

GOLDAŞ KUYUMCULUK SANAYİ İTHALAT İHRACAT ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2005 (Amounts expressed in USD unless otherwise indicated)

NOTE 1 – ORGANIZATION AND NATURE OF OPERATION

a) General information

GOLDAŞ KUYUMCULUK SANAYİ İTHALAT İHRACAT A.Ş. (the Company) was incorporated in January 21, 1993 in Turkey and is engaged in manufacturing, exporting and importing gold, silver and other precious items.

The Company was listed on the Istanbul Stock Exchange in December, 1999, where 61.70% of its shares are currently quoted.

The names and percentage of shareholders having more than 10% of shares are the following;

Name	December 31, 2005	
	%	Amount
Goldart Holding A.Ş.	53.41	YTL 42,724,329.-
		USD 31,841,056.-

b) Operation and Location

The Company operates in one geographical segment (Turkey) and in one industrial segment (Manufacturing Sector).

The location of head office of the Company is situated in Istanbul and the registered address is as follows: Kayalar Sokak No: 24 Merter/ Istanbul. Additionally, the Company has a branch in AHL Free Zone.

The Company petitioned Technology Free Zone Directorate of TÜBİTAK-MAM of Turkish Treasury and General Directorate of Marmara Teknokent A.Ş. to close its branch in TÜBİTAK-MAM Free Zone as of June 1, 2005 and the decision was also issued at İMKB report of the same day. Commercial activity certificate of the branch has been cancelled as of June 1st, 2005 by the decision of Technology Free Zone Directorate of TÜBİTAK-MAM dated July 4, 2005.

The number of employees working for the company as of December 31, 2005 is 403.

c) Consolidated Affiliates and Subsidiaries

The Company put into practice the decision of Board of Directors dated July 12, 2005 No 223 with respect to adapting consolidated financial statements in conformity with Communiqué No: XI-25 of CMB of Turkey and the above-mentioned decision was issued at İMKB report.

The Company has only one consolidated affiliate called Goldaş Kıymetli Madenler Ticaret A.Ş. and its percentage of share in that company is 99.9996 as of December 31, 2005. The location of head office of the Affiliate is situated in Istanbul and the registered address is as follows: Kayalar Sokak No: 24 Merter/Istanbul. The Affiliate is engaged in exporting and importing gold, silver and other precious items.

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

a) Basis of Preparation

The accompanying financial statements are prepared in accordance with Communiqué No: XI-25 “Accounting Standards at Capital Markets” which is compatible with International Financial Reporting Standards. The basis of the preparation of the accompanying financial statements is as follows:

The Group maintains its books of account and prepares its statutory financial statements in New Turkish Lira (YTL) in accordance with the Turkish Commercial Code, regulations of Capital Market Board and Turkish Tax Legislation. The accompanying financial statements are based on the statutory records with adjustments and reclassifications for the purpose of fair presentation in accordance with Communiqué No: XI-25. These adjustments mainly resulted from valuation and accounting of tangible and intangible assets and related depreciation and amortization and provision for employment termination benefits in accordance with Communiqué No: XI-25. The Group applied all compulsory standards as of December 31, 2005 and no standards have been put into effect before the effective date.

At November 15, 2003, Capital Market Board of Turkey published Communiqué No: XI-25 related to ‘Accounting Standards of Capital Markets’. This Communiqué has become effective for the preparation of the interim and annual financial statements subsequent to January 1, 2005. However, companies could prepare their annual and interim financial statements in accordance with that Communiqué as of December 31, 2003 and subsequent periods. The Group applied the Communiqué No: XI-25 for the first time as of March 31, 2005.

The Company prepared its financial statements in consolidation with its affiliate. The Group has complied with Article 13 of Communiqué No: XI-25 and financial statements of the Affiliate have been adapted to above-mentioned article.

The accompanying consolidated financial statements prepared in “Yeni Türk Lirası” (YTL) are translated into US Dollar by using year-end exchange rate.

The Company has prepared its consolidated financial statements for the first time for the period between January 01 and June 30, 2005 in accordance with Communiqué No: XI-25 of CMB of Turkey. Therefore, the accompanying consolidated balance sheets, statements of income, and statement of changes in shareholders’ equity have not been prepared comparatively. For the purpose of helping investors form an opinion on the financial position of the Company, unconsolidated cash flow statement as of December 31, 2005 has been prepared together with that of December 31, 2004 on comparative basis.

b) Basis of Consolidation

Consolidated financial statements include the financial statements of the parent company “Goldaş Kuyumculuk Sanayi İthalat İhracat A.Ş.” and the affiliate “Goldaş Kıymetli Madenler Ticareti A.Ş.” (They are referred to as “Group”). The financial statements of the Affiliate included in consolidation are based on the statutory records with adjustments and reclassifications for the purpose of fair presentation in accordance with accounting policies of The Group and Communiqué No: XI-25 of CMB of Turkey.

1. The control relation is normally evidenced when the Company (a) owns, either directly or indirectly, more than 50% of the voting rights of a company’s share capital or (b) owns less than 50% of the voting rights but dominates financial and operating policies and is able to govern the financial and operating policies of an enterprise so as to benefit from its activities.

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(Amounts expressed in USD unless otherwise indicated)

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

The Company has only one consolidated affiliate called Goldaş Kıymetli Madenler Ticaret A.Ş. and its percentage of share at that company is 99.9996.

