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

Aygaz Anonim Şirketi and its Subsidiaries

Consolidated financial statements as of December 31, 2014 together with independent auditors' report

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

Aygaz Anonim Şirketi and its Subsidiaries

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

Independent auditors' report on the consolidated financial statements

To the Board of Directors of
Aygaz Anonim Şirketi

We have audited the accompanying consolidated statement of financial position of Aygaz Anonim Şirketi (the "Company") and its Subsidiaries (together will be referred to as the "Group") as at December 31, 2014 and the related consolidated statement of profit or loss and other 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 explanatory notes.

Group management's responsibility for the financial statements

Group's management is responsible for the preparation and fair presentation of financial statements in accordance with the Turkish Accounting Standards and for such internal controls as management determines is necessary to enable the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to error and/or fraud.

Independent auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our audit was conducted in accordance with standards on auditing issued by the Capital Markets Board of Turkey and standards on auditing issued by Public Oversight Accounting and Auditing Standards Authority. Those standards require that ethical requirements are complied with and that the independent audit is planned and performed to obtain reasonable assurance whether the financial statements are free from material misstatement.

Independent audit involves performing independent audit procedures to obtain independent audit evidence about the amounts and disclosures in the financial statements. The independent audit procedures selected depend on our professional judgment, including the assessment of the risks of "material misstatement" of the financial statements, whether due to error and/or fraud. In making those risk assessments; the Company's internal control system is taken into consideration. Our purpose, however, is not to express an opinion on the effectiveness of internal control system, but to design independent audit procedures that are appropriate for the circumstances in order to identify the relation between the financial statements prepared by the Company and its internal control system. Our independent audit includes also evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Company's management, as well as evaluating the overall presentation of the financial statements.

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

Building a better working world

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Aygaz Anonim Şirketi and its Subsidiaries as at December 31, 2014 and their financial performance and cash flows for the year then ended in accordance with the Turkish Accounting Standards.

Reports on other responsibilities arising from regulatory requirements

1) Auditors' report on Risk Management System and Committee prepared in accordance with paragraph 4 of Article 398 of Turkish Commercial Code ("TCC") 6102 is submitted to the Board of Directors of the Company on March 2, 2015.

2) In accordance with paragraph 4 of Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period January 1 – December 31, 2014 and financial statements are not in compliance with the code and provisions of the Company's articles of association in relation to financial reporting.

3) In accordance with paragraph 4 of Article 402 of the TCC, the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

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

Erdem Tecer, SMMM
Partner in charge

March 2, 2015
İstanbul, Turkey

Aygaz Anonim Şirketi and its Subsidiaries

Consolidated statement of financial position as at December 31, 2014
(Amounts expressed in thousands of Turkish Lira ("TL") and in thousands for other currencies unless otherwise indicated.)

Assets	Notes	Current period (Audited) December 31, 2014	Prior period (Audited) December 31, 2013
Current assets		**713.475**	867.167
Cash and cash equivalents	4	**160.904**	173.054
Trade receivables		**389.832**	367.454
-Trade receivables from related parties	*31*	***20.435***	*18.360*
-Trade receivables from third parties	*8*	***369.397***	*349.094*
Other receivables		**5.458**	4.505
-Other receivables from third parties	*9*	***5.458***	*4.505*
Derivative financial instruments	7	**500**	-
Inventories	11	**110.448**	275.630
Prepaid expenses	19	**38.071**	39.762
Assets related to current year tax		**3.555**	40
Other current assets	18	**4.707**	6.722
Non-current assets		**2.698.743**	2.321.139
Financial investments	5	**346.706**	267.885
Trade receivables		**5.236**	6.756
-Trade receivables from third parties	*8*	***5.236***	*6.756*
Other receivables		**74**	77
-Other receivables from third parties	*9*	***74***	*77*
Derivative financial instruments	7	**4.294**	-
Investments accounted under equity method	12	**1.676.961**	1.377.154
Property, plant and equipment	13	**585.063**	589.330
Intangible assets		**25.748**	30.562
-Other intangible assets	*14*	***25.748***	*30.562*
Prepaid expenses	19	**54.270**	49.136
Deferred tax asset	29	**391**	239
Total assets		**3.412.218**	3.188.306

The accompanying accounting policies and notes between the pages 8 and 81 form an integral part of these consolidated financial statements.

Aygaz Anonim Şirketi and its Subsidiaries

Consolidated statement of financial position as at December 31, 2014
(Amounts expressed in thousands of Turkish Lira ("TL") and in thousands for other currencies unless otherwise indicated.)

Liabilities	Notes	Current period (Audited) December 31, 2014	Prior period (Audited) December 31, 2013
Short term liabilities		**714.612**	667.192
Short-term financial borrowings	6	**4.625**	85.405
Current portion of long term financial borrowings	6	**166.607**	9.905
Trade payables		**318.557**	376.346
- Trade payables to related parties	*31*	***109.625***	*164.175*
- Trade payables to third parties	*8*	***208.932***	*212.171*
Liabilities for employee benefits	10	**44.093**	36.354
Other payables		**700**	578
- Other payables to related parties	*31*	***506***	*434*
- Other payables to third parties	*9*	***194***	*144*
Deferred income	20	**3.325**	2.968
Provision for taxation on income	29	**1.156**	2.649
Short-term provisions		**76.340**	85.373
-Other provisions	*17*	***76.340***	*85.373*
Other current liabilities	18	**99.209**	67.614
Long term liabilities		**338.416**	277.538
Long-term borrowings	6	**194.058**	142.497
Other payables		**78.809**	73.614
- Other payables to third parties	*9*	***78.809***	*73.614*
Long-term provisions		**28.273**	24.485
-Provisions for employee benefits	*16*	***28.273***	*24.485*
Deferred tax liabilities	29	**35.940**	36.942
Other non-current liabilities		**1.336**	-
Equity		**2.359.190**	2.243.576
Share capital	21	**300.000**	300.000
Adjustment to share capital	21	**71.504**	71.504
Adjustment to share capital due to cross-ownership (-)		**(7.442)**	(7.442)
Other comprehensive income or expenses not to be reclassified to profit or loss		**(2.892)**	(106)
-Actuarial gain/loss arising from defined benefit plans		***(2.892)***	*(106)*
Other comprehensive income or expenses to be reclassified to profit or loss		**242.909**	167.532
-Foreign currency translation differences		***1.230***	*1.875*
-Hedging gains/losses		***(46)***	*(1.208)*
-Gains/losses from the revaluation and reclassification of marketable securities	*21*	***241.725***	*166.865*
Restricted reserves	21	**303.833**	277.875
Retained earnings		**1.232.650**	1.228.355
Net profit for the period		**217.958**	205.253
Equity attributable to equity holders of the parent		**2.358.520**	2.242.971
Non-controlling interests	21	**670**	605
Total equity and liabilities		**3.412.218**	3.188.306

The accompanying accounting policies and notes between the pages 8 and 81 form an integral part of these consolidated financial statements.

Aygaz Anonim Şirketi and its Subsidiaries

Consolidated statement of profit or loss and other comprehensive income for the year ended December 31, 2014

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

	Notes	(Audited) January 1- December 31, 2014	(Audited) January 1- December 31, 2013
Revenue	22	7.061.276	6.004.984
Cost of sales (-)	22	(6.533.934)	(5.433.640)
Gross profit		527.342	571.344
General administrative expenses (-)	23	(171.304)	(167.087)
Marketing, sales and distribution expenses (-)	23	(235.174)	(229.744)
Research and development expenses (-)	23	(2.629)	(2.984)
Other operating income	25	98.981	58.253
Other operating expenses (-)	25	(106.808)	(59.598)
Operating profit		110.408	170.184
Income from investment activities	26	12.146	1.258
Loss from investment activities (-)	26	(515)	(234)
Profit /losses from investments accounted under equity method	12	123.900	63.242
Operating profit before financial income/(expense)		245.939	234.450
Financial income	27	43.514	19.365
Financial expense (-)	28	(52.877)	(16.856)
Profit before taxation		236.576	236.959
Tax income/(expense)			
- Current tax expense for the period (-)	29	(23.167)	(32.361)
- Deferred tax income/(expense)	29	4.614	737
Profit for the period		218.023	205.335
Other comprehensive income/(expense)			
Not to be reclassified as profit or loss			
Actuarial gain/loss arising from defined benefit plans, netted off deferred tax		(2.786)	1.756
To be reclassified as profit or loss			
Foreign currency translation differences		(645)	851
Gains/losses from the revaluation and reclassification of marketable securities		74.860	(46.788)
Hedging gains/losses		1.162	1.887
Other comprehensive income/(expense) (after taxation)		72.591	(42.294)
Total comprehensive income		290.614	163.041
Distribution of profit for the period			
Non-controlling interest		65	82
Equity holders of the parent		217.958	205.253
Distribution of total comprehensive income			
Non-controlling interest		65	82
Equity holders of the parent		290.549	162.959
Earnings per share (TL)	30	0,726527	0,684177

The accompanying accounting policies and notes between the pages 8 and 81 form an integral part of these consolidated financial statements.

Aygaz Anonim Şirketi and its Subsidiaries

Consolidated statement of changes in equity
for the year ended December 31, 2014
(Amounts expressed in thousands of Turkish Lira ("TL") and in thousands for other currencies unless otherwise indicated.)

				Other comprehensive income or expenses not to be reclassified to profit or loss	Other comprehensive income or expenses to be reclassified to profit or loss								
	Share capital	Adjustment to share capital	Adjustment to share capital due to cross-ownership (-)	Actuarial gain/loss arising from defined benefit plans	Foreign currency translation differences	Hedging gains/ losses	Gains/losses from the revaluation and reclassification of marketable securities	Restricted reserves	Retained earnings	Net profit for the period	Equity attributable to equity holders of the parent	Non-controlling interest	Total equity
Audited													
Balance as of January 1, 2013	300.000	71.504	(7.442)	(1.862)	1.024	(3.095)	213.653	307.846	1.193.454	304.930	2.380.012	523	2.380.535
Transfers from retained earnings	-	-	-	-	-	-	-	-	304.930	(304.930)	-	-	-
Transfers to reserves	-	-	-	-	-	-	-	28.500	(28.500)	-	-	-	-
Transfers from restricted reserves	-	-	-	-	-	-	-	(58.471)	58.471	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	(300.000)	-	(300.000)	-	(300.000)
Comprehensive income / (loss) for the period	-	-	-	1.756	851	1.887	(46.788)	-	-	205.253	162.959	82	163.041
Balance as of December 31, 2013	300.000	71.504	(7.442)	(106)	1.875	(1.208)	166.865	277.875	1.228.355	205.253	2.242.971	605	2.243.576
Audited													
Balance as of January 1, 2014	300.000	71.504	(7.442)	(106)	1.875	(1.208)	166.865	277.875	1.228.355	205.253	2.242.971	605	2.243.576
Transfers from retained earnings	-	-	-	-	-	-	-	-	205.253	(205.253)	-	-	-
Transfers to reserves	-	-	-	-	-	-	-	25.958	(25.958)	-	-	-	-
Dividends paid (note 21)	-	-	-	-	-	-	-	-	(175.000)	-	(175.000)	-	(175.000)
Comprehensive income / (loss) for the period	-	-	-	(2.786)	(645)	1.162	74.860	-	-	217.958	290.549	65	290.614
Balance as of December 31, 2014	300.000	71.504	(7.442)	(2.892)	1.230	(46)	241.725	303.833	1.232.650	217.958	2.358.520	670	2.359.190

The accompanying accounting policies and notes between the pages 8 and 81 form an integral part of these consolidated financial statements.

