

**GOLDAŞ KUYUMCULUK SANAYİ İTHALAT İHRACAT ANONİM ŞİRKETİ**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF DECEMBER 31,2006 AND DECEMBER 31,2005**  
(Amounts expressed in USD unless otherwise indicated)

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**NOTE 1 – ORGANIZATION AND NATURE OF OPERATION**

**a) General Information**

Goldaş Kuyumculuk Sanayi İthalat İhracat A.Ş. (“The Company”) was incorporated in January 21, 1993 in Turkey and is engaged in manufacturing, exporting, importing and trading precious metals.

The Company was listed on the Istanbul Stock Exchange in December, 1999, where 61.70% of its shares are currently quoted as of December 31, 2006. (December 31, 2005: 61.70%)

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

<b>Name</b>	<b>December 31, 2006</b>		<b>December 31, 2005</b>	
	<b>%</b>	<b>Amount</b>	<b>%</b>	<b>Amount</b>
Goldart Holding A.Ş.	38.30	21,797,380.-	38.30	21,797,380.-

As of December 31, 2006, Goldart Holding A.Ş. has additional shares in publicly traded portion amounting to 12,085,931 lots. (As of December 31, 2005: 12,085,931) The stake of Goldart Holding A.Ş. in the Company has added up to 53.41% with above – mentioned shares.

**b) Location and Number of Employees**

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/ İstanbul. Additionally, the Company has a branch in AHL Free Zone.

The number of employees working for the Company as of December 31, 2006 is 593. (December 31, 2005: 403)

**c) Consolidated Affiliates and Subsidiaries**

The Company has only one affiliate that is consolidated, named Goldaş Kıymetli Madenler Ticareti A.Ş. and has 99.9996% of the shares at the company as of December 31, 2006. (December 31, 2005: 99.9996%) The location of head office of the Affiliate is situated in Istanbul and the registered address is as follows: Kayalar Sokak No: 24 Merter/ İstanbul. 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” by Capital Markets Board of Turkey. 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 Liras (TRY) in accordance with the Turkish Commercial Code, regulations of Capital Markets 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, 2006 and no standards have been put into effect before the effective date.

The Company prepared its financial statements consolidated 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 financial statements prepared in New Turkish Liras (TRY) are translated into US Dollars by using year-end exchange rate declared by Central Bank of The Republic of Turkey.

**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 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 power 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.

The Company has only one affiliate to be consolidated, named Goldaş Kıymetli Madenler Ticareti A.Ş. and has 99.9996% of the shares of the company.

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

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 Company participated in Belgium Trading Company (BTC) through AHL Free Zone Branch at the rate of 70%. The related company's financial statements have not been included in consolidation as a result of the fact that the company has not begun its operations, and its feasibility studies are being carried out. (Note 16)

3. The operating results of subsidiaries acquired or disposed 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 also been 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) 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.

iii) 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 on hand consist of New Turkish Liras and foreign currency amounts. Cash at banks consist of demand deposits in New Turkish Lira and foreign currency. Amounts in TRY are denominated in carrying value and foreign currencies have been translated at the exchange rates prevailing at the balance sheet dates.

**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, labor and overhead cost. Costs are determined on phase 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)

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**NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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)

**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:

	<b>Useful Lives (Year)</b>	<b>Depreciation Rate</b>
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 pre-opening 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**

Beginning from January 1, 2005 due to IFRS 3 –“Business Combinations”, 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 arising on consolidation is not amortized. The carrying value of goodwill is reviewed annually (As of December 31) and adjusted for permanent impairment where it is considered necessary. (Note 17)

**NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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)

**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.

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**NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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. (Note 29)

**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. 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, 2006 and December 31, 2005, the details of cash and cash equivalents are as follows:

	December 31, 2006	December 31, 2005
<b>Cash</b>	<b>435,041.-</b>	<b>295,391.-</b>
- TRY	138,633.-	56,212.-
- USD	135,302.-	157,331.-
- EUR	161,106.-	81,848.-
<b>Bank Deposits</b>	<b>295,324.-</b>	<b>1,970,881.-</b>
- TRY	38,492.-	59,508.-
- USD	253,026.-	1,909,519.-
- EUR	3,654.-	1,625.-
- GBP	88.-	199.-
- CHF	6.-	30.-
- JPY	42.-	-
- CAD	16.-	-
<b>Total</b>	<b>730,365.-</b>	<b>2,266,272.-</b>

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**NOTE 5 – MARKETABLE SECURITIES**

None. ( December 31,2005: None)

**NOTE 6 – FINANCIAL LIABILITIES**

As of December 31,2006 the details of bank loans are as follows:

<b>Short-Term Bank Loans</b>	<b>Amount (*)</b>	<b>USD</b>	<b>Maturity</b>
USD	26,713,782.-	26,713,782.-	January 2007- December 2007
EURO	189,304.-	249,357.-	April 2007 - December 2007
<b>TTGV(**) Borrowing</b>			
USD	240,000.-	240,000.-	January 2007- October 2007
<b>Total</b>		<b>27,203,139.-</b>	
<b>Long-Term Bank Loans</b>			
USD	76,891.-	76,891.-	March 2008
EURO	183,190.-	241,304.-	April 2008 - April 2009
<b>TTGV(**) Borrowing</b>			
USD	15,700.-	15,700.-	January 2008
<b>Total</b>		<b>333,895.-</b>	

As of December 31,2005 the details of bank loans are as follows:

<b>Short-Term Bank Loans</b>	<b>Amount (*)</b>	<b>USD</b>	<b>Maturity</b>
USD	10,630,000.-	10,147,505.-	January 2006- December 2006
EURO	150,000.-	169,412.-	January 2006
TRY	107,076.-	76,178.-	January 2006
<b>Total</b>		<b>10,393,095.-</b>	
<b>Long-Term Bank Loans</b>			
USD	439,456.-	419,508.-	March 2008
EURO	577,197.-	651,893.-	June 2008 – April 2009
<b>TTGV(**) Borrowing</b>			
USD	495,700.-	473,201.-	January 2008
<b>Total</b>		<b>1,544,602.-</b>	

(\*) Original Currency

(\*\* ) Tübitak Technology Development Foundation

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**NOTE 7 – TRADE RECEIVABLES AND PAYABLES**

a) The breakdown of short-term trade receivables is as follows:

<b>Short-Term Trade Receivables</b>	<b>December 31, 2006</b>	<b>December 31, 2005</b>
Trade Receivables	7,631,418.-	17,016,867.-
Rediscount on Trade Receivables (-)	(56,809.-)	(115,017.-)
Deposits and Guarantees Given	318,376.-	8,036.-
<b>Trade Receivables ( Net )</b>	<b>7,892,985.-</b>	<b>16,909,886.-</b>

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:

<b>Long-Term Trade Receivables</b>	<b>December 31, 2006</b>	<b>December 31, 2005</b>
Deposits and Guarantees Given	14,148.-	9,742.-
<b>Trade Receivables ( Net )</b>	<b>14,148.-</b>	<b>9,742.-</b>

c) The breakdown of short-term trade payables is as follows:

<b>Short-Term Trade Payables</b>	<b>December 31, 2006</b>	<b>December 31, 2005</b>
Trade Payables	88,206,529.-	80,223,122.-
Rediscount on Trade Payables (-)	(325,777.-)	(204,718.-)
<b>Trade Payables ( Net )</b>	<b>87,880,752.-</b>	<b>80,018,404.-</b>

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**NOTE 8 – FINANCE LEASE RECEIVABLES AND PAYABLES**

As of December 31, 2006 and December 31, 2005, details of financial lease payables are as follows:

<b>December 31, 2006</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
<b>Maturity</b>			
Within 1 month	71,246.-	29,326.-	100,572.-
1-3 months	143,048.-	59,111.-	202,159.-
3-6 months	207,051.-	83,527.-	290,578.-
6-12 months	392,187.-	152,862.-	545,049.-
<b>Total Short-Term Payables</b>	<b>813,532.-</b>	<b>324,826.-</b>	<b>1,138,358.-</b>
1-2 years	723,071.-	255,087.-	978,158.-
2-3 years	707,696.-	188,741.-	896,437.-
3-4 years	621,612.-	126,589.-	748,201.-
4-5 years	628,080.-	69,380.-	697,460.-
+ 5 years	394,421.-	12,681.-	407,102.-
<b>Total Long-Term Payables</b>	<b>3,074,880.-</b>	<b>652,478.-</b>	<b>3,727,358.-</b>
<b>Total</b>	<b>3,888,412.-</b>	<b>977,304.-</b>	<b>4,865,716.-</b>

<b>December 31, 2005</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
<b>Maturity</b>			
Within 1 month	57,958.-	29,178.-	87,136.-
1-3 months	117,373.-	57,024.-	174,397.-
3-6 months	176,981.-	82,021.-	259,002.-
6-12 months	336,212.-	151,594.-	487,806.-
<b>Total Short-Term Payables</b>	<b>688,524.-</b>	<b>319,817.-</b>	<b>1,008,341.-</b>
1-2 years	534,532.-	260,890.-	795,422.-
2-3 years	496,006.-	214,580.-	710,586.-
3-4 years	497,449.-	168,561.-	666,010.-
4-5 years	546,076.-	119,726.-	665,802.-
+ 5 years	976,089.-	78,336.-	1,054,425.-
<b>Total Long-Term Payables</b>	<b>3,050,152.-</b>	<b>842,093.-</b>	<b>3,892,245.-</b>
<b>Total</b>	<b>3,738,676.-</b>	<b>1,161,910.-</b>	<b>4,900,586.-</b>

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**NOTE 9 – BALANCES AND TRANSACTIONS WITH RELATED PARTIES**

a) The breakdown of receivables from related parties is as follows:

	<b>December 31, 2006</b>	<b>December 31, 2005</b>
Goldaş Mağazacılık ve Paz. A.Ş.	17,669,126.-	29,684,066.-
Goldaş Dış Ticaret A.Ş.	21,835,359.-	6,134,647.-
Zer Pazarlama A.Ş.	11,305,408.-	16,902,171.-
Berr Pazarlama A.Ş.	13,773,850.-	19,763,399.-
Goldaş Dağıtım Paz. A.Ş.	6,039,887.-	9,698,300.-
<b>Total</b>	<b>70,623,630.-</b>	<b>82,182,583.-</b>

b) The breakdown of payables to related parties is as follows:

	<b>December 31, 2006</b>	<b>December 31, 2005</b>
Goldart Holding A.Ş.	97,794.-	62,833.-
Yalınkaya İnş. Tur. San ve Tic. A.Ş.	-	5,222.-
Yalınnet Bilişim Bil. San. ve Tic. A.Ş.	12,997.-	50,867.-
Due to Personnel	791.-	2,891.-
<b>Total</b>	<b>111,582.-</b>	<b>121,813.-</b>

c) The breakdown of sale and purchase transactions with related parties is as follows:

	<b>December 31, 2006</b>		<b>December 31, 2005</b>	
	<b>Purchases</b>	<b>Sales</b>	<b>Purchases</b>	<b>Sales</b>
Goldaş Mağazacılık ve Paz. A.Ş.	-	110,713,544.-	-	80,354,884.-
Goldaş Dış Ticaret A.Ş.	106,466.-	125,711,473.-	585,187.-	41,297,755.-
Zer Pazarlama A.Ş.	-	176,963,303.-	-	78,476,928.-
Berr Pazarlama A.Ş.	1,058,052.-	138,625,828.-	-	68,706,889.-
Yalınkaya Dış Ticaret A.Ş.	526,879,875.-	-	230,524,438.-	-
Meydan Döviz ve Kıy. Mad. Tic. A.Ş.	161,399,347.-	167,930,231.-	112,626,758.-	208,545,792.-
Goldaş Dağıtım Pazarlama A.Ş.	-	47,112,210.-	-	26,021,117.-
<b>Total</b>	<b>689,443,740.-</b>	<b>767,056,589.-</b>	<b>343,736,383.-</b>	<b>503,403,365.-</b>

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**NOTE 9 – BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)**

d) As of December 31, 2006, the breakdown of other transactions with related parties is as follows:

	<b>Earnings From Services</b>	<b>Expenses due to Participation in Joint Expenses</b>	<b>Other Incomes</b>	<b>Other Expenses</b>
Goldaş Dış Ticaret A.Ş.	128,059.-	-	348,121.-	821,008.-
Yalınnet Bilişim Bil. San. Tic. A.Ş.	-	-	-	69,893.-
Yalınkaya Dış Ticaret A.Ş.	-	-	-	10,295.-
Goldart Holding A.Ş.	-	444,577.-	-	-
Goldaş Mağazacılık Paz. A.Ş.	-	-	-	25,724.-
Goldaş Dağıtım Pazarlama A.Ş.	-	-	2,521.-	2,704.-
<b>Total</b>	<b>128,059.-</b>	<b>444,577.-</b>	<b>350,642.-</b>	<b>929,624.-</b>

As of December 31, 2005, the breakdown of other transactions with related parties is as follows:

	<b>Earnings From Services</b>	<b>Income from Participation in Joint Expenses</b>	<b>Expenses due to Participation in Joint Expenses</b>	<b>Other Incomes</b>	<b>Other Expenses</b>
Goldaş Dış Ticaret A.Ş.	128,059.-	32,041.-	-	74,942.-	381,680.-
Yalınnet Bilişim Bil. San. Tic. A.Ş.	-	30,747.-	-	-	138,544.-
Yalınkaya Dış Ticaret A.Ş.	-	52,304.-	-	654.-	171,436.-
Goldart Holding A.Ş.	-	51,788.-	155,464.-	-	-
Berr Pazarlama A.Ş.	-	49,806.-	-	-	-
Zer Pazarlama A.Ş.	-	25,975.-	-	-	-
Meydan Döv. ve Kıy. Mad. Tic. A.Ş.	-	-	-	-	9,247.-
Goldaş Mağazacılık ve Paz. A.Ş.	-	-	-	37,794.-	13,499.-
Goldaş Dağıtım Pazarlama A.Ş.	-	-	-	24,299.-	-
<b>Total</b>	<b>128,059.-</b>	<b>242,661.-</b>	<b>155,464.-</b>	<b>137,689.-</b>	<b>714,406</b>

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**NOTE 10 – OTHER RECEIVABLES AND PAYABLES**

a) The breakdown of other short-term receivables is as follows:

	<b>December 31, 2006</b>	<b>December 31, 2005</b>
VAT Receivables From Export	430,485.-	18,359.-
Other	6,428.-	2,934.-
<b>Total</b>	<b>436,913.-</b>	<b>21,293.-</b>

b) The breakdown of other short-term payables is as follows:

	<b>December 31, 2006</b>	<b>December 31, 2005</b>
Taxes and Funds Payable	64,667.-	43,313.-
Social Security Withholdings Payable	246,923.-	86,156.-
Other	4,977.-	1,946.-
<b>Total</b>	<b>316,567.-</b>	<b>131,415.-</b>

**NOTE 11 – BIOLOGICAL ASSETS**

None. ( December 31,2005: None)

**NOTE 12 – INVENTORIES**

The breakdown of Inventories is as follows:

	<b>December 31, 2006</b>	<b>December 31, 2005</b>
Raw Materials	6,471,308.-	5,382,326.-
Work in Process	13,192,619.-	6,787,249.-
Finished Goods	10,819,678.-	5,725,306.-
Merchandises	60,897,333.-	21,944,263.-
Other Inventories	91,321.-	192,477.-
Provision For Impairment (-)	(2,178,911.-)	(235,323.-)
Advances Given	7,032,214.-	7,067,942.-
<b>Total</b>	<b>96,325,562.-</b>	<b>46,864,240.-</b>

As of December 31, 2006 the insurance coverage on inventories equals to USD 167,312,749.-  
(December 31,2005: USD 28,269,067.-)

**NOTE 13 – RECEIVABLES FROM ONGOING CONSTRUCTION PROJECTS**

None. (December 31,2005: 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 tax 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, 2006</u>	<u>December 31, 2005</u>
Income Accruals For Forward Contracts	643,479.-	-
Prepaid Expenses For Future Months	264,718.-	96,552.-
Job Advances	338,358.-	170,844.-
Prepaid Taxes	63,433.-	-
Transferred VAT	1,123.-	258,779.-
<b>Total</b>	<b>1,311,111.-</b>	<b>526,175.-</b>