2. Affiliates and Subsidiaries of which the group owns less than 20 % of the voting rights or are owned more than 20% but having immaterial effect on commercial activities of the group, not listed on the stock exchange and whose fair values are not determined properly are carried to financial statements at their cost values. The above-mentioned company's percentage of share and corporate name is as follows:

<u>Company</u>	<u>December 31, 2005</u>
Belgium Trading Company	70 %

3. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

4. Financial statements of the affiliates are consolidated by using "Full Consolidation Method".

5. Principles of consolidation are as follows:

i) All inter-group receivables and liabilities have been eliminated. Order advances received and advances given for purchases have been also eliminated. For the tangible assets which have changed hands among group companies, the net book value prior to sales have been kept, in case they have not been totally depreciated. Those assets have subsequently been depreciated over the calculated value. However, among those assets which have been sold after they have totally been depreciated prior to the consolidation date and whose gain on sales have been added to shareholder's equity, have not been subject to elimination.

ii) The book value of investments in a subsidiary has been deducted from equity items of the subsidiary except for the profit. If the book value of the investments in a subsidiary exceeds the share of the parent company within the subsidiary's equity, the difference is considered as 'positive goodwill', otherwise it has been considered as 'negative goodwill.' Goodwill is included in the financial statements to the Intangible Fixed Assets. The group minority shares which have been calculated at that point are presented under 'Minority Interest' account in the balance sheet. Both negative and positive goodwill items have been subject to amortization since a company became a subsidiary. Amortization period has been determined as 20 years. Goodwill amortization expense has been classified under a separate item as 'Goodwill Amortization' within Operational Expenses

iii) Inter-company sales and purchases are deducted from total sales and purchases of the group. As a result of the assumption that all inventories be sold, unrealized profits derived from unsold inventories are not eliminated. Expenses of finance, consultancy and services which group companies have provided each other are also eliminated from total expenses of the group.

iv) Shares of the shareholders out of the group are calculated and reflected to the income statement as 'Minority Interest Expense' and to the balance sheet as 'Minority Interest'.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and cash at banks. Cash equivalents are short-term highly liquid investments that are readily convertible to cash with original maturity of three months or less and that are subject to an insignificant risk of change in value. (Note 4)

b) Related Parties

For the purpose of the accompanying consolidated financial statements, shareholders, subsidiaries, affiliated parties and key executives of the Company are considered as related parties. During the course of the Company's operations, related parties can perform mutual business transactions subject to reasonable interest charges determined by prevailing market conditions. (Note 9)

c) Foreign Currency Transactions and Translation

Income and expenses arising in foreign currencies during the year have been translated at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated at the exchange rates prevailing at the balance sheet dates. Exchange gains or losses arising from the settlement and translation of foreign currency items have been included in the related income and expense accounts, as appropriate.

d) Trade Receivables

Trade receivables are recognized at original invoice amount and carried at amortized cost less an allowance for any uncollectible amounts. An estimate for doubtful debt is made when the amount of uncollected receivables, letters of guarantee received against receivables, past experiences of the company and prevailing market conditions are taken into consideration. Amount of doubtful receivables recovered is deducted from allowances for doubtful receivables and recorded as other operating income. Bad debts are written off as a loss when identified. (Note 7)

e) Inventories

Inventories are valued at the lower of cost or net realizable value after provision for obsolete items. Cost is determined over closing price of Istanbul Gold Exchange as of balance sheet date. Cost items included in inventories represent raw materials, labour and overhead cost. Costs are determined on monthly average basis. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale. (Note 12)

f) Financial Assets

Financial assets consist of participations, associates and long-term securities acquired for the purpose of investment. Participations and associated companies are carried at fair value representing acquisition cost plus any difference on the market value of the investment as of balance sheet date. Valuation differences related to these assets are directly included in the shareholder's equity account until they are carried out from the balance sheet. When these assets are carried out of balance sheet, accumulated gains and losses resulting from the valuation of these assets shown in the shareholder's equity account are charged to the statement of income. Participations and associates having no effective market are valued at cost. Long term securities representing government bonds or treasury bills are carried at cost plus accrued interests which are charged to statement of income. (Notes 16)

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**g) Property, Plant & Equipment**

Property, plant and equipment are carried at cost less accumulated depreciation. Depreciation is calculated by using the straight-line method based on the estimated useful lives of assets. (Note 19)

The depreciation periods of property, plant and equipment, which approximate the economic useful lives of assets, are as follows:

	<u>Useful lives (Year)</u>	<u>Depreciation rate</u>
Machinery and Equipment	5 – 10	20% - 10%
Motor vehicles	5	20%
Furniture and fixtures	5	20%

Where the carrying amount of assets is greater than its estimated recoverable amount, it is written to its recoverable amount. Recoverable amount of an asset is determined as the greater of net present value of its future proceeds and its market value.

Gains or losses on disposed property, plant and equipment items are charged to the operating income accounts.

h) Intangible Assets

Intangible assets representing preopening costs, rights and leasehold improvements are carried at cost less accumulated amortization. Amortization is calculated by using straight-line method over expected useful lives of those assets. In case of any impairment exists, the carrying amount of any intangible assets is written down to its recoverable amount. (Note 20)

i) Goodwill

Goodwill arising on consolidation represents the difference between the acquisition price and the attributable share in the fair value of the underlying net assets of the group. Goodwill credited to financial statements at cost values less accumulated amortization and accumulated allowances for impairment is amortized using the straight line method over its estimated useful life not exceeding 20 years. The carrying value of goodwill is reviewed annually and adjusted for permanent impairment where it is considered necessary.