Aygaz Anonim Şirketi and its Subsidiaries

Consolidated statement of cash flows for the year ended December 31, 2014

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

	Notes	Audited January 1-December 31, 2014	Audited January 1-December 31, 2013
A. Cash flows from operating activities		**284.633**	235.081
Profit/loss before tax for the period		**236.576**	236.959
Adjustments related with the reconciliation of net profit/loss for the period		**(47.689)**	71.618
-Adjustments for depreciation and amortization expenses	13, 14	**83.884**	82.140
-Adjustments for provisions		**(853)**	52.885
-Adjustments for interest income and expenses	27, 28	**9.116**	1.942
-Adjustments for income from equity participations	12	**(123.900)**	(63.242)
-Adjustments for profit/ loss on sale of tangible/intangible assets	26	**(11.631)**	(1.024)
-Other adjustments for reconciliation of profit/ loss		**(4.305)**	(1.083)
Changes in working capital		**128.882**	(37.681)
-Adjustments for increase/decrease in inventories		**165.182**	(62.749)
-Adjustments for increase/decrease in trade receivables		**(22.668)**	(67.650)
-Adjustments for other current assets and liabilities		**33.747**	26.271
-Adjustments for increase/ decrease in trade payables		**(57.793)**	107.766
-Adjustments for other non-current assets and long-term liabilities		**10.414**	(41.319)
Cash flows from operating activities		**317.769**	270.896
Tax payments/returns		**(28.175)**	(32.703)
Other cash inflows/outflows	16	**(4.961)**	(3.112)
B. Cash flows from investing activities		**(239.505)**	(118.298)
Cash inflows from the sale of property, plant and equipment and intangible assets		**18.154**	5.977
Cash outflows from the purchase of property, plant and equipment and intangible assets	13, 14	**(81.326)**	(76.484)
Share capital participation to subsidiaries/joint ventures		**(30.000)**	(47.791)
Cash outflows from the share purchases (net)		**(146.333)**	-
C. Cash flows from financing activities		**(56.633)**	(69.945)
Net change in borrowings		**107.585**	222.875
Dividends paid	21	**(175.000)**	(300.000)
Interest received	27	**10.782**	7.180
Net increase/decrease in cash and cash equivalents before the effect of foreign currency translation differences		**(11.505)**	46.838
D. Impact of foreign currency translation differences on cash and cash equivalents		**(645)**	851
Net increase/decrease in cash and cash equivalents		**(12.150)**	47.689
E. Cash and cash equivalents at the beginning of the period	4	**173.054**	125.365
Cash and cash equivalents at the end of the period	4	**160.904**	173.054

The accompanying accounting policies and notes between the pages 8 and 81 form an integral part of these consolidated financial statements.

1. Organization and operations of the Company

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

The Company is registered at the Capital Markets Board of Turkey ("CMB") and as of December 31, 2014, 24,27% of its shares have been quoted at Borsa Istanbul.

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, 2014, number of personnel employed by categories in Aygaz and its subsidiaries (together with referred to as the "Group") is 691 white-collar (2013: 724) and 691 blue-collar (2013:703) totaling to 1.382 (2013: 1.427).

Subsidiaries

Akpa Dayanıklı Tüketim LPG ve Akaryakıt Ürünleri Pazarlama A.Ş ("Akpa") reached to its current structure with the merger of four subsidiaries of Koç Holding Energy Group at the end of 2001. Before the merger, four companies were operating separately from each other in Bursa, Eskişehir, Ankara and Antalya. At the time of merger the company name was Bursa Gaz ve Ticaret A.Ş, later it was changed to "Akpa Dayanıklı Tüketim Lpg ve Akaryakıt Ürünleri Pazarlama Anonim Şirketi" with the decision of Ordinary General Meeting held on March 17, 2005. Akpa is mainly engaged in sales of cylinders through 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 real persons and raised Group's effective control to 100%. On July 24, 2014, Akpa, which already had 8% ownership of Zinerji A.Ş., acquired 100% ownership of Zinerji from other shareholders including the Company, by purchasing the rest of the shares with a nominal value of TL 184 thousand representing 92% of total capital, with a price of TL 3.404 thousand, with the decision taken through Board of Directors held on July 22, 2014. By the decision taken through Boards of Directors held on October 30, 2014, the procedures related with the acquisition of Zinerji A.Ş. by Akpa have been registered on December 10, 2014. The merger of Akpa, with Zinerji A.Ş., through a whole take-over of all assets and liabilities were completed as of registration date.

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

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

1. Organization and operations of the company (continued)

Within July 2010, the Company has restructured its shipping operations under new legal entities, and established Anadoluhisarı Tankercilik A.Ş. ("Anadolu Hisarı"), Kandilli Tankercilik A.Ş. ("Kandilli"), Kuleli Tankercilik A.Ş. ("Kuleli") and Kuzguncuk Tankercilik A.Ş. ("Kuzguncuk") with an effective ownership interest of 100%. The main activities of these companies are to purchase, build or rent vessels and to operate them in domestic and/or overseas transportation of crude oil, petroleum products, liquid petroleum gas, natural gas and solid, liquid and liquefied products. Kandilli Tankercilik A.Ş. has decided to increase share capital from TL 8.500 thousand to TL 62.500 thousand in its Extraordinary General Meeting held on September 25, 2014. For the increased share amount of TL 54.000 thousand, the Company has paid TL 13.500 thousand in cash on September 26, 2014 and the remaining part amounting to TL 40.500 thousand was paid in cash on January 30, 2015.

The Company has purchased 100% ownership interest of Enram Su ve Çevre Yatırımları A.Ş. as a result of share transfer agreement dated March 14, 2014. Enram Su ve Çevre Yatırımları A.Ş. has decided to change its trade name as ADG Enerji Yatırımları A.Ş.("ADG Enerji") and to increase share capital from TL 3.600 thousand to TL 25.000 thousand in its Extraordinary General Meeting held on March 20, 2014. For the increased share amount of TL 21.400 thousand, the Company has paid TL 5.350 thousand in cash on March 20, 2014 and the remaining part amounting to TL 16.050 thousand will be paid within 24 months from the date of decision. Main activity of ADG Enerji is to produce natural gas in domestic and/or overseas markets, purchase natural gas from domestic and/or overseas suppliers, selling natural gas in domestic and/or overseas customers and make related investments to storing, transportation and distribution of natural gas and building necessary facilities.

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

		Ownership interest (%)			
Subsidiaries	Place of incorporation and operation	December 31, 2014	December 31, 2013	Voting power right	Principal activity
Anadoluhisarı	Turkey	100%	100%	100%	Shipping
Kandilli	Turkey	100%	100%	100%	Shipping
Kuleli	Turkey	100%	100%	100%	Shipping
Kuzguncuk	Turkey	100%	100%	100%	Shipping
Akpa	Turkey	100%	100%	100%	Marketing
Aygaz Doğal Gaz Toptan Satış A.Ş.	Turkey	99,15%	99,15%	99,15%	Natural gas
Aygaz Doğal Gaz İletim A.Ş.	Turkey	99,59%	99,59%	99,59%	Natural gas
ADG Enerji	Turkey	100%	-	100%	Natural gas

(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)

Investments in associates

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

AES Entek Elektrik Üretim A.Ş. (AES Entek), the electricity producer company of Koç Group, has been operating with its two natural gas cycling plants and one cogeneration facility with a total of 302 MW power in Kocaeli, Bursa and Istanbul, and two hydroelectric power plants in Karaman and one hydroelectric power plant in Samsun with a total of 62 MW power.AES Entek increased its share capital from TL 402.000 thousand to TL 538.500 thousand with the decision taken through Ordinary General Meeting held on April 30, 2013. The Company has netted of TL 32.750 thousand of related increase, which corresponds to the preferential right of the Company, from the shareholder loan provided to AES Entek, and the remaining balance amounting to TL 1.113 thousand has been paid in cash in May 2013. On October 13, 2014, a Share Purchase Agreement was signed among Aygaz A.Ş., Koç Holding A.Ş. and AES Mont Blanc Holdings B.V. for the Company's acquisition of the shares with a nominal value of TL 133.594.282 and equivalent to 24,81% of the shares of the Group's associate AES Entek Elektrik Üretimi A.Ş. for USD 62.500.000, and the acquisition of the shares with a nominal value of TL 133.594.282 and equivalent to 24,81% by Koç Holding A.Ş., the Group's parent, from AES Mont Blanc Holdings B.V for USD 62.500.000. After the receipt of EMRA approval and necessary legal permissions, the purchase price has been paid in cash on December 18, 2014. The share transfers have been completed on December 22, 2014 and the Company's share in AES Entek has increased to 49,62%.

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

		Ownership interest (%)			
Investments in associates	Place of incorporation and operation	December 31, 2014	December 31, 2013	Voting power right	Principal activity
EYAŞ	Turkey	20,00%	20,00%	20,00%	Energy
AES Entek Elektrik Üretimi A.Ş ("AES Entek")	Turkey	49,62%	24,81%	24,81%	Electricity
Zinerji (*)	Turkey	-	56,00%	-	Energy

(*) Since Zinerji is a dormant company, it is consolidated with equity method in the accompanying consolidated financial statements until July 24, 2014, even though the ownership of the Group is 56%. On July 24, 2014, Akpa A.Ş., which already had 8% ownership of Zinerji A.Ş., acquired 100% ownership of Zinerji by purchasing the rest of the shares with a nominal value of TL 184 thousand representing 92% of total capital, with a price of TL 3.404 thousand from other shareholders including Aygaz A.Ş., with the decision taken through Board of Directors held on July 22, 2014. As of July 24, 2014, Zinerji A.Ş. is included in full consolidation scope in the condensed consolidated financial statements of the Group. By the decision taken through Boards of Directors held on October 30, 2014, the procedures related with the acquisition of Zinerji A.Ş. by Akpa have been registered on December 10, 2014. The merger of Akpa, with Zinerji A.Ş., through a whole take-over of all assets and liabilities were completed as of registration date.

(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)

Joint ventures

Opet Aygaz Gayrimenkul A.Ş was established on September 20, 2013 as a joint venture with 50% equal shares by the Company and Opet Petrolcülük A.Ş, which is the Company's business partner, operating in distribution of fuel products. Its main activity is to establish, purchase, operate and rent fuel and LPG stations. Opet Aygaz Gayrimenkul A.Ş. decided to increase its capital from TL 90.000 thousand to TL 150.000 thousand in its Ordinary General Meeting, held on March 10, 2014. All of the related increase has been paid in cash by shareholders.

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

		Ownership interest (%)			
Joint venture	Place of incorporation and operation	December 31, 2014	December 31, 2013	Voting power right	Principal activity
Opet Aygaz Gayrimenkul A.Ş	Turkey	50,00%	50,00%	50,00%	Real Estate

Approval of financial statements

The consolidated financial statements as of and for the year ended December 31, 2014 are approved in the Board of Directors meeting held on March 2, 2015 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 consolidated financial statements of the Group have been prepared in accordance with the Turkish Accounting Standards/Turkish Financial Reporting Standards, ("TAS/TFRS") and interpretations as adopted in line with international standards by the Public Oversight Accounting and Auditing Standards Authority of Turkey ("POA") in line with the communiqué numbered II-14.1 "Communiqué on the Principles of Financial Reporting In Capital Markets" ("the Communiqué") announced by the Capital Markets Board of Turkey ("CMB") on June 13, 2013 which is published on Official Gazette numbered 28676. TAS/TFRS are updated in harmony with the changes and updates in International Financial and Accounting Standards ("IFRS") by the communiqués announced by the POA.

With the decision taken on March 17, 2005, the CMB announced that, effective from January 1, 2005, the application of inflation accounting is no longer required for companies operating in Turkey. The Group has prepared its consolidated financial statements in accordance with this decision.

The Group's consolidated financial statements are presented in terms of Turkish Lira "TL" which is the functional and presentation currency of the Company and its subsidiaries.

The consolidated financial statements are prepared based on the historical cost conversion, except for the financial assets and liabilities which are expressed with their fair values.

2. Basis of presentation of financial statements (continued)

2.2 Consolidation principles

(a) Consolidated financial statements incorporate the financial statements of the Company, its subsidiaries and affiliates and joint ventures, which have been prepared in accordance with guidelines defined in the items (b) to (h). The financial statements of the companies included in the consolidation have been prepared as of the date of the consolidated financial statements and are based on the statutory records with adjustments and reclassifications for the purpose of presentation in conformity TAS/TFRS promulgated by the POA as set out in the communiqué numbered II-14.1, and Group accounting and disclosure policies.

