

**We master our goals.**



## CONTENTS

### Global Holdings Group

- 02** Chairman's Message
- 04** The Global Holdings Group in Summary
- 08** The Global Holdings Group Extended Group Overview
- 12** The Global Holdings Group Recent Business Developments

### Business Divisions

- 17** Port Infrastructure Division
  - Ege Ports (Kuşadası)
  - Port Akdeniz (Antalya)
  - Bodrum Cruise Port
  - Port Infrastructure Division Target Projects
- 31** Energy Division
  - Natural Gas Distribution
  - Power Generation
  - Energy Division Target Projects
- 43** Real Estate Division
  - Pera REIT and Joint Real Estate Projects
- 51** Finance Division
  - Global Securities
  - Global Asset Management

### Governance

- 58** The Global Holdings Group Corporate Governance
- 59** The Global Holdings Group Corporate Citizenship
- 60** The Global Holdings Group Internal Controls; Rationalization
- 62** The Global Holdings Group Board of Directors
- 64** The Global Holdings Group Financial Overview
  - 2010 Financial Summary
  - Financial Risk Management Objectives and Policies
  - Treasury Operations
- 68** Disclaimer
- 69** Exchange Rates

### Financials

- 71** The Global Holdings Group Consolidated Financial Statements as at 31 December 2010 and Auditors' Report Thereon

# GLOBAL INVESTMENT HOLDINGS GROUP

## OVERVIEW OF BUSINESS AND OPERATIONS

The business divisions of the Global Holdings Group, including the principal companies operating in each division, are set forth in the below diagram. The information presented below is given as at 31 December 2010 except as otherwise noted:

### PORT INFRASTRUCTURE



#### Global Ports Holding

Ege Ports (Kuşadası) Port Akdeniz (Antalya) Bodrum Cruise Port

### ENERGY



#### Natural Gas Distribution Power Generation

Energaz Ege-Global

### REAL ESTATE



#### Pera REIT

Vakıfhan No. VI  
Denizli Sümerpark  
Van Development Land

### FINANCE



#### Global Securities Global Asset Management

## CONSOLIDATED FINANCIAL HIGHLIGHTS

### TURNOVER

(TL millions)



### EBITDA

(TL millions)



### NET PROFIT

(TL millions)



### EQUITY

(TL millions)



### TOTAL ASSETS

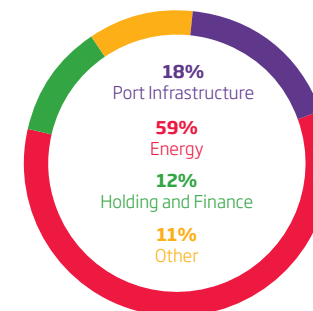
(TL millions)



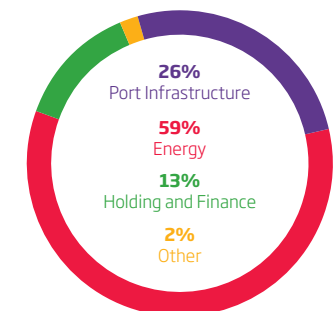
## GROSS TURNOVER

The following charts set forth, in graphic format, the breakdown of the gross turnover of the Global Holdings Group for the fiscal years ended 31 December 2010 and 2009, respectively.

### GROSS TURNOVER 2009



### GROSS TURNOVER 2010



- Port Infrastructure
- Energy
- Holding and Finance
- Other

We at Global Holdings Group have always set our objectives precisely and advanced toward them with determination. Even when circumstances changed drastically and against strong headwinds, we managed to identify risk correctly and mobilize our intellectual capital effectively to attain our objectives.

The power and experience we gained allows us to head towards new goals with a clear vision of our potential. Today, we proudly undertake new and more ambitious initiatives in every sector in which we operate.

**The Global Holdings Group**

## CHAIRMAN'S MESSAGE

# We shall keep concentrating on "renewable" energy resources.

**As being one of the very few truly public Turkish companies, our aim is to share what we create with our partners, shareholders and the society.**

Dear Shareholders/Colleagues,

Another year is behind us. 2010 has in general been a year of "hopes" and "disappointments" for Turkey and the Globe, but mostly a year with a happy end for all of us.

As I have mentioned a few years ago in our annual meetings we should never underestimate what the world is offering us and where we are headed. We live in a completely different environment; no day will pass that the changes in our society will not have an impact on every and each one of us. When I mentioned back in 2003-2004 that there will be mass riots in the western countries and subsequently developing countries, I was only wrong on the order of events. Today and tomorrow, as communication has become an integral factor of our lives, no doubt the superfluity of the past can not and will not be allowed. Whether we call this a new form of liberal economy or a new form of "fair and just" economy; no doubt, the changes ahead of us will have

drastic impacts in the many years to come. The traditional system just can not and will not work anymore. It is not the lack of capital or the cash, nor the unwillingness of the consumer to spend, neither the lack of leadership which will impact our lives the most; these are all a step towards a more fair and just economy.

In a world of transparency where it takes less than a second for each piece of information to travel the world; it is impossible to maintain the income gap disparity which today exists within the society. How it will get fixed, is to be seen and my prayer would be for a smooth transition albeit it seems difficult.

Having rather started with which some of you might consider "grim" comments, although it is my belief that all these changes are for a better future and the humanity will eventually get there, let me note that we as Global have fared well in this chaotic environment fulfilling our responsibilities to the society.



I must say with sadness. We attained our goals; not only in business terms but more importantly in playing our mere role in the convergence of our environment into a better world.

The rest of this report will tell you how we managed to increase our total assets by more than 700%, or multiplied our turnover by 18 times as compared to 2004, the year when our new journey as an “investment house” started. Having also succeeded in delivering profits in all but one of the six years since then, our primary focus will now be to continue sharing what we achieved with the society as well as to start sharing it with our shareholders in the form of dividends. In other words, we attained our goals to deliver a sustainable growth in our business and we will now concentrate on balancing what we deliver immediately with our future prospects. Our goal is to distribute the total equity Global Investment Holdings

(GLYHO.IS) was able to raise since establishment, US\$ 107.7 million, as dividends over the next three years. As for the future prospects, our energy business, Global Enerji, shall deliver the highest growth in our portfolio of investments. We shall keep concentrating on “renewable” and “local” energy resources in all aspects, from upstream in production to distribution in downstream. We are geared up to get Global Enerji in order to become if not the biggest, but the most profitable private players in its sector, just as we succeeded to do for Global Ports.

We will keep establishing partnerships in varying forms and levels in our business. Our real estate arm has been a listed REIT for years now; we have established a strategic partnership at Global Ports and we are in the process of completing a similar structure in our finance arm. As being one of the very few truly public Turkish companies, our aim is to share what we create with



our partners, shareholders and the society. 2011 onward, we will no longer be on the high speed highway but rather on the joyful country roads, cherry picking the fruits we like and making sure that enough water is given to existing trees so that we can collect the fruits and share with all of you.

I wish the year ahead of us will furnish all the fairness and the justice to all of you.

Yours Sincerely,

**MEHMET KUTMAN**  
Chairman

## IN SUMMARY

# Global Investment Holdings Group continues to be a pioneer in investments.

**The Global Investment Holdings Group focuses on enhancing shareholder value and returns by investing in sectors with high growth potential.**

Global Investment Holdings Group (the "Global Holdings Group," the "Group" or the "Company") holds a diversified portfolio of investments in a range of sectors in Turkey, including cruise ship and commercial ports, energy distribution and generation, real estate development, and non-banking financial services.

The Company is listed on the Istanbul Stock Exchange and trades under the ticker symbol GLYHO.IS.

Global Investment Holdings Group focuses on enhancing shareholder value and returns by establishing a diversified portfolio of investments in sectors with high growth and return potential and which are characterized mainly by geographic, technical, "first mover" or similar barriers to competition.

When evaluating investment opportunities, the Group includes both potential for synergy as well as rate of return among its investment criteria. This approach provides

the flexibility for the Group to benefit from very lucrative returns in some investments that may appear to have only short term relevance to the current investment portfolio.

The Group's lean management structure is one of its key strengths. By facilitating decision making at all levels, this structure allows all segments within the Group proactively and rapidly to respond to any and all changes in the business environment.

The Company sees shareholder value creation as not only resulting from successful investing and business management but also from exiting an investment, where exit conditions outweigh any further value creation opportunities for the Group. Unlike many other holding companies, the Group has successfully exited from many of its former investments.

At present, the Global Holdings Group comprises four primary business divisions:



- Port Infrastructure, which mainly consists of cruise ship seaport and commercial seaport operations in the Republic of Turkey (“Turkey”).
- Energy, which includes development of power generation projects using domestic resources as well as natural gas distribution and wholesale trading.
- Real Estate, which encompasses planned and completed commercial developments; and
- Finance, which consists of non-banking financial services, including brokerage, research, and asset management.

In line with the Group’s investment and management strategy, all its business divisions have evolved into stand-alone entities with experienced professional management teams carrying out their own business development and day-to-day operations.

The Company’s divisions operate largely on an independent basis and maintain flexibility to develop their respective areas of operations, under the general strategic and risk management guidance, as well as the overall corporate and financial strategies of the Global Holdings Group.

## IN SUMMARY

### **Going forward, the Global Holdings Group targets both to establish strategic partnerships across all business lines and to increase efficiency in its existing businesses and operations.**

In recent years, the Global Holdings Group has continued to be a pioneer in investments, expanding its existing portfolio of businesses, with a focus on these sectors. The Group has identified attractive port infrastructure and energy investment opportunities as the fast-growing Turkish economy has undergone privatization and macro-economic and finance sector structural changes.

Going forward, the Company plans to further increase the profitability and expand the asset base of the Group. To this end, the Company will both focus on operational efficiency in its existing portfolio and pursue growth opportunities by establishing new strategic partnerships across all business lines.

In Port Infrastructure, the Group targets both cruise and commercial port investments with the goal of becoming an international port operator, expanding its holdings with new ports in the Mediterranean as well as other regions.

In Energy, while focusing mainly on the development of its high-yield coal-fired power plant project in Şirnak, southeastern Turkey, the Company also plans to closely monitor opportunities to leverage its existing natural gas retail operations into higher return wholesale and upstream gas operations.

In Real Estate, the Group aims to develop new projects to expand its commercial real estate portfolio.

In Finance, the Group will focus on establishing new strategic partnerships to broaden its financial services offering by leveraging the expertise and product and/or customer portfolio of the partners.





## EXTENDED GROUP OVERVIEW

# The Global Holdings Group manages a diversified portfolio of investments.

**Existing investments are grouped under Port Infrastructure, Energy, Real Estate and Finance.**

### **PORT INFRASTRUCTURE DIVISION**

The Group's Port Infrastructure Division comprises cruise and commercial seaport operations all carried out under Global Ports Holding, the Group's wholly-owned subsidiary.

#### **Ege Ports (Kuşadası)**

Ege Liman İşletmeleri A.Ş. was awarded a 30-year operating rights concession for Kuşadası Cruise Port, located in the city of Kuşadası on Turkey's

Aegean coast, in July 2003. Following the start-up of operations at Kuşadası Cruise Port, the Company has expanded the Port area by constructing a pile platform; replaced the former passenger terminal building with a modern glass and aluminum cruise passenger terminal building; and rehabilitated the town's waterfront with the development of "Scala Nuova," a highly popular retail shopping center.



Ege Ports - Kuşadası was the first port in Turkey to qualify as compliant with the International Ship and Port Facility Security Code (the "ISPS Code"), a global maritime security initiative undertaken by the International Maritime Organization (the "IMO") after the events of 11 September 2001. Since then, Ege Ports has won numerous awards and recognitions as the most secure port in Turkey.

### **Port Akdeniz (Antalya)**

The operating rights of Port Akdeniz - Antalya, a multi-functional commercial and cruise seaport near the city of Antalya on Turkey's southern Mediterranean coast, was acquired by the Group in 2006 for a period of 22 years. Since the acquisition of Port Akdeniz - Antalya, the Group has improved the Port's operational efficiency rapidly and has made significant investment in modern cranes and other equipment for the commercial cargo and container operations. The Group has also made capital investments to improve both port security and occupational health and safety ("OH&S"). In addition, the Group completed a modernization and upgrading program for the existing cruise passenger terminal to transform Port Akdeniz to a "turn-around" port, with passengers both disembarking and embarking cruise ships in Antalya.

### **Bodrum Cruise Port**

In December 2007, Global Ports Holding acquired a 60% controlling share in a company, which was awarded the operating rights of the Bodrum Cruise Port for 12 years under a build-operate-transfer

contract. Bodrum Cruise Port is located in the city of Bodrum, tourism and fishing center located on Turkey's southern Aegean coast. Since the acquisition, Global Ports Holding has undertaken aggressive marketing campaigns aimed at both international cruise ship and Greek ferry operators to promote Bodrum as a new cruise destination, with this former fishing village's famed nightlife highlighted as a principal attraction.

## **ENERGY DIVISION**

The Energy Division of the Group principally comprises electricity generation and natural gas distribution and wholesale operations.

### **Şirnak Thermal Power Plant**

In 2008, Ege Global, a majority-owned subsidiary of the Global Holdings Group, acquired the operating rights of a coal mine located in the city of Şirnak, in southeastern Turkey; this mine will supply the coal-fired power plants to be constructed by the Company. Construction of a 270 MW thermal power plant commenced in 2010 under license obtained from Energy Market Regulatory Authority. This plant constitutes the first phase of the total planned installed capacity of 1,500 MW.

### **Natural Gas Distribution and Wholesale**

The Group is one of the first companies to obtain 30-year concession rights, tendered by the Energy Market Regulatory Authority, to establish and operate natural gas distribution networks servicing both households and

industrial facilities in respective geographic regions. Since the first license granted in 2004, Energaz, 50% owned subsidiary of the Group, has evolved into one of the largest privately-owned gas distributors in Turkey, carrying out natural gas infrastructure investments and distribution activities in 10 regions together representing over 11% of the country's total population.

Aiming to explore opportunities in the natural gas supply market and to establish a vertically integrated structure in the sector, the Group established Medgaz in 2009, a subsidiary of Energaz engaged in natural gas wholesale and supply operations.

## **REAL ESTATE DIVISION**

Denizli Sümerpark mixed-use development project includes a shopping mall, mid-rise residential apartments, a hotel complex and a hospital on a 100,000 m<sup>2</sup> company-owned land parcel in Denizli, southwestern Turkey.

Pera REIT completed the shopping mall "Sümerpark" at the end of 2010 and the mall opened on 10 March 2011. Sümerpark mall contains 34,500 m<sup>2</sup> of gross leasable area and currently has well-known anchor tenants under long term lease contracts of up to 25 years.

Pera REIT also holds Vakıfhan No. VI Building in its portfolio. Vakıfhan No. VI is a heritage building, originally constructed in 1870, located in the Karaköy district of Istanbul, near the

## EXTENDED GROUP OVERVIEW

### Diversification of the Global Holdings Group's investment portfolio reduces the Company's overall business risks.

headquarters of the Global Holdings Group. In January 2004, the Group was awarded restore-operate-transfer ("ROT") rights for a 15-year term for Vakıfhan No. VI pursuant to an agreement made with the General Directorate of Trusts of the Prime Ministry, Republic of Turkey. The 1,700m<sup>2</sup> ROT re-development was completed in August 2006.

#### FINANCE DIVISION

##### Global Securities

Global Securities, founded in 1990, was the primary subsidiary through which the brokerage, corporate finance advisory and research services, which first brought the company to prominence within the Turkish financial services sector, were provided to the Group's extensive foreign end domestic clients. Global Securities is a member of the Istanbul Stock Exchange and the Turkish Derivatives Exchange.

Global Securities is the leading non-bank affiliated/owned brokerage house in Turkey. In 2010, Global Securities ranked 11th among all brokerage firms in Turkey, with a market share of 2.56% and an equity trading volume of TL 32,564 billion.

In its 20th anniversary year, Global Securities aims to maintain its leadership position in the Turkish Capital Markets.

Although the Turkish financial services sector has become extremely competitive, Global Securities' well-established brand name and reputation for quality, as well as its commitment to providing high caliber research with a strong client service orientation, are significant competitive advantages in achieving this goal.

##### Global Asset Management

Global Asset Management is the Group's dedicated subsidiary for domestic asset management and one of the few independent, non-bank affiliated/owned asset management companies in Turkey.

In a highly competitive environment dominated by subsidiaries of banks, Global Asset Management stands out as one of the largest independent asset management companies in terms of asset size and client base.

As at year-end 2010, Global Asset Management was the manager of nine open-end mutual funds that have been launched by Global Securities since 1992, in addition to over 60 discretionary accounts for corporate institutions and high-net-worth individuals. In 2010, assets under management totaled over TL 62 million, up 13% compared to the previous year.



## RECENT BUSINESS DEVELOPMENTS\*

New businesses are expected to strengthen the synergies across the divisions.

**On 29 July 2010, Global Ports Holding acquired 60% of the shares of its joint venture Ortadoğu Liman from the other shareholders.**

### INFRASTRUCTURE DIVISION

#### Antalya Port Share Acquisition

On 29 July 2010, Global Ports Holding acquired 60% of the shares of its joint venture Ortadoğu Liman from the other shareholders. With this transaction, Global Ports Holding increased its equity interest from 39.8% to 99.8% and obtained control of Ortadoğu Liman. Global Ports Holding and other shareholders of Ortadoğu Liman agreed on the purchase price of US\$ 49,308,521 (equivalent to TL 74,115,638); this amount includes the receivables of other shareholders of Ortadoğu Liman totaling TL 14,897,065, which were transferred to Global Ports Holding. As a result, the acquisition cost of 60% shares of Ortadoğu Liman amounted to TL 59,218,573.

Taking control of Ortadoğu Liman will strengthen the Group's position in the Turkish port operations market. The

acquisition is expected to confer added benefits to the Group in terms of creating value and optimizing cash generation through strong contractual operating rights; modern and efficient facilities; world class security and operational excellence that shipping lines and cruise operators demand; and the opportunity to introduce flexible tariffs.

During the period from 29 July 2010 to 31 December 2010, the acquisition contributed revenues of TL 14,759,592 and profit of TL 253,057,952 (including acquisition goodwill and gain on previously-held interest calculated in accordance with international accounting standards). In making these calculations, management assumed that the fair value adjustments that arose on the acquisition date as well as the carrying values and the acquisition conditions would have been the same if the acquisition had occurred on 1 January 2010.

\* "As the annual report goes to print"

## ENERGY DIVISION

### Sale of Yeşil Enerji and its Subsidiaries

A share transfer agreement ("Agreement") was signed on 23 June 2009, between the Group and Statkraft AS, with respect to the sale of the shares owned by the Group that represent 95% of the share capital of Yeşil Enerji which holds several hydroelectric power generation projects. As at 23 June 2009, shares subject to the sale were transferred to Statkraft AS based on a net asset value of EUR 98,063,270 for Yeşil Enerji. As at 25 June 2010, the Group sold the remaining 5% of the shares in Yeşil Enerji A.Ş. to Statkraft AS at a price of EUR 5,475,193, yielding an equity IRR of 148.27% for the group.

In accordance with the Agreement, in addition to the amount stated above, the Group will be entitled to receive a portion of carbon and electricity income to be received by the generation projects based on certain conditions. Accordingly, Statkraft AS will compensate and pay to the Group 50% of the difference

(difference between the base price assumption of Statkraft AS and the actual price) in revenue of net electricity sales (gross electricity revenue less water usage fee and taxes) generated within the first three operational years of each generation project. The Group will further receive 50% of carbon emission income to be generated in the initial three operational years.

In accordance with the sale agreement with Statkraft AS dated 23 June 2009 and the addendum related to this agreement two of the generation projects, Düzce-Aksu and Dağören Enerji, were carved out from the transaction. With that respect, Düzce-Aksu was sold at a price of EUR 2,000,000 on 2 June 2010.

### Thermal Power Plant Investment

Galata Enerji, a subsidiary of Global Investment Holdings, is developing a 2x135MW Circulating Fluidized Bed Boiler Thermal Power Plant (the "Power Plant") in Şırnak, where Galata Enerji holds a power generation license issued by

the Energy Market Regulatory Authority ("EMRA"). The power plant, once in operation, will source the necessary coal from Geliş Madencilik which holds exclusive operating rights to a coal mine with more than 200 million tons of probable coal reserves also located in Şırnak.

The Power Plant is expected to generate 1,600 Giga Watt hours ("GWh") of electricity, net of internal consumption, in its first full year of operations, corresponding to a projected US\$ 160 million in annual turnover, assuming current electricity prices of US\$ 0.10 per KWh.

Construction of the Power Plant is expected to start in the second half of 2011 with an estimated construction period of three years. Given this time frame, Galata Enerji plans to commence power generation by the second half of 2014. The Group believes that power generation through domestic resources is a significant factor to meet Turkey's growing energy needs and reduce dependence upon imported resources.

## RECENT BUSINESS DEVELOPMENTS

**With the acquisition of a compressed natural gas (“CNG”) Company, the Global Holdings Group plans to diversify the existing retail natural gas business and provide alternative products reaching a wider range of end consumers.**

### **Increase in Energaz Shareholding**

STFA, the Group’s partner in Energy Investment Holdings, had formerly acquired 46.5% of the outstanding shares of Energaz from the other local partners. Energy Investment Holdings agreed to take over this 46.5% stake from STFA and increase its total shareholding in Energaz to 99% enabling Global Investments Holding to increase its indirect share in Energaz from 26.2% to 49.5%.

### **Natural Gas Wholesale**

In accordance with the vertical integration strategy in the natural gas sector, the Group, through its licensed subsidiary Medgaz A.Ş (“Medgaz”), initiated natural gas wholesale by the beginning of 2010. Medgaz currently supplies a substantial portion of the natural gas consumed by the gas distribution regions under Group’s ownership.

### **Acquisition of a Compressed Natural Gas (“CNG”) Company**

In May 2011, the Group’s subsidiary, Energy Investment Holdings, completed the acquisition of 50% shareholding in Naturelgaz Sanayi ve Ticaret A.Ş. (“Naturelgaz”), a licensed company operating in CNG sales and distribution. Energy Investment Holdings acquired the shares for a total consideration of TL 16 million and USD 0.565 million from the previous shareholders. With this acquisition, the Group plans to diversify the existing retail natural gas business and provide alternative products reaching a wider range of end consumers.



## REAL ESTATE DIVISION

### **Sümerpark Shopping Mall and Residential Units**

Pera REIT, a subsidiary of Global Investment Holdings, has completed its shopping mall investment in Denizli. Sümerpark Shopping Mall has 34,500 m<sup>2</sup> of GLA with Tesco Kipa, Electroworld, Tekzen and C&A as the anchor tenants. Tesco Kipa is the number one supermarket operator in the Aegean region in terms of volume and name recognition.

The Company invested approximately US\$ 74.5 million for the construction of the Sümerpark Shopping Mall as of year end 2010. The mall became operational as of March 2011.

In the second quarter of 2011, Pera REIT will begin construction of the apartments in Denizli adjacent to the shopping mall. On a Company owned land of 34,421 m<sup>2</sup> a total of 644 residential units are planned.

### **Veli Alemdar Han Sale**

In December 2010, Veli Alemdar Han, which is located in the Kemankeş district, Beyoğlu, Istanbul and with registered ownership of Global Investment Holdings, was sold to Seba Alkoçlar Gayrimenkul Yatırım ve Turizm A.Ş. for a total cash consideration of US\$ 25,000,000.

## FINANCE DIVISION

### **Global Asset Management Azimut Partnership**

On 14 March 2011, a framework agreement covering portfolio management and marketing issues was signed between the Group and Azimut Holding S.p.A., the largest independent portfolio management company in Italy.

In accordance with this agreement, Azimut would acquire 60% of the issued share capital of Global Asset Management through a reserved capital increase and 5% of the issued share capital of Global Securities either at the initial public offering or with a direct share purchase. As of July 2011, Azimut completed acquisition of 5% the shares of Global securities and completion of its shareholding at Global Asset Management is pending satisfaction of legal procedures.

### **Initial Public Offering of Global Securities**

In June 2011, Global Securities successfully completed an initial public offering of 10 million newly issued shares. The IPO was oversubscribed by approximately three times the offering and subsequently Global Securities is listed on the Istanbul Stock Exchange.

**Pera REIT, a subsidiary of Global Investment Holdings, has completed its shopping mall investment in Denizli.**

## RECENT BUSINESS DEVELOPMENTS

### **Global Securities, a subsidiary of Global Investment Holdings, has signed a letter of intent related to the establishment of a corporate finance consultancy company in Turkey.**

#### **Global Securities - IEG Transaction**

Global Securities, a subsidiary of Global Investment Holdings, has signed a letter of intent related to the establishment of a corporate finance consultancy company in Turkey, with a 50-50% shareholding with IEG (Germany) GmbH, one of the leading companies in corporate finance sector in Europe.


This partnership plans to provide a range of consultancy services to companies, and especially SMEs. These consulting services will include the areas of mergers & acquisitions, debt financing, project financing and privatization tenders. Global Securities and IEG, a leading provider of consultancy services to German SMEs, plan to conduct significant transactions related to the initial public offerings of SMEs, in the Developing Enterprises Market, also known as SMEs Market, in which Global Securities was granted a license to operate as a consultant.

#### **Sale of Hedef Securities**

As at 17 December 2010, all the Group's shares in Hedef Securities, a subsidiary, were sold to Jakup Zablocki and Jakup Maly, the majority shareholders of X-Trade Brokers Dom Maklerski SA located in Poland; Mikolaj Walentynowicz; Hubert Walentynowicz; and X-Broker Sp. Zo.o. at a price of US\$ 1,221,000 paid in cash.

#### **Fitch Affirms Global Yatırım Holding at 'B-'; Off RWN; Assigns Positive Outlook**

Fitch Ratings has affirmed Global Investment Holdings' long-term foreign and local currency Issuer Default Ratings (IDRs) as B- and removed the ratings from Rating Watch Negative (RWN). Fitch assigned a positive outlook to both long-term IDRs. The agency simultaneously affirmed the senior unsecured rating of Global's US\$ 100 million 9.25% loan participation notes, maturing in 2012, as B-. The senior unsecured debt has a Recovery Rating of RR4.



To expand  
the cruise and  
commercial portfolio  
and establish  
the Company's  
expertise  
worldwide.

### **The Ottoman Bow**

The Ottoman archers were an indispensable component of the army and their highly effective, long-range arrows had become the nightmare of their enemies. The Ottoman bow went down in history as the strongest bow ever built and allowed record-breaking shots of over 800 meters.



Global Ports Holding is a unique port group and operator in Turkey, currently managing three leading cruise and commercial ports in its portfolio: Port Akdeniz - the Port of Antalya, Ege Ports - the Port of Kusadasi and Bodrum Cruise Port.

From the commercial operation's aspect, the Port of Antalya has a strategic importance in the Mediterranean basin and is one of the few infrastructures which is operated in the most secure and efficient manner. As Global Ports Holding, we want to make this port one of the most important trade access of Turkey. This way we will achieve further success in growing our company both at domestic and international levels.

Global Ports Holding as a major cruise port operator makes an important contribution to the Turkish tourism as well by modernizing and improving Antalya, Bodrum and Kuşadası Ports, in the aim of increasing the capacity of these cruise ports and their passenger flow. These investments are also being recognized and awarded by many citations and prestigious awards.

Global Ports Holding's primary objective is to maintain its current strong and rapid growth in port operations sector which has a direct effect on Turkish economic growth and also to expand its portfolio on national and international platforms.

**Saygın Narin**

Global Ports Holding CEO



## PORT INFRASTRUCTURE

# Global Ports Holding is leading port operator in Turkey.

Turnover (YoY Growth)



The Group's Port Infrastructure Division currently comprises a 72.5% holding in Ege Ports - Kuşadası; a 60% holding in Bodrum Cruise Port; and a 99.8% holding in Port Akdeniz - Antalya.

These seaport investments are held under Global Ports Holding, a wholly-owned subsidiary of the Global Holdings Group.

Global Ports Holding ("Global Ports Group"), is one of the leading port operators in both Turkey and in the Mediterranean region. The business includes commercial port operations, specializing in container, bulk and general cargo handling, as well as cruise operations, serving cruise liners, ferries, yachts and mega-yachts.

Global Ports Group operates one mixed-use commercial and cruise port on Turkey's

Mediterranean coast (Port Akdeniz - The Port of Antalya) and two cruise ports on the country's Aegean coast (Ege Ports - The Port of Kuşadası and Bodrum Cruise Port). Global Ports Group's commercial port operations have a gross capacity of approximately 400,000 TEU and 5 million tonnes of general and bulk cargo as of 31 December 2010. The Group generated gross throughput of 125,670 TEU, 3.12 million tonnes of general and bulk cargo in commercial operations and 22,542,328 gross register tonnage ("GRT") related to cruise operations in 2010.

Global Ports Group's cruise port operations have a total annual ship capacity of 5,700 as of 31 December 2010. The Group hosted 695 cruise calls, 1,049 ferry calls, 662,314 cruise passengers and 130,774 ferry passengers in 2010.



## **The Commercial and Cruise Port Markets in Turkey**

### **Commercial Port Market in Turkey**

Turkey's geographic location, between the Mediterranean and the Black Sea, at the center of trade between Europe, Asia and the Middle East, as well as its accessible 8,333 km-long coastal line, all provide distinct advantages in global maritime trade. The country has 174 ports and piers, of which four are operated by the Turkish Maritime Administration (the "TDI") and three by the Turkish State Railways (the "TCDD"). Following a recent wave of privatizations, the private sector has played an increasingly important role in the port industry.

A significant proportion of Turkey's foreign trade volume is handled via marine transport. According to TURKSTAT, in

terms of total tonnage of goods, approximately 85% of Turkey's international trade volume was handled through maritime transportation in 2009.

Turkey is a major exporter of cement and building materials. According to the Turkish Cement Manufacturers Association, the cement industry in Turkey ranked first in Europe and fourth in the world in terms of production in 2010. Additionally, the industry ranked first in Europe and third in the world in cement exports in 2010; during the year, the export volume reached over 16 million tonnes, with a value of more than US\$ 1 billion.

### **Cruise Port Market in Turkey**

Turkey is strategically located between Europe, Asia and Africa and is home to many archaeological sites and resort destinations. Modern-day

Turkey was at the crossroads of and a trade center for Ancient Greek and Roman, Early Christian, Byzantine and Ottoman cultures and civilizations.

Data published by the Undersecretariat of Maritime Affairs indicates that Turkey is becoming an increasingly popular cruise destination. The number of tourists arriving in Turkey by cruise ship exceeded 1.75 million in 2010, and accounted for approximately 6.1% of the total number of foreign tourist arrivals in the country.

The increasing popularity of Turkey has been attributed to a number of factors, including the perception of the country as an exotic destination which lies within a short distance of other Mediterranean destinations.

## PORT INFRASTRUCTURE

# Ege Ports-Kuşadası is the leading cruise port in Turkish market.

**Ege Ports generates revenue from port operations, Scala Nuova Complex and duty-free shopping.**

The leading cruise ports in the Turkish market are Ege Ports - Kuşadası (Global Ports Group's first cruise port investment), İstanbul Salıpazarı Port and the Port of İzmir. These ports handled 73% of total calls and 79% of total passengers in Turkey in 2010, according to the Undersecretariat of Maritime Affairs.

### **Ege Ports (Kuşadası)**

In July 2003, Ege Ports was awarded a transfer of the 30-year operating rights for the Ege Ports - Kuşadası cruise port, located in the city of Kuşadası on the Turkish Aegean coast. Kuşadası is in close proximity to the world-renowned classical

archaeological site of Ephesus, and is also near the religious site of Meryem Ana Evi (The House of the Virgin Mary), which draws thousands of pilgrims each year.

Ege Ports is owned as to 72.5% by the Company and as to 27.5% by Royal Caribbean Cruises, Ltd., a major, Miami-headquartered cruise operator. Royal Caribbean had a 25% share of the world cruise travel market in 2008, according to the Caribbean Cruise Association.

Since taking over the operations, Ege Ports has successfully established Ege Ports - Kuşadası as one of





the major destinations in the Mediterranean cruise market through the addition of modern, International Ship and Port Facility Security Code (the "ISPS Code") compliant and world-class facilities, as well as through highly effective marketing and promotional activities.

In April 2005, Ege Ports completed a US\$ 5.9 million investment in a new passenger terminal and related facilities at Ege Ports - Kuşadası. In conjunction with the 2005 renewal of Ege Ports, a food, beverage and retail shopping complex, "Scala Nuova," was completed at a cost of approximately US\$ 5.2 million. The Scala Nuova complex features leading national and international retail brands, as well as regional and local stores.

Currently, Ege Ports - Kuşadası is expanding the berthing capacity of the Port with the construction of a mooring dolphin to extend the existing piers for larger vessel sizes.

Ege Ports generates revenue from three main sources: cruise port and ferry operations, the Scala Nuova complex, and duty-free shopping. Revenue from cruise port and ferry operations consists principally of landing revenue, based on the number of passenger arrivals, and revenue from port services, including pilotage, tugboat, sheltering, security, waste removal, fresh water and parking services. Scala Nuova complex revenue comprises the rent revenue from retail tenants.

The United States subprime mortgage and CDO market crises, also impacted the global cruise industry in 2009. International tourism, including the cruise sector, was negatively affected by the global economic crisis as potential cruise passenger tourists reconsidered their travel plans and cut back on discretionary spending.

Although a challenging year for the worldwide cruise sector, 2010 was nevertheless successful for Ege Ports -

Kuşadası which was able to maintain the cruise call level and surpass the total passenger level it had achieved in 2009. In addition to its successful marketing campaign to minimize the effects of the economic crisis, Ege Ports - Kuşadası maintained increases in passenger numbers in 2010 by negotiating with cruise lines on the Port's standard tariff, and in turn giving its cruise operator clients the opportunity of offering flexible fees in order to maintain adequate cruise passenger occupancy levels for their ships.

Approximately 8,000 non-cruise visitors came to the Port facilities and the Scala Nuova complex per day during the summer months.

Primarily as a result of the growth in passenger arrivals in 2010 together with the positive impact of Scala Nuova generated business and duty-free revenue, Ege Ports - Kuşadası reported net revenue of US\$ 13.9 million and EBITDA of US\$ 9.5 million for the year.



## PORT INFRASTRUCTURE

# In 2010, Ege Ports surpassed the total passenger level it had achieved in 2009.

Ege Ports - Kuşadası is the busiest cruise port in Turkey in terms of passenger arrivals and number of calls.

Ege Ports' success has been recognized since its acquisition in 2003 with numerous awards and citations. A list of these awards and citations is available on Global Ports Holding's website at [www.globalports.com.tr](http://www.globalports.com.tr).

From its first day of operations in July 2003, Ege Ports - Kuşadası has placed great

emphasis on maritime and civil security which has become a key marketing asset for the facility.

Ege Ports was the first cruise port in Turkey to qualify as compliant with the International Ship and Port Facility Security Code (the "ISPS Code") promulgated by the International Maritime Organization shortly following the acts of terrorism committed in the US on 11 September 2001.

During 2010, Ege Ports also continued to implement, both independently and in coordination with the Turkish Ministry of Culture and Tourism, an aggressive marketing campaign via a number of international platforms, including Seatrade Hamburg and Seatrade Cruise Shipping Miami. The campaign's objective was to attract additional cruise lines and calls; the program has now been extended to encompass Bodrum Cruise Port and Port Akdeniz - The Port of Antalya.

### Kuşadası Port - Passenger, GRT and Traffic Data (1998-E2011)

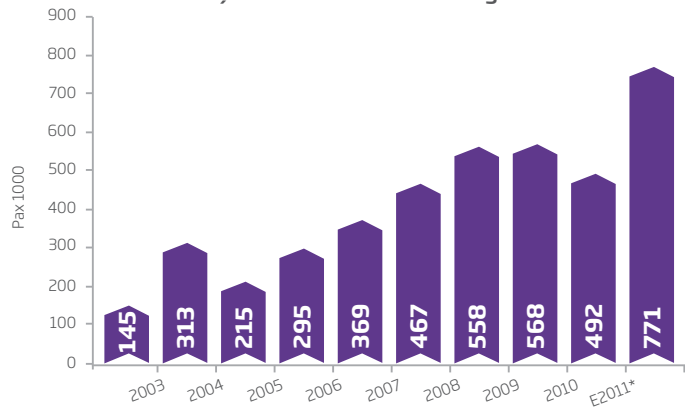
Year	Cruise ships	GRT (Million)	Passengers (Thousand)	Δ Total CALL	Δ Total GRT	Δ Total Passengers
1998	889	N/A	412			
1999	665	N/A	301	-25%	N/A	-27%
2000	754	N/A	408	13%	N/A	36%
2001	764	N/A	445	1%	N/A	9%
2002	371	N/A	145	-51%	N/A	-68%
2003	331	N/A	313	-11%	N/A	116%
2004	347	8.1	215	5%	N/A	-31%
2005	444	10.1	295	28%	26%	37%
2006	499	13.3	369	12%	31%	25%
2007	613	17.5	467	23%	32%	27%
2008	646	20.5	558	5%	17%	20%
2009	616	21.2	568	-5%	4%	2%
2010	536	18.4	492	-13%	-13%	-13%
E2011*	620	27.7	771	16%	50%	57%

\*Based on full occupancy.

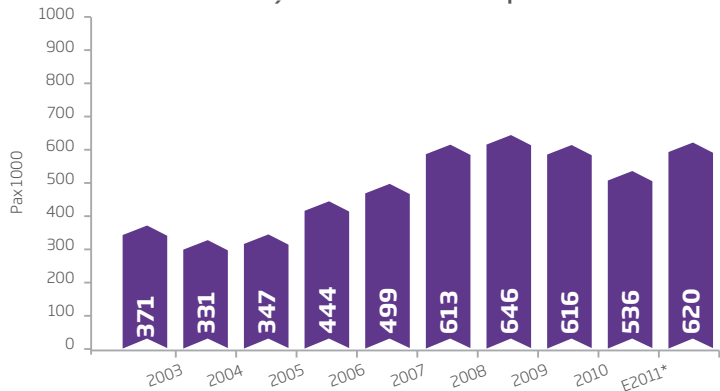


## Continuous Investment Turning into Sustainable Growth

### Kuşadası Port Total Passenger Arrivals



### Kuşadası Port Cruise Ship Calls



Source: Ege Ports - Kuşadası Management

## PORT INFRASTRUCTURE

In addition to participating in leading fairs and expositions for the cruise sector, the cruise ports marketing team conducts annual, highly professional road shows to visit all the major U.S. based cruise companies.

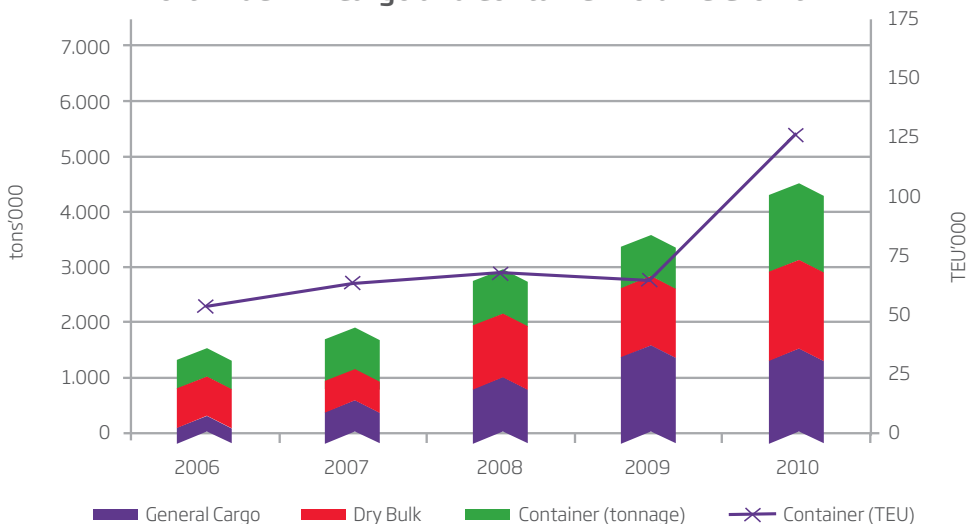
Last, other key factors in the continuous growth of cruise passenger traffic at Ege Ports - Kuşadası over the past seven years include the growing demand for cruise tourism world-wide; the increasing popularity of Aegean and Mediterranean cruise destinations; and the deployment of larger cruise vessels, with passenger capacities of up to 6,000 persons, by cruise operators.

### Port Akdeniz - (Antalya)

In October 2006, a joint venture 40% owned by Global Ports Holding acquired the 22-year operating rights for Port Akdeniz - Antalya for US\$ 61 million. In July 2010, Global Ports Holding completed the acquisition of remaining shares and now holds 100% of the issued and outstanding shares of Ortadoğu Antalya Liman İşletmeleri A.Ş. ("Port Akdeniz - The Port of Antalya"). As a result of this transaction, Port Akdeniz is now managed solely by Global Ports Holding.

Situated on Turkey's Mediterranean coast, Antalya is located in a mineral-rich region that produces marble, chromium, cement, clinker and other commodities. Ringed by the snow-capped Taurus Mountains, Antalya's beaches and golf resorts, as well as its proximity to important archaeological sites, including the ancient cities of Perge and Aspendos, make it a major center in the Turkish tourism industry. The city attracted over 10 million visitors in 2010.

Port Akdeniz - Cargo and Container Volume Growth



## PORT AKDENIZ 2007 - E2011 CRUISE SHIP TRAFFIC

	2007	2008	2009	2010	E2011	2010 - E2011 CAGR
Call	37	43	25	61	85	39%
GRT (thousand)	676	911	533	2,683	2,810	5%
Pax	15,488	25,017	13,842	138,827	147,053	6%

Given the proximity of Port Akdeniz - Antalya to a major international airport and a variety of important archaeological sites, Global Ports Holding management believes that the Port, which commenced turn-around/home port operations in 2010, has the potential to become a major turn-around/home port in the Mediterranean.

While traditionally operated as a commercial port, Port Akdeniz is a multi-functional facility spread over a total marine area of approximately 136,000 m<sup>2</sup>. The Port has 10 berths, which can accommodate bulk, general and container cargo vessels, as well as cruise vessels; the Port also includes a marina with a 250 berth and 150 yacht dry-dock capacity. The marina is operated by a new entrant to the marine operations business and acts as a concessionaire, paying annual rent to the Port operator at the beginning of each year. Rehabilitation of the

existing cruise terminal at Port Akdeniz was swiftly undertaken in 2009, and enlarged in 2011 in response to the operational needs of the growing cruise lines including Port Akdeniz - The Port of Antalya in their itinerary, the terminal is for the sole use of cruise port operations, including turn-around operations; as of the date of this Annual Report, the addition of a brand new duty free shop has commenced.

As a commercial port, Port Akdeniz is widely used by companies in the cement, clinker, coal, aluminum, marble, mining, chemicals and agriculture sectors. The Port has a dry bulk and general cargo handling capacity of approximately 5 million tons and container handling capacity of 400,000 TEU per year. Since the take-over of the Port in October 2006, and following improvements to operations by the new management, the container cargo volume at Port

Akdeniz increased by 31%, 73% and 7% in 2006, 2007 and 2008, respectively; additionally, the container handling volume in 2008 reached 67,095 TEU. However, in 2009, due to the global financial crisis, the container handling volume of the Port leveled at 63,366 TEU, a 5.5% year-on-year decrease from 2008. In 2010, Port Akdeniz doubled the container handling volume and volume of the Port, which reached 125,670 TEU.

Port Akdeniz generated 3.12 million tonnes of general and bulk cargo in 2010, an approximate 10% year-on-year increase over 2009.

In 2010, mainly due to the increase in the general cargo, bulk cargo and container handling volume, Port Akdeniz posted total revenue of US\$ 37.5 million, a sharp 41% rise compared to 2009, as a result of improvements and efficient management practices.

## PORT INFRASTRUCTURE

### BODRUM CRUISE PORT 2007 - E2011 CRUISE SHIP TRAFFIC

	2007	2008	2009	2010	E2011	2010 - E2011 % Change
Call	60	169	92	92	110	20%
GRT (thousand)	451	2,495	1,597	1,392	1,710	23%
Pax	13,550	65,501	37,726	35,455	51,300	45%

#### Bodrum Cruise Port

Bodrum Cruise Port was privatized in June 2004 under a 12-year BOT concession agreement, the term of which started in December 2007. Pursuant to a share sale and purchase agreement made and entered into in April 2007, the Group acquired 60% of the shares of the Port's operator. The other shareholders of Bodrum Cruise Port are Setur Turistik Servis A.Ş., a duty-free operator beneficially owned by the Koç Group of Turkey, and Yüksel Çağlar, a local entrepreneur, with shareholdings of 10% and 30%, respectively.

Bodrum is one of the most popular holiday resorts in Turkey for local and international visitors. Located on the Aegean coast of Turkey, Bodrum Cruise Port, which only began operating as a privatized port in the second quarter of 2008, is also one of the newest cruise

ports in the country. The Port is positioned to service cruise, ferry and mega-yacht traffic around the Bodrum Peninsula, and between Turkey and the Greek island of Kos.

Bodrum Cruise Port covers a total area of 22,000 m<sup>2</sup> and can accommodate two large-sized or four smaller cruise ships at the same time. The Port also includes three motorboat ramps in addition to quays to harbor small boats. The terminal building houses a duty-free shopping area, exchange office, restaurants, travel agency, car rental office, bank and lounge.

Bodrum Cruise Port's first season under new management commenced in March 2008. Immediately after the management changeover, Bodrum Cruise Port undertook several initiatives to promote the Port as a new destination for the 2008 season, including participating in major industry fairs, such as Seatrade Miami.

In December 2008, the success of Bodrum Cruise Port was recognized internationally by the renowned "Seatrade Insider," which chose Bodrum Cruise Port as a finalist for "Destination of the Year." Since 2009, marketing efforts to promote the Port have accelerated. In addition to participating in international cruise events, during the summer of 2009, Bodrum Cruise Port hosted a series of concerts and other events to attract both local and foreign tourists to its facilities while enhancing the social and cultural environment of Bodrum.

In addition, Bodrum Cruise Port has initiated a capital expenditure program which aims to increase the attractiveness of the Port for both local tourists and cruise passengers. Bodrum Cruise Port started the installation of marine structures, including trim anchors for hydrofoils and mega-yachts.



## PORT INFRASTRUCTURE

Bodrum Cruise Port has also commenced the implementation plans for two mooring dolphins that will enable larger cruise vessels to call at the Port. Additionally, in order to enhance the accessibility of the Port, water taxi services carry Port visitors to and from nearby locations.

During 2010, the Port received 98 cruise ship and 369 motorboat calls with a total of 31,691 and 67,963 passengers, respectively. Bodrum Cruise Port generated total revenue of US\$ 2 million in 2010.

### TARGET PROJECTS

#### Turkish and Regional Cruise and Commercial Sea Ports

**Galata Port (Istanbul):** Galata Port, the second busiest cruise port in Turkey in passenger arrivals, extends 1.2 km along the Bosphorus Strait and comprises a total land area of approximately 100,000 m<sup>2</sup>. Galata Port is ringed by the historic Eminönü, Galata, Karaköy, Topkapı and Fatih districts of Istanbul.

The Company was a member of a consortium that submitted the highest bid in a build-operate-transfer ("BOT") tender for Galata Port in August 2005. The project envisioned an extensive urban renewal project, which in addition to redeveloping Galata Port into a modern cruise port, was to include tourism facilities, a hotel and shopping complex and other pedestrian and tourist friendly features. The entire Galata Port project was to have been integrated with inter-modal transportation, combining

the highest international standards of modern design, technology and security with the preservation and restoration of existing historic buildings and monuments on the site.

At the beginning of 2006, the Turkish Authorities announced that the tender was cancelled on technical and legal grounds. In February 2010, as the outcome of a tender organized by the Privatization Administration, EFG İstanbul Menkul Değerler-Mag Mühendislik-İşmen Hukuk Bürosu was selected as the advisory consortium to organize the Galata Port tender process which is expected to be finalized by the end of 2010. The Company intends to participate in the new tender and is currently monitoring developments in the tender process.





To develop  
new and  
environmentally  
friendly energy  
projects.

### **The Persian Bow**

In its heyday, the Persian army boasted 10,000 archers. A soldier had to go through twenty years of training to be designated as an archer.



Energy Division's primary focus was on growth and diversification throughout 2010.

With respect to natural gas business, we expanded our natural gas consumer base by adding a remarkable 97,500 new subscribers, which also contributed to the increase in natural gas consumption exceeding 690,000 million cubic meters during the year. Additionally, in accordance with the vertical integration strategy, natural gas wholesale operations were initiated, as a result of which we started to meet a substantial portion of the natural gas demand by the distribution regions through purchase agreements with private natural gas importers.

With respect to power generation, our Energy Division continued the development of its high-yield coal-fired power plant project in 2010. Several steps have been taken regarding the permission processes, including the revision of the connection point to the main transmission line which will bring a substantial cost advantage as well as the completion of the development plan approval by the Ministry of Settlement and Public Works.

