guarantee, pledge and mortgage (GPM) position as at March 31, 2010 and December 31, 2009 is as follows:

<b>GPMs given by the Company</b>	<b>March 31, 2010</b>	<b>December 31, 2009</b>
A. GPMs given on behalf of the Company's legal personality	<b>44.336</b>	40.130
B. GPMs given in favor of subsidiaries included in full consolidation	-	-
C. GPMs given by the Company for the liabilities of 3 <sup>rd</sup> parties in order to run ordinary course of business	-	-
- GPMs given in favor of parent company	-	-
- GPMs given in favor of companies not in the scope of B and C above	-	-
- GPMs given in favor of third party companies not in the scope of C above	-	-
D. Other GPMs	-	-
	<b>44.336</b>	40.130

(Convenience translation of financial statements originally issued in Turkish)

**Aygaz A.Ş. and Subsidiaries**

**Notes to condensed consolidated financial statements (continued)**

**As of March 31, 2010**

(Amounts are expressed as thousand Turkish Lira (TL) unless otherwise stated, other currencies are also expressed in thousands unless otherwise stated)

**14. Other liabilities**

<b>Other payables</b>	<b>March 31, 2010</b>	December 31, 2009
Due to personnel	<b>621</b>	3.608
Other sundry payables	<b>206</b>	208
	<b>827</b>	3.816

<b>Other long term payables</b>	<b>March 31, 2010</b>	December 31, 2009
Cylinder deposits received	<b>53.272</b>	52.635

**15. Other short/long-term assets and liabilities**

<b>Other current assets</b>	<b>March 31, 2010</b>	December 31, 2009
Order advances given for inventories	<b>24.477</b>	4.201
Prepaid expenses	<b>18.543</b>	11.515
Prepaid tax	<b>2.421</b>	4.550
VAT carried forward	<b>1.198</b>	952
VAT deductible	<b>412</b>	385
Income accruals	<b>23</b>	314
Other current assets	<b>1.697</b>	86
	<b>48.771</b>	22.003

<b>Other non current assets</b>	<b>March 31, 2010</b>	December 31, 2009
Prepaid expenses	<b>19.791</b>	19.884
Advances given for tangible asset acquisitions	<b>529</b>	-
	<b>20.320</b>	19.884

<b>Other short term liabilities</b>	<b>March 31, 2010</b>	December 31, 2009
Taxes and funds payable	<b>89.377</b>	96.720
Expense accruals	<b>46.467</b>	13.701
Advances received	<b>7.120</b>	744
Social security premiums payable	<b>1.909</b>	1.827
Unearned revenue	<b>561</b>	169
Other liabilities	<b>6.316</b>	557
	<b>151.750</b>	113.718



(Convenience translation of financial statements originally issued in Turkish)

## Aygaz A.Ş. and Subsidiaries

### Notes to condensed consolidated financial statements (continued)

As of March 31, 2010

(Amounts are expressed as thousand Turkish Lira (TL) unless otherwise stated, other currencies are also expressed in thousands unless otherwise stated)

#### 16. Share capital

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

Shareholders	Participation rate	March 31, 2010	Participation rate	December 31, 2009
Koç Holding A.Ş.	40,68%	122.054	40,68%	122.054
Temel Ticaret A.Ş.	5,29%	15.884	5,29%	15.884
Koç Family	5,24%	15.705	5,24%	15.705
Liquid Petroleum Dev. Co.	24,52%	73.546	24,52%	73.546
Other	24,27%	72.811	24,27%	72.811
<b>Nominal capital</b>	<b>100,00%</b>	<b>300.000</b>	<b>100,00%</b>	<b>300.000</b>
Inflation adjustment		71.504		71.504
<b>Adjusted capital</b>		<b>371.504</b>		<b>371.504</b>

#### 17. Financial income

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

	January 1- March 31, 2010	January 1- March 31, 2009
Interest income	5.892	6.566
Foreign exchange translation revenue (*)	3.104	-
Income generated from maturity differences of sales made on credit	2.601	6.308
	<b>11.597</b>	<b>12.874</b>

(\*) Foreign exchange translation revenue / loss is shown net.