(b) Subsidiaries are the companies controlled by Aygaz when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

(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% and 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 has 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 quoted market values in active markets and whose fair values can be reliably measured, are presented at fair values in the financial statements.

2. Basis of presentation of financial statements (continued)

(f) The non-controlling share in the net assets and operating results of Subsidiaries for the year are separately classified as non-controlling interest in the consolidated statements of financial position and consolidated statements of profit or loss.

(g) A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The investments in its associate and joint venture are accounted for using the equity method.

(h) Under the equity method, the Group's investments in its associates and joint venture are initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in other comprehensive income of those investees is presented as a part of the Group's other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, then recognises the loss as 'Share of profit of an associate or a joint venture' in the statement of profit or loss.

2. Basis of presentation of financial statements (continued)

2.3 New and revised Turkey Financial Reporting Standards

New and amended standards and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as at December 31, 2014 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of 1 January 2014. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

i) The new standards, amendments and interpretations which are effective as at January 1, 2014 are as follows:

TAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities (Amendment)

The amendments clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of the TAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These amendments did not have a significant impact on the consolidated financial statements of the Group.

TFRS Interpretation 21 Levies

The interpretation clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognized before the specified minimum threshold is reached. The interpretation is not applicable for the Group and did not have any impact on the financial position or performance of the Group.

TAS 36 Impairment of Assets - Recoverable Amount Disclosures for Non-Financial assets (Amendment)

As a consequential amendment to TFRS 13 'Fair Value Measurement', some of the disclosure requirements in TAS 36 Impairment of Assets regarding measurement of the recoverable amount of impaired assets has been modified. The amendments required additional disclosures about the measurement of impaired assets (or a group of assets) with a recoverable amount based on fair value less costs of disposal. These amendments did not have a significant impact on the financial position or performance of the Group.

TAS 39 Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting (Amendment)

Amendments provides a narrow exception to the requirement for the discontinuation of hedge accounting in circumstances when a hedging instrument is required to be novated to a central counterparty as a result of laws or regulations. These amendments did not have an impact on the financial position or performance of the Group.

2. Basis of presentation of financial statements (continued)

TFRS 10 Consolidated Financial Statements (Amendment)

TFRS 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 TFRS 9 Financial Instruments Standard. This amendment does not have any impact on the financial position or performance of the Group.

ii) Standards issued but not yet effective and not early adopted

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

TFRS 9 Financial Instruments – Classification and measurement

As amended in December 2012, the new standard is effective for annual periods beginning on or after 1 January 2015. Phase 1 of this new TFRS introduces new requirements for classifying and measuring financial instruments. The amendments made to TFRS 9 will mainly affect the classification and measurement of financial assets and measurement of fair value option (FVO) liabilities and requires that the change in fair value of a FVO financial liability attributable to credit risk is presented under other comprehensive income. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is adopted by POA.

TAS 19 Defined Benefit Plans: Employee Contributions (Amendment)

TAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. The amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. These amendments are to be retrospectively applied for annual periods beginning on or after 1 July 2014. The amendments will not have any impact on the financial position or performance of the Group.

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

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

2. Basis of presentation of financial statements (continued)

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

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

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

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

Annual Improvements to TAS/TFRSs

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

Annual Improvements - 2010–2012 Cycle

TFRS 2 Share-based Payment:

Definitions relating to vesting conditions have changed and performance condition and service condition are defined in order to clarify various issues. The amendment is effective prospectively.

TFRS 3 Business Combinations

Contingent consideration in a business acquisition that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of TFRS 9 Financial Instruments. The amendment is effective for business combinations prospectively.

TFRS 8 Operating Segments

The changes are as follows: i) Operating segments may be combined/aggregated if they are consistent with the core principle of the standard. ii) The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendments are effective retrospectively.

2. Basis of presentation of financial statements (continued)

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

The amendment to TAS 16.35(a) and TAS 38.80(a) clarifies that revaluation can be performed, as follows: i) Adjust the gross carrying amount of the asset to market value or ii) determine the market value of the carrying amount and adjust the gross carrying amount proportionately so that the resulting carrying amount equals the market value. The amendment is effective retrospectively.

TAS 24 Related Party Disclosures

The amendment clarifies that a management entity – an entity that provides key management personnel services – is a related party subject to the related party disclosures. The amendment is effective retrospectively.

Annual Improvements – 2011–2013 Cycle

TFRS 3 Business Combinations

The amendment clarifies that: i) joint arrangements are outside the scope of TFRS 3, not just joint ventures ii) the scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment is effective prospectively.

Amendment to the Basis for Conclusions on TFRS 13 Fair Value Measurement

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

TAS 40 Investment Property

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

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

The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not issued by Public Oversight Authority (POA)

The following standards, interpretations and amendments to existing IFRS standards are issued by the IASB but not yet effective up to the date of issuance of the financial statements. However, these new standards, interpretations and amendments to existing IFRS standards are not yet adapted/issued by the POA, thus they do not constitute part of TFRS. The Group will make the necessary changes to its consolidated financial statements after the new standards and interpretations are issued and become effective under TFRS.

Annual Improvements – 2010–2012 Cycle

TFRS 13 Fair Value Measurement

As clarified in the Basis for Conclusions short-term receivables and payables with no stated interest rates can be held at invoice amounts when the effect of discounting is immaterial. The amendment is effective immediately.

2. Basis of presentation of financial statements (continued)

IFRS 15 Revenue from Contracts with Customers

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

IFRS 9 Financial Instruments - Final standard (2014)

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

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

In August 2014, IASB issued an amendment to IAS 27 to restore the option to use the equity method to account for investments in subsidiaries and associates in an entity's separate financial statements. Therefore, an entity must account for these investments either:

• At cost
• In accordance with IFRS 9 (or IAS 39),
or
• Using the equity method

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

2. Basis of presentation of financial statements (continued)

Annual Improvements to IFRSs - 2012-2014 Cycle

In September 2014, IASB issued their annual cycle of improvements to IFRSs, Annual Improvements to IFRSs 2012-2014 Cycle. The document sets out five amendments to four standards, excluding those standards that are consequentially amended, and the related Basis for Conclusions. The standards affected and the subjects of the amendments are:

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations – changes in methods of disposal
- IFRS 7 Financial Instruments: Disclosures – servicing contracts; applicability of the amendments to IFRS 7 to condensed interim financial statements
- IAS 19 Employee Benefits – regional market issue regarding discount rate
- IAS 34 Interim Financial Reporting – disclosure of information 'elsewhere in the interim financial report'

The amendments are effective for annual periods beginning on or after 1 January 2016, with earlier application permitted. The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

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

In September 2014, IASB issued amendments to IFRS 10 and IAS 28, to address the acknowledged inconsistency between the requirements in IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture, to clarify that an investor recognises a full gain or loss on the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture. The gain or loss resulting from the re-measurement at fair value of an investment retained in a former subsidiary should be recognised only to the extent of unrelated investors' interests in that former subsidiary. An entity shall apply those amendments prospectively to transactions occurring in annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendment is not applicable for the Group and will not have an impact on the financial position or performance of the Group.

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

In December 2014, IASB issued amendments to IFRS 10, IFRS 12 and IAS 28, to address the following issues that have arisen in applying the investment entities exception under IFRS 10 Consolidated Financial Statements; i) the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value, ii) only a subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value, iii) the amendments to IAS 28 Investments in Associates and Joint Ventures allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries. The amendments are applicable for annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendments are applied retrospectively. However, when the amendments to IFRS 10 are applied for the first time, the quantitative information required in IAS 8 need to be presented for the annual period immediately preceding the date of initial application. The Group do not expect that this amendment will have an impact on the financial position or performance of the Group.

2. Basis of presentation of financial statements (continued)

IAS 1: Disclosure Initiative (Amendment to IAS 1)

In December 2014, IASB issued amendments to IAS 1. Those amendments include narrow-focus improvements in the following five areas: Materiality, Disaggregation and subtotals, Notes structure, Disclosure of accounting policies, Presentation of items of other comprehensive income (OCI) arising from equity accounted investments. The amendments are applicable for annual periods beginning on or after 1 January 2016. Earlier application is permitted. These amendments are not expected to have significant impact on the notes to the consolidated financial statements of the Group.

2.4 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.

2.5 Revenue recognition

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

Sale of goods:

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

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

Rendering of services:

Revenue is recognized only when it is probable that the economic benefits associated with the transaction will flow to the entity and when the revenue amount, the completion level of the transaction as of the reporting date and the cost required for the completion of the transaction can be measured reliably.

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

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

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

2. Basis of presentation of financial statements (continued)

Dividend and interest revenue:

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

2.6 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.

2.7 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 included into costs. Depreciation of these assets, begins when the assets are ready for their intended use.

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

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

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

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

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

2. Basis of presentation of financial statements (continued)

2.8 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 in 4 – 15 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 in 3 – 5 years.

2.9 Impairment of assets

An impairment test is applied when the recovery for the book value of the redeemable assets is impossible. 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.

2.10 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.

2.11 Financial instruments

2.11.1 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. Financial assets are reflected to the Group's balance sheet, in case of that the Group becomes a party to the related financial instruments.

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 related with the financial assets, other than financial assets at FVTPL and AFS financial assets, is calculated by using the effective interest method.

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 financial assets 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 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 revaluation surplus of financial assets 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 revaluation surplus of financial assets 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.

2. Basis of presentation of financial statements (continued)

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

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

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

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, credit card receivables from banks and other short-term highly liquid investments which their maturities are three months or less from date of acquisition and that are readily convertible to a known amount of cash and are not subject to a significant risk of changes in value.

2.11.2 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.

2.11.3 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.

2. Basis of presentation of financial statements (continued)

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

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

2.12 Business combinations

Before January 1, 2010 business combinations carried out by the Group has accounted for using the acquisition method according to before revised TFRS 3 "Business Combinations".

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 TFRS 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. Basis of presentation of financial statements (continued)

2.13 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. The functional currency of participations and subsidiaries that are included in the scope of consolidation is TL.

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 Central Bank of the Republic of Turkey (CBRT) 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 risk,
- 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.

2.14 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. Basis of presentation of financial statements (continued)

2.15 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.

2.16 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.

2.17 Related parties

(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,
- (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 Directors, their families and companies controlled by them or depend upon them, the affiliates and partnerships and Koç Holding Group companies are accepted and presented as related parties.

2. Basis of presentation of financial statements (continued)

2.18 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 TFRS are the best approach to evaluate performance of these operating segments.

2.19 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 corporate tax and deferred tax.

Corporate tax

The corporate tax 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.

2. Basis of presentation of financial statements (continued)

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

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

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

2.20 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, 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 shareholder's equity as other comprehensive income.

Defined contribution plan:

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

2.21 Statement of cash flows

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

2.22 Share capital and dividends

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

2. Basis of presentation of financial statements (continued)

2.23 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 can not be capitalized 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, 2014, the Group has no capitalized research and development expenses. (December 31, 2013: none).

2.24 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 quoted equity items traded in active markets, while determining fair values of available for sale financial assets. For other available for sale financial assets, 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 13,8% (2013: 16,3%) has been taken into consideration. The average of maximum and minimum values that are formed by calculations using these methods are reflected in the recordings as fair value (Note 5).

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 8).

2. Basis of presentation of financial statements (continued)

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 17).

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 29). 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. 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 TFRS financial statements. Therefore, TFRS financial statements are the basis of segmental reporting. The Group evaluates the performance of its segments based on gross profit and operating profit.