Meanwhile, we continue to follow up and evaluate the opportunities in the energy sector in line with our growth perspective. We hope to contribute to the Group's overall performance not only through sustainable growth of existing businesses but also through adding new businesses parallel with the Group's strategies and return criteria.

### **Atay Arpaciođulları**

Head of Business Development



## ENERGY

# The Global Holdings Group's portfolio embraces distribution and trading of natural gas and power generation.

Capital Expenditure (YoY Growth)



The Energy Division portfolio encompasses the Group's interests in natural gas distribution concessions in 10 regions of Turkey, natural gas wholesale operations and one project of coal-fired power plant.



Energaz and Ege Global are the main subsidiaries of the Company engaging in gas distribution, wholesale trading and coal-fired power generation, respectively.

### NATURAL GAS DISTRIBUTION

Natural gas was introduced to Turkey in 1987 while residential and industrial consumption started in 1989. Until 2003, due to the high cost of required infrastructure investment and limited government resources, natural gas was primarily available to power generators

and was to meet both the public and private sector requirements of a few major cities. In 2003, the government initiated privatization for natural gas distribution in urban areas around the country in order to accelerate infrastructure investments. Supported by privatizations in the sector, natural gas consumption in Turkey has increased 8% per annum over the last 10 years to reach a consumption level of 31.4 billion m<sup>3</sup> in 2010.

Despite the extensive infrastructure investments made by the private sector, the overall penetration rate for natural gas in Turkey remains low, and has ample room for growth in line with the country's rapid urbanization and industrialization. Boru Hatları ile Petrol Taşıma A.Ş. ("BOTAŞ"), the



Turkish state-owned enterprise which owns and operates petroleum and gas pipeline infrastructure and holds long-term natural gas import contracts, projects that demand for natural gas in Turkey will further increase to 57 billion m<sup>3</sup> and 67 billion m<sup>3</sup> by the years 2015 and 2020, respectively.

Furthermore, in order to move towards cleaner energy, many local communities and municipalities have passed laws requiring that households must convert from coal to natural gas where natural gas is available. Company management anticipates that such laws will result in a material increase in penetration rates in affected areas.

### **Energaz**

The first energy sector projects realized by the Global Holdings Group started in 2003 with the joint acquisition, with STFA and local partners, of rights from the state to establish and operate natural gas distribution networks servicing both households and industrial facilities in certain concession regions for a 30-year period.

The Group's investments in the natural gas sector are held indirectly through Energaz, which is responsible both for running existing operations and expanding the natural gas business. Energaz is majority-owned by Enerji Yatırım Holding A.Ş. ("Energy Investment Holdings" or "EIH") a strategic joint venture formed between the Company and STFA to pursue opportunities in the natural gas sector. The Company owns 50% of EIH and STFA holds the remaining 50%.

STFA was founded in 1938 and is one of the leading contracting and construction groups in Turkey. It also has operations in engineering, catering and facility management, industrial chemicals and heavy equipment both within Turkey and for clients in other countries including Libya, Saudi Arabia, Iran, Tunisia and Pakistan.

As of end-2010, the Group's natural gas distribution investments consisted of 30-year natural gas distribution rights for 10 regions in Turkey. The Group acquired its 10<sup>th</sup> region in February 2008, through a tender by EMRA for the 30-year natural gas distribution rights for the Aydın region. Based on TURKSTAT's 2008 population estimates, with the addition of the Aydın region (population: 1 million), Energaz is the second largest privately-owned gas distributor in Turkey, covering regions

**ENERGY**

# The Global Holdings Group's natural gas distribution companies expanded subscriber bases in 2010.

## **Energaz is the second largest privately-owned gas distributor in Turkey,**

collectively representing over 11% of the country's total population of over 70 million.

In 2009, the Group also initiated investments in the natural gas wholesale sector in line with its strategy to establish a vertically integrated natural gas enterprise. To this end, Energaz's subsidiary Medgaz A.Ş. ("Medgaz"), which holds a natural gas wholesale license issued by EMRA, continues to meet a substantial proportion of natural gas demand by the distribution regions under Energaz's ownership through supply agreements made with private natural gas importers. Medgaz plans to further diversify its natural gas resources through new supply contracts in the form of pipeline gas as well as liquefied natural gas with other suppliers to furnish supply to consumers serviced by Energaz's distribution companies as well as other consumers throughout Turkey.

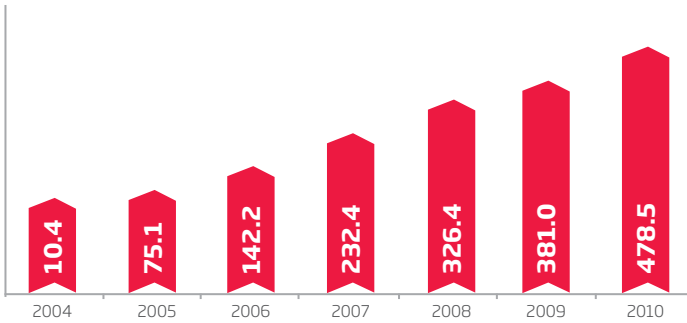
The first natural gas distribution companies in which the Group currently holds a stake in began

operating in 2004, servicing the Konya and Çorum regions of central Turkey. An additional distributor, servicing the Ereğli region, started operations in 2005. During 2006, natural gas distribution commenced in the Niğde-Nevşehir and Denizli regions; in 2007, distribution started in Karaman and Erzincan. In addition, Energaz acquired 100% ownership of the natural gas distributor for the Aksaray region from the original concessionaire in 2007. In Antalya, infrastructure investments commenced in 2008 and expansion of the distribution network continues. Investments in Aydın, the last region added to the portfolio, were initiated in 2010 and natural gas distribution is expected to start within 2011.

The Group's natural gas distributors have continued to expand their subscriber bases during the reporting year. As of end-2010, subscribers in the Konya and Çorum regions totaled 261,200, up from 224,100 in 2009. Additionally, subscribers in the Ereğli and Aksaray regions exceeded



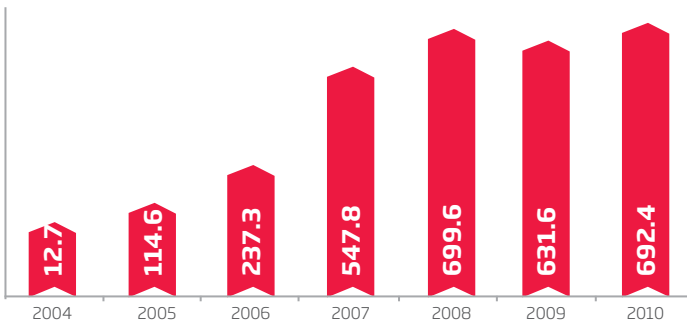
**Total Number of Subscribers (thousands)**



53,800 in 2010, compared to 45,100 in the prior year, while subscribers in the Niğde-Nevşehir and Denizli regions rose to 133,300, up from 92,600 in 2009.

The distribution companies in the Karaman and Erzincan regions, which began operations in 2007, added 11,000 subscribers during 2010, to reach a total of 29,500 subscribers. In Antalya, initial network investments are still underway and the region ended 2010 with 700 subscribers. The total number of subscribers serviced by the Group's natural gas distribution companies as at 31 December 2010 reached 478,500 realizing an increase of 25.6% over the previous year.

**Total Natural Gas Consumption (million m<sup>3</sup>)**



## ENERGY

In parallel with the rise in subscribers, overall gas consumption in Energaz's gas distribution regions also increased by 9.6% in 2010 to reach 692.4 million m<sup>3</sup>, and signaled a successful recovery from the negative impact of the economic slowdown in 2009.

The table below presents the estimated population, the number of subscribers, natural gas consumption and the network penetration rate for the year 2010 for the 10 concession regions in the Energy Division portfolio:

The consolidated revenues of the natural gas distribution companies totaled TL 242 million (US\$ 160.3 million) in 2010 compared to TL 261.6 million (US\$ 168.8 million) in the prior year. The operating results of all natural gas distribution companies are consolidated in the Global Holdings Group's 2010 financial statements.

### Year ended 31 December 2010

Concession Region	Population <sup>(1)</sup> ('000)	Total Subscribers	Total Subscribers (YoY Growth)	Network Penetration Rate <sup>(2)</sup>	Natural Gas Consumption (million m <sup>3</sup> )	Natural Gas Consumption (YoY Growth)
Konya	1,835	184,300	19.2%	74%	255.0	8.4%
Çorum	545	76,900	10.6%	79%	114.4	10.0%
Ereğli	135	21,100	14.5%	66%	22.2	-3.4%
Niğde- Nevşehir	620	34,400	69.4%	63%	31.3	22.9%
Denizli	917	98,900	36.8%	75%	148.9	8.0%
Karaman	230	17,900	48.9%	61%	50.7	7.2%
Erzincan	211	11,600	80.7%	84%	7.9	19.9%
Aksaray	371	32,700	22.5%	64%	62.0	19.0%
Antalya	1,860	700	0%	1%	n/a	n/a
Aydın	966	n/a	n/a	n/a	n/a	n/a
<b>Total</b>	<b>7,690</b>	<b>478,500</b>	<b>25.6%</b>		<b>692.4</b>	<b>9.6%</b>

(1) TURKSTAT 2007 address-based census population estimates.

(2) Total number of households subscribed divided by total number of households within the existing network coverage.





02 BR 01



DİKKAT  
DOĞALGAZ



ATEŞLE  
YAKLAŞMA

**ENERGY**

# Global Holdings Group continues to invest in electricity generation projects.

**Ege Global, through its 60% held subsidiary Galata Enerji, started to develop 270 MW power plant.**

**POWER GENERATION**

According to TEİAŞ (Türkiye Elektrik İletim A.Ş.), the Turkish state-owned electricity grid operator, demand for electricity in Turkey has increased rapidly over the last decade. Gross electricity demand has risen from approximately 85.6 TWh in 1995 to 209.4 TWh in 2010, at a compounded annual growth rate of 6.1%. Furthermore, a TEİAŞ research study on electricity generation capacity projections for Turkey from 2007 to 2015 concluded that the total capacities and annual projected or reliable outputs of existing power plants and other licensed plants, currently under construction or planned, will not be sufficient to meet the country's electricity demand in terms of peak capacity, projected output or reliable output within the next two to eight years. Accordingly, Company management plans to continue to invest in electricity generation projects, and in particular those that use domestic natural resources such as coal.

**Ege Global**

In February 2008, the Company, through its subsidiary Ege Global, signed a share purchase agreement to acquire a 60% stake in Geliş Madencilik, a company which holds exclusive operating rights to a coal mine with more than 200 million tons of probable coal reserves located in Şırnak, Turkey.

Following the signing of the share purchase agreement, Ege Global, through its 60% held subsidiary Galata Enerji, started to develop a 270 MW coal-fired circulating fluidized-bed boiler ("CFBB") type power plant. As of the date of this Annual Report, Galata Enerji has been granted a generation license for 49 years by the Ministry of Energy; additionally, the environmental impact assessment has been conducted and approved by the Ministry of Environment. Furthermore, the connection points to the national transmission grid has been assigned by TEİAŞ, a development plan has been approved by the Ministry of Public Works and Settlement, and a quantitative reserve assessment as well as the evaluation of the combustion characteristics of the coal have been completed by third party advisors.

The affiliated mining company, Geliş Madencilik, is entitled, pursuant to a royalty agreement signed with the Special Provincial Administration of the Turkish state, to the operating rights of a 250 km<sup>2</sup> coal mine field in Şırnak, comprising eight known pylons.

The term of the royalty agreement is effective until 2043, a period sufficient to both cover the projected three year construction period and the 30-year economic life of the planned 270 MW power plant at Şırnak.

The General Directorate of Mineral Research and Exploration (the "General Directorate") had previously performed a limited amount of drilling on each of the eight known pylons of the coal mine. Therefore, a drilling campaign has been commenced and 8,600 meters of drilling have been performed to conduct reserve estimations and modeling studies on one of the eight pylons, Avgamasya. The Avgamasya reserve assessment report suggests that the mine contains more than 30 million tons of coal reserves, a figure considerably higher than that formerly estimated by the General Directorate. Ege Global also believes that the remaining seven pylons may contain higher reserves than those estimated in the previous studies by the General Directorate, and that the mining field may potentially include further pylons as well, with overall probable coal reserve of the field exceeding 200 million tons.

The results of combustion tests performed by Ege Global for the coal reserves in Avgamasya in a circulating fluidized-bed combustor ("CFBC") test plant in Germany (at the facilities of Ruhr-Universität Bochum, Faculty of Mechanical Engineering, and Department of Energy Plant Technology, or LEAT) have suggested the coal from the pylon has one of the highest calorific values observed in Turkey, at 4,000-4,500 kcal per kilogram of coal. The combustion reactions of the coal and the additives were also found to comply with CFBC technology and applicable environmental regulations.

Galata Enerji plans to source the coal required for the proposed power plant from the mine owned by Geliş Madencilik under a long-term supply agreement. Currently, excavation in the field is carried out through open pit mining which results in a relatively lower unit cost per ton of coal excavated compared with other mines in general.

As the development of a coal-fired power plant was the primary rationale behind the agreement to acquire Geliş Madencilik, Ege Global has formed a dedicated team of professionals experienced in mining and coal-fired power generation to facilitate plant construction and equipment procurement, as well as to ensure the orderly progression of legal, regulatory and administrative matters.

It is estimated that the 270 MW power plant will consume

about 1 million tons of coal and generate 1,600 Giga Watt hours ("GWh") of electricity per year, net of internal consumption in its first year of operations; this estimate corresponds to a projected US\$ 160 million in annual turnover, assuming current electricity prices of US\$ 0.10 per KWh.

Fluidized bed combustion technology was chosen for the Şırnak power plant on the basis of environmental considerations as compared to conventional boilers. This technology has come into wide use over the past 10 years. Chinese manufacturers, in particular, provide competitive pricing and technical expertise.

In 2010, as a result of an extensive review process that evaluated a number of leading international contractors, Galata Enerji signed an engineering, procurement, and construction ("EPC") agreement encompassing the completion of the construction of Şırnak power plant on a turn-key basis. The EPC contract will be supported with maintenance and operating agreements based on performance guarantees. Local staff employed by Galata Enerji is expected to take over the operations gradually after sufficient on site training.

Construction of the plant is expected to start in the second half of 2011 and the estimated construction period is about 36 months. Galata Enerji plans to commence power generation by the second half of 2014.

## ENERGY

### TARGET PROJECTS

#### Natural Gas Importation and Wholesale Trading

In June 2005, a law was adopted prohibiting BOTAŞ from undertaking any further contractual purchase commitments for natural gas. Further, the new law required BOTAŞ to tender its existing contractual purchase commitments to the private sector until such time as its total annual imports had decreased to below 20% of annual national consumption. To date, BOTAŞ has transferred approximately 4 billion m<sup>3</sup> of natural gas in 16 lots of 250 million m<sup>3</sup> of natural gas each. The Company's management will evaluate the Group's participation in tenders for additional lots, which is expected to take place within 2011. In addition, the Company plans to diversify its natural gas resources through further supply agreements for pipeline gas and LNG.

Additionally, the Company is currently evaluating opportunities to grow its existing natural gas wholesale operations through partnerships with strategic players that have access to natural gas supplies. The objective is to expand the Group's natural gas business and achieve vertical integration with its retail gas distribution operations.

#### Expansion of Şırnak Coal-fired Power Plant

The Global Holdings Group plans to initiate detailed reserve studies and execute drilling campaigns for the seven remaining pylons besides Avgamasya located in the 250 km<sup>2</sup> coal mine field in Şırnak, once a certain development stage is completed in the 270 MW power plant project. It is estimated that the total coal reserves in these seven pylons are approximately 150-200 million tons. The Company targets to gradually increase the capacity of the

power plant up to 1,000-1,500 MW in the future and supply the additional coal required for power generation from these additional pylons.

#### Further Licenses in Renewable Energy

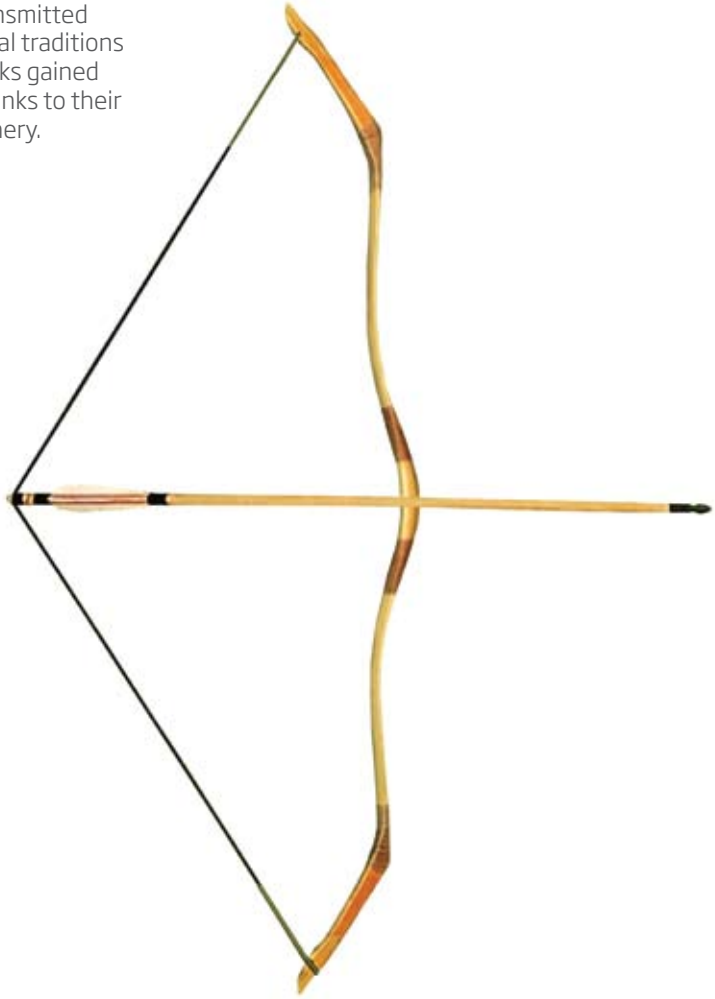
Though the Global Holdings Group Energy Division's primary focus is the development of the Şırnak coal-fired power plant, the Company recognizes the importance of a well-balanced and diversified power generation portfolio that also includes high-growth, renewable energy sources in the Turkish energy sector. To this end, the Company plans to evaluate opportunities in renewable energy, including hydro, wind, geothermal and solar generation. The Company will grow its asset base by selectively pursuing both greenfield and brown-field investments as opportunities arise in privatizations as well as in private sector transactions.





### **The Hun Bow**

The Huns, who transmitted Central Asian martial traditions to Mongols and Turks gained crucial victories thanks to their competence in archery.



Pera Reit has shown strong performance in its operational and financial activities during 2010. We have completed the construction process of Denizli Sümerpark Shopping Mall which was the first step of Sümerpark Mix Use Real Estate Development and proudly launched the Mall at the beginning of 2011. The Shopping Mall has 34,500 m<sup>2</sup> GLA and by the end of 2010 occupancy rate of the Mall reached 85%. Tesco Kipa, Electroworld, Tekzen and C&A are the anchor tenants of the Mall along with 80 other small to medium sized retailers. Besides powerful and well-known tenants; Sümerpark Mall has become the center of attraction in Denizli and the Aegean Region with its open air architectural design and its surrounding landscape.

In 2011 the second step of the Mixed Use Development Project "Sümerpark Apartments" has been started which contains 644 units including social facilities, swimming pool, walking tracks. The project will have three phases and the first phase which contains 154 units will be completed in May 2012.

The completion of the "Sümerpark Apartments" Project as well as increasing our efficiency in Mall Management will be our main targets in year 2011. We are also in discussion with well known hotel management companies and will soon start the construction of the hotel which will be the third phase of our investments in the region.

2011 would be the year of capturing the first fruits of our investments in Denizli which started in 2007 in terms of rental income from the shopping Mall and apartment sales.

### **Ayşegül Bensele**

Pera GYO

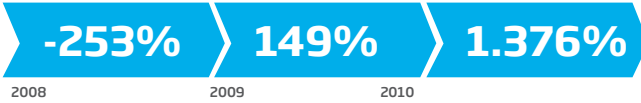
Board Member & General Manager



## REAL ESTATE

# The Global Holdings Group's primary focus in real estate is developing value added projects.

Operating Profit (YoY Growth)



2010 was quite a good year for Turkey's real estate market. The Turkish economy grew quickly while inflation and interest rates remained low. The country's gross domestic product (GDP) growth rate for 2010 reached 8.9%, which led domestic demand and private sector investments to bounce back from the economic crisis. Thanks to investor confidence in the financial markets, capital inflows were robust and liquidity conditions improved while the Turkish Lira strengthened. This environment resulted in the emergence of better conditions and expectations for the real estate sector.

The year 2010 saw rapid yet sustainable growth in the construction and real estate sectors in Turkey. The construction sector grew 24.9% in the third quarter, and 17.5% during the fourth quarter of the year.

The housing sector has further developed through new project start-ups, a rising number of permits issued and increased demand for housing loans. Housing prices and rents also have now stabilized. The volume of housing loans extended in the first three quarters of 2010 was a robust TL 20.9 billion.

During 2010, the average new home prices index increased 5.3 points, to 105.3. Additionally, the index had risen another 1.2 points, to 106.5, as of the end of February 2011. In terms of apartment types, prices of new apartments of the 2+1 type increased more than the segment average: up to 108.3 by the end of February. Meanwhile, the lowest rise was recorded for apartments of the 4+1 type.

Turkey's economic growth and increased domestic demand





has also led to recovery in the commercial real estate sector. Demand for office space and shopping malls remained steady. Developers plan to build even more shopping malls in and around major Turkish metropolitan areas due to buoyant demand for high quality office space and other commercial properties.

Rapid economic recovery, high domestic demand, participation of international retailers, low interest rates and optimistic expectations have all served to accelerate shopping mall investments in the country by both Turkish and international investors. Additional shopping mall investments have also started and are planned in cities outside major metropolitan areas. In 2010, 24 new shopping malls launched and an additional 35 are expected to open in 2011. In first quarter 2011, five new shopping malls opened

nationwide. Three of the five newly opened malls, with a combined 232,500 m<sup>2</sup> of total leasable space, opened in Istanbul, with one in Denizli, and one in Izmir. As of end March 2011, the number of shopping malls nationwide totaled 266 with total leasable space of 6.52 million m<sup>2</sup>.

Demand for office space has significantly increased as a result of the robust economic growth the country experienced in 2010. Formerly characterized by relocations for cost saving purposes during the immediate post-crisis period, the commercial segment has been boosted by demand for new office space in the last quarter of 2010. Average monthly rent per m<sup>2</sup> for Class A and B office space in the Istanbul market has steadily risen throughout the year. While the average monthly rent per square meter of Class A office space in the CBA zone

has increased US\$ 2.30, to US\$ 28.20, Class B office space rates have risen US\$ 1.80, to US\$ 16.70, during the year. The rents of both Class A and Class B office space in the off-CBA zone have also increased to a more limited extent. The upward trend in the office rents continued in the last quarter, which saw stronger demand.

The real estate sector is steadily picking up in Turkey, with prices rising more than expected as foreign investors rush in. The country is also attracting foreign investors for tourism and real estate development projects due to the dynamic economy and young, growing population.

The city of Istanbul is the primary driver of real estate investment in Turkey. However, there are a number of secondary hubs across the country offering great potential in terms of investment

## REAL ESTATE

# A balanced portfolio of revenue generating and development projects.

## Operating assets consist of two major investments: the historic Vakıfhan No.VI building and Denizli Sümerpark Shopping Mall.

returns. Furthermore, the prospect of being the first entrant to some regions within Turkey will encourage more adventurous investors to leave the secure waters of the country's traditional real estate markets and wander into new and untouched areas. Anchor retailers such as hypermarkets, do-it-yourself ("DIY") and electronics chains have continued to show strong demand for areas with lower retail density and unique market positioning. For these reasons, Pera REIT focused on the mixed-used Sümerpark Project in Denizli.

Because, Turkey has a young and dynamic population with a high propensity to consume, pent-up demand remains strong. Developers of new shopping centers will no longer set their sights primarily on Istanbul as was the case in the past. Demand for shopping center space is especially strong in Anatolian cities.

### PERA REIT AND JOINT REAL ESTATE PROJECTS

The Group's real estate portfolio development strategy to date

has been three-pronged, focusing on investments in: (i) commercial projects in Istanbul; (ii) multi-use commercial development projects, including shopping malls, offices, residential units, hotels and/or hospitals in Turkish cities where Group management has identified untapped demand for such developments; and (iii) high-end summer residence and hotel development projects in resort areas.

Two of the Group's real estate investments are held solely through Pera REIT, an ISE-listed real estate investment trust.

The underlying reason for the allocation of several real estate assets under direct ownership of the Company has been the lack of existence of a REIT within the Group at the initial acquisition date of the assets. However, Company management expects to transfer the Group's entire real estate portfolio to Pera REIT in due course.

Pera REIT, like other real estate investment trusts which benefit from incentives, including exemption from

corporate tax, is subject to rigorous corporate governance regulations. In addition, Pera REIT offers the most attractive real estate investment vehicle for institutional and individual investors alike. Some 21 REITs were listed on the Istanbul Stock Exchange, with an aggregate market capitalization of approximately TL 10.7 billion (US\$ 7 billion) as at end-2010.

As at year-end 2010, the net asset value of Pera REIT, which trades on the ISE under the ticker symbol "PEGYO.IS," was over US\$ 128 million.

Pera REIT's real estate portfolio currently consists of two major investments: the historic Vakıfhan No. VI building, and Denizli Sümerpark, the REIT's first real estate investment, both of which are held wholly by the REIT.

#### **Vakıfhan No. VI**

The Group, together with a joint venture partner, acquired the unoccupied Vakıfhan No. VI building pursuant to a restore-operate-transfer ("ROT") agreement dated 1

February 2005 with the General Directorate of Foundations of the Prime Ministry of Turkey for a period of 15 years. Subsequently, Pera REIT acquired the lease rights to Vakıfhan No. VI from the Company's joint venture; the building was transferred to Pera REIT in October 2007.

Located in the Karaköy district of Istanbul, close to the Galata Building and the Company headquarters, Vakıfhan No. VI was originally built in 1870.

The six-story building, which has a total indoor area of 1,700 m<sup>2</sup> and a gross lease area of 1,500 m<sup>2</sup>, was reinforced in accordance with applicable earthquake codes and restored as office space in 2006. The building generates approximately US\$ 300,000 in rental income per annum.

#### **Denizli Sümerpark**

In February 2006, the Company and a partner acquired a tract of land with a net area of 98,418 m<sup>2</sup> in the city of Denizli. Pera REIT purchased

the Company's 50% interest in the project in October 2006, and subsequently acquired full ownership in the fourth quarter of 2007.

Located in inland southwestern Turkey, Denizli is a major center for textile production. The city is also in close proximity to a number of tourism sites, including Pamukkale, a thermal center famous for its white travertine terraces and home to the ruins of the ancient city Hierapolis; the thermal center of Karahayıt; and the ruins of the ancient city of Laodicea. Greater Denizli had a population of about 932,000 as of 2010.

The Denizli Sümerpark project is a mixed-use development that includes commercial mall space, mid-rise residential apartments, a hotel complex and a hospital. It will be the first mixed-use project in the city.

The shopping mall is the flagship of the Denizli Sümerpark project, which is conveniently located along the Izmir - Denizli highway.



## REAL ESTATE

The Sümerpark Mall opened to the public on 10 March 2011. Concept-i Design Inc. designed the shopping mall which has 34,500 m<sup>2</sup> of GLA with Tesco Kipa, Electroworld, Tekzen and C&A as the anchor tenants. The Mall also includes complementary fashion retailers and food court tenants; the retail center currently has a 94% occupancy rate. Since its opening, the Mall has received 2.6 million visitors.

As the shopping mall borders the Izmir highway, it has high visibility from the main road. The Mall also provides easy access via all forms of public transportation. The shopping mall has two levels for underground parking with a 1,650-car capacity.

### Van Development Land

In February 2008, Pera REIT and the Company won the tender for a 16,611 m<sup>2</sup> land parcel located on a main commercial street in Van, in southeastern Turkey. On 24 December 2010, Pera REIT sold its stake to Global Investment Holdings for TL 4,570,000 due to legal challenges concerning the zoning plan.

Van is an important commercial center and a transportation hub for animal hides, grains, fruits, vegetables and other products, regionally and with neighboring countries, including Iran, Iraq and Armenia. The city is an air and ground transportation hub for area cities such as Bitlis, Hakkari, Siirt and Muş.

Van is also in close proximity to a number of scenic sites, including Lake Van, Akdamar Island, and the surrounding mountain peaks; the area also features archaeological sites from the Seljuk and Ottoman periods, including Hosap Castle, Sarduri Palace, and the 10<sup>th</sup> Century Church of the Holy Cross.

According to 2007 census figures, Van Province has a population of over 979,500, with Van city center home to over 350,000 residents. Yüzüncü Yıl University, which enrolls over 18,000 students, is located in the city.

The development plan for the Van land parcel envisages a mixed-use project that includes a US\$ 25 million shopping center with a gross building area of 44,700 m<sup>2</sup> and an approximate gross lease area

of 20,140 m<sup>2</sup>; an underground parking garage with a 360-car capacity; and a 130-150 room international-standard four-star hotel. Van Province currently lacks of a modern shopping center; additionally, existing hotel accommodation in the city is generally outdated and caters to low and medium budget travelers. The Group's development project is expected to be a landmark both in concept design and location.

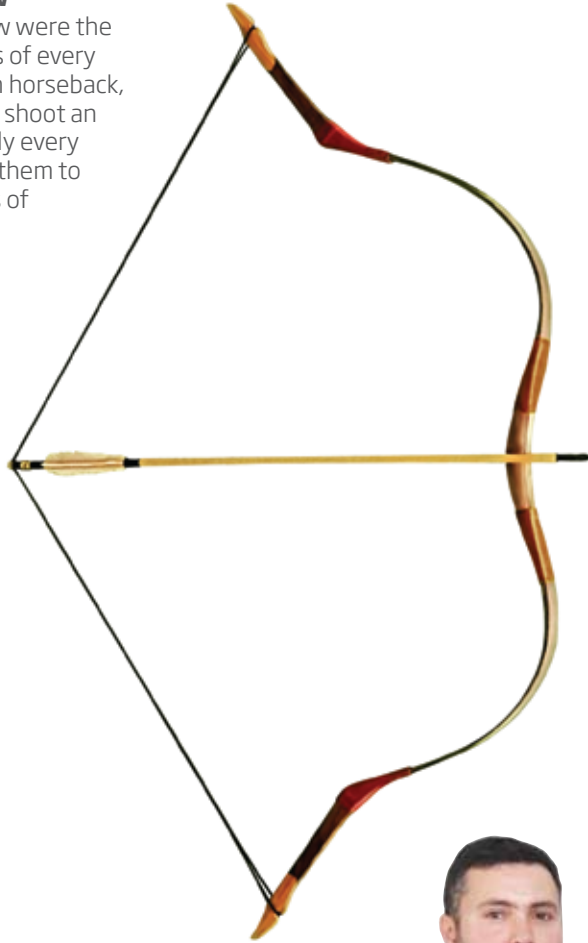
The planned shopping center is a supermarket-anchored mall, reflecting the local dynamics of potential retail tenants and customers. The mall will also include shops, a family entertainment center, a cinema complex and food court units with an adjacent terrace for smokers.

In 2009, the development project's plans, and applications for construction permits were submitted to chambers of architects, civil engineering and mechanical engineers for approval; the construction permit for the shopping mall was obtained. Construction of the shopping mall is planned to begin after the legal challenges to the zoning plan are resolved.



### **The Mongol Bow**

The bow and arrow were the essential weapons of every Mongol warrior. On horseback, the Mongols could shoot an arrow from virtually every position, allowing them to prevail over scores of regular armies.



“As Global Securities has recently celebrated 20<sup>th</sup> anniversary of its foundation, it has accomplished to undertake new challenges, just like it has in the past years. Therefore, 2010 became a year during which Global Securities’ strong hold in the industry was felt. 50%-50% partnership with IEG, Germany’s most reputable corporate finance advisory, was finalized.

With the help of this partnership, the pace for corporate finance deals was accelerated. In order to strengthen our position and to become one of the mainstay companies in the industry, new board members have joined our family. New mutual funds like our “Collective Scheme Equity” have been devised, to be able to meet changing investor demands and to satisfy current market conditions. A night of celebration was organized, to get together with our previous and current employees who had endless contributions to our Company throughout the last 20 years.

Two new branches in Gebze and Nişantaşı were opened to better serve our customers, and to meet our Company’s set growth goals. In 2011, emphasis will be placed on opening new branches. Moreover, Global Securities became a publicly traded Company as of July, 2011. Our success was crowned by ISE, as our Company received an award for “Creating the highest trade volume since the foundation of the ISE” on their 25<sup>th</sup> anniversary of foundation.”

**Gökhan Özer**

Global Securities

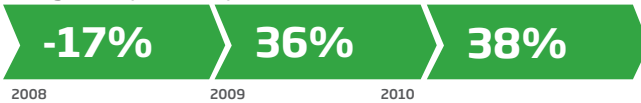
Board Member & General Manager



## FINANCE

# The Group maintains positive brand recognition in brokerage sector with Global Securities.

Trading Volume (YoY Growth)



The stable economy of Turkey, together with liberalizing regulatory changes, have led to a significant influx of foreign financial institutions, resulting in increased competition within the Turkish financial services sector. Nevertheless, the Company management believes that the Group maintains considerable positive brand recognition within the brokerage sector which distinguishes Global Securities from other investment banking firms.

### GLOBAL SECURITIES

Global Securities, founded in 1990, was the primary subsidiary through which the brokerage, corporate finance advisory and research services, which first brought the Company to prominence within the Turkish financial



services sector, were provided to the Group's extensive foreign and domestic clients. Global Securities is a member of the ISE (Istanbul Stock Exchange) and the Turkish Derivatives Exchange (Vadeli İşlem ve Opsiyon Borsası, or "VOB").

In 2010, Global Securities ranked 11th among all brokerage firms, with a market share of 2.56% and an equity trading volume of TL 32,564 billion.

Net brokerage commissions totaled TL 17.2 million in 2010, compared to TL 16.6 million in the previous year. Aggregate equity trading volume was TL 32,564 billion in 2010, up 38% from the prior year's figure of TL 23,614 billion.

For 2010, Global Securities posted total gross revenues of TL 29.0 million, down from TL 29.8 million in 2009, while operating profit increased 25% to TL 5.2 million in 2010, up from TL 4.2 million a year earlier. Global Securities' net profit in 2010 was TL 2.6 million, up 92% from TL 1.3 million the prior year.

In its 20<sup>th</sup> anniversary year, Global Securities aims to maintain its market leadership position by meeting its clients' financial return and service quality expectations and by remaining reputable and trustworthy in the Turkish Capital Markets. The Company's strategy for today and the future is maintaining its current market position and working to improve upon it going forward.

**In 2010, Global Securities ranked 11th among all brokerage firms, with a market share of 2.56% and an equity trading volume of TL 32,564 billion.**

## FINANCE

### GLOBAL ASSET MANAGEMENT

Global Asset Management, Global Investment Holdings' dedicated subsidiary for domestic asset management, is one of the few independent, non-banking affiliate asset management companies in Turkey.

Turkish asset management companies are generally affiliated with banks or bank-owned brokerage firms. Due to the vertical integration in the sector, mostly created by commercial banks, penetration to pension funds, corporate clients and high-net-worth individuals is dominated by bank-owned asset management companies. Global Asset Management, in this highly competitive environment, stands as one of

the largest independent asset management companies in terms of asset size and client base.

As at year end 2010, Global Asset Management was the manager of nine open-end mutual funds launched by the Global Securities since 1992. Most recently in 2010, Global Asset Management introduced its own new product, "A-Type Collective Scheme Equity Fund."

In addition to the existing funds, Global Asset Management also manages discretionary funds on a contract basis for corporate accounts and high-net-worth individuals.

Global Asset Management, as at year end 2010, managed nine mutual funds and 60 discretionary accounts. Assets

under management totaled approximately TL 62 million (US\$ 40 million), up 13% in 2010 over the previous year.

All nine funds managed by Global Asset Management had positive returns in 2010; Global A-Type High Dividend Equity Fund and Global B-Type Variable Fund ranked first in their peer groups with annual returns of 38.89% and 15.84%, respectively.

The asset size as well as the number of investors in each of the nine funds managed by Global Asset Management is listed below:

In 2010, the Capital Markets Board of Turkey limited annual management fees to a maximum of 3.65%; consequently, this development



Fund	Asset Size (TL thousand)*	Asset Size (US\$ thousand)*	Number of Investors*
Global A-Type Aktif Strateji Fund	19,549	12,714	508
Global B-Type Money Market Fund	16,658	10,834	1965
Global B-Type T-Bill Fund	9,932	6,459	625
Global A-Type High Dividend Equity Fund**	2,021	1,315	539
Global A-Type Variable Fund	500	325	85
Global A-Type Composite Fund	266	173	26
Global A-Type Piri Reis Fund	201	131	115
Global B-Type Variable Fund	200	130	74
Global A-Type Collective Scheme Equity Fund***	23	15	12

\* As of year-end 2010.

\*\* Global A-Type High Dividend Equity Fund is converted from Global A-Type ISE 100 Index.

\*\*\* Global A-Type Collective Scheme Equity Fund was launched on 24 November 2010.

affected six funds managed by Global Asset Management. These six funds were previously charged annual management fees of 5.475% annually.

Global Investment Holdings and Azimut Holding S.p.A., Italy's leading independent asset manager, signed an agreement on 14 March 2011 to join forces

to capitalize on aggressive growth in the Turkish market. With the agreement concluded, Azimut Holding will acquire a 60% stake in Global Asset Management, with a 5% share acquisition by Azimut Holding in Global Securities, to carry out distribution and marketing activities for the portfolio management products.



## CORPORATE GOVERNANCE

# The Global Holdings Group successfully pursues its corporate governance initiative since 2006.

**The independence of the Board is strengthened by increasing its complement of non - executive members.**

The Global Holdings Group continues to pursue its corporate governance initiative implemented in 2006 to further formalize and institutionalize the governing principles of the Company and the Global Holdings Group.

Further to that review, action was initially taken to strengthen the independence of the Board by increasing its complement of non-executive members. As a result, in 2009, the Company

welcomed to its Board of Directors Messrs. Saygın Narin, Gabriel Salas, and Jèrôme Bayle.

While the Company continues to make annual reports on corporate governance compliance to its General Assembly and to the CMB, the Corporate Governance Committee, assisted by legal counsel, has been given the mandate to prepare a comprehensive corporate governance policy which will be formally adopted by the Board in due course.



## CORPORATE CITIZENSHIP

# The Group contributes to the well being of the country by engaging in philanthropic undertakings.

Global Investment Holdings and its subsidiaries maintain a strong commitment to their responsibilities for bettering the numerous communities of which they are a part. Toward that end, the Group continuously contributes to, and sponsors, educational, charitable, cultural, social and sporting causes, projects and events.

Prioritizing contribution to education amongst its responsibilities, Global Investment Holdings in 2007 sponsored a nationwide Elementary Schools Study Books Support Campaign coordinated by a national newspaper, and has also contributed to a project run jointly by UNICEF and Ministry of Education by constructing two classes in Şanlıurfa-Harran. Targeting to widen its support to education all along Turkey, Global Investment Holdings has completed in 2009 the construction through Global Ports Holding, which is one of the its subsidiary's, of Erzincan University Refahiye Occupational High School İzzet Y. Akçal Refahiye Student Dormitories comprising 40 separate units in three blocks. Further to contributing clothing, study books and stationary to

the elementary school of Muş Beşçetak village, Holding has also donated computers to numerous schools. Ege Liman İşletmeleri A.Ş. ("Ege Ports"), a subsidiary of Global Investment Holdings, in collaboration with the Ministry of Education has completed the construction of Adnan Menderes University Tourism and Hotel Management College. The College, since becoming operational in 2009, nourishes cultivation of qualified human resources for the Turkish hospitality industry, and also contributes cultural prosperity of Kuşadası and its environs. Another subsidiary of Global Investment Holdings, Pera Gayrimenkul Yatırım Ortaklığı A.Ş. ("Pera REIT") envisages completing the construction of a 32 class elementary school in the town of Denizli by December 2010.

In the major port city of Kuşadası, our subsidiary, Ege Ports, has undertaken numerous initiatives to benefit the community in and around the Port since commencing operations in 2003. Our contributions to the community, in addition to the Adnan Menderes University Tourism and Hotel Management College, have included the donation of computer and other equipment

to local schools, funding to rehabilitate local beaches, and technical assistance to Turkish state-run institutions. Further to donations to various charities and regular support to needy, Ege Ports also sponsored local motor sports clubs and provided financial support for re-plantation of forestry damaged in fire.

In addition to these donations and financial sponsorships in collaboration with the Municipality of Kuşadası, Ege Ports has organized, and has made its piers and other facilities available for, various public concerts and other social, sporting and cultural events, which include celebrations of holly month of Ramadan and Mothers' and Fathers' Day and conventional events like camel rides and annual fishing derby.

Holding management believes that by engaging in philanthropic undertakings, the Group can make a valuable contribution toward promoting Turkey and improving, and fostering the growth of, the local and national economic, social, cultural and economic environment for the benefit of the Republic of Turkey and its citizens.

## INTERNAL CONTROLS; RATIONALIZATION

# The Group-wide risk management and internal control policies are strictly followed.

**An organization-wide company assets security awareness including information and information systems is provided.**

During 2010, the Company continued to follow Group-wide risk management and internal control policies. The previously applied corporate codes of conduct are systematically followed, including the internet usage restrictions, proprietary trading limits and guidelines and management reporting systems. An organization-wide company assets security awareness including information and information systems is provided.

At the request of the Board, the Internal Audit Team has coordinated and performed different audit assignments in 2009 in order to detect potential risks within the Group companies and Head Office Departments. The Team will be

completing a broad spectrum of internal audit assignments in 2010 according to the annual audit plan.

Accordingly, in 2009, to provide and strengthen centralized oversight of financial reporting within the Group, the Company launched a new reporting system, Hyperion Financial Management. This web-based reporting system enables the Company to accelerate reporting cycles and improve transparency and compliance while delivering global finance consolidation, reporting and analysis in a single, highly scalable software solution. Web based reporting will be fully in practice in 2010.



## BOARD OF DIRECTORS

Under Turkish law and the Articles of Association of the Global Holdings Group, the Board is responsible for Company management and approves all major decisions. The Board meets regularly and is instrumental, with the guidance of the Company's senior management, in planning the medium and long-term strategy of the Group.

The Company has, throughout its history, benefited from the knowledge and experience of its non-executive Board members who represent a broad spectrum of financial, commercial and industrial sectors within Turkey and abroad. An important component of the Company's corporate governance initiative is to further strengthen the independence of the Board and, since December 2007, non-executive members have occupied three of the seven seats on the Board.

As at 31 March 2010, the Board consists of the following members:



**Mehmet Kutman, Executive Chairman.** Mr. Kutman is a founding shareholder, the Chairman and the Chief Executive Officer of the Company. As well as being actively involved in business development at the Company level, Mr. Kutman serves on the boards of directors of several of the Global Holdings Group's operating subsidiaries and affiliates, including Global Ports Holding, Ege Ports, Port Akdeniz, Bodrum Cruise Port, Izmir Port and energy sector companies involved in natural gas distribution and power generation.

Mr. Kutman also serves on the board of directors of Alarko REIT (Alarko Gayrimenkul Yatırım Ortaklığı A.Ş.), an ISE-listed real estate investment trust. He is a member of TÜSIAD (the Turkish Industrialists' and Businessmen's Association) and DEİK (the Foreign Economic Relations Board).

Prior to founding the predecessor to the Company in 1990, Mr. Kutman was Project Manager at Net Holding A.Ş., the holding company of a Turkish corporate group involved in the tourism and related sectors, from 1989 to 1990. Between 1984 and 1989, he resided in the United States, where he served as Vice President at North Carolina National Bank, Sexton Roses Inc. and Philip Bush & Associates. Mr. Kutman holds a BA (Hons.) from Boğaziçi University and an MBA from the University of Texas.



**Erol Göker, Executive Vice-Chairman.** Mr. Göker is a founding shareholder of the Company, and has served as Chairman of the board of directors of the finance division of the Company since its formation. He is also a member of the boards of directors of Global Ports Holding, Ege Ports and Izmir Port.

Beyond the Group, Mr. Göker sits on several committees of the Istanbul Stock Exchange and is a member of TÜSIAD.

Prior to the establishment of the Company in 1990, Mr. Göker was Head of the Capital Markets Department at Net Holding A.Ş. Prior, he spent four years at the Capital Markets Board and four years at the Ministry of Finance in the Tax Auditing Department. Mr. Göker holds a BA in Political Science and an MA in Economics both from Ankara University.

The other members of the Board are (in alphabetical order):



**Ayşegül Bensele, Executive Member.** Mrs. Bensele originally joined the Board in 1999. Until the sale of Global Life Insurance in March 2007, Mrs. Bensele was Chairman of the board of directors of that entity and had served as its CEO since 2005. Mrs. Bensele has been a member of the board of directors of the Finance Division of the Company since its formation and is also a member of the board of directors of Global Ports Holding. Previously, Mrs. Bensele was Co-Director of Research at the brokerage business from 1998 to 1999 and Assistant Director of Research from 1993 to 1998. Prior to joining the Group as an equity research analyst in 1991, Mrs. Bensele was a manager in foreign exchange dealing in the Turkish banking sector. Mrs. Bensele holds a BA in Business Administration and Finance from Hacettepe University, Ankara.





**Gregory M. Kiez, Executive Member.** Mr. Kiez joined the Board in 2005. He has been Chairman of the board of directors of Ege Ports - Kuşadası since 2003, Vice-Chairman of the board of directors of Port Akdeniz since 2006, and Chairman of Bodrum Cruise Port since 2008. He is a director of Global Ports Holding, and Izmir Port. Mr. Kiez previously held the senior executive positions of Director of International Business Development for the Company from 1997 to 1999, and Director of its Corporate Finance Department, which he founded in June 1993. Prior, Mr. Kiez was a corporate and securities law attorney at Torys LLP from 1989 to 1992. Mr. Kiez read political science, Latin and English literature at Queen's University and McGill University, and holds a JD from the University of Toronto, Faculty of Law. He is a member of the Law Society of Upper Canada.



**Saygın Narin, Executive Member.** Mr. Narin currently works as Managing Director for the Turkish Operations of Statkraft AS, a Norwegian Energy Group. He headed the Energy Division of Global Investment Holdings until October 2009. Prior to joining Global Investment Holdings in 2007, Mr. Narin was employed at RWE/Thames Water based in UK and Turkey from 1999 to 2007, where he held the positions of Finance Controller and of Director for International Operations, with responsibility for Asia Pacific, Europe and the Middle East. Mr. Narin started his career at PricewaterhouseCoopers in 1997 after graduating from Istanbul's Bosphorus University with an undergraduate degree in Business Administration.



**Serdar Kirmaz, Executive Member.** Mr. Kirmaz graduated from Middle East Technical University in 1987 with a degree in Business Administration. Following a brief employment with OYAK Group in Ankara he joined Pricewaterhouse Coopers ("PWC") Turkey in early 1988 where he became a Partner in 1996. He worked at PWC until 1997, including a short term at PWC Hungary. Mr. Kirmaz worked as a freelance consultant advising various Turkish companies between 1997 to 1999. He continued his career as a CFO, at STFA Group between 1999 to 2005, followed by Global Investment Holdings between 2005 to 2007 and then at Doğan Group between 2007 to 2010. Mr. Kirmaz has built considerable experience in mergers&acquisitions and company restructurings as well as corporate governance. Mr. Kirmaz rejoined Global Investment Holdings in June 2010 and is a Board member at the Holding company and its various subsidiaries.



**Jerome Boyle, Non-Executive Member.** Mr. Boyle, a French National, joined the Board in September 2009. He brings over 30 years of management and manufacturing experience in large multinational companies, in particular at Tetra Pak of Sweden, with an emphasis on emerging markets. Mr. Boyle has established a management consulting firm, Magnetic North, Ltd. based in Istanbul that provides mentoring and consulting services to large multinationals, with an emphasis on human resources, organizational processes and development. Mr. Boyle holds a Master's Degree in Business and Finance from France's Paris IX Dauphine University. He is married and has lived in Istanbul since 1988.

## FINANCIAL OVERVIEW

### 2010 Financial Summary

Global Investment Holdings recorded net consolidated profit of TL 209.5 million in 2010, compared to TL 79.1 million a year prior. The Port Infrastructure Division was the main contributor to the Group's consolidated profit, with total profit of TL 260.5 million in 2010, compared to a loss of TL 1 million in 2009. The Port Infrastructure Division generated net revenue of TL 61.0 million for the year versus TL 41.8 million in 2009, an increase of 46%.

