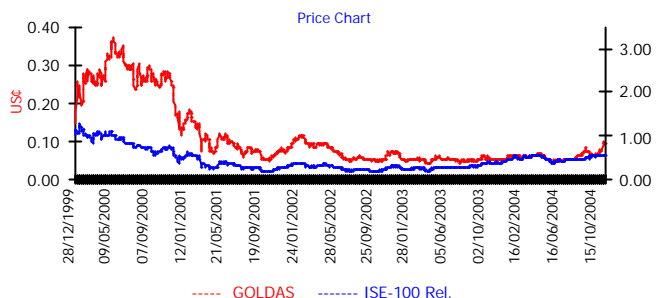




**COMPANY BRIEF
GOLDAS (GOLDS.IS)**

**11 November 2004
ACCUMULATE**

USD '000	2003	1Q2004	2Q2004	3Q2004	2004F
Net Sales	193,322	66,992	103,249	134,723	412,965
EBITDA	7,254	676	5,360	1,344	8,972
EBITDA Margin	3.8%	1.0%	5.2%	1.0%	2.2%
Net Income	-1,005	439	114	356	1,969
Net Margin	-0.5%	0.7%	0.1%	0.3%	0.5%
P/E (USD)	n.m.	n.m.	n.m.	n.m.	41.6
P/BV (USD)	0.90	0.90	0.90	0.90	0.95
EV/EBITDA	8.48	n.m.	n.m.	n.m.	6.85



TL Price	1,370	Free Float	62%
US¢	0.09	Free Float MCAP (USD mn)	47
MCAP (USD mn) Last	76	Number of Shares (000)	80,000,000
12 Months High	78	3 Months Ave. Daily Turnover (USD 000)	2,531
12 Months Low	35	YTD Change (TL)	59%
EV (USD mn)	62	YTD Change (USD)	51%

The Industry... Existing for almost 5000 years, the jewellery industry of Turkey is a quite aged cultural heritage of early Anatolia. With 5% of world's gold reserves, Turkey ranks as the 4th country in the world in terms of gold demand and manufacture of jewellery. Having an inelastic supply structure, gold also serves as a store of value in addition to being used in the jewellery industry. Gold is demanded as jewellery or ornaments in favourable periods of economies, and as an investment tool when the economic conditions are worrisome. Turkey is the leading country in the world in terms of gold demand per capita, and the second biggest exporting country after Italy.

Annual gold and silver production in Turkey approximates 90 tonnes and 200 tonnes, respectively. Turkey has imported 203.9 tonnes of gold in the year 2003, and has materialised USD 740 million worth of jewellery exports. Turkey is also the third largest exporter in the world in terms of export revenues generated. The bulk of the exports are directed to USA, United Arab Emirates and Israel.

Prices: The US dollar price of gold has gained more than 50% since it had reached a 20-years' low in August 1999. The strength of the US dollar from about 1980 to 2000 was an important reason why the gold price didn't perform well during those years. Like all prices, the gold price reflects not only the inherent value of gold, but also the relative strength of the currency in which it is quoted. It was in part the rapid rise in the dollar which had hurt the dollar gold price.

Gold in the function of an investment tool, also serves as a hedge against inflation. Another reason for gold's poor

performance between the years 1980 and 2001 was the success of the world's central bankers in fighting inflation.

The surges in gold prices generally last between one and two years. If gold is priced too low (USD 250 to 300), heavier-carat pieces are produced and miners do not seek out new sources; and the prices adjust upwards. When the prices are high, miners look to expand, and an increased supply drives down prices again.

The prices were high at the end of 2003, beyond the benchmark USD 400 per ounce price in early December. We expect the gold prices to keep their upwards movement of till the end of 2004, since the decrease in the value of US dollar helped gold prices to increase immensely, as investors sought safety in the precious metal. We estimate the prices to retain USD 380 - 400 levels in the first quarters of 2005.

Gold Price, \$ per ounce (London pm fix)





Ultimately, the prices will go back to their market clearing of USD 320 to 350 ranges, but we estimate that this time the course might take more than two years.

However, high gold prices may not affect the jewellery industry as much. High gold prices may squeeze margins; the actual cost increase that has to get passed on to the consumer has yet to be determined. There are, of course, arbitrations between the point of manufacture and the point of sale in terms of who absorbs the price increase, who has elasticity in their prices, and who is hedged well. Therefore we can tell that it may take months for an increase to factor through the system.

As regards the prices in Turkey, especially year 2003 had been a hard year for the jewellery industry along with other sectors. In addition to the uneasiness arisen from the war in Iraq and reservations regarding the SARS virus, the gold prices were extremely volatile.

The Company: Goldas was established in 1993 by Yalinkaya Group formerly active in the textiles industry. Yalinkaya Holding, the main shareholder of Goldas has then reassigned its shares to the newly established Goldart Holding. With its features of production, design and brand name, Goldas is now placed in a Group having a specialty on gold and precious metals. Currently the Group's stakes constitute 38.3% stakes in the Company, while the remaining 61.7% shares are offered to the public.