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

3. Segment information (continued)

As of December 31, 2014 and 2013, assets and liabilities according to industrial segments are as follows:

					December 31, 2014
	Gas and petroleum products	Electricity	Other	Consolidation adjustments	Total
Assets					
Current assets	594.264	-	124.293	(5.082)	713.475
Non-current assets	2.319.945	327.879	184.631	(133.712)	2.698.743
Total assets	2.914.209	327.879	308.924	(138.794)	3.412.218
Liabilities					
Short term liabilities	691.263	-	33.307	(9.958)	714.612
Long term liabilities	322.114	-	13.255	3.047	338.416
Equity	1.900.832	327.879	262.362	(131.883)	2.359.190
Total liabilities and equity	2.914.209	327.879	308.924	(138.794)	3.412.218
Investments accounted under equity method	1.273.776	327.879	75.306	-	1.676.961

					December 31, 2013
	Gas and petroleum products	Electricity	Other	Consolidation adjustments	Total
Assets					
Current assets	755.763	-	124.742	(13.338)	867.167
Non-current assets	2.164.624	184.393	166.237	(194.115)	2.321.139
Total assets	2.920.387	184.393	290.979	(207.453)	3.188.306
Liabilities					
Short term liabilities	623.359	-	61.405	(17.572)	667.192
Long term liabilities	266.238	-	9.613	1.687	277.538
Equity	2.030.790	184.393	219.961	(191.568)	2.243.576
Total liabilities and equity	2.920.387	184.393	290.979	(207.453)	3.188.306
Investments accounted under equity method	1.145.592	184.393	47.169	-	1.377.154

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

3. Segment information (continued)

As of December 31, 2014 and 2013, income and loss according to industrial segments are as follows:

					January 1 - December 31, 2014
	Gas and petroleum products	Electricity	Other	Consolidation adjustments	Total
Revenue	6.772.865	-	434.845	(146.434)	7.061.276
Cost of sales (-)	(6.298.643)	-	(382.664)	147.373	(6.533.934)
Gross profit	474.222	-	52.181	939	527.342
General administrative expenses (-)	(153.175)	-	(19.120)	991	(171.304)
Marketing, sales and distribution expenses (-)	(222.448)	-	(12.726)	-	(235.174)
Research and development expenses (-)	(2.629)	-	-	-	(2.629)
Other operating income	117.321	-	8.066	(26.406)	98.981
Other operating expenses (-)	(101.627)	-	(5.317)	136	(106.808)
Operating profit	111.664	-	23.084	(24.340)	110.408
Income from investment activities	5.255	-	233	6.658	12.146
Loss from investment activities (-)	(509)	-	(144)	138	(515)
Profit/losses from investments accounted under equity method	128.535	(4.893)	258	-	123.900
Operating profit before financial income/(expense)	244.945	(4.893)	23.431	(17.544)	245.939
Financial income	36.882	-	6.632	-	43.514
Financial expense (-)	(50.571)	-	(2.306)	-	(52.877)
Profit before taxation	231.256	(4.893)	27.757	(17.544)	236.576
Tax income / (expense)					
Current tax expense for the period (-)	(20.530)	-	(2.637)	-	(23.167)
Deferred tax income / (expense)	4.483	-	131	-	4.614
Profit for the period	215.209	(4.893)	25.251	(17.544)	218.023
Distribution of profit for the period:					
Non-controlling interest	65	-	-	-	65
Equity holders of the parent	215.144	(4.893)	25.251	(17.544)	217.958
Investments accounted under equity method	128.535	(4.893)	258	-	123.900

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

3. Segment information (continued)

					January 1 - December 31, 2013
	Gas and petroleum products	Electricity	Other	Consolidation adjustments	Total
Revenue	5.735.122	-	407.870	(138.008)	6.004.984
Cost of sales (-)	(5.215.803)	-	(358.770)	140.933	(5.433.640)
Gross profit	519.319	-	49.100	2.925	571.344
General administrative expenses (-)	(150.640)	-	(17.369)	922	(167.087)
Marketing, sales and distribution expenses (-)	(215.516)	-	(14.228)	-	(229.744)
Research and development expenses (-)	(2.984)	-	-	-	(2.984)
Other operating income	79.061	-	6.319	(27.127)	58.253
Other operating expenses (-)	(55.496)	-	(3.979)	(123)	(59.598)
Operating profit	173.744	-	19.843	(23.403)	170.184
Income from investment activities	1.459	-	24	(225)	1.258
Loss from investment activities (-)	(234)	-	-	-	(234)
Profit/losses from investments accounted under equity method	86.090	(24.654)	1.806	-	63.242
Operating profit before financial income/(expense)	261.059	(24.654)	21.673	(23.628)	234.450
Financial income	15.681	-	3.684	-	19.365
Financial expense (-)	(15.732)	-	(1.124)	-	(16.856)
Profit before taxation	261.008	(24.654)	24.233	(23.628)	236.959
Tax income / (expense)					
Current tax expense for the period (-)	(30.831)	-	(1.530)	-	(32.361)
Deferred tax income / (expense)	441	-	179	117	737
Profit for the period	230.618	(24.654)	22.882	(23.511)	205.335
Distribution of profit for the period:					
Non-controlling interest	82	-	-	-	82
Equity holders of the parent	230.536	(24.654)	22.882	(23.511)	205.253
Investments accounted under equity method	86.090	(24.654)	1.806	-	63.242

The depreciation and amortization expense for the industrial segmental assets as of December 31, 2014 and 2013 is as follows:

	January 1 - December 31, 2014	January 1 - December 31, 2013
Gas and petroleum products	**76.814**	74.973
Other	**7.070**	7.167
	83.884	82.140

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

3. Segment information (continued)

The investment expenditures for the industrial segmental assets as of December 31, 2014 and 2013 are as follows:

	January 1 - December 31, 2014	January 1 - December 31, 2013
Gas and petroleum products	**80.202**	73.968
Other	**1.124**	2.516
	81.326	76.484

4. Cash and cash equivalents

	December 31, 2014	December 31, 2013
Cash on hand	**518**	356
Cash at banks	**134.869**	140.136
- Demand deposits	***14.177***	*16.187*
- Time deposits	***120.692***	*123.949*
Receivables from credit card transactions	**25.517**	32.562
Total cash and cash equivalents	**160.904**	173.054

As of December 31, 2014 the Group's TL time deposits amounting to TL 83.890 thousand have maturities of 2 – 54 days and interest rates of 8,75-10,00%; USD time deposits amounting to USD 15.870 thousand (TL 36.801 thousand) have a maturity of 2 days and an interest rate of 1,55% (As of December 31, 2013 the Group's TL time deposits amounting to TL 76.670 thousand have maturities of 2 – 32 days and interest rates of 6,5 – 9,4%; USD time deposits amounting to USD 22.150 thousand (TL 47.275 thousand) have a maturity of 2 days and an interest rate of 1,9%).

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

5. Financial assets

The Group's long term financial assets identified as available-for-sale financial assets are as follows as of December 31, 2014 and 2013:

	December 31, 2014		December 31, 2013	
	Participation amount	Participation rate %	Participation amount	Participation rate %
Koç Finansal Hizmetler A.Ş. (*)	**344.750**	**1,97**	265.950	1,97
Ram Dış Ticaret A.Ş. (**)	**925**	**2,50**	1.338	2,50
Tanı Pazarlama ve İletişim Hizmetleri A.Ş. (***)	**540**	**10,00**	540	10,00
Tat Gıda Sanayi A.Ş. (**)	**55**	**0,08**	34	0,08
Other (***)	**436**	**-**	23	-
	346.706		267.885	

(*) 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 in the statement of profit and loss.
(***) Stated at cost, because fair value could not be determined reliably.

6. Financial borrowings

As of December 31,2014 and 2013 the Group's short-term financial borrowings are as follows:

	December 31, 2014	December 31, 2013
USD-denominated short-term borrowings	**-**	85.372
TL-denominated short-term borrowings (*)	**4.625**	33
Total short-term financial borrowings	**4.625**	85.405
Short-term portion and interest accruals of TL-denominated long-term borrowings	**13.616**	-
Interest accruals of USD-denominated long-term borrowings	**120**	-
Short-term portion of long-term bond issued (**)	**152.871**	9.905
Total short-term portion of long-term financial borrowings	**166.607**	9.905

(*) As of December 31, 2014, the Group has interest free loan with a total amount of TL 4.625 thousand which was used for SSI payment amounting to TL 1.606 thousand and custom expenses payment amounting to TL 3.019 thousand.
(**) On April 18, 2013, the Group has issued a fixed rate bond with a nominal value of TL 150.000 thousand, with a maturity of 700 days and half-yearly coupon payments. As of December 31, 2014, net present value of the issued bond is TL 152.871 thousand and its effective interest rate is 7,26%.

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

6. Financial borrowings (continued)

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

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

As of December 31, 2013, the details of short-term loans are as follows:

Currency	Effective interest rate per annum (%)	Original amount	TL amount
TL	-	33	33
USD	1,86	40.000	85.372
			85.405

As of December 31, 2014 and 2013 the Group's long-term financial borrowings are as follows:

	December 31, 2014	December 31, 2013
TL-denominated long-term borrowings	**138.242**	-
USD-denominated long-term borrowings	**55.816**	-
Long-term bonds issued (*)	-	142.497
Total long-term borrowings	**194.058**	142.497

(*) On April 18, 2013, the Group has issued a fixed rate bond with a nominal value of TL 150.000 thousand, with a maturity of 700 days and half-yearly coupon payments. As of December 31, 2013, net present value of the issued bond is TL 152.402 thousand (TL 9.905 thousand of this amount is shown as short-term portion of long-term financial borrowings) and its effective interest rate is 7,26%.

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

Currency	Effective interest rate per annum (%)	Original amount	TL amount
TL	11,66 – 14,08	151.858	151.858
USD	2,08	24.122	55.936
			207.794
Short-term portion and interest accruals of long-term loans			**(13.736)**
			194.058

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

7. Derivative financial instruments

As of December 31, 2014 and 2013, the Group's derivative financial instruments are as follows:

Short-term derivative financial instruments	December 31, 2014		December 31, 2013	
	Contract amount	Fair value assets/(liabilities)	Contract amount	Fair value assets/(liabilities)
Forward transactions (*)	**26.787**	**500**	-	-

Long-term derivative financial instruments	December 31, 2014		December 31, 2013	
	Contract amount	Fair value assets/(liabilities)	Contract amount	Fair value assets/(liabilities)
Foreign currency swap contracts (**)	**50.635**	**4.294**	-	-

(*) As of December 31, 2014 the Group made forward transaction with a maturity of 16 - 50 days and nominal value amounting to USD 11.650 thousand.

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

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

8. Trade receivables and payables from third parties

The Group's trade receivables from third parties as of December 31, 2014 and 2013 are as follows:

Current trade receivables	December 31, 2014	December 31, 2013
Trade receivables	346.700	300.896
Notes receivables	40.640	64.892
Allowance for doubtful receivables (-)	(17.943)	(16.694)
Total current trade receivables	369.397	349.094

Non-current trade receivables	December 31, 2014	December 31, 2013
Notes receivable	5.236	6.756
Total non-current trade receivables	5.236	6.756

Movement of allowance for doubtful receivables	January 1 - December 31, 2014	January 1 - December 31, 2013
Balance at the beginning of year	16.694	15.558
Additional provision	1.810	2.136
Collections	(561)	(1.000)
Closing balance	17.943	16.694

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 32.

