

**GOLDART HOLDING INC. AND
GROUP COMPANIES**

**INDEPENDENT AUDITOR'S SPECIAL
REPORT ON THE METHODS
APPLIED
FOR ISSUING CONSOLIDATED
FINANCIAL STATEMENTS**

2006

GOLDART HOLDING INC. AND GROUP COMPANIES
(01.01.2006 - 31.12.2006)
INDEPENDENT AUDITOR'S SPECIAL REPORT ON THE METHODS
APPLIED FOR
ISSUING CONSOLIDATED FINANCIAL STATEMENTS

We have audited and examined the conformity of the balance sheets and income statements of **GOLDART HOLDING INC. (GOLDART HOLDİNG A.Ş.)** and the group companies issued as of 31.12.2006 for the periods then ended with the auditing principles and rules applicable for consolidated financial statements. Our auditing process included the checks of the consolidation of the financial statements in terms of accounts and transactions, and other methods and techniques deemed necessary in the circumstances.

The consolidated financial statements of **GOLDART HOLDING INC.** and group companies were issued upon the request of the board of directors.

To the best of our knowledge, the consolidated financial statements in question reflect the actual financial standing of **GOLDART HOLDING INC.** and the group companies in the period ended on 31.12.2006, and the actual activity results of the accounting period ending on 31.12.2006, in conformity with the regulations, generally accepted accounting principles and the accounting standards on issuing and submission of consolidated financial statements, applied consistent with the accounting period in which the first consolidated financial statements were issued.

(Istanbul, 02.05.2007)

Birleşim Bağımsız Denetim
Hizmetleri A.Ş.

Ergun ŞENLİK
Chief Auditor and Shareholder

GOLDART HOLDING INC. AND GROUP COMPANIES

INDEPENDENT AUDITOR'S SPECIAL REPORT ON THE METHODS APPLIED FOR ISSUING CONSOLIDATED FINANCIAL STATEMENTS (31.12.2006)

AUDITING TECHNIQUES AND METHODS APPLIED:

As it is also mentioned in the first paragraph of our independent auditor's special report issued for the company, our auditing has been carried out in conformity with the generally accepted principles, and fundamentals and standards of auditing, and accordingly included the checks of the accounting entries related with the accounts and transactions, and other methods and techniques deemed necessary by us. Brief information on the auditing techniques and methods applied are given hereunder.

1. AUDITING PLANNING:

Our auditing planning is based on the inspections of the structure of the entity, its sector, operational methods, financial statements of the previous period, the reliability of the auditing system applied in the entity and the utilization thereof.

2. AUDITING PROGRAM:

Standard auditing programs have been adapted and applied to the entity, considering the internal auditing system and the accounting policies used in the entity.

3. MAIN ACTIVITIES:

The head-office of the Holding is in Istanbul. The companies whose consolidated financial statements were issued show activity in the fields of importation, sales and purchase of semi-finished products made of precious metals such as fine gold and silver, manufacturing, marketing and exportation of jewelry made of precious metals, and the authorized establishment shows activity in the refinery operations of precious metals as well.

4. THE PRINCIPLES APPLIED FOR ISSUING FINANCIAL STATEMENTS:

Consolidation method: The assets, liabilities, equities, revenues and expenses given in the financial statements of the main partnership and the subsidiaries thereof have been consolidated as a whole, the necessary corrections and amendments have been made in conformity with the principles and standards of consolidation, and thus the consolidated financial statements have been issued. In the consolidated financial statements the below given definitions are applied;

Main partnership: Whether a subsidiary of another partnership or not, a main partnership is a company which has a subsidiary in terms of capital and management relations and/or a partnership subject to mutual management, with stocks transacted in stock exchanges or other organized markets;

Subsidiary: Any company in which the main partnership, in terms of capital and management relations, directly or indirectly through its other subsidiaries or affiliates holds more than 50% of the shares, voting right or to elect the majority of the management or having the majority in management;

Partnership subject to mutual management: Any company in which the management is shared by the partnerships included in the consolidation or mutually with another shareholder and/or shareholders group;

Affiliate: Companies in which the main partnership has a constant relation in terms of defining the management and corporate policies and/or having a direct or indirect capital and management relation or having 20% or more and less than 50% shares of the capital or the right to participate in the management corresponding to this rate.