#### 18. Financial expense

Financial expense for the periods ended March 31, 2010 and 2009 are as follows:

	January 1- March 31, 2010	January 1- March 31, 2009
Interest expense	(2.495)	(4.590)
Expense from maturity differences of purchases on credit	(1.523)	(3.541)
Foreign exchange translation loss (*)	-	(38.175)
Credit commission expense	(1.090)	(1.810)
Other financial expenses	(12)	(183)
	<b>(5.120)</b>	<b>(48.299)</b>

(\*) Foreign exchange translation revenue / loss is shown net.

(Convenience translation of financial statements originally issued in Turkish)

## Aygaz A.Ş. and Subsidiaries

### Notes to condensed consolidated financial statements (continued)

As of March 31, 2010

(Amounts are expressed as thousand Turkish Lira (TL) unless otherwise stated, other currencies are also expressed in thousands unless otherwise stated)

#### 19. Tax assets and liabilities

	March 31, 2010	December 31, 2009
<b>Current tax liability;</b>		
Current corporate tax provision	14.300	50.539
Less: Prepaid taxes and funds	-	(39.856)
	<b>14.300</b>	<b>10.683</b>

Tax expense in income statement	January 1- March 31, 2010	January 1- March 31, 2009
From continuing operations		
<b>Current tax liability;</b>		
Current corporate tax provision	(14.300)	(13.107)
Deferred tax (expense) / income	1.931	(2.950)
	<b>(12.369)</b>	<b>(16.057)</b>

#### Corporate tax

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

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

The effective rate of tax in 2010 is 20% (2009: 20%).

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate in 2010 is 20% (2009: 20%). Losses are allowed to be carried 5 years maximum to be deducted from the taxable profit of the following years. Tax carry back is not allowed.

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

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

(Convenience translation of financial statements originally issued in Turkish)

## **Aygaz A.Ş. and Subsidiaries**

### **Notes to condensed consolidated financial statements (continued)**

**As of March 31, 2010**

(Amounts are expressed as thousand Turkish Lira (TL) unless otherwise stated, other currencies are also expressed in thousands unless otherwise stated)

#### **19. Tax assets and liabilities (continued)**

##### **Income withholding tax**

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are resident companies in Turkey and Turkish branches of foreign companies. The rate of income withholding tax is 10% starting from April 24, 2003. This rate was changed to 15% commencing from July 22, 2006 with cabinet decision no 2006/10731. Undistributed dividends incorporated in share capital are not subject to income withholding taxes.

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

##### **Investment incentives certificates**

Investment incentive certificates are revoked commencing from January 1 2006. If companies cannot use investment incentive due to inadequate profit, such outstanding investment incentive can be carried forward to following years so as to be deducted from taxable income of subsequent profitable years. However the companies can deduct the carried forward outstanding allowance from 2006, 2007 and 2008 taxable income. The investment incentive amount that cannot be deducted from 2008 taxable income will not be carried forward to following years.

Upon the resolution made by the Constitutional Court on October 15, 2009, the legal arrangement, which proposes to eliminate the vested rights was revoked on the basis of being contradictory to the constitution. Deadline of the investment incentive period is, thereby, ceased as of the reporting date. The related resolution was published in the Official Gazette on January 8, 2010.

Entek Elektrik Üretimi A.Ş., Group's subsidiary has investment incentives with withholding tax amounting to TL 179.462 thousand and investment incentives without withholding tax amounting to TL 30.573 thousand. Upon the resolution made by the Constitutional Court on October 15, 2009, which proposes to eliminate the vested rights was revoked on the basis of being contradictory to the constitution, deferred tax assets are recognized as 20% of investment incentives without withholding tax and 0,2% of investment incentives with withholding tax. When the investment incentives with withholding tax is expected to be utilized after utilization of current deferred tax assets and liabilities, tax rate of 20% is applied for all other deferred tax assets and liabilities.

##### **Deferred tax assets and liabilities**

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between the financial statements as reported for IFRS purposes and financial statements prepared in accordance with the tax legislation. These differences arise from the differences in accounting periods for the recognition of income and expenses in accordance with IFRS and tax legislation.

The rate applied in the calculation of deferred tax assets and liabilities is 20% for 2010 (2009: 20%).

As the entities cannot declare consolidated corporate tax, deferred tax assets of subsidiaries cannot be offset with deferred tax liabilities of other subsidiaries and presented separately.