The Group's trade payables as of December 31, 2014 and 2013 are as follows:

Short-term trade payables	December 31, 2014	December 31, 2013
Trade payables	208.932	212.171
Total short-term trade payables	208.932	212.171

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

9. Other receivables and payables from third parties

The Group's other receivables from third parties as of December 31, 2014 and 2013 are as follows:

Other current receivables	December 31, 2014	December 31, 2013
Guarantees and deposits given	3.235	2.414
Other receivables	2.223	2.091
Total other current receivables	**5.458**	4.505

Other non-current receivables	December 31, 2014	December 31, 2013
Guarantees and deposits given	74	77
Total other non-current receivables	**74**	77

As of December 31, 2014 and 2013, other payables to third parties of the Group are as follows:

Other short-term payables	December 31, 2014	December 31, 2013
Deposits and guarantees taken	194	144
Total other short-term payables	**194**	144

Other long-term payables	December 31, 2014	December 31, 2013
Cylinder deposits received	78.809	73.614
Total other long-term payables	**78.809**	73.614

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

10. Liabilities for employee benefits

As of December 31, 2014 and 2013, liabilities for employee benefits of the Group are as follows:

Liabilities for employee benefits	December 31, 2014	December 31, 2013
Payables to personnel	33.334	20.949
Employee's income tax payable	8.040	12.872
Social security liabilities	2.719	2.533
Total liabilities for employee benefits	**44.093**	36.354

11. Inventories

	December 31, 2014	December 31, 2013
Raw materials	74.438	223.889
Trade goods	15.182	21.080
Goods in transit	11.276	19.333
Finished goods	8.418	10.596
Work in process	1.363	961
Allowance for impairment on inventory	(229)	(229)
Total inventories	**110.448**	275.630

As of December 31, 2014, the inventories compromise of 39.031 tons of LPG (December 31, 2013: 71.441 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, 2014	January 1- December 31, 2013
Opening balance	229	229
Additional provision	-	-
Closing balance	229	229

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

12. Equity investments

	December 31, 2014		December 31, 2013	
	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	1.230		1.875	
Legal reserves	14.239		5.509	
Financial risk hedge fund	(46)		(1.208)	
Actuarial gain/loss arising from defined benefit plans	(1.141)		(273)	
The share of the Group in the retained earnings after the acquisition date	597.536		477.731	
	1.273.776	20,00%	1.145.592	20,00%
AES Entek acquisition value	118.930		118.930	
Acquisition of additional shares (*)	147.831		-	
Participation in share capital increase of equity investment	108.300		108.300	
The share of the Group in the retained earnings after the acquisition date	(47.730)		(42.837)	
Fair value adjustment for share purchase	548		-	
	327.879	49,62%	184.393	24,81%
Zinerji Enerji Sanayi ve Tic. A.Ş. (establishment cost) (**)	-		738	
Group's share in accumulated profit occurred after the date of establishment	-		1.313	
	-	-	2.051	56,00%
Opet Aygaz Gayrimenkul A.Ş.	45.000		45.000	
Participation in share capital increase of equity investment	30.000			
Group's share in accumulated profit occurred after the date of establishment	306		118	
	75.306	50,00%	45.118	50,00%
Total	1.676.961		1.377.154	

(*) On October 13, 2014, a Share Purchase Agreement was signed among Aygaz A.Ş., Koç Holding A.Ş. and AES Mont Blanc Holdings B.V. for the Company's acquisition of the shares with a nominal value of TL 133.594.282 and equivalent to 24,81% of the shares of the Company's associate AES Entek for USD 62.500.000, and the acquisition of the shares with a nominal value of TL 133.594.282 and equivalent to 24,81% by Koç Holding A.Ş., the Group's parent, from AES Mont Blanc Holdings B.V for USD 62.500.000. After the receipt of EMRA approval and necessary legal permissions, the purchase price has been paid in cash on December 18, 2014. The share transfers have been completed on December 22, 2014 and the Company's share in AES Entek has increased to 49,62%.

(**) The Group acquired 100% ownership of Zinerji A.Ş. as of July 24, 2014. Zinerji A.Ş. has been consolidated with equity method in the condensed consolidated financial statements of the Group until July 24, 2014. The revenue amounting to TL 70 thousand which belongs to Zinerji A.Ş. between January 1 and July 24,2014 was reflected under "Profit from investments accounted under equity method" in the accompanying consolidated statement of profit or loss. As of July 24, 2014, Zinerji A.Ş. is included in full consolidation scope in the condensed consolidated financial statements of the Group. By the decision taken through Boards of Directors held on October 30, 2014, the procedures related with the acquisition of Zinerji A.Ş. by Akpa have been registered on December 10, 2014. The merger of Akpa, with Zinerji A.Ş., through a whole take-over of all assets and liabilities were completed as of registration date.

(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, 2014	December 31, 2013
Total assets	26.783.979	26.052.920
Total liabilities	(16.295.348)	(16.712.928)
Non-controlling interest	(4.119.751)	(3.612.030)
Net assets	6.368.880	5.727.962
Group's ownership	20%	20%
Group's share in associates' net assets	1.273.776	1.145.592

Consolidated profit or loss statement	January 1 - December 31, 2014	January 1 - December 31, 2013
Revenue	39.722.712	41.078.427
Profit for the period	642.675	430.452
Group's share in associates' profit for the period	128.535	86.090

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

Consolidated balance sheet	December 31, 2014	December 31, 2013
Total assets	862.383	882.726
Total liabilities	(267.970)	(268.578)
Net assets	594.413	614.148
Group's ownership	49,62%	24,81%
Group's share in associates' net assets	294.948	152.370
The effect of adjustments related to acquisition	32.931	32.023
Group's total share	327.879	184.393

Consolidated profit or loss statement	January 1 - December 31, 2014	January 1 - December 31, 2013
Revenue	395.271	341.534
Loss for the period	(19.723)	(99.370)
Group's share in associates' loss for the period (*)	(4.893)	(24.654)

(*) After the receipt of EMRA approval and necessary legal permissions related with the acquisition of the shares with a nominal value of TL 133.594.282 and equivalent to 24,81% of the shares of AES Entek Elektrik Üretimi A.Ş. by the Company, the purchase price has been paid in cash on December 18, 2014 and the share transfers have been completed on December 22, 2014. The Group's share in associates' loss for the period is 24,81%.

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

12. Equity investments (continued)

Financial information on Opet Aygaz Gayrimenkul 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, 2014	December 31, 2013
Total assets	**373.910**	101.896
Total liabilities	**(223.298)**	(11.660)
Net assets	**150.612**	90.236
Group's ownership	**50%**	50%
Group's share in associates' net assets	**75.306**	45.118

Consolidated profit or loss statement	January 1 - December 31, 2014	January 1 - December 31, 2013
Revenue	**10.890**	-
Profit for the period	**376**	236
Group's share in associates' profit for the period	**188**	118

Financial information on Zinerji 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, 2014	December 31, 2013
Total assets	-	3.732
Total liabilities	-	(69)
Net assets	-	3.663
Group's ownership	-	56%
Group's share in associates' net assets	-	2.051

Consolidated profit or loss statement	January 1 - December 31, 2014	January 1 - December 31, 2013
Revenue	-	-
Profit for the period	**125**	3.013
Group's share in associates' profit for the period (*)	**70**	1.688

(*) The revenue amounting to TL 70 thousand which belongs to Zinerji A.Ş. between January 1 and July 24,2014 was reflected under "Profit from investments accounted under equity method" in the accompanying consolidated statement of profit or loss.

(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, 2014	16.204	115.176	70.607	1.555.764	205.600	53.042	24.719	11.901	2.053.013
Additions	-	-	-	3.383	759	1.778	-	75.406	81.326
Transfers (*)	-	8.228	248	50.831	6.055	4.441	658	(71.172)	(711)
Disposals	-	(731)	(8)	(32.330)	(32.764)	(3.798)	(355)	-	(69.986)
Ending balance as of December 31, 2014	16.204	122.673	70.847	1.577.648	179.650	55.463	25.022	16.135	2.063.642
Accumulated depreciation									
Opening balance as of January 1, 2014	-	48.769	45.216	1.192.476	115.316	38.954	22.952	-	1.463.683
Charge of the period	-	4.292	2.033	55.386	11.037	4.853	787	-	78.388
Disposals	-	(538)	(2)	(27.635)	(32.341)	(2.854)	(122)	-	(63.492)
Ending balance as of December 31, 2014	-	52.523	47.247	1.220.227	94.012	40.953	23.617	-	1.478.579
Net book value as of December 31, 2014	16.204	70.150	23.600	357.421	85.638	14.510	1.405	16.135	585.063

(*) TL 711 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, 2013	16.204	109.330	69.165	1.535.065	201.546	51.601	24.109	15.512	2.022.532
Additions	-	-	-	1.496	1.685	784	-	72.519	76.484
Transfers (*)	-	7.761	1.560	57.602	4.338	3.468	805	(76.130)	(596)
Disposals	-	(1.915)	(118)	(38.399)	(1.969)	(2.811)	(195)	-	(45.407)
Ending balance as of December 31, 2013	16.204	115.176	70.607	1.555.764	205.600	53.042	24.719	11.901	2.053.013
Accumulated depreciation									
Opening balance as of January 1, 2013	-	46.118	43.346	1.170.826	107.113	37.883	22.319	-	1.427.605
Charge of the period	-	4.044	1.965	56.070	9.936	3.793	724	-	76.532
Disposals	-	(1.393)	(95)	(34.420)	(1.733)	(2.722)	(91)	-	(40.454)
Ending balance as of December 31, 2013	-	48.769	45.216	1.192.476	115.316	38.954	22.952	-	1.463.683
Net book value as of December 31, 2013	16.204	66.407	25.391	363.288	90.284	14.088	1.767	11.901	589.330

(*) TL 1.025 thousand under "Construction in progress" under the account property, plant and equipment has been classified to intangible fixed assets. Remaining balance amounting to TL 429 thousand, consists of the spare parts and maintenance equipments which were earlier accounted under "inventories" and have been reclassified to plant, machinery, equipment and LPG cylinders under the account "property, plant and equipment" in 2013.

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

13. Property, plant and equipment (continued)

In year 2014, the Group has not capitalized any borrowing cost (2013: None).

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

	December 31, 2014	December 31, 2013
Land improvements	**12.455**	12.732
Buildings	**18.480**	16.396
Plant, machinery, equipment and LPG cylinders	**864.720**	827.750
Vehicles and vessels	**18.551**	45.929
Furniture and fixtures	**30.802**	28.517
Leasehold improvements	**21.689**	21.664
	966.697	952.988

As of December 31, 2014 and 2013, the details of depreciation expenses are as follows:

	January 1 - December 31, 2014	January 1 - December 31, 2013
Cost of sales and services rendered	**65.567**	64.147
General and administrative expenses	**5.926**	5.842
Selling, marketing and distribution expenses	**5.164**	5.390
Capitalized on cylinders	**1.731**	1.153
	78.388	76.532

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

14. Intangible assets

	Rights	Total
Acquisition costs		
Opening balance as of January 1, 2014	53.152	53.152
Transfers (*)	711	711
Disposals	(38)	(38)
Ending balance as of December 31, 2014	53.825	53.825
Accumulated amortization		
Opening balance as of January 1, 2014	22.590	22.590
Charge for the period	5.496	5.496
Disposals	(9)	(9)
Ending balance as of December 31, 2014	28.077	28.077
Carrying value as of December 31, 2014	25.748	25.748

(*) TL 711 thousand under "Construction in progress" under the account property, plant and equipment has been classified to intangible fixed assets.

	Rights	Total
Acquisition costs		
Opening balance as of January 1, 2013	52.127	52.127
Transfers (*)	1.025	1.025
Ending balance as of December 31, 2013	53.152	53.152
Accumulated amortization		
Opening balance as of January 1, 2013	16.982	16.982
Charge for the period	5.608	5.608
Ending balance as of December 31, 2013	22.590	22.590
Carrying value as of December 31, 2013	30.562	30.562

(*) TL 1.025 thousand under "Construction in progress" under the account property, plant and equipment has been classified to intangible fixed assets.

The carrying amounts of fully amortized intangible assets still in use are as follows:

	December 31, 2014	December 31, 2013
Rights	15.776	13.668
	15.776	13.668

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

14. Intangible assets (continued)

As of December 31, 2014 and 2013, the details of amortization expenses of intangible assets are as follows:

	January 1 - December 31, 2014	January 1 - December 31, 2013
General and administrative expenses	**5.496**	5.608
	5.496	5.608

15. Contingent assets and contingent liabilities

Guarantees given as of December 31, 2014 and 2013 are as follows:

Guarantees given	December 31, 2014	December 31, 2013
Letter of guarantees given to customs for gas purchase	**813.698**	234.171
Other letter of guarantees given	**21.190**	18.180
Total guarantees given	**834.888**	252.351

The liability for environmental pollution:

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

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 storage tanks or the rented storage tanks of licensed third parties.