Goldaş Kuyumculuk Sanayi İthalat İhracat A.Ş., a subsidiary of the Holding subject to the consolidation of financial statements is registered with the Capital Markets Board for the period in question. Although the other companies of the Group and under the control of the Holding are not registered with the Board, they have kept accounting entries and issued the balance sheets and income statements in conformity with the Turkish Commercial Code, Turkish Tax Regulation and the General Communiqué on Application of Accounting Systems. The titles of the companies subjected to consolidation in this report are as follows:

- a) Goldart Holding A.Ş.
- b) Goldaş Kuyumculuk Sanayi İthalat İhracat A.Ş.
- c) Goldaş Mağazacılık ve Pazarlama A.Ş.
- d) Goldaş Dağıtım Pazarlama A.Ş.
- e) Pregold Madencilik A.Ş.
- f) Goldoro Altın Rafinerisi A.Ş.
- g) Meydan Döviz ve Kıymetli Maden Tic A.Ş.
- h) Goldaş DMCC

Goldaş Kuyumculuk Sanayi İthalat İhracat A.Ş., one of the above given firms, is a public company whose stocks are transacted in the Istanbul Stock Exchange and subject to the inspection of the Capital Markets Board.

5. SIGNIFICANT ACCOUNTING POLICIES APPLICABLE FOR CONSOLIDATED FINANCIAL STATEMENTS:

- a) In the preparation of the consolidated financial statements, the financial statements of the main company and group companies have been consolidated, and assets, liabilities, capitals, revenues and expenses thereof transacted as a whole.

- b) Main company's participation and capital totals in each of the subsidiaries and affiliates are deducted.

- c) Commercial and balance transactions, sales, expenses and the profit amounts to be distributed among the main company and other group companies are deducted. Receivables and payables among the partnerships are deducted correspondingly.

- d) Inventories and fixed assets among the group companies are subjected to deduction based on the book values thereof. Where it is impossible to determine the total in inventories and/or profit or loss arising out of sales of raw materials and supplies, semi-finished goods in production, by-products, finished goods and trade goods, the related calculations are done using certain assumptions, and such assumptions are given in the footnotes.

- e) The accounting periods of the main partnership and the subsidiaries of which consolidated financial statements have been drawn-up are the same.

- f) Any difference arisen due to the accounting policies of the partnerships subject to consolidation and which could not be corrected according to assumptions and estimations, has been explained in the footnotes.

- g) In principle, the paid-in/issued capital in the consolidated balance sheet is the paid-in/issued capital of the main partnership; in case that the partnerships subject to consolidation method are indebted to each other due to capital commitments, then such debts are deducted from the related unpaid capital, and from the emission premium, if any, and thus liquidated.

- h) The amounts of the whole equity capital account group items including the paid-in/issued capital of the subsidiaries subject to consolidation corresponding to the shares other than the main partnership and the subsidiaries have been deducted, and given under the account titled "Main Partnership Other Equity Capital" before the equity capital account group of the consolidated balance sheet.

- 1) Where the activity fields of the partnerships subject to the consolidation method differ significantly, the account groups of the consolidated balance sheet were classified in terms of activity fields and the necessary explanation given in the footnotes.

j) Service and merchandise sales among the partnerships subject to the consolidation method have been deducted from the total sales amount and the cost of the goods sold.

k) The revenue and expense items arisen due to the transactions among the partnerships subject to consolidation have been deducted from the related accounts correspondingly.

l) The period's net profit or loss portion of the subsidiaries covered under consolidation corresponding to the shares other than the partnerships subject to the consolidation method have been given as increase or decrease before the net consolidated profit or loss, under the account titled "Main Partnership Other Profit-Loss".

m) In terms of consolidation application in financial statements, Goldaş Kuyumculuk Sanayi İthalat İhracat A.Ş. is subject to the inspection of the Capital Markets Board. Therefore, in the consolidation application, gold valuation income of USD 73.886.- is included in the consolidated profit result and Meydan Döviz ve Kıymetli Maden Ticareti A.Ş. passed from independent audit and Financial statements have been prepared according to Capital Market Boards. Therefore, in their financial statements, 101.927.- USD takes place within the Consolidated Financial Statements as deferred taxes obligation.

6. CHANGES IN THE ACCOUNTING POLICIES AND EFFECTS THEREOF:

a) There is no significant change in the accounting policies applied in 2006 of the main partnership, subsidiaries, affiliates and group companies subject to consolidation.

b) The minutes of board of directors of the companies subject to consolidation have been examined, and decisions that could have affect on the financial statements considered.