**NOTE 16 – FINANCIAL ASSETS**

<u>Company Name</u>	<u>December 31, 2006</u>		<u>December 31, 2005</u>	
	<u>Participation Rate</u>	<u>Participation Amount</u>	<u>Participation Rate</u>	<u>Participation Amount</u>
Belgium Trading Company	70%	39,965,173.-	70%	39,965,173.-

The Company, participated in Belgium Trading Company (BTC) through AHL Free Zone Branch at the rate of 70% in 2002. As a result of the fact that the shares of Belgium Trading Company (BTC) operating in Mali are not traded in any stock exchange, has been recorded in financial statements at their carrying value.(Inflation adjusted till December 31,2004)

The Company has a report made to determine the value of Belgium Trading Company (BTC) in 2006. According to the valuation report, the aforementioned subsidiary's estimated value is USD 107,380,000.-. (Note 2/b-2)

**NOTE 17 – POSITIVE / NEGATIVE GOODWILL**

	<u>January 01, 2006</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfer</u>	<u>December 31, 2006</u>
Goodwill	43,767.-	-	-	-	43,767.-
Accumulated Amortization	(2,735.-)	(2,189.-)	-	-	(4,924.-)
<b>Total Net Book Value</b>	<b>41,032.-</b>	<b>(2,189.-)</b>	<b>-</b>	<b>-</b>	<b>38,843.-</b>

**NOTE 18 – INVESTMENT PROPERTIES**

None. (December 31,2005: None)

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**NOTE 19 – PROPERTY, PLANT AND EQUIPMENT**

a) The movements of the tangible assets for the period between January 01 and December 31, 2006 are as follows:

<b>Cost</b>	<b>January 01, 2006</b>	<b>Additions</b>	<b>Disposals</b>	<b>December 31, 2006</b>
Land	3,362,066.-	-	-	3,362,066.-
Machinery and Equipment	2,338,985.-	1,202,575.-	-	3,541,560.-
Furniture and Fixtures	2,396,512.-	239,363.-	-	2,635,875.-
Vehicles	62,564.-	-	(62,564.-)	-
<b>Total</b>	<b>8,160,127.-</b>	<b>1,441,938.-</b>	<b>(62,564.-)</b>	<b>9,539,501.-</b>
<b>Accumulated Depreciation</b>				
Lands	-	-	-	-
Machinery and Equipment	(734,588.-)	(394,310.-)	-	(1,128,898.-)
Furniture and Fixtures	(1,561,384.-)	(308,219.-)	-	(1,869,603.-)
Vehicles	(62,564.-)	-	62,564.-	-
<b>Total</b>	<b>(2,358,536.-)</b>	<b>(702,529.-)</b>	<b>62,564.-</b>	<b>(2,998,501.-)</b>
<b>Net Book Value</b>	<b>5,801,591.-</b>			<b>6,541,000.-</b>

The movements of tangible assets for the period between January 01 and December 31, 2005 are as follows:

<b>Cost</b>	<b>January 01, 2005</b>	<b>Additions</b>	<b>Disposals</b>	<b>December 31, 2005</b>
Land	-	3,362,066.-	-	3,362,066.-
Machinery and Equipment	2,144,686.-	194,299.-	-	2,338,985.-
Furniture and Fixtures	1,940,134.-	460,708.-	(*)4,330.-	2,396,512.-
Vehicles	89,396.-	-	(26,832.-)	62,564.-
<b>Total</b>	<b>4,174,216.-</b>	<b>4,017,073.-</b>	<b>(31,162.-)</b>	<b>8,160,127.-</b>
<b>Accumulated Depreciation</b>				
Land	-	-	-	-
Machinery and Equipment	(489,896.-)	(244,692.-)	-	(734,588.-)
Furniture and Fixtures	(1,206,536.-)	(356,928.-)	(*)2,080.-	(1,561,384.-)
Vehicles	(84,557.-)	(1,821.-)	23,814.-	(62,564.-)
<b>Total</b>	<b>(1,780,989.-)</b>	<b>(603,441.-)</b>	<b>25,894.-</b>	<b>(2,358,536.-)</b>
<b>Net Book Value</b>	<b>2,393,227.-</b>			<b>5,801,591.-</b>

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

As of December 31, 2006, the insurance coverage on fixed assets is equal to USD 5,122,870.-  
(December 31, 2005: USD 722,948.-)

b) As a result of inventory count as of December 31, 2006 to assess physical conditions, it was determined that there have been previously written-off mould models of various types and dimensions amounting 24.593 silicone or rubber moulds, 19.064 silver moulds and 1.609 press mould produced by the Company.

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**NOTE 20 – INTANGIBLE FIXED ASSETS**

The movements of the intangible fixed assets for the period between January 01 and December 31, 2006 are as follows:

<b>Cost</b>	<b>January 01, 2006</b>	<b>Additions</b>	<b>Disposals</b>	<b>December 31, 2006</b>
Establishment and Foundation Costs	153,372.-	-	-	153,372.-
Rights	1,803,187.-	225,578.-	-	2,028,765.-
Leasehold Improvements	246,562.-	-	-	246,562.-
<b>Total</b>	<b>2,203,121.-</b>	<b>225,578.-</b>	<b>-</b>	<b>2,428,699.-</b>
<b>Accumulated Depreciation</b>				
Establishment and Foundation Costs	(150,976.-)	(1,807.-)	-	(152,783.-)
Rights	(1,609,787.-)	(238,593.-)	-	(1,848,380.-)
Leasehold Improvements	(207,490.-)	(21,223.-)	-	(228,713.-)
<b>Total</b>	<b>(1,968,253.-)</b>	<b>(261,623.-)</b>	<b>-</b>	<b>(2,229,876.-)</b>
<b>Net Book Value</b>	<b>234,868.-</b>			<b>198,823.-</b>