On July 2010, Global Ports Holding acquired the remaining 60% interest in Antalya Port for US\$ 49.3 million, and as a result assumed full control of the company. Following the acquisition, thanks to aggressive marketing efforts and increased operational control, coupled with the favorable economic climate country wide in 2010, Antalya Port's performance exceeded expectations for the rest of the year. Total containers handled in Antalya Port almost doubled in 2010, and reached 125,700 TEU, compared to 63,400 TEU for the prior year. Bulk and general cargo handled by the Port during 2010 reached a total of 3.1 million tonnes, up 10% compared to a year earlier. After the acquisition, Antalya Port's figures started to be fully

consolidated, while they were consolidated proportionally until end of July at 40%. Had the port been consolidated at 100% for the full year of 2010, total revenues would have been TL 19 million higher.

Kuşadası Cruise Port felt the fading impact of the global economic crisis, which has taken a heavy toll on Greek cruise line operators. As a result, passenger arrivals at Kuşadası Cruise Port decreased 12% compared to 2009. However, embarking reservations for 2011 is already signaling a pick-up in cruise traffic for the next season.

The Finance Division also contributed strongly to the Group's consolidated results in 2010, generating total revenue of TL 29.6 million for the year compared to TL 29.3 million in 2009. Brokerage commission revenue totaled TL 18.1 million in 2010, a 6% increase over 2009. Interest income generated from margin lending activities jumped to TL 7.0 million during 2010, compared to TL 4.8 million a year earlier, up 47%. In line with the Group's strategy to minimize the prop trading activities of the Finance Division including the Holding's Treasury unit, such revenues decreased 58% in 2010 to TL 2.0 million, down from TL 5.0 million the prior year.

Other revenues in 2009 included TL 20.5 million generated from the sale of a land parcel by the REIT company. No such sale has been made in 2010. Energy Division revenues originate from natural gas distribution activities. Revenues for this Division totaled TL 136.0 million in 2010, compared to TL 139.1 million a year earlier. The 2% decrease in revenues is solely due to shifts between gas sale and carriage, and lower average gas prices during the year, which due to the nature of the business have no impact on EBITDA or profitability. In fact, gas consumption in all Energaz regions in 2010 totaled 692.4 million m<sup>3</sup>, up 9.6% compared to 2009. Some 99,000 new subscribers were acquired throughout the year, with total subscribers reaching 478,400 in 2010, up from 379,500 in the prior year.

The Group reported EBITDA of TL 280.7 million in 2010, a rise of 133% over the previous year, and up 11% compared to third quarter 2010. In line with the Group's investment strategy, Global Investment Holdings regularly acquires, develops and divests assets. Such recurring activities can create volatility in the Group's financial results, partly because of accounting policies applied in line with international accounting standards.

In 2010, the Group acquired the remaining 60% of Antalya Port, generating TL 254.9 million in negative goodwill gain. The Group divested its remaining shares in hydro-power assets and in one of its finance subsidiaries, generating TL 9.0 million in investment sale revenues. In the Real Estate Division, the Group generated valuation revenues incurred from fair value adjustment of commercial developments completed, and impairment losses on certain real estate assets divested, with a combined net effect of positive TL 19.7 million. The gas distribution revenues item within the Energy Division is understated by TL 10.6 million due to subscription revenues deferred over the life of concessions, a treatment performed in line with applicable accounting standards (IFRIC12). The Group also intends to apply to the tax office subject to the provisions of Law No. 6111 ("Tax Amnesty Law"); a tax provision of TL 6.4 million is included in the financial statements with this respect. In 2009, the Group generated TL 110.1 million in income from sale of its majority share in hydro assets; additionally, the REIT subsidiary made a land sale to Tesco generating TL 3.8 million in EBITDA. Income from real estate asset valuations totaled TL 24.3 million and impairment provision on Izmir

Port bid related expenses was TL 5.8 million. The total net effect of revenue deferrals and impairment provisions on the Energy Division was TL 12.2 million. Consolidated EBITDA of the Port Infrastructure Division increased to TL 289.2 million in 2010, up from TL 16.0 million in the prior year. Adjusted for the effects of negative goodwill and tax provisions, the Port Infrastructure Division's EBITDA for the year was TL 38.1 million, up from TL 21.8 million in 2009. The Energy Division reported EBITDA of TL -6.2 million in 2010 compared to TL -10.7 million a year earlier. Adjusting for the effects of revenue deferrals and impairment provisions, operating EBITDA in 2010 was TL 5.3 million compared to TL 1.6 million in the previous year. The Group's Finance Division generated EBITDA of TL -19.5 during the year, down from TL 112.7 million in 2009. After adjusting for the effects of investment sales and fair value adjustments, the Division's EBITDA was TL -28.0 million compared to TL -21.7 million in 2009. The fall in EBITDA in 2010 is mainly due to increased consultancy expenses incurred from several major projects pursued in 2010, including the initial public offering of the Group's port and finance subsidiaries.

The Group's consolidated depreciation and amortization charges were TL 24.8 million in 2010, up from TL 14.0 million in the previous year. The sharp rise in 2010 is almost solely due to the acquisition of remaining Antalya Port shares. As a result, the Group's consolidated EBIT totaled TL 255.8 million for the year, up 141% over the prior year's TL 106.3 million. The Group's net financial debt increased in 2010, mainly because of the share purchase in the Port Infrastructure Division. (The financial debt of Antalya Port was consolidated at 100% in this reporting year while it was consolidated at 40% in 2009.) Continuing capital expenditures on gas distribution and real estate entities also contributed to the rise in the Group's financial debt during the year. Despite this increase, as a result of successful debt management, consolidated net interest expenses in 2010 decreased to TL 16.0 million, a 5% improvement over the previous year. The Group maintained a short foreign exchange position in 2010 comprising mainly the long term Eurobond related loan at the Holding level. The position was slightly expanded in 2010 to US\$ 127.0 million due to additional financing mainly for the port shares acquisition. This, together with the depreciation in the value of TL against US\$ by approximately

## FINANCIAL OVERVIEW

2.7% in 2010, resulted in the Group's consolidated foreign exchange losses of TL -5.9 million for the year, compared to TL -2.4 million in 2009.

Having successfully finalized the acquisition of the remaining shares of Antalya Port during the year, the Group's management plans to further expand the port portfolio by adding new cruise and cargo ports in Turkey and abroad. The Group has applied to the Capital Markets Board for an initial public offering of up to 46% shares of Global Ports Holding, the main subsidiary pursuing Group's operations in commercial and cruise ports. The management intends to use the offering proceeds for financing its growth plans.

### Financial Risk Management Objectives and Policies

A financial instrument is any contract that gives rise to the right to receive cash or another financial asset from another party (a "financial asset") or the obligation to deliver cash or another financial asset to another party (a "financial liability"). Financial instruments result in certain risks to the Group. The most significant risks facing the Group are discussed below.

#### **Interest rate risk**

The Group's operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets and interest-bearing liabilities mature or re-price at different times or in differing amounts. In the case of floating rate assets and liabilities, the Group is also exposed to basis risk, which is the difference in re-pricing characteristics of the various floating rate indices, such as six month LIBOR and different types of interest. Risk management activities are intended to optimize net interest income, given market interest rate levels consistent with the Group's business strategy.

The Group uses interest rate derivatives (swaps) to manage the effects of interest rate movements on its bank loans.

#### **Credit risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. This arises principally from the Group's receivables from customers and investment securities. The Group's principal financial assets are cash and cash equivalents, trade and other receivables, and investments in equity and debt securities.

The Company management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed of all customers requiring credit over a certain amount.

#### **Liquidity risk**

Liquidity risk arises in the general funding of the Group's activities and in the management of positions. It includes both the risk of being unable to fund liabilities at appropriate maturities and rates and the risk of being unable to liquidate an asset at a reasonable price and within an appropriate time frame. The Group has access to funding sources from banks and keeps certain levels of assets as cash and cash equivalents.

The Group continuously assesses liquidity risk by identifying and monitoring changes in funding required in meeting business goals and targets set in terms of the overall Group strategy.

#### **Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk

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management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Market risk for all subsidiaries is monitored and managed by the Company's Treasury Department. The Treasury Department uses forward transactions and options contracts to seek to minimize the possible losses from money market fluctuations. In July 2008, the Company retained an international investment bank to provide consultancy services regarding the management of market, financial and operational risks.

### **Foreign currency risk**

Currency risk is defined as the risk that the value of a financial obligation will fluctuate due to changes in foreign exchange rates. The Group undertakes certain transactions denominated in foreign currencies and uses derivatives to manage foreign currency risk exposure.

### **Treasury Operations**

The Company maintains a centralized Treasury Department, with three employees, which is responsible for cash management, asset and liability management and risk management.

The Treasury Department monitors the daily cash balances of the Company's subsidiaries, as well as the projected cash needs of these entities. It seeks to ensure liquidity within the Group and to manage any idle cash held by Group companies to increase the returns on these funds. To minimize effects on the Group's liquidity, which may result from variations in demand for funding with respect to new or existing businesses, the Group has entered into ISDA-CSA (International Swap Dealer Association - Credit Support Annex) agreements with international financial institutions. Subsidiaries are encouraged to fund their primary operations through unsecured non-recourse loans, and in particular short-term money market funding.

The Treasury Department plays a significant role in meetings of the Group's Asset-Liability Committee at which feasibility studies, targeted costs of funding and management of balance sheet items are discussed. Asset management decisions are subject to risk limitations defined by the Company's board of directors. Proprietary activities are reported regularly to the upper management of the Company to ensure that such activities are in accordance with applicable guidelines.

The Treasury Department is also responsible for risk management for the Group. When appropriate, the Department enters into hedging arrangements in order to reduce the effects of fluctuations in earnings which may result from fluctuations in currency exchange rates, interest rates or other market factors. It does not engage in speculative hedging.

The Treasury Department also engages in proprietary trading activity from time to time to the extent that management identifies an opportunity to increase returns on excess cash. This includes foreign exchange and equity trading, including long and short sales and transactions in derivatives. Trades are analyzed by trader, book and by product levels to facilitate accurate performance monitoring; the results of this analysis are reported daily to upper management of the Company. It is expected that the Group's limited proprietary trading activities will be of diminishing significance as the Group continues to grow in its core business sectors, and liquidity management will become increasingly significant.

# Disclaimer

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The projects and activities described in this Annual Report are undertaken through a number of different companies ("Affiliates") affiliated with Global Yatırım Holding A.Ş. (the "Global Holdings Group" or the "Company"), also referred to herein, together with such Affiliates, as the "Group."

Unless otherwise specified, the information in this Annual Report is given as at 31 December 2010. The terms "current" and "currently," respectively, denote the status of the related information as at the time this Annual Report goes to print.

The currency of the Republic of Turkey ("Turkey") is Turkish Lira ("TL"), which was introduced as at 1 January 2009 upon the conversion of the New Turkish Lira ("YTL") on a one-to-one basis.

Solely for convenience, certain Turkish Lira amounts herein have been converted into U.S. Dollars ("US\$") based on the official US\$/TL exchange rate announced by the Central Bank of Turkey as at such relevant date or the average official US\$/TL exchange rate for the respective period, except where otherwise specified. No representation is being made that any such TL amount was, or could have been, converted into U.S. Dollars at such rate or otherwise.

This Annual Report contains certain forward-looking statements, which typically include words such as "intend," "expect," "anticipate," "plan," "project," "target," and "scheduled." Such statements are based on the expectations of Company management as this Annual Report goes to print, and such statements are inherently subject to operating risks, including factors beyond our control, such as general economic and political conditions; the volatility of market prices, rates and indices; legislative and regulatory developments; and to our own ability to attract and retain skilled personnel; to source, structure and procure financing for projects; to implement optimal technology and information systems; and otherwise to operate successfully in a competitive marketplace. Consequently, our results may vary significantly from time to time and we may not be able to achieve our strategic objectives.

Global Investment Holdings is incorporated in Istanbul, Turkey. The registered headquarters of the Company are Rıhtım Caddesi No: 51, Karaköy 34425, Istanbul, Turkey.

Global Investment Holdings is subject to regulation by the Turkish Capital Markets Board ("CMB") and the Istanbul Stock Exchange ("ISE"). Other Group companies are subject to the regulations of the capital markets or other regulatory authorities having jurisdiction over them.

# Exchange Rates

Exchange rates for the Turkish Lira have historically been and continue to be highly volatile. Although until February 2001 it was a stated policy of the Turkish Central Bank to devalue the Turkish Lira in line with the domestic inflation rate, the Turkish Central Bank nevertheless adopted a floating exchange rate policy which resulted at times in some increased volatility in the value of the Turkish Lira.

The following table sets forth the high, low, period average and period end exchange rates for the U.S. Dollar announced by the Turkish Central Bank, expressed as the number of New Turkish Lira per U.S. Dollar, for the periods indicated:

Period End	High	Low	Average (1)	Period End (2)
31 December 2001	1.64	0.66	1.23	1.44
31 December 2002	1.67	1.29	1.51	1.63
31 December 2003	1.75	1.35	1.49	1.40
31 December 2004	1.55	1.30	1.42	1.34
31 December 2005	1.40	1.25	1.34	1.34
31 December 2006	1.69	1.30	1.43	1.41
30 June 2007	1.38	1.30	1.33	1.30
31 December 2007	1.45	1.16	1.30	1.17
30 June 2008	1.32	1.14	1.23	1.22
31 December 2008	1.70	1.15	1.36	1.51
30 June 2009	1.80	1.51	1.61	1.53
31 December 2009	1.55	1.44	1.49	1.51
31 December 2010	1.60	1.39	1.50	1.55

Source: Turkish Central Bank

Notes:

- (1) Represents the average of the daily Turkish Central Bank exchange rates for the relevant period. Averages were computed by using the Turkish Central Bank's U.S. Dollar bid rates on each business day during the relevant period.
- (2) Represents the Turkish Central Bank's U.S. Dollar bid rate on the last business day for the relevant period.

Pursuant to the Law on the Currency Unit of the Republic of Turkey (No. 5083), with effect from 1 January 2005, the currency of Turkey was redenominated, with one million Turkish Lira being converted into a new unit of currency known as the "New Turkish Lira" or "YTL." The smallest unit of currency is the "New Kuruş," which represents one-hundredth of a New Turkish Lira.

The Turkish Lira ceased to be a unit of currency as of 1 January 2005, and ceased to be in circulation as of 1 January 2006.

## Weights and Measures

References herein to a "ton" or "tons" refer to the United States of America ("U.S.A.") unit of weight equivalent to 2,000 pounds.

References to a "tonne," or "tonnes," in contrast, refer to the unit of weight generally used worldwide, except in the U.S.A., equivalent to 1,000 kilograms.

**Other conversion factors for the important measures employed in this report are as follows:**

1 square mile	2.6 square kilometers
1 square foot	0.09 square meters
1 acre	0.4 hectares
1 mile	1.6 kilometers
1 foot	0.3 meters





**Global Yatırım Holding Anonim Şirketi  
and  
its Subsidiaries**

Convenience Translation into English of  
Consolidated Financial Statements  
As At and For The Year  
Ended 31 December 2010 With  
Independent Auditors' Report Thereon

Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi  
31 March 2011

This report includes 2 pages of independent auditors' report and 131 pages of consolidated financial statements  
together with their explanatory notes.

## **Global Yatırım Holding Anonim Şirketi and its Subsidiaries**

### Table of Contents

Independent Auditors' Report
Consolidated Balance Sheet
Consolidated Statement of Comprehensive Income
Consolidated Statement of Changes in Equity
Consolidated Statement of Cash Flows
Notes to the Consolidated Financial Statements



**Akis Bağımsız Denetim ve Serbest  
Muhasebeci Mali Müşavirlik A.Ş.**

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**Convenience Translation of the Independent Auditors' Report as at 31 December 2010  
Originally prepared and issued in Turkish (Note 2.1)**

To the Board of Directors of  
Global Yatırım Holding Anonim Şirketi

We have audited the accompanying consolidated balance sheet of Global Yatırım Holding Anonim Şirketi ("the Company"), its subsidiaries and joint ventures ("the Group") as at 31 December 2010 and the related consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

***Management's Responsibility for the Financial Statements***

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

***Auditors' Responsibility***

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

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

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

***Opinion***

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2010, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with financial reporting standards issued by the Capital Markets Board (Note 2).

### **Emphasis of Matter**

Without qualifying our opinion, we draw your attention to the following litigation matters:

As explained in detail in Note 20.2, the application of the Ankara Metropolitan Municipality ("the Municipality") to liquidate the letter of guarantee amounting to USD 50.000.000 given by the Group in accordance with the specifications of privatization tender of the Başkent Doğalgaz Dağıtım A.Ş. ("Başkentgaz") by the method of block sale, was prevented according to the preliminary injunction granted by the Beyoğlu Commercial Court ("Court"). The Municipality raised an objection against the preliminary injunction, which was further rejected by the Court. As the continuation of the precautionary measure, the lawsuit filed by the Group against the Municipality and Boru Hatları ile Petrol Taşıma A.Ş. ("BOTAŞ") before the 4th Chamber of the Ankara Commercial Court claiming to dissolve the discrepancy for the payment of the Letter of Guarantee and the restitution of the Letter of Guarantee continues. In addition, the privatization right of the shares of Başkentgaz is transferred to the Republic of Turkey, Prime Ministry, Privatization Administration with the Privatization High Council's decision numbered 2009/43 and dated 2 July 2009 due to the fact that the privatization of Başkentgaz had not been completed in two years according to clauses of the Law numbered 4046 and the Group has filed a separate lawsuit to the Privatization Administration for the same reasons and the Court decided to combine the lawsuits.

Additionally, the Group's lawyers filed a lawsuit before the Ankara Administrative Court against the Municipality, requesting an injunction and the cancellation of the Municipality Council's resolution regarding the forfeiture of the letter of guarantee given by the Group. The case is before the 13th Chamber of Council of State.

On the other hand, as explained in detail in Note 20.2, the Water Utilization Rights Agreement which should had been signed between a subsidiary of the Group engaged in hydroelectric power plant investments and the General Directorate of State Water Works ("DSİ") has not been put in signature due to the cancellation of the project by DSİ. The Group lawyers have filed a lawsuit at the 16th Administrative Court of Ankara to cancel the decision given by DSİ which was further rejected by the Court. The Group lawyers appealed the verdict of the decision at the Council of State and requested an injunction. The lawsuit is pending before the 13th Chamber of Council of State.

As at the reporting date, the litigations mentioned above are being held at different stages of the judicial proceedings and include uncertainty regarding the ultimate outcome of the resolutions. The Group management, based on consultation with the Group legal attorneys, has not provided any provision with respect to aforementioned litigation matters in the accompanying consolidated financial statements.

### **Additional Paragraph for Convenience Translation to English**

As explained in Note 2.1(a), the accompanying consolidated financial statements are not intended to present the consolidated financial position and the consolidated results of operations of the Group in accordance with the accounting principles and practices generally accepted in countries and jurisdictions other than Turkey and International Financial Reporting Standards.

Akis Bağımsız Denetim ve  
Serbest Muhasebeci Mali Müşavirlik A.Ş.



Ruşen Fikret Selamet  
Partner

Istanbul, 31 March 2011

<b>TABLE OF CONTENTS</b>		<b>PAGES</b>
<b>CONSOLIDATED BALANCE SHEET</b>		<b>76</b>
<b>CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME</b>		<b>78</b>
<b>CONSOLIDATED STATEMENT OF CHANGES IN EQUITY</b>		<b>79</b>
<b>CONSOLIDATED STATEMENT OF CASH FLOWS</b>		<b>80</b>
<b>NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS</b>		<b>81-172</b>
NOTE 1	ORGANIZATION AND NATURE OF BUSINESS	81
NOTE 2	BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS	84
NOTE 3	BUSINESS COMBINATIONS	104
NOTE 4	JOINT VENTURES	107
NOTE 5	SEGMENT REPORTING	107
NOTE 6	CASH AND CASH EQUIVALENTS	110
NOTE 7	FINANCIAL INVESTMENTS	111
NOTE 8	LOANS AND BORROWINGS	113
NOTE 9	OTHER FINANCIAL LIABILITIES	117
NOTE 10	TRADE RECEIVABLES AND PAYABLES	117
NOTE 11	OTHER RECEIVABLES AND PAYABLES	119
NOTE 12	RECEIVABLES FROM AND LIABILITIES DUE TO OPERATIONS IN FINANCE SECTOR	120
NOTE 13	INVENTORY	121
NOTE 14	INVESTMENTS IN ASSOCIATES	121
NOTE 15	INVESTMENT PROPERTY	122
NOTE 16	PROPERTY, PLANT AND EQUIPMENT	124
NOTE 17	CONCESSION INTANGIBLE ASSETS	126
NOTE 18	INTANGIBLE ASSETS	127
NOTE 19	GOODWILL	129
NOTE 20	PROVISIONS, CONTINGENT ASSETS AND LIABILITIES	130
NOTE 21	COMMITMENTS	138
NOTE 22	PROVISION FOR EMPLOYEE TERMINATION INDEMNITIES	140
NOTE 23	OTHER ASSETS AND LIABILITIES	141
NOTE 24	EQUITY	142
NOTE 25	SALES AND COST OF SALES	145
NOTE 26	OPERATING EXPENSES	146
NOTE 27	EXPENSES BY NATURE	147
NOTE 28	OTHER OPERATING INCOME/EXPENSES	147
NOTE 29	FINANCE INCOME	148
NOTE 30	FINANCE EXPENSES	149
NOTE 31	TAX ASSETS AND LIABILITIES	149
NOTE 32	EARNINGS PER SHARE	153
NOTE 33	RELATED PARTY DISCLOSURES	154
NOTE 34	NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS	157
NOTE 35	FAIR VALUE OF FINANCIAL INSTRUMENTS	165
NOTE 36	ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS	166
NOTE 37	GOVERNMENT GRANTS	170
NOTE 38	EVENTS AFTER THE REPORTING PERIOD	170
NOTE 39	OTHER MATTERS THAT ARE SIGNIFICANTLY AFFECT THE FINANCIAL STATEMENTS OR MAKE THE FINANCIAL STATEMENTS CLEAR, INTERPRETABLE AND UNDERSTANDABLE	171

**GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES****CONSOLIDATED BALANCE SHEET****AS AT 31 DECEMBER 2010**

CURRENCY: TURKISH LIRA ["TL"] UNLESS OTHERWISE STATED.

	Notes	Audited 31 December 2010	Audited and Restated (*) 31 December 2009
<b>ASSETS</b>			
<b>Current assets</b>		<b>214.214.692</b>	<b>323.672.093</b>
Cash and cash equivalents	6	56.887.495	48.792.107
Investments	7	17.745.431	37.965.716
Trade receivables		20.817.847	26.326.038
-Due from related parties	33	-	71.717
-Other trade receivables	10	20.817.847	26.254.321
Other receivables		32.241.157	27.336.396
-Due from related parties	33	28.717.046	20.316.873
-Other receivables	11	3.524.111	7.019.523
Receivables from operations in finance sector		47.478.037	23.466.258
- Due from related parties	33	11.631.411	6.966.917
- Other receivables	12	35.846.626	16.499.341
Inventories	13	1.326.605	2.180.875
Other current assets	23	34.042.559	27.381.728
(Subtotal)		210.539.131	193.449.118
Assets classified as held for sale	36	3.675.561	130.222.975
<b>Non-current assets</b>		<b>1.100.147.351</b>	<b>494.815.443</b>
Other receivables		8.930.786	18.141.131
-Due from related parties	33	5.233.210	13.349.452
-Other receivables	11	3.697.576	4.791.679
Receivables from operations in finance sector	12	3.277.520	3.193.614
Investments	7	6.939.001	11.605.995
Investment property	15	207.680.332	123.795.138
Property, plant and equipment, net	16	105.890.921	64.272.070
Consession intangible assets, net	17	133.125.801	113.648.157
Intangible assets, net	18	543.500.838	69.481.418
Goodwill	19	35.550.270	40.342.730
Deferred tax assets	31	28.767.669	25.309.640
Other non-current assets	23	26.484.213	25.025.550
<b>TOTAL ASSETS</b>		<b>1.314.362.043</b>	<b>818.487.536</b>

(\*) Not 2:1.c

Accompanying notes are integral part of these consolidated financial statements.

## GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

### CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2010

CURRENCY: TURKISH LIRA ["TL"] UNLESS OTHERWISE STATED.

		Audited	Audited and Restated (*)
	Notes	31 December 2010	31 December 2009
<b>LIABILITIES</b>			
<b>Current liabilities</b>		<b>198.041.939</b>	<b>165.957.735</b>
Financial liabilities	8	79.877.767	48.765.009
Trade payables	10	50.087.828	41.212.929
Other payables		21.151.973	13.158.927
- Due to related parties	33	699.136	1.984.225
- Other payables	11	20.452.837	11.174.702
Liabilities due to operations in finance sector	12	27.138.648	27.640.191
Other financial liabilities	9	662.711	3.013.854
Income tax payable	31	2.097.912	322.861
Provisions	20	4.612.046	12.835.468
Other current liabilities	23	12.413.054	6.407.947
(Subtotal)		198.041.939	153.357.186
Liabilities directly associated with assets held for sale	36	-	12.600.549
<b>Non-current liabilities</b>		<b>485.043.106</b>	<b>267.962.585</b>
Financial liabilities	8	299.500.020	186.527.692
Other payables		33.446.981	32.664.486
- Due to related parties	33	651.980	684.898
- Other payables	11	32.795.001	31.979.588
Provision for employee termination indemnity	22	1.857.843	1.239.757
Provisions	20	5.726.937	-
Deferred tax liabilities	31	102.634.364	15.801.512
Other non-current liabilities	23	41.876.961	31.729.138
<b>EQUITY</b>		<b>631.276.998</b>	<b>384.567.216</b>
<b>Total equity attributable to equity holders of the company</b>		<b>512.195.822</b>	<b>283.991.126</b>
Paid-in capital	24	225.003.687	225.003.687
Inflation adjustment on capital	24	34.659.630	34.659.630
Treasury shares	24	(1.820.000)	(11.565.130)
Share premium	24	174.513	174.513
Revaluation reserve	24	813.086	439.089
Currency translation differences	24	7.953.450	3.732.438
Restricted reserves	24	75.764.360	1.284.711
Retained earnings	24	(39.812.647)	(48.863.751)
Net profit/(loss) for the period		209.459.743	79.125.939
<b>Non-controlling interests</b>	<b>24</b>	<b>119.081.176</b>	<b>100.576.090</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1.314.362.043</b>	<b>818.487.536</b>

(\*) Not 2.1.c

Accompanying notes are integral part of these consolidated financial statements.

**GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2010**

CURRENCY: TURKISH LIRA ["TL"] UNLESS OTHERWISE STATED.

	Notes	Audited 1 January- 31 December 2010	Audited and Restated (*) 1 January- 31 December 2009
Sales	25	201.567.756	207.293.851
Cost of sales (-)	25	(175.842.489)	(179.455.226)
<b>Gross profit from trade operations</b>		<b>25.725.267</b>	<b>27.838.625</b>
Interest, fee, premium, commission and other income	25	29.563.594	29.249.205
Interest, fee, premium, commission and other expense (-)	25	(3.063.976)	(2.606.310)
<b>Gross profit from operations in finance sector</b>		<b>26.499.618</b>	<b>26.642.895</b>
<b>GROSS PROFIT</b>		<b>52.224.885</b>	<b>54.481.520</b>
Selling, marketing and distribution expenses (-)	26	(3.766.226)	(3.243.905)
General administrative expenses (-)	26	(71.757.012)	(64.088.678)
Other operating income	28	318.976.945	138.497.200
Other operating expenses (-)	28	(39.830.962)	(19.330.727)
<b>OPERATING PROFIT/(LOSS)</b>		<b>255.847.630</b>	<b>106.315.410</b>
Share of profit/(loss) of associates	14	-	(1.717.441)
Finance income	29	55.572.238	64.490.056
Finance expenses (-)	30	(83.272.081)	(92.913.266)
<b>PROFIT/(LOSS) BEFORE TAX</b>		<b>228.147.787</b>	<b>76.174.759</b>
<b>Income tax credit /(expense)</b>		<b>4.508.771</b>	<b>1.404.946</b>
-Current tax benefit/(expense)	31	(5.934.018)	(1.339.186)
-Deferred tax benefit /(expense)	31	10.442.789	2.744.132
<b>NET OPERATING PROFIT/(LOSS) FOR THE PERIOD</b>		<b>232.656.558</b>	<b>77.579.705</b>
<b>Net profit/(loss) from discontinued operations</b>	<b>36</b>	<b>-</b>	<b>-</b>
<b>NET PROFIT/(LOSS) FOR THE PERIOD</b>		<b>232.656.558</b>	<b>77.579.705</b>
<b>Other comprehensive income</b>			
Change in revaluation reserve of financial assets		467.496	4.515.639
Change in currency translation differences		4.059.178	(847.234)
Income tax relating to revaluation reserve of financial assets		(93.499)	(831.360)
<b>OTHER COMPREHENSIVE INCOME (AFTER TAX)</b>		<b>4.433.175</b>	<b>2.837.045</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>237.089.733</b>	<b>80.416.750</b>
<b>Profit attributable to</b>		<b>232.656.558</b>	<b>77.579.705</b>
Non-controlling interests		23.196.815	(1.546.234)
Owners of the Company	32	209.459.743	79.125.939
<b>Total comprehensive income attributable to</b>		<b>237.089.733</b>	<b>80.416.750</b>
Non-controlling interests		23.034.981	(267.596)
Owners of the company		214.054.752	80.684.346
<b>Basic and diluted earnings per share</b>	<b>32</b>	<b>0,9393</b>	<b>0,3766</b>
<b>Basic and diluted earnings per share from continuing operations</b>	<b>32</b>	<b>0,9393</b>	<b>0,3766</b>

(\*) Not 2.1.c

Accompanying notes are integral part of these consolidated financial statements.



**GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2010**  
CURRENCY: TURKISH LIRA [“TL”] UNLESS OTHERWISE STATED.

	Paid in capital	Inflation adjustment on capital	Treasury shares	Share premium	Revaluation reserve	Currency translation differences	Restricted reserves	Net profit/(loss) for the period	Retained earnings/accumulated losses	Equity attributable to the holders of the company	Non-interest controlling interest	Total equity
<b>Balance at 1 January 2009</b>	225.003.687	34.659.630	(8.004.435)	174.513	(3.243.130)	6.051.988	4.076.075	(86.823.804)	15.871.193	207.763.859	99.710.535	307.474.214
<b>Total comprehensive income</b>	-	-	-	-	520.714	-	-	-	-	520.714	-	520.714
Change in revaluation reserve.net of deferred tax	-	-	-	-	3163565	-	-	-	-	3163565	-	3163565
Transfer from revaluation reserve/profit or loss.net of deferred tax	-	-	-	-	-	(2125872)	-	-	(2125872)	(2125872)	-	(2125872)
Foreign currency translation differences	-	-	-	-	-	(2125872)	-	70.125.939	(2125872)	(2125872)	1.278.638	(942.234)
Net profit/(loss) for the period	-	-	-	-	-	-	-	70.125.939	-	70.125.939	(1546234)	7379105
<b>Total comprehensive income for the period</b>	-	-	-	-	3.684.279	(2.125.872)	-	70.125.939	-	80.684.346	(267.596)	80.416.750
<b>Transactions with owners of the Company, recognized directly in equity</b>	-	-	-	-	-	-	-	-	-	-	-	-
Capital increase	-	-	-	-	-	-	-	-	-	-	992.448	992.448
Own shares acquired and sold	-	-	(3560.697)	-	-	20.012	-	-	937.435	(2609.250)	247.614	(2.955.636)
Transfer	-	-	-	-	(2131630)	(2.788.866)	66.823.804	-	(63821.248)	-	-	-
Changes in ownership interest in subsidiaries that do not result in a loss of control	-	-	-	-	-	-	(2.498)	-	-	(2.498)	24.838	22.340
Sale of a subsidiary without loss of control	-	-	-	-	-	-	(1.851.131)	63.923	(1.851.131)	(1.851.131)	(195.692)	(1.787.208)
Decrease due to sale of a subsidiary	-	-	-	-	-	-	-	-	-	-	(195.692)	(195.692)
<b>Balance at (31 December 2009) (restated (*)</b>	225.003.687	34.659.630	(11.565.130)	174.513	439.089	3.792.438	1.284.711	79.125.939	(48.863.751)	283.991.126	100.576.090	384.567.216
<b>Balance at 1 January 2010</b>	225.003.687	34.659.630	(11.565.130)	174.513	439.089	3.792.438	1.284.711	79.125.939	(48.863.751)	283.991.126	100.576.090	384.567.216
<b>Total comprehensive income for the period</b>	-	-	-	-	377.886	-	-	-	-	377.886	-	377.886
Change in revaluation reserve.net of deferred tax	-	-	-	-	(3.889)	-	-	-	-	(3.889)	-	(3.889)
Transfer from revaluation reserve to profit or loss.net of deferred tax	-	-	-	-	-	4.221.012	-	-	4.221.012	4.221.012	(161.834)	4.059.178
Foreign currency translation differences	-	-	-	-	-	-	-	209.459.743	209.459.743	209,459,743	231,96,815	232,656,558
Net profit/(loss) for the period	-	-	-	-	373.997	4.221.012	-	209.459.743	-	214,054,752	23,034,981	237,089,733
<b>Total comprehensive income for the period</b>	-	-	-	-	373.997	4.221.012	-	209.459.743	-	214,054,752	23,034,981	237,089,733
<b>Transactions with owners of the Company, recognized directly in equity</b>	-	-	-	-	-	-	-	-	-	-	-	-
Own shares acquired and sold (Note 24)	-	-	9.745.130	-	-	-	-	-	1636343	11.381.473	210.012	11.591.485
Transfer	-	-	-	-	-	72.988.695	(79.125.939)	-	6.197.244	-	-	-
Capital increase	-	-	-	-	-	-	-	-	-	-	2.180.028	2.180.028
Sale of a subsidiary without loss of control	-	-	-	-	-	-	-	-	2304,049	2,304,049	(5,989,401)	(3,285,352)
Addition to scope of consolidation	-	-	-	-	-	-	-	-	(1,515,630)	-	646,712	646,712
Sale of a subsidiary	-	-	-	-	-	-	-	-	32,075	-	(19,70)	(9,70)
Cancellation of capital advances of subsidiary	-	-	-	-	-	-	-	-	-	-	(1,487,429)	(1,487,429)
Dividend distributed on subsidiary	-	-	-	-	-	-	-	-	-	-	(24,525)	(24,525)
Changes in ownership interest in subsidiaries that do not result in a loss of control	-	-	-	-	-	-	67.389	-	387.023	464.422	(464.422)	-
<b>Balance at (31 December 2010)</b>	225.003.687	34.659.630	(1.820.000)	174.513	813.086	7.953.450	75.764.360	209.459.743	(39.812.647)	512.195.822	109.081.176	631.276.998

(\*) Not 2:1:1

Accompanying notes are integral part of these consolidated financial statements.

## GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

### CONSOLIDATED STATEMENT OF CASH FLOWS

### FOR THE YEAR ENDED 31 DECEMBER 2010

CURRENCY: TURKISH LIRA ["TL"] UNLESS OTHERWISE STATED.

		Audited 1 January- 31 December 2010	Audited and Restated (*) 1 January- 31 December 2009
<b>Cash flows from operating activities</b>	<b>Notes</b>		
Net profit/(loss)		232.656.558	77.579.705
<b>Adjustment to reconcile net profit before tax and net cash provided by operating activities</b>			
Depreciation and amortization expense	27	24.836.378	14.022.574
Tax (income)/expense	31	(4.508.771)	(1.404.946)
Gain on previously held in asset and bargain purchase gain	28	(254.856.109)	-
Tax amnesty expenses	28, 30	7.363.205	-
Share of loss of associates	14	-	1.717.441
Provision for employee termination indemnities	22	472.778	754.097
Gain/loss on valuation of investment property	28	(49.401.226)	(5.969.670)
Real estate sales gain/loss	25, 28	25.175.009	(4.065.584)
Net loss from sale of tangible assets	28	(112.162)	170.977
Provision for impairment	28	-	12.846.430
Change in fair value of derivatives	29	(2.351.143)	(6.516.959)
Interest income from operations in finance sector	25	(6.974.493)	(4.756.652)
Foreign exchange gain/loss on bank borrowings		6.199.825	(876.211)
Debt provisions		(31.341)	10.772.868
Interest income from non-financial activities	29	(4.079.088)	(5.595.699)
Interest charges from loans extended to customers	25	1.883.618	1.555.972
Dividend income	28	(226.260)	(1.572.797)
Interest expense from non-financial activities	30	20.139.608	22.585.348
Gain on sale of available for sale financial asset	28	(7.196.254)	-
Gain on sale of associates	14	-	(18.216.195)
Gain on sale of subsidiary	28	(1.798.815)	(110.059.324)
Loss on sale of joint venture	28	466.000	-
Doubtful receivable provision expenses	26	907.144	3.524.566
<b>Operating cash flows before changes in operating assets and liabilities</b>		<b>(11.435.539)</b>	<b>(13.504.060)</b>
Taxes paid	31	(5.300.053)	(1.185.987)
Interest received from financial sector activities		6.974.493	4.756.652
Interest paid related to loans extended to customers		(1.883.618)	(1.555.972)
Dividend received		226.260	1.572.797
Employee termination indemnity paid	22	(269.292)	(560.487)
Change in trade receivables from operations in finance and non-finance sectors		(14.389.564)	(14.490.801)
Change in due from and due to related parties		(4.592.777)	529.096
Change in other receivables		2.676.952	9.687.920
Change in other current assets		(6.069.556)	4.959.555
Change in other non current assets		(1.458.663)	(10.940.643)
Change in inventories	13	854.270	(2.253.562)
Change in trade payables due to operations in finance and non-finance sectors		7.793.556	(4.203.515)
Change in other payables		7.947.752	2.753.111
Change in other current liabilities		5.250.572	(13.439.575)
Change in other non-current liabilities		10.147.823	4.982.492
<b>Net cash flows from / (used in) operating activities</b>		<b>(3.527.384)</b>	<b>(32.892.979)</b>
<b>Investing activities</b>			
Addition to investment property	15	(32.124.675)	(11.537.019)
Proceeds from sale of real estates, net	36, 25	31.589.991	21.500.000
Change in blocked deposits	6	(2.898.116)	(1.581.821)
Acquisition of property, plant and equipment	16	(15.875.308)	(22.633.345)
Acquisition of concession intangible assets	17	(20.826.244)	(6.614.022)
Acquisition of intangible assets	18	(973.031)	(1.641.570)
Cash received from/used in purchase/sale of shares of a subsidiary without loss of control, net		(3.781.014)	(3.279.498)
Capital increase in available for sale financial assets		-	(2.525.000)
Cash paid for the purchase of subsidiary	3	(63.374.236)	-
Change in financial investments		21.953.471	(10.961.556)
Increase in non-controlling interests due to share capital increase		2.180.028	867.473
Interest received from non-financial activities		3.089.048	5.595.699
Proceeds from sale of subsidiary	36	1.845.406	142.948.729
Proceeds from sale of joint venture, net		3.854.600	-
Proceeds from sale of financial asset	36	10.571.253	-
Proceeds from sale of property, plant and equipment and intangible assets		268.771	8.003.269
<b>Net cash flows from / (used in) investing activities</b>		<b>(64.500.056)</b>	<b>118.141.339</b>
<b>Financing activities</b>			
Cash paid for letter of guarantee of Izmir Port		(10.141.620)	-
Interest paid for financing		(21.723.574)	(30.571.891)
Change in acquisition of own shares		12.053.072	(2.383.238)
Change in other receivables and payables from and to related parties and other shareholders		969.407	(4.763.716)
Proceeds from borrowings		179.745.314	26.289.575
Repayments of borrowings		(84.767.084)	(58.202.797)
<b>Net cash flows from / (used in) financing activities</b>		<b>76.135.515</b>	<b>(69.632.067)</b>
Currency translation differences		(2.910.803)	(537.699)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>5.197.272</b>	<b>15.078.594</b>
<b>Transfer to assets held for sale</b>		-	(5)
<b>Cash and cash equivalents at 1 January</b>	<b>6</b>	<b>46.639.655</b>	<b>31.561.066</b>
<b>Cash and cash equivalents at 31 December</b>	<b>6</b>	<b>51.836.927</b>	<b>46.639.655</b>

(\*) Not 2.1.c

Accompanying notes are integral part of these consolidated financial statements.

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# GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010

CURRENCY: TURKISH LIRA [“TL”] UNLESS OTHERWISE STATED.

#### 1 ORGANIZATION AND NATURE OF BUSINESS

Global Yatırım Holding A.Ş. (“Global Yatırım Holding” or “the Company”) was established in 1990 with trade name Global Menkul Değerler A.Ş. as brokerage company in Istanbul, Turkey. On 6 October 2004, the Company changed its trade name to Global Yatırım Holding A.Ş and its field of activity into holding company. As part of its restructuring, on 2 October 2004, a new company, named Global Menkul Değerler A.Ş, 99,99% of its shares owned by the Company were established by partial de-merger in accordance with Turkish legislation, and all brokerage activities were transferred to this new company. The main operation of the Company is to participate in the capital and management of companies that operate or will operate in the fields of finance, energy, infrastructure and real estate and to minimize the volatility of its investments against economic fluctuations by handling the capital expenditure, financing, organization and administration of those companies within portfolio, while contributing to the achievement of sustainable growth and ensuring the going concern of those companies to the benefit of the national economy, and to engage in commercial, industrial and financial activities in line with these goals.

Global Holding, its subsidiaries, its joint ventures and its associates are together referred to as “the Group”. As at 31 December 2010, the number of employees of the Group is 779. (31 December 2009: 795).

The Group is registered with the Capital Market Board (“CMB”) and its shares have been traded on the Istanbul Stock Exchange (“ISE”) since May 1995 (From May 1995 to October 2004, traded as Global Menkul Değerler A.Ş.)

The address of the registered office of the Group is “Rıhtım Caddesi No: 51 Karaköy/Istanbul”.

The 99,99% of the shares of the Company is listed on ISE.

The Company’s shareholding structure is presented in Note 24.

**GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010**

CURRENCY: TURKISH LIRA ["TL"] UNLESS OTHERWISE STATED.

The nature of the operations and the locations of the "Subsidiaries" of the Group are listed below:

<b>Subsidiaries</b>	<b>Location</b>	<b>Operations</b>
Global Menkul Değerler A.Ş. (Global Menkul)	Turkey	Brokerage
Global Portföy Yönetimi A.Ş. (Global Portföy)	Turkey	Portfolio Management
Global Valori Mobiliare SA. (16)	Romania	Brokerage
Global Financial Products Ltd. (GFP)	Cayman Islands	Financial Investments
Global Sigorta Aracılık Hizmetleri A.Ş. (Global Sigorta)	Turkey	Insurance Agent
Hedef Menkul Değerler A.Ş. (Hedef) (13)	Turkey	Brokerage
Global Liman İşletmeleri A.Ş. (Global Liman)	Turkey	Infrastructure Investments
Yeşil Enerji Üretim San.ve Tic. A.Ş. (Yeşil Enerji)(1)	Turkey	Electricity Investments
Ege Global Madencilik San.ve Tic. A.Ş. (Ege Global)	Turkey	Mining Investments
Mavi Bayrak Tehlikeli Atık İmha Sistemleri San.ve Tic. A.Ş.	Turkey	Waste Disposal Systems
Salıpazarı İnşaat Sanayi ve Ticaret A.Ş. (Salıpazarı)(11)	Turkey	Mining
Güney Madencilik İşletmeleri A.Ş. (Güney)	Turkey	Mining
Doğu Madencilik İşletmeleri A.Ş. (Doğu)	Turkey	Mining
Nesa Madencilik San.ve Tic.A.Ş. (Nesa)	Turkey	Mining
Vespa Enterprises (Malta) Ltd. (Vespa)	Malta	Tourism Investments
Pera Gayrimenkul Yatırım Ortaklığı A.Ş. (Pera)	Turkey	Real Estate Investments
Tora Yayıncılık A.Ş. (Tora)	Turkey	Publishing
Global Enerji Hizmetleri ve İşletmeciliği A.Ş. (Global Enerji)	Turkey	Electricity Generation
Çetin Enerji A.Ş. (Çetin) (1) (2)	Turkey	Electricity Generation
Çakıt Enerji A.Ş. (Çakıt) (1)	Turkey	Electricity Generation
Gümüşsan Enerji Elektronik Elektrik İnşaat Taah.Ltd. (Gümüşsan) (1)	Turkey	Electricity Generation
Osmanlı Enerji A.Ş. (Osmanlı) (14)	Turkey	Electricity Generation
Dağören Enerji A.Ş. (Dağören) (3) (9) (13)	Turkey	Electricity Generation
Global Securities (USA) Inc. (4) (12)	USA	Brokerage
ÇJSC Global Securities Kazakhstan (4) (12)	Kazakhstan	Brokerage
Ege Liman İşletmeleri A.Ş. (Ege Liman) (5)	Turkey	Port Operation
Bodrum Liman İşletmeleri A.Ş. (Bodrum Liman) (5)	Turkey	Port Operation
Ortadoğu Antalya Liman İşletmeleri A.Ş. (Ortadoğu Liman) (5) (15)	Turkey	Port Operation
Torba İnşaat ve Turistik A.Ş. (Torba) (10)	Turkey	Real Estate Investments
Sem Yayıncılık A.Ş. (Sem) (6)	Turkey	Publishing
Maya Turizm Ltd. (Maya Turizm) (7)	Cyprus	Tourism Investments
Galata Enerji Üretim San.ve Tic.A.Ş. (Galata Enerji) (8)	Turkey	Electricity Generation
Doğal Enerji Hizmetleri ve İşletmeciliği A.Ş. (Doğal Enerji) (17)	Turkey	Electricity Generation
Global Depolama A.Ş. (5)	Turkey	Storage
GES Enerji A.Ş.	Turkey	Electricity Generation
Sancak Global Enerji Yatırımları A.Ş.	Turkey	Electricity Generation

- (1) These companies were sold on 23 June 2009, in accordance with the share transfer agreement regarding the sale of 95% shares of Yeşil Enerji to Statkraft AS.
- (2) This company was transferred to Yeşil Enerji in March 2009 and sold on 23 June 2009, in accordance with the share transfer agreement regarding the sale of 95% shares of Yeşil Enerji to Statkraft AS.
- (3) The shares of this company were transferred to Global Enerji on 22 June 2009 and the company is consolidated to Global Enerji. The legal title of "Özarsu İnşaat Elektrik Turizm San.ve Tic.Ltd.Şti" was changed as "Dağören Enerji A.Ş." on 12 February 2009.
- (4) These companies are consolidated to Global Menkul.
- (5) These companies are consolidated to Global Liman.
- (6) This company is consolidated to Tora.
- (7) This company is proportionally consolidated to Pera and Vespa.
- (8) This company is consolidated to Ege Global.

## GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010

CURRENCY: TURKISH LIRA ["TL"] UNLESS OTHERWISE STATED.

- (9) As explained in Note 36, all the assets and liabilities of this company have been transferred to assets and liabilities held for sale as of 31 December 2009 whereas they have been reclassified to the related balance sheet items as of 31 December 2010.
- (10) This company is not consolidated starting from 4 January 2008 due to assignment of trustee and loss of control.
- (11) The legal title of Kuzey Maden İşletmeleri A.Ş was changed as Salıpazarı İnşaat Sanayi ve Ticaret A.Ş on 27 May 2009 and the Company's operation changed as construction investments.
- (12) The Group has resolved to liquidate these companies.
- (13) This company has been sold on 17 December 2010 as explained in detail in Note 36.
- (14) This company was sold on 23 June 2009 in accordance with the share transfer agreement regarding the sale of 95% shares of Yeşil Enerji to Statkraft AS and it has been repurchased on 2 June 2010.
- (15) Until 29 July 2010, Global Liman owned 39,80% shares of Ortadoğu Liman. On 29 July 2010, Global Liman acquired the 60% of the shares of Ortadoğu Liman from other shareholders (Çelebi Holding A.Ş, Can Çelebioğlu, Uğur Tevfik Doğan, Antmarin İnşaat Turizm and Ticaret A.Ş, and Hasan Yıldırım Akıncıoğlu) and obtained control by raising the ownership to 99,80%. Ortadoğu Liman was consolidated to the Group as a joint venture with proportionate consolidation method until 29 July 2010. Starting from that date, full consolidation method is applied as a subsidiary.
- (16) This company has been liquidated.
- (17) This company is consolidated to Global Enerji.