(Convenience translation of financial statements originally issued in Turkish)

**Aygaz A.Ş. and Subsidiaries**

**Notes to condensed consolidated financial statements (continued)**

**As of March 31, 2010**

(Amounts are expressed as thousand Turkish Lira (TL) unless otherwise stated, other currencies are also expressed in thousands unless otherwise stated)

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

	<b>March 31, 2010</b>	December 31, 2009
<b>Deferred tax (assets) / liabilities :</b>		
Restatement and depreciation / amortization differences of property, plant and equipment and other intangible assets	<b>51.361</b>	52.139
Revaluation fund on financial assets	<b>5.236</b>	5.236
Valuation of inventories	<b>500</b>	951
Effective interest method adjustment	<b>(144)</b>	218
Cumulative losses used	<b>(212)</b>	-
Provision for employee termination benefits	<b>(3.115)</b>	(2.986)
Investment allowance	<b>(6.473)</b>	(6.473)
Other	<b>(725)</b>	(726)
	<b>46.428</b>	48.359

Movement of deferred tax from continuing operations is as follows:

	<b>January 1- March 31, 2010</b>	January 1- March 31, 2009
<b>Movement of deferred tax (asset) / liability:</b>		
<b>Opening balance as of January 1</b>	<b>48.359</b>	49.689
Deferred tax expense / (income)	<b>(1.931)</b>	2.950
Deferred tax associated with financial asset revaluation fund	-	395
Business combinations	-	575
<b>Closing balance as of March 31</b>	<b>46.428</b>	53.609

**Aygaz A.Ş. and Subsidiaries****Notes to condensed consolidated financial statements (continued)  
As of March 31, 2010**

(Amounts are expressed as thousand Turkish Lira (TL) unless otherwise stated, other currencies are also expressed in thousands unless otherwise stated)

**20. Transactions with related parties**

Balances with related parties	March 31, 2010			
	Receivables		Payables	
	Trade	Non trade	Trade	Non trade
Türkiye Petrol Rafinerileri A.Ş.	5.545	-	22.472	-
Ford Otomotiv Sanayi A.Ş.	2.141	-	-	-
Zer Merkezi Hizmetler ve Ticaret A.Ş.	1.389	-	4.706	-
Zinerji Enerji Sanayi ve Ticaret A.Ş.	1.128	-	-	-
Arçelik A.Ş.	910	-	16.727	-
Demir Export A.Ş.	836	-	-	-
Tofaş Türk Otomobil Fabrikası A.Ş.	460	-	119	-
Vehbi Koç Vakfı Koç Üniversitesi	328	-	47	-
Opet Petrolcülük A.Ş.	235	-	8.494	-
R.M.K ve Mahdumları Mad. İnş.Tur.Yat. ve Tic. A.Ş.	178	-	-	-
Otokar Otobüs Karoseri Sanayi A.Ş.	134	-	-	-
Otokoç Otomotiv Tic. ve San. A.Ş.	125	-	533	-
Harranova Besi ve Tarım Ürünleri A.Ş.	110	-	-	-
Palmira Turizm Ticaret A.Ş.	79	-	1	-
Türk Traktör ve Ziraat Makinaları A.Ş.	71	-	-	-
Kanel Kangal Elektrik A.Ş.	64	-	-	-
Yapı Kredi Kültür Sanat Yayıncılık Tic.ve San. A.Ş.	47	-	-	-
Arçelik LG Klima San. ve Tic. A.Ş.	41	-	4	-
Altinyunus Çeşme Turistik Tesisler. A.Ş.	30	-	-	-
Marmaris Altinyunus Turistik Tesisleri A.Ş.	24	-	-	-
Tat Konserve Sanayi A.Ş.	17	-	-	-
Beldesana Otomotiv Yan Sanayii ve Tic. A.Ş.	5	-	-	-
Koçtaş Yapı Marketleri Ticaret A.Ş.	2	-	149	-
Setair Hava Taşımacılığı ve Hizm. A.Ş.	2	-	-	-
RMK Marine Gemi Yapım San. ve Deniz Taş. İşl. A.Ş.	2	-	-	-
Küsel Ltd.Şti.	1	-	-	-
Yapı Kredi Bankası A.Ş.	-	-	3	-
Koç Holding A.Ş.	-	-	40	-
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	-	-	466	-
Koçnet Haberleşme Teknoloji ve İlet. Hizm. A.Ş.	-	-	87	-
Opet-Fuchs Madeni Yağlar	-	-	85	-
Promena Elektronik Ticaret A.Ş.	-	-	5	-
Ram Dış Ticaret A.Ş.	-	-	7.512	-
Ram Sigorta Aracılık Hizmetleri A.Ş. (*)	-	-	2.889	-
Ramerica International, Inc.	-	-	23	-
Setur Servis Turistik A.Ş.	-	-	122	-
Tanı Pazarlama ve İletişim Hizmetleri A.Ş.	-	-	43	-
Temel Ticaret ve Yatırım A.Ş.	-	-	5	-
Yapı Kredi Faktoring A.Ş.	-	-	3	-
Oriente Klassik Giyim San.ve Tic.A.Ş.	-	-	2	-
Callus Bilgi ve İletişim Hizmetleri A.Ş.	-	-	15	-
	<b>13.904</b>	<b>-</b>	<b>64.552</b>	<b>-</b>