If the book value of investment made in affiliates and subsidiaries is lower than the main company's share of equity of those affiliates and subsidiaries, the difference is referred to as negative goodwill. The negative goodwill arising due to consolidation is being carried financial statements by taking into account its estimated weighted average useful life. (Note 17)

j) Provision for Employment Termination Benefits

Under the Turkish Labor Law, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, or who is called up military service. Employment termination benefits represent the present value of the estimated total reserve of the future probable obligation of the Company arising from the retirement of the employees calculated in accordance with the Turkish Labor Law. (Note 23)

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Provisions

Provisions are recognized when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

l) Contingent Assets and Liabilities

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events and not within the control of the company are not included in financial statements and treated as contingent assets or liabilities. (Note 31)

m) Finance Lease Transactions

Assets obtained through financial lease are carried to balance sheet as asset and liability at the same time in equal amounts based on the lower of fair values of related assets and present value of minimum lease payments. For the purpose of calculation of present value of minimum lease payments, implied interest rate, if not determined, lease holder's marginal borrowing interest rate is taken into account. In case those financial statements be presented on current/non-current basis, lease payables are represented under short-term or long-term liabilities. Lease payables are classified as discount on payables and financial expenses separately. Lease Assets are held subject to amortization by lease holder in respect to principles applied to all other amortized assets. In case of the fact that lease term be shorter than useful lives of lease assets, those assets are subject to amortization within useful lives. In case of uncertainty over acquisition of lease assets by lease holder at the end of the lease term, those assets are amortized within lease term. (Note 8 and 19)

n) Financial Risk Management

The company is exposed to market risks, such as changes in interest rates, currency exchange rates and capital markets. The Company's total risk management program focuses on unpredictable nature of financial markets and aims to reduce potential negative effects to minimum.

Credit Risk: Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company has not been exposed to such a risk.

Interest Rate Risk: The Company is exposed to interest rate risk through the impact of the rate changes on interest bearing assets and liabilities. The Company manages interest rate risk by making use of short-term interest bearing assets.

Liquidity Risk: Liquidity risk is probability of failing to fulfill net funding liabilities of the Company. Occurrence of events that lead to reducing funds reserves like market changes or declining credit ratings causes liquidity risk. In order to carry out existing and potential liabilities, the management of the Company allocates fund resources to have enough liquid assets to manage liquidity risks.

Foreign Exchange Risk: Foreign exchange fluctuations arising from foreign currency denominated assets and liabilities represent foreign exchange risk.

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NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o) Revenue and Expense Recognition

All interest income and losses arising from interest-bearing assets and liabilities are carried in statement of income at cost using effective interest method. Interest income represents coupon yields arising from fixed-yield marketable securities and accumulated interest derived from treasury bills.

Income and expenses are recognized on accrual basis.

p) Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

NOTE 4 – CASH AND CASH EQUIVALENTS

As of December 31, 2005, the details of cash and cash equivalents are as follows:

	December 31, 2005
Cash	309,435.-
- YTL	58,885.-
- USD	164,810.-
- EUR	85,740.-
Bank Deposits	2,064,593.-
- YTL	62,338.-
- USD	2,000,313.-
- EUR	1,702.-
- GBP	209.-
- CHF	31.-
Total	2,374,028.-

NOTE 5 – MARKETABLE SECURITIES

None.

NOTE 6 – FINANCIAL LIABILITIES

Short-Term Borrowings	December 31, 2005		
	Amount*	USD	Maturity
Bank Borrowings			
USD	10,630,000.-	10,630,000.-	January 2006- December 2006
EUR	150,000.-	177,467.-	January 2006
YTL	107,076.-	79,800.-	January 2006
Total		10,887,267.-	

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NOTE 6 – FINANCIAL LIABILITIES (Continued)

Long-Term Borrowings		December 31, 2005	
	Amount*	USD	Maturity
Bank Borrowings			
USD	439,456.-	439,455.-	March 2008
EUR	577,197.-	682,889.-	June 2008 – April 2009
TTGV** Borrowing			
USD	495,700.-	495,700.-	January 2008
Total		1,618,044.-	

* Original Currency

** Tübitak Technology Development Foundation

NOTE 7 – TRADE RECEIVABLES AND PAYABLES

a) The breakdown of Short-Term Trade Receivables is as follows:

	December 31, 2005
Trade Receivables	17,825,986.-
Rediscount on Trade Receivables (-)	(120,486.-)
Deposits and Guarantees given	8,419.-
Trade Receivables (Net)	17,713,919.-

Trade receivables are carried at discounted net realizable values using the effective yield method. Net realizable value is calculated over discount rate of 6% based on 45-day maturity.

b) The breakdown of Long-Term Trade Receivables is as follows:

	December 31, 2005
Deposits and Guarantees given	10,205.-
Trade Receivables (Net)	10,205.-

c) The breakdown of Short-Term Trade Payables is as follows:

	December 31, 2005
Trade Payables	84,037,575.-
Rediscount on Trade Payables (-)	(214,451.-)
Trade Receivables (Net)	83,823,124.-

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(Amounts expressed in USD unless otherwise indicated)**NOTE 8 – FINANCE LEASE RECEIVABLES AND PAYABLES**

The breakdown of Finance Lease Payables is as follows:

	December 31, 2005		
	Principal	Interest	Net
Within 1 month	91,279.-	30,566.-	60,713.-
1-3 months	182,690.-	59,735.-	122,955.-
3-6 months	271,316.-	85,921.-	185,395.-
6-12 months	511,001.-	158,802.-	352,199.-
Total Short-Term Payables	1,056,286.-	335,024.-	721,262.-
Total Long-Term Payables	4,077,315.-	882,134.-	3,195,181.-
Total	5,133,601.-	1,217,158.-	3,916,443.-

NOTE 9 – BALANCES AND TRANSACTIONS WITH RELATED PARTIES

a) The breakdown of Receivables from Related Parties is as follows:

	December 31, 2005
Related Parties	86,090,206.-
Total	86,090,206.-

All the Receivables from Group Companies are commercial and the breakdown of those receivables is as follows:

	December 31, 2005
Goldaş Pazarlama A.Ş.	31,095,486.-
Goldaş Dış Ticaret A.Ş.	6,426,338.-
Zer Pazarlama A.Ş.	17,705,836.-
Berr Pazarlama A.Ş.	20,703,110.-
Goldaş Dağıtım Paz. A.Ş.	10,159,436.-
Total	86,090,206.-

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(Amounts expressed in USD unless otherwise indicated)**NOTE 9 – BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)**

b) The breakdown of Payables to Related Parties is as follows:

	December 31, 2005
Goldart Holding A.Ş.	65,820.-
Yalınkaya İnşaat Turizm San Ve Tic.A.Ş.	5,470.-
Yalınnet Bilişim Bilgisayar San. Ve Tic.A.Ş.	53,286.-
Personnel Wages	3,029.-
Total	127,605.-

c) The breakdown of sale and purchase transactions with Related Parties is as follows:

	December 31, 2005	
	Purchases	Sales
Goldaş Pazarlama A.Ş.	-	84,175,604.-
Goldaş Dış Ticaret A.Ş.	613,012.-	43,261,383.-
Zer Pazarlama A.Ş.	-	82,208,354.-
Berr Pazarlama A.Ş.	-	71,973,769.-
Yalınkaya Dış Ticaret A.Ş.	241,485,430.-	-
Meydan Döviz ve Kıymetli Madenler Tic. A.Ş.	117,981,943.-	218,461,742.-
Goldaş Dağıtım Pazarlama	-	27,258,371.-
Total	360,080,385.-	527,339,223.-

d) The breakdown of other transactions with Related Parties is as follows:

	Income from Services	Income from Participation in Joint Expenses	Expenses due to Participation in Joint Expenses	Other Incomes	Other Expenses
Goldaş Dış Ticaret A.Ş.	134,148.-	33,565.-	-	78,505.-	399,828.-
Yalınnet Bilişim Bilgisayar San. Tic. A.Ş.	-	32,209.-	-	-	145,131.-
Yalınkaya Dış Ticaret A.Ş.	-	54,791.-	-	686.-	179,588.-
Goldart Holding A.Ş.	-	54,250.-	162,856.-	-	-
Berr Pazarlama A.Ş.	-	52,174.-	-	-	-
Zer Pazarlama A.Ş.	-	27,210.-	-	-	-
Meydan Döviz ve Kıymetli Madenler Tic. A.Ş.	-	-	-	-	9,687.-
Goldaş Pazarlama A.Ş.	-	-	-	39,591.-	14,141.-
Goldaş Dağıtım Pazarlama A.Ş.	-	-	-	25,455.-	-
Total	134,148.-	254,199.-	162,856.-	144,237.-	748,375.-

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2005 (Amounts expressed in USD unless otherwise indicated)

NOTE 10 – OTHER RECEIVABLES AND PAYABLES

a) The breakdown of Other Short-Term Receivables is as follows:

	<u>December 31, 2005</u>
VAT Receivables from Export	19,232.-
Other Receivables	3,074.-
Total	<u>22,306.-</u>

b) The breakdown of Other Short-Term Payables is as follows:

	<u>December 31, 2005</u>
Taxes and Funds Payable	45,373.-
Social Security Withholdings Payable	90,253.-
Other Payables	2,038.-
Total	<u>137,664.-</u>

NOTE 11 – LIVING ASSETS

None.

NOTE 12 – INVENTORIES

The breakdown of Inventories is as follows:

	<u>December 31, 2005</u>
Raw materials	5,638,245.-
Work in process	7,109,969.-
Finished goods	5,997,533.-
Merchandises	22,987,671.-
Other inventories	201,628.-
Provision for impairment (-)	(246,512.-)
Advances given	7,404,010.-
Total	<u>49,092,544.-</u>

The insurance coverage on inventories has been equal to USD 29,613,206 as of December 31, 2005.

NOTE 13 – RECEIVABLES FROM ONGOING CONSTRUCTION PROJECTS

None.

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NOTE 14 – DEFERRED TAX ASSETS AND LIABILITIES

As the probability of the Company's future taxable income is very low, no deferred taxation has been calculated.

NOTE 15 – OTHER CURRENT / NON-CURRENT ASSETS AND SHORT-TERM / LONG-TERM LIABILITIES

The breakdown of Other Current Assets is as follows:

	<u>December 31, 2005</u>
Prepaid Expenses	101,142.-
Transferred VAT	271,084.-
Job Advances	178,968.-
Total	551,194.-

NOTE 16 – FINANCIAL ASSETS

The Company participated in Belgium Trading Company (BTC) through AHL Free Zone Branch at the rate of 70%. Carrying value of the participation is USD 41,865,440 as of December 31, 2005.

As a result of the fact that the shares of Belgium Trading Company (BTC) operating in Mali are not traded in any stock exchange, market value of financial assets of that company has not been computed and those financial assets have been recorded in financial statements at their carrying value.