The nature of the operations and the locations of the "Joint Ventures" of the Group are listed below:

<b>Joint Ventures</b>	<b>Location</b>	<b>Operations</b>
Enerji Yatırım Holding A.Ş. (EYH or Enerji Yatırım Holding) (1)	Turkey	Energy Investments
Energaz Gaz Elektrik Su Dağıtım A.Ş. (Energaz) (2)	Turkey	Gas, Water, Elec. Investments
Gaznet Şehir Doğalgaz Dağıtım A.Ş. (3)	Turkey	Natural Gas Distribution
Çorum Doğalgaz Dağıtım ve Sanayi Ticaret A.Ş. (3)	Turkey	Natural Gas Distribution
Netgaz Şehir Doğalgaz Dağıtım A.Ş. (3)	Turkey	Natural Gas Distribution
Kapadokya Doğalgaz Dağıtım A.Ş. (3)	Turkey	Natural Gas Distribution
Erzingaz Doğalgaz Dağıtım A.Ş. (3)	Turkey	Natural Gas Distribution
Olimpos Doğalgaz Dağıtım A.Ş. (3)	Turkey	Natural Gas Distribution
Karaman Doğalgaz Dağıtım Ltd. Şti. (3)	Turkey	Natural Gas Distribution
Kentgaz Denizli Şehir Doğalgaz Dağıtım A.Ş. (3)	Turkey	Natural Gas Distribution
Aksaray Doğalgaz Dağıtım A.Ş. (3)	Turkey	Natural Gas Distribution
Aydın Doğalgaz Dağıtım A.Ş. (3)(8)	Turkey	Natural Gas Distribution
Medgaz A.Ş. (Medgaz) (3) (9)	Turkey	Natural Gas Wholesale
Kentgaz A.Ş. (Kentgaz) (10)	Turkey	Natural Gas Distribution
Anadolu Elektrik Üretim A.Ş. (Anadolu) (4)	Turkey	Electricity Generation
Akel Elektrik ve Üretim Ltd. (5)	Turkey	Electricity Generation
Düzce-Aksu Hid. El. En. Ürt. Sant. Şti.(Düzce Aksu) (6)	Turkey	Electricity Generation
Bilecik Demir Çelik San.ve Tic.A.Ş. (Bilecik Demir Çelik)	Turkey	Steel, Iron Manufacture
İzmir Liman İşletmeciliği A.Ş. (İzmir Liman) (7)	Turkey	Port Operation

- (1) As explained in detail in Note 36 and Note 2.1.c, in the previously reported consolidated financial statements as at 31 December 2009, all the assets and liabilities of this company and its subsidiaries were transferred to assets and liabilities held for sale. In the consolidated financial statements as at 31 December 2010 and in the restated consolidated financial statements as at 31 December 2009, those assets and liabilities have been reclassified to the related balance sheet items.
- (2) This company is consolidated to Enerji Yatırım Holding A.Ş.
- (3) These companies are consolidated to Energaz.
- (4) Yeşil Enerji increased its share in this company to 99% on 23 June 2009 and this company was sold in accordance with the share transfer agreement regarding the sale of 95% shares of Yeşil Enerji to Statkraft AS signed at the same date.
- (5) These company, which was consolidated to Anadolu, was sold on 23 June 2009, in accordance with the share transfer agreement regarding the sale of 95% shares of Yeşil Enerji to Statkraft AS.
- (6) This company is excluded from the scope of consolidation on 2 June 2010.
- (7) This company is consolidated to Global Yatırım Holding A.Ş. and Global Liman with proportionate consolidation method.
- (8) Energaz took over 99,99% portion of Aydingaz shares from STFA Yatırım Holding with the approval of 2013/7 numbered EMRA decision dated on 21 August 2009.
- (9) In 2009, this company was not included in the scope of consolidation. In 2010, as its operations started to become significant, it has been included in the scope of consolidation (Note 2.1.d.iii).
- (10) This company is not included in the scope of consolidation in 2010 and 2009 (Note 2.1.d.iii).

## GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010

CURRENCY: TURKISH LIRA ["TL"] UNLESS OTHERWISE STATED.

The nature of the operations and the locations of the "Associates" of the Group are listed below:

Associates	Location	Operations
Boğaziçi Yatırım Turizm ve Gayrimenkul Geliştirme A.Ş. (1)	Turkey	Real Estate Investments
Kuşadası Turizm Yatırımcılığı ve İşletmeciliği A.Ş. (1)	Turkey	Tourism Investments

(1) The shares of the Group in these companies were sold to Alta Investments Real SP SLU at 31 March 2009 (Note 14).

## 2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

### 2.1 Basis of Preparation

#### (a) Basis of Preparation of Consolidated Financial Statements

The accompanying consolidated financial statements of the Company are prepared in accordance with the Capital Markets Board ("CMB") communiqué "Communiqué on Financial Reporting Standards in Capital Market" (Communiqué), published in the Official Gazette dated 9 April 2008 and numbered 26842, in accordance with the fifth clause of the Communiqué, the Companies apply International Accounting/Financial Reporting Standards ("IAS/IFRS") accepted by the European Union. In accordance with the Communiqué Temporary Clause 2, it has been stated that IAS/IFRS prescribed by the International Accounting Standards Board (IASB) are applied until the differences between the IAS/IFRS accepted by European Union and IAS/IFRS prescribed by IASB are declared by the Turkish Accounting Standards Board ("TASB"). The Company prepared its consolidated financial statements for the year ended 31 December 2009, in accordance with IAS/IFRS prescribed by IASB. The consolidated financial statements and notes to the financial statements are presented in accordance with formats proposed and included the compulsory information as declared by CMB on 17 April 2008 and 9 January 2009.

The Company, its subsidiaries and its joint ventures which are incorporated in Turkey, maintain their books of accounts and prepare their statutory financial statements in Turkish Lira (TL) in accordance with the regulations on accounting and reporting framework and accounting standards promulgated by the Turkish Capital Market Board (for Global Yatırım Holding A.Ş., Global Menkul, Pera and Hedef), and Turkish Commercial Code and Tax Legislation and the Uniform Chart of Accounts issued by the Ministry of Finance. The foreign subsidiaries maintain their books of accounts in accordance with the laws and regulations in force in the countries where they are registered. The consolidated financial statements are based on the statutory records and with adjustments and reclassifications for the purpose of fair presentation in accordance with the financial reporting standards promulgated by CMB.

Consolidated financial statements are prepared based on historical cost except for the net assets acquired through business combinations, financial assets measured at fair value and investment property measured at fair value. Methods that are used for measurement of fair value are explained in Note 35.

The consolidated financial statements are authorized for issue by the Board of Directors of the Company on 31 March 2011. Although there is no such intention, the General Assembly and certain regulatory bodies have the power to amend the statutory financial statements after issue.

#### **Additional paragraph for convenience translation into English:**

The differences between the accounting principles promulgated by CMB, accounting principles generally accepted in countries in which the accompanying consolidated financial statements are to be distributed and IFRS have influence on the accompanying consolidated financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the consolidated financial position and consolidated results of operations in accordance with the accounting principles generally accepted in such countries and IFRS.

#### **(b) Functional and Presentation Currency**

The presentation and functional currency of the Group is Turkish Lira (TL).

US Dollar is significantly used in the operations of the subsidiaries, Ege Liman, GFP, Vespa and Ortadoğu Liman, and has a significant effect on the operations. Therefore, US Dollar has been determined as the functional currency of Ege Liman, Ortadoğu Liman, GFP and Vespa in line with IAS 21-The Effects of Changes in Foreign Exchange Rates. In 2010, Bodrum Liman changed its functional currency (which was Euro until the year-end of 2009) to US Dollar as US Dollar has a significant effect on the operations of Bodrum Liman from the beginning of 2010.

## GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010

CURRENCY: TURKISH LIRA ["TL"] UNLESS OTHERWISE STATED.

#### (c) Reclassifications and Adjustments in the Consolidated Financial Statements as at 31 December 2009

For the consistency with the current period, the Group made reclassifications and adjustments in the balance sheet as at 31 December 2009 and in the statement of comprehensive income for the year ended 31 December 2009. These reclassifications and adjustments comprised the following:

(1) As explained in Note 36 in detail, the Group reclassified the operations of Enerji Yatırım Holding and its subsidiaries from the discontinued operations to the continued operations. In compliance with the accounting policy described in Note 2.2. m, the Group accounted for a depreciation adjustment in relation to the year 2009. As a result of the adjustment, property, plant and equipment are decreased by TL 190.040, concession intangible assets are decreased by TL 2.045.659, intangible assets are decreased by TL 94.755, the net profit for the year attributable to the owners of the Company decreased by TL 826.860, non-controlling interest is decreased by TL 1.047.186 and deferred tax assets are increased by TL 456.408 in the balance sheet as at 31 December 2009. In addition, as a result of this adjustment, cost of sales are increased by TL 2.042.871, administrative expenses are increased by TL 287.583 and deferred tax income

is increased by TL 456.408; net profit for the year is decreased by TL 1.874.046, net profit for the year attributable to the owners of the Company is decreased by TL 826.860 and net profit for the year attributable to the non-controlling interests is decreased by TL 1.047.186 in the statement of comprehensive income for the year ended 31 December 2009. In the same manner, the total comprehensive income is decreased by TL 1.874.046, the total comprehensive income attributable to the owners of the Company is decreased by TL 826.860 and the total comprehensive income attributable to the non-controlling interests is decreased by TL 1.047.186. The statement of changes in equity for the year ended 31 December 2009 has been restated in such a way that the effects of these adjustments are included.

The effects of the adjustment explained above to the Group's previously reported and restated equity as at 31 December 2009 are shown below:

	Previously Reported	Adjustment	Restated
<b>Equity</b>	<b>386.965.066</b>	<b>(1.874.046)</b>	<b>385.091.020</b>
<b>Total equity attributable to the equity holders of the Company</b>	<b>285.341.790</b>	<b>(826.860)</b>	<b>284.514.930</b>
Share capital	267.370.166	-	267.370.166
Treasury shares	(11.565.130)	-	(11.565.130)
Share premium	174.513	-	174.513
Revaluation reserve	439.089	-	439.089
Currency translation differences	3.732.438	-	3.732.438
Legal reserves	1.284.711	-	1.284.711
Retained earnings/(Accumulated losses)	23.906.003	(826.860)	23.079.143
<b>Non-controlling interests</b>	<b>101.623.276</b>	<b>(1.047.186)</b>	<b>100.576.090</b>

(2) In compliance with the accounting policy described in Note 2.2. m, the assets of EYH and its subsidiaries amounting to TL 155.975.729, which were previously classified under the assets held for sale, have been reclassified together with the adjustments explained in Note 2.1.c as a total of TL 154.101.683 to the following balance sheet items in the balance sheet as at 31 December 2009:

- TL 5.404.723 have been reclassified to cash and cash equivalents
- TL 11.166.356 have been reclassified to current other trade receivables
- TL 636.752 have been reclassified to other current receivables from related parties
- TL 221.139 have been reclassified to other current receivables
- TL 145.430 have been reclassified to inventory
- TL 9.413.731 have been reclassified to other current assets
- TL 14.109 have been reclassified to non-current other receivables
- TL 1.819.691 have been reclassified to long term investments
- TL 942.455 have been reclassified to property, plant and equipment
- TL 113.648.157 have been reclassified to concession intangible assets
- TL 259.103 have been reclassified to intangible assets
- TL 10.263.882 have been reclassified to deferred tax assets
- TL 166.155 have been reclassified to other non-current assets.

## GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010

CURRENCY: TURKISH LIRA ["TL"] UNLESS OTHERWISE STATED.

(3) In compliance with the accounting policy described in Note 2.2. m, the liabilities of EYH and its subsidiaries amounting to TL 156.041.565, which were previously classified under the liabilities directly associated with the assets, have been reclassified to the following balance sheet items in the balance sheet as at 31 December 2009:

- TL 17.269.202 have been reclassified to current financial liabilities
- TL 31.668.584 have been reclassified to current trade payables
- TL 1.957.696 have been reclassified to current other payables from related parties
- TL 2.763.542 have been reclassified to current other payables
- TL 294.845 have been reclassified to provisions
- TL 5.959.346 have been reclassified to other current liabilities
- TL 35.087.298 have been reclassified to non-current financial liabilities
- TL 24.681.576 have been reclassified to to non-current other payables
- TL 160.173 have been reclassified to provision for employee termination indemnity
- TL 4.470.165 have been reclassified to deferred tax liabilities
- TL 31.729.138 have been reclassified to other non-current liabilities.

(4) In compliance with the accounting policy described in Note 2.2 m, the loss amounting to TL (5.522.675) which was previously classified under the loss from the discontinuing operations, has been reclassified together with the adjustments explained in Note 2.1.c as a total of TL (7.426.721) to the following income statement items in the statement of comprehensive income for the year ended 31 December 2009:

- TL 139.117.731 have been reclassified to sales
- TL (139.912.013) have been reclassified to cost of sales
- TL (789.910) have been reclassified to selling, marketing and distribution expenses,
- TL (5.744.016) have been reclassified to general administrative expenses,
- TL 658.098 have been reclassified to other operating income,
- TL (794.296) have been reclassified to other operating expenses,
- TL 3.796.962 have been reclassified to finance income
- TL (7.034.063) have been reclassified to finance expenses
- TL 3.274.786 have been reclassified to deferred tax benefit.

(5) For the consistency with the current period, the Group has reclassified the receivable amounting to TL 6.966.917 from current trade receivables from related parties to receivables from operations in finance sector from related parties, the liability amounting to TL 668.678 from short-term due to related parties to long-term due to related parties (under other payables); the liability amounting to TL 131.791 from short-term due to related parties to short-term other payables (under other payables); the liability to the customers due to brokerage transactions amounting to TL 2.094.598 from short-term other trade payables to short-term liabilities due to operations in the finance sector; the funds provided from bank loans amounting TL 6.642.167 from short-term financial liabilities to short-term liabilities due to operations in the finance sector, the VAT receivable amounting to TL 1.810.773 from other current assets to other non-current assets and the liability amounting to TL 1.402.401 from deferred tax liabilities to the liabilities directly associated with assets held for sale.

(6) For the year ended 31 December 2009, the Group has reclassified the depreciation expenses amounting to TL 2.825.650 from general administrative expenses to cost of sales and the donation expenses amounting to TL 3.994.243 from general administrative expenses to other operating expenses in the statement of comprehensive income.

For the consistency with the current period, the statement of cash flows for the year ended 31 December 2009 has been restated. The following summary table demonstrates the cash flows from operating, investing and financing activities presented in the previously reported and restated statements of cash flows as well as the restatement effects:

	Previously Reported	Effects of the restatement	Restated
Net cash flows from (used in) operating activities	(37.651.916)	4.758.937	(32.892.979)
Net cash flows from / (used in) investing activities	110.933.860	7.207.479	118.141.339
Net cash flows from / (used in) financing activities	(58.203.355)	(11.428.712)	(69.632.067)

#### (d) Basis of Consolidation

As at 31 December 2010 and 2009, the consolidated financial statements include the financial statements of the subsidiaries, joint ventures and associates of Global Yatırım Holding A.Ş.



## GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010

CURRENCY: TURKISH LIRA ["TL"] UNLESS OTHERWISE STATED.

#### (i) Subsidiaries

Subsidiaries of which the Group has the power to govern the financial and operating policies are consolidated in the accompanying consolidated financial statements if;

(a) the Group has the power over 50% of the voting rights acquired through shareholding interest hold either directly or indirectly.

(b) the Group has the power and authority to govern the financial and operating policies of the Group, so as to obtain benefits from its activities, although the Group does not own 50% of the voting right.

This power to control is evidenced when the Group is able to govern the financial and operating policies of an enterprise so as to benefit from its activities. Subsidiaries are consolidated from 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.

The table below demonstrates the rates of the effective ownership and the voting power held in terms of percentages as of 31 December 2010 and 2009 for all the subsidiaries directly or indirectly controlled by the Group and included in the scope of consolidation:

	Effective ownership		Voting power held	
	2010	2009	2010	2009
Global Menkul Değerler A.Ş.	99,99	99,99	100,00	100,00
Global Portföy Yönetimi A.Ş.	99,99	99,99	100,00	100,00
Global Valori Mobiliare SA (1)	-	99,47	-	100,00
Global Financial Products Ltd.	100,00	100,00	100,00	100,00
Global Sigorta Aracılık Hizmetleri A.Ş.	99,99	99,99	100,00	100,00
Hedef Menkul Değerler A.Ş. (2)	-	98,35	-	98,35
Global Liman İşletmeleri A.Ş.	99,99	99,99	100,00	100,00
Global Securities (USA) Inc.	99,99	99,99	100,00	100,00
CJSC Global Securities Kazakhstan	99,99	99,99	100,00	100,00
Ege Liman İşletmeleri A.Ş.	72,50	72,50	72,50	72,50
Bodrum Liman İşletmeleri A.Ş.	60,00	60,00	60,00	60,00
Ortadoğu Antalya Liman İşletmeleri A.Ş. (3)	99,80	39,80	100,00	33,33
Ege Global Madencilik San.ve Tic. A.Ş.	84,99	84,99	85,00	85,00
Mavi Bayrak Tehlikeli Atık İmha Sistemleri San.ve Tic.A.Ş.	94,40	94,40	100,00	100,00
Salıpazarı İnşaat Sanayi ve Ticaret A.Ş.	99,99	99,99	100,00	100,00
Güney Maden İşletmeciliği A.Ş.	99,99	99,99	100,00	100,00
Doğu Maden İşletmeciliği A.Ş.	99,99	99,99	100,00	100,00
Nesa Madencilik San.ve Tic.A.Ş.	99,99	99,99	100,00	100,00
Vespa Enterprises (Malta) Ltd.	99,93	99,93	100,00	100,00
Maya Turizm Ltd.	66,82	63,99	80,00	80,00
Galata Enerji Üretim ve Ticaret A.Ş.	50,99	50,99	51,00	51,00
Global Enerji Hizmetleri ve İşletmeciliği A.Ş.	99,99	99,99	100,00	100,00
Osmanlı Enerji A.Ş. (4)	99,96	-	100,00	-
Tora Yayıncılık A.Ş.	96,00	96,00	100,00	100,00
Sem Yayıncılık A.Ş.	62,40	62,40	65,00	65,00
Pera Gayrimenkul Yatırım Ortaklığı A.Ş. (Note 24)	33,82	28,15	60,00	60,00
Doğal Enerji Hizmetleri ve İşletmeciliği A.Ş.	99,99	99,99	100,00	100,00
Dağören Enerji A.Ş.	70,00	70,00	70,00	70,00
Global Depolama A.Ş.	99,99	99,99	100,00	100,00
GES Enerji A.Ş.	99,99	99,99	100,00	100,00
Sancak Global Enerji Yatırımları A.Ş.	99,99	99,99	100,00	100,00

(1) This company has been liquidated.

(2) This company has been sold on 17 December 2010 as explained in Note 36 in detail.

(3) Ortadoğu Liman was consolidated by the Group as a joint venture using the proportionate consolidation method until 29 July 2010. Starting from that date, the full consolidation method has been applied as the entity became a subsidiary.

(4) This company was sold on 23 June 2009 in accordance with the share transfer agreement regarding the sale of 95% shares of Yeşil Enerji to Statkraft AS and it has been repurchased from Yeşil Enerji on 2 June 2010 in return for the receivables from Yeşil Enerji. No goodwill or bargain purchase gain has been accounted for as a result of this transaction.

## GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010

CURRENCY: TURKISH LIRA ["TL"] UNLESS OTHERWISE STATED.

#### (ii) Joint ventures and associates

Associates are those entities, in which the Group has significant influence, but not control, over the financial and operating policies. Joint ventures are those entities over whose activities the Group has joint control and significant influence over the financial and operating policies. Joint ventures are accounted for using the proportionate consolidation method. The consolidated financial statements include the Group's proportionate share of the enterprises' assets, liabilities, revenues and expenses with items of a similar nature. The Group's associates are accounted under equity method in the accompanying consolidated financial statements. Under the equity method, the investment in an associate is initially recognized at cost and the carrying amount is increased or decreased to recognize the investor's share of net assets in the associate.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee. If the associate subsequently reports profits, the share of the profits, only after its share of losses not recognized, is recognized in the financial statements.

The table below demonstrates the rates of the effective ownership and the voting power held in terms of percentages as of 31 December 2010 and 2009 for all the joint ventures which are under the direct or indirect joint control of the Group and included in the scope of consolidation:

	Effective ownership		Voting power held	
	2010	2009	2010	2009
Enerji Yatırım Holding A.Ş.	49,99	49,99	50,00	50,00
Energaz Gaz Elektrik, Su Dağıtım A.Ş.	26,23	26,23	26,23	26,23
Aksaray Doğalgaz Dağıtım A.Ş.	26,22	26,22	26,22	26,22
Aydın Doğalgaz Dağıtım A.Ş.	26,23	26,23	26,23	26,23
Kentgaz Denizli Şehir Doğalgaz Dağıtım A.Ş.	23,61	23,61	23,61	23,61
Gaznet Şehir Doğalgaz Dağıtım A.Ş.	19,66	19,66	19,66	19,66
Netgaz Şehir Doğalgaz Dağıtım A.Ş.	23,59	23,59	23,59	23,59
Erzingaz Doğalgaz Dağıtım A.Ş.	23,61	23,61	23,61	23,61
Olimpos Doğalgaz Dağıtım A.Ş.	23,61	23,61	23,61	23,61
Karaman Doğalgaz Dağıtım Ltd. Şti.	23,61	23,61	23,61	23,61
Çorum Doğalgaz Dağıtım ve Sanayi ve Ticaret A.Ş.	7,87	7,87	7,87	7,87
Kapadokya Doğalgaz Dağıtım A.Ş.	16,52	16,52	16,52	16,52
Medgaz A.Ş. (2)	26,23	26,23	26,23	26,23
Ortaoğlu Antalya Liman İşletmeleri A.Ş. (1)	99,80	39,80	100,00	33,33
Düzce-Aksu Hid. El. En. El. Ürt. Sant. Ltd. Şti. (Note 36)	-	39,98	-	39,98
Bilecik Demir Çelik San.ve Tic.A.Ş.	39,99	39,99	40,00	40,00
İzmir Liman İşletmeciliği A.Ş.	46,00	46,00	46,00	46,00

(1) Ortaoğlu Liman was consolidated by the Group as a joint venture using the proportionate consolidation method until 29 July 2010. Starting from that date, the full consolidation method has been applied as the entity became a subsidiary.

(2) Medgaz A.Ş. has been included in the scope of consolidation in 2010 as its operations began to become significant in 2010.

As at 31 December 2010 and 31 December 2009, the Group has no associates.

In accordance with the agreement dated 31 March 2009, the Group has sold its 20% and 20% shares in Boğaziçi Yatırım Turizm ve Gayrimenkul Geliştirme A.Ş. and Kuşadası Turizm Yatırımcılığı ve İşletmeciliği A.Ş. respectively, to the other shareholders of these investments in associates. In accordance with the same agreement, the Group has acquired 311 real estates in Veli Alemdar Han with a fair value of TL 51.935.000, located in Karaköy, in return for the receivables amounting to TL 21.714.553 and cost of investments in associates amounting to TL 14.541.421.

## **GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

#### **AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010**

CURRENCY: TURKISH LIRA ["TL."] UNLESS OTHERWISE STATED.

#### ***(iii) Available for sale financial assets***

Equity securities in which the Group owns either directly or indirectly less than 20% of the shares, that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are carried at cost, less permanent impairment losses disclosed as available for sale financial assets at consolidated financial statements.

As at 31 December 2009, Kentgaz A.Ş. and Medgaz A.Ş., in which the Group has effective ownership of 26,23% and 49,99%, respectively and are immaterial to the consolidated financial statements, and Torba İnşaat ve Turistik A.Ş., in which the Group has the ownership of 80% but has no control, are not consolidated and are disclosed as available for sale financial assets, carried at cost less any impairment losses. Kentgaz A.Ş. and Medgaz A.Ş. are immaterial to the consolidated financial statements since the portion of their assets is 0,03% in the total consolidated assets of the Group and do not generate revenues.

As the operations of Medgaz A.Ş. started to become significant in 2010, it has been included in the scope of consolidation in 2010. Thus, as at 31 December 2010, Kentgaz A.Ş. in which the Group has effective ownership of 49,99% and Torba İnşaat ve Turistik A.Ş., in which the Group has the ownership of 80% but has no control, are presented as available for sale financial assets arising from transactions with associates are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

#### ***(iv) Special purpose entities***

The Group has established in 2007 a special purpose entity ("SPE") namely, Apogee Investments Ltd. located in Cayman Islands to invest in the notes issued by Deutsche Bank AG Luxembourg SA in the scope of the loan participation notes borrowed from Deutsche Bank AG Luxembourg branch. This entity was consolidated as at 31 December 2008 since the main purpose of the entity was to invest in these notes in the market with the directions of the Company. All the notes have been purchased by the Group from the entity in 2008 and therefore the entity is not consolidated as at 31 December 2010 and 2009.

#### ***(v) Consolidation adjustments***

Subsidiaries are consolidated by using the full consolidation method. Therefore, the carrying value of subsidiaries is eliminated against the related equity. The equity and net income attributable to non-controlling interests are shown separately in the consolidated balance sheet and statement of comprehensive income. Intra-group balances and any unrealized income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with associates are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

#### ***(vi) Transactions with non-controlling interest***

The Group applies a policy of treating transactions with minority interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is deducted from equity. Gains or losses on disposals to non-controlling interests are also recorded in equity. For disposals to non-controlling interests, differences between any proceeds received and the relevant share of non-controlling interests are also recorded in equity.

#### ***(e) Changes in Accounting Policies and Estimates/Errors***

The changes in accounting policies resulting from the initial application of a new TAS/IFRS are applied in accordance with the transition clauses of the related TAS/IFRS, if any, retrospectively or prospectively. The changes for which no transition clauses exist, the significant optional changes in accounting policies or the identified accounting errors are applied retrospectively and the financial statements for the prior periods are restated. Changes in accounting estimates are applied in the current period if the change is related with only one period. They are applied in the current period and prospectively if they are related to the future periods. The Group has no significant change in its accounting policies and estimates.

#### ***(f) Netting/Offsetting***

The Group's financial assets and liabilities are offset and the net amount is presented in the consolidated balance sheet if and only if there is a legally enforceable right to set off the amounts and there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

## GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010

CURRENCY: TURKISH LIRA ["TL"] UNLESS OTHERWISE STATED.

#### **(g) Changes in the International Financial Reporting Standards**

The Group applied in the consolidated financial statements all the standards issued by the IASB and the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") which were effective and required as at 31 December 2010.

The standards and interpretations effective for the periods starting on 1 January 2010 or thereafter are presented below:

#### **(a) The standards, amendments and interpretations effective in 2010:**

- 2009 Annual Improvements in IFRS published in 2009: Amendments in the standards and interpretations except for the IFRS 8 "Operating Segments"
- IFRS 1 "First-time Adoption of International Financial Reporting Standards and IAS 27" Consolidated and Separate Financial Statements "(The amendment related to the costs of investment in relation to the first-time adoption of IFRS)
- IFRS 2 "Share-Based Payment" (Vesting Conditions and Cancellations)
- IAS 39 "Financial Instruments: Recognition and Measurement" (The amendments related to embedded derivatives in the classification of the financial instruments)
- IFRS 3 "Business Combinations", IAS 27 "Consolidated and Separate Financial Statements",
- IFRIC 17 "Distributions of Non-Cash Assets to Owners"

The standards, amendments and interpretations above except for IFRS 3 did not have a significant effect on the Group's financial statements. The Group applied the IFRS 3 Business Combinations (Revised) from starting 1 January 2010 for all the business combinations.

#### **(b) The standards, amendments and interpretations which were not effective in 2010 yet and which are not adopted by the Group**

- IFRS 9 "Financial Instruments: Classification and Measurement"
- IAS 32 (Amendment) "Classification of Equity Instruments"
- IAS 24 (2009) (Revised) "Related Party Disclosures"
- IFRIC 14 (Amendment) "Reimbursement of Minimum Funding Requirements"
- IFRIC 9 "Reassessment of Embedded Derivatives"
- IFRIC 19, "Extinguishing Financial Liabilities with Equity Instruments"
- IFRS 1 "Limited Exemption to the Comparative Notes to IFRS 7"
- IFRS 7 "Financial Instruments: Disclosures"
- IAS 12 "Income Tax"

These new standards, amendments and interpretations to standards are not effective or their application is not required yet for the period ended 31 December 2010. Therefore, they were not applied in the preparation of these financial statements. The Group evaluates the effects of these new standards and interpretations on the consolidated financial statements.

## 2.2 Summary of Significant Accounting Policies

### **(a) Revenues**

#### **(i) Service and commission revenue**

The Group receives commissions for providing services with brokerage services and asset management services, and recognizes such commissions as income as the services are rendered. Other service and commission revenues comprised of interest received from customers, portfolio management commissions and other commissions and consultancy services.

#### **(ii) Portfolio management fees**

Fees charged for management of customer portfolios at capital markets are recognized as income at the end of each month.

#### **(iii) Gain on trading of securities**

Gains/losses on trading of securities are recognized in profit or loss at the date of the related purchase/sale order.

#### **(iv) Natural gas sales**

## **GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

#### **AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010**

CURRENCY: TURKISH LIRA ["TL"] UNLESS OTHERWISE STATED.

Revenues from the sales of natural gas comprise the revenues from the sales to individual and corporate subscribers. Revenue is recognized when the significant risks and rewards of ownership have been transferred to the subscribers and natural gas has been consumed by the related subscriber. In addition, natural gas distributed but not billed is accrued at each reporting period. The Group accounts prepaid sales which part is not used by the subscribers as deferred natural gas revenue in other current liabilities. Deferred prepaid sales are recognized as revenue as natural gas is consumed by the subscriber. Transfer of risk and rewards changes as to the periods of the consumption of natural gas by subscribers. Net sales revenue is disclosed less sales returns.

#### **(v) Connection service fees**

Subscriber connection fee represents the project labor, material, control and approval expenditures per subscriber needed to connect the distribution network including the gas meters to the internal facilities of the subscriber. In accordance with the legislation, the previously collected connection service fees are not returned in case the natural gas subscribers unsubscribe. In addition, the service connection fee can be charged to one address only once. The Group accounts for the connection fees when the service is provided and recognizes the income in profit or loss throughout the license period. Connection fee revenues change as to the periods when the connection service is provided to the subscribers.

#### **(vi) Construction contracts**

The Group accounts for revenues and costs from construction services related with the construction and renewal of the infrastructure network in accordance with IAS 11 "Construction Contracts within the context of IFRIC 12 -Service Concession Arrangements". In practice, the Group is unable to separate the margin attributable to the construction phase of its concession agreements from the margin attributable to the operation phase since there are no publicly available market data regarding the fair value of such margin. Consequently, revenue recognized during the construction phase is limited to an amount equal to the costs incurred.

#### **(vii) Port administration revenues and port rent income**

Port administration revenues comprise revenues from services provided to ships and motorboats (pilotage, tugboat rents, passenger landing fee, etc), and cargo handling fees (general cargo, bulk cargo, container) recognized on accrual basis.

Rent income comprises rental income from marina, shopping centers and duty-free stores. Rent income is recognized in profit or loss on a straight line basis over the term of the lease.

#### **(viii) Goods sold**

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably.

#### **(ix) Other service revenues and other sales**

Rent income is accounted for on accrual basis, interest income is accounted for using effective interest method and dividend income is recognized on the date the Group's right to receive the payment is established.

Other service revenues and other sales are presented in profit or loss on accrual basis.

#### **(b) Expenses**

Expenses are accounted for on accrual basis. Cost of sales and operating expenses are accounted for in the period when incurred. Operational lease expenses are recognized in profit or loss on a straight line basis over the lease term.

#### **Interest expenses**

Interest expenses are accrued by using the effective interest method or applicable variable interest rate. Interest expenses arise from the difference between the initial cost of an interest bearing financial instrument and the value of the instrument discounted to its present value at the date of the maturity or the premium or discount, discounted to present value. The financial costs that are directly attributable to the acquisition, construction or production of a qualified asset are capitalized.

## GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010

CURRENCY: TURKISH LIRA ["TL"] UNLESS OTHERWISE STATED.

#### **(c) Inventories**

##### **(i) Inventories**

Inventories are valued by using the weighted average method. Inventories are stated at the lower of cost and net realizable value. Cost incurred in bringing each product to its present location and conditions are included in the cost of inventory. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

##### **(ii) Trading property**

Trading properties held by subsidiaries that operate in real estate sector are classified as inventories. Trading property is stated at the lower of cost and net realizable value. Net realizable value represents the estimated selling price less all estimated costs to completion.

#### **(d) Investment Property**

Investment property is a land, building or part of a building or both held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business.

Investment properties are measured initially at cost. Transaction costs are included in the initial measurement. The fair value of investment property is the price at which the property could be exchanged or liability is paid between knowledgeable, willing parties in an arm's length transaction. Subsequent to initial recognition, investment properties are measured in accordance with fair value model or cost model and applied to all investment properties. The Group measures its investment properties by using the fair value model.

The investment property under construction is the investment property which is being constructed for earning rentals or for capital appreciation, or both. This property is classified as construction in progress under the investment property.

If the Group determines that the fair value of an investment property under construction is not reliably determinable but expects that the fair value of the property to be reliably determinable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier).

Costs incurred during the acquisition and construction of these assets and subsequent expenditures are capitalized if it is probable that they will increase the future economic benefits obtained from that asset.

Borrowing costs directly attributable to the investment properties in progress are included in the cost of the investment property. Expenses are capitalized from the date they have been incurred to the date the asset is available for use. If the cost of the investment property in progress is lower than its recoverable value, an impairment loss is provided. Capitalization rate is the average of the current interest rates of the financial liabilities attributable to the investment properties in progress and the general funding made for these assets

Once the Group becomes able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, that property is measured at fair value. Once construction of that property is complete, it is presumed that fair value can be measured reliably.

An investment property under construction is measured at the fair value to be determined once its construction is complete less the construction and borrowing costs estimated to be realized until the construction is complete.

## GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010

CURRENCY: TURKISH LIRA ["TL"] UNLESS OTHERWISE STATED.

#### **(e) Property, Plant and Equipment**

Property, plant and equipment of the subsidiaries and joint ventures that operate in Turkey and acquired before 1 January 2005 are stated at restated cost until 31 December 2004 less accumulated depreciation and permanent impairment losses. Property, plant and equipment of such entities acquired after 1 January 2005 are stated at cost, less accumulated depreciation and permanent impairment losses. The cost of an item or property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating and the interest expense incurred during the investment period, related with the funds borrowed at the acquisition of the property, plant and equipment. Property, plant and equipment of companies, whose functional currencies are not TL, are denominated in the original currencies, stated at cost, less accumulated depreciation and accumulated impairment losses and are translated to TL by using the exchange rate ruling at the reporting date. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Property, plant and equipment acquired in a business combination are initially measured at fair value.

#### **(i) Subsequent costs**

The costs of replacing part of an item of property, plant and equipment are recognized in the carrying amount of the item if it is probable that they will increase the future economic benefits obtained from that asset. All other costs are recognized in profit or loss as incurred.

#### **(ii) Depreciation**

Depreciation is recognized in the profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment based on the date of acquisition or the assembly dates. Leasehold improvements are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated since the useful lives are considered to be infinite. The depreciation rates used by the Group are as follows:

Buildings	2%
Land improvements	3,33%-4,5%
Machinery and equipment	2%-50%
Motor vehicles	5,55%-33,33%
Furniture and fixtures	2%-50%
Leasehold improvements	3,3%-25%

Depreciation methods, useful lives and residual values are reviewed at each financial year-end.

#### **(iii) Derecognition**

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other operating income or expenses in the statement of comprehensive income.

#### **(f) Intangible Assets**

Intangible assets comprise port operation rights, licenses, contract-based customer relationships, development costs, computer software, the hydroelectric power plant ("HEPP") license, Vakif Han building usage rights, other rights and other intangible assets.

Intangible assets related to operations whose functional currency is TL and which were acquired before 1 January 2006 are restated for the effects of inflation in TL units current at 31 December 2005, less accumulated amortization and accumulated impairment losses. Intangible assets acquired after 1 January 2006 are stated at cost less accumulated amortization and permanent impairment losses.

Intangible assets related to operations whose functional currencies are not TL, are denominated in the original currencies, stated at cost, less accumulated amortization and accumulated impairment losses and are translated to TL by using the exchange rate ruling at the reporting date.

## GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010

CURRENCY: TURKISH LIRA ["TL"] UNLESS OTHERWISE STATED.

In a business combination or acquisition, the acquirer recognizes separately an intangible asset of the acquiree at the acquisition date only if it meets the definition of an intangible asset in IAS 38 Intangible Assets and its fair value can be measured reliably.

Development activities involve a plan or design for the production of new or substantively improved products and processes. Development expenditure is capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset.

#### (i) Amortization

Amortization is recognized in profit or loss on a straight line basis over the estimated useful lives of intangible assets.

The amortization rates applied by the Group are as follows:

Port operation rights (*)	3,33%-8,33 %
Customer Relationship	8,3%
Rights	25%-33,33%
Software	7%-33,33 %
HEPP license	2,01%
Other intangible assets	6,66%-33,33 %

(\*) Port operation rights will expire by 2028 for Ortadoğu Liman, by 2033 for Ege Liman and by 2019 for Bodrum Liman.

#### (g) Goodwill

According to IFRS 3, the excess of cost of the total consideration over the fair value of the identifiable assets, liabilities and contingent liabilities acquired in a business combination is recognized as goodwill. Goodwill is not amortized and is tested for impairment annually or more often when the circumstances indicate that the goodwill is impaired.

When the cost of the acquisition is lower than the fair value of the identifiable assets, liabilities and contingent liabilities acquired in a business combination, the difference is recognized as income (gain on a bargain purchase).

The initial recognition of the business combination is accounted for provisionally if the fair values of the identifiable assets, liabilities and contingent liabilities acquired in a business combination can only be recognized, or the cost of a business combination is measured, only using provisional amounts. The provisional business combination accounting shall be completed in the 12 months following the date of acquisition and the adjustments shall be recognized retrospectively.



## GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010

CURRENCY: TURKISH LIRA ["TL"] UNLESS OTHERWISE STATED.

#### (h) Concession Intangible Assets

International Financial Reporting Interpretation Committee ("IFRIC") interpretation number 12 "Service Concession Agreements" ("IFRIC 12") was published on 30 November 2006 to be adopted for the periods starting from 1 January 2008. The Group applied IFRIC 12 starting from 1 January 2008 in the consolidated financial statements due to the following reasons:

(i) The subsidiaries of Energaz (except for Medgaz) have the rights and obligations to distribute natural gas in their operation districts in accordance with the distribution licenses accredited by the Energy Market Regulatory Authority ("EMRA"). These natural gas distribution companies' license information is printed below:

Company	License Date	License Expiry Date
Kentgaz Denizli Şehir Doğalgaz Dağıtım A.Ş.	6 February 2006	16 February 2036
Gaznet Şehir Doğalgaz Dağıtım A.Ş.	5 December 2003	5 December 2033
Netgaz Şehir Doğalgaz Dağıtım A.Ş.	22 June 2004	22 June 2034
Olimpos Doğalgaz Dağıtım A.Ş.	12 October 2006	12 October 2036
Kapadokya Doğalgaz Dağıtım A.Ş.	29 September 2005	29 September 2035
Aksaray Doğalgaz Dağıtım A.Ş.	25 May 2004	25 May 2034
Karaman Doğalgaz Dağıtım Ltd. Şti.	14 July 2006	14 July 2036
Erzingaz Doğalgaz Dağıtım A.Ş.	4 August 2006	4 August 2036
Çorum Doğalgaz Dağıtım ve Sanayi ve Ticaret A.Ş.	16 March 2004	16 March 2034
Aydın gaz Doğalgaz Dağıtım A.Ş.	21 August 2008	21 August 2038

Moreover, Medgaz, a subsidiary of Energaz, has been established to engage in natural gas wholesale sales operations and obtained its license from the EMRA on 7 November 2009. The license will expire by 7 November 2039.

(ii) EMRA regulates and controls the operations of the Group entities, the infrastructure, beneficiaries of the services provided and the initial price of the services provided. In accordance with the license agreements, the entities have to provide not only natural gas distribution service to every customer applying to connect to natural gas network, but also building, managing, maintaining and expanding the infrastructure. In addition, license agreements set the initial unit service and amortization fee to be levied by the entities as maximum fees that are to be applied in the following eight years effective from the initiation of the license agreements and regulates fee revisions over the period of license agreements.

(iii) In accordance with "Natural Gas Market Law" dated 25 May 2007 and numbered 4646, companies having the gas distribution license, are subject to articles either written in this legislation or declared by EMRA. According to this law, if the license is not renewed at the end of license period, EMRA has the right to open bids to deliver distribution license together with the right to use the existing infrastructure to a new company. In this case, the infrastructure will be sold and sale amount will be collected by EMRA which will pay such amount to the previous holder of the distribution license. Moreover, companies have the right to sell distribution network to another legal entity before the end of the service concession agreement, nevertheless such sale is subject to EMRA approval and is nullified without the approval of EMRA. These conditions indicate that EMRA controls significant residual interest in the infrastructure both within the concession period or at the end of the concession period.

Infrastructure within the scope of IFRIC 12 is not recognised as property, plant and equipment of the operator because the contractual service arrangement does not convey the right to control the use of the public service infrastructure to the operator. The operator has access to operate the infrastructure to provide the public service on behalf of the grantor in accordance with the terms specified in the contract.

Under the terms of license agreement within the scope of IFRIC 12, the Group acts as a service provider. The operator constructs or upgrades infrastructure (construction or upgrade services) used to provide a public service and operates and maintains that infrastructure (operation services) for a specified period of time.

The Group recognises and measures revenue in accordance with IAS 11 "Construction Contracts" and IAS 18 "Revenue" for the services it performs. If the operator performs more than one service (i.e. construction or upgrade services and operation services) under a single contract or arrangement, consideration received or receivable shall be allocated by reference to the relative fair values of the services delivered, when the amounts are separately identifiable. The Group applies IAS 11 for the

## GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010

CURRENCY: TURKISH LIRA ["TL"] UNLESS OTHERWISE STATED.

revenue and costs relating to construction or upgrade services and IAS 18 for the revenue and costs relating to operation services.

The Group recognizes an intangible asset arising from a service concession arrangement when it has a right to charge for usage of the concession infrastructure. The right to collect fee from the public service users is unconditional to collect cash as it is dependent of the condition that the public uses the service.

Amortization is recognized in profit or loss as depreciation and amortization expenses under cost of sales, by using straight-line method over the license period. The amortization rates used by the Group vary between 3,33% and 4,35%.

#### (i) Financial Instruments

##### (i) Classification

The financial assets of the Group comprise cash and cash equivalents, financial investments, trade receivables, receivables from operations in finance sector, due from related parties and other receivables. Financial liabilities are classified as loans and borrowings, trade payables, due to related parties, liabilities due to operations in finance sector, other financial liabilities and other liabilities.

**"Financial assets at fair value through profit or loss"**; A financial asset is classified at fair value through profit or loss if it is designated as such upon initial recognition or is classified as held for trading. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Upon initial recognition attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss.

**"Available for-sale financial assets"**, are composed of financial assets other than loans and borrowings lent by the Group, receivables and financial assets held for trading. These assets are presented in non-current assets in accordance with the intention of the Group management to hold these assets more than twelve months or if there will not be a necessity of capital increase through a sale of these assets; otherwise they are presented in current assets.

**"Loans and receivables"** are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are presented in current assets if their maturities are less than 12 months, otherwise presented in non-current assets. The loans and receivables comprise cash and cash equivalents excluding cash on hand, trade receivables, receivables from operations in finance sector and other receivables. The classification of the financial assets is performed when acquired and reviewed periodically by the Group.

**"Ordinary shares"** are classified as paid-in capital. The additional costs directly related with the issuance of the ordinary shares and share options are recognized after-tax as a decrease in the equity.

##### (ii) Recognition

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position if and only if, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

## **GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

#### **AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010**

CURRENCY: TURKISH LIRA ["TL"] UNLESS OTHERWISE STATED.

#### ***(iii) Measurement***

##### **Non-derivative financial instruments;**

Non-derivative financial assets comprise trade and other receivables, cash and cash equivalents, investments, loans and borrowings, trade and other payables, due to/due from related parties and non-current liabilities.

Cash and cash equivalents comprise cash, deposits with maturity periods of less than three-months and highly liquid investments with maturity periods of less than three-months and having no impairment risk exposure.

Trade receivables and payables are initially recognized at fair value plus transaction costs that are directly attributable to the acquisition. Subsequent to initial recognition they are measured at amortised cost using the effective interest rate of any amount difference between the initial amount recognized and the maturity.

Other receivables and payables are measured at cost.

Financial assets held for trading are recognized in the consolidated balance sheet at fair value and subsequently measured at fair value. Gains and losses arising from the measurement is recognized at profit or loss.

Available for sale financial assets are measured at fair value subsequent to recognition. Available for sale financial assets that have a quoted market price are measured at fair value. Changes in fair value of the available for sale financial statements are accounted in the statement of comprehensive income and "revaluation reserve" under equity, net of deferred tax. Changes in the fair value of the available for sale financial assets, which are debt instruments, are calculated as the difference between the fair value at the balance sheet date and discounted values. Interests calculated by using the effective interest rate are recognized in profit or loss during the period the financial asset is recognized in the consolidated balance sheet. Interest income and expenses are accounted for as explained in Note 2.2.a and Note 2.2.b.

Revaluation reserves accounted for under equity are recycled to the profit or loss when available for sale financial assets are derecognized.

Equity securities classified as available for sale financial assets and whose fair value cannot be reliably measured, due to lack of active and observable market, are carried at cost, which have been restated by considering the inflation effect until 31 December 2004, since they are acquired before 1 January 2005.

Financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method.

##### **Derivative financial instruments;**

Derivative financial instruments are recognized at cost and subsequently measured at fair value. The Group's derivative financial instruments mainly comprise of foreign currency options and interest rate swaps. Although such instruments provide hedging for the Group's risk, since the conditions for the hedge accounting in accordance with IAS 39 are not met, they are accounted as derivative financial instruments held for trading or other financial liabilities.

The fair value of the financial instruments that are quoted in an active market is the quoted market price or the bid price offered without any deduction for transaction costs that may incur on sale or other disposal.

#### ***(iv) Fair value measurement principles***

The fair value of the financial instruments are determined by using the quoted prices in an active market at the balance sheet date without any deduction of transaction costs. If the market for a financial instrument is not active at the balance sheet date, the fair value is estimated by using the market inputs and the appropriate valuation techniques. However, judgment is needed to interpret the available market information. Therefore, the estimates may not reflect the value that would have been realized in a current market transaction.

For all the other financial instruments that are not quoted in an active market, fair value is determined by using a valuation technique. Valuation techniques include net present value technique, benchmarking and other valuation techniques.

## GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010

CURRENCY: TURKISH LIRA ["TL"] UNLESS OTHERWISE STATED.

#### *(v) Derecognition*

The Group derecognises a financial asset, when the contractual rights to the cash flows from the asset expired or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

The Group derecognizes financial and contractual liabilities when the obligation is expired or cancelled.

#### *(j) Impairment of Assets*

##### *(i) Financial assets*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss has occurred after the initial recognition of the asset and the loss had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency of a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy and the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Group considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables not to be impaired are then collectively reassessed for any impairment that has been incurred, but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and accounted as doubtful receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Impairment losses on available-for-sale financial assets are recognised by transferring the cumulative loss that has been recognised in other comprehensive income, and presented in the fair value reserve in equity, to profit or loss. The cumulative loss that is removed from other comprehensive income and recognised in profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation and the current fair value, less any impairment loss previously recognised in profit or loss.

##### *(ii) Non-financial assets*

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that one not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

## **GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

#### **AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010**

CURRENCY: TURKISH LIRA ["TL"] UNLESS OTHERWISE STATED.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

#### **(k) Business Combinations**

Acquisitions from third parties are accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus (up to 31 December 2009) any costs directly attributable to the business combination. Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 Business Combinations are recognized at their fair values at the acquisition date.

The excess of the consideration transferred over the fair value of the identifiable assets, liabilities and contingent liabilities acquired by the acquirers is accounted for as goodwill. Goodwill arising from business combinations is not amortized, but tested for impairment annually or more frequently if there is any evidence that the goodwill may be impaired. If the fair value of the identifiable assets, liabilities and contingent liabilities or the cost of the combination is temporarily determined, initial recognition of the business combination is performed based on the transitional amounts. After the initial recognition, which is allowed to be performed during 12 months after the acquisition, corrections in relation to the initial recognition are accounted for in accordance with IFRS 3 Business Combinations and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

If the share of the fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree exceed the cost of a business combination, the difference is recognized as income (gain on a bargain purchase).

In a business combination achieved in stages, the acquirer remeasures its previously held equity interest in the acquiree at its acquisition-date fair value and recognises the resulting gain or loss in profit or loss.

A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses ultimately are controlled by the same party or parties both before and after the combination. The acquisition of an entity under common control is accounted for using book values, and in its consolidated financial statements the acquirer is permitted, but not required, to restate its comparatives as if the combination had been in existence throughout the reporting periods presented. The Group has, however, elected to account for the acquisition of an entity under common control from the acquisition date.

#### **(l) Foreign Currency**

##### ***i) Foreign currency transactions***

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities by using exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Foreign currency differences arising on retranslation are recognized in profit or loss.

Companies whose functional currencies are not TL, prepare their financial statements according to their functional currency and these financial statements are translated to TL for consolidation purpose in accordance with IAS 21.

Foreign currency differences arising on operations with foreign currency are recognised in profit or loss as foreign currency exchange gains and losses.

## GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010

CURRENCY: TURKISH LIRA ["TL"] UNLESS OTHERWISE STATED.