The movements of the intangible fixed assets for the period between January 01 and December 31, 2005 are as follows:

<b>Cost</b>	<b>January 01, 2005</b>	<b>Additions</b>	<b>Disposals</b>	<b>December 31, 2005</b>
Establishment and Foundation Costs	129,779.-	23,593.-	-	153,372.-
Rights	1,490,674.-	312,513.-	-	1,803,187.-
Leasehold Improvements	246,562.-	-	-	246,562.-
<b>Total</b>	<b>1,867,015.-</b>	<b>336,106.-</b>	<b>-</b>	<b>2,203,121.-</b>
<b>Accumulated Depreciation</b>				
Establishment and Foundation Costs	(126,063.-)	(24,913.-)	-	(150,976.-)
Rights	(1,308,405.-)	(301,382.-)	-	(1,609,787.-)
Leasehold Improvements	(174,854.-)	(32,636.-)	-	(207,490.-)
<b>Total</b>	<b>(1,609,322.-)</b>	<b>(358,931.-)</b>	<b>-</b>	<b>(1,968,253.-)</b>
<b>Net Book Value</b>	<b>257,693.-</b>			<b>234,868.-</b>

**NOTE 21 – ADVANCES RECEIVED**

None. (December 31,2005: None)

**NOTE 22 – RETIREMENT PLANS**

None. (December 31,2005: None)

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**NOTE 23 – PROVISIONS**

<b>a) Short-Term Provisions</b>	<b>December 31, 2006</b>	<b>December 31, 2005</b>
Provision For Taxes	211,653.-	425,203.-
Accrued Interest On Bank Loans	79,982.-	62,900.-
Other	50,371.-	121,400.-
<b>Total</b>	<b>342,006.-</b>	<b>609,503.-</b>
<b>b) Long-Term Provisions</b>	<b>December 31, 2006</b>	<b>December 31, 2005</b>
Provision For Employment Termination Benefits	272,171.-	226,110.-
Accrued Interest on Bank Loans	8,388.-	10,136.-
<b>Total</b>	<b>280,559.-</b>	<b>236,246.-</b>

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 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 1,321.46- for each year of service as of December 31, 2006. (As of December 31, 2005: USD 1,228.76-)

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

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 Financial Reporting Standards (IFRS) 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 movement of provision for employment termination benefits during the related period are as follows:

Balance on January 01, 2006	226,110.-
Provision for the Current Period	46,061.-
<b>Balance on December 31, 2006</b>	<b>272,171.-</b>

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**NOTE 24 – MINORITY INTEREST**

<b>Affiliate</b>	<b>December 31, 2006</b>			<b>December 31, 2005</b>		
	<b>Minority Share Rate</b>	<b>Minority Share</b>	<b>Minority Share in Net Profit / (Loss)</b>	<b>Minority Share Rate</b>	<b>Minority Share</b>	<b>Minority Share in Net Profit / (Loss)</b>
Goldaş Kıymetli Madenler Tic. A.Ş.	0.0004 %	11.-	4.-	0.0004 %	7.-	4.-

**NOT 25 – SHARE CAPITAL/ADJUSTMENTS TO SHARE CAPITAL**

As of December 31, 2006 , the registered paid-in share capital of the Company is USD 56,915,196.- The Company's share capital consists of 80,000,000,000.- shares with USD 0,0007114.- (full USD) par value each.

As of December 31, 2006, the breakdown of issued and paid-in share capital of the Company is as follows:

<b>Company</b>	<b>December 31, 2006</b>		<b>December 31, 2005</b>	
	<b>Share</b>	<b>USD Amount</b>	<b>Share</b>	<b>USD Amount</b>
Goldart Holding A.Ş.	38.30 %	21,797,380.-	38,30 %	21,797,380.-
Publicly Traded	61.70 %	35,117,815.-	61,70 %	35,117,815.-
Other	-	1.-	-	1.-
<b>Total</b>	<b>100.00 %</b>	<b>56,915,196.-</b>	<b>100,00 %</b>	<b>56,915,196.-</b>

As of December 31, 2006 , Goldart Holding A.Ş. has additional shares in publicly traded portion amounting to 12.085.931 lots. The stake of Goldart Holding A.Ş. in the Company has added up to 53.41% with above – mentioned shares. (December 31,2005: 12.085.931)

**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:

	<b>December 31, 2006</b>	<b>December 31, 2005</b>
Inflation Adjustment on Equity Items	37,385,179.-	37,385,179.-
<b>Total</b>	<b>37,385,179.-</b>	<b>37,385,179.-</b>

**NOTE 27 – PROFIT RESERVES**

None. (December 31,2005: None)

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

Previous year profit amounts to USD 3,728,719.- consists of the Company's December 31,2005 profit.