Commitments of EYAŞ resulting from acquisition of TÜPRAŞ:

The agreements of the Company's associate 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. Contingent assets and contingent liabilities (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, 2014				December 31, 2013			
	Euro guarantees	USD guarantees	TL guarantees	TL total	Euro guarantees	USD guarantees	TL guarantees	TL total
A. GPMs given on behalf of the Company's legal personality	31.332	3.803	591.772	626.907	32.625	4.172	215.554	252.351
B.GPMs given in favor of subsidiaries included in full consolidation	-	63.948	144.033	207.981	-	-	-	-
C. GPMs given by the Company for the liabilities of 3rd parties in order to run ordinary course of business	-	-	-	-	-	-	-	-
D. Other GPM's					-	-	-	-
i. - GPMs given in favor of parent company	-	-	-	-	-	-	-	-
ii. - GPMs given in favor of companies not in the scope of B and C above					-	-	-	-
iii. - GPMs given in favor of third party companies not in the scope of C above	-	-	-	-	-	-	-	-
Total amount of GPM	31.332	67.751	735.805	834.888	32.625	4.172	215.554	252.351

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

16. Long-term provision for employee benefits

Details of long-term provisions for employee benefits as of December 31, 2014 and 2013 are as follows:

Long term provision for employee benefits	December 31, 2014	December 31, 2013
Retirement pay provision	**23.401**	20.255
Vacation pay provision	**4.872**	4.230
Total long-term provision for employee benefits	**28.273**	24.485

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 3.438,22 (December 31, 2013: full TL 3.254,44) for each year of service at December 31, 2014.

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 other comprehensive income statement.

TFRS 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.

	2014	2013
Net discount rate (%)	**3,50**	4,78
Turnover rate related to the probability of retirement (%)	**95,70 – 97,62**	95,10 - 97,82

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.

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

16. Long-term provision for employee benefits (continued)

The movement of retirement pay provision for the period ended December 31, 2014 and 2013 is as follows:

	2014	2013
Opening balance at January 1	**20.255**	19.901
Charge for the period	**5.728**	5.109
Actuarial (gain)/loss	**2.379**	(1.643)
Retirement pay paid	**(4.961)**	(3.112)
Closing balance at December 31	**23.401**	20.255

17. Other short-term provisions

Other short-term provisions	**December 31, 2014**	December 31, 2013
Special Consumption Tax (SCT) provision on imported LPG	**33.542**	64.554
Provision for other operating expenses (*)	**28.211**	11.592
Provision for lawsuit	**6.221**	3.360
Provision for selling and marketing expenses	**4.269**	2.214
Provision for EMRA contribution	**4.097**	3.653
Total other short term provisions	**76.340**	85.373

(*) On February 26, 2015, the Company reached to the agreement for the tax and tax penalty notifications issued to the Company as a result of the tax inspection which was started by the Supervisory Board of the Ministry of Finance in 2013; in accordance with the negotiation, original tax amounting to TL 12.587 thousand and its default interests have been accounted as "provision for other operating expenses" under other short-term provisions as of the balance sheet date.

Movement of SCT provision on imported LPG	**January 1- December 31, 2014**	January 1- December 31, 2013
Opening balance	**64.554**	32.820
Paid in current period	**(64.554)**	(32.820)
Provision for the period	**33.542**	64.554
Closing balance	**33.542**	64.554

Movement of provision for other operating expenses	**January 1- December 31, 2014**	January 1- December 31, 2013
Opening balance	**11.592**	252
Paid in current period	**(1.441)**	(252)
Provision for the period	**18.060**	11.592
Closing balance	**28.211**	11.592

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

18. Other current assets and liabilities

Other current assets	December 31, 2014	December 31, 2013
Deferred VAT	**1.319**	3.189
Fuel used in shipping operations	**1.672**	2.676
Income accrual	**738**	166
Other current assets	**978**	691
Total other current assets	**4.707**	6.722

Other current liabilities	December 31, 2014	December 31, 2013
Taxes and funds payable	**97.276**	63.359
Other liabilities	**1.933**	4.255
Total other current liabilities	**99.209**	67.614

19. Prepaid expenses

As of December 31, 2014 and 2013, the details of prepaid expenses in current assets are as follows:

Prepaid expenses	December 31, 2014	December 31, 2013
Prepaid expenses	**36.479**	37.385
Advances given	**1.592**	2.377
Total prepaid expenses	**38.071**	39.762

As of December 31, 2014 and 2013, the details of prepaid expenses in non-current assets are as follows:

Prepaid expenses	December 31, 2014	December 31, 2013
Prepaid expenses	**54.268**	49.134
Advances given	**2**	2
Total prepaid expenses	**54.270**	49.136

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

20. Deferred income

Deferred income	December 31, 2014	December 31, 2013
Advances taken	**2.498**	1.663
Prepaid income	**827**	1.305
Total deferred income	**3.325**	2.968

21. Share capital

As of December 31, 2014 and 2013 the share capital held is as follows:

Shareholders	Participation rate	December 31, 2014	Participation rate	December 31, 2013
Koç Holding A.Ş.	**40,68%**	**122.054**	40,68%	122.054
Liquid Petroleum Gas Development Company ("LPGDC") (*)	**24,52%**	**73.546**	24,52%	73.546
Temel Ticaret ve Yatırım A.Ş.	**5,29%**	**15.884**	5,29%	15.884
Koç Family	**5,24%**	**15.705**	5,24%	15.705
Publicly held (*)	**24,27%**	**72.811**	24,27%	72.811
Nominal capital	**100,00%**	**300.000**	100,00%	300.000
Inflation adjustment (**)		**71.504**		71.504
Adjusted capital		**371.504**		371.504

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

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

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.

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

21. Share capital (continued)

The details of the restricted reserves are stated below:

	December 31, 2014	December 31, 2013
Legal reserves	**155.241**	139.241
Gain on sale of subsidiary share that will be added to capital	**148.592**	138.634
	303.833	277.875

Dividend distribution:

Listed companies distribute dividend in accordance with the Communiqué No. II-19.1 issued by the CMB which is effective from February 1, 2014.

Companies distribute dividends in accordance with their dividend payment policies settled and dividend payment decision taken in general assembly and also in conformity with relevant legislations. The communiqué does not constitute a minimum dividend rate. Companies distribute dividend in accordance with the method defined in their dividend policy or articles of incorporation. In addition, dividend can be distributed by fixed or variable installments and advance dividend can be paid in accordance with profit on interim financial statements of the Company.

In accordance with the Turkish Commercial Code (TCC), unless the required reserves and the dividend for shareholders as determined in the article of association or in the dividend distribution policy of the company are set aside, no decision may be made to set aside other reserves, to transfer profits to the subsequent year or to distribute dividends to the holders of usufruct right certificates, to the members of the board of directors or to the employees; and no dividend can be distributed to these persons unless the determined dividend for shareholders is paid in cash.

The Company's statutory profit for the period and other sources that are subject the profit distribution as of December 31, 2014 amounts to TL 976.449 thousand. (December 31, 2013: TL 1.156.262 thousand). TL 209.043 thousand of such sources from inflation adjustment differences and TL 151.445 thousand from other capital reserves are subject to tax when they are distributed.

Dividends paid

In the Ordinary General Meeting held on March 31, 2014, the Company decided to reserve TL 16.000 thousand as legal reserves and distribute TL 175.000 thousand gross dividends from the net distributable income of 2013. According to this decision, the Company has begun dividend payments on April 7, 2014.

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

21. Share capital (continued)

Gains and losses from the revaluation and reclassification of marketable securities:

Gains and losses from the revaluation and reclassification of marketable securities are related with financial assets and details are as follows:

	December 31, 2014	December 31, 2013
Koç Finansal Hizmetler A.Ş.	**241.725**	166.865
	241.725	166.865

Currency translation adjustment

Currency translation adjustment as of December 31, 2014 represents 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 31, 2010 for the purchase of 51% of TÜPRAŞ shares is shown as "Financial Risk Hedging Fund" in consolidated financial statements.

Non-controlling interest:

	January 1 - December 31, 2014	January 1 - December 31, 2013
Opening balance	**605**	523
Non-controlling interest on current year profit	**65**	82
Closing balance	**670**	605

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

22. Revenue and cost of sales

Revenue	**January 1 - December 31, 2014**	January 1 - December 31, 2013
Domestic sales	**6.840.885**	5.666.647
Export sales	**513.262**	611.454
Sales returns (-)	**(6.234)**	(8.604)
Sales discounts (-)	**(286.637)**	(264.513)
Total revenue, net	**7.061.276**	6.004.984
Sales of goods and services	**5.787.810**	5.194.454
Sales of merchandises	**1.273.466**	810.530
Revenue	**7.061.276**	6.004.984

	January 1 - December 31, 2014	January 1 - December 31, 2013
Cost of goods sold and services rendered:		
Raw materials used	**5.144.374**	4.513.952
Production overheads	**90.783**	86.469
Depreciation expenses	**65.567**	64.147
Personnel expenses	**48.553**	48.451
Change in finished goods inventories	**2.178**	(5.496)
Change in work in process inventories	**(402)**	(332)
	5.351.053	4.707.191
Cost of merchandises sold	**1.182.881**	726.449
Total cost of sales	**6.533.934**	5.433.640

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

23. General administrative expenses, marketing, sales and distribution expenses and research and development expenses

	January 1 - December 31, 2014	January 1 - December 31, 2013
General administrative expenses	171.304	167.087
Marketing, sales and distribution expenses	235.174	229.744
Research and development expenses	2.629	2.984
Total	**409.107**	399.815

a) Detail of general administrative expenses

	January 1 - December 31, 2014	January 1 - December 31, 2013
Personnel expenses	81.240	71.284
Depreciation and amortization expenses	11.422	11.450
Consultancy expenses	7.852	5.370
Tax expenses	7.450	20.747
Information technology expenses	7.721	7.384
Transportation expenses	6.669	6.467
Lawsuit, consultancy and auditing expenses	5.583	2.491
Insurance expenses	5.445	4.694
Donation and aids	4.978	5.120
Maintenance expenses	3.225	3.399
Communication expenses	2.662	2.022
Rent expenses	2.172	1.895
Post office expenses	1.703	1.957
Public relations activities expenses	1.328	1.733
Other administrative expenses	21.854	21.074
Total general administrative expenses	**171.304**	167.087

b) Detail of marketing, sales and distribution expenses

	January 1 - December 31, 2014	January 1 - December 31, 2013
Transportation, distribution and warehousing expenses	105.324	103.367
Sales expenses	48.970	48.568
Personnel expenses	34.875	33.324
Advertising and promotion expenses	29.345	28.906
Transportation expenses	7.168	6.372
Depreciation and amortization expenses	5.164	5.390
License expenses	4.225	3.675
Other marketing, sales and distribution expenses	103	142
Total marketing, sales and distribution expenses	**235.174**	229.744

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

23. General administrative expenses, marketing, sales and distribution expenses and research and development expenses (continued)

c) Detail of research and development expenses

	January 1 - December 31, 2014	January 1 - December 31, 2013
Outsourced research and development expenses	2.629	2.984
Total research and development expenses	2.629	2.984

24. Expenses related to their nature

	January 1 - December 31, 2014	January 1 - December 31, 2013
Personnel expenses	116.115	104.608
Transportation, distribution and warehousing expenses	105.324	103.367
Sales expenses	48.970	48.568
Advertising and promotion expenses	29.345	28.906
Depreciation and amortization expenses	16.586	16.840
Transportation expenses	13.837	12.840
Consultancy expenses	7.852	5.370
Information technology expenses	7.721	7.384
Tax expenses	7.450	20.747
Lawsuit, consultancy and auditing expenses	5.583	2.491
Insurance expenses	5.445	4.694
Donation and aids	4.978	5.120
License expenses	4.225	3.675
Maintenance expenses	3.225	3.449
Communication expenses	2.662	2.022
Outsourced research and development expenses	2.629	2.984
Rent expenses	2.172	1.895
Public relations activities expenses	1.328	1.733
Other	23.660	23.122
Total	409.107	399.815

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

25. Other operating income/expenses

Other operating income for the years ended as of December 31, 2014 and 2013 are as follows:

Other operating income	January 1 - December 31, 2014	January 1 - December 31, 2013
Income generated from maturity differences of sales	38.350	15.310
Foreign exchange gains arising from trading activities	33.421	17.155
Dividend income	6.392	5.346
Fair value differences on forward transactions	2.838	3.179
Rent income	2.221	2.294
Income from port services	1.740	2.119
Gain on sale of scrap	1.691	1.297
Demurrage income	965	1.004
LPG pipeline usage income	935	846
Vessel service income	-	529
Provisions no longer required	561	296
Other income and profits	9.867	8.878
Total	**98.981**	58.253

Other operating expenses for the years ended as of December 31, 2014 and 2013 are as follows:

Other operating expenses	January 1 - December 31, 2014	January 1 - December 31, 2013
Foreign exchange losses arising from trading activities	45.356	42.090
Expenses from maturity differences of purchases on credit	33.952	12.464
Provision expenses	19.870	2.897
Fair value differences on forward transactions	3.812	300
Other expenses and losses	3.818	1.847
Total	**106.808**	59.598

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

26. Income and expenses from investment activities

Income from investment activities	January 1 - December 31, 2014	January 1 - December 31, 2013
Income from sales of property, plant and equipment (*)	12.146	1.258
Total	12.146	1.258

(*) On October 10, 2014, the vessel named "Kandilli" in the assets of Kandilli Tankercilik A.Ş. with a book value of TL 152 thousand, which is used in the transportation of liquid fuel gas, was sold for USD 3.000 thousand in cash. Gain on sale of the vessel amounting to TL 6.658 thousand has been accounted in the income from investment activities in the consolidated financial statements as of December 31, 2014.