Goldas produces jewellery from 8, 9, 10, 14, 18, 22 and 24 carat gold, as well as 925 carat silver in its 4,500 sqm plant in Istanbul. The Company currently has 14 tonnes of annual production capacity. Goldas utilises computer aided design programmes for its productions. Responding to the developments on the demand side fast, the Company introduces nearly 2,500 models each year adding up to its approx. 40,000 models of existing collection of jewellery.

PRODUCTION (grams)			
	12/2001	12/2002	12/2003
8K			
9K	31,807	46,488	21,805
10K	136,487	237,752	178,679
14K	214,575	120,197	29,369
18K	3,542,038	3,592,812	2,474,040
21K	3,648,699	3,956,162	2,581,499
22K	676		1,710,751
24K	3,217,245	3,083,183	387,788

SALES (grams)			
	12/2001	12/2002	12/2003
8K	42,242	53,655	18,768
9K	137,450	291,896	174,546
10K	219,516	119,903	28,609
14K	3,638,120	3,675,253	2,494,698
18K	5,335,571	4,850,751	2,677,071
21K	187,578	39,286	-
22K	4,012,259	3,303,139	1,730,694
24K	6,071,907	6,073,009	7,880,180
SILVER	-	91,573	242,181
ALLOY	164,226	-	-
OTHER	24,550	-	-

Goldas has created a new brand in 2003 that comprises of silver products only. Under this brand, the Company sells licensed products of Walt Disney, Warner Bros, of the most popular football teams in the Country and abroad, licensed accessories of popular films and series. With this brand, Goldas aims to diversify its customer portfolio, attracting customers at all ages, incomes and cultures.

The marketing facilities of Goldas is executed by its sister company Goldas Marketing Inc., also operating its namesake stores. Goldas currently has 6 stores in the domestic market. The Company also offers its products also via the internet on www.goldas.com. The Silver D'sign branded products are sold at vending machines benefiting from SMS, credit cards in approx. 40,000 sales points such as supermarkets, toy stores, pharmacies and gas stations.

As regards the international presence, the Company exports its productions to 40 countries in 5 continents. Goldas also has two stores in United Arab Emirates (Dubai and Sharjah), one store in Germany (Oberhausen) and two stores in Russia (Moscow). The firm also has representative offices in New York/USA, London/U.K, Germany and Thailand. The affiliated offices abroad are aimed to provide Goldas a global brand name, enhancing its perception in the international markets. Goldas also has a 70% participation in a gold mining company Belgium Trade Co. in Mali.

Financial Performance: Goldas has realised USD 193.3 million net sales revenues in year 2003, in exchange of a total of 18.4Kg of gold sales of varying carats and 91.6Kg sales of silver. The Company has outperformed its 2003 figures in the year 2004; the net sales revenue of 9M2004 stands already at USD 305.0 million, 57.7% ahead of the last years' total revenues. However, the 6% gross margin of year 2003 in total could not be attained in the first three quarters of 2004, with respective gross margins of 3%, 5% and 3%. The decrease of the margins in the first three quarters of the year is attributable to a cautious pricing attitude in an environment where the gold prices are very volatile. In year 2003, Goldas generated a USD 7.3 million EBITDA from its operations. The firm appears to have overdone this feat by realising USD 7.4 million EBITDA in 9M2004.

The Company values its inventories by FIFO method by using actual cost system. According to the CMB notification, gold and other precious metals traded on stock exchanges other than organized markets are valued according to average of the weighted average prices that occur in the last 5 days before the day of the balance sheet. Surpluses based on valuations made according to the CMB notifications are accounted under non-operative revenues and profits account. Thus, Goldas has recorded a USD 20.8 million in its other income in FY2003. However, in 9M2004, as the prices have not increased as in FY2003, the Firm has



recorded a mere USD 4.2 million other income. We expect this figure to expand in the last quarter of FY2004.

Goldas also tried to reduce its financial expenses by trying to reduce the cost of financing and the amount of financial loans. The Company has significantly diminished its net debt of USD 27.6 million at FY2002-end to USD 14.8 million in FY2003-end and to USD 14.0 million at 30 Sep. 2004. Hence, the financial expenses of the Company were materialized at USD 2.8 million in 9M2004. Subsequently, despite lower stock revaluations, Goldas has recorded a USD 0.9 million net income in 9M2004, and has reversed the course of the red bottom-line figure of FY2003 (USD -1.0 million).

Prospects: Historically, Goldas has enlarged its shareholders' capital via public offerings in both the domestic and international capital markets. As of today Goldas is a well known Firm with its ADRs and GDRs trading at the US OTC and Germany.

The Company aims to broaden its presence in the international markets in order to hedge itself against country turbulences by exports by opening stores under Goldas brand name. In

parallel to this goal, the Company is currently planning to open 4 more stores in Russia.

Goldas also aims to strengthen its mining activities via its subsidiary in Mali, and in Turkey in the long run. Pregold Mining, a subsidiary of the Company also pursues studies in African countries regarding gold mining.