**NOTE 29 – FOREIGN CURRENCY POSITION**

The Company's foreign currency denominated assets and liabilities stated at carrying amounts as of December 31, 2006 are categorized as follows:

	EUR	USD	GBP	JPY	OTHER	TOTAL USD
<b>Assets:</b>						
Cash and Cash Equivalents	164,760.-	388,328.-	88.-	42.-	22.-	553,240.-
Short- term Trade Receivables	20,943.-	6,785,761.-	-	-	-	6,806,704.-
Deposits and Guarantees Given	3,952.-	327,500.-	-	-	-	331,452.-
Inventories (*)	-	89,290,915.-	-	-	-	89,290,915.-
Job Advances	64,738.-	173,226.-	-	3,735.-	-	241,699.-
<b>Total</b>	<b>254,393.-</b>	<b>96,965,730.-</b>	<b>88.-</b>	<b>3,777.-</b>	<b>22.-</b>	<b>97,224,010.-</b>
<b>Liabilities:</b>						
Short-term Borrowings	(249,357.-)	(26,953,782.-)	-	-	-	(27,203,139.-)
Lease Payables	(110,545.-)	(3,777,867.-)	-	-	-	(3,888,412.-)
Trade Payables	(112,664.-)	(87,306,899.-)	(22,054.-)	-	-	(87,441,617.-)
Provisions	(3,875.-)	(4,514.-)	-	-	-	(8,389.-)
Long-term Borrowings	(241,304.-)	(92,591.-)	-	-	-	(333,895.-)
<b>Total</b>	<b>(717,745.-)</b>	<b>(118,135,653.-)</b>	<b>(22,054.-)</b>	<b>-</b>	<b>-</b>	<b>(118,875,452.-)</b>
<b>Net Foreign Exchange Position</b>	<b>(463,352.-)</b>	<b>(21,169,923.-)</b>	<b>(21,966.-)</b>	<b>3,777.-</b>	<b>22.-</b>	<b>(21,651,442.-)</b>

(\*) Consist of precious metals.

The Company's foreign currency denominated assets and liabilities stated at carrying amounts as of December 31, 2005 are categorized as follows:

	EUR	USD	GBP	JPY	OTHER	TOTAL USD
<b>Assets:</b>						
Cash and Cash Equivalents	83,473.-	2,066,850.-	199.-	-	30.-	2,150,552.-
Short- term Trade Receivables	-	15,121,399.-	-	-	-	15,121,399.-
Inventories (*)	-	39,796,297.-	-	-	-	39,796,297.-
Other Current Assets	54,392.-	29,025.-	6,243.-	8,800.-	13,804.-	112,264.-
Long-term Trade Receivables	-	9,546.-	-	-	-	9,546.-
<b>Total</b>	<b>137,865.-</b>	<b>57,023,117.-</b>	<b>6,442.-</b>	<b>8,800.-</b>	<b>13,834.-</b>	<b>57,190,058.-</b>
<b>Liabilities:</b>						
Short-term Borrowings	(169,412.-)	(10,147,505.-)	-	-	-	(10,316,917.-)
Short-term Lease Payables	(125,473.-)	(563,051.-)	-	-	-	(688,524.-)
Trade Payables	(96,646.-)	(78,836,021.-)	(130,019.-)	-	-	(79,062,686.-)
Long-term Borrowings	(651,893.-)	(892,709.-)	-	-	-	(1,544,602.-)
Long-term Lease Payables	(92,101.-)	(2,958,051.-)	-	-	-	(3,050,152.-)
Long-term Provisions	(3,603.-)	(6,534.-)	-	-	-	(10,137.-)
<b>Total</b>	<b>(1,139,128.-)</b>	<b>(93,403,871.-)</b>	<b>(130,019.-)</b>	<b>-</b>	<b>-</b>	<b>(94,673,018.-)</b>
<b>Net Foreign Exchange Position</b>	<b>(1,001,263.-)</b>	<b>(36,380,754.-)</b>	<b>(123,577.-)</b>	<b>8,800.-</b>	<b>13,834.-</b>	<b>(37,482,960.-)</b>

(\*) Consist of precious metals.

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**NOTE 30 – INVESTMENT ENCOURAGEMENT CERTIFICATES**

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, 2006 amounts to USD 255,700.- (December 31, 2005: USD 473,200.-)

**NOTE 31 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES**

	<u>December 31, 2006</u>	<u>December 31, 2005</u>
	<u>USD</u>	<u>USD</u>
<b>Letters of Guarantee Given</b>	<b>1,365,445.-</b>	<b>2,324,980.-</b>
TRY	1,745.-	1,745.-
USD	1,363,700.-	2,323,235.-
<b>Guarantee Notes Given</b>	<b>22,523,442.-</b>	<b>23,093,585.-</b>
TRY	144,038.-	144,033.-
EURO	119,436.-	150,465.-
USD	22,259,968.-	22,799,087.-
<b>Total</b>	<b>23,888,887.-</b>	<b>25,418,565.-</b>

**NOTE 32 – MERGERS AND ACQUISITIONS**

None. (December 31,2005: None)

**NOTE 33 – SEGMENT REPORTING**

None. (December 31,2005: None)

**NOTE 34 – SUBSEQUENT EVENTS**

None. (December 31,2005: None)

**NOTE 35 – DISCONTINUING OPERATIONS**

None. (December 31,2005: None)

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**NOTE 36 – OPERATING INCOME**

The breakdown of operating income is as follows:

	January 01 December 31 2006	October 01 December 31 2006	January 01 December 31 2005	October 01 December 31 2005
Domestic Sales	2,124,701,923.-	353,880,462.-	1,585,465,079.-	548,045,116.-
Export Sales	117,419,629.-	43,865,320.-	54,270,488.-	16,289,816.-
Other Operating Income	3,609,511.-	538,770.-	559,461.-	120,300.-
Sales Returns (-)	(403,079.-)	(403,079.-)	-	-
Cost of Sales (-)	(2,223,986,878.-)	(393,784,180.-)	(1,629,388,381.-)	(563,653,022.-)
<b>Net Operating Profit/(Loss)</b>	<b>21,341,106.-</b>	<b>4,097,293.-</b>	<b>10,906,647.-</b>	<b>802,210.-</b>