Expenses from investment activities	January 1 - December 31, 2014	January 1 - December 31, 2013
Expenses from sales of property, plant and equipment	515	234
Total	515	234

27. Financial income

Financial income for the years ended as of December 31, 2014 and 2013 are as follows:

Financial income	January 1 - December 31, 2014	January 1 - December 31, 2013
Foreign exchange gains	32.732	10.908
Interest income	10.782	7.180
Other	-	1.277
Total	43.514	19.365

28. Financial expense

Financial expense for the years ended as of December 31, 2014 and 2013 are as follows:

Financial expense	January 1 - December 31, 2014	January 1 - December 31, 2013
Foreign exchange losses	32.979	7.734
Interest expenses	19.898	9.122
Total	52.877	16.856

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

29. Tax assets and liabilities

	December 31, 2014	December 31, 2013
Current tax liability		
Current corporate tax provision	**23.167**	32.361
Less: Prepaid taxes and funds	**(22.011)**	(29.712)
Current tax liability	**1.156**	2.649

Tax expenses	**January 1- December 31, 2014**	January 1- December 31, 2013
- Current corporate tax provision	**(23.167)**	(32.361)
- Deferred tax	**4.614**	737
	(18.553)	(31.624)

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 2014 is 20% (2013: 20%).

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate in 2014 is 20% (2013: 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.)

29. 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.

Deferred tax

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between the financial statements as reported for TAS/TFRS purposes issued by POA and financial statements prepared in accordance with the tax legislation. These differences arise from the differences in accounting periods for the recognition of income and expenses in accordance with TAS/TFRS and tax legislation. The rate applied in the calculation of deferred tax assets and liabilities is 20% (December 31, 2013: 20%).

Deferred tax (assets) / liabilities:	**December 31, 2014**	December 31, 2013
Restatement and depreciation / amortization differences of property, plant and equipment and other intangible assets	**34.899**	34.721
Revaluation fund on financial assets	**12.722**	8.782
Provision for employment termination benefits	**(4.521)**	(3.963)
Valuation of inventories	**(2.863)**	249
Carry forward tax losses	**-**	(365)
Other	**(4.688)**	(2.721)
	35.549	36.703

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, 2014			December 31, 2013		
			Deferred tax			Deferred tax
	Assets	**Liabilities**	**Net**	Assets	Liabilities	Net
Aygaz A.Ş.	**(13.441)**	**47.789**	**34.348**	(8.006)	43.217	35.211
Akpa A.Ş.	**(677)**	**286**	**(391)**	(517)	278	(239)
Aygaz Doğal Gaz	**(526)**	**2.118**	**1.592**	(603)	2.334	1.731
	(14.644)	**50.193**	**35.549**	(9.126)	45.829	36.703

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

29. 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, 2014	January 1 - December 31, 2013
Opening balance on January 1	36.703	39.573
Deferred tax expense / (income)	(4.614)	(737)
Deferred tax income / (expense) reflected in the comprehensive income statement:	3.460	(2.133)
Actuarial gain/loss arising from defined benefit plans	*(480)*	*329*
Hedging gains/losses	*3.940*	*(2.462)*
Closing balance on December 31	35.549	36.703

Tax reconciliation :

	January 1 - December 31, 2014	January 1 - December 31, 2013
Profit before tax	236.576	236.959
Income tax rate	20%	20%
Expected tax expense	47.315	47.392
Tax effects of:		
-revenue that is exempt from taxation	(9.423)	(10.708)
-expenses that are not deductible in determining taxable profit	1.666	1.897
-consolidation eliminations without tax effect	(21.244)	(7.775)
Other	239	818
Tax expense in the statement of profit or loss	18.553	31.624

30. Earnings per share

	January 1 - December 31, 2014	January 1 - December 31, 2013
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	217.958	205.253
Earnings per thousand shares (TL)	0,726527	0,684177

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

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

				December 31, 2013
		Receivables		Payables
Balances with related parties	Trade	Non-trade	Trade	Non-trade
Group companies (*)				
Türkiye Petrol Rafinerileri A.Ş.	8.347	-	75.991	-
Demir Export A.Ş.	4.762	-	-	-
Ford Otomotiv Sanayi A.Ş.	975	-	6	-
Tat Gıda Sanayi A.Ş.	448	-	-	-
Arçelik A.Ş.	447	-	22.223	-
Opet Petrolcülük A.Ş.	161	-	45.553	-
Otokoç Otomotiv Tic. ve San. A.Ş.	86	-	1.708	-
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	49	-	2.306	-
Zer Merkezi Hizmetler ve Ticaret A.Ş. (**)	-	-	7.453	-
Ram Dış Ticaret A.Ş.	-	-	5.827	-
Other	1.443	-	2.405	-
Shareholders				
Koç Holding A.Ş.	-	-	244	-
Investments accounted under the equity method				
AES Entek Elektrik Üretimi A.Ş.	1.642	-	459	-
	18.360		164.175	

(*) 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.

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

31. Balances and transactions with related parties (continued)

As of December 31, 2014; dividends payable amounting to TL 506 thousand (December 31, 2013 – TL 434 thousand) is reflected within other payables to related parties under short-term liabilities at the consolidated balance sheet.

	January 1 - December 31, 2014			
Transactions with related parties	Purchases (Goods)	Sales (Goods)	Purchases (Service)	Sales (Service)
Group companies (*)				
Türkiye Petrol Rafinerileri A.Ş.	768.981	383.357	1.798	-
Opet Petrolcülük A.Ş.(**)	191.366	1.155	384	-
Arçelik A.Ş.	36.941	4.703	147	-
Ram Dış Ticaret A.Ş.	35.818	-	21	-
Zer Merkezi Hizmetler ve Ticaret A.Ş.	20.431	6	20.474	-
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	51	194	6.578	-
Tanı Pazarlama ve İletişim Hizmetleri A.Ş.	-	7	2.997	-
Otokoç Otomotiv Tic. ve San. A.Ş.	9	2.949	1.071	-
Ford Otomotiv Sanayi A.Ş.	-	17.451	-	-
Demir Export A.Ş.	-	53.190	-	-
Tat Gıda Sanayi A.Ş.	-	12.113	-	-
Setur Servis Turistik A.Ş.	-	41	3.424	-
Vehbi Koç Vakfı	-	4	3.830	-
Setair Hava Taşımacılığı ve Hizm. A.Ş.	-	-	4.321	-
Other	3.973	16.824	2.500	-
Shareholders				
Koç Holding A.Ş.	-	35	7.861	-
Investments accounted under the equity method				
AES Entek Elektrik Üretimi A.Ş.	-	14	3.772	-
	1.057.570	492.043	59.178	-

	January 1 - December 31, 2013			
Transactions with related parties	Purchases (Goods)	Sales (Goods)	Purchases (Service)	Sales (Service)
Group companies (*)				
Türkiye Petrol Rafinerileri A.Ş.	756.878	272.006	1.987	1.851
Opet Petrolcülük A.Ş.(**)	138.859	1.445	1.497	-
Arçelik A.Ş.	83.098	4.908	156	-
Ram Dış Ticaret A.Ş.	24.470	-	265	-
Zer Merkezi Hizmetler ve Ticaret A.Ş.	16.606	9	19.745	-
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	432	87	3.968	-
Tanı Pazarlama ve İletişim Hizmetleri A.Ş.	11	6	2.241	-
Otokoç Otomotiv Tic. ve San. A.Ş.	9	2.393	3.846	-
Ford Otomotiv Sanayi A.Ş.	-	15.333	-	-
Demir Export A.Ş.	-	18.808	-	-
Tat Gıda Sanayi A.Ş.	-	12.183	-	-
Setur Servis Turistik A.Ş.	-	66	3.231	-
Vehbi Koç Vakfı	-	2	4.047	-
Setair Hava Taşımacılığı ve Hizm. A.Ş.	-	-	3.632	-
Other	1.830	19.235	2.682	-
Shareholders				
Koç Holding A.Ş.	-	29	5.370	-
Investments accounted under the equity method				
AES Entek Elektrik Üretimi A.Ş.	-	16.106	2.414	-
	1.022.193	362.616	55.081	1.851

(*) Group companies include Koç Group companies.

(**) Commission expense regarding LPG sold at Opet stations as of December 31, 2014 is TL 94.243 thousand (December 31, 2013 - TL 88.432 thousand). The commission expense mentioned above is evaluated as part of sales and accounted under profit or loss statement as sales discounts.

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

31. Balances and transactions with related parties (continued)

	January 1 - December 31, 2014			
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.	494	20	49	-
Yapı Kredi Bankası A.Ş.	-	236	-	-
Otokoç Otomotiv Tic. ve San. A.Ş.	-	4.349	166	-
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	-	-	913	-
Otokar Otobüs Karoseri Sanayi A.Ş.	-	-	76	-
Türkiye Petrol Rafinerileri A.Ş.	-	12	-	-
Other	-	788	267	-
	494	5.405	1.471	-

	January 1 - December 31, 2013			
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.	470	16	-	-
Küsel Ltd.Şti.	2	-	-	-
Yapı Kredi Bankası A.Ş.	-	152	-	-
Otokoç Otomotiv Tic. ve San. A.Ş.	-	974	394	110
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	-	-	1.698	-
Otokar Otobüs Karoseri Sanayi A.Ş.	-	-	415	-
Türkiye Petrol Rafinerileri A.Ş.	-	-	562	-
Other	-	-	276	-
Shareholders				
Temel Ticaret ve Yatırım A.Ş.	-	-	2	-
Investments accounted under equity method				
Zinerji Enerji Sanayi ve Ticaret A.Ş.	3	-	-	-
	475	1.142	3.347	110

(*) Group companies include Koç Group companies.

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

31. Balances and transactions with related parties (continued)

	January 1 - December 31, 2014			
Financial and other transactions with related parties	Financial income	Financial expense	Other income	Other expense
Group companies (*)				
Yapı Kredi Bankası A.Ş.	21.037	14.007	-	-
Koç Finansal Hizmetler A.Ş.	-	-	6.392	-
Opet Petrolcülük A.Ş.	-	-	-	696
Other	-	-	3	-
	21.037	14.007	6.395	696

	January 1 - December 31, 2013			
Financial and other transactions with related parties	Financial income	Financial expense	Other income	Other expense
Group companies (*)				
Yapı Kredi Bankası A.Ş.	12.200	2.359	-	-
Koç Finansal Hizmetler A.Ş.	-	-	4.721	-
Opet Petrolcülük A.Ş.	-	-	1.309	-
Ram Dış Ticaret A.Ş.	-	-	625	-
Other	-	-	110	-
Investments accounted under equity method				
AES Entek Elektrik Üretimi A.Ş	1.277	-	-	-
	13.477	2.359	6.765	-

Cash at banks	December 31, 2014	December 31, 2013
Group companies (*)		
Yapı Kredi Bankası A.Ş.	124.805	129.151

Credit card receivables	December 31, 2014	December 31, 2013
Group companies (*)		
Yapı Kredi Bankası A.Ş.	22.324	24.274

(*) Group companies include Koç Group companies.