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

**Aygaz A.Ş. and Subsidiaries**

**Notes to condensed consolidated financial statements (continued)**

**As of March 31, 2010**

(Amounts are expressed as thousand Turkish Lira (TL) unless otherwise stated, other currencies are also expressed in thousands unless otherwise stated)

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

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

(\*) 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.

**Aygaz A.Ş. and Subsidiaries****Notes to condensed consolidated financial statements (continued)  
As of March 31, 2010**

(Amounts are expressed as thousand Turkish Lira (TL) unless otherwise stated, other currencies are also expressed in thousands unless otherwise stated)

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

Transactions with related parties	January 1 - March 31, 2010			
	Purchases (Goods)	Sales (Goods)	Purchases (Service)	Sales (Service)
Türkiye Petrol Rafinerileri A.Ş.	81.309	40.947	291	494
Opet Petrolcülük A.Ş.(*)	17.950	418	119	16
Arçelik A.Ş.	17.401	2.696	10	5
Ram Dış Ticaret A.Ş.	7.131	-	212	-
Zer Merkezi Hizmetler ve Ticaret A.Ş.	2.527	69	5.223	109
Koçtaş Yapı Marketleri Ticaret A.Ş.	230	21	11	-
Opet-Fuchs Madeni Yağlar	130	-	-	-
Arçelik LG Klima San. ve Tic. A.Ş.	95	103	-	-
Otokoç Otomotiv Tic. ve San. A.Ş.	13	546	939	-
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	6	-	823	-
East Marine	5	-	-	-
Bilkom Bilişim Hizmetleri A.Ş.	2	-	-	-
Otokar Otobüs Karoseri Sanayi A.Ş.	2	286	9	-
Oriente Klassik Giyim San.ve Tic.A.Ş.	2	-	-	-
Beldeyama Motorlu Vasıtalar San. A.Ş.	1	1	-	-
Düzey Tüketim Malları Pazarlama A.Ş.	1	-	64	-
Tanı Pazarlama ve İletişim Hizmetleri A.Ş.	-	-	172	-
Palmira Turizm Ticaret A.Ş.	-	79	2	-
Ford Otomotiv Sanayi A.Ş.	-	5.218	-	-
Altinyunus Çeşme Turistik Tesisler. A.Ş.	-	109	-	4
Beldesana Otomotiv Yan Sanayii ve Tic. A.Ş.	-	-	-	4
Demir Export A.Ş.	-	2.951	-	-
Harranova Besi ve Tarım Ürünleri A.Ş.	-	198	-	-
Koç Holding A.Ş.	-	-	407	-
Koçnet Haberleşme Teknoloji ve İlet. Hizm. A.Ş.	-	-	308	-
Marmaris Altinyunus Turistik Tesisleri A.Ş.	-	123	-	-
Promena Elektronik Ticaret A.Ş.	-	-	26	-
R.M.K ve Mahdumları Mad. İnş.Tur.Yat. ve Tic. A.Ş.	-	369	-	-
RMK Marine Gemi Yapım San. ve Deniz Taş. İşl. A.Ş.	-	16	-	-
Setair Hava Taşımacılığı ve Hizm. A.Ş.	-	-	513	-
Setur Servis Turistik A.Ş.	-	6	347	5
Tat Konserve Sanayi A.Ş.	-	27	-	-
THY Opet Havacılık	-	6	-	-
Tofaş Türk Otomobil Fabrikası A.Ş.	-	2.884	1	88
Türk Traktör ve Ziraat Makinaları A.Ş.	-	333	-	-
Vehbi Koç Vakfı Koç Üniversitesi	-	687	40	-
Yapı Kredi Bankası A.Ş.	-	-	58	-
Yapı Kredi Sigorta A.Ş.	-	-	3	-
Yapı Kredi Yatırım Menkul Değerler A.Ş.	-	-	18	-
Callus	-	-	69	-
	<b>126.805</b>	<b>58.093</b>	<b>9.665</b>	<b>725</b>