According to IAS 21, balance sheet items presented in the financial statements of domestic and foreign subsidiaries and joint ventures whose functional currency is different from TL, are translated into TL at the balance sheet (USD/TL and EUR/TL) exchange rates whereas income, expenses and cash flows are translated at the average exchange rate or ruling rate of the transaction date. Profit or loss from translation difference of these operations is recognised as "Currency Translation Differences" under the equity.

As at 31 December 2010 and 2009, foreign currency buying exchange rates of the Central Bank of Republic of Turkey ("CBRT") comprised the following:

	2010	2009
US Dollar/TL	1,5460	1,5057
Euro/TL	2,0491	2,1603

The average foreign currency buying exchange rates of the CBRT in 2010 and 2009 comprised the following:

	2010	2009
US Dollar/TL	1,5004	1,5741
Euro/TL	1,9894	2,1505

#### (ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to TL at exchange rates at the reporting date. The income and expenses of foreign operations are translated to TL at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income, under the currency translation differences ("CTD"). When a foreign operation is disposed of, in part or in full, the relevant amount in the CTD is transferred to profit or loss as part of the profit or loss on disposal.

#### (m) Discontinued Operations, Assets Held For Sale and Liabilities Directly Associated with Assets Held For Sale

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier.

When an operation is classified as a discontinued operation, the net assets of the discontinued operations are measured at fair value less cost of sale of the operation. The profit/(loss) before tax and the profit/(loss) after the tax of the discontinued operation are presented in the notes of the consolidated financial statements and profit/(loss) analysis including the income and expenses is performed. Besides, the net cash flows related to operational, investing and financing activities of the discontinued operations are presented in the related note.

In compliance with IAS 31 "Shares in Joint Ventures" and IFRS 5 "Assets Classified as Held For Sale and Discontinuing Operations", the interests in jointly controlled entities are accounted for in accordance with IFRS 5. When an interest in a jointly controlled entity previously classified as held for sale no longer meets the criteria to be classified, it is accounted for using proportionate consolidation or the equity method as from the date of its classification as held for sale. Financial statements for the periods since classification as held for sale are amended accordingly. The operations of the joint venture whose operations have been previously classified as discontinued are classified as continued.

A group of assets is classified as asset held for sale if their carrying amount is planned to be recovered principally through a sale transaction rather than through continuing use. The liabilities directly associated with these assets are classified similarly. Such group of assets is accounted for at the lower of its carrying amount (being the net amount of the assets and liabilities directly associated with them) and fair value less costs to sell.

If the Group has classified an asset (or disposal group) as held for sale, but the criteria of such classification are no longer met, the Group ceases to classify the asset (or disposal group) as held for sale. The Group measures a non-current asset that ceases to be classified as held for sale (or ceases to be included in a disposal group classified as held for sale) at the lower of:

## **GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

#### **AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010**

CURRENCY: TURKISH LIRA ["TL"] UNLESS OTHERWISE STATED.

(a) its carrying amount before the asset (or disposal group) was classified as held for sale, adjusted for any depreciation, amortization or revaluations that would have been recognized had the asset (or disposal group) not been classified as held for sale.

(b) its recoverable amount at the date of the subsequent decision not to sell.

The Group does not reclassify or re-present amounts presented for non-current assets or for the assets and liabilities of disposal groups classified as held for sale in the balance sheet for prior periods to reflect the classification in the balance sheet for the latest period presented.

#### **(n) Earnings/(Loss) Per Share**

The Group presents basic earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, less own shares acquired.

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings and inflation adjustments on equity items. Such kind of bonus shares are taken into consideration in the computation of earnings per share as issued share certificates. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the period has been adjusted in respect of bonus shares issues without a corresponding change in resources, by giving them retroactive effect for the period in which they were issued and each earlier period.

#### **(o) Events After the Reporting Date**

Events after the reporting period include all events up to the date when the financial statements are authorized for issue, even if those events occur after the public announcement of profit or of other selected information.

The Group adjusts the amounts recognized in its consolidated financial statements to reflect adjusting events after the reporting period. Non adjusting events are disclosed in the notes to the consolidated financial statements, if material.

#### **(p) Provisions, Contingent Assets and Liabilities**

A provision is recognized in the accompanying consolidated financial statements if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Contingent liabilities are assessed continually to determine whether an outflow of resources embodying economic benefits has become probable. Unless the possibility of any outflow in settlement is remote, contingent liabilities are disclosed in the notes to the financial statements. Where an economic inflow of economic benefits is probable, contingent assets are disclosed in the notes to the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements of the period in which the change occurs.

#### **(r) Leases**

##### ***i) Financial lease:***

All leases which transfer to the Group all the risks and rewards incidental to the ownership of an asset are classified as financial leases. Financial leases are capitalized at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments and is reflected as a liability by the same amount in the consolidated financial statements of the Group. The finance lease obligations are reduced through principle payments and the finance charge portion is allocated to consolidated statement of comprehensive income of each period during the lease term. Capitalized leased assets are depreciated over the estimated useful life of the related asset.

If there is not reasonable certainty that the ownership will be obtained by the end of the lease term, and the lease term is shorter than the estimated useful life of the leased asset, the asset is depreciated over the lease term, otherwise the asset is depreciated over its estimated useful life.

## GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010

CURRENCY: TURKISH LIRA ["TL"] UNLESS OTHERWISE STATED.

#### **ii) Operating lease:**

Operating leases are the leases that the risks and rewards incidental to the ownership of the asset belongs to the lesser. Lease payments under an operating lease are recognized as an expense in profit or loss on a straight-line basis over the lease term.

#### **(s) Related Parties**

Parties are considered related to the Company if;

(a) directly, or indirectly through one or more intermediaries, the party;

(i) controls, is controlled by, or is under common control with the Company (this includes Parent, subsidiaries and fellow subsidiaries);

(ii) has an interest in the Company that gives it significant influence over the Company; or

(iii) has joint control over the Company;

(b) the party is an associate of the Company;

(c) the party is a joint venture in which the Company is a venturer;

(d) the party is member of the key management personnel of the Company as its parent;

(e) the party is a close member of the family of any individual referred to in (a) or (d);

(f) the party is an entity that is controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or

(g) the party is a post-employment benefit plan for the benefit of employees of the Company, or of

any entity that is a related party of the Company

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

A number of transactions are entered into with related parties in the normal course of business.

#### **(t) Segment Reporting**

An operating segment is a component of the Group that engages in business activities through which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Group's management to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

The operating segments of the Group are finance, energy, infrastructure, real estate and other segments, and they are disclosed in Note 5.

#### **(u) Government Subsidies and Incentives**

All subsidies and incentives, including non-monetary incentives stated at fair market values, are included in the consolidated financial statements when there is reasonable certainty that the Group will qualify for and receive such subsidies and incentives. Government subsidies and incentives utilized by the Group are presented in Note 37.

#### **(v) Taxes**

Income tax expense comprises current and deferred tax. Current tax charge is recognized in profit or loss except for the effects of the items reflected under equity.

Current tax liability is calculated on taxable profit for the current year based on tax laws and tax rates that have been effective for the reporting date including adjustment related to previous years' tax liabilities.

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the differences arising from the initial recognition of goodwill, differences of an asset or liability in a transaction that is not a business combination, at the time of the transaction, which affects neither the accounting profit nor taxable profit and for differences associated with the investments in subsidiaries, associates and interest in joint ventures, to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.



## **GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

#### **AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010**

CURRENCY: TURKISH LIRA ["TL"] UNLESS OTHERWISE STATED.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable, entity or on different tax entities but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

#### **(y) Employee Benefits**

In accordance with the existing labor law in Turkey, the entities operating in Turkey are required to make lump-sum payments to employees who have completed one year of service and whose employment is terminated without cause, or due to retirement, military service or death. Retirement pay liability is calculated by using lower of employee's monthly salary and retirement pay ceiling, 31 December 2010: TL 2.517 (31 December 2009: TL 2.365) for each year of the employee's service.

The Group recognizes retirement pay liability as the present value of the estimated total reserve of the future probable obligation of the Group. The key assumptions used in the calculation of the retirement pay liability are detailed in Note 22.

#### **(z) Statement of Cash Flows**

Cash flows for the period are classified as cash flows from operations, investing activities and financing activities. Cash flows from operations are the cash flows generated from the principal activities of the Group. The Group presents the cash flows from operating activities by using the indirect method such as adjusting the accruals for cash inflows and outflows from gross profit/loss, other non-cash transactions, prior and future transactions or deferrals.

Cash flows from investing activities represent the cash flows used in/provided from investing activities (purchase of tangible and intangible assets and investments).

Cash flows from financing activities represent the funds used in and repayment of the funds during the period.

For purposes of preparation of the statements of cash flows, cash and cash equivalents include cash on hand, bank deposits and highly liquid investments with maturity of less than three months having no impairment risk exposure.

#### **(aa) Treasury Shares**

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to/from retained earnings.

#### **(ab) Dividend**

Dividend receivables from the companies excluding the subsidiaries, associates and joint ventures are accounted for as income in the period they are declared. Dividend payables are recognized in the consolidated financial statements in the period when the General Assembly decides on dividend distribution.

#### **(ac) Receivables From Reverse Repurchase Agreements**

The funds given in return for the financial assets subject to reverse repurchase are accounted for as receivables from reverse repurchase agreements under the cash and cash equivalents. For the difference between the purchase and re-sale prices determined in accordance with the related reverse repurchase agreements, which is attributable to the period, an income rediscount is calculated with the internal rate of return method and is accounted for by adding to the cost of the receivables from reverse repurchase agreements.

## GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010

CURRENCY: TURKISH LIRA ["TL"] UNLESS OTHERWISE STATED.

#### 2.3 Summary of Significant Accounting Judgements, Estimates and Assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

In preparation of the consolidated financial statements, the significant estimates and judgments used by the Group are included in the following notes:

Note 2.2 (e,f,h)	-Useful lives of property, plant and equipment and intangible assets
Note 3	-Business combinations
Note 10	-Impairment losses on accounts receivable
Note 12	-Impairment losses on receivables from finance sector operations
Note 15	-Fair value of investment properties
Note 19	-Impairment test on goodwill
Note 20	-Provisions, contingent assets and liabilities
Note 22	-Assumptions on employee termination benefits.
Note 28	-Impairment on asset groups
Note 31	-Tax assets and liabilities
Note 35	-Determination of fair value
Note 36	-Assets held for sale and discounted operations

### 3 BUSINESS COMBINATIONS

#### a) 2010

On 29 July 2010, Global Liman acquired 60% of the shares of its joint venture Ortadoğu Liman from the other shareholders and obtained control of Ortadoğu Liman increasing its equity interest from 39,8% to 99,8%. Global Liman and other shareholders of Ortadoğu Liman agreed on the purchase price of USD 49.308.521 (equivalent to TL 74.115.638), including the receivables of other shareholders of Ortadoğu Liman amounting to TL 14.897.065, which are transferred to Global Liman. Therefore, the acquisition cost of 60% shares of Ortadoğu Liman amounts to TL 59.218.573.

Taking control of Ortadoğu Liman will strengthen the Group's position in the Turkish port operations market. The acquisition is expected to increase the benefits of the Group in terms of creating value and optimising cash generation through strong contractual operating rights, modern and efficient facilities, provision of the world class security and operational excellence that shipping lines and cruise operators demand and imposing premium tariffs.

During the period from 29 July 2010 to 31 December 2010, the acquisition contributed revenues of TL 14.759.592 and profits of TL 253.057.952 (including bargain purchase gain and gain on previously-held interest, presented below in detail). If the acquisition had occurred on 1 January 2010, management estimates that the consolidated revenues would have been TL 250.220.004 and the consolidated net profit for the period would have been TL 230.591.394. In determining these amounts, management assumed that the fair value adjustments that arose on the acquisition date as well as the carrying values and the acquisition conditions would have been the same if the acquisition had occurred on 1 January 2010.

**GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010**

CURRENCY: TURKISH LIRA ["TL"] UNLESS OTHERWISE STATED.

The following table summarizes the details related to the accounting of the acquisition in accordance with the acquisition method:

**Goodwill**

Purchase price	74.115.638
Less: Receivables transferred	(14.897.065)
Acquisition/cost	59.218.573
Fair value of net identifiable assets and liabilities (100%)	(323.356.166)
Fair value of non-controlling interests (0,2%)	646.712
Fair value of previously-held interest (39,8%)	128.695.754
<b>Bargain purchase gain (Negative goodwill) (*)</b>	<b>134.795.127</b>

(\*) Bargain purchase gain is recognized in other operating income in the consolidated statement of comprehensive income (Note 28). The Group management reassessed the identifiable assets, liabilities and contingent liabilities before the recognition of the bargain purchase gain.

The acquisition of the Ortadoğu Liman shares resulted in a bargain purchase gain because negotiations and agreement on the acquisition and the actual purchase price were made during the financial crisis and at the acquisition date, which was subsequent to the crisis, the actual and expected growth of the operations of Ortadoğu Liman, with an increase in capacity, and a higher utilization ratio of that capacity reflecting the rise in both Gross Domestic Product and the foreign trade volume of Turkey after the crisis, contributed very positively to the fair value of Ortadoğu Liman.

**Identifiable assets acquired and liabilities assumed**

Cash and cash equivalents	17.842.860
Trade and other receivables	1.430.914
Other current assets	885.643
Property, plant and equipment	28.015.874
Intangible assets	452.706.246
Financial liabilities	(59.307.862)
Trade payables	(1.016.676)
Other payables	(27.681.018)
Deferred tax liability	(85.187.539)
Provision for employee termination indemnity	(688.704)
Other liabilities	(3.643.572)
<b>Net identifiable assets and liabilities</b>	<b>323.356.166</b>
Shares acquired	%60,00
<b>Net identifiable assets and liabilities of shares acquired</b>	<b>194.013.700</b>

This acquisition transaction is accounted for by applying the acquisition method which requires the measurement of the identifiable assets, liabilities and contingent liabilities at their fair values at the date of acquisition in accordance with IFRS 3 Business Combinations.

As a result of the acquisition, non-controlling interests of the Group, which represent 0,2% of the shares of Ortadoğu Liman, increased by TL 646.712. As a result of the acquisition of the 60% shares of Ortadoğu Liman, together with the non-controlling interests, net assets of the Group increased by TL 194.660.412, property, plant and equipment by TL 16.865.555 (Note 16), intangible assets by TL 272.529.160 (Note 18) and deferred tax liabilities by 51.282.898 (Note 31), and all other net assets decreased by TL 43.451.405 in the consolidated financial statements.

**GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010**

CURRENCY: TURKISH LIRA ["TL"] UNLESS OTHERWISE STATED.

Net cash outflow due to acquisition is as follows:

Consideration paid	74.115.638
Less: Cash associated with purchased assets	(10.741.402)
<b>Net cash outflow due to acquisition</b>	<b>63.374.236</b>

As a result of the acquisition, the Group recognized net identifiable assets, liabilities and contingent liabilities corresponding to the previously held 39,8% equity interest at their fair values at the acquisition date in its consolidated financial statements. As a result of this recognition, the difference between the fair value and the carrying amount of the net identifiable assets at the acquisition date corresponding to equity interest held immediately prior to acquisition is recognized as gain on previously-held interest in other operating income in the consolidated statement of comprehensive income. The following summarizes the gain on previously-held interest recognized:

Fair value of the net identifiable assets corresponding to equity interest held immediately prior to acquisition (39,8%)	128.695.754
Less: Carrying amount of the net identifiable assets corresponding to equity interest held immediately prior to acquisition (39,8%)	(8.634.772)
<b>Gain on previously-held interest (**)</b>	<b>120.060.982</b>

(\*\*) Gain on previously-held interest is recognized in other operating income in the consolidated statement of comprehensive income (Note 28).

As a result of the acquisition, which requires the recognition of the fair value of the net identifiable assets, liabilities and contingent liabilities corresponding to the previously held 39,8% equity interest, property, plant and equipment of the Group increased by TL 3.412.506 (Note 16), intangible assets by TL 151.452.361 (Note 18) and deferred tax liabilities by 30.015.246 (Note 31) in the consolidated financial statements. Moreover, since the acquisition accounting resulted in a bargain purchase gain, the previously recognized goodwill amounting to TL 4.788.639 (Note 19) is derecognized at the acquisition date.

**b) 2009**

(i) At 23 June 2009, the Group purchased 52,4% share of Anadolu Elektrik Üretim A.Ş. ("Anadolu") at TL 25.819.040, which was sold at the same date to Statkraft AS. Net book value of Anadolu was TL 18.062.571 as at 23 June 2009. No goodwill has been calculated for the purchase since the sale transaction occurred at the same day. The amount is offset from proceeds from Statkraft AS in the statement of cash flows.

(ii) The Group acquired 99,99% shares of Aydingaz from STFA Yatırım Holding A.Ş. and other shareholders with the approval of EMRA dated 21 August 2009 and numbered 2213/7. The transaction was performed by EYH, a joint venture of the Group. Since the shares were acquired from the other shareholder of Energaz, namely STFA Yatırım Holding A.Ş., the transaction is accounted for as business combination under common control entities and Aydingaz is consolidated since 1 January 2009.

## GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010

CURRENCY: TURKISH LIRA ["TL"] UNLESS OTHERWISE STATED.

#### 4 JOINT VENTURES

Shares in Joint Ventures

Financial statement information of joint ventures as at 31 December 2010 at unconsolidated amounts is as follows:

Joint Ventures	Participation rates	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Income	Expenses
Enerji Yatırım Holding A.Ş. and its subsidiaries	%49.99	68.352.899	290.158.158	184.038.326	206.434.598	286.705.602	(316.464.301)
Bilecik Demir Çelik San.ve Tic.A.Ş.	%39.99	4.995.663	41.707.824	22.071.819	22.970.886	7.890.820	(15.251.232)
İzmir Liman İşletmeciliği A.Ş.	%46.00	237.117	7.560.416	607.787	-	12.428	(583.210)

Financial statement information of joint ventures as at 31 December 2009 at unconsolidated amounts is as follows:

Joint Ventures	Participation rates	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Income	Expenses
Enerji Yatırım Holding A.Ş. and its subsidiaries	%49.99	55.324.141	254.277.967	122.670.802	192.295.157	293.753.907	(308.869.675)
Ortaođu Antalya Liman İşletmeleri A.Ş. (*)	%39.80	27.567.684	106.162.987	17.443.309	89.900.703	42.527.545	(31.738.693)
Düzce-Aksu Hid. El. En. El. Ürt. Sant. Ltd. Şti.	%39.98	9.078.012	7.765.315	997.201	5.039.222	3.561.427	(17.848.681)
Bilecik Demir Çelik San.ve Tic.A.Ş.	%39.99	9.335.574	43.297.696	16.114.766	29.308.109	9.564.949	(13.520.853)
İzmir Liman İşletmeciliği A.Ş.	%46.00	1.030.033	7.263.970	533.473	-	2.788.892	(14.794.424)

(\*) Ortaođu Liman, was consolidated to the Group as a joint venture with proportionate consolidation method until 29 July 2010. Starting from that date, full consolidation method is applied as a subsidiary. For the period from 1 January to 29 July 2010, unconsolidated income, expense and net income of Ortaođu Liman were TL 32.712.694, TL 20.396.174 and TL 12.316.520, respectively.

#### 5 SEGMENT REPORTING

Operating segments considered in performance evaluation of the Group Management are determined by considering the Group's risks and resources and internal reporting structure. The Group's operating segments are finance, energy, infrastructure, real estate and other. Finance segment includes the finance operations, energy segment includes natural gas distribution and electricity generation facilities, infrastructure segment includes port operations and real estate segment includes operations in respect of investment property and trading property operations. Other segment mainly includes the media and steel-iron production operations.

Information regarding all the segments is stated below. Earnings before interest, tax, depreciation and amortization ("EBITDA") is reviewed in the assessment of the financial performance of the operating segments. The Company management assesses EBITDA as the most appropriate method for the review of the segment operations, based on the comparability with other companies in the same industry. The information related to the segments of the Group is disclosed below.

## GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010

CURRENCY: TURKISH LIRA ["TL"] UNLESS OTHERWISE STATED.

	Energy		Finance		Infrastructure (*)		Real Estate		Other		Total	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009	31 December 2010	31 December 2009	31 December 2010	31 December 2009	31 December 2010	31 December 2009	31 December 2010	31 December 2009
Segment assets	236.597.290	233.145.730	203.903.650	187.442.136	610.244.620	178.065.647	242.342.875	194.832.604	21.797.412	25.525.223	1.314.885.647	819.011.340
Segment liabilities	207.463.974	172.330.742	180.296.781	153.067.579	233.147.707	79.707.254	42.362.093	10.086.914	19.794.490	18.727.831	683.085.045	433.920.320
	<b>For the years ended 31 December 2010 and 2009</b>											
	Energy		Finance		Infrastructure (*)		Real Estate		Other		Total	
	2010	2009	2010	2009	2010 (**)	2009	2010	2009	2010	2009	2010	2009
External revenues	136.042.401	139.080.826	29.563.594	29.286.110	60.963.939	41.797.348	-	21.500.000	4.561.416	4.878.772	231.131.350	236.543.056
EBITDA	(6.208.604)	(10.696.122)	(19.465.580)	112.684.296	289.208.059	15.962.506	18.742.047	3.161.166	(1.591.914)	(773.862)	280.684.008	120.337.984
Depreciation and amortisation expense (-)	(4.900.165)	(5.276.710)	(1.120.714)	(1.026.157)	(17.750.855)	(7.094.880)	(256.370)	(253.785)	(808.274)	(371.042)	(24.836.378)	(14.022.574)
Significant non-cash income/expenses	(872.860)	(7.012.003)	(451.427)	24.328.012	251.066.596	(5.634.427)	23.092.146	726.125	(154.916)	-	272.679.539	12.207.707
Finance income	7.953.248	9.153.282	59.461.888	79.619.282	7.827.810	4.805.252	142.983	635.932	1.802.969	1.317.478	77.188.898	89.531.286
Finance expenses	(18.503.643)	(14.455.533)	(61.501.760)	(82.825.817)	(15.642.590)	(15.933.314)	(307.962)	(1.012.612)	(4.574.287)	(2.018.193)	(100.530.242)	(116.245.469)
Share of loss of investments in associates	-	-	-	-	-	-	-	-	-	-	(1.717.441)	-

(\*) Ortadoğu Liman, a company in the infrastructure segment, was consolidated to the Group as a joint venture with proportionate consolidation method until 29 July 2010. Starting from that date, full consolidation method is applied as a subsidiary. Ortadoğu Liman's revenue and expenses have been consolidated by 39,80% for the period of 1 January-29 July 2010, and 100% for the period of 29 July-31 December 2010.

(\*\*) If the acquisition of Ortadoğu Liman had occurred on 1 January 2010, management estimates that the external revenues and the EBITDA of the infrastructure segment would have been TL 80.052.593 and TL 301.663.785, respectively, and the consolidated external revenues and the consolidated EBITDA of the Group would have been TL 250.794.169 and TL 293.139.734, respectively.

## GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010

CURRENCY: TURKISH LIRA ["TL"] UNLESS OTHERWISE STATED.

	2010	2009
Revenues		
Segment revenues	231.352.587	238.844.683
Elimination of inter-segment revenues (*)	(221.237)	(2.301.627)
<b>Consolidated revenues</b>	<b>231.131.350</b>	<b>236.543.056</b>

	2010	2009
Consolidated EBITDA	280.684.008	120.337.984
Finance income (Note 13)	55.572.238	64.490.056
Finance expenses (Note 13)	(83.272.081)	(92.913.266)
Share of loss of investments in associates (Note 20)	-	(1.717.441)
Depreciation and amortisation	(24.836.378)	(14.022.574)
<b>Consolidated profit before income tax</b>	<b>228.147.787</b>	<b>76.174.759</b>

	2010	2009
Finance income		
Segment finance income	77.188.898	89.531.286
Elimination of inter-segment finance income	(21.616.660)	(25.041.230)
<b>Total finance income</b>	<b>55.572.238</b>	<b>64.490.056</b>

	2010	2009
Finance expenses		
Segment finance expenses	(100.530.242)	(116.245.469)
Elimination of inter-segment finance expenses	17.258.161	23.332.203
<b>Total finance expenses</b>	<b>(83.272.081)</b>	<b>(92.913.266)</b>

	2010	2009
Significant non-cash income/expenses		
Bargain purchase gain (Note 8)	134.795.127	-
Gain on previously held interest (Note 8)	120.060.982	-
Investment property valuation gain/loss (Note 10)	49.401.226	5.969.670
Purchase and sale of real estate and associates (Note 10)	(25.175.009)	19.084.467
Tax amnesty provision expenses (Note 10)	(6.402.787)	-
Impairment losses (Note 10)	-	(12.846.430)
<b>Total</b>	<b>272.679.539</b>	<b>12.207.707</b>

#### Fixed asset purchases (\*\*)

	2010	2009
Energy	26.671.023	13.291.089
Finance	1.321.720	762.050
Infrastructure	11.649.483	5.619.651
Real Estate	34.483.968	64.462.139
Other	899.571	7.574.042
<b>Total</b>	<b>75.025.765</b>	<b>91.708.971</b>

(\*) The total amount of elimination of inter-segment revenues is related to the finance segment.

(\*\*) Fixed asset purchases include additions to property, plant and equipment, intangible assets, concession intangible assets and investment property.

**GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010**

CURRENCY: TURKISH LIRA ["TL"] UNLESS OTHERWISE STATED.

**6 CASH AND CASH EQUIVALENTS**

The breakdown of cash and cash equivalents is as follows:

As at 31 December 2010 and 31 December 2009, cash and cash equivalents comprised the following:

	<b>31 December 2010</b>	<b>31 December 2009</b>
Cash on hand	287.783	237.214
Cash at banks	53.204.595	43.914.001
-Demand deposits	10.512.044	10.125.192
-Time deposits	42.692.551	33.788.809
Receivables from reverse repurchase agreements	-	2.000.154
Receivables from money markets	-	374.407
Receivables from Takasbank	1.087.130	668.712
Credit card receivables	2.163.088	800.716
Other	144.899	796.903
<b>Cash and cash equivalents</b>	<b>56.887.495</b>	<b>48.792.107</b>
Blocked deposits	(5.050.568)	(2.152.452)
<b>Cash and cash equivalents for cash flow purposes</b>	<b>51.836.927</b>	<b>46.639.655</b>

As at 31 December 2010 and 31 December 2009, maturities of time deposits comprised the following:

	<b>31 December 2010</b>	<b>31 December 2009</b>
Up to 1 month	40.981.394	33.555.539
1-3 months	1.510.177	-
3-6 months	200.980	233.270
	<b>42.692.551</b>	<b>33.788.809</b>

As at 31 December 2010 and 31 December 2009, the range of time deposit interest rates included in cash and cash equivalents is as follows:

	<b>31 December 2010</b>	<b>31 December 2009</b>
TL time deposit interest rate (highest)	8,75%	13,50%
TL time deposit interest rate (lowest)	3,25%	6,50%
USD time deposit interest rate (highest)	1,55%	0,50%
USD time deposit interest rate (lowest)	0,50%	0,20%
Euro time deposit interest rate (highest)	-	2,00%
Euro time deposit interest rate (lowest)	-	2,00%

As at 31 December 2010, cash at banks amounting to TL 2.266.809 (31 December 2009: TL 977.279) is blocked due to bank borrowings and letters of guarantee by the banks. Cash at banks amounting to TL 2.163.088 (31 December 2009: TL 800.716) comprises credit card receivables which are blocked at banks until their maturities. As at 31 December 2010, TL 620.671 deposited at the ISE Settlement and Custody Bank ("Takasbank") is blocked by the CMB (31 December 2009: TL 374.457).

Financial risk with respect to cash and cash equivalents are detailed in Note 34.



## GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010

CURRENCY: TURKISH LIRA ["TL"] UNLESS OTHERWISE STATED.

#### 7 FINANCIAL INVESTMENTS

As at 31 December 2010 and 31 December 2009, the details of financial investments comprised the following:

<b>Current assets</b>	<b>31 December 2010</b>	<b>31 December 2009</b>
Financial assets held for trading	15.763.829	36.452.340
Financial assets available for sale	1.981.602	1.513.376
<b>Total</b>	<b>17.745.431</b>	<b>37.965.716</b>
<b>Non current assets</b>		
Financial assets available for sale	7.213.750	11.880.744
<b>Total</b>	<b>7.213.750</b>	<b>11.880.744</b>
	<b>31 December 2010</b>	<b>31 December 2009</b>
Debt securities	7.404.808	19.491.585
Equity securities	8.000.521	16.751.389
Investment funds participations	358.500	188.714
Other	-	20.652
<b>Total</b>	<b>15.763.829</b>	<b>36.452.340</b>

All financial assets held for trading are financial assets at fair value through profit or loss. The changes in fair value of these assets are accounted for under the valuation differences of marketable securities, net in financial expenses in the consolidated statement of comprehensive income (Note 30). All the equity securities included in the financial assets held for trading are traded in active markets.

As at 31 December 2010, debt securities amounting to TL 6.757.680 (31 December 2009: TL 12.646.654) are subject to repurchase agreements.

As at 31 December 2010, government bonds amounting to TL 514.338 are pledged to the banks with respect to the letter of guarantees given to ISE (31 December 2009: TL 1.763.316).

As at 31 December 2010, government bonds amounting to TL 15.627 are given to Turkish Derivative Exchange ("VOB") for transaction guarantee (31 December 2009: TL 3.986.935).

As at 31 December 2010, letters of guarantee amounting to TL 8.698.491 (31 December 2009: TL 6.934.337) are given to ISE, letters of guarantee amounting to TL 14.425.000 (31 December 2009: TL 4.925.000) are given to ISE Settlement and Custody Bank and letters of guarantee amounting to TL 1.126.776 are given to CMB (31 December 2009: TL 1.333.426).

As at 31 December 2010, the Group has lent 2.000.000 shares of a subsidiary. Moreover, as at 31 December 2010, the Group has lent 750.000 shares (TL 5.850.000) of equity securities (31 December 2009: 750.000 shares (TL 4.762.498) of equity securities).

**GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010**

CURRENCY: TURKISH LIRA ["TL"] UNLESS OTHERWISE STATED.

**b) Financial assets available for sale**

	31 December 2010	31 December 2009
Debt securities	51.602	50.876
Equity securities		
-Quoted to an active market	1.930.000	1.462.500
-Unquoted to an active market	6.939.001	11.605.995
<b>Total</b>	<b>8.920.603</b>	<b>13.119.371</b>

As at 31 December 2010, government bonds amounting to TL 51.602 are given to ISE Settlement and Custody Bank as a guarantee (31 December 2009: TL 50.876).

As at 31 December 2010 and 31 December 2009, all the equity securities quoted to an active market consist of 50.000 shares of Türkiye Petrol Rafinerileri A.Ş. which have been lent. The difference from the change in fair value is accounted for in the revaluation reserve under equity.

As at 31 December 2010 and 31 December 2009, details of the investments which are unquoted to active markets comprised the following:

	31 December 2010		31 December 2009	
	"Share ratio (%)"	Book value	"Share ratio (%)"	Book value
Takas ve Saklama Bankası A.Ş.	2,35	6.163.548	2,35	6.163.548
Kentgaz A.Ş. (1)	49,99	507.456	49,99	507.455
Baku Stock Exchange	5,50	137.523	5,50	137.523
Torba İnşaat ve Turistik A.Ş. (2)	80,00	80.000	80,00	80.000
Metangaz A.Ş.	0,00	49.990	0,00	49.990
Gelişen İşlemler Piyasası	-	250	-	30.000
Sofia Stock Exchange	0,34	234	0,34	234
Yeşil Enerji (3)	-	-	5,00	3.374.999
Medgaz A.Ş. (4)	-	-	49,99	1.262.246
<b>Total</b>		<b>6.939.001</b>		<b>11.605.995</b>

The Group recognized and measured the investments, which are unquoted to active markets, at cost.

(1) Kentgaz is not included in the scope of consolidation and is accounted for as investment as at 31 December 2009 and 31 December 2010 (Note 2.1.d.iii).

(2) This company is excluded from the scope of consolidation, beginning from 4 January 2008, due to appointment of a trustee and loss of control and is carried at cost in the consolidated financial statements.

(3) The Group sold the 5 % share in Yeşil Enerji to Statkraft AS as at 25 June 2010 (Note 36).

(4) As explained in Note 2.1.d.iii, as at 31 December 2009, Medgaz was not included in the scope of consolidation and was accounted for as financial investment whereas as at 31 December 2010, Medgaz is included in the scope of consolidation and is accounted for as joint venture.

Financial risks with respect to financial investments are presented in Note 34.

## GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010

CURRENCY: TURKISH LIRA ["TL"] UNLESS OTHERWISE STATED.

#### 8 FINANCIAL LIABILITIES

As at 31 December 2010 and 31 December 2009, financial liabilities comprised the following:

Short term financial liabilities	31 December 2010	31 December 2009
Short term bank loans	6.711.164	9.738.085
- TL Loans	2.051.525	7.408.210
- Foreign currency loans	4.659.639	2.329.875
Short term portion of long term bank loans	69.108.636	38.281.465
- TL Loans	6.156.521	30.410
- Foreign currency loans	62.952.115	38.251.055
Finance lease obligations	4.057.967	745.459
<b>Total</b>	<b>79.877.767</b>	<b>48.765.009</b>

Long term financial liabilities	31 December 2010	31 December 2009
Long term bank loans	287.184.973	173.606.227
- TL Loans	33.959.247	23.868
- Foreign currency loans	253.225.726	173.582.359
Finance lease obligations	12.315.047	12.921.465
<b>Total</b>	<b>299.500.020</b>	<b>186.527.692</b>

Maturity profile of foreign currency long term bank loans comprised following:

Year	31 December 2010	31 December 2009
2011	-	33.987.802
2012	182.582.946	122.181.895
2013	43.939.008	6.933.682
2014 and after	60.663.019	10.502.848
<b>Total</b>	<b>287.184.973</b>	<b>173.606.227</b>

Maturity profile of finance lease obligations comprised following:

	31 December 2010			31 December 2009		
	Future minimum lease payments	Interest	Present value of minimum lease payment	Future minimum lease payments	Interest	Present value of minimum lease payment
Less than one year	6.258.598	2.200.631	4.057.967	1.341.425	595.966	745.459
Between one and five years	13.696.118	1.381.071	12.315.047	15.811.426	2.889.961	12.921.465
<b>Total</b>	<b>19.954.716</b>	<b>3.581.702</b>	<b>16.373.014</b>	<b>17.152.851</b>	<b>3.485.927</b>	<b>13.666.924</b>

**GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010**

CURRENCY: TURKISH LIRA ["TL"] UNLESS OTHERWISE STATED.

Loan Type	Company Name	Currency	Maturity	Interest Type	Interest Rate %	31 December 2010	
						Principal (TL)	Carrying Value (TL)
<b>Loans used to finance investments and projects</b>							
Loan participation notes (i)	Holding	USD	2012	Fixed	9,25%	113.073.976	116.719.061
Unsecured Loan (ii)	Holding	USD	2013	Floating	Libor + 6,75%	21.644.000	21.712.221
Secured Loan (iii)	Ortadoğu Liman (*)	USD	2016	Floating	Libor + 4,95%	68.333.200	68.971.229
Secured Loan (iv)	Ortadoğu Liman (*)	USD	2013	Fixed	7,25%	4.187.083	4.218.024
Secured Loan (v)	Ortadoğu Liman (*)	USD	2016	Fixed	5,15%	6.957.000	7.038.921
Secured Loan (vi)	Global Liman	USD	2017	Floating	Libor + 4,95%	27.828.000	28.454.864
Secured Loan (vii)	Ege Liman	USD	2013	Floating	Libor + 2,5%	13.637.929	13.669.806
Secured Loan	Bodrum Liman	USD	2014	Fixed	7,95%	2.571.200	2.651.113
Secured Loan	Bilecik Demir Çelik	USD	2013	Floating	Libor + 7%	937.672	1.032.352
Secured Loan	Bilecik Demir Çelik	USD	2011	Fixed	8,50%	1.483.789	1.491.082
Secured Loan (viii)	Pera	TL	2013	Fixed	12,46%		39.974.671
Secured Loan (ix)	Energaz and its subsidiaries	USD	2011-2015	Fixed	-13,34%	37.790.966	49.667.611
Unsecured Loan	Energaz and its subsidiaries	EURO	2012	Floating	7,30% - 8,5%	48.615.903	49.667.611
Unsecured Loan	Energaz and its subsidiaries	EURO	2012	Floating	Euribor + 2%	372.490	378.171
Unsecured Loan	Energaz and its subsidiaries	EURO	2012	Fixed	3,87%	910.530	918.406
Unsecured Loan	Energaz and its subsidiaries	TL	2011-2012	Fixed	20%	40.021	41.633
Unsecured Loan	Energaz and its subsidiaries	USD	2011-2014	Fixed	2% - 5%	955.173	986.547
						<b>349.338.932</b>	<b>357.925.712</b>
<b>Loans used to finance working capital</b>							
Secured Loan	Holding	USD	2011	Fixed	4,3%	2.473.600	2.523.761
Unsecured Loan	Holding	USD	Rotative	Fixed	12%	599	289.874
Unsecured Loan	Bodrum Liman	TL	Rotative	Fixed	6%	289.874	99.927
Secured Loan	Ortadoğu Liman (*)	USD	2012	Fixed	9,48%	99.900	114.437
Unsecured Loan	Bilecik Demir Çelik	TL	2011	Fixed	4,75%	114.437	599
Unsecured Loan	Bilecik Demir Çelik	TL	2011	Fixed	4,75%	2.030.454	2.030.454
Unsecured Loan	Sem	TL	2011	Fixed	13%	20.009	20.009
						<b>5.028.873</b>	<b>5.079.061</b>
<b>Finance Lease Obligations</b>							
Leasing (x)	Ortadoğu Liman (*)	USD	2015	Fixed	5,9%	2.916.467	2.916.467
Leasing	Ege Liman	USD	2012	Fixed	8,3%	2.195.212	2.195.212
Leasing (xi)	Bilecik	USD	2013	Fixed	11,13%	11.072.097	11.072.097
Leasing	Bilecik	EURO	2014	Fixed	12,25%	189.238	189.238
						<b>16.373.014</b>	<b>16.373.014</b>
						<b>370.740.819</b>	<b>379.377.787</b>

**GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010**  
CURRENCY: TURKISH LIRA ["TL"] UNLESS OTHERWISE STATED.

31 December 2009

Loan Type	Company Name	Currency	Maturity	Interest Type	Nominal Interest Rate %	Principal (TL)	Carrying Value (TL)
<b>Loans used to finance investments and projects</b>							
Loan participation notes (i)	Holding	USD	2012	Fixed	9,25 %	109.497.064	112.558.897
Secured Loan (iii)	Ortaođu Liman	USD	2016	Floating	Libor + 2,9 %	22.292.792	22.427.396
Secured Loan (iv)	Ortaođu Liman	USD	2013	Fixed	7,25 %	2.272.226	2.290.381
Secured Loan (vii)	Ege Liman	USD	2013	Floating	Libor + 2,5 %	17.476.875	17.529.054
Secured Loan	Bodrum Liman	USD	2010	Fixed	6,29 %	376.425	382.602
Secured Loan	Bodrum Liman	USD	2014	Fixed	7,95 %	3.011.400	3.106.712
Secured Loan	Bilecik Demir Çelik	USD	2013	Floating	Libor + 7 %	1.204.259	1.236.150
Secured Loan	Bilecik Demir Çelik	USD	2010	Fixed	8,5-9 %	1.505.323	1.566.578
Secured Loan (viii)	Pera	TL	2010	Fixed	10 %-18 %	6.136.254	6.119.904
Secured Loan (ix)	Energaz and its subsidiaries	USD	2011-2013	Fixed	8,50 %-8,80 %	40.969.877	41.854.666
Secured Loan	Energaz and its subsidiaries	EUR	2012	Floating	Euribor + 2 %	589.055	601.597
Secured Loan	Energaz and its subsidiaries	EUR	2012	Fixed	3,87 %	1.439.913	1.452.411
Secured Loan	Energaz and its subsidiaries	TL	2012	Fixed	8,5 %	28.781	28.781
						<b>206.802.244</b>	<b>211.155.129</b>
<b>Loans used to finance working capital</b>							
Unsecured Loan	Bodrum Liman	USD	2010	Fixed	7,50 %	763.297	763.297
Unsecured Loan	Bodrum Liman	TL	Rotating	Fixed	12 %	365.000	365.000
Unsecured Loan	Bilecik Demir Çelik	TL	2010	Fixed	10,4 %	923.306	923.306
Secured Loan	Energaz and its subsidiaries	USD	2010-2012	Fixed	8,5 %	8.207.097	8.393.548
Unsecured Loan	Energaz and its subsidiaries	TL	2012	Fixed	20 %	25.318	25.497
						<b>10.284.018</b>	<b>10.470.648</b>
<b>Finance Lease Obligations</b>							
Leasing	Ege Liman	USD	2012	Fixed	8,3 %	2.883.446	2.883.446
Leasing (xi)	Bilecik Demir Çelik	USD	2013	Fixed	11,13 %	10.783.478	10.783.478
						<b>13.666.924</b>	<b>13.666.924</b>
						<b>230.753.187</b>	<b>235.292.701</b>

## GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010

CURRENCY: TURKISH LIRA ["TL"] UNLESS OTHERWISE STATED.

The detailed information related to the significant loans borrowed by the Group is as follows:

(i) USD 100.000.000 of long term loans represent the 5 year maturity "loan participation notes" granted on 1 August 2007. Principal amount will be paid at the end of the maturity and interest is paid in January and July each year. At the day the loan is borrowed, the special purpose entity of the Group, invested USD 25.000.000 in the notes which were issued by Deutsche Bank Luxembourg SA. With the subsequent repurchases at the various dates, the amount of notes owned by the Group reached to a nominal value of USD 26.860.300. As at 31 December 2010, all purchased notes are held by the Company and one of its subsidiaries. The Group presented such transactions by netting off investments in notes and Group's loan participation notes in accordance with IAS 32. The loan agreement includes terms about the limitations on indebtedness, sales of the material assets, transactions with the subsidiaries and mergers and acquisitions of the Group.

(ii) The loan amounting to USD 14.000.000 that the Company borrowed on 15 December 2010 has a maturity date of 16 December 2013. The interest rate is Libor+6,75%. Interest is paid every six months (in June and December) and after the twelfth month, principal portions will be paid in the same months as well.

(iii) In 2006, Ortadoğu Liman entered into a loan amounting to USD 40.000.000 in total with a 10-year maturity. The interest rate is Libor+2,90%. Starting from 29 July 2010, the interest rate has been revised to Libor+4,95%. The remaining principal amount of the loan as at 31 December 2010 is USD 34.400.000 (31 December 2009: USD 37.200.000). Principal and interest are paid at the end of April and October of each year. The loan agreement imposes financial covenants on Ortadoğu Liman, and includes terms about limitation on financing activities, investment, dividend payments, sales of the assets, and mergers and acquisitions. All equity shares are pledged according to a share pledge agreement.

On 12 August 2010, with the amendment to the existing agreement, Ortadoğu Liman raised an additional loan amounting to USD 10 million with the same conditions. The remaining principal amount of the loan as at 31 December 2010 is USD 9.800.000.

(iv) Ortadoğu Liman entered into a loan on 24 May 2007, amounting to USD 6.500.000 in total with a 6-year maturity. The interest rate is 7,25%. The remaining principal amount of the loan as at 31 December 2010 is TL 4.187.083 (2009: with the effective shareholding rate of the Group: TL 2.272.226). The loan agreement includes financial covenants which may be exercised by the creditor in case of default. A pledge of TL 17.303.000 over the assets of Ortadoğu Liman was given to the bank as collateral.

(v) Ortadoğu Liman entered into a loan on 13 October 2010, amounting to USD 4.500.000 in total with a 6-year maturity. The interest rate is 5,15%. With reference to the loan agreement signed, in the event of default, the crab and the other machinery purchased with this loan are pledged to the bank.

(vi) Global Liman entered into a loan amounting to USD 35.000.000 in total on 20 July 2010 with a 7 year maturity and an interest rate of Libor+4.95%. Principal and interest are paid at the end of June of each year. On 12 August 2010, USD 17.000.000 was repaid. Under this loan agreement, in the event of default, the shares of Ege Liman and Ortadoğu Liman are pledged in accordance with a share pledge agreement.

(vii) As at 31 December 2010, the foreign currency loan amounting to USD 8.821.429 (31 December 2009: USD 11.607.143) represents the bank loan granted to Ege Liman on 15 June 2006, with a 7-year maturity. Principal and interest are paid in November and May each year. 100% of the Ege Liman's shares, which are owned by Global Liman and RCCL, have been pledged to the bank as collateral for the loans acquired based on the agreement signed on 25 May 2006. With reference to the loan agreement signed, in the event of default, the cash generated from the company's rent income is pledged to the bank and there is a blockage on the bank account.

(viii) As at 31 December 2010, the TL loans amounting to TL 39.974.671 represent the three-year maturity loans borrowed by Pera. The payment schedules mainly include no principal and interest payment in the first year. The monthly interest payments will start after the first year and monthly principal payments after the eighteenth month. As at 31 December 2009, the TL loans

## GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010

CURRENCY: TURKISH LIRA ["TL"] UNLESS OTHERWISE STATED.

amounting to TL 6.119.904 represent the one-year maturity loans borrowed by Pera. As a guarantee for this borrowing land in Denizli Sümer Mahallesi and shopping mall project in Denizli, investment property of Pera, are given as mortgage in favor of the bank.

(ix) The foreign currency loans amounting to USD 49.667.611 (31 December 2009: USD 41.854.666) represent the 5-year maturity loans granted to Energaz and its subsidiaries in accordance with an agreement with a bank on 23 April 2007. An amendment protocol to the existing agreement has been signed on 30 August 2010. The loans do not include any repayment in the first year. Principal and interest are paid semiannually in the subsequent four years. The shares of the subsidiaries of Energaz are pledged against the loans. Additionally the loan agreement imposes on the borrowers limitation conditions about financing activities, dividend payments, sales of assets and mergers with other companies.

(x) On 27 August 2010, Ortadoğu Liman has signed a finance lease agreement amounting to USD 2.040.000 in total with the expiry date of 4 September 2015 and interest rate of 5,9% for a port tugboat.

(xi) On 2 November 2009, Bilecik Demir Çelik entered into a leasing agreement amounting to USD 17.908.903 with an interest rate of 11,13% and maturity date of 24 July 2013 for crane and production plant machinery. Interest is paid in January and June starting from 2010 every year and principal is to be paid in the same months starting from 2011 every year. Global Yatırım Holding and the other shareholders of Bilecik Demir Çelik provided guarantee to the leasing company in respect to the loan. Pledges on property, plant and equipment acquired by leasing are explained in Note 21.

Other guarantee explanations with respect to loans are presented in Note 21.

The details of the financial risks with respect to financial liabilities are presented in Note 34.

### 9 OTHER FINANCIAL LIABILITIES

	2010		2009	
	Nominal Value	Maturity	Nominal Value	Maturity
USD	25.000.000	31 July 2012	25.000.000	31 July 2012
USD	5.500.000	25 May 2013	6.250.000	25 May 2013
USD	5.500.000	25 May 2013	6.250.000	25 May 2013

As at 31 December 2010 and 31 December 2009, the details of the Group's interest swap agreements comprised the following:

	31 December 2010	31 December 2009
Fair value of interest rate swaps	662.711	3.013.854
	<b>662.711</b>	<b>3.013.854</b>

### 10 TRADE RECEIVABLES AND PAYABLES

#### Trade receivables-current

As at 31 December 2010 and 31 December 2009, trade receivables-current other than from related parties comprised the following:

**GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010**

CURRENCY: TURKISH LIRA ["TL"] UNLESS OTHERWISE STATED.

	<b>31 December 2010</b>	<b>31 December 2009</b>
Receivables from customers	13.239.871	13.116.294
Doubtful receivables	5.059.781	3.896.275
Allowance for doubtful receivables	(4.950.031)	(3.896.275)
Other (*)	7.468.226	13.138.027
<b>Total</b>	<b>20.817.847</b>	<b>26.254.321</b>

(\*) As at 31 December 2010, other trade receivables include the cheque amounting to TL 6.184.000 received in relation to the sale of Veli Alemdar Han which is explained in Note 36. The cheque has been collected in January 2011.

As at 31 December 2009, other trade receivables include receivables from Statkraft AS amounting to TL 8.226.089. This receivable was collected in 2010.

The movement of the allowance for doubtful trade receivables during the years ended 31 December 2010 and 31 December 2009 comprised the following:

	<b>2010</b>	<b>2009</b>
Balance at the beginning of the period (1 January)	(3.896.275)	(3.140.780)
Allowance for the period	(1.178.118)	(883.939)
Written-off during the period	60.289	128.444
Cancellation of allowances and collections	268.428	-
Acquisition through business combination	(204.355)	-
<b>Balance at the end of the period (31 December)</b>	<b>(4.950.031)</b>	<b>(3.896.275)</b>

The expenses related to the allowance for doubtful receivables are presented in net under general administrative expenses.

As at 31 December 2010 and 31 December 2009, the Group does not have any non-current trade receivable.