NOTE 17 – POSITIVE / NEGATIVE GOODWILL

The Company has consolidated its financial statements for the first time with that of its affiliate "Goldaş Kıymetli Madenler Ticareti A.Ş." as of June 30, 2005.

The details of goodwill and amortization of goodwill as of December 31, 2005 are as follows:

<u>Affiliate</u>	<u>Goodwill</u>	<u>Date of Partnership</u>	<u>Amortization for Current Period</u>	<u>Amortization of Previous Years</u>	<u>Net Goodwill</u>
Goldaş Kıymetli Madenler Tic. A.Ş.	45,848.-	October 2004	(2,245.-)	(621.-)	42,982.-

NOTE 18 – INVESTMENT PROPERTIES

None.

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a) The movements of the property, plant and equipment for the period between January 01 and December 31, 2005 are as follows:

Cost	January 01	Additions	Disposals	December 31
Lands	-	3,521,926.-	-	3,521,926.-
Machinery and Installations	2,246,661.-	203,538.-	-	2,450,199.-
Equipments	2,032,383.-	482,614.-	(*)4,536.-	2,510,461.-
Vehicles	93,647.-	-	(28,108.-)	65,539.-
Total	4,372,691.-	4,208,078.-	(32,644.-)	8,548,125.-
Accumulated Depreciation				
Lands	-	-	-	-
Machinery and Installations	(513,190.-)	(256,327.-)	-	(769,517.-)
Equipments	(1,263,904.-)	(373,899.-)	(*)2,180.-	(1,635,623.-)
Vehicles	(88,577.-)	(1,908.-)	24,946.-	(65,539.-)
Total	(1,865,671.-)	(632,134.-)	27,126.-	(2,470,679.-)
Net Book Value	2,507,020.-			6,077,446.-

(*) Those disposals are related to parent company's closed branch Tübitak Mam.

USD 3,521,926-worth of Lands, USD 537,054 portion of Machinery and Installations and USD 1,442,756 portion of Equipments represent assets acquired through finance lease.

The insurance coverage on fixed assets is equal to USD 757,323.

b) As a result of inventory count as of December 31, 2005 to assess physical conditions, estimated value and number of written-off models of various types and dimensions; it has been determined that there be 24.593 silicone or rubber moulds, 19.064 silver models and 1.609 press moulds.

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The movements of the Intangible Fixed Assets for the period between January 01 and December 31, 2005 are as follows:

Cost	January 01	Additions	Disposals	December 31
Establishment and Foundation Costs	135,949.-	24,716.-	-	160,665.-
Rights	1,561,552.-	327,372.-	-	1,888,924.-
Leasehold Improvements	258,286.-	-	-	258,286.-
Total	1,955,787.-	352,088.-	-	2,307,875.-
Accumulated Amortization				
Establishment and Foundation Costs	(132,057.-)	(26,098.-)	-	(158,155.-)
Rights	(1,370,617.-)	(315,712.-)	-	(1,686,329.-)
Leasehold Improvements	(183,168.-)	(34,187.-)	-	(217,355.-)
Total	(1,685,842.-)	(375,997.-)	-	(2,061,839.-)
Net Book Value	269,945.-			246,036.-

NOTE 21 – ADVANCES RECEIVED

None.

NOTE 22 – EMPLOYEE PENSION PLANS

None.

NOTE 23 – PROVISIONS

a) Short-Term Provisions	December 31, 2005
Provision for Taxes	445,420.-
Accrued Interest on Bank Borrowings	65,891.-
Others	127,172.-
Total	638,483.-
b) Long-Term Provisions	
December 31, 2005	
Provision for Employment Termination Benefits	236,860.-
Others	10,619.-
Total	247,479.-

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2005

(Amounts expressed in USD unless otherwise indicated)

NOTE 23 – PROVISIONS (Continued)

Under Turkish Labor Law, The Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service (20 years for women) and reaches the retirement age (58 for women and 60 for men). Since the legislation was changed on 23 May 2002, there are no certain transitional provisions relating to length of service prior to retirement. The payable amount consists of one month's salary limited to a maximum of USD 1,287 for each year of service as of December 31, 2005.

Except for legal regulations explained above, there is no adjustment on retirement commitments.

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

The reserve has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees.

International Accounting Standards require actuarial valuation methods to be developed to estimate the Company's obligation under defined benefit plans. Accordingly, actuarial assumptions and legal obligations are used in the calculation of the total liability.

The movements in the reserve for employment termination benefits during the related period are as follows:

Balance on January 01, 2005	163,316.-
Provision for the Current Period	73,544.-
Balance on December 31, 2005	236,860.-

NOTE 24 – MINORITY INTEREST

Affiliate	Minority Share	Minority Share in Net Profit / (Loss)
Goldaş Kıymetli Madenler Tic. A.Ş.	%0.0004	(4.-)

NOTE 25 – SHARE CAPITAL/ADJUSTMENTS TO SHARE CAPITAL

As of December 31, 2005, the registered paid-in share capital of the Company is YTL 80,000,000 (USD 59,621,404). As of December 31, 2005, the Company's share capital consists of 80,000,000,000 shares with YTL 0,001 (full YTL) par value each.