(\*) Commission expense regarding LPG sold at Opet stations as of March 31, 2010 is TL 12.247 thousand (March 31, 2009 - TL 11.920 thousand). The commission expense mentioned above is evaluated as part of sales and accounted under income statement as sales discounts.

**Aygaz A.Ş. and Subsidiaries**

**Notes to condensed consolidated financial statements (continued)**

**As of March 31, 2010**

(Amounts are expressed as thousand Turkish Lira (TL) unless otherwise stated, other currencies are also expressed in thousands unless otherwise stated)

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

Transactions with related parties	January 1 - March 31, 2009			
	Purchases (Goods)	Sales (Goods)	Purchases (Service)	Sales (Service)
Türkiye Petrol Rafinerileri A.Ş.	30.454	356	242	6
Arçelik A.Ş.	12.329	1.312	3	22
Opet Petrolcülük A.Ş.	11.377	354	181	191
TBS Denizcilik ve Petrol Ürünleri Ticaret A.Ş.	1.091	-	-	-
Ram Dış Ticaret A.Ş.	778	-	-	-
Arçelik LG Klima San. Ve Tic. A.Ş.	625	113	-	-
Koçtaş Yapı Marketleri Ticaret A.Ş.	436	33	1	-
Zer Merkezi Hizmetler ve Ticaret A.Ş.	319	746	3.946	4
Beldeyama Motorlu Vasıtalar San. A.Ş.	252	-	-	-
Opet-Fuchs Madeni Yağlar	100	-	-	-
Tanı Pazarlama ve İletişim Hizmetleri A.Ş.	14	-	387	-
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	14	4	773	-
Otokar Otobüs Karosen Sanayi A.Ş.	8	223	33	-
Düzyay Tüketim Malları Pazarlama A.Ş.	6	-	87	-
Palmira Turizm Ticaret A.Ş.	4	9	2	-
Grundig Elektronik A.Ş.	4	59	-	-
Koçnet Haberleşme teknoloji ve İlet. Hizm. A.Ş.	1	-	409	-
Otokoç Otomotiv Tic. Ve San. A.Ş.	1	445	879	1
Tofaş Türk Otomobil Fabrikası A.Ş.	-	7.227	7	109
Demir Export A.Ş.	-	1.854	-	-
Vehbi Koç Vakfı Koç Üniversitesi	-	823	62	-
Ford Otomotiv San. A.Ş.	-	652	-	-
RMK Marine Gemi Yapım San. ve Deniz Taş. İşl. A.Ş.	-	358	-	-
Harranova Besi ve Tarım Ürünleri A.Ş.	-	274	-	-
Türk Traktör ve Ziraat Makinaları A.Ş.	-	219	-	-
Altinyunus Çeşme Turistik Tesisler. A.Ş.	-	129	-	3
Marmaris Altinyunus Turistik Tesisleri A.Ş.	-	107	1	-
Tat Konserve Sanayi A.Ş.	-	28	-	-
Setur Servis Turistik A.Ş.	-	6	311	1
Koç Holding A.Ş.	-	-	2.121	-
Setair Hava Taşımacılığı ve Hizm. A.Ş.	-	-	548	-
Temel Ticaret ve Yatırım A.Ş.	-	-	12	-
Beldesin Otomotiv Yan Sanayii ve Tic. A.Ş.	-	-	-	4
Promena Elektronik Ticaret A.Ş.	-	-	41	-
Yapı Kredi Bankası A.Ş.	-	-	6	-
Yapı Kredi Sigorta A.Ş.	-	-	2	-
Yapı Kredi Yatırım Menkul Değerler A.Ş.	-	-	13	-
	57.813	15.331	10.067	341



(Convenience translation of financial statements originally issued in Turkish)

**Aygaz A.Ş. and Subsidiaries**

**Notes to condensed consolidated financial statements (continued)**

**As of March 31, 2010**

(Amounts are expressed as thousand Turkish Lira (TL) unless otherwise stated, other currencies are also expressed in thousands unless otherwise stated)