**Trade payables-current**

As at 31 December 2010 and 31 December 2009, trade payables-current other than due to related parties comprised the following:

	<b>31 December 2010</b>	<b>31 December 2009</b>
Payables to suppliers (*)	50.055.467	41.050.948
Other	32.361	161.981
<b>Total</b>	<b>50.087.828</b>	<b>41.212.929</b>

(\*) A significant portion of the payables to suppliers consists of the payables to natural gas suppliers of the joint ventures of the Group which operate in natural gas distribution sector.

The financial risks related to trade receivables and payables are presented in Note 34.



## GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010

CURRENCY: TURKISH LIRA ["TL"] UNLESS OTHERWISE STATED.

#### 11 OTHER RECEIVABLES AND PAYABLES

##### Other receivables-current

As at 31 December 2010 and 31 December 2009, other current receivables other than due from related parties comprised the following:

	31 December 2010	31 December 2009
Receivables from subsidiaries' and joint ventures' other shareholders	1.395.951	4.170.515
Deposits and advances given	1.268.458	1.203.966
Value added tax receivable	550.842	181.318
Other	308.860	1.463.724
<b>Total</b>	<b>3.524.111</b>	<b>7.019.523</b>

##### Other receivables-non-current

As at 31 December 2010 and 31 December 2009, other non-current receivables other than due from related parties comprised the following:

	31 December 2010	31 December 2009
Deposits and advances given (*)	2.161.539	3.768.531
Other (**)	1.536.037	1.023.148
<b>Total</b>	<b>3.697.576</b>	<b>4.791.679</b>

(\*) Non-current deposits and advances given amounting to TL 1.747.079 consist of deposits given to the bank for derivative transactions (31 December 2009: 3.461.720 TL).

(\*\*) As at 31 December 2010 and 2009, other non-current receivables amounting to TL 1.023.148 consist of the receivables from Udaş Uşak Doğalgaz Dağıtım A.Ş.

##### Other payables-current

At 31 December 2010 and 31 December 2009, other current payables other than due to related parties comprised the following:

	31 December 2010	31 December 2009
Due to subsidiaries' and joint ventures' other shareholders	16.275.839	7.102.483
Taxes payable and social security contributions	2.668.970	2.355.042
Deposits and advances received	358.104	579.129
Payables to personnel	226.015	497.626
Other	923.909	640.422
<b>Total</b>	<b>20.452.837</b>	<b>11.174.702</b>

**GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010**

CURRENCY: TURKISH LIRA ["TL"] UNLESS OTHERWISE STATED.

**Other payables-non-current**

At 31 December 2010 and 31 December 2009, other non-current payables other than due to related parties comprised the following:

	31 December 2010	31 December 2009
Due to subsidiaries' and joint ventures' other shareholders	-	7.298.012
Deposits and advances received (*)	32.795.001	24.681.576
<b>Total</b>	<b>32.795.001</b>	<b>31.979.588</b>

(\*) As at 31 December 2010, the deposits and advances received consist of the security deposits received by the joint ventures of the Group operating in the natural gas distribution sector from their subscribers to guarantee the future receivables. The details of the financial risks related to the other receivables and payables are presented in Note 34.

**12 RECEIVABLES FROM AND LIABILITIES DUE TO OPERATIONS IN FINANCE SECTOR**

As at 31 December 2010 and 31 December 2009, current receivables from operations in finance sector other than due from related parties comprised the following:

<b>Current receivables</b>	<b>31 December 2010</b>	<b>31 December 2009</b>
Receivables from customers	35.824.580	16.498.727
Other trade receivables	22.046	614
Doubtful receivables	1.283.303	1.285.849
Allowance for doubtful receivables	(1.283.303)	(1.285.849)
<b>Total</b>	<b>35.846.626</b>	<b>16.499.341</b>

The movement of the allowance for doubtful receivables from operations in finance sector (other than due from related parties) during the years ended 31 December 2010 and 31 December 2009 comprised the following: As at 31 December 2010 and 31 December 2009, non-current receivables from operations in finance sector comprised the following:

	2010	2009
Balance at the beginning of the period (1 January)	(1.285.849)	(1.288.388)
Written-off during the period	-	2.539
Cancellation of allowances and collections	2.546	-
<b>Balance at the end of the period (31 December)</b>	<b>(1.283.303)</b>	<b>(1.285.849)</b>

As at 31 December 2010 and 31 December 2009, current liabilities due to operations in finance sector comprised the following:

<b>Non-current receivables</b>	<b>31 December 2010</b>	<b>31 December 2009</b>
Receivables from customers	3.277.520	3.192.084
Other trade receivables	-	1.530
<b>Total</b>	<b>3.277.520</b>	<b>3.193.614</b>

## GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010

CURRENCY: TURKISH LIRA ["TL"] UNLESS OTHERWISE STATED.

As at 31 December 2010 and 31 December 2009, current liabilities due to operations in finance sector comprised the following:

<b>Current liabilities</b>	<b>31 December 2010</b>	<b>31 December 2009</b>
Payables to money market	11.540.000	4.011.316
Funds provided from repo transactions	6.757.680	14.642.338
Funds provided from bank loans (*)	4.303.902	6.642.167
Payables to customers	3.758.947	1.875.649
Payables to suppliers	718.756	432.429
Other	59.363	36.292
<b>Total</b>	<b>27.138.648</b>	<b>27.640.191</b>

(\*) As at 31 December 2010, the maturity term of funds provided from bank loans is January 2011 and their interest rate is 8,7% (As at 31 December 2009, the maturity term of funds provided from bank loans is 2010 and their interest rate is 14%).

The details of the financial risks related to receivables from and liabilities due to operations in finance sector are presented in Note 34.

### 13 INVENTORY

As at 31 December 2010 and 31 December 2009, inventories comprised the following:

	<b>31 December 2010</b>	<b>31 December 2009</b>
Raw materials	833.211	632.990
Finished goods	321.170	1.377.301
Commercial goods	171.125	143.700
Other	1.099	26.884
<b>Total</b>	<b>1.326.605</b>	<b>2.180.875</b>

There is no mortgage or pledge on the inventory of the Group. As at 31 December 2010 and 2009, the Group has not accounted for any impairment provision for the inventory.

### 14 INVESTMENTS IN ASSOCIATES

As at 31 December 2010, the Group does not have any investments in associates.

As explained in detail in Note 2.1 (d) (ii), the Group resolved to sell its 20% and 20% shares in Boğaziçi Yatırım Turizm ve Gayrimenkul Geliştirme A.Ş. and Kuşadası Turizm Yatırımcılığı ve İşletmeciliği A.Ş. respectively, to the other shareholders of the investments in associates. These associates' losses are TL 1.161.796 and TL 555.645, respectively, until 31 March 2009. The losses that exceed the carrying value of Kuşadası Turizm Yatırımcılığı ve İşletmeciliği A.Ş. are not reflected to the consolidated financial statements since it has a negative equity value as at the date of sale.

As at 31 March 2009, total assets, equity and net period losses of Boğaziçi Yatırım Turizm ve Gayrimenkul Geliştirme A.Ş. and Kuşadası Turizm Yatırımcılığı ve İşletmeciliği A.Ş. are as follows:

<b>Boğaziçi Yatırım Turizm ve Gayrimenkul Geliştirme A.Ş.</b>	<b>%</b>	<b>31 March 2009</b>
Total assets	20	141.185.414
Equity	20	72.707.103
Net Loss	20	(5.809.479)

<b>Kuşadası Turizm Yatırımcılığı ve İşletmeciliği A.Ş.</b>	<b>%</b>	<b>31 March 2009</b>
Total assets	20	70.708.939
Equity	20	(7.621.599)
Net Loss	20	(10.399.824)

**GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010**

CURRENCY: TURKISH LIRA ["TL"] UNLESS OTHERWISE STATED.

For the year ended 31 December 2009, the reconciliation of the gain on sale of investments in associates is as follows:

	<b>31 December 2009</b>
The fair value of the investment property obtained with respect to the cost of investments in associates	51.935.000
Cost of investments in associates (-)	(14.541.421)
Receivables from investments in associates (-)	(21.714.553)
Expenses incurred relating to the sale of associates	868.271
VAT with respect to investment property	2.537.170
<b>Gain on sale of investments in associates (Note 28)</b>	<b>19.084.467</b>

**15 INVESTMENT PROPERTY**

Movements of investment property during the years ended 31 December 2010 and 31 December 2009 are as follows:

	<b>1 January 2010</b>	<b>Additions</b>	<b>Valuation gain</b>	<b>Valuation loss</b>	<b>Transfer</b>	<b>31 December 2010</b>
Land	74.866.251	-	2.285.000	(2.226.005)	(29.100.000)	45.825.246
Construction in progress (*)	48.928.887	34.483.968	49.667.055	(324.824)	29.100.000	161.855.086
<b>Total</b>	<b>123.795.138</b>	<b>34.483.968</b>	<b>51.952.055</b>	<b>(2.550.829)</b>	<b>-</b>	<b>207.680.332</b>

	<b>1 January 2009</b>	<b>Additions</b>	<b>Valuation gain</b>	<b>Assets classified as held for sale</b>	<b>31 December 2009</b>
Land	72.220.500	1.506.081	1.139.670	-	74.866.251
Buildings (**)	-	51.935.000	4.830.000	(56.765.000)	-
Construction in progress (*)	38.087.586	10.841.301	-	-	48.928.887
<b>Total</b>	<b>110.308.086</b>	<b>64.282.382</b>	<b>5.969.670</b>	<b>(56.765.000)</b>	<b>123.795.138</b>

(\*) For the year ended 31 December 2010, capitalized finance costs in additions amount to TL 2.359.293 (2009: TL 810.363).

(\*\*) As at 31 December 2009, additions to building include investment property held for sale explained in detail in Note 2.1 (d) (ii) and Note 14.

The project which is to be realized upon the land of the Group located in Denizli/Turkey includes a shopping mall, residential flats, a hotel and a hospital.

**Construction in progress - Sümerpark Shopping Mall ("Sümerpark AVM")**

As at 31 December 2009, the Sümerpark AVM project of the Group has been accounted at cost under the construction in progress. As at 31 December 2010, the project has been accounted from its fair value less the value of the construction and finance costs expected to be incurred until the completion of the construction. Sümerpark AVM has been opened on 12 March 2011 after the completion of the construction.

As at 31 December 2010, Sümerpark AVM project has been measured at TL 161.855.086 in the financial statements, which is the value of the difference between the fair value amounting to TL 165.150.000 (which has been determined according to the revaluation report dated 20 December 2010 and prepared by an independent real estate appraisal company, having the authorization license of CMB and represents the fair value of the project when complete, where 95% of the project had been completed at that time) and the construction and borrowing costs expected to be incurred until the completion of the construction which amounting to TL 3.294.914.

The fair value of Sümerpark AVM has been determined as the total of the present values of the future free cash flows to be generated by the shopping mall. The valuation is based on a projection period encompassing the rental period of the related real estate. The cash flows from the projections have been discounted to their present value using a discount rate appropriate to the risk level of the economy, sector and the entity. The fair value of this investment property has been calculated by including the land on which the shopping mall is located.

As of 31 December 2009 and 31 December 2010, the supermarket within the shopping center is registered as the lessee in the land registry records for 20 years.

## GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010

CURRENCY: TURKISH LIRA ["TL"] UNLESS OTHERWISE STATED.

#### Land

As at 31 December 2010 and 31 December 2009, the fair values of the land plots of the Group are presented below:

	31 December 2010	31 December 2009
Denizli land-1 (*)	29.775.000	27.490.000
Denizli land-2 (*)	-	29.100.000
Van land (**)	16.050.246	18.276.251
	<b>45.825.246</b>	<b>74.866.251</b>

(\*) Denizli land-1 is the land on which the Group aims to build residential flats, a hospital and a hotel and is located in Denizli Sümer Mahallesi. As at 31 December 2010, the construction has not commenced yet. The fair values of the land have been determined according to the revaluation reports prepared by an independent real estate appraisal company, which has the authorization license of CMB. The fair value as at 31 December 2010 is based on the report dated 13 December 2010, whereas the fair value as at 31 December 2009 is based on the report dated 28 January 2010.

As of 31 December 2010 and 31 December 2009, the land, registered in Denizli Land Registry, Plot # 6227 Parcel # 1 and owned by the Group is restricted in order not to enable the sale of it in case of lack of the required permission of the Ministry of Education.

Denizli land-2 is the land on which the Sümerpark AVM project of the Group is located as explained above. The fair value of the land as at 31 December 2009 is determined according to the revaluation report dated on 14 January 2010, prepared by an independent real estate appraisal company, which has the authorization license of CMB. The expertise report was prepared by considering the market prices of the similar properties around the same locations with the related properties. As at 31 December 2010, the fair value of Sümerpark AVM when its construction is completed has been reliably determined by an independent real estate appraisal company, which has the authorization license of CMB. This value has been determined together with the fair value of the land of the project. Therefore, Denizli land-2 has been transferred from the land to the construction in progress.

(\*\*) The details related to Van land is presented below:

The Group has 16.611 m area of land in Van province of Turkey acquired for the purpose of capital appreciation.

The fair value of the land as at 31 December 2009 is measured at TL 18.276.251 in the consolidated financial statements, which is the value determined according to the revaluation report prepared by an independent real estate appraisal company, which has the authorization license of CMB. The expertise report dated 28 January 2010 was prepared by considering the market prices of the similar properties around the same locations with the related properties.

As at 31 December 2009, the portion of the land belonged to Global Yatırım Holding and the portion of the land belonged to Pera, a subsidiary of the Group. As at 31 December 2010, the whole land is the property of Global Yatırım Holding.

The fair value of the land as at 31 December 2010 has been determined according to the revaluation report prepared by an independent real estate appraisal company, which has the authorization license of CMB. In accordance with the expertise report dated 26 November 2010, the market value of the land has been determined as TL 16.050.246 by using the value based on the cost approach as explained in detail below.

As explained in Note 20.2.xii, the uncertainty of the legal process related to the tender of Van land and the zoning plan is continuing. However, in accordance with the content of the sale agreement signed with the Municipality of Van and anticipation of the Group's lawyers with respect to this uncertainty all the costs incurred by the Group in relation to the land are secured. Even though it is clear in the agreement that all such costs are secured, the appraisal company chose to be on the safe side and determined the value of the property as the acquisition (tender) value only. The Group had acquired the land from the Municipality of Van for a price of TL 16.050.246. The market value of the land has been determined as TL 16.050.246 by using the cost approach based on the minimum cost which is the acquisition price.

Depending on the legal process as explained in Note 20.2.xii, the Group management and lawyers believe that the Group may recourse not only the tender price, but also the interest and the adequate payment in return for the unlawful use of the property by the Municipality since 2008 and the compensation for the damages by filing an unjust enrichment case. However, as at 31 December 2010, in conformity with prudence principle the fair value of Van land has been accounted for as TL 16.050.246 including the tender price only as determined by the valuation company in the consolidated financial statements. A valuation loss amounting to TL 2.226.005 has been recognized in the consolidated statement of comprehensive income. The details about pledges on the Group's investment property are presented at Note 21.

**GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010**  
 CURRENCY: TURKISH LIRA ["TL"] UNLESS OTHERWISE STATED.

**16 PROPERTY, PLANT AND EQUIPMENT**

Movements of property, plant and equipment for the year ended 31 December 2010 is as follows:

1 January 2010	Land improvements	Land	Buildings	Machinery and equipment	Motor Vehicles	Furniture and fixtures	Leashold improvements	Other fixed assets	Construction in progress	Total
321,204	192,593	3,344,652	42,268,784	10,197,219	9,298,192	39,055,126	4,864	2,933,648	107,616,282	
-	(1,715)	(31,194)	(24,088,406)	(2,219,962)	(7,066,022)	(9,936,648)	(265)	-	(43,344,212)	
<b>321,204</b>	<b>190,878</b>	<b>3,313,458</b>	<b>18,180,378</b>	<b>7,977,257</b>	<b>2,232,170</b>	<b>29,118,478</b>	<b>4,599</b>	<b>2,933,648</b>	<b>64,272,070</b>	
Additions (i)	-	211,129	6,576,989	3,504,064	1,478,173	174,752	-	3,930,201	15,875,308	
Current period depreciation	-	(3,905)	(393,597)	(2,528,065)	(864,572)	(679,676)	(2,148,167)	(849)	-	(6,618,831)
Disposals	(479)	-	-	(3,933)	(21,702)	(3,330)	(79,156)	-	-	(108,600)
Transfer	-	-	-	404,749	-	(26,718)	3,212,037	-	(3,590,068)	-
Effect of valuation of previously held interest (ii)	-	-	-	2,986,769	-	(33,555)	459,292	-	-	3,412,506
Currency translation differences	-	-	-	482,918	(51,526)	(14,244)	(33,394)	-	14,005	397,759
Effect of acquisition (iii)	-	-	-	11,469,929	792	258,659	4,229,926	-	906,249	16,865,555
Exclusion from scope of consolidation (iii)	-	-	-	(14,158)	-	(2,685)	-	-	-	(16,843)
Transfer from assets held for sale (iv)	-	-	11,516,661	-	-	-	-	-	295,336	11,811,997
<b>Net book value at the end of the period</b>	<b>320,725</b>	<b>186,973</b>	<b>14,647,651</b>	<b>37,555,576</b>	<b>10,544,313</b>	<b>3,208,794</b>	<b>34,933,768</b>	<b>3,750</b>	<b>4,489,371</b>	<b>105,890,921</b>
<b>31 December 2010</b>										
Cost	320,725	192,593	16,378,176	67,560,748	13,482,921	10,970,395	47,445,497	4,864	4,489,371	160,845,290
Accumulated depreciation	-	(5,620)	(1,730,525)	(30,005,172)	(2,938,608)	(7,761,601)	(12,511,729)	(1,114)	-	(54,954,369)
<b>Net book value</b>	<b>320,725</b>	<b>186,973</b>	<b>14,647,651</b>	<b>37,555,576</b>	<b>10,544,313</b>	<b>3,208,794</b>	<b>34,933,768</b>	<b>3,750</b>	<b>4,489,371</b>	<b>105,890,921</b>

(i) A significant portion of the additions to the machinery and equipment and vehicles is composed of the tugboat and construction equipment purchases by Ortadoğu Liman.

(ii) Ortadoğu Liman (Note 3)

(iii) Hedef has been sold as at 17 December 2010 and excluded from the scope of consolidation (Note 36).

(iv) The Holding building of the Group in Karaköy and the construction in progress of Bağören have been transferred from the assets held for sale (Note 36).

**GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010**

CURRENCY: TURKISH LIRA ["TL."] UNLESS OTHERWISE STATED.

Movements of property, plant and equipment for the year ended 31 December 2009 is as follows:

	Land	Land improvements	Land	Buildings	Machinery and equipment	Motor Vehicles	Furniture and fixtures	Leashold improvements	Other fixed assets	Construction in progress	Total
<b>1 January 2009</b>											
Cost	7.364.055	-	12.822.396	29.854.101	6.593.274	9.123.766	38.238.669	-	12.407.379	<b>116.403.640</b>	
Accumulated depreciation	-	-	(1.111.261)	(22.211.789)	(1.616.127)	(6.512.851)	(8.178.288)	-	-	<b>(39.630.316)</b>	
<b>Net book value</b>	<b>7.364.055</b>	<b>-</b>	<b>11.711.135</b>	<b>7.642.312</b>	<b>4.977.147</b>	<b>2.610.915</b>	<b>30.060.381</b>	<b>-</b>	<b>12.407.379</b>	<b>76.773.324</b>	
Additions	2.812.809	-	-	397.266	3.591.310	208.965	429.822	4.864	8.539.700	<b>15.984.736</b>	
Current period depreciation	-	(1.715)	(225.667)	(1.614.909)	(618.729)	(558.442)	(2.120.587)	(265)	-	<b>(5.140.314)</b>	
Disposals	(6.180.100)	-	-	(32.448)	-	(10.411)	(10.102)	(1.465.657)	(472.374)	<b>(8.171.092)</b>	
Transfer	-	192.593	3.344.651	12.223.169	-	-	368.444	1.465.657	(17.594.514)	<b>-</b>	
Currency translation differences	-	-	-	(435.012)	27.529	(18.857)	390.520	-	53.457	<b>17.637</b>	
Transfer to assets held for sale	(3.675.560)	-	(11.516.661)	-	-	-	-	-	-	<b>(15.192.221)</b>	
<b>Net book value at the end of the period</b>	<b>321.204</b>	<b>190.878</b>	<b>3.313.458</b>	<b>18.180.378</b>	<b>7.977.257</b>	<b>2.232.170</b>	<b>29.118.478</b>	<b>4.599</b>	<b>2.933.648</b>	<b>64.272.070</b>	
<b>31 December 2009</b>											
Cost	321.204	192.593	3.344.652	42.268.784	10.197.219	9.298.192	39.055.126	4.864	2.933.648	<b>107.616.282</b>	
Accumulated depreciation	-	(1.715)	(31.194)	(24.088.406)	(2.219.962)	(7.066.022)	(9.936.648)	(265)	-	<b>(43.344.212)</b>	
<b>Net book value</b>	<b>321.204</b>	<b>190.878</b>	<b>3.313.458</b>	<b>18.180.378</b>	<b>7.977.257</b>	<b>2.232.170</b>	<b>29.118.478</b>	<b>4.599</b>	<b>2.933.648</b>	<b>64.272.070</b>	

## GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010

CURRENCY: TURKISH LIRA ["TL"] UNLESS OTHERWISE STATED.

There are additions to property, plant and equipment of Yeşil Enerji and its subsidiaries, presented in assets held for sale as at 31 December 2008, until the sales date 23 June 2009 amounting to TL 9,291.316 and depreciation expense amounting to TL 471.822 has been. In 2009, total property, plant and equipment additions to Dağören Enerji and Düzce Aksu, which are classified as assets held for sale as at 31 December 2009 and 31 December 2008, amounted to TL 170.102. Land amounting to TL 2.812.809 was acquired against the Group's other receivables.

As at 31 December 2010 and 2009, no finance costs have been capitalized in the cost of the property, plant and equipment.

As at 31 December 2010 and 31 December 2009, according to the transfer of operational rights agreements ("TOORA") of Ege Liman and Ortadoğu Liman and the Build-Operate-Transfer ("BOT") tender agreement of Bodrum Liman, at the end of the agreement periods, fixed assets with their capital improvements will be returned as running, clean, free of any liability and free of charge.

Pledges on the property, plant and equipment related to loans are presented in Note 8.

Other mortgage and pledges related to property plant and equipment are presented in Note 21.

As at 31 December 2010 and 31 December 2009, the net book values of the leased assets in property, plant and equipment are as follows:

	31 December 2010	31 December 2009
Machinery and equipments	17.001.326	16.889.784
Motor vehicles	6.257.018	3.888.027
Furniture and fixture	-	97.544
	<b>23.258.344</b>	<b>20.875.355</b>

The depreciation expenses related to the Group's property and equipment are accounted for under the cost of sales and general administrative expenses in the consolidated statement of comprehensive income (Note 27).

#### 17 CONCESSION INTANGIBLE ASSETS

Movements of concession intangible assets for the years ended 31 December 2010 and 31 December 2009 are as follows:

Concession intangible assets of the Group consist of concession intangible assets of Energaz and its subsidiaries. As at 31 December 2010 and 31 December 2009, total capitalized finance expenses in additions are amounting to TL 2.867.214 and TL 3.215.984, respectively. The amortization expenses related to the Group's concession intangible assets are accounted for under the cost of sales in the consolidated statement of comprehensive income.

	2010	2009
<b>Balance at the beginning of the period (1 January)</b>		
Cost	123.284.605	113.457.323
Accumulated amortisation	(9.636.448)	(5.439.257)
<b>Net book value</b>	<b>113.648.157</b>	<b>108.018.066</b>
Additions	23.693.458	9.830.006
Current period amortisation	(4.167.805)	(4.197.338)
Disposals	(48.009)	(2.577)
<b>Net book value at the end of period</b>	<b>133.125.801</b>	<b>113.648.157</b>
<b>Balance at the end of the period (31 December)</b>		
Cost	146.930.054	123.284.605
Accumulated amortisation	(13.804.253)	(9.636.448)
<b>Net book value</b>	<b>133.125.801</b>	<b>113.648.157</b>



## GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010

CURRENCY: TURKISH LIRA ["TL"] UNLESS OTHERWISE STATED.

#### 18 INTANGIBLE ASSETS

Movements of intangible assets for the years ended 31 December 2010 and 31 December 2009 are as follows:

	Rights	Software	Port operation rights	Customer relationships	HEPP License	Other	Total
<b>1 January 2010</b>							
Cost	7.291.947	1.351.892	75.081.942	6.025.137	-	96.243	89.847.161
Accumulated amortisation	(5.364.902)	(840.576)	(13.390.196)	(753.142)	-	(16.927)	(20.365.743)
<b>Net book value</b>	<b>1.927.045</b>	<b>511.316</b>	<b>61.691.746</b>	<b>5.271.995</b>	<b>-</b>	<b>79.316</b>	<b>69.481.418</b>
Additions	82.759	890.272	-	-	-	-	973.031
Current period amortisation	(398.040)	(321.882)	(12.860.382)	(469.438)	-	-	(14.049.742)
Effect of valuation of previously held interest (*)	-	-	151.452.361	-	-	-	151.452.361
Effect of acquisition (**)	-	23.385	272.505.775	-	-	-	272.529.160
Transfer from assets held for sale (**)	-	-	-	-	50.672.736	-	50.672.736
Currency translation differences	44.553	1.560	12.688.617	(207.252)	-	(85.604)	12.441.874
<b>Net book value at the end of period</b>	<b>1.656.317</b>	<b>1.104.651</b>	<b>485.478.117</b>	<b>4.595.305</b>	<b>50.672.736</b>	<b>(6.288)</b>	<b>543.500.838</b>
<b>31 December 2010</b>							
Cost	7.420.116	2.140.858	506.729.082	5.804.595	50.672.736	63.852	572.831.239
Accumulated amortisation	(5.763.799)	(1.036.207)	(21.250.965)	(1.209.290)	-	(70.140)	(29.330.401)
<b>Net book value</b>	<b>1.656.317</b>	<b>1.104.651</b>	<b>485.478.117</b>	<b>4.595.305</b>	<b>50.672.736</b>	<b>(6.288)</b>	<b>543.500.838</b>

(\*) Ortadoğu Liman (Note 3)

(\*\*) The amount related to Dagjören has been classified from the assets held for sale (Note 36).

**GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010**

CURRENCY: TURKISH LIRA ["TL"] UNLESS OTHERWISE STATED.

	Rights	Software	Port operation rights	Customer relationships	Development cost	Others	Total
<b>1 January 2009</b>							
Cost	7.114.713	1.123.569	75.351.071	5.970.751	4.638.200	158.743	<b>94.357.047</b>
Accumulated amortisation	(5.128.958)	(614.235)	(10.262.279)	(248.781)	-	(77.445)	<b>(16.331.698)</b>
<b>Net book value</b>	<b>1.985.755</b>	<b>509.334</b>	<b>65.088.792</b>	<b>5.721.970</b>	<b>4.638.200</b>	<b>81.298</b>	<b>78.025.349</b>
Additions	179.757	235.863	-	-	1.196.227	-	<b>1.611.847</b>
Current period amortisation	(237.028)	(233.997)	(3.240.204)	(499.887)	-	(1.984)	<b>(4.213.100)</b>
Disposals	(575)	(2)	-	-	-	-	<b>(577)</b>
impairment losses (*)	-	-	-	-	(5.834.427)	-	<b>(5.834.427)</b>
Currency translation differences	(864)	118	(156.842)	49.912	-	2	<b>(107.674)</b>
<b>Net book value at the end of period</b>	<b>1.927.045</b>	<b>511.316</b>	<b>61.691.746</b>	<b>5.271.995</b>	<b>-</b>	<b>79.316</b>	<b>69.481.418</b>
<b>31 December 2009</b>							
Cost	7.291.947	1.351.892	75.081.942	6.025.137	-	96.243	<b>89.847.161</b>
Accumulated amortisation	(5.364.902)	(840.576)	(13.390.196)	(753.142)	-	(16.927)	<b>(20.365.743)</b>
<b>Net Book Value</b>	<b>1.927.045</b>	<b>511.316</b>	<b>61.691.746</b>	<b>5.271.995</b>	<b>-</b>	<b>79.316</b>	<b>69.481.418</b>

(\*) For the explanation of the impairment, please refer to Note 28.

Total addition intangible assets of Yeşil Enerji and its subsidiaries, which was transferred to assets held for sale as at 31 December 2008, until the selling date of 23 June 2009 are amounting to TL 29,723.

The amortization expenses related to the Group's intangible assets are accounted for under the cost of sales and general administrative expenses in the consolidated statement of comprehensive income.

## GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010

CURRENCY: TURKISH LIRA ["TL"] UNLESS OTHERWISE STATED.

#### 19 GOODWILL

During the years ended 31 December 2010 and 31 December 2009, movement of goodwill is as follows:

<b>1 January 2009</b>	<b>40.363.736</b>
Currency translation differences	(21.006)
<b>31 December 2009</b>	<b>40.342.730</b>
Business combination effect (Note 3)	(4.788.639)
Currency translation differences	(3.821)
<b>31 December 2010</b>	<b>35.550.270</b>

The distribution of the goodwill according to the segments as at 31 December 2010 and 31 December 2009, is as follows:

<b>Distribution by segments</b>	<b>31 December 2010</b>	<b>31 December 2009</b>
Infrastructure	17.231.683	22.024.143
Finance	10.018.691	10.018.691
Real Estate	6.712.296	6.712.296
Other	1.587.600	1.587.600
<b>Total</b>	<b>35.550.270</b>	<b>40.342.730</b>

Basic assumptions used in each segment for the purpose of impairment testing are as following:

#### Infrastructure operations:

As at 31 December 2010 and 2009, the Group recognised TL 17.231.683 goodwill related to the acquisition of Ege Liman in its consolidated financial statements.

As at 31 December 2009, the goodwill from the merger of Ortadoğu Liman and Akdeniz Liman amounts to TL 4.792.459 goodwill (TL 4.788.639 on 29 July 2010, at the date of the acquisition of the remaining shares of Ortadoğu Liman from other shareholders) in the consolidated financial statements. As at 31 December 2010, this goodwill was reversed as explained in Note 3.

As at 31 December 2010, the Group tested impairment by comparing the goodwill from the acquisition of Ege Liman with the values in use of the cash generating units and concluded that no impairment exists. Cash flow forecasts are prepared up to the end of the port usage rights, which is 2033. The basic assumption is that the expected increase in the intensity of the port activity will increase operational profit. Cash flows used to calculate value in use are prepared in USD. An interest rate of 12,4% is used for discounting future cash flows to the reporting date.

As at 31 December 2009, the Group tested impairment by comparing the goodwill from the merger of Ortadoğu Liman and Akdeniz Liman and the acquisition of Ege Liman TL 4.792.459 and TL 17.231.684 respectively with the values in use of the cash generating units and concluded that no impairment existed. Cash flow forecasts are prepared up to the end of the port usage rights, which is 2028 for Ortadoğu Liman and 2033 for Ege Liman. The basic assumption is that the expected increase in the intensity of the port activity will increase operational profit. Cash flows used to calculate value in use were prepared in USD. An interest rate of 14% was used for discounting future cash flows to reporting date.

#### Finance operations:

The Group tested impairment of assets of Global Menkul in order to test the goodwill amounting to TL 10.018.691 as at 31 December 2010 and 2009 recognized in the consolidated financial statements. The Group compared the amount of goodwill with the value in use of cash generating unit and has concluded that there is no impairment. These calculations are based on the cash flows derived from the financial budget for five years approved by the management. In order to estimate infinite cash flows after five years of projection, the Group has used 2% growth rate which does not exceed expected economic growth rate of the country. Cash flows used to calculate the value in use are prepared in USD.

## GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010

CURRENCY: TURKISH LIRA ["TL"] UNLESS OTHERWISE STATED.

#### Real estate operations:

The Group tested the impairment of the goodwill related to the acquisition of Maya amounting to TL 6.712.296 as at 31 December 2010 and 2009. In such work, the Group compared the amount of goodwill carried in the consolidated financial statements, with Maya's fair value and has concluded that there is no impairment. Maya leased land in Tatlısu Magosa for 49 years from the Government of Cyprus in order to build hotels, villas and apartments for the Holiday Village project on leased land. As at reporting date, the construction has not been started on leased land, because the expropriation studies have not been completed. As at 31 December 2010 and 2009, the fair value of this leased land is obtained from the appraisal reports prepared by an independent real estate appraisal company. The real estate appraisal company, which is authorized by CMB, uses market approach by reference to market prices of similar properties in the market to determine the fair value and concluded that the fair value of the property is TL 8.610.000 (2009: 8.145.000 TL), which is above the total investment of the Group in Maya recognized in the consolidated financial statements.

#### Other operations:

The Group tested impairment on assets of Sem Yayincılık in order to test the goodwill amounting to TL 1.587.600 recognized in the consolidated financial statements as at 31 December 2010 and 2009. The Group compared the amount of goodwill with the value in use of cash generating unit and has concluded that there is no impairment. These calculations are based on the cash flows derived from the financial budget for five years approved by the management. Cash flows used to calculate value in use are prepared in TL.

Market interest rates are used for discounting future cash flows to balance sheet date.

### 20 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

#### 20.1 Provisions

As at 31 December 2010 and 31 December 2009, provisions comprised the following:

	31 December 2010	31 December 2009
Provision for lawsuits, penalty and tax amnesty (*)	3.555.303	1.618.098
Provision for termination indemnities and vacations	943.326	630.785
Provision for personnel premium	113.417	137.739
Letter of guarantee provision for Izmir Port (**)	-	10.389.330
Other	-	59.516
<b>Total short-term provisions</b>	<b>4.612.046</b>	<b>12.835.468</b>
Provision for lawsuits, penalty and tax amnesty (*)	5.726.937	-
<b>Total long-term provisions</b>	<b>5.726.937</b>	<b>-</b>
<b>Total provisions</b>	<b>10.338.983</b>	<b>12.835.468</b>

(\*) As at 31 December 2010, the provision for lawsuits, penalty and tax amnesty includes the tax amnesty provision amounting to TL 7.363.205 in total explained in detail in Note 31. The portion amounting to TL 5.726.936 of this provision is long-term. The expenses related to the total tax amnesty provision are accounted for under other operating expenses (TL 6.402.787 - Note 28) and finance expenses (TL 960.418 - Note 30). As at 31 December 2010, the provision for lawsuits, penalty and tax amnesty includes the penalty provision amounting to TL 470.025 (2009: TL 241.560) to be paid to CMB by Global Menkul, a subsidiary of the Group. As at 31 December 2010, the provision for lawsuits, penalty and tax amnesty includes the lawsuit provision amounting to TL 1.449.010 (2009: TL 1.376.538).

(\*\*) The provision is related with the letter of guarantee given to Izmir Port tender which is explained in detail in Note 20.2 (viii).

## GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010

CURRENCY: TURKISH LIRA ["TL"] UNLESS OTHERWISE STATED.

Movements of provisions during the years ended 31 December 2010 and 31 December 2009 are as follows:

	Provision for lawsuits, penalty and tax amnesty	Provision for termination indemnities and vacations	Provision for personnel premium	Letter of guarantee provision for Izmir Port	Other	Total
Balance at 1 January 2010	1.618.098	630.785	137.739	10.389.330	59.516	12.835.468
Provision made during the period	7.822.755	333.016	-	-	-	8.155.771
Paid	-	(94.419)	(22.691)	(10.389.330)	(54.174)	(10.560.614)
Provision reversed during the period	(392.685)	-	-	-	-	(392.685)
Currency translation differences	(3.837)	(1.417)	(1.631)	-	(5.342)	(12.227)
Acquisition through business combination	237.909	75.361	-	-	-	313.270
<b>Balance at 31 December 2010</b>	<b>9.282.240</b>	<b>943.326</b>	<b>113.417</b>	<b>-</b>	<b>-</b>	<b>10.338.983</b>

	Provision for lawsuits, penalty and tax amnesty	Provision for termination indemnities and vacations	Provision for personnel premium	Letter of guarantee provision for Izmir Port	Other	Total
Balance at 1 January 2009	1.316.261	695.916	18.850	-	91.286	2.122.313
Provision made during the period	596.279	141.228	118.889	10.389.330	16.943	11.262.669
Paid	(133.226)	(206.359)	-	-	(48.713)	(388.298)
Provision reversed during the period	(161.216)	-	-	-	-	(161.216)
<b>Balance at 31 December 2009</b>	<b>1.618.098</b>	<b>630.785</b>	<b>137.739</b>	<b>10.389.330</b>	<b>59.516</b>	<b>12.835.468</b>

For the year ended 31 December 2010, expenses related to the provision for lawsuits, penalty and tax amnesty are presented in other operating expenses, finance expenses and general administrative expenses. The expenses related to the provision for termination indemnities and vacations are presented in the general administrative expenses. The income related to the reversal of lawsuit provisions is presented in other operating income.

For the year ended 31 December 2009, expenses related to the provision for lawsuits, penalty and tax amnesty are presented in other operating expenses. The expenses related to the provision for termination indemnities and vacations are presented in the general administrative expenses. The income related to the reversal of lawsuit provisions is presented in other operating income. The expenses related to the provision for personnel premium are presented in the general administrative expenses and cost of sales. The expenses related to the letter of guarantee provision for Izmir Port are presented in the finance expenses. The expenses related to other provisions are presented in the other operating expenses.

## GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010

CURRENCY: TURKISH LIRA ["TL"] UNLESS OTHERWISE STATED.

#### 20.2 Legal Issues

There are lawsuits pending that have been filed against or by the Group. These lawsuits mainly include the labor and debt cases. The management of the Group assesses the possible results and financial effects of these lawsuits at the end of each period and as a result of these assessments, the required provisions are recognized for those possible earnings and liabilities. The amount of provision that has been accounted for is stated in Note 20.1. The information related with the significant lawsuits that the Group is directly or indirectly a party is as follows:

(i) The operating rights of Kuşadası Port were transferred by Privatization Administration ("PA") to Ege Liman for 30 years in July 2003. In October 2006, two former members of the Kuşadası Municipal Council filed a lawsuit with the Council of State, requesting the cancellation of those 'zoning plan and planning notes' of the Region of Kuşadası, which enables the construction of the new Cruise Port Upper Structure Facilities. The relevant Chamber of the Council of State ordered the cancellation of the zoning plan and planning notes in November 2009. That decision was appealed by the lawyers of the Ministry of Public Works as well as the lawyers for the Group. The file is under examination of Chamber of the Council of State.

While that appeal was pending, the Group lawyers filed a lawsuit against the termination of the occupancy and construction permit notification of the Municipality with the request of stay of execution. The Aydın Administrative Court issued a stay of execution for the cancellation. Due to the Municipality's objection to that decision, the stay of execution has been cancelled.

The Municipality then issued a cease and desist order and delivered it to the Company in June 2010. The Group lawyers filed a lawsuit in order to cancel the order as well as issue a stay of execution. Aydın Administrative Court first issued the stay of execution; however, upon the objection raised by the Municipality Lawyers, the court cancelled the stay of execution, which led the Group lawyers to raise an objection before the Regional Court in order to challenge this final decision. However such objection was denied. TDI's request to intervene the lawsuit has been accepted.

On 21 October 2010, a lawsuit regarding annulment of the decision of the Council of the Municipality regarding demolition of Kuşadası Port has been filed together with the request of a stay of execution. The Court on the same day has ordered a stay of execution. As property owner, TDI's request regarding intervention in the case was accepted on 22 December 2010. The Court has renewed the order of a stay of execution after the first reply of the Municipality.

On the other hand, the Ministry of Public Works has approved the new zoning plan for Kuşadası Port on 28 October 2010 but there have been objections by some institutions in Kuşadası.

However, the Ministry of Public Works evaluated the objections and rejected them on the below-mentioned grounds and approved the new zoning plan with its writ dated 31 January 2011:

i. The "Master Plan" with 1/5.000 and "Implementation Plan" with 1/1.000 of Kuşadası Port, that have been approved on 28 October 2010 are in line with the 1/100.000 "Environment Plan" of Aydın-Muğla-Denizli.

ii. Kuşadası is one of the most important cruise ports of the country and has served for this very purpose for years; Kuşadası Port would become an idle facility due to the cancellation of the zoning plan which will consequently have a negative effect on the economy of the country. Moreover, Kuşadası complies with "Coastal Law" and "Regulations regarding the Implementation of Coastal Law".

The Group lawyers believe that the same arguments will cause the aforementioned lawsuits to become viewed as groundless.

In a related development, a former member of the Kuşadası Municipal Council has filed a lawsuit with the Aydın 1st Administrative Court, seeking to cancel the Privatization Administration's approval of the Kuşadası Port tender granted to Ege Liman. The Court ordered the cancellation of the tender on 2 June 2010. That decision was appealed by the lawyers of the Privatization Administration as well as the lawyers of the Group. The attorneys and Legal Counsel of the Group believe that the decision to cancel the privatization cannot be enforced against the Group. Although it is believed that the Appeal Court will reverse the decision to cancel, the decision to cancel the privatization is un-enforceable in practical terms when the actual transfer has taken place and the facilities are being operated throughout the legal process.

## **GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

#### **AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010**

CURRENCY: TURKISH LIRA ["TL"] UNLESS OTHERWISE STATED.

The Privatization Administration filed a lawsuit against Ege Liman basing its claims on the annulment decision of Aydın 1st Administrative Court dated 2 June 2010 and numbered 2010/434 E. and 2010/936 K. for reclaiming Kuşadası Port to TDI. The Court denied the Privatization Administration's preliminary injunction request. The Council of State, on the other hand, has accepted Ege Liman's intervention request and take into account Ege Liman's stay of execution request regarding the cancellation of privatization decision. It was therefore, decided to wait for the result of this case. This lawsuit has been filed in order to act in compliance with the aforementioned decision of Aydın 1st Administrative Court and it is believed that there would be no negative result of this case considering the fact that there has been no established practice as to the return of the privatized assets.

For the reasons explained above, Group management and lawyers do not anticipate a negative result from the legal process.

(ii) On 1 October 2006, PA filed a lawsuit against a subsidiary claiming the restitution of the shares, which had been performed at ISE through the method of block sale by means of the intermediation of the aforementioned subsidiary in 2005. The subsidiary submitted defense to the lawsuit as it is neither the buyer nor the seller for the aforementioned transaction, however, only intermediated to this transaction. As the expert report was also in favor of the subsidiary, the court dismissed the lawsuit (with the intent of additional report) issued against subsidiary. As the PA appealed the lawsuit, the Appeal Court uphold the decision after which the PA applied for the revision of the decision. The Appeal Court rejected the request for the revision, after which the judgement became final on 6 October 2010.

(iii) The Group has signed a share purchase agreement on 12 April 2007 via one of its subsidiaries in order to obtain a HEPP Project Production License. In accordance with the terms and conditions of this Agreement, the purchase price of USD 2.100.000 was wholly paid. Although, the transfer of shares had been implemented within the conditions specified in the sales agreement, thereafter the sellers filed a lawsuit for the restitution of the shares. The court dismissed the case on 26 January 2011.

(iv) The former owner of the shares of a subsidiary of the Group filed a lawsuit against the Group for the restitution of the shares. The lawsuit is before the local court. The expert submitted his report which was against the defendants. On 2 March 2010, the court decided on restitution of shares to the former owners and that the trustee, previously appointed by the Court, shall remain in charge until the final decision. The Group lawyers appealed the decision on 28 April 2010 upon the notification of the justified decision. As a trustee was appointed to the aforementioned subsidiary by the Court on 4 January 2008, this subsidiary is excluded from the scope of consolidation.

(v) Claimants stated that their money and stocks were transferred to other accounts by the ex-worker of Global Menkul and claimed a compensation regarding money, stocks and interest from Global Menkul (recently Global Yatırım Holding, as the title changed). The Group has performed a risk assessment regarding the cases and allocated provision amounting to TL 500.000 for the cases.

(vi) A lawsuit amounting to TL 542.595 has been filed against the Group for the receivables of TWP Euroasia Mühendislik Madencilik ve Danışmanlık Ticaret A.Ş ("TWP"). The Group disputed against this case as the defendant must not be a party to the case as it had not been provided the service. TWP declares that the service related with such receivables was provided to Global Yatırım Holding A.Ş and requested the payment of such amount. The Group management and attorneys has evaluated the situation and did not consider any provision to be provided.

#### **(vii) Lawsuits related with Denizli land**

The issues regarding the lawsuit filed against the Group before the Denizli Administrative Court related with the cancellation of change in zoning plan that also effects the land owned by a subsidiary of the Group are as follows:

The Commission of the Public Works of the Municipality of Denizli's report regarding the acceptance of the rejection of the objections raised against the decision of the Municipality Assembly's dated 11 October 2006 # 640 within the objection period was accepted by Denizli Municipality assembly dated 9 January 2007 and numbered 54.

On 29 June 2007, the Denizli Branch of the Chamber of Architects of Turkey ("Chamber") filed a lawsuit before the Denizli Administrative Court, requesting cancellation of the Denizli Municipality Assembly's decision numbered 54 dated 9 January 2007 as well as an injunction. Denizli Court rejected the stay of execution on 11 September 2007. The Court decided to conduct a discovery by the attendance of the experts. The subsidiary filed to intervene in the lawsuit claiming to be a party along with the Denizli Municipality on 24 July 2008 and the Court accepted this demand on 17 September 2008.

The court dismissed the case in favor of the Group on 1 April 2009. As the Chamber lawyers appealed the lawsuit, the Appeal Court upheld the decision. The Chamber lawyers requested the revision of the decision. The lawsuit is currently before the Appeal Court.

## GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010

CURRENCY: TURKISH LIRA ["TL"] UNLESS OTHERWISE STATED.

(viii) The joint venture in which the Group also attends placed the highest bid for the tender regarding the privatization of the operating rights of TCDD İzmir Ports via transferring method conducted by the Privatization Administration on 3 July 2007. The High Council of Privatization Administration approved the tender. Liman-İş and Kamu İşletmeciliğini Geliştirme Merkezi Vakfı separately filed lawsuits for the cancellation of the tender. These lawsuits were rejected by the Council of State. Complainants appealed the verdicts. 1st Department of Council of State has approved the Privatization of Operating Rights without waiting for the approval of the 13th Department of Council of State. High Council of Privatization has invited the Joint Venture to sign the Agreement with a declaration dated 23 September 2009.

The Group has applied to High Council of Privatization Administration on 9 November 2009, in the name of Global-Hutchison-EIB Joint Venture, to extend the completion of the İzmir Liman privatization until 15 April 2010. As a result of this application High Council of Privatization Administration has declared an extension of 45 days with the declaration dated 10 November 2009. Following the extension of 45 days, with the declaration of High Council of Privatization Administration dated on 12 January 2010, letter of guarantee amounting to USD 15 million was converted to cash and in this way tender is closed out for the Group. In the same date, the Group paid USD 6.900.000 in terms of its portion in the joint venture group to the bank where the letter of guarantee is obtained. This issue is evaluated as an adjusting event and a provision amounting to USD 6.900.000 (TL 10.389.330) is accounted for as at 31 December 2009. As the payment is realized, the aforementioned provision has been cancelled as of 31 December 2010.

The Group initiated a pilot debt recovery procedure of USD 10.000 against the PA with the Ankara Enforcement Authority (which then is to be followed by the actual procedure) claiming the repayment of the Bid Bond issued by Bank Asya numbered 308099 and dated 29.03.2007 with a total amount of USD 12.750.000 which was liquidated on unjustifiable grounds. However, the proceeding was suspended upon defendant's objection. The cancellation of the defendant's claim and a penalty amounting to 40% of the total amount were requested from Ankara Commercial Court on the ground that defendant's claim was unjustifiable. However, the court dismissed the lawsuit since the lawsuit should be filed with the Administrative Court. The decision is appealed upon the notification of the reasoned decision. The file is appealed at the Supreme Court.

A member of the consortium which participated in the privatization tender of the İzmir Port, Ege İhracatçı Birlikleri Liman Hizmetleri ve Taşımacılık A.Ş., has filed a lawsuit amounting to USD 10.000 against Global Yatırım Holding and a subsidiary of the Group, before the Beyoğlu Commercial Court, claiming that it suffered a loss of USD 997.501 upon the liquidation of the letter of guarantee. The lawsuit is at an early stage and the management and attorneys of the Group do not anticipate the aforementioned lawsuit to be finalized to the disadvantage of the Group. The lawsuit is at the submission of proofs and legal arguments stage.

(ix) The joint venture ("JV") consisting of Global Yatırım Holding A.Ş. and Energaz Gaz Elektrik Su Dağıtım A.Ş. ("Energaz") placed the highest bid (USD 1.610.000.000) for the tender held on 14 March 2008 in relation to the privatization of the shares of Başkent Doğalgaz Dağıtım A.Ş. ("Baskentgaz") owned the Municipality of Ankara via block sale method. As the tender specifications Art.14 required the JV to be granted the permissions of the Authorities before the final approval of the tender, the shares of Başkent Doğalgaz Dağıtım A.Ş. were not transferred to the JV. As the procedure was still on, the Municipality applied to the guarantor bank in 2008 in order to enable the liquidation of the Letter of Guarantee of USD 50 million, submitted to the Municipality as a requirement under the specifications by the Company, the 51,66 % participant of the JV.