As of 30 September 2005, the breakdown of issued and paid-in share capital of the Company is as follows:

Company	%	December 31, 2005	
		YTL Amount	USD Amount
Goldart Holding A.Ş.	38.30	30,638,398.-	22,833,804.-
Publicly Traded	61.70	49,361,600.-	36,787,599.-
Others		2.-	1.-
Total	100.00	80,000,000.-	59,621,404.-

As of December 31, 2005, Goldart Holding A.Ş. has additional shares in publicly traded portion amounting to 12,085,931 lots.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2005 (Amounts expressed in USD unless otherwise indicated)

NOTE 26 – CAPITAL RESERVES

Differences of Inflation Adjustments related to equity items are disclosed in that account.

The breakdown of Capital Reserves is as follows:

	December 31, 2005
Inflation Adjustment on Equity Items	39,162,772.-
Total	39,162,772.-

The Company netted off USD 8,385,255 portion of differences of inflation adjustment on equity items against previous year's losses as of September 30, 2005 in accordance with the Decision Number: 630 of Capital Market Board dated December 30, 2003 (see Note 27 and 28).

NOTE 27 – PROFIT RESERVES

The legal reserves consist of first and second reserves, appropriated in accordance with The Turkish Commercial Code (TCC). TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5 % per annum, until the total reserve reaches 20% of the Company's paid-in capital.

The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% the paid-in capital. Under the TCC, the legal reserves can be used to offset losses and are not available for any other usage unless they exceed 50% of paid-in capital.

The Company netted off profit reserves against previous year's losses as of September 30, 2005 in accordance with the Decision Number: 630 of Capital Market Board dated December 30, 2003 (see Note 26 and 28).

NOTE 28- PREVIOUS PERIOD PROFIT / (LOSS)

a) Previous Period Profit / Loss

The Company offset previous year's losses against profit reserves and inflation adjustment on equity items as of September 30, 2005 in accordance with the Decision Number: 630 of Capital Market Board dated December 30, 2003 (see Note 26 and 27).

NOTE 28- PREVIOUS PERIOD PROFIT / (LOSS) (Continued)

b) Profit Distribution

The public companies distribute dividends in accordance with the CMB regulations, which can be summarized as follows:

The adjusting figure arising from the initial application of the inflation adjustment on the opening balance sheet, in accordance with Communiqué XI-25 Section 15 Paragraph 399 of CMB, should be considered as a deduction during the calculation of the inflation adjusted profit available for distribution. Furthermore, such adjusting figure which is followed under statutory accumulated losses account may be offset with the net income for the year, inappropriate prior year earnings, and the remaining portion can be offset by the restatement differences arising from the application of inflation adjustment on (i) extraordinary reserves, (ii) legal reserves and (ii) other equity items respectively.

Companies which are preparing their financial statements in accordance with IFRS are required to distribute 30% of distributable profit in 2004. Distribution can be made in cash or through distribution of bonus shares or both in certain percentages as decided by the general assembly of the Company provided that the amount will not be lower than the 30% of the profit available for distribution.

For the purposes of profit distribution, in accordance with Communiqué No: XI-25, equity items such as share capital, share premiums, legal reserves, other reserves, special reserves and general reserve, are presented at their historical amounts. The difference between the restated and historical amounts of those items is presented in the equity account under the name of 'inflation restatement difference on equity'.

Restatement differences on shareholder's equity can only be netted-off against prior year's losses and used as an internal source in capital increase where general reserve can be netted-off against prior years' losses, used in distribution of free shares and distribution of dividends to shareholders.

During the utilization of capital increases from internal sources, the amounts derived from the accounting applications of CMB and amount derived from statutory accounts must be compared and the lowest amount must be taken into consideration. In the process of profit distribution, legal reserves must be appropriated out of statutory profits in accordance with Turkish Commercial Code in the first stage. In the second stage, distributable profit computed in accordance with CMB regulations must be distributed if it is met by statutory profit. Otherwise all the distributable profit computed by statutory records must be distributed. If there is any loss derived from the accounting application of CMB or any loss arising from the statutory financial statements, no profit distribution is made.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2005

(Amounts expressed in USD unless otherwise indicated)

NOTE 29 – FOREIGN CURRENCY POSITION

The following table summarizes the Company's exposure to foreign exchange rate risk at December 31, 2005. The Company's foreign currency denominated assets and liabilities stated at carrying amounts are categorized as follows:

	EUR	USD	GBP	JPY	OTHERS	TOTAL USD
Assets:						
Cash and Cash Equivalents	87,442.-	2,165,123.-	209.-	-	31.-	2,252,805.-
Short-term Trade Receivables	-	15,840,392.-	-	-	-	15,840,392.-
Other Current Assets	56,979.-	30,405.-	6,540.-	9,218.-	14,460.-	117,602.-
Long-term Trade Receivables	-	10,000.-	-	-	-	10,000.-
Total	144,421.-	18,045,920.-	6,749.-	9,218.-	14,491.-	18,220,799.-
Liabilities:						
Short-term Borrowings	(177,467.-)	(10,630,000.-)	-	-	-	(10,807,467.-)
Short-term Lease Payables	(131,439.-)	(589,823.-)	-	-	-	(721,262.-)
Trade Payables	(101,241.-)	(82,584,522.-)	(136,201.-)	-	-	(82,821,964.-)
Long-term Borrowings	(682,889.-)	(935,156.-)	-	-	-	(1,618,045.-)
Long-term Lease Payables	(96,481.-)	(3,098,700.-)	-	-	-	(3,195,181.-)
Long-term Provisions	(3,774.-)	(6,845.-)	-	-	-	(10,619.-)
Total	(1,193,291.-)	(97,845,046.-)	(136,201.-)	-	-	(99,174,538.-)
Net Foreign Exchange Position	(1,048,870.-)	(79,799,126.-)	(129,452.-)	9,218.-	14,491.-	(80,953,739.-)

Additionally, the Company has USD 41,688,535 worth-of gold and other precious metals under inventories group.