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

January 1 - March 31, 2010				
Tangible asset and rent transactions with related parties	Rent income	Rent expense	Fixed asset purchases	Fixed asset sales
Koç Family members	-	197	-	-
Opet Petrolcülük A.Ş.	100	51	-	-
Temel Ticaret ve Yatırım A.Ş.	-	13	-	-
Otokoç Otomotiv Tic. ve San. A.Ş.	-	7	25	-
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	-	-	267	-
Türkiye Petrol Rafinerileri A.Ş.	-	-	45	-
Koçtaş Yapı Marketleri Ticaret A.Ş.	-	-	16	-
Arçelik A.Ş.	-	-	15	-
Koçnet Haberleşme Teknoloji ve İlet. Hizm. A.Ş.	-	-	1	-
Zer Merkezi Hizmetler ve Ticaret A.Ş.	-	-	-	1.382
	100	268	369	1.382

January 1 - March 31, 2009				
Tangible asset and rent transactions with related parties	Rent income	Rent expense	Fixed asset purchases	Fixed asset sales
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	-	-	70	-
Otokoç Otomotiv Tic. ve San. A.Ş.	-	56	25	-
Koçnet Haberleşme Teknoloji ve İlet. Hizm. A.Ş.	-	-	3	-
Koçtaş Yapı Marketleri Ticaret A.Ş.	-	-	1	-
Yapı Kredi Bankası A.Ş.	-	42	-	-
Opet Petrolcülük A.Ş.	135	7	-	-
Küsel Ltd. Şti.	1	-	-	-
	136	105	99	-

January 1 - March 31, 2010				
Financial and other transactions with related parties	Financial income	Financial expense	Other income	Other expense
Koç Holding A.Ş.	-	-	-	571
Opet Petrolcülük A.Ş.	-	-	-	4
Yapı Kredi Bankası A.Ş.	862	8	-	-
Koçnet Haberleşme Teknoloji ve İlet. Hizm. A.Ş.	-	-	3	-
	862	8	3	575

(Convenience translation of financial statements originally issued in Turkish)

**Aygaz A.Ş. and Subsidiaries**

**Notes to condensed consolidated financial statements (continued)**

**As of March 31, 2010**

(Amounts are expressed as thousand Turkish Lira (TL) unless otherwise stated, other currencies are also expressed in thousands unless otherwise stated)

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

Financial and other transactions with related parties	January 1 - March 31, 2009			
	Financial income	Financial expense	Other income	Other expense
Koç Holding A.Ş.	-	40.571	-	-
Yapı Kredi Bankası A.Ş.	21.627	4.159	-	-
Arçelik A.Ş.	2	-	-	-
Türkiye Petrol Rafinerileri A.Ş. (Tüpraş)	1	100	-	-
Opet Petrolcülük A.Ş.	-	806	542	-
Eltek Elektrik İthalat ve İhracat ve Toptan Ticaret A.Ş.	-	-	13	-
Ford Otomotiv Sanayi A.Ş.	1	-	-	-
RMK Marine Gemi Yapım San. ve Deniz taş. İşl. A.Ş.	1	-	-	-
	21.632	45.636	555	-

Deposits at banks	March 31, 2010	December 31, 2009
Yapı Kredi Bankası A.Ş.	192.849	332.819

	January 1 - March 31, 2010				
	Original currency	Maturity	Interest rate %	Current liabilities	Non current liabilities
<b>Loans from related parties</b>					
Yapı Kredi Bankası	TL	Spot	-	1.024	-
				1.024	-

	January 1 - December 31, 2009				
	Original currency	Maturity	Interest rate %	Current liabilities	Non current liabilities
<b>Loans from related parties</b>					
Yapı Kredi Bankası	TL	Spot	-	4.055	-
				4.055	-

**Aygaz A.Ş. and Subsidiaries**

**Notes to condensed consolidated financial statements (continued)**

**As of March 31, 2010**

(Amounts are expressed as thousand Turkish Lira (TL) unless otherwise stated, other currencies are also expressed in thousands unless otherwise stated)

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

**Benefits paid to board of directors and executives**

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

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

Total of the benefit provided to senior management of the Group as of March 31, 2010 is TL 923 thousand (2009: TL 826 thousand).