As the Group planned to file a lawsuit regarding the discrepancy for the payment of the Letter of Guarantee, as Boru Hatları ile Petrol Taşıma A.Ş. ("BOTAŞ") initiated an execution process in accordance with the Article 79 of the Collection of the Public Receivables Act # 6183 against the Municipality, the Group applied to Beyoğlu Commercial Court in order the court to grant a precautionary measure to prevent the liquidation of the Letter of Guarantee of USD 50.000.000. The court issued a precautionary measure for collateral of the 15% of the Letter of Guarantee which enables to prevent the liquidation of the Letter of Guarantee. The Municipality raised an objection against the measure, which then was rejected by the Court.

As the continuation of the precautionary measure, the lawsuit was filed by the Group against the Ankara Metropolitan Municipality and BOTAŞ before the 1st Chamber of the Beyoğlu Commercial Court claiming to dissolve the discrepancy for the payment of the Letter of Guarantee and the restitution of the Letter of Guarantee. The court decided that it is not a competent court to conduct the case and that Ankara courts are competent to conduct the case. Since then, the lawsuit has been conducted before 4th Ankara Commercial Court. The guarantor bank requested an intervention in the lawsuit, which was then approved by the Court. The court additionally decided the plaintiff to file a separate lawsuit against the PA and enable this separate lawsuit to combine with the pending lawsuit. Upon this order, the Consortium filed another lawsuit against the PA, as it became the competent authority to conduct the privatization process. The court decided this lawsuit to combine with the pending one. The injunction to prevent the liquidation of the letter of guarantee is still in effect as at the reporting date.



## GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010

CURRENCY: TURKISH LIRA ["TL"] UNLESS OTHERWISE STATED.

On the other hand, the Group's lawyers filed a lawsuit before the Ankara Administrative Court against the Municipality, requesting cancellation of the Municipality Council's resolution dated 22 January 2009, numbered 86/325 regarding the forfeiture of the letter of guarantee given by JV according to Article 10/c of the tender specification as well as an injunction on 15 January 2010. Ankara Administrative Court decided incompetence and the case has been taken over by the 13th Chamber of Council of State. As the 13th Chamber of Council of State rejected the request to issue a stay for execution, the Group lawyers appealed the decision which led the Administrative Division of the High Council of the State to overturn the rejection on 8 July 2010. The lawsuit is pending before the 13th Chamber of Council of State.

On 2 July 2009, a decision of the Turkish High Council of Privatization Administration was published in the Official Gazette. Accordingly, the Privatization Administration shall be in charge in order to conduct and finalize the privatization process of the Başkentgaz shares as at the date of the decision. The attorneys and the Legal Counsel of the Group anticipate that the case shall be decided highly probably in favor of the Group.

(x) The Company filed a lawsuit of USD 15.000 against ABN Amro Infrastructure Capital Management Ltd. before Beyoğlu Commercial Court claiming that the defendant, with regards to the related articles of the JV Agreement signed between the Parties after the Tender of the Privatization of Başkent Doğalgaz Dağıtım A.Ş. arranging to share jointly all the financial, accounting, legal, tax, commercial and insurance expenses, has not paid its share of USD 236.918, reserving the right to claim the whole amount.

(xi) The Turkish Competition Authority launched an official investigation on 4 November 2009 against a subsidiary of the Group. The company submitted its first defense statement on 21 December 2009. As the investigation report stated that the acts of the company do not violate the Competition Act, no penalty has been imposed on the company as a result of the investigation.

(xii) The members of the Municipality Assembly of Van filed a lawsuit claiming the cancellation of the Assembly's decision dated 9 January 2008 numbered 13 regarding the amendment to the zoning plan of the property then owned by the Municipality as well as the imposing of an injunction. The request for the injunction was rejected by the Court on 29 May 2008. The Company and its subsidiary requested to intervene in the lawsuit as the decision of the Court would affect them directly as the owners of the property. The court decided the cancellation of the zoning plan on 30 June 2010. As the Company and its subsidiary appealed the lawsuit, it is recently before the Council of State.

Cancellation of the tender: The members of the Municipality Assembly of Van filed a lawsuit claiming the cancellation of the tender regarding the sale of the property then owned by the Municipality. It was heard unofficially that the lawsuit was accepted as the zoning plan was cancelled.

The Company and its subsidiary requested the intervention in the lawsuit. The court has not informed about his decision on this request as well as the appeal request yet. Notwithstanding this, the whole tender bid was paid to the Municipality and the title was transferred to the Company. By the court decision, in case a lawsuit is filed by or against the Group, the Group may recourse the tender price along with the interest and the adequate payment in return for the unlawful use of the property by the Municipality since 2008 and the compensation for the damages by filing an unjust enrichment case.

(xiii) The General Directorate of State Water Works ("DSİ"), depending on the Bilateral Cooperation Agreement (Agreement") between Turkey and USA is abrogated, which includes the development of Hakkari Dam and Hydroelectric Power Plant ("HEPP") Project located on the upper level of Dağören Regulator and HEPP Project, refrained from signing the water utilization rights agreement and subsequently notified Dağören Enerji A.Ş. ("Dağören"), one of the Group's subsidiaries, that Dağören Regulator and HEPP Project is also cancelled.

Dağören lawyers have filed a lawsuit at the 16th Administrative Court of Ankara to cancel administrative decision given by DSİ on grounds that EMRA is the only body entitled to give or cancel any production license in accordance with the applicable legislation; that DSİ has no authorization to cancel a project which is already approved by EMRA; that DSİ has no right to refrain from signing the water utilization rights agreement of any project that is already approved by EMRA and the cancellation of Hakkari Dam and HEPP Project is not automatically a reason for the cancellation of Dağören Regulator and HEPP Project.

Subsequently, the 16th Administrative Court of Ankara gave its decision against Dağören just because of public interest, and not considering any contradictions against the law. Dağören lawyers appealed the verdict of the 16th Administrative Court of Ankara at the Council of State and requested an injunction claiming the fact that a process realized by the Administration cannot be counted as lawful just because of public interest, in the event that specific process already contradicts with the law. The lawyers also requested that the appeal process shall be carried on through court hearings. Due to the fact that the 13th Chamber of the Council of State which will carry on the appeal process is the specialized court in such processes, The Group lawyers believe that the erroneous decision by the 16th Administrative Court of Ankara will be reversed and a judgement in favor of the Group is likely to occur.

## GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010

CURRENCY: TURKISH LIRA ["TL"] UNLESS OTHERWISE STATED.

#### 20.3 Contingent liabilities

The details related to the Group's guarantees, pledges and mortgages given are presented in Note 21. Moreover, the Group has the following contingent liabilities:

##### Ege Liman

The details of the Transfer of Operational Rights Agreement dated 2 July 2003, executed by and between Ege Liman and Privatization Authority ("PA") together with Turkish Maritime Organization ("TDI") are stated below:

Ege Liman will be performing services such as sheltering, installing, charging, discharging, shifting, terminal services, pilotage, towing, moorings, water quenching, waste reception, operating, maintaining and repairing of cruise terminals, in Kuşadası Cruise Port for an operational period of 30 years. Ege Liman is liable for the maintenance of Kuşadası Cruise Port together with the port equipment in good repair and in operating condition throughout its operating right period. After the expiry of the contractual period, the real estate and the integral parts of it shall be surrendered to the TDI, while the movable properties stay with Ege Liman.

##### Ortadoğu Liman

The details of the Transfer of Operational Rights Agreement dated 31 August 1998, executed by and between Ortadoğu Liman and PA together with TDI are stated below:

Ortadoğu Liman will be performing services such as sheltering, installing, charging, discharging, shifting, terminal services, pilotage, towing, moorings, water quenching, waste reception, operating, maintaining and repairing of cruise terminals, in Antalya Port for an operational period of 30 years. Ortadoğu Liman is liable for the maintenance of Antalya Port together with the port equipment in good repair and in operating condition throughout its operating right period. After the expiry of the contractual period, the real estate and the integral parts of it shall be surrendered to the TDI, while the movable properties stay with Ortadoğu Liman.

##### Bodrum Liman

The details of the BOT Contract dated 23 June 2004, executed by and between Bodrum Liman and the State Railways, Ports and Airports Construction Company ("DLH") are stated below:

Bodrum Liman had to construct the Bodrum Cruise Port in a period of 1 year and 4 months following the delivery of the land and thereafter, will operate the Bodrum Cruise Port for 12 years. The final acceptance of the construction was performed on 4 December 2007, and thus the operation period has commenced. Bodrum Liman is liable for the maintenance of the port together with the port equipment in good repair and in operating condition throughout its operating right period. The facilities, equipment, installations and the systems together with the tools and other equipment belonging thereto shall be surrendered to the DLH after the expiry of the contractual period.

##### Energaz and its subsidiaries

In accordance with the distribution license agreements, subsidiaries engaged in natural gas distribution operations are obliged to start the investment in 6 months, to start gas distribution in 18 months, to connect every customer willing to use natural gas in the zoned areas to its distribution network in 5 years after the license date and to develop, manage, enhance and expand its network in case of expansion of the zoned areas.

#### 20.4 Contingent assets

The details of contingent assets of the Group related to the net electricity revenue to be earned as a result of the sale of Yeşil Enerji and its subsidiaries are presented in Note 36.

The Company, having 49,20% shares of GY Elyaf ve İplik Sanayi ve Dış Ticaret A.Ş. ("GY Elyaf") has purchased additional 50,80% shares from prior shareholders on 7 November 2008 and transferred 100% shares to Koninklijke Vopak NV ("Vopak") at the same date, at the nominal value of TL 50.000. According to the Article 9 of the share transfer agreement, following the realization of the pre-conditions by the Company and Vopak, Vopak shall pay USD 9.750.000 (50% of the amount will be paid to the previous shareholders of GY Elyaf) as goodwill in 24 months after the signing date of the agreement. The Group management and legal counsel believe that the Group has fulfilled its obligations in the agreement and that Vopak has not

## GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010

CURRENCY: TURKISH LIRA ["TL"] UNLESS OTHERWISE STATED.

fulfilled its obligations yet. Therefore, the Group management and legal counsel believe that the demand related to the goodwill amount will be accepted if it is claimed with a lawsuit and that the Group will qualify for a goodwill receivable. However, in order to solve the dispute without lawsuit, the Group continues the well-intentioned and constructive negotiations with respect to the fulfillment of the obligations by Vopak and any possible contribution to this fulfillment.

#### 20.5 Operating leases

##### Group as lessee

The Group entered into various operating lease agreements. Operating lease rentals are payable as follows:

	2010	2009
Less than 1 year	586.157	1.290.106
Over 1 year no more than 5 years	2.127.487	2.313.504
More than five years	1.318.136	1.462.959
	<b>4.031.780</b>	<b>5.066.569</b>

The Company's main operating lease agreements as lessee are the port rent agreement of Bodrum Liman until 2019, the rent agreement signed by Pera with the General Directorate of Foundations with respect to the rental of 6.Vakif Han for 15 years and the tugboat rent agreement of Antalya Liman signed in 2009. Tugboat rent agreement has been cancelled in July 2010.

For the year ended 31 December 2010, payments recognized as rent expense are TL 1.260.789 (2009: TL 1.445.048).

##### Group as lessor

The future lease receivables under operating leases are as follows:

	2010	2009
Less than 1 year	11.410.488	7.841.094
Over 1 year no more than 5 years	42.754.967	20.817.524
More than five years	37.459.316	12.760.110
	<b>91.624.771</b>	<b>41.418.728</b>

The Group's main operating lease agreements as lessor are the rent agreements of Pera with the lessees of Sümerpark AVM and 6. Vakif Han, the marina lease agreement of Ortadoğu Liman until 2028 and various shopping center rent agreements of Ege Liman and Bodrum Liman up to 5 years.

During the year ended 31 December 2010, TL 6.072.943 (2009: TL 4.794.023) have been recognized as rent income in the consolidated financial statements.

**GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010**

CURRENCY: TURKISH LIRA ["TL"] UNLESS OTHERWISE STATED.

**21 COMMITMENTS**

As at 31 December 2010 and 2009 guarantees, pledges and mortgages (GPMs) given by the Group are presented below:

	TL Equivalent	Original amount		
		TL	USD	EURO
A Total amount of GPMs given in the name of its own legal personality	167.578.135	74.810.405	60.005.000	-
B Total amount of GPMs given in the name of the consolidated subsidiaries and joint ventures	350.042.480	272.959.824	47.499.054	1.780.839
- Total amount GPMs given in the name of the consolidated subsidiaries	245.231.036	228.536.700	10.785.152	10.000
- Total amount of GPMs given in the name of the consolidated joint ventures	104.811.444	44.423.124	36.713.902	1.770.839
C Total amount of GPMs given to be able to conduct ordinary business transactions to secure payables of third parties	12.384.600	90.000	-	6.000.000
D Other GPMs given	-	-	-	-
- Total amount of GPMs given in the name of the main shareholder	-	-	-	-
- Total amount of GPMs given in the name of other group companies except for B and C	-	-	-	-
- Total amount of GPMs given in the name of third parties except for C	-	-	-	-
<b>Total</b>	<b>530.005.215</b>	<b>347.860.229</b>	<b>107.504.054</b>	<b>7.780.839</b>

**31 December 2009**

	TL Equivalent	Original amount		
		TL	USD	EURO
A Total amount of GPMs given in the name of its own legal personality	123.769.325	29.655.546	62.505.000	-
B Total amount of GPMs given in the name of the consolidated subsidiaries and joint ventures	196.707.424	150.312.968	28.445.690	1.649.670
- Total amount GPMs given in the name of the consolidated subsidiaries	98.902.776	98.586.579	210.000	-
- Total amount of GPMs given in the name of the consolidated joint ventures	97.804.648	51.726.389	28.235.690	1.649.670
C Total amount of GPMs given to be able to conduct ordinary business transactions to secure payables of third parties	13.075.400	113.600	-	6.000.000
D Other GPMs given	-	-	-	-
- Total amount of GPMs given in the name of the main shareholder	-	-	-	-
- Total amount of GPMs given in the name of other group companies except for B and C	-	-	-	-
- Total amount of GPMs given in the name of third parties except for C	-	-	-	-
<b>Total</b>	<b>333.552.149</b>	<b>180.082.114</b>	<b>90.950.690</b>	<b>7.649.670</b>

As at 31 December 2010 the ratio of other GPMs given to the Group's equity is 0% (2009: 0%).

**GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010**

CURRENCY: TURKISH LIRA ["TL"] UNLESS OTHERWISE STATED.

**Letters of guarantees given**

As at 31 December 2010 and 2009 guarantees, the details of the GPMs given by the Group are presented below:

	<b>31 December 2010</b>	<b>31 December 2009</b>
Given for tenders (1)	77.300.000	75.285.000
Given to Energy Market Regulatory Authority (2)	23.880.299	23.470.108
Given to Privatization Administration (3)	16.346.005	4.470.376
Given to Takasbank	14.425.000	4.925.000
Statkraft	12.294.600	12.961.800
Given to İstanbul Stock Exchange	8.698.491	6.934.337
Given to Ewe Doğalgaz Sanayi ve Ticaret A.Ş.	7.398.520	-
Given to banks	3.470.339	3.653.782
Given to Capital Markets Board	1.126.776	1.333.426
Given to BOTAŞ	765.117	745.172
Given to courts	638.102	1.186.353
Given to Tax Administration	402.657	402.657
Given to ministries	300.000	150.000
Given to Osmangazi Elektrik Dağıtım A.Ş.	280.560	280.560
Given to VOB	244.200	8.333.116
Other	2.361.384	521.009
<b>Total letters of guarantee</b>	<b>169.932.050</b>	<b>144.652.696</b>
Mortgages on real estates (4)	234.116.170	100.406.663
Pledges on leased assets (5)	11.320.386	10.783.478
Equity securities given as guarantee (6)	94.154.814	70.933.662
Securities given (7)	20.481.795	6.775.650
<b>Total contingent liabilities</b>	<b>530.005.215</b>	<b>333.552.149</b>

(1) The amount consists of the letter of guarantee amounting to USD 50.000.000 given for the tender of Başkent Doğalgaz as at 31 December 2010 and 31 December 2009.

(2) The amounts include the letters of guarantee given by Group companies operating in energy sector to Energy Market Regulatory Authority (EMRA).

(3) As at 31 December 2010, the amount includes the letter of guarantee amounting to TL 15.460.000 given for privatization of Iskenderun Port to Privatization Administration and as at 31 December 2009 the amount includes the letter of guarantee amounting to TL 3.764.250 given for privatization of Bandırma Port to Privatization Administration.

(4) Mortgages on real estates

As at 31 December 2010 and 31 December 2009, there is a mortgage amounting to TL 20.000.000 over one of the buildings of Global Yatırım Holding (which is classified as property, plant and equipment) with respect to the loans obtained.

As at 31 December 2010 and 31 December 2009, there is a mortgage on land of Bilecik Demir Çelik amounting to USD 5.198.700 (TL 8.037.190) and TL 4.078.980 with respect to the loans obtained (31 December 2009: USD 5.198.700 (TL 7.861.994)).

As at 31 December 2010 and 31 December 2009, there is a mortgage on first degree amounting to TL 30.000.000 and TL 22.000.000 on the lands of th Group located in Denizli and Van (classified as investment property). Besides, as at 31 December 2010 there is a mortgage on first and second degree amounting to TL 100.000.000 and TL 50.000.000 on Pera's shopping mall construction in Denizli, respectively.

(5) Includes the pledge on the machinery and equipment (classified under property, plant and equipment) of Bilecik Demir Çelik amounting to USD 7.161.770 (TL 11.072.096) and Euro 121.170 (TL 248.290) with respect to the leasing agreements signed (31 December 2009: USD 7.161.770 (TL 10.783.478).

(6) Pledges on equity securities:

## GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010

CURRENCY: TURKISH LIRA ["TL"] UNLESS OTHERWISE STATED.

The registered shares of Energaz in its subsidiaries are pledged in favor of the lender against the loans used by Energaz and its subsidiaries as explained in Note 8. The Group's share in these shares is TL 27.433.730.

There is a pledge over the assets amounting to TL 17.303.000 (31 December 2008: TL 6.886.594 due to proportionate consolidation) with respect to the loan obtained by Ortadoğu Liman as explained in detail in Note 8.iv.

There is a pledge in favor of the financial leasing company over 3.999.999 shares of Bilecik Demir Çelik owned by the Group, shares with a par value of TL 1 amounting to TL 3.999.999 (31 December 2009: 3.999.999 shares with a par value of TL 1 amounting to TL 3.999.999), with respect to the leasing agreement made regarding the leased machinery and equipment with a value of USD 7.161.770 (TL 11.072.096) and Euro 121.170 (TL 248.289).

As at 31 December 2010 there is a pledge on the Group's shares in Ege Liman and Ortadoğu Liman with a total nominal value of TL 27.262.145 (2009: TL14.032.147) with respect to loans used by Global Liman, Ege Liman and Ortadoğu Liman. The details are presented in Note 8.

As at 31 December 2010, the Group has given marketable securities with a nominal value of USD 10.000.000 (TL 15.400.000) with respect to an ongoing lawsuit (31 December 2009: 15.057.000).

As mentioned in Note 7, as at 31 December 2010, government bonds with the carrying amount of TL 514.338 (31 December 2009: TL 1.763.316) are given as pledge to the related banks. Letter of guarantee obtained from banks, related to the pledge mentioned above, is given to ISE as a pledge. Besides as at 31 December 2010 government bonds with the carrying amount of TL 51.602 (31 December 2009: TL 50.876) are given as pledge to Takasbank.

As at 31 December 2010, the Group has pledged 3.000.000 shares of one of its subsidiaries amounting to TL 2.130.000 with respect to the guarantee for a loan (31 December 2009: TL 1.710.000).

(7) As at 31 December 2010, EYH has provided surety amounting to USD 8.748.250 for the loans of Energaz.

As at 31 December 2010 and 2009, the shareholders of Bilecik Demir Çelik provided joint guarantee with respect to the loans used by Bilecik Demir Çelik amounting to USD 4.500.000.

#### 22 EMPLOYEE BENEFITS

The Group's accounting policies require the use of actuarial assumptions to estimate the provision for employee termination indemnities. The reserve for employee termination indemnity has been calculated by estimating the present value of future probable obligation of the Group arising from the retirement of the employees and is included in the consolidated financial statements. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

	31 December 2010	31 December 2009
Discount rate	% 4,66	% 5,92
Turnover rate for the expectation of retirement probability	% 96	% 96

The major assumption is that the retirement pay liability determined for one service year is going to increase in line with the inflation. As at 31 December 2010, the provision for employee termination indemnities is calculated over the ceiling of TL 2.517 (31 December 2009: TL 2.365).

## GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010

CURRENCY: TURKISH LIRA [“TL”] UNLESS OTHERWISE STATED.

For the years ended 31 December 2010 and 2009, the movement of the provision for employee termination indemnity as follows:

<b>Provision for employee termination indemnity</b>	<b>2010</b>	<b>2009</b>
Balance at 1 January	1.239.757	1.046.147
Interest for the period	76.053	125.155
Current service costs and actuarial (gains)/losses	378.980	630.536
Currency translation differences	17.745	(1.594)
Acquisition through business combination (Note 3)	414.600	-
Paid during the period (-)	(269.292)	(560.487)
<b>Balance at 31 December</b>	<b>1.857.843</b>	<b>1.239.757</b>

For the years ended 31 December 2010 and 31 December 2009, the expenses related to the employee termination indemnity are presented in the personnel expenses under general administrative expenses and in the interest expenses under finance expenses.

### 23 OTHER ASSETS AND LIABILITIES

As at 31 December 2010 and 31 December 2009, other current assets comprised the following:

	<b>31 December 2010</b>	<b>31 December 2009</b>
Value added tax receivable	18.671.291	13.945.195
Income accruals(*)	10.048.006	10.574.209
Prepaid expenses	2.036.211	840.086
Advances given	1.814.044	903.418
Wage/salary advances given to personnel	712.219	543.012
Prepaid taxes	216.128	200.667
Others	544.660	375.141
<b>Total</b>	<b>34.042.559</b>	<b>27.381.728</b>

(\*) As at 31 December 2010, a significant portion of income accruals consists of income accruals related to natural gas sales and as at 31 December 2009, a significant portion of income accruals consists of accruals related to rental income from duty-free shops and income accruals related to natural gas sales.

As at 31 December 2010 and 31 December 2009, other non-current assets comprised the following:

	<b>31 December 2010</b>	<b>31 December 2009</b>
Advances given (*)	23.830.784	23.020.168
Value added tax receivable	2.001.048	1.810.773
Prepaid expenses	643.626	133.664
Other	8.755	60.945
<b>Total</b>	<b>26.484.213</b>	<b>25.025.550</b>

(\*) As at 31 December 2010 and 2009, a significant portion of advances given consists of advances given for projects developed by the Group.

## GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010

CURRENCY: TURKISH LIRA ["TL"] UNLESS OTHERWISE STATED.

As at 31 December 2010 and 31 December 2009, other current liabilities comprised the following:

	31 December 2010	31 December 2009
Deferred income (*)	11.140.738	5.969.845
Expense accruals	972.842	8.631
Advances received	257.881	421.160
Other	41.593	8.311
<b>Total</b>	<b>12.413.054</b>	<b>6.407.947</b>

(\*) As at 31 December 2010 deferred income includes prepaid natural gas sale income amounting to TL 9.307.689 (2009: TL 4.608.676) and deferred connection fee revenue related to future months amounting to TL 1.833.049 (2009: TL 1.336.454).

As at 31 December 2010 and 31 December 2009, other non-current liabilities comprised the following:

	31 December 2010	31 December 2009
Deferred connection fee revenue	41.876.961	31.729.138
<b>Total</b>	<b>41.876.961</b>	<b>31.729.138</b>

## 24 EQUITY

### 24.1 Share capital/treasury shares

As at 31 December 2010 and 31 December 2009, the Company's statutory nominal value of paid-in share capital consists of 22.500.368.745 registered shares (\*) with a par value of TL 1 each.

The issued capital of the Company is TL 225.003.687,45 and the authorized capital ceiling is TL 650.000.000. The shareholder structure of the Company is as follows:

	31 December 2010		31 December 2009	
	"Proportion of share %"	Value of share	"Proportion of share %"	Value of share
Mehmet Kutman	%21,43	48.213.096	%20,15	45.344.006
Erol Göker	%0,22	488.707	%0,22	488.707
Ecofin Group (**)	-	-	%17,56	39.528.792
Publicly traded shares	%78,35	176.301.884	%62,07	139.642.182
<b>Total</b>	<b>%99,99</b>	<b>225.003.687</b>	<b>%100,00</b>	<b>225.003.687</b>
Inflation accounting adjustment		34.659.630		34.659.630
<b>Inflation adjusted capital</b>		<b>259.663.317</b>		<b>259.663.317</b>

The shareholder structures as at 31 December 2010 and 2009 are derived from the lists of attendants to the General Assembly meetings dated 4 June 2010 and 6 August 2009.

The shares of the Company include privileged shares. The privileges of the (A), (D) and (E) group shares are explained below: Two of the members of the Board of Directors are chosen among the candidates nominated by the owners of the group (A) shares. One of the members of the Board of Directors is chosen among the candidates nominated by the owners of the group (D) shares and one of them is chosen among the candidates nominated by the owners of the group (E) shares. Each member of the board is chosen by the decision of the majority of the shareholders of the privileged share group that nominated the candidate. All the shareholders have the right to nominate any candidate but, in order to select such candidates for the General Assembly, the nominations should be approved by the group (A) shares before the selection. All the shareholders have the right to nominate for two candidates for the Board. In case that group (D) and group (E) shares cannot nominate any candidate, any shareholder can nominate a candidate.

(\*) Number of shares is presented in lots in the consolidated financial statements and the accompanying notes (1 lot= 100 shares).

(\*\*) Ecofin Group consists of Ecofin Global Utilities Master Fund Ltd., Ecofin Special Situations Utilities Master Fund Ltd and Ecofin Water and Power Opportunities Plc.



## **GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

#### **AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010**

CURRENCY: TURKISH LIRA ["TL"] UNLESS OTHERWISE STATED.

Some of the subsidiaries of the Company repurchase shares of the Company from the capital markets. The repurchased shares are called as repurchased shares. The shares can be sold back to the market. Profit or loss that arises as the result of the sale of the shares is as accounted for under retained earnings in the consolidated financial statements. The shares are accounted for at cost under treasury shares. Amounts related to these transactions are presented under "Own shares acquired and sold" in the consolidated statement of changes in equity. As at 31 December 2010, the Group's subsidiaries held 2,000,000 shares of Global Yatırım Holding A.Ş. (31 December 2009: 14.896.106), with the cost of TL 1.820.000 (31 December 2009: TL 11.565.130).

#### **24.2 Share premium**

Share premium represents the inflow of cash arising from the sales of shares on market value. The premium amount is included in equity and can not be distributed. It can only be used for the future capital increases. As at 31 December 2010 and 31 December 2009, the share premium of the Group is TL 174.513.

#### **24.3 Revaluation reserve and currency translation differences**

As at 31 December 2010 and 2009, the revaluation reserve comprises the cumulative net change in the fair value of available-for-sale financial assets.

As at 31 December 2010 and 2009, currency translation differences comprise the foreign exchange differences arising from the translation of the financial statements of subsidiaries and joint ventures from their functional currencies to the presentation currency (TL) recognized in the equity.

#### **24.4 Restricted reserves**

Under Turkish Commercial Code, Turkish companies are required to set aside first and second level restricted reserves out of their profits. The first legal reserve is appropriated out of the statutory profits at the rate of 5%, until the total reserve reaches a maximum of 20% of the Company's restated share capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the Company's restated share capital. However, Holding companies are not subject to this regulation. Legal reserves are only available for netting off losses unless they exceed 50% of the historical paid-in share capital otherwise they are not allowed to be used for other purposes. As at 31 December 2010 the legal reserves of the Group are TL 75.764.360 (31 December 2009: 1.284.711 TL).

The companies which are quoted to ISE are subject to the following dividend conditions as per required by CMB:

According to the decision of CMB on 25 February 2009 numbered 7/242, the net amount of distributable profit that is calculated per CMB's minimum profit distribution requirements will be wholly distributed if met by the net distributable profit of statutory records. If the amount per CMB is not met by statutory records, the amount to be distributed will be limited to the amount at the statutory records. If losses are incurred in either of CMB or statutory financial statements, no profit will be distributed.

In chapter 1 of 2010/4 weekly bulletin of CMB, to determine the principles of dividend obtained from 2008 operations of corporations coated to stock exchange market, it is stated that;

\* For corporations traded at stock exchange market, there is not a determined minimum portion of distribution; in this aspect the profit to be distributed will be determined in line with the announcements of CMB Serial IV, Number 27, the articles of the incorporation and will be in accordance with the declarations made to public.

\* For corporations that are obliged to issue consolidated financial statements, as long as met from the statutory profit; it is permitted to calculate the net distributable profit in line with the CMB's Serial XI, Number 29 "Bases for Financial Reporting in the Capital Markets" announcement which is also the profit declared at the consolidated financial statements.

\* The Corporation shall present disclosures that statutory current year profit after previous year losses deducted and total amount of other resources made object of dividend in financial statements prepared in accordance with CMB Communiqué Serial: XI, Number 29.

\* For corporations traded at stock exchange market, when it is decided to distribute profits at the board of directors meeting and will be proposed to the general assembly of the company, or when profit distribution is decided at the general assembly of the direct partnerships; correspondent to that decision in accordance with the announcement of CMB's Serial VIII, Number 54 "Bases for the Declaration of Special Situations", in the appendix of special situation announcement, the profit distribution tables of the Profit Distribution Preparation Guideline will also be declared.

## GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010

CURRENCY: TURKISH LIRA ["TL"] UNLESS OTHERWISE STATED.

According to CMB's decision on 27 January 2010 numbered 02/51, corporations traded on the stock exchange market are not obligated to distribute a specified amount of dividends. For corporations that will distribute dividends, in relation to the resolutions in their general assembly the dividends may be in cash, may be free by adding the profit into equity, or may be partially from both; it is also permitted not to distribute determined first party dividends falling below 5% of the paid-in capital of the company but, corporations that increase capital before distributing the previous year's dividends and as a result their shares are separated as "old" and "new" are obligated to distribute first party dividends in cash.

The Company's net loss for the period in the statutory books is TL 43.570.383 (2009: Net profit: TL 79.363.389) and accumulated losses (net) of the Company are TL 52.226.001 (2009: TL 62.474.474).

The Group has sold 95% of the shares in Yeşil Enerji, a subsidiary of the Group, to Statkraft AS and the profit in statutory books is exempted from tax, based on Corporate Tax Law Number 5520 5/e. In order to benefit from the tax exemption, TL 70.078.679 has been accounted for in a special fund under the equity of the statutory books. As at 31 December 2010, the amount has been transferred to the restricted reserves in the consolidated financial statements along with the reserves of the Group's subsidiaries and joint ventures.

As a result of the full consolidation of Ortadoğu Liman as at 29 June 2010 as a subsidiary, the amount of TL 1.515.630 has been transferred to restricted reserves in the consolidated statement of changes in equity in 2010. Besides, as a result of the sale of all the shares of the Group in Hedef, the reserves of Hedef amounting to TL 32.075 have been transferred from restricted reserves to retained earnings.

At the General Assembly meeting dated 4 June 2010, the Company decided not to decide on the distribution of profits as there was no distributable profit as a result of operations in 2009. At the date of reporting, the decision on the profit distribution related to 2010 has not been taken yet.

#### 24.5 Retained earnings/accumulated losses

The retained earnings/accumulated losses excluding the net income/loss for the period, and the general reserves which have retained earnings/accumulated losses nature are included in retained earnings/accumulated loss account. As at 31 December 2010, accumulated losses of the Group are TL 39.812.647 (31 December 2009: TL 48.863.751).

As a result of the sale and purchase transactions of the Group's shares in Pera (a subsidiary of the Group whose shares are traded in ISE), the Group's effective shareholding rate in Pera decreased to 28,15% as at 31 December 2009 and then increased to 33,82% as at 31 December 2010. The Group recognised the amount of TL 2.304.049 as the difference between the Group's share in net assets and net consideration paid in retained earnings and the non-controlling interests decreased by TL 5.589.401 as at 31 December 2010. Amounts related to these transactions are presented under "Sale of a subsidiary without loss of control" in the consolidated statement of changes in equity.

#### 24.6 Non-controlling interests

The net assets of the subsidiaries attributable to the shares not controlled directly or indirectly by the parent company are presented as "Non-controlling interests" in the consolidated balance sheet. As at 31 December 2010 and 2009, the non-controlling interests amount to TL 119.081.176 and 100.576.090, respectively. The net profits and losses of the subsidiaries attributable to the shares not controlled directly or indirectly by the parent company are presented as "Non-controlling interests" in the consolidated statement of comprehensive income.

In 2010, the non-controlling interests increased by TL 646.712 due to the business combination explained in detail in Note 3, by TL 210.012 due to the transactions related to the own shares acquired and sold explained in detail in Note 24.1, by TL 2.180.028 due to the increase in the capital of the subsidiaries and joint ventures of the Group whereas they decreased by TL 5.589.401 due to the sale of a subsidiary without loss of control, by TL 1.487.429 due to the cancellation of capital advances of subsidiary, by TL 870 due to the sale of Hedef explained in detail in Note 36, by TL 464.422 due to the changes in ownership interest in subsidiaries that do not result in a loss of control and by TL 24.525 due to the dividend distribution of subsidiary.

## GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010

CURRENCY: TURKISH LIRA ["TL"] UNLESS OTHERWISE STATED.

#### 25 SALES AND COST OF SALES

For the years ended 31 December 2010 and 31 December 2009, the Group's gross profit on the basis of operations comprised the following:

<b>Sales revenues</b>	<b>2010</b>	<b>2009</b>
Natural gas distribution revenues	115.352.284	132.544.454
Port operating revenues	60.963.939	41.797.348
Construction revenues	20.690.117	6.573.277
Real estate sales revenues	-	21.500.000
Other	4.561.416	4.878.772
<b>Total</b>	<b>201.567.756</b>	<b>207.293.851</b>
<b>Cost of sales</b>		
Cost of natural gas sales and services	(116.744.406)	(133.338.736)
Cost of operating ports	(32.440.882)	(17.104.279)
Cost of construction	(20.690.117)	(6.573.277)
Cost of real estate sales	-	(17.434.416)
Other	(5.967.084)	(5.004.518)
<b>Total</b>	<b>(175.842.489)</b>	<b>(179.455.226)</b>
<b>Gross profit from non-finance operations</b>	<b>25.725.267</b>	<b>27.838.625</b>
<b>Interest, fee, premium, commission, and other revenues</b>		
Agency commissions	18.118.617	17.158.532
Interest received from customers	6.974.493	4.756.652
Gain on sale of marketable securities, net	2.074.886	4.998.105
Portfolio management fees	1.610.522	1.579.770
Other revenue	785.076	756.146
<b>Total</b>	<b>29.563.594</b>	<b>29.249.205</b>
<b>Interest, fee, premium, commission, and other expenses</b>		
Commission charges	(1.180.358)	(1.050.338)
Interest charges from loans delivered to customers	(1.883.618)	(1.555.972)
<b>Total</b>	<b>(3.063.976)</b>	<b>(2.606.310)</b>
<b>Gross profit from finance operations</b>	<b>26.499.618</b>	<b>26.642.895</b>
<b>Gross profit</b>	<b>52.224.885</b>	<b>54.481.520</b>

**GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010**

CURRENCY: TURKISH LIRA ["TL"] UNLESS OTHERWISE STATED.

**26 OPERATING EXPENSES****26.1 Selling, marketing and distribution expenses**

For the years ended 31 December 2010 and 2009, selling, marketing and distribution expenses comprised the following:

	2010	2009
Advertising and promotion expenses	1.041.424	865.557
Personnel expenses	658.786	386.890
Commission expenses of derivative exchange market	649.971	553.277
Consultancy expenses	412.122	351.963
ISE settlement and custody expenses	382.218	132.336
Stock market participation share	344.977	582.736
Other expenses	276.728	371.146
	<b>3.766.226</b>	<b>3.243.905</b>

**26.2 General and administrative expenses**

For the years ended 31 December 2010 and 2009, general and administrative expenses comprised the following:

	2010	2009
Personnel expenses	32.063.234	29.813.340
Consultancy expenses	16.094.380	6.034.450
Travelling expenses	2.925.124	3.714.302
Taxes and duties	2.697.115	2.538.728
Depreciation and amortization expenses	2.536.391	2.532.912
IT expenses	1.702.536	1.377.291
Rent expenses	1.439.921	1.187.974
Communication expenses	1.383.258	1.577.592
Building management expenses	1.325.529	1.462.057
Vehicle expenses	1.101.774	1.017.935
Bad debt expenses (Note 10, Note 12 and Note 33)	907.144	3.524.566
Representation expenses	419.982	773.493
Repair and maintenance expenses	323.455	310.879
Office operating expenses	277.662	238.353
Insurance expenses	159.135	144.647
Other expenses	6.400.372	7.840.159
	<b>71.757.012</b>	<b>64.088.678</b>

**GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010**

CURRENCY: TURKISH LIRA ["TL"] UNLESS OTHERWISE STATED.

**27 EXPENSES BY NATURE**

For the years ended 31 December 2010 and 2009, the breakdown of personnel, depreciation and amortization expenses comprised the following:

<b>Personnel expenses</b>	<b>2010</b>	<b>2009</b>
Cost of sales	7.536.847	5.033.804
Selling, marketing and distribution expenses	658.786	386.890
General administrative expenses	32.063.234	29.813.340
	<b>40.258.867</b>	<b>35.234.034</b>
<b>Depreciation and amortization expenses</b>	<b>2010</b>	<b>2009</b>
Cost of sales	22.299.987	11.489.662
General administrative expenses	2.536.391	2.532.912
	<b>24.836.378</b>	<b>14.022.574</b>

**28 OTHER OPERATING INCOME/EXPENSES**

For the years ended 31 December 2010 and 2009, other operating income and expenses comprised the following:

**28.1 Other operating income**

	<b>2010</b>	<b>2009</b>
Bargain purchase gain (Note 3)	134.795.127	-
Gain on previously held interest (Note 3)	120.060.982	-
Gain on sale of financial asset available for sale	7.196.254	-
Gain on sale of investments in associates (Note 14)	-	19.084.467
Investment property valuation gain (Note 15)	51.952.055	5.969.670
Gain on sale of subsidiary	1.798.815	110.059.324
Dividend income	226.260	1.572.797
Gain on sale of tangible assets	118.149	9.132
Other	2.829.303	1.801.810
<b>Total</b>	<b>318.976.945</b>	<b>138.497.200</b>

The gain on sale of financial asset available for sale consists of the gain from the sale of the 5% of the shares in Yeşil Enerji A.Ş. as at 25 June 2010 (Note 36).

The gain on sale of subsidiary in 2010 consists of the gain on the sale of the shares in Hedef as at 17 December 2010 (Note 36). The gain on sale of subsidiary in 2009 consists of the gain on the sale of the 95% of the shares in Yeşil Enerji as at 23 June 2009 (Note 36).

**GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010**

CURRENCY: TURKISH LIRA ["TL"] UNLESS OTHERWISE STATED.

**28.2 Other operating expense**

	<b>2010</b>	<b>2009</b>
Loss on sale of real estate (Note 36)	25.175.009	-
Tax amnesty provision expenses (Note 20)	6.402.787	-
Investment property valuation loss (Note 15)	2.550.829	-
Donations (1)	2.454.944	3.994.243
Bonus share transfer	979.762	694.861
Loss on sale of joint venture (2)	466.000	-
Partial exception expenses	290.886	139.926
Loss from sale of tangible assets	5.987	180.109
Impairment losses (3)	-	12.846.430
Other	1.504.758	1.475.158
<b>Total</b>	<b>39.830.962</b>	<b>19.330.727</b>

(1) Within the framework of the social responsibility, the Group undertakes the construction of facilities for public benefit and transfers their ownership by donating them to the public institutions. In 2010, the Group undertook the construction of a school in Denizli. The construction has not finished as at the reporting date.

In 2009, the Group donated a dormitory in Refahiye, Erzincan and a building for vocational school of tourism in Aydın as part of the Group's corporate social responsibility programme.

(2) The loss on sale of joint venture is due to the sale of the 39,8% shares in Düzce Aksu (Note 36).

(3) As at 31 December 2009, the Group has compared the fair value and the carrying value of Düzce-Aksu's assets, which were transferred to assets held for sale and recognized an impairment for the difference between the fair value and the carrying value, amounting to TL 7.012.003, in its consolidated financial statements.

As at 31 December 2009, the Group has compared the recoverable amount and the carrying value of İzmir Liman's assets (development costs) and recognized impairment for the difference between value in use and carrying value, amounting to TL 5.834.427, in its consolidated financial statements.

**29 FINANCE INCOME**

For the years ended 31 December 2010 and 2009, finance income of the Group comprised the following:

	<b>2010</b>	<b>2009</b>
Foreign currency exchange gains	48.149.929	52.372.875
Interest income	4.079.088	5.595.699
Difference in valuation of derivative financial instruments, net	2.351.143	6.516.959
Other finance income	992.078	4.523
<b>Total</b>	<b>55.572.238</b>	<b>64.490.056</b>

## GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010

CURRENCY: TURKISH LIRA ["TL"] UNLESS OTHERWISE STATED.

### 30 FINANCE EXPENSES

For the years ended 31 December 2010 and 2009, finance expenses of the Group comprised the following:

	2010	2009
Foreign currency exchange losses	54.062.403	54.756.031
Interest expenses	20.139.608	22.585.348
Letter of guarantee commissions	2.554.974	3.180.041
Loan commission expenses	1.078.219	11.856
Due date differences of tax amnesty provision (Note 20)	960.418	-
Valuation differences of marketable securities, net	605.398	629.480
Letter of guarantee provision for Izmir Port (Note 20)	-	10.389.330
Other	3.871.061	1.361.180
<b>Total</b>	<b>83.272.081</b>	<b>92.913.266</b>

### 31 TAX ASSETS AND LIABILITIES

#### Corporate tax:

Provision is made in the accompanying consolidated financial statements for the estimated charge based on the each of the Group entities' results for the year.

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 utilised.

In Turkey, advance tax returns are measured and accrued on a quarterly basis. The advance corporate income tax rate for each quarter and as at 31 December 2010 is 20% (31 December 2009: 20%).

Losses can be carried forward for offsetting against future taxable income for up to 5 years. Losses cannot be carried back. In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1-25 April following the close of the accounting year to which they relate. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

The Law numbered 6111 "Concerning the Restructuring of Certain Receivables, Social Security and the Amendment of the General Health Law and Certain Other Laws and Decrees with the Force of Law" has been put into effect following its promulgation in the Official Gazette on 25 February 2011. The Group management intends to utilize the possibilities stated in the scope of the law within the application period for some of its subsidiaries with respect to the base increase of corporate tax and VAT tax as well as the contentious issues. According to the law, no assessment will be made related to the taxes and periods for which the tax bases will be increased, between the years of 2006 and 2009. The deadline for the application to take advantage of the law is 2 May 2011 and the calculations for determining the final amounts have not been finished yet. However, within the scope of the possibilities provided by the law, the additional tax amount scheduled to be paid within the 36-month term has been calculated approximately as TL 7.363.205 (including interest costs due to due date difference calculated in accordance with the law). A tax amnesty provision has been accounted for at this amount in the financial statements as at 31 December 2010 in conformity with the prudence principle (Note 20). In accordance with the relevant law, for the companies that benefit from the corporate tax base increase, 50% of the unused statutory tax losses can not be deducted from the profits in 2010 and subsequent years. The Group management has calculated the total amount of such losses as TL 28.055.376 and took into consideration the necessary adjustments related to the deferred tax calculation in the financial statements as at 31 December 2010.

#### Transfer pricing

The transfer pricing provisions are set out under the Article 13 of the Corporate Tax Law under the heading of "disguised profit distribution via transfer pricing". The General Communiqué on disguised profit distribution via transfer pricing dated 18 November 2007 sets out details about the implementation of these provisions. If a tax payer enters into transactions regarding the sale or purchase of goods and services with related parties, where the prices are not set in accordance with an arm's-length basis, the related profits are considered to be distributed in a disguised manner through transfer pricing. Such disguised profit distributions through transfer pricing are not accepted as a tax deductible for corporate income tax purposes.

## **GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

### **AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010**

CURRENCY: TURKISH LIRA ["TL"] UNLESS OTHERWISE STATED.

#### **Investment allowance:**

The Temporary Article 69 added to the Income Tax Law no.193 with the Law no.5479, which became effective starting from 1 January 2006, upon being promulgated in the Official Gazette No:26133, dated 8 April 2006, stating that taxpayers can deduct the amount of the investment allowance exemption which they are entitled to according to legislative provisions effective at 31 December 2005 (including rulings on the tax rate) only from the taxable income of 2006, 2007 and 2008. Accordingly, the investment incentive allowance practice was ended as of 1 January 2006. At this perspective, an investment allowance which cannot be deducted partially or fully in three years time was not allowed to be carried forward to the following years and became unavailable as of 31 December 2009. On the other side, the Article 19 of the Income Tax Law was annulled and the investment allowance practice was ended as of 1 January 2006 with effectiveness of the Article 2 and the Article 15 of the Law no.5479 and the investment allowance rights on the investment expenditures incurred during the period of 1 January 2006 and 8 April 2006 became unavailable.

However, at 15 October 2009, the Turkish Constitutional Court decided to cancel the clause no.2 of the Article 15 of the Law no.5479 and the expressions of "2006, 2007, 2008" in the Temporary Article 69 related to investment allowance mentioned above that enables effectiveness of the Law as of 1 January 2006 rather than 8 April 2006, since it is against the Constitution. Accordingly, the time limitations for the carried forward investment allowances that were entitled to in the previous period of mentioned date and the limitations related with the investments expenditures incurred between the issuance date of the Law promulgated and 1 January 2006 were eliminated. According to the decision of Turkish Constitutional Court, cancellation related with the investment allowance became effective with promulgation of the decision on the Official Gazette and the decision of the Turkish Constitutional Court was promulgated in the Official Gazette no.27456 dated 8 January 2010.

According to the decision mentioned above, the investment allowances carried forward to the year 2006 due to the lack of taxable income and the investment allowances earned through the investments started before 1 January 2006 and continued after that date constituting economic and technical integrity will be used not only in 2006, 2007 and 2008, but also in the following years. In addition, 40% of investment expenditures that are realized between 1 January 2006 and 8 April 2006, within the context of the Article 19 of the Income Tax Law will have the right for investment allowance exemption.

#### **Explanations regarding deferred tax**

Due to the above-mentioned cancellation decision of the Constitutional Court, the Group's joint ventures and subsidiaries' unused investment incentives could be used as a tax exemption without time limit. As at 31 December 2010, since these companies with unused investment incentives can benefit from the exemption in the future, a total deferred tax asset amounting to TL 2.108.498 (31 December 2009: TL 2.621.703) has been recognized in the consolidated financial statements.

#### **Tax exemption of real estate investment trusts**

The real estate investment trusts are exempt from corporate tax in accordance with the Corporate Tax Law numbered 5520, 5th Article and the subparagraph (1) d. According to the 15th Article of this law, even when the earnings of the real estate investment trusts are not distributed, they are subject to the withholding tax of 15 %. However, in the scope of the authorization provided by the law to the Council of Ministers, the withholding tax rate to be applied was determined to be zero with the decision of the Council of Ministers numbered 2003/6577.

#### **Tax exemption on maritime operations**

The Turkish International Ship Registry Law, authorized on 16 December 1999, is designed to accelerate the development of the Turkish maritime sector and increase its contribution to the Turkish economy. The law supports the procurement and operation of ships registered on the Turkish International Ship Registry, and yachts registered to the inventory of tourism companies. Income generated through the vessels covered by the law is not subject to income tax and expenses related to these operations are considered as disallowable expenses.

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

The usage of investment incentives was redesigned with the amendments to the related tax law published in the Official Gazette dated 1 August 2010. Accordingly, to be applied onto the 2010 calendar year income, investment incentives that will be subject to the deducted amount shall not exceed 25% of income for the year of interest, while determining the tax base.



## GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010

CURRENCY: TURKISH LIRA ["TL"] UNLESS OTHERWISE STATED.

In addition to corporate taxes, companies should also calculate income withholding taxes on any dividends distributed, except for companies receiving dividends who are resident companies in Turkey and Turkish branches of foreign companies. The rate of income withholding tax is 10% starting from 24 April 2003. This rate was changed to 15% with the code numbered 5520 article 15 commencing from 21 September 2006. After the resolution, declared in Official Gazette on 23 July 2006, this rate was changed to 15% thereafter. Undistributed dividends incorporated in share capital are not subject to income withholding taxes.