**NOTE 37 – OPERATING EXPENSES**

The breakdown of operating expenses is as follows:

	January 01 December 31 2006	October 01 December 31 2006	January 01 December 31 2005	October 01 December 31 2005
R&D Expenses	(291,180.-)	(163,236.-)	(73,439.-)	(11,638.-)
Sales and Marketing Expenses	(3,316,200.-)	(952,812.-)	(2,342,306.-)	(1,040,273.-)
General Administrative Expenses	(5,452,942.-)	(1,527,506.-)	(4,400,223.-)	(1,286,256.-)
<b>Total</b>	<b>(9,060,322.-)</b>	<b>(2,643,554.-)</b>	<b>(6,815,968.-)</b>	<b>(2,338,167.-)</b>

a) The breakdown of sales and marketing expenses is as follows:

<b>Sales and Marketing Expenses</b>	January 01 December 31 2006	October 01 December 31 2006	January 01 December 31 2005	October 01 December 31 2005
Advertisement Expenses	(2,227,238.-)	(703,433.-)	(1,786,155.-)	(847,001.-)
Exhibition Expenses	(405,615.-)	(36,795.-)	(306,206.-)	(60,191.-)
Marketing Service Expenses	(556,346.-)	(183,552.-)	-	-
Other Expenses	(127,001.-)	(29,032.-)	(249,945.-)	(133,081.-)
<b>Total</b>	<b>(3,316,200.-)</b>	<b>(952,812.-)</b>	<b>(2,342,306.-)</b>	<b>(1,040,273.-)</b>

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**NOTE 37 – OPERATING EXPENSES (Continued)**

b) The breakdown of general administrative expenses is as follows:

<b>General Administrative Expenses</b>	<b>January 01 December 31 2006</b>	<b>October 01 December 31 2006</b>	<b>January 01 December 31 2005</b>	<b>October 01 December 31 2005</b>
Services Rendered From Outside	(1,553,648.-)	(410,712.-)	(1,171,034.-)	(362,812.-)
Personnel Expenses	(1,254,878.-)	(337,082.-)	(1,096,214.-)	(277,582.-)
Depreciation And Amortization Expenses	(966,341.-)	(283,027.-)	(964,515.-)	(271,122.-)
Banking Commission Expenses	(604,301.-)	(110,808.-)	(426,384.-)	(191,116.-)
Rent Expenses	(79,717.-)	(20,800.-)	(69,713.-)	(17,827.-)
Provision for Employment Termination Benefits	(46,061.-)	(7,209.-)	(70,206.-)	(25,176.-)
Duties, Taxes And Levies	(70,204.-)	(12,842.-)	(52,664.-)	(8,149.-)
Other	(877,792.-)	(345,026.-)	(549,493.-)	(132,472.-)
<b>Total</b>	<b>(5,452,942.-)</b>	<b>(1,527,506.-)</b>	<b>(4,400,223.-)</b>	<b>(1,286,256.-)</b>

**NOTE 38 – OTHER OPERATING INCOME AND EXPENSES**

a) The breakdown of other operating income is as follows:

<b>Other Operating Income</b>	<b>January 01 December 31 2006</b>	<b>October 01 December 31 2006</b>	<b>January 01 December 31 2005</b>	<b>October 01 December 31 2005</b>
Foreign Exchange Gains	13,532,956.-	5,299,029.-	11,160,875.-	4,566,413.-
Rediscount Income	1,111,248.-	(519,520.-)	638,810.-	(108,702.-)
Forward Transaction Income	643,479.-	643,479.-	-	-
Income from Revaluation of Inventories	73,886.-	(3,958,629.-)	426,505.-	110,963.-
Exhibition Gains	74,715.-	8,263.-	-	-
Other	257,758.-	51,595.-	302,478.-	27,979.-
<b>Total</b>	<b>15,694,042.-</b>	<b>1,524,217.-</b>	<b>12,528,668.-</b>	<b>4,596,653.-</b>

b) The breakdown of other operating expenses is as follows:

<b>Other Operating Expenses</b>	<b>January 01 December 31 2006</b>	<b>October 01 December 31 2006</b>	<b>January 01 December 31 2005</b>	<b>October 01 December 31 2005</b>
Foreign Exchange Losses	(16,810,724.-)	(2,487,985.-)	(9,747,257.-)	(683,530.-)
Rediscount Expenses	(792,870.-)	175,243.-	(937,659.-)	3,629.-
Provision for Impairment of Inventories	(2,178,911.-)	2,604,387.-	(235,323.-)	(64,691.-)
Other	(5,161.-)	92,677.-	(145,978.-)	-
<b>Total</b>	<b>(19,787,666.-)</b>	<b>384,322.-</b>	<b>(11,066,217.-)</b>	<b>(744,592.-)</b>

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**NOTE 39 – FINANCIAL EXPENSES**

The breakdown of Financial Expenses is as follows:

	January 01 December 31 2006	October 01 December 31 2006	January 01 December 31 2005	October 01 December 31 2005
Borrowing Charges	(2,282,967.-)	(821,180.-)	(1,399,204.-)	(381,705.-)
<b>Total</b>	<b>(2,282,967.-)</b>	<b>(821,180.-)</b>	<b>(1,399,204.-)</b>	<b>(381,705.-)</b>

**NOTE 40 – NET MONETARY GAIN / (LOSS)**

None. (December 31,2005: None)

**NOTE 41 – TAXATION**

**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. Therefore income from its branch in AHL Free Trade Zone has been exempted from corporation tax.