7. SIGNED TRIAL BALANCE, BALANCE SHEET AND PROFIT & LOSS STATEMENT:

The balance sheets and income statements for 2006 of the main partnership, subsidiaries and the group companies subject to consolidation have been issued in conformity with the accounting entries and documents.

8. CONCLUSION:

The accounts of **GOLDART HOLDING INC.**, and the group companies for the period ending on 31.12.2006 have been audited on the basis of the principles stipulated by the Turkish Commercial Code, the Turkish Tax Regulation, the General Communiqué on Application of Accounting Systems and the Capital Markets Code, and the communiqué on preparing and submitting consolidated financial statements to be issued by the main partnership.

It has been determined that the methods applied for issuing and submission of financial statements and consolidated financial statements of the main partnership, subsidiaries, affiliates and group companies are in conformity with the related accounting standards.

Enclosures:

- **Consolidated Balance Sheet, Statement of Income and Footnotes dated 31.12.2006.**

1- Actual scope and the purpose of the Group: Manufacturing and sales at home and abroad of jewelry (ornaments) made of precious metals such as gold and silver; trading of gold and precious metals, foreign exchange; mining and refinery...

2- Titles, registered addresses, capitals and main partnership shares of the companies constituting the Group:

Titles	Registered Addresses	Capital (USD)	Main Partnership Shares
Goldaş Kuy.San.İth.İhr.AŞ.	Kayalar Sokak 24 Merter-İSTANBUL	56.915.196	% 38.3
GoldaşMağazacılık ve Pazarlama A.Ş.	Kayalar Sokak 24 Merter-İSTANBUL	8.892.999. -	% 99.9
Goldaş Dağıtm Pazarlama A.Ş	Kayalar Sokak No.24 Merter-İSTANBUL	711.440.-	% 99.9
Meydan Döviz ve Kıymetli Maden Ticareti A.Ş.	Molla Fenari Mah. Vezirhan Cad. No:61 Nuruosmaniye/İSTANBUL	2.134.320.	% 90.0
Goldoro Altın Rafinerisi A.Ş.	Kayalar Sokak 24 Merter-İSTANBUL	71.144.-	% 90.0
Pregold Madencilik A.Ş.	Kayalar Sokak 24 Merter-İSTANBUL	355.720.	% 90.0
Goldaş DMCC	Office No.03, A1 Mamzar Centre Plot No.133-235, Hor Al Anz Fast Deira-DUBAI	55.000.-	% 100.0

3- Any change in the structure of the partnerships of the Group when compared to the previous period:

GOLDART HOLDİNG A.Ş.

The capital of Goldart Holding A.Ş. was increased from USD 14.228,799.- to USD 42.686.397.- The capital increase process was registered on 19.12.2005.

4- Shares hold by the main partnership in the subsidiaries not included in the Group, stock exchange values of such shares, if any, otherwise values of such shares calculated according to the net book values, and the reason of not applying consolidation: None.

5- Partnerships in bankruptcy or liquidation, and the related information: None.

6- If different accounting policies and standards are applied in the consolidated financial statements, the reason thereof and their monetary effects: Goldag Kuyumculuk Sanayi İthalat İhracat A.Ş. is subject to the inspection of the Capital Markets Board. In the consolidation application, a gold valuation income of USD 73,886.- is included in the consolidated profit result, Meydan Döviz ve Kıymetli Maden Ticareti A.Ş. passed from independent audit and Financial statements have been prepared according to Capital Market Boards. Therefore, in their financial statements, 101.927 USD takes place within the Consolidated Financial Statements as deferred taxes obligation.

7- Disclosure on the assumptions, techniques and methods used in consolidation: Financial statements of Subsidiaries are subjected to consolidation in conformity with Full Consolidation Method.

8- Information about issues arisen after the consolidated financial statement date of the main partnership and subsidiaries: None.

9- The nature of the relation between the subsidiaries and the main partnership where more than half of the voting power is not held directly or indirectly: None.

10- The title of the establishment where more than half of the voting power is held directly or indirectly through any subsidiary, but not being a subsidiary due to lack of control: None.

11- Basic methods applied for the conversion of the financial statements of any foreign partnership into YTL: The valuation rates of exchange of the Central Bank of the Republic of Turkey applicable at the end of 31.12.2006 period were applied.

12- The effects of acquisition and sales of subsidiaries to the financial standing, the outcomes of the reporting period and also on the figures of the previous period: None

13- The consolidated financial statements are arranged in the US Dollar terms.

14- Number of personnel employed by the group: 867