According to the Corporate Tax Law, 75% of the capital gains arising from the sale of tangible assets and investments in equity shares owned for at least two years are exempted from corporate tax on the condition that such gains are reflected in the equity with the intention to be utilised in a share capital increase within five years from the date of the sale and the sale amount is collected within two years following the year in which the sale is realized. The Company exempted gain on sale of subsidiary amounting to TL 70.078.679 arising from the sale of Yeşil Enerji to Statkraft AS in the computation of corporate tax in accordance with Board Minute taken on 13 November 2009.

#### Tax expenses:

For the years ended 31 December 2010 and 2009, tax income/(expense) comprised the following:

	2010	2009
Adjustment to previous period tax expense	-	(55.026)
Current tax charge	(5.934.018)	(1.284.160)
Deferred tax benefit	10.442.789	2.744.132
<b>Total</b>	<b>4.508.771</b>	<b>1.404.946</b>

As at 31 December 2010 and 2009, current tax liability for the period comprised the following:

	2010	2009
Current tax charge	5.934.018	1.339.186
Taxes paid during period	(5.300.053)	(1.185.987)
<b>Total</b>	<b>633.965</b>	<b>153.199</b>
Liability incurred through business combination	1.125.625	-
Change in prepaid taxes	15.461	193.305
Liability transferred related to sale of a subsidiary	-	(46.109)
Payment of previous year tax liability	322.861	22.466
<b>Income tax payable</b>	<b>2.097.912</b>	<b>322.861</b>

The tax reconciliation for the years ended 31 December 2010 and 2009 is as follows:

	%	2010	%	2009
Profit/(loss) before income tax		228.147.787		76.174.759
Corporate tax using domestic rate	20,00	(45.629.557)	20,00	(15.234.952)
Business combination effect	(22,34)	50.971.221	-	-
Effect of tax exemption on maritime operations	(0,59)	1.351.928	(1,51)	1.153.964
Effect of non-taxable income	(4,42)	10.078.920	(1,09)	830.517
Effect of disallowable expenses	1,29	(2.947.000)	3,38	(2.574.973)
Effect of investment allowance	(0,13)	287.616	(3,44)	2.621.733
Effect of unrecognized losses	3,29	(7.511.191)	2,56	(1.951.826)
Effect of exemption of the gain on the sale of subsidiary	-	-	(18,40)	14.015.736
Other	0,92	(2.093.166)	(3,34)	2.544.747
	<b>(1,98)</b>	<b>4.508.771</b>	<b>(1,84)</b>	<b>1.404.946</b>

**GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010**

CURRENCY: TURKISH LIRA ["TL"] UNLESS OTHERWISE STATED.

**Deferred Tax:**

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

In Turkey the tax legislation does not permit a parent company, its subsidiaries and associates to file a consolidated tax return. Therefore, deferred tax positions of companies with deferred tax assets and companies with deferred tax liabilities are not netted and are disclosed separately.

As at 31 December 2010 and 31 December 2009, the deferred tax assets and liabilities reflected to the consolidated financial statements are as follows:

	2010	2009
Deferred tax assets	28.767.669	25.309.640
Deferred tax liabilities	(102.634.364)	(15.801.512)
<b>Total</b>	<b>(73.866.695)</b>	<b>9.508.128</b>

For the years ending 31 December 2010 and 31 December 2009, the movement of deferred tax assets and liabilities is as follows:

	2010	2009
Balance at the beginning of the year	9.508.128	6.190.240
Deferred tax income	10.442.789	2.744.132
Exclusion from scope of consolidation	1.020	(54.672)
Business combination effect (Note 3)	(81.298.144)	-
Currency translation differences	(2.334.765)	75.305
Recognized in equity	(59.427)	560.259
Transferred to assets held for sale	-	(7.136)
Transferred from liabilities classified as held for sale (*)	(10.126.296)	-
	<b>(73.866.695)</b>	<b>9.508.128</b>

(\*) Deferred tax liabilities related to Dağören are transferred from liabilities directly associated with assets held for sale (Note 36).

Deferred tax assets and deferred tax liabilities as at 31 December 2010 and 31 December 2009 are attributable to the items presented in the table below:

	2010	2009
Adjustment to previous period tax expense	-	(55.026)
Current tax charge	(5.934.018)	(1.284.160)
Deferred tax benefit	10.442.789	2.744.132
<b>Total</b>	<b>4.508.771</b>	<b>1.404.946</b>

	2010	2009
Deferred tax assets	28.767.669	25.309.640
Deferred tax liabilities	(102.634.364)	(15.801.512)
<b>Total</b>	<b>(73.866.695)</b>	<b>9.508.128</b>

## GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010

CURRENCY: TURKISH LIRA ["TL"] UNLESS OTHERWISE STATED.

	2010	2009
Current tax charge	5.934.018	1.339.186
Taxes paid during period	(5.300.053)	(1.185.987)
<b>Total</b>	<b>633.965</b>	<b>153.199</b>
Liability incurred through business combination	1.125.625	-
Change in prepaid taxes	15.461	193.305
Liability transferred related to sale of a subsidiary	-	(46.109)
Payment of previous year tax liability	322.861	22.466
<b>Income tax payable</b>	<b>2.097.912</b>	<b>322.861</b>

As at 31 December 2010 and 31 December 2009, the breakdown of the accumulated tax losses carried forward in terms of their final years of utilization is as follows:

Expiry years of the tax losses carried forward	31 December 2010		31 December 2009	
	Recognized	Unrecognized	Recognized	Unrecognized
2010	-	-	-	-
2011	264.760	554.827	726.363	390.231
2012	709.707	5.103.255	1.270.780	4.884.864
2013	29.998.312	37.178.947	58.030.982	9.793.613
2014	3.117.577	10.321.869	3.933.895	10.103.352
2015	58.296.917	8.783.815	-	-
	<b>92.387.273</b>	<b>61.942.713</b>	<b>63.962.020</b>	<b>25.172.060</b>

#### Unrecognized deferred tax assets and liabilities

At the reporting date, the Group has statutory tax losses available for offsetting against future profits which are shown above. Such losses carried forward expire after 2015. Deferred tax assets have not been recognized in respect of some portion of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits there from. No deferred tax asset has been recognized with respect to the TL 28.055.376 due to the increase in the tax base within the scope of the Law numbered 6111 "Concerning the Restructuring of Certain Receivables, Social Security and the Amendment of the General Health Law and Certain Other Laws and Decrees with the Force of Law" as explained in Note 31 under the title "Corporate Tax". These accumulated losses would expire in the following years: TL 399.405 in 2012, TL 26.827.567 in 2013 and TL 828.404 in 2014.

#### 32 EARNINGS PER SHARE

For the years ended 31 December 2010 and 2009, earnings per share is calculated by dividing the net profit attributable to owners of the Company by the weighted average number of shares outstanding.

	2010	2009
Net profit/(loss) for the year	209.459.743	79.125.939
Net profit from continuing operations for the year	209.459.743	79.125.939
Weighted average number of shares	225.003.687	225.003.687
Weighted average number of ordinary shares	225.003.687	225.003.687
Number of shares held by the Group	(2.000.000)	(14.896.106)
Weighted average number of shares	223.003.687	210.107.581
Earnings per share with par value of TL 1 (TL full)	0,9393	0,3766
Earnings per share of continuing operations with par value of TL 1 (TL full)	0,9393	0,3766

## GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010

CURRENCY: TURKISH LIRA ["TL"] UNLESS OTHERWISE STATED.

### 33 RELATED PARTY DISCLOSURES

The related parties shown in the related party disclosures and the nature of the relation of the Group with these parties are as follows:

Related party	Nature of relations
Mehmet Kutman	Shareholder and key management personnel
Erol Göker	Shareholder and key management personnel
Tahsin Bensel	Key management personnel
Bilecik Demir Çelik	Joint venture
Enerji Yatırım Holding (EYH)	Joint venture
İzmir Liman	Joint venture
Ortadoğu Liman (*)	Joint venture
Energaz	Joint venture
Global A Type and B Type Funds	Funds of a subsidiary
Torba	Financial asset available for sale
Kentgaz	Financial asset available for sale
Medgaz (**)	Financial asset available for sale/Joint venture
Metangaz A.Ş.	Financial asset available for sale
Çorumgaz	Joint venture

(\*) Ortadoğu Liman was consolidated to the Group as a joint venture using the proportional consolidation method until 29 July 2010. After this date Ortadoğu Liman has been subject to full consolidation method as a subsidiary.

(\*\*) As explained in detail at Note 2.1.iii, Medgaz has been excluded from the scope of consolidation as a financial asset available for sale in 2009 and it has been included in the scope of consolidation as a joint venture in 2010.

#### Due from related parties

As at 31 December 2010 and 31 December 2009, current trade receivables due from related parties comprised the following:

Current trade receivables due from related parties	31 December 2010	31 December 2009
EYH and its subsidiaries	-	65.689
Ortadoğu Liman	-	6.028
Total	-	71.717

As at 31 December 2010 and 2009, current receivables from operations in finance sector-due from related parties comprised the following:

Current receivables from operations in finance sector-due from related parties	31 December 2010	31 December 2009
Mehmet Kutman (*)	10.899.549	6.577.776
Global A Type and B Type Funds	391.139	389.141
Other	340.723	-
<b>Total</b>	<b>11.631.411</b>	<b>6.966.917</b>

(\*) Includes balances for credit transactions of securities.

## GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010

CURRENCY: TURKISH LIRA ["TL"] UNLESS OTHERWISE STATED.

The movement of the provision for doubtful receivables from operations in finance sector due from related parties for the years ending 31 December 2010 and 2009 is as follows:

	31 December 2010	31 December 2009
Balance at the beginning of the period (1 January)	-	65.689
Allowance for the period	-	2.640.627
Written-off during the period	-	(2.640.627)
Balance at the of the period (31 December)	-	-

As at 31 December 2010 and 31 December 2009, other current receivables from related parties comprised the following:

Other receivables from related parties-current	31 December 2010	31 December 2009
Enerji Yatırım Holding (*)	4.749.569	1.495.134
Mehmet Kutman	2.848.513	44.247
Erol Göker	1.593.212	1.595.429
Bilecik Demir Çelik	432.841	279.461
Metangaz	424.194	278.334
Çorumgaz	311.567	278.241
İzmir Liman	311.373	264.865
Tahsin Bensel	244.861	233.688
Kentgaz A.Ş.	161.466	79.984
Other	1.159.320	710.490
<b>Total (**)</b>	<b>12.236.916</b>	<b>5.259.873</b>

(\*) A significant portion of the receivable is capital advance.

(\*\*) The amount excludes the loans provided by the Group to key management explained in the following paragraph.

As at 31 December 2009, a subsidiary of the Group has provided unsecured loans to the key management, with a limit of USD 10.000.000, having annual coupon payments and principal payment at the end of period with the maturity of 2010. As at 31 December 2009, this loan amounted to TL 15.057.000. In 2010, the maturity of the loan has been extended to 30 December 2011. As at 31 December 2009 and 31 December 2010, this receivable has been classified in other current receivables due from related parties in the balance sheet. As at 31 December 2010, the principal of this loan amounted to USD 10.000.000 and the accrued interest amounted to USD 659.851. The total loan amounted to USD 10.659.851 (TL 16.480.130) as at 31 December 2010.

As at 31 December 2010, other current receivables from related parties (including the loan provided to key management by the Group) amount to TL 28.717.046 in the consolidated financial statements (31 December 2009: TL 20.316.873).

As at 31 December 2010 and 31 December 2009, other non-current receivables from related parties comprised the following:

Other receivables from related parties-non current	31 December 2010	31 December 2009
Torba	5.029.659	4.998.972
Ortadoğu Liman	-	8.135.697
Tahsin Bensel	203.551	214.783
<b>Total</b>	<b>5.233.210</b>	<b>13.349.452</b>

**GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010**

CURRENCY: TURKISH LIRA ["TL"] UNLESS OTHERWISE STATED.

**Due to related parties**

As at 31 December 2010 and 31 December 2009, other current payables to related parties comprised the following:

<b>Other payables to related parties-current</b>	<b>31 December 2010</b>	<b>31 December 2009</b>
Kentgaz	671.884	610.203
Medgaz	-	1.347.493
Other	27.252	26.529
<b>Total</b>	<b>699.136</b>	<b>1.984.225</b>

As at 31 December 2010 and 31 December 2009, other non-current payables to related parties comprised the following:

<b>Other payables to related parties-non-current</b>	<b>31 December 2010</b>	<b>31 December 2009</b>
Energaz	635.760	668.678
Other	16.220	16.220
<b>Total</b>	<b>651.980</b>	<b>684.898</b>

**Transactions with related parties****Transactions with key management personnel**

For the years ended 31 December 2010 ve 2009, the details of benefits to key management personnel comprised the following:

	<b>31 December 2010</b>	<b>31 December 2009</b>
Salaries	7.278.246	7.348.008
Attendance fees for Board of Directors	1.611.103	1.127.354
Bonuses	651.521	603.466
Other	985.108	241.867
<b>Total</b>	<b>10.525.978</b>	<b>9.320.695</b>

The Group's interest income earned from the loan provided to key management in 2010 amounts to TL 990.040 (31 December 2009: TL 686.220).

Key management personnel compensation comprises short term employee benefits.

**Other transactions with related parties**

For the years ended 31 December 2010 and 2009, significant transactions with related parties comprised the followings:

	<b>31 December 2010</b>		<b>31 December 2009</b>	
	<b>Interest Received</b>	<b>Commision Received</b>	<b>Interest Received</b>	<b>Commision Received</b>
Mehmet Kutman (*)	1.742.680	7.649	1.944.379	328.211
Ortadoğu Liman	152.849	-	483.361	-
Erol Göker	275.711	426	169.482	-
Global A Type and B Type Funds	-	371.741	-	559.041
Other	351.513	1.260	289.467	1.936
<b>Total</b>	<b>2.522.753</b>	<b>381.076</b>	<b>2.886.689</b>	<b>889.188</b>

(\*) Includes interest on credit transaction.

In addition, for the years ended 31 December 2010 and 2009, the portfolio management commission income earned from Global funds by the Group is TL 1.495.383 and TL 1.465.074, respectively.

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## **GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

#### **AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010**

CURRENCY: TURKISH LIRA ["TL"] UNLESS OTHERWISE STATED.

#### **34 NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS**

##### **Financial risk management**

The Group has exposure to the various risks from its use of financial instruments. These are credit risk, liquidity risk and market risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

The responsibility of setting up and following up of risk management processes belongs to management of the Group. The risk management policies of the Group were set up according to ascertaining and measuring the risk faced, determining adequate risk limits and monitoring the fluctuations. Risk management policies and systems are reviewed to cover the operations of the Group and changes in market conditions.

##### **34.1 Credit Risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and financial investments. Management has a credit risk policy in place to monitor the exposure to credit risk on an ongoing basis. The Group has the ability to receive collaterals for its financial assets. Furthermore, the Group obtains letters of guarantee or similar collaterals from third parties for specific agreements and projects, if necessary.

Regarding the credibility of the counterparty, letters of guarantee or advance payments are received as collaterals of trade receivables from port operations. According to the related law and regulations, natural gas distribution companies collect security deposits from their customers, to guarantee the two months' consumption per customer on average. Credit risk resulting from brokerage activities of the Group are managed by the related companies' risk committees through the regulations on credit sales of securities promulgated by the CMB. Within the context of credit risk policies described in this paragraph, the Group does not have significant credit risk from port operations, natural gas distribution and financial operations which constitute major part of the Group's operations.

The Group enters into transactions with accredited parties or the parties that an agreement is signed in financial markets. The transactions in the treasury operations are performed by conditional exchanges through custody cash accounts.

As at 31 December 2010 and 2009, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivatives, in the consolidated balance sheet.

## GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010

CURRENCY: TURKISH LIRA ["TL"] UNLESS OTHERWISE STATED.

Carrying amounts of financial assets present maximum exposure to credit risk. As at 31 December 2010 and 2009 maximum credit risk exposure is as follows:

	Trade receivables (*)	Receivables from related parties (*)	Receivables from finance sector operations (*)	Other receivables (*)	Cash at banks	Short-term financial investments	Advances given	Total
<b>31 December 2010</b>	<b>20.817.847</b>	<b>45.581.667</b>	<b>39.124.146</b>	<b>7.221.687</b>	<b>53.204.595</b>	<b>7.814.910</b>	<b>26.357.047</b>	<b>200.121.899</b>
Portion of maximum risk covered by guarantee	6.766.457	27.995.678	33.993.209	6.395	-	-	13.818.322	82.580.061
<b>A. Net book value of financial assets neither past due nor impaired</b>	<b>19.466.523</b>	<b>45.581.667</b>	<b>39.124.146</b>	<b>7.221.687</b>	<b>53.204.595</b>	<b>7.814.910</b>	<b>26.357.047</b>	<b>198.770.575</b>
<b>B. Financial assets that would otherwise be past due or impaired whose terms have been renegotiated</b>	-	-	-	-	-	-	-	-
<b>C. Net book value of assets past due but not impaired</b>	<b>1.241.574</b>	-	-	-	-	-	-	<b>1.241.574</b>
Portion of risk covered by guarantee	1.040.920	-	-	-	-	-	-	1.040.920
<b>D. Net book value of impaired assets</b>	<b>109.750</b>	-	-	-	-	-	-	<b>109.750</b>
-Past due (gross book value)	5.059.781	-	1.283.303	-	-	-	-	6.343.084
-Impairment (-)	(4.950.031)	-	(1.283.303)	-	-	-	-	(6.233.334)
-Portion of the net book value covered by guarantee	109.750	-	-	-	-	-	-	109.750
-Not past due (gross book value)	-	-	-	-	-	-	-	-
-Impairment (-)	-	-	-	-	-	-	-	-
-Portion of the net book value covered by guarantee	-	-	-	-	-	-	-	-
<b>E. Off-balance sheet items exposed to credit risk</b>	-	-	-	-	-	-	-	-

(\*) The amounts from related parties are excluded. The receivables from related parties in the table are collectively presented under the title of "Receivables from related parties".



**GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010**

CURRENCY: TURKISH LIRA ["TL."] UNLESS OTHERWISE STATED.

	Trade receivables (*)	Receivables from related parties	Receivables from finance sector operations (*)	Other receivables (*)	Cash at banks	Short-term financial investments	Advances given	Total
<b>31 December 2009</b>								
Maximum credit risk exposure at the date of reporting	26.254.321	40.704.959	19.692.955	11.811.202	43.914.001	19.751.827	24.466.598	186.595.863
Portion of maximum risk covered by guarantee	10.257.448	21.910.051	14.786.187	-	-	-	13.497.672	60.451.358
<b>A. Net book value of financial assets neither past due nor impaired</b>	<b>25.067.710</b>	<b>40.704.959</b>	<b>19.692.955</b>	<b>11.811.202</b>	<b>43.914.001</b>	<b>19.751.827</b>	<b>24.466.598</b>	<b>185.409.252</b>
<b>B. Financial assets that would otherwise be past due or impaired whose terms have been renegotiated</b>	-	-	-	-	-	-	-	-
<b>C. Net book value of assets past due but not impaired</b>	<b>1.186.611</b>	-	-	-	-	-	-	<b>1.186.611</b>
Portion of risk covered by guarantee	1.186.611	-	-	-	-	-	-	1.186.611
<b>D. Net book value of impaired assets</b>	-	-	-	-	-	-	-	-
-Past due (gross book value)	3.896.275	-	1.285.849	-	-	-	-	5.182.124
-Impairment (-)	(3.896.275)	-	(1.285.849)	-	-	-	-	(5.182.124)
-Portion of the net book value covered by guarantee	-	-	-	-	-	-	-	-
-Not past due (gross book value)	-	-	-	-	-	-	-	-
-Impairment (-)	-	-	-	-	-	-	-	-
-Portion of the net book value covered by guarantee	-	-	-	-	-	-	-	-
<b>E. Off-balance sheet items exposed to credit risk</b>	-	-	-	-	-	-	-	-

(\*) The amounts from related parties are excluded. The receivables from related parties in the table are collectively presented under the title of "Receivables from related parties". During the impairment tests of the financial assets, the Group considered the factors which show that the amounts to be collected are not collectible.

**GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010**

CURRENCY: TURKISH LIRA ["TL"] UNLESS OTHERWISE STATED.

The maturity analysis of the assets past due but not impaired is as follows:

	<b>31 December 2010</b>	<b>31 December 2009</b>
	<b>Trade Receivables</b>	<b>Trade Receivables</b>
1 to 30 days overdue	1.091.268	830.405
1 to 3 months overdue	150.306	349.288
3 to 12 months overdue	-	6.918
<b>Total</b>	<b>1.241.574</b>	<b>1.186.611</b>
Portion of assets secured by guarantee etc.	1.040.920	1.186.611

**34.2 Liquidity risk**

Liquidity risk arises in the general funding of the Group's activities and in the management of positions. It includes both risk of being unable to fund assets at appropriate maturities and rates and risk of being unable to liquidate an asset at a reasonable price and in an appropriate time frame.

The Group continuously assesses liquidity risk by identifying and monitoring changes in funding required in meeting business goals and targets set in terms of the overall Group strategy.

Current and future loan needs of the Group are supplied by continuous accessibility of sufficient number of high quality creditors for each segment of the Group.

**31 December 2010**

<b>Contractual Maturities</b>	<b>Carrying Value</b>	<b>Total cash outflows due to contracts</b>	<b>Less than 3 months</b>	<b>3 to 12 months</b>	<b>1 to 5 years</b>	<b>More than 5 years</b>
<b>Derivative and Non-Derivative Financial Liabilities</b>						
Bank Loans	363.004.773	406.484.923	12.331.759	69.111.377	307.881.204	17.160.583
Derived Financial Commitments	662.711	662.711	-	662.711	-	-
Liabilities due to operations in finance sector	22.601.582	22.601.582	22.601.582	-	-	-
Finance lease obligations	16.373.014	19.954.716	2.744.735	3.513.863	13.696.118	-
<b>Expected Maturities</b>	<b>Carrying Value</b>	<b>Total expected cash outflows</b>	<b>Less than 3 months</b>	<b>3 to 12 months</b>	<b>1 to 5 years</b>	<b>More than 5 years</b>
<b>Non-Derivative Financial Liabilities</b>						
Trade payables	50.087.828	50.087.828	44.061.035	6.026.793	-	-
Other payables	54.598.954	54.598.954	16.082.761	5.069.212	651.980	32.795.001
Liabilities due to operations in finance sector	4.537.066	4.537.066	4.537.066	-	-	-

## GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010

CURRENCY: TURKISH LIRA ["TL"] UNLESS OTHERWISE STATED.

#### 31 December 2009

Contractual Maturities	Carrying Value	Total cash outflows due to contracts	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years
<b>Derivative and Non-Derivative Financial Liabilities</b>						
Bank Loans	221.625.777	286.312.214	15.283.411	31.180.956	219.980.270	19.867.577
Derived Financial Commitments	3.013.854	3.013.854	-	-	3.013.854	-
Liabilities due to operations in finance sector	25.295.821	25.295.821	25.295.821	-	-	-
Finance lease obligations	13.666.924	17.152.851	236.005	1.105.420	15.811.426	-
<b>Expected Maturities</b>	<b>Carrying Value</b>	<b>Total expected cash outflows</b>	<b>Less than 3 months</b>	<b>3 to 12 months</b>	<b>1 to 5 years</b>	<b>More than 5 years</b>
<b>Non-Derivative Financial Liabilities</b>						
Trade payables	41.212.929	41.212.929	37.687.880	3.525.049	-	-
Other payables	45.823.413	45.823.413	9.738.331	3.420.596	684.898	31.979.588
Liabilities due to operations in finance sector	2.344.370	2.344.370	2.344.370	-	-	-

#### 34.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Market risk for all subsidiaries is monitored and managed by the Company's centralized Treasury and Fund Management Department. Treasury and Fund Management Department uses forward transactions and option contracts to minimize possible losses from money market fluctuations.

##### i) Foreign currency risk

The Group is exposed to currency risk through transactions (such as borrowings) in foreign currencies, especially in USD and Euro. As the currency in which the Group presents its consolidated financial statements is TL, the consolidated financial statements are affected by movements in the exchange rates against TL. For the subsidiaries, whose functional currency is USD or Euro, main foreign currency is TL.

Regarding the port operations, the Group has limited exposure to currency risk since port tariff currency, which is the base of functional currency, and material transactions such as revenues and loans are denominated by the same currency.

The Group's natural gas distribution entities have also limited exposure to currency risk arising from outstanding financial liabilities since the natural gas tariffs are based on foreign currencies as stated by the related laws and regulations.

The Group uses interest swaps and options in order to limit exposure to currency risk mainly arising from financial liabilities.

**GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010**

CURRENCY: TURKISH LIRA ["TL"] UNLESS OTHERWISE STATED.

As at 31 December 2010 and 31 December 2009, foreign currency risk exposures of the Group comprised the following:

	31 December 2009			
	TL Equivalent	USD	EURO	TL
1.Trade receivables	10.562.711	500.000	4.516.036	53.869
2.a Monetary financial assets	23.471.194	7.911.384	3.562.901	3.862.089
2.b Non-monetary financial assets	-	-	-	-
3. Other	-	-	-	-
<b>4. Other current assets</b>	<b>34.033.905</b>	<b>8.411.384</b>	<b>8.078.937</b>	<b>3.915.958</b>
5.Trade receivables	-	-	-	-
6.a. Monetary financial assets	8.236.310	5.423.872	1.023	67.376
6.b. Non-monetary financial assets	-	-	-	-
7. Other	12.735.963	8.458.500	-	-
<b>8. Other non-current assets</b>	<b>20.972.273</b>	<b>13.882.372</b>	<b>1.023</b>	<b>67.376</b>
<b>Total Assets</b>	<b>55.006.178</b>	<b>22.293.756</b>	<b>8.079.960</b>	<b>3.983.334</b>
10. Trade payables	4.059.210	2.160.917	82.109	628.138
11. Financial liabilities	30.790.614	20.206.956	-	365.000
12.a. Monetary financial liabilities	19.669.594	12.270.815	-	1.193.428
12.b. Non-monetary financial liabilities	-	-	-	-
<b>13. Current liabilities</b>	<b>54.519.418</b>	<b>34.638.688</b>	<b>82.109</b>	<b>2.186.566</b>
14. Trade payables	-	-	-	-
15. Financial liabilities	151.909.322	100.889.501	-	-
16.a. Other monetary liabilities	447.308	145	-	447.089
16.b. Other non-monetary liabilities	-	-	-	-
<b>17. Non-current liabilities</b>	<b>152.356.630</b>	<b>100.889.646</b>	<b>-</b>	<b>447.089</b>
<b>18. Total liabilities</b>	<b>206.876.048</b>	<b>135.528.334</b>	<b>82.109</b>	<b>2.633.655</b>
<b>Net foreign currency asset/liability position</b>	<b>(151.869.870)</b>	<b>(113.234.578)</b>	<b>7.997.851</b>	<b>1.349.679</b>
<b>Net monetary accounts foreign currency asset/liability position</b>	<b>(151.869.870)</b>	<b>(113.234.578)</b>	<b>7.997.851</b>	<b>1.349.679</b>
<b>Export</b>	<b>None</b>			
<b>Import</b>	<b>None</b>			

TL exchange rate risk of subsidiaries and joint ventures whose functional currency is other than TL, is shown in TL line in the foreign currency risk table.

## GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010

CURRENCY: TURKISH LIRA ["TL"] UNLESS OTHERWISE STATED.

#### Sensitivity Analysis - Foreign currency risk

A 10 percent strengthening or depreciation of the Turkish Lira against the following currencies as at 31 December 2010 and 31 December 2009 would have changed equity or profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

31 December 2010	PROFIT/LOSS		EQUITY (*)	
	Increase	Decrease	Increase	Decrease
<b>A 10 percent strengthening of the USD against Turkish Lira:</b>				
1-Net USD asset/liability	(20.022.716)	20.022.716	-	-
2-Hedged portion against USD risk (-)	-	-	-	-
3-Net effect of USD (1+2)	(20.022.716)	20.022.716	-	-
<b>A 10 percent strengthening of the Euro against Turkish Lira:</b>				
4-Net Euro asset/liability	(186.967)	186.967	-	-
5-Hedged portion against Euro risk (-)	-	-	-	-
6-Net effect of Euro (4+5)	(186.967)	186.967	-	-
<b>A 10 percent strengthening of the Other currencies against Turkish Lira:</b>				
7-Net other currencies asset/liability	(2.264)	2.264	-	-
8-Hedged portion against other currencies risk (-)	-	-	-	-
9-Net effect of other currencies (7+8)	(2.264)	2.264	-	-
<b>TOTAL (3+6+9)</b>	<b>(20.211.947)</b>	<b>20.211.947</b>	<b>-</b>	<b>-</b>

(\*) Profit and loss excluded.

**GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010**

CURRENCY: TURKISH LIRA ["TL"] UNLESS OTHERWISE STATED.

31 December 2009	PROFIT/LOSS		EQUITY (*)	
	Increase	Decrease	Increase	Decrease
<b>A 10 percent strengthening of the USD against Turkish Lira:</b>				
1-Net USD asset/liability	(17.184.698)	17.184.698	-	-
2-Hedged portion against USD risk (-)	-	-	-	-
3-Net effect of USD (1+2)	(17.184.698)	17.184.698	-	-
<b>A 10 percent strengthening of the Euro against Turkish Lira:</b>				
4-Net Euro asset/liability	1.727.776	(1.727.776)	-	-
5-Hedged portion against Euro risk (-)	-	-	-	-
6-Net effect of Euro (4+5)	1.727.776	(1.727.776)	-	-
<b>A 10 percent strengthening of the Other currencies against Turkish Lira:</b>				
7-Net other currencies asset/liability	-	-	-	-
8-Hedged portion against other currencies risk (-)	-	-	-	-
9-Net effect of other currencies (7+8)	-	-	-	-
<b>TOTAL (3+6+9)</b>	<b>(15.456.922)</b>	<b>15.456.922</b>	<b>-</b>	<b>-</b>

(\*) Profit and loss excluded.

**ii) Interest rate risk**

The Group's operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets and interest-bearing liabilities mature or reprice at different times or in different amounts. This risk is managed through balancing the assets and liabilities exposed to interest rate risk and restricted use of derivative instruments.

As at 31 December 2010 and 31 December 2009, the Group used interest rate derivatives (swap) to hedge interest rate risk.

**Sensitivity analysis - interest rate risk**

As at 31 December 2010, had the interest rates been higher by 100 base points and all other variables been fixed, profit before tax would have been lower by TL 1.177.385 (31 December 2009: lower by TL 267.372), the net profit attributable to the owners of the Company would have been lower by TL 876.332 (31 December 2009: TL 142.914) and total equity attributable to equity holders of the Company would have been lower by TL 876.332 (31 December 2009: TL 142.914). Had the interest rates been lower by 100 base points, the effect would be the same but in reverse position.

**Capital risk management**

The Group's objectives when managing capital are to provide the sustainability of the Group's operations in order to bring returns and benefits to the shareholders and to reduce the cost of the capital for maintaining an optimal capital structure.

The Group monitors the capital management by using debt/capital ratio. This ratio is calculated by dividing the net debt to total capital. Net debt is calculated by deducting cash and cash equivalents from total liabilities (the sum of financial liabilities). Total capital is the sum of net debt and equity. The Group's net debt ratio calculated with this method is 34% as of 31 December 2010 (2009: 33%).

## GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010

CURRENCY: TURKISH LIRA ["TL"] UNLESS OTHERWISE STATED.

#### 35 FAIR VALUE OF FINANCIAL INSTRUMENTS

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.

The estimated fair values of financial instruments have been determined using available market information by the Group, and where it exists, using appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to determine the estimated fair value. While the management of the Group has used available market information in estimating the fair values, the market information may not be fully reflective of the value that could be realized in the current circumstances.

Fair values of cash and cash equivalents and other monetary assets are assumed to approximate their carrying amounts. The carrying amounts of trade and other receivables less the related provisions for impairment are assumed to approximate their fair values. Carrying amounts of floating rate foreign currency liabilities, which are translated to Turkish Lira using the period-end rates, are assumed to reflect their fair values.

Carrying amounts and fair values of assets and liabilities are listed below:

Financial Assets	Note	31 December 2010		31 December 2009	
		Book Value	Fair value	Book Value	Fair value
Cash and Cash Equivalents	6	56.887.495	56.887.495	48.792.107	48.792.107
Financial Investments	7	24.684.432	24.684.432	49.571.711	49.571.711
Trade Receivables	10, 33	20.817.847	20.817.847	26.326.038	26.326.038
Receivables from Operations in Finance Sector	12, 33	50.755.557	50.755.557	26.659.872	26.659.872
Other Receivables	11, 33	41.171.943	41.171.943	45.477.527	45.477.527
Other Current and Non-current assets	23	57.630.807	57.630.807	51.232.861	51.232.861
<b>Total</b>		<b>251.948.081</b>	<b>251.948.081</b>	<b>248.060.116</b>	<b>248.060.116</b>
<b>Financial Liabilities</b>					
Financial Liabilities	8	379.377.787	378.076.522	235.292.701	235.292.701
Other Financial Liabilities	9	662.711	662.711	3.013.854	3.013.854
Trade Payables	10	50.087.828	50.087.828	41.212.929	41.212.929
Liabilities due to Operations in Finance Sector	33	27.138.648	27.138.648	27.640.191	27.640.191
Other Payables	12	54.598.954	54.598.954	45.823.413	45.823.413
Other Liabilities	11, 33	1.272.316	1.272.316	438.102	438.102
<b>Total</b>	<b>23</b>	<b>513.138.244</b>	<b>511.836.979</b>	<b>353.421.190</b>	<b>353.421.190</b>

## GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010

CURRENCY: TURKISH LIRA ["TL"] UNLESS OTHERWISE STATED.

The table below analyses the valuation method of the financial instruments carried at fair value. The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Input other than quoted prices included within level 1 that are observable for the assets or liabilities, either directly (i.e., as prices) or indirectly (i.e., derived from prices);

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

31 December 2010	Level 1	Level 2	Level 3	Total
Financial assets held for trading	15.763.829	-	-	15.763.829
Financial assets available for sale	1.981.602	-	6.939.001	8.920.603
Derivative financial liabilities	-	(662.711)	-	(662.711)
	<b>17.745.431</b>	<b>(662.711)</b>	<b>6.939.001</b>	<b>24.021.721</b>

31 December 2009	Level 1	Level 2	Level 3	Total
Financial assets held for trading	36.452.340	-	-	36.452.340
Financial assets available for sale	1.513.376	-	11.605.995	13.119.371
Derivative financial liabilities	-	(3.013.854)	-	(3.013.854)
	<b>37.965.716</b>	<b>(3.013.854)</b>	<b>11.605.995</b>	<b>46.557.857</b>

### 36 ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

As at 31 December 2010, summary of assets held for sale and liabilities directly associated with these assets are as follows:

	31 December 2010		31 December 2009	
	Assets	Liabilities	Assets	Liabilities
Real Estates	3.675.561	-	71.957.222	-
Dağören Enerji and Düzce Aksu	-	-	58.265.753	12.600.549
	<b>3.675.561</b>	<b>-</b>	<b>130.222.975</b>	<b>12.600.549</b>

#### Real Estates

With the Board of Directors resolutions dated 3 September 2009, the Group has decided to sell various real estates, through auction. Therefore, as at 31 December 2009, the Group transferred these real estates to assets held for sale.

The Group publicised its intention regarding the sale of the real estates through advertisements in various newspapers. These assets include, the Holding headquarters in Karaköy, with 5.450 m2 usage area; Veli Alemdar Han with 13.900 m2 usage area, which was classified as investment property before the transfer to asset held for sale; land in Bozüyük district of Bilecik province, with total area of 29.500 m2; various lands in Kemalpaşa district of İzmir province with a total area of 84.763 m2 and land in Bodrum district of Muğla province with an area of 3.000 m2.

Veli Alemdar Han has been sold to Seba Alkoclar Gayrimenkul Yatırım ve Turizm A.Ş. at a price of USD 25.000.000 (including VAT) on 21 December 2010. USD 21.000.000 has been collected in cash and the remaining amount of USD 4.000.000 has been collected in January 2011. The Group recorded a loss on sale of real estate amounting to TL 25.175.009 in the consolidated financial statements (Note 28). The Group provided a net cash inflow amounting to TL 31.589.991 from this transaction. The Group decided to use the Holding building in Karaköy as an office and therefore reclassified it to the property, plant and equipment as at 31 December 2010. The land specified in the paragraph above is still classified as assets held for sale as at 31 December 2010 as the Group's intention to sale continues.



## GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010

CURRENCY: TURKISH LIRA ["TL"] UNLESS OTHERWISE STATED.

The real estates classified as assets held for sale by the Group are as follows:

	31 December 2010	31 December 2009
Veli Alemdar Han	-	56.765.000
Holding building in Karaköy	-	11.516.661
Land	3.675.561	3.675.561
	<b>3.675.561</b>	<b>71.957.222</b>

#### Enerji Yatırım Holding and its Subsidiaries

The Group has agreed with the other shareholders of Energaz, a subsidiary of EYH, upon increasing the share of EYH, a joint venture of the Group, in Energaz from 52,47% to 99% and submitted the required permission applications to Energy Market Regulatory Authority and the Competition Authority with respect to the share transfer. Following the approval of the permissions, the share transfer will be completed. The effective shareholding rates of the Group in EYH and Energaz are 49,99% and 26,23%, respectively. After the share transfer the effective shareholding rate in Energaz will increase from 26,23% to 49,50%. Energaz is one of the biggest natural gas distributors in Turkey. Energaz aims to develop the natural gas wholesale trade it has started in 2010 and to contribute at the highest level to the sustainable and economical resource diversity which is an important need of Turkey. In line with the decision of accelerating the investments by increasing the shareholding rate in Energaz, the reclassifications and adjustments explained in Note 2.1.c have been recorded with respect to the assets, liabilities and the income statement items (which were previously presented as discontinued operations) of EYH in the consolidated financial statements as at 31 December 2009. The related operations have been presented as continuing.

#### Yeşil Enerji and its Subsidiaries

A Share Transfer Agreement ("Agreement") has been signed at 23 June 2009, between the Group and Statkraft AS, with respect to the sale of the shares owned by the Group that represent 95% of the share capital of Yeşil Enerji. As at 23 June 2009, shares subject to the sale are transferred and handed over to Statkraft AS based on the net asset value of the Company determined as Euro 98.063.270. The selling value ("Selling Price") of the shares is determined to be Euro 85.628.849, which is 95% of Euro 90.135.630; being the value after deducting from the net asset value the net debt amounting to Euro 7.927.640 in the consolidated financial statements of the company as at the date of the transfer. Euro 75.171.189 have been collected in cash on 23 June 2009 and the remaining balance has been paid by Statkraft AS to the Group in 2010.

As at 25 June 2010 the Group has sold the 5% of the shares in Yeşil Enerji A.Ş. to Statkraft AS at a price of Euro 5.475.193. In accordance with the Agreement, in addition to the amount stated above, depending on the realization, Statkraft AS will be entitled to receive a portion of any carbon and electricity income to be received by the companies with respect to the facilities to be put in service based on below conditions. Statkraft AS will compensate 50% of the difference (difference between the base price assumption of Statkraft AS and realized price) in net electricity sales revenue (gross electricity revenue less water usage fee and taxes) generated following the first three operational years of the projects. The Group will receive 50% of carbon emission income planned to be generated in the first three operational years following the facilities to be put in service.

As at 31 December 2008, the Group reclassified all assets and liabilities of Yeşil Enerji and its subsidiaries as assets held for sale and liabilities associated with assets held for sale. In accordance with sales agreement with Statkraft AS dated 23 June 2009 and addendum related to this agreement, Düzce-Aksu and Dağören were carved out from the sale. As at 31 December 2009, assets and liabilities of Düzce-Aksu and Dağören are classified as assets held for sale and liabilities associated with assets held for sale. Düzce-Aksu has been sold at a price of Euro 2.000.000 and has been excluded from scope of consolidation as at 2 June 2010. As at 31 December 2010, due to the legal issue explained in Note 20.2.xiii, all the assets and liabilities of Dağören have been reclassified from the assets held for sale and liabilities associated with assets held for sale to the related balance sheet items.

**GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010**

CURRENCY: TURKISH LIRA ["TL"] UNLESS OTHERWISE STATED.

Details of the gain on sale of Yeşil Enerji and its subsidiaries on 23 June 2009 are as follows:

	<b>23 June 2009</b>
Cash and cash equivalents	902.486
Other trade receivables	96.882
Due from related parties	178.334
Other current assets	547.577
<b>Total current assets</b>	<b>1.725.279</b>
Other receivables	5.750
Property, plant and equipment	26.869.192
Intangible assets	47.162.555
Goodwill	16.847.088
Other non current assets	3.858.133
<b>Total non current assets</b>	<b>94.742.718</b>
Loans and borrowings	(685.435)
Other trade payables	(1.849.506)
Due to related parties	(49.858.191)
Other payables	(518.719)
Income tax liability	(46.109)
Provisions	(62.500)
<b>Total current liabilities</b>	<b>(53.020.460)</b>
Loans and borrowings	(17.422.873)
Due to related parties	(3.330.000)
Deferred tax liability	(9.362.679)
<b>Total non current liabilities</b>	<b>(30.115.552)</b>
Non-controlling interest	(730.120)
<b>Net asset value as at the selling date</b>	<b>12.601.864</b>
Share subject to sale %	%95
<b>Net asset value of subsidiaries subject to sale</b>	<b>11.971.771</b>
Selling amount	169.670.254
Receivables claimed	(47.858.740)
<b>Net selling amount</b>	<b>121.811.514</b>
Net asset value of subsidiaries subject to sale	(11.971.771)
Additional share portion of the subsidiary sold	219.581
<b>Net gain on sale of subsidiary</b>	<b>110.059.324</b>
Cash consideration on the sale of subsidiary	169.670.254
Cash and cash equivalents of subsidiary sold	(902.486)
Cash paid for additional equity of Anadolu and Akel	(25.819.039)
<b>Net cash inflow</b>	<b>142.948.729</b>

**GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010**

CURRENCY: TURKISH LIRA ["TL"] UNLESS OTHERWISE STATED.

The details of the gain resulting from the sale of the 5% of the shares in Yeşil Enerji as at 25 June 2010 are presented below:

Sales price	10,571.253
Cost value of the 5% of the shares in Yeşil Enerji as at the date of the sale	(3.374.999)
<b>Gain on sale of financial asset available for sale</b>	<b>7.196.254</b>

The details of assets and liabilities of Dağören Enerji and Düzce Aksu as at 31 December 2009 classified as assets held for sale and liabilities directly associated with assets held for sale are as follows:

**Assets**

**31 December 2009**

Cash and cash equivalents	5
Other current assets	3.520.254
Due from related parties	672.849
Property, plant and equipment	295.336
Intangible assets	53.777.309
	<b>58.265.753</b>

**Liabilities**

Trade payables	1.946
Other payables due to related parties	396.730
Other payables	60.896
Deferred tax liability	12.140.977
	<b>12.600.549</b>

**Hedef Menkul Değerler A.Ş.**

As at 17 December 2010 all the shares of the Group in Hedef Menkul Değerler A.Ş, a subsidiary of the Group, have been sold to Jakup Zablocki and Jakup Maly, who are the majority shareholders of X-Trade Brokers Dom Maklerski SA located in Poland, Mikolaj Walentynowicz, Hubert Walentynowicz and X-Broker Sp. Z.oo at a price of USD 1.221.000 paid in cash. The details of the gain on the sale of subsidiary, net cash inflow from the sale of subsidiary and the net assets sold are presented below:

Sales price	1.850.670
Group's share in the net assets of Hedef at the date of the sale	(51.855)
<b>Gain on sale of subsidiary</b>	<b>1.798.815</b>

Sales price	1.850.670
Cash and cash equivalents at the date of Hedef's sale	(5.264)
<b>Net cash inflow from subsidiary sale</b>	<b>1.845.406</b>

Cash and cash equivalents	5.264
Financial investments	26.306
Other current assets	8.178
Property, plant and equipment	16.843
Other payables	(188)
Liabilities due to operations in finance sector	(2.658)
Deferred tax liability	(1.020)
<b>Net Assets</b>	<b>52.725</b>

Effective ownership rate of the Group	98,35%
<b>Group's share in the net assets of Hedef at the date of the sale</b>	<b>51.855</b>

## GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010

CURRENCY: TURKISH LIRA ["TL"] UNLESS OTHERWISE STATED.

#### 37 GOVERNMENT GRANTS

As explained in detail in Note 31, the Group benefits from investment allowance and miscellaneous tax exemptions.

#### 38 EVENTS AFTER THE REPORTING PERIOD

(i) EYH, a joint venture of the Group has agreed with the other shareholders of Energaz, its subsidiary, upon increasing its share in Energaz from 52,47% to 99% and upon submitting the required permission applications to Energy Market Regulatory Authority and the Competition Authority with respect to this share transfer. Following the approval of the permissions, the share transfer will be completed. The effective shareholding rates of the Group in EYH and Energaz are 49,99% and 26,23%, respectively. After the share transfer the effective shareholding rate in Energaz will increase from 26,23% to 49,50%.

(ii) It has been decided to perform initial public offering of Global Liman shares based on the financial statements as at 31 December 2010. Within this scope, the shares amounting to TL 40.000.000, which will be issued by increasing the share capital of Global Liman from TL 85.000.000 to TL 125.000.000, and the shares amounting to TL 10.000.000 which are owned by the Company, will be publicly offered. In accordance with the CMB regulation, the Company may sell up to 7.500.000 additional shares (the 15% of the publicly offered shares) of Global Liman. The offering is to be realized by a consortium led by İş Yatırım Menkul Değerler A.Ş. Within the scope of the existing application to CMB the updated documents have been presented to CMB on 15 February 2011.

(iii) On 1 March 2011, Global Menkul, a subsidiary of the Group, has signed a letter of intent with the purpose of establishing a "corporate finance consultancy company" based on a 50%-50% shareholding with IEG (Deutschland) GmbH, one of the leading companies in corporate finance sector in Europe.

Within the scope of this partnership, the new company will provide consultancy services to all companies (especially SMEs) in the areas of merger, debt financing, project financing and privatization. Preparations for the establishment of this company which will be located in Turkey have been started.

(iv) On 14 March 2011 a framework agreement covering portfolio management and marketing issues has been signed by the Group and Azimut Holding S.p.A., the biggest independent portfolio management company in Italy. In accordance with this agreement, as a result of the foreseen capital increase through allotment of shares, Azimut will own 60% of the shares in Global Portföy Yönetimi A.Ş. The share transfer will be completed after the legal permissions regarding the capital increase through allotment of shares are obtained. At the end of the fourth year following the closing, Azimut has a right to sell its shares to the Group depending on certain conditions. Besides, in accordance with the framework agreement Azimut will have 5% (by public offering and/or direct share transfer) of the shares in Global Menkul Değerler A.Ş., a subsidiary of the Group, as a secondary act.

## **GLOBAL YATIRIM HOLDING A.Ş. AND ITS SUBSIDIARIES**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

#### **AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010**

CURRENCY: TURKISH LIRA ["TL"] UNLESS OTHERWISE STATED.

(v) On 1 March 2011, Enerji Yatırım Holding, a joint venture of the Group, signed a share transfer agreement with the aim to acquire the 50% share belonging to one of the existing shareholders of a company located in Turkey, which has the transmission and distribution license of natural gas and derivative products. EYH will become a 50% shareholder in the company pursuant to the approval of the related institutions.

(vi) Sümerpark Shopping Mall, owned by Pera, a subsidiary of the Group, has been officially opened on 12 March 2011.

The mall is the first phase of the multi-component Sümerpark Project run by Pera in Denizli.

The second phase within the scope of the same project, a tender for the first stage construction of the housing project Sümerpark Houses has been issued by Pera on 7 March 2011. The construction will commence after the bargaining process regarding the tender price is completed.

(vii) On 21 January 2011, CMB approved the capital decrease by TL 35.900.000 and the simultaneous capital increase by TL 29.000.000 by Pera, a subsidiary of the Group. In accordance with the General Assembly held on 15 February 2011, the capital decrease has been firstly registered and subsequently, the owners of the preferential rights used their rights to acquire new shares between 1 and 15 March 2011. For the shares whose owners have not used preferential rights will be offered to sale between 1 and 15 April 2011.

(viii) The Law numbered 6111 "Concerning the Restructuring of Certain Receivables, Social Security and the Amendment of the General Health Law and Certain Other Laws and Decrees with the Force of Law" has been put into effect following its promulgation in the Official Gazette on 25 February 2011.

(ix) On 31 March 2011, Global Liman, a subsidiary of the Group, presented a sealed proposal to the Bid Related to the Privatization of the 100% of the Shares in İDO İstanbul Deniz Otobüsleri Sanayi ve Ticaret A.Ş.

#### **39 OTHER MATTERS THAT SIGNIFICANTLY AFFECT THE CONSOLIDATED FINANCIAL STATEMENTS OR MAKE THE CONSOLIDATED FINANCIAL STATEMENTS CLEAR, INTERPRETABLE AND UNDERSTANDABLE**

Global Menkul, a subsidiary of the Group, decided to increase its share capital by TL 10.000.000, from TL 30.000.000 to TL 40.000.000 through initial public offering of the shares by limiting the preferential rights of all the shareholders and applied to CMB on 2 September 2010.