NOTE 30 – INVESTMENT ENCOURAGEMENT CERTIFICATES

a) The amount of investment allowances utilized in current and previous periods by the Company is summarized as follows:

	December 31, 2005
Utilized Investment Allowances	-
Unutilized Investment Allowances	2,454,612.-

b) The Company has received USD 860,830 from Turkish Technology Development Fund (TTGV) under the agreement signed at July 15, 2002 with TTGV regarding capital encouragement to research and develop new products. Payment of the above-mentioned amount has been continuing and balance on December 31, 2005 amounts to USD 495,700.

GOLDAŞ KUYUMCULUK SANAYİ İTHALAT İHRACAT ANONİM ŞİRKETİ**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2005**
(Amounts expressed in USD unless otherwise indicated)**NOTE 31 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES**

	December 31, 2005
	USD
Letters of Guarantee	2,435,528.-
YTL	1,828.-
USD	2,433,700.-
Guarantee Notes	24,191,640.-
YTL	150,882.-
EUR	157,619.-
USD	23,883,139.-
Total	26,627,168.-

NOTE 32 – MERGERS AND ACQUISITIONS

None.

NOTE 33 – SEGMENT REPORTING

None.

NOTE 34 – SUBSEQUENT EVENTS

None.

NOTE 35 – DISCONTINUING OPERATIONS

None.

NOTE 36 – OPERATING INCOME

The breakdown of Operating Income is as follows:

	December 31, 2005	October 01 - December 31, 2005
Domestic Sales	1,660,850,883.-	573,130,832.-
Export Sales	56,850,944.-	17,028,751.-
Other Operating Income	586,063.-	125,608.-
Sales Returns (-)	(1,706,862,653.-)	(589,454,314.-)
Net Operating Profit/(Loss)	11,425,237.-	830,877.-

GOLDAŞ KUYUMCULUK SANAYİ İTHALAT İHRACAT ANONİM ŞİRKETİ**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2005****(Amounts expressed in USD unless otherwise indicated)****NOTE 37 – OPERATING EXPENSES**

The breakdown of Operating Expenses is as follows:

	December 31, 2005	October 01 - December 31, 2005
Research and Development Expenses	(76,930.-)	(12,133.-)
Sales and Marketing Expenses	(2,453,679.-)	(1,088,516.-)
General Administrative Expenses	(4,609,445.-)	(1,344,495.-)
Total	(7,140,054.-)	(2,445,144.-)

a) The breakdown of Sales and Marketing Expenses is as follows:

	December 31, 2005	October 01 - December 31, 2005
Advertisement Expenses	(1,871,084.-)	(886,394.-)
Exhibition Expenses	(320,766.-)	(62,822.-)
Others	(261,829.-)	(139,300.-)
Total	(2,453,679.-)	(1,088,516.-)

b) The breakdown of General Administrative Expenses is as follows:

	December 31, 2005	October 01 - December 31, 2005
Services rendered from outside	(1,226,714.-)	(379,304.-)
Personnel Expenses	(1,148,337.-)	(290,013.-)
Depreciation and Amortization Expenses	(1,010,376.-)	(283,363.-)
Provision for Employment Termination Benefits	(73,544.-)	(26,331.-)
Tax and Fiscal Duties	(55,168.-)	(8,495.-)
Others	(1,095,306.-)	(356,989.-)
Total	(4,609,445.-)	(1,344,495.-)

NOTE 38 – OTHER OPERATING INCOME AND EXPENSES

a) The breakdown of Other Operating Income is as follows:

	December 31, 2005	October 01 - December 31, 2005
Foreign Exchange Gains	11,691,553.-	4,777,353.-
Rediscount Income	669,184.-	(114,571.-)
Income from Revaluation of Inventories	446,784.-	115,944.-
Others	316,861.-	29,052.-
Total	13,124,382.-	4,807,778.-

GOLDAŞ KUYUMCULUK SANAYİ İTHALAT İHRACAT ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2005 (Amounts expressed in USD unless otherwise indicated)

NOTE 38 – OTHER OPERATING INCOME AND EXPENSES (Continued)

b) The breakdown of Other Operating Expenses is as follows:

	December 31, 2005	October 01 - December 31, 2005
Foreign Exchange Losses	(10,210,721.-)	(707,396.-)
Rediscount Expenses	(982,243.-)	4,684.-
Provision for Impairment of Inventories	(246,512.-)	(67,606.-)
Others	(152,918.-)	-
Total	(11,592,394.-)	(770,318.-)

NOTE 39 – FINANCIAL EXPENSES

The breakdown of Financial Expenses is as follows:

	December 31, 2005	October 01 - December 31, 2005
Borrowing Charges	(1,465,733.-)	(398,901.-)
Total	(1,465,733.-)	(398,901.-)

NOTE 40 – NET MONETARY GAIN / (LOSS)

None.

NOTE 41 – TAXATION

a) Tax liabilities for the current year

Income earned in foreign currency arising from activities in Free Zones is not subject to corporation tax according to Communiqué No: 50 of Corporation Tax Law. The Company has earned income from its branch in AHL Free Trade Zone and therefore has been exempted from corporation tax. Goldaş Kıymetli Madenler A.Ş. has corporation tax obligation of USD 445,420 as of reporting date.