**21. Nature and level of risk derived from financial instruments**

**a) Financial risk factors**

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

*Credit risk management*

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss of 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 continuously monitors its credit risk exposure and its customers credibility. Credit risk is controlled through the customer limits which the risk management board annually evaluates and approves.

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

*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.

**Aygaz A.Ş. and Subsidiaries**

**Notes to condensed consolidated financial statements (continued)**

**As of March 31, 2010**

(Amounts are expressed as thousand Turkish Lira (TL) unless otherwise stated, other currencies are also expressed in thousands unless otherwise stated)

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

The following table presents the maturity of Group's 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 interests for the liabilities mentioned above were included in the table below. 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.

<b>March 31, 2010</b>		<b>Total cash outflow</b>			
<b>Contractual maturity</b>	<b>Carrying value</b>	<b>according to contract (I+II+III)</b>	<b>Less than 3 months (I)</b>	<b>3 -12 months (II)</b>	<b>1 - 5 years(III)</b>
Non derivative financial liabilities					
Bank borrowings	197.717	197.625	12.140	8.530	176.955
Trade payables	170.083	170.083	170.083	-	-
Due to related parties	64.552	64.552	56.203	8.349	-
<b>Total liabilities</b>	<b>432.352</b>	<b>432.260</b>	<b>238.426</b>	<b>16.879</b>	<b>176.955</b>

<b>December 31, 2009</b>		<b>Total cash outflow</b>			
<b>Contractual maturity</b>	<b>Carrying value</b>	<b>according to contract (I+II+III)</b>	<b>Less than 3 months (I)</b>	<b>3 -12 months (II)</b>	<b>1 - 5 years(III)</b>
Non derivative financial liabilities					
Bank borrowings	435.453	450.416	246.102	17.182	187.133
Trade payables	114.168	114.168	114.168	-	-
Due to related parties	53.444	53.444	53.444	-	-
<b>Total liabilities</b>	<b>603.065</b>	<b>618.029</b>	<b>413.715</b>	<b>17.182</b>	<b>187.133</b>

**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.

**Aygaz A.Ş. and Subsidiaries****Notes to condensed consolidated financial statements (continued)****As of March 31, 2010**

(Amounts are expressed as thousand Turkish Lira (TL) unless otherwise stated, other currencies are also expressed in thousands unless otherwise stated)

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

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.

Foreign currency risk management

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

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

March 31, 2010		Total TL equivalent	TL equivalent of USD	TL equivalent of Euro	TL equivalent of GBP	Other
1.	Trade receivables	38.175	36.185	1.990	-	-
2.a	Monetary financial assets	113.778	84.818	28.844	116	-
2.b	Non monetary financial assets	-	-	-	-	-
3.	Other	462	53	409	-	-
<b>4.</b>	<b>Current assets</b>	<b>152.415</b>	<b>121.056</b>	<b>31.243</b>	<b>116</b>	-
5.	Trade receivables	-	-	-	-	-
6.a	Monetary financial assets	-	-	-	-	-
6.b	Non monetary financial assets	-	-	-	-	-
7.	Other	-	-	-	-	-
<b>8.</b>	<b>Non current assets</b>	-	-	-	-	-
<b>9.</b>	<b>Total assets</b>	<b>152.415</b>	<b>121.056</b>	<b>31.243</b>	<b>116</b>	-
10.	Trade payables (*)	(139.530)	(139.192)	(338)	-	-
11.	Financial liabilities	(57.026)	(56.312)	(714)	-	-
12.a	Other monetary financial liabilities	-	-	-	-	-
12.b	Other non monetary financial liabilities	-	-	-	-	-
<b>13.</b>	<b>Current liabilities</b>	<b>(196.556)</b>	<b>(195.504)</b>	<b>(1.052)</b>	-	-
14.	Trade payables (*)	-	-	-	-	-
15.	Financial liabilities	(128.552)	(19.780)	(108.772)	-	-
16.a	Other monetary financial liabilities	-	-	-	-	-
16.b	Other non monetary financial liabilities	(333)	(240)	(93)	-	-
<b>17.</b>	<b>Non current liabilities</b>	<b>(128.885)</b>	<b>(20.020)</b>	<b>(108.865)</b>	-	-
<b>18.</b>	<b>Total liabilities</b>	<b>(325.441)</b>	<b>(215.524)</b>	<b>(109.917)</b>	-	-
19.	Net asset / liability position of off balance sheet liabilities (19a-19b)	-	-	-	-	-
19.a	Off balance sheet foreign currency derivative assets	-	-	-	-	-
19.b	Off balance sheet foreign currency derivative liabilities	-	-	-	-	-
<b>20.</b>	<b>Net foreign currency asset / liability position</b>	<b>(173.026)</b>	<b>(94.468)</b>	<b>(78.674)</b>	<b>116</b>	-
<b>21.</b>	<b>Net foreign currency asset / liability position of monetary items (1+2a+6a+10+11+12a+14+15+16a)</b>	<b>(173.155)</b>	<b>(94.281)</b>	<b>(78.990)</b>	<b>116</b>	-
22.	Fair value of foreign currency hedged Financial assets	-	-	-	-	-
23.	Hedged foreign currency assets	-	-	-	-	-
24.	Export	131.470	130.036	1.434	-	-
25.	Import	302.295	301.651	599	40	5