Goldas has recently introduced a very innovative product and named it as 'ChipGold'. The ChipGold will be offered in packages of 1, 2.5, 5, 10 and 20 grams and is planned to be exchangeable in both the domestic and international banks. With the introduction of this new investment tool, Goldas plans to bring out the traditional 'under-the-pillow' investments of Turkey and integrate them to the economy. The Company officials aim to generate USD 300 million additional annual revenue from ChipGold sales in three years' period with an assumption of USD 70 billion size of the 'under-the-pillow' investments in Turkey.

Financial Statements, Summary

<i>Balance Sheet (TL mn)</i>	<i>30/09/2004</i>	<i>30/06/2004</i>	<i>31/03/2004</i>	<i>31/12/2003</i>	<i>31/12/2002</i>
Current Assets	79.5	72.4	78.4	68.8	94.6
Liquid Assets	0.8	1.1	0.9	0.4	0.3
Marketable Securities	0.0	0.0	0.0	0.0	0.0
Short Term Trade Receivables	43.7	36.7	42.6	39.7	50.0
Other Short Term Receivables	0.0	0.1	0.0	0.0	0.0
Inventories	34.7	34.3	34.6	28.5	44.1
Other Current Assets	0.3	0.2	0.3	0.2	0.1
Long Term Assets	38.6	38.8	39.0	39.2	14.2
Long Term Trade Receivables	0.0	0.0	0.0	0.0	0.0
Other Long Term Receivables	0.0	0.0	0.0	0.0	0.0
Long Term Financial Assets	36.0	36.0	36.0	36.0	11.4
Tangible Fixed Assets	1.6	1.7	1.2	1.2	0.8
Intangible Fixed Assets	1.0	1.1	1.8	1.9	2.0
Other Long Term Assets	0.0	0.0	0.0	0.1	0.0
TOTAL ASSETS	118.1	111.2	117.4	108.0	108.8
Short Term Liabilities	31.0	24.6	31.1	21.9	35.2
Financial Loans	12.3	7.5	10.1	13.4	26.5
Trade Payables	16.5	15.0	19.0	6.3	5.0
Other Short Term Payables	0.1	0.1	0.1	0.1	0.1
Advances Received Against Orders	2.0	2.0	1.8	2.0	2.8
Provisions for Taxes and Other Payables	0.1	0.1	0.1	0.1	0.9
Long Term Liabilities	3.0	2.8	2.2	2.4	1.7
Financial Loans	2.5	2.3	1.7	1.9	1.4
Trade Payables	0.0	0.0	0.0	0.0	0.0
Other Long Term Payables	0.0	0.0	0.0	0.0	0.0
Order Advances Received	0.0	0.0	0.0	0.0	0.0
Provisions	0.5	0.5	0.5	0.5	0.3
Shareholders' Equity	84.1	83.8	84.2	83.7	71.9
Capital	53.4	54.0	54.8	58.4	45.6
Capital Commitments	0.0	0.0	0.0	0.0	0.0
Premium on Issue of Shares	0.2	0.2	0.2	0.2	0.2
Revaluation Surplus	0.0	0.0	0.0	0.0	0.0
Reserves	17.6	15.0	21.0	48.1	33.1
Current Year Income	0.9	0.6	0.4	0.0	16.9
Current Year Loss	0.0	0.0	0.0	-1.0	0.0
Accumulated Losses	-23.4	-23.4	-28.6	-21.9	-23.8
Adjustment Differences	35.4	37.4	36.4	0.0	0.0
TOTAL LIABILITIES	118.1	111.2	117.4	108.0	108.8
Income Statement (TL mn)	30/09/2004	30/06/2004	31/03/2004	31/12/2003	31/12/2002
Gross Sales	305.0	170.2	67.0	193.3	n/a
Domestic Sales	266.7	141.5	55.5	164.6	n/a
Exports	37.7	28.7	11.4	28.3	n/a
Other Sales	0.6	0.0	0.1	0.4	n/a
Deductions from Sales	0.0	0.0	0.0	0.0	n/a
Net Sales	305.0	170.2	67.0	193.3	n/a
Cost of Sales	-295.2	-162.1	-65.2	-181.5	n/a
Gross Profit/(Loss)	9.7	8.1	1.7	11.8	n/a
Operating Expenses	-3.1	-2.6	-1.3	-5.3	n/a
Operating Profit/ (Loss)	6.7	5.5	0.4	6.5	n/a
Income & Profit from Other Operations	4.2	3.1	1.4	20.8	n/a
Expenses & Losses from Other Operations	-4.5	-3.3	-0.9	-16.6	n/a
Financial Expenses	-2.8	-2.4	-0.3	-4.7	n/a
Profit Before Extraordinary Items and Tax	3.6	2.9	0.6	6.1	n/a
Extraordinary Income & Profit	0.1	0.1	0.0	0.1	n/a
Extraordinary Expenses & Losses	0.0	0.0	0.0	0.0	n/a
Net Monetary Gain/(Losses)	-2.8	-2.4	-0.2	-7.2	n/a
Profit Before Tax	0.9	0.6	0.4	-1.0	n/a
Tax & Other Legal Liabilities	0.0	0.0	0.0	0.0	n/a
Net Profit/(Loss)	0.9	0.6	0.4	-1.0	n/a



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