In Turkey, corporation tax rate is 30% (2004- 33%). This rate is applied to the income before tax after adding disallowable expenses and deducting investment incentives and other exemptions. No further tax is payable unless the profit is distributed.

Dividend paid to non-resident corporations, which have office in Turkey, or resident corporations in Turkey are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 10%. Share capital increase through transfer of profit is not considered as a profit distribution and thus no withholding tax is applied.

GOLDAŞ KUYUMCULUK SANAYİ İTHALAT İHRACAT ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2005

(Amounts expressed in USD unless otherwise indicated)

NOTE 41 – TAXATION (Continued)

Corporations are required to pay prepaid tax quarterly at the rate of 30% over their taxable income. Prepaid tax is payable by the 17th day of the second month following each end of the quarter. Prepaid tax paid during each quarter is deducted from the year end corporation tax liability. The balance of the prepaid tax paid can be used to net off against other tax liabilities to the government.

Capital gains derived from the sale of equity investments and immovable assets held for not less than two years are exempt from taxation if such gains are added to the share capital.

40% of the capital expenditures over USD 7,453 (2004: USD 4,472) made subsequent to April 24, 2003, with some exceptions, are exempt from corporation tax due to investment incentive allowance. No withholding is calculated over the exempted amount. Retained investment incentive allowance is carried forward to the subsequent years. In order to utilize investment incentive allowance, there is no need to obtain a certificate. Investment allowances utilized within the scope of investment incentive certificates granted prior to April 24, 2003 are subject to withholding tax at the rate of 19.8%.

Under the Turkish taxation system, tax losses can be carried forward to offset against future taxable income for up to 5 years. Tax losses cannot be carried back to offset profits from previous periods.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within the 15th of the fourth month following the close of the financial year to which they relate. Tax returns may be inspected within 5 years from the beginning of the year.

b) Deferred Taxes

As the probability of the Company's future taxable income is very low, no deferred taxation has been calculated.

NOTE 42 – EARNINGS PER SHARE

Earnings per share disclosed in the statement of income are calculated by dividing net earnings by the weighted average number of shares that have been outstanding during the related year.

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 revaluation surplus. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issues without a corresponding change in resources, by giving them retroactive effect for the year in which they were issued and each earlier year.

Earnings per share is determined by dividing net income by the weighted average number of shares issued.

	December 31, 2005
Earnings Per Share	YTL 0.000065513 / 0.0066 % USD 0.000049

Earnings per share is same for both privileged shares and common stocks.

NOTE 43 – CASH FLOW STATEMENT

The Company has prepared its consolidated financial statements for the first time for the period between January 01 and June 30, 2005 in accordance with Communiqué No: XI-25 of CMB of Turkey. Therefore, for the purpose of helping investors form an opinion, unconsolidated cash flow statement as of December 31, 2005 has been prepared together with that of December 31, 2004 on comparative basis.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2005

(Amounts expressed in USD unless otherwise indicated)

NOTE 44 – OTHER ISSUES TO BE DISCLOSED

a - Financial statements of the Company as of December 31, 2005 have been prepared by including income and expenses arising from activities of its branch in AHL (Atatürk Airport) Free Zone.

b - The Company had petitioned Technology Free Zone Directorate of TÜBİTAK-MAM of Turkish Treasury and General Directorate of Marmara Teknokent A.Ş. to close its branch in TÜBİTAK-MAM Free Zone as of May 31, 2005 and the decision was also issued at İMKB report of the same day. Commercial activity certificate of the branch has been cancelled as of June 01, 2005 by the decision of Technology Free Zone Directorate of TÜBİTAK-MAM dated July 4, 2005.

c - The Company has two affiliates Belgium Trading Company (BTC) and Goldaş Kıymetli Madenler Ticaret A.Ş. Financial statements of Goldaş Kıymetli Madenler Ticaret A.Ş. has been consolidated with that of the main company in accordance with Communiqué NoXI-25 of CMB of Turkey as of December 31, 2005. BTC has not been held subject to consolidation due to its immaterial operating activities.

d- Article 9 of Code 5228 published in Official Gazette of 25539 dated July 31, 2004 and Multiple Article 298 of Tax Procedure Law stipulate that tax payers engaged in production, purchases and sales of gold, silver and other precious items continue to present their financial statements as inflation- adjusted. But financial statements prepared in line with standards of CMB of Turkey are not subject to inflation adjustment in accordance with Decree No 11/367 dated March 17, 2005 of CMB of Turkey.

e- The Company acquired 8684 square meter real estate in Güneşli/Istanbul through financial lease in accordance with the Decision Number: 225 dated August 04, 2005 of Board of Directors. Accordingly, USD 3,600,000 worth of financial lease agreement was signed with İş Finansal Kiralama A.Ş.

NOTE 45 – ELIMINATED ITEMS DURING CONSOLIDATION PROCESS

Account	Debit	Credit
Share Capital	745,268.-	-
Previous Period Loss	621.-	-
Goodwill	42,982.-	-
Amortization of Goodwill	2,245.-	-
Trade Payables	22,295,253.-	-
Sales Income	541,514,967.-	-
Other Operating Income	5,416.-	-
Minority Interest	4.-	-
Previous Period Loss	-	45,848.-
Subsidiaries	-	745,265.-
Minority Interest	-	7.-
Trade Receivables	-	22,295,253.-
Cost of Sales	-	541,514,967.-
Other Operating Expenses	-	5,416.-
Total	564,606,756.-	564,606,756.-