Benefits to Top Management:

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

Benefits 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, 2014 is TL 39.441 thousand (2013: TL 31.940 thousand).

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

32. Nature and 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, 2014	December 31, 2013
Total short-term and long-term borrowings	**365.290**	237.807
Less: Cash and cash equivalents	**(160.904)**	(173.054)
Net financial debt	**204.386**	64.753
Total shareholder's equity	**2.359.190**	2.243.576
Net financial debt / equity ratio	**9%**	3%

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.)

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

Credit risk of financial instruments

	Receivables					
	Trade receivables		Other receivables			
December 31, 2014	Related party	Third party	Related party	Third party	Deposits in banks	Credit card receivables
Maximum exposed credit risk as of reporting date (*)	20.435	374.633	-	5.532	134.869	25.517
- The part of maximum risk under guarantee with collateral etc.	-	250.715	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	20.435	318.990	-	5.532	134.869	25.517
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	-	55.643	-	-	-	-
- The part under guarantee with collateral etc-	-	30.670	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-
- Past due (gross carrying amount)	-	17.943	-	-	-	-
- Impairment (-)	-	(17.943)	-	-	-	-
- 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.)

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

Credit risk of financial instruments

	Receivables					
	Trade receivables		Other receivables			
December 31, 2013	Related party	Third party	Related party	Third party	Deposits in banks	Credit card receivables
Maximum exposed credit risk as of reporting date (*)	18.360	355.850	-	4.582	140.136	32.562
- The part of maximum risk under guarantee with collateral etc.		245.269	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	18.360	311.623	-	4.582	140.136	32.562
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	-	44.227	-	-	-	-
- The part under guarantee with collateral etc-	-	23.696	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-
- Past due (gross carrying amount)	-	16.694	-	-	-	-
- Impairment (-)	-	(16.694)	-	-	-	-
- 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.)

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

December 31, 2014	Trade receivables	Other receivables	Deposits in banks	Derivative instruments	Other	Total
Past due 1-30 days	40.301	-	-	-	-	40.301
Past due 1-3 months	9.695	-	-	-	-	9.695
Past due 3-12 months	1.926	-	-	-	-	1.926
Past due 1-5 years	3.599	-	-	-	-	3.599
Past due more than 5 years	122	-	-	-	-	122
Total past due	55.643	-	-	-	-	55.643
The part under guarantee with collateral	30.670	-	-	-	-	30.670

December 31, 2013	Trade receivables	Other receivables	Deposits in banks	Derivative instruments	Other	Total
Past due 1-30 days	32.643	-	-	-	-	32.643
Past due 1-3 months	8.043	-	-	-	-	8.043
Past due 3-12 months	1.631	-	-	-	-	1.631
Past due 1-5 years	1.908	-	-	-	-	1.908
Past due more than 5 years	2	-	-	-	-	2
Total past due	44.227	-	-	-	-	44.227
The part under guarantee with collateral	23.696	-	-	-	-	23.696

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

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

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 forecasts and actual cash flows, by monitoring continuously and by maintaining adequate funds and reserve borrowings as matching the maturity profile of financial assets and liabilities.

The following table presents the maturity of Group's 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 amounts of the payables or receivables are not fixed, the disclosed amount has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the reporting date.

December 31, 2014

Contractual maturity analysis	Book 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 5 years (IV)
Non-derivative financial liabilities						
Short term and long term borrowings	365.290	403.795	161.101	13.684	229.010	-
Trade payables	318.557	318.557	318.557	-	-	-
Other payables	79.509	79.509	700	-	-	78.809
Other liabilities	100.545	100.545	99.110	99	531	805
	863.901	902.406	579.468	13.783	229.541	79.614

Derivative instruments (*)	Carrying value	Cash flow according to contract	Less than 3 months	3 – 12 months	1 – 5 years	More than 5 years
Derivative cash inflows		82.832	27.016		55.816	-
Derivative cash outflows		(77.422)	(26.787)		(50.635)	-
Derivative instruments, net	4.794	5.410	229		5.181	-

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

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

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

December 31, 2013

Contractual maturity analysis	Book 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 5 years (IV)
Non-derivative financial liabilities						
Short term and long term borrowings	237.807	251.337	42.873	53.338	155.126	-
Trade payables	376.346	376.346	376.346	-	-	-
Other payables	74.192	74.192	578	-	-	73.614
Other liabilities	67.614	67.614	67.614	-	-	-
	755.959	769.489	487.411	53.338	155.126	73.614

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.)

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

b.3.1) Foreign currency risk management

Transactions in terms of foreign currency cause the Group expose to foreign exchange risk. The Group controls foreign currency risk coming from its operations and cash flows of finance contracts by using "foreign exchange forward contracts".

The Group's monetary and non-monetary assets and liabilities in terms of foreign currencies are as follows:

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

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, 2014, the Group has LPG amounting to TL 37.824 thousand (December 31, 2013, TL 151.698 thousand).

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

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

December 31, 2013		Total TL equivalent	TL equivalent of USD	TL equivalent of Euro	TL equivalent of other
1.	Trade receivables	26.346	22.706	3.640	-
2.a	Monetary financial assets	48.163	47.713	203	247
2.b	Non-monetary financial assets	-	-	-	-
3.	Other	-	-	-	-
4.	Current assets	74.509	70.419	3.843	247
5.	Trade receivables	-	-	-	-
6.a	Monetary financial assets	-	-	-	-
6.b	Non-monetary financial assets	-	-	-	-
7.	Other	-	-	-	-
8.	Non-current assets	-	-	-	-
9.	Total assets	74.509	70.419	3.843	247
10.	Trade payables	(136.707)	(136.605)	(56)	(46)
11.	Financial liabilities	(85.372)	(85.372)	-	-
12.a	Other monetary financial liabilities	-	-	-	-
12.b	Other non-monetary financial liabilities	-	-	-	-
13.	Current liabilities	(222.079)	(221.977)	(56)	(46)
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	(222.079)	(221.977)	(56)	(46)
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	-	-	-	-
19.b	Total foreign currency amount of off-balance sheet derivative financial liabilities	-	-	-	-
20.	Net foreign currency asset / liability position	(147.570)	(151.558)	3.787	201
21.	Net foreign currency asset / liability position of monetary items (1+2a+5+6a+10+11+12a+14+15+16a)	(147.570)	(151.558)	3.787	201
22.	Fair value of foreign currency hedged financial assets	-	-	-	-
23.	Hedged foreign currency assets	-	-	-	-
24.	Hedged foreign currency liabilities	-	-	-	-
25.	Export	611.454	593.180	18.274	-
26.	Import	2.197.655	2.188.288	8.569	798

Currency forward agreements

Currency forward agreements which are valid as of December 31, 2014 are summarized at the table below. As of December 31, 2013 there is not any currency forward agreement.

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

Swap aggreements

As of December 31, 2014, the Group has swap agreements amounting to TL 50.635 thousand with fixed interest rate of 11,2% in return for USD 24.070 thousand with a floating interest rate of three-month USDLIBOR +1,8%. Swap transaction has quarterly interest payments and the maturity date of principal payment is on May 23, 2016. On December 31, 2013 the Group does not have swap transaction.

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

32. Nature and 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 accounts.

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

				December 31, 2013
		Income/Expense		Equity
	Foreign exchange appreciation	Foreign exchange depreciation	Foreign exchange appreciation	Foreign exchange depreciation
10% fluctuation of USD rate				
USD net asset/liability	(15.156)	15.156	(15.156)	15.156
Secured portion from USD risk	-	-	-	-
USD net effect	(15.156)	15.156	(15.156)	15.156
10% fluctuation of Euro rate				
Euro net asset/liability	379	(379)	379	(379)
Secured portion from Euro risk	-	-	-	-
Euro net effect	379	(379)	379	(379)
Total	(14.777)	14.777	(14.777)	14.777

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

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

b.3.2) Interest rate risk management

The Group is exposed to interest rate risk due to the effect of changes in interest rates on the Group's assets and liabilities having interest returns. 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 interest rate forward 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 the Group's financial instruments that are sensitive to interest rates are as follows:

Interest rate position table

	December 31, 2014	December 31, 2013
Instruments with fixed interest rate		
Time deposits	**120.692**	123.949
Borrowings and bonds issued	**273.805**	237.774
Instruments with variable interest rate		
Borrowings	**86.860**	-

At December 31, 2014, for the financial instruments with variable interest rate, had the interest rates in terms of all the currency units increased/decreased by 100 basis points, with all other variables held constant, profit before taxation would have been higher/ lower by TL 132 thousand (2013: TL 0) as a result of the low/high interest income/expense related with the borrowings and time deposits.

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

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

Financial instrument categories and fair values

December 31, 2014	Financial assets at amortized cost	Loans and receivables	Financial assets available for sale	Trading financial assets	Financial liabilities at amortized cost	Book value	Note
Financial assets							
Cash and cash equivalents	160.904	-	-	-	-	160.904	4
Trade receivables	-	395.068	-	-	-	395.068	8,31
Other financial assets	-	-	346.706	-	-	346.706	5
Other receivables	-	5.532	-	-	-	5.532	9
Financial liabilities							
Short-term and long-term borrowings	-	-	-	-	367.963	365.290	6
Trade payables	-	-	-	-	318.557	318.557	8,31
Liabilities for employee benefits	-	-	-	-	33.334	33.334	10
Other payables	-	-	-	-	79.509	79.509	9,31
Other liabilities	-	-	-	-	1.933	1.933	18

December 31, 2013	Financial assets at amortized cost	Loans and receivables	Financial assets available for sale	Trading financial assets	Financial liabilities at amortized cost	Book value	Note
Financial assets							
Cash and cash equivalents	173.054	-	-	-	-	173.054	4
Trade receivables	-	374.210	-	-	-	374.210	8,31
Other financial assets	-	-	267.885	-	-	267.885	5
Other receivables	-	4.582	-	-	-	4.582	9
Financial liabilities							
Short-term and long-term borrowings	-	-	-	-	239.253	237.807	6
Trade payables	-	-	-	-	376.346	376.346	8,31
Liabilities for employee benefits	-	-	-	-	20.949	20.949	10
Other payables	-	-	-	-	74.192	74.192	9,31
Other liabilities	-	-	-	-	4.255	4.255	18

(*) The Group believes that 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.)

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

Fair value hierarchy table

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 and liabilities at fair value are as follows:

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

Financial assets / liabilities		Level of fair value as of reporting date		
	December 31, 2013	1st Level	2nd Level	3rd Level
Available-for-sale financial assets (*)	267.322	34	267.288	-

(*) The Group has available for sale financial assets, which are not quoted in stock markets, and total amount of these financial assets is TL 976 thousand as of December 31, 2014 (December 31, 2013 – 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:

32. Nature and level of risk derived from financial instruments (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.

Financial Liabilities

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

As of December 31, 2014 the carrying value and the fair value of the long-term borrowings, including the short term portions, are equal to TL 360.665 thousand (Note 6), and TL 363.338 thousand respectively. Fair value is calculated by discounting the cash out flows regarding market interest rates.

33. Subsequent events

As per Board of Directors' meeting dated February 16, 2015, the Company decided to issue debt instruments with a total nominal value up to TL 300.000 thousand with a maturity not exceeding 3 years and that the sale of which will be done once or several times domestically by the way of selling to qualified investors and/or private placement excluding public offering.

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

On February 26, 2015, the Company reached to the agreement for the tax and tax penalty notifications issued to the Company as a result of the tax inspection which was started by the Supervisory Board of the Ministry of Finance in 2013 and the related legal process has been ended (Note 17).

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

None.