In Turkey, corporation tax rate is 20% (2005- 30%). 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.

Corporations are required to pay prepaid tax quarterly at the rate of 20% (2005- 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 annual corporate income tax return is required to be filed in the period between the 1st and 25th days of the fourth month following the close of the related fiscal year. Payments can be made up until the end of the month in which the tax return is to be filed.

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.

Tax liability of the Company is USD 211,653.- coming from Goldaş Kıymetli Madenler Ticareti A.Ş. for the period between January 01, 2006 and December 31, 2006.

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**NOTE 42 – EARNINGS PER SHARE**

**a) 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.

	<u>December 31, 2006</u>	<u>December 31, 2005</u>
Earnings Per Share	0,000071-USD	0,000047- USD

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

**b) Profit Distribution**

According to the Capital Markets Boards Decree No 2/53, dated January 18, 2007, incorporated companies listed in İstanbul Stock Exchange should distribute profit to their shareholders at least 20% of net distributable profit. According to the decisions of the companies' general board meetings, profit distribution can be made in terms of cash, bonus shares or a combination of both.

In case that the amount of first dividend (to be calculated) in accordance with Capital Markets Board is less than 5% of paid in / issued capital, it is possible that the mentioned amount is left without distributing.

Incorporated companies that increase their capital without making dividend distribution of previous term and therefore whose shares are divided as "old" and "new", that will distribute dividends from the profit of year 2006 have to distribute the first dividend in the rate of 20% in cash.

"Cash dividends" have to be distributed by the end of the fifth month following the fiscal year. In case that the dividend is distributed as "bonus share", the Capital Markets Board Committee shall be applied by the end of the fifth month of the fiscal year for the shares to be issued for the purpose to be registered by the Committee. In case both distribution method is selected in cash and by granting capitalization issues, each process should be carried out individually, however the periods for each process should not be exceeded.

Net distributable profit is calculated by deducting any previous year losses and first reserve funds from net income after tax, and adding the donations within the year.

It is not possible to deduct from previous year losses that appears on the balance sheet as of 2004 which was adjusted according to Serial: XI; No:25 notification from the equity adjustment differences, these losses are taken into consideration on the calculation of distributable net profit as in other operating expenses.

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**NOTE 42 – EARNINGS PER SHARE (Continued)**

Net distributable profit is calculated individually by taking consideration of profit that take place on the statutory records and according to IFRS standards. If the amount of dividend calculated in the way indicated in the first paragraph is available in the net distributable profit found according to legal records, this amount is distributed as the first dividend. If it is not available, the whole net distributable profit on the legal records is distributed as the first dividend.

At the calculation of the net distributable profit according to consolidated financial statements, the profit amounts from the subsidiaries, joint venture, participations that appear within the consolidated profit to the consolidated financial statements, however that were not decided to be distributed by the general assemblies of these partnerships are not taken into consideration.

If there is loss in the period on any of the financial statements prepared according to IFRS or statutory records, no profit is distributed.

The General Assembly of the Company is authorized to distribute the portion that remains after first dividend ( and any dividend to be distributed to preference issue holders) as second dividend in whole or in part, or to distribute to the members of the board of directors (management board members) and organizations as dividend or set up extraordinary reserve fund.

It is not allowed to set up other reserve funds, transfer profit to the next year and distribute dividend to preference shareholders, participations, founder, ordinary bonus shareholders, members of the board of directors and employees , foundations with various purposes, and other real or legal person unless the reserve funds that are to be set up according to the provision of law or unless the first dividend established for shareholders in the main contract is distributed as in cash or as bonus share.

**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, 2006 has been prepared together with that of December 31, 2005 on comparative basis.

**NOTE 44 – OTHER ISSUES TO BE DISCLOSED**

a - Financial statements of the Company as of December 31, 2006 have been prepared by including income and expenses arising from activities of its branch in AHL (Atatürk Airport) Free Zone.

b – In October 5, 2006, The Company signed a forward contract to purchase gold at maturity date March 26, 2007. Gold amount mentioned in contract have been valuated as of December 31, 2006 and charged to statement of income. (Note 38/a)

c - 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.

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**NOTE 44 – OTHER ISSUES TO BE DISCLOSED (Continued)**

d - Corporate Tax Law No: 5422 was replaced by Corporate Tax Law No:5520 published in official gazette No:26205 dated June 22, 2006. With the new law enacted, effective from January 1, 2006, corporate tax rate was reduced from 30% to 20% and Turkish government had ceased to offer investment incentives for capital investments. Companies having unused qualifying capital investment amounts from periods prior to December 31, 2005 will be able to deduct such amounts from corporate income until the end of December 31, 2008; however, the corporate tax rate will be 30% for them. Furthermore, qualifying capital investments to be made until the end of December 31, 2008 within the scope of the investment projects started before December 31, 2005 will be subject to investment incentive until the end of December 31, 2008.

**NOTE 45 – ELIMINATED ITEMS DURING CONSOLIDATION PROCESS**

<b>Account</b>	<b>Debit</b>	<b>Credit</b>
Share Capital	711,440.-	-
Previous Period Loss	2,735.-	43,767.-
Goodwill	38,843.-	-
Subsidiaries	-	711,437.-
Minority Interest	-	3.-
Amortization Of Goodwill	2,189.-	-
Trade Receivables	20,925,544.-	-
Trade Payables	-	20,925,544.-
Sales Income	759,494,053.-	-
Cost of Sales	-	759,494,053.-
<b>Total</b>	<b>781,174,804.-</b>	<b>781,174,804.-</b>