(\*) The Group manages its foreign currency risk by regularly considering and reflecting the foreign exchange rate changes in the determination of product prices. As of March 31, 2010, the Group has LPG amounting to TL 67.986 thousand (December 31, 2009 TL 48.022 thousand)

**Aygaz A.Ş. and Subsidiaries****Notes to condensed consolidated financial statements (continued)****As of March 31, 2010**

(Amounts are expressed as thousand Turkish Lira (TL) unless otherwise stated, other currencies are also expressed in thousands unless otherwise stated)

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

December 31, 2009		Total TL equivalent	TL equivalent of USD	TL equivalent of Euro	TL equivalent of GBP	Other
1.	Trade receivables	27.723	24.422	3.301	-	-
2.a	Monetary financial assets	192.140	186.209	5.886	45	-
2.b	Non monetary financial assets	-	-	-	-	-
3.	Other	104	51	53	-	-
4.	Current assets	219.967	210.682	9.240	45	-
5.	Trade receivables	-	-	-	-	-
6.a	Monetary financial assets	-	-	-	-	-
6.b	Non monetary financial assets	-	-	-	-	-
7.	Other	-	-	-	-	-
8.	Non current assets	-	-	-	-	-
9.	<b>Total assets</b>	<b>219.967</b>	<b>210.682</b>	<b>9.240</b>	<b>45</b>	<b>-</b>
10.	Trade payables	(83.708)	(82.743)	(965)	-	-
11.	Financial liabilities	(136.217)	(134.950)	(1.267)	-	-
12.a	Other monetary financial liabilities	-	-	-	-	-
12.b	Other non monetary financial liabilities	-	-	-	-	-
13.	Current liabilities	(219.925)	(217.693)	(2.232)	-	-
14.	Trade payables	-	-	-	-	-
15.	Financial liabilities	(176.230)	(61.734)	(114.496)	-	-
16.a	Other monetary financial liabilities	-	-	-	-	-
16.b	Other non monetary financial liabilities	-	-	-	-	-
17.	Non current liabilities	(176.230)	(61.734)	(114.496)	-	-
18.	<b>Total liabilities</b>	<b>(396.155)</b>	<b>(279.427)</b>	<b>(116.728)</b>	<b>-</b>	<b>-</b>
19.	Net asset / liability position of off balance sheet liabilities (19a-19b)	-	-	-	-	-
19.a	Off balance sheet foreign currency derivative assets	-	-	-	-	-
19.b	Off balance sheet foreign currency derivative liabilities	-	-	-	-	-
20.	<b>Net foreign currency asset / liability position</b>	<b>(176.188)</b>	<b>(68.745)</b>	<b>(107.488)</b>	<b>45</b>	<b>-</b>
21.	Net foreign currency asset / liability position of monetary items (1+2a+6a+10+11+12a+14+15+16a)	(176.292)	(68.796)	(107.541)	45	-
22.	Fair value of foreign currency hedged Financial assets	-	-	-	-	-
23.	Hedged foreign currency assets	-	-	-	-	-
24.	Export	210.235	198.723	11.512	-	-
25.	Import	983.006	968.006	14.716	101	183

**22. Events after balance sheet date**

According to ordinary general meeting on April 7, 2010, the Company has decided to allocate TL 8.500 thousand as legal reserves and to distribute TL 100.000 thousand as gross dividends, from the net distributable income of 2009. According to this decision dividend payments has started on April 14, 2010.