KOZA ALTIN İŞLETMELERİ A.Ş.

FINANCIAL STATEMENTS
AT 31 DECEMBER 2009
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

PRICEWATERHOUSECOOPERS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Koza Altın İşletmeleri A.Ş.

1. We have audited the accompanying financial statements of Koza Altın İşletmeleri A.Ş. (the "Company") which comprise the balance sheet as of 31 December 2009 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

2. Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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

PRICEWATERHOUSECOOPERS

Opinion

4. In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2009, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

5. Without qualifying our opinion, we would like to draw your attention to Notes 1 and 7 in the financial statements, which indicate that the Company has engaged in extensive related party transactions; in order to benefit from some export exemptions, all exporting activities of the Company are via ATP İnşaat ve Ticaret A.Ş. (the parent company of the Company) and there is also a substantial amount non-trade receivable from related parties. Related parties may enter into significant transactions, in which unrelated parties may not and transactions between related parties may not be realised with the same terms, conditions and amounts as transactions with unrelated parties.

Başaran Nas Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
a member of
PricewaterhouseCoopers

Murat Sancar, SMMM

İstanbul, 12 March 2010

KOZA ALTIN İŞLETMELERİ A.Ş.

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KOZA ALTIN İŞLETMELERİ A.Ş.

BALANCE SHEETS AT 31 DECEMBER

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

	Notes	31 December 2009	31 December 2008
ASSETS			
Current assets:			
Cash and cash equivalents	6	20.826.910	8.480.909
Due from related parties	7	44.201.871	18.892.380
Inventories	8	52.734.061	20.932.392
Other current assets	9	5.321.452	8.420.953
Total current assets		**123.084.294**	**56.726.634**
Non-current assets:			
Property, plant and equipment	10	204.731.355	183.991.420
Intangible assets	11	925.282	961.116
Goodwill	27	2.781.408	2.781.408
Deferred income tax assets	16	4.140.825	1.973.449
Other non-current assets		-	3.325
Total non-current assets		**212.578.870**	**189.710.718**
TOTAL ASSETS		**335.663.164**	**246.437.352**

These financial statements as at and for the year ended 31 December 2009 have been approved for issue by the Koza Altın İşletmeleri A.Ş. management on 12 March 2010.

The accompanying notes are an integral part of these financial statements.

KOZA ALTIN İŞLETMELERİ A.Ş.

BALANCE SHEETS AT 31 DECEMBER
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

	Notes	31 December 2009	31 December 2008
LIABILITIES AND EQUITY			
Current liabilities:			
Borrowings	12	9.188.029	2.147.513
Trade payables	13	19.681.619	20.028.588
Due to related parties	7	236.885	611.931
Current income tax liabilities	16	16.466.835	4.237.633
Provision for environmental rehabilitation and mine closure	16	4.473.820	3.720.705
Other current liabilities	14	6.272.395	2.557.226
Total current liabilities		**56.319.583**	**33.303.596**
Non-current liabilities:			
Borrowings	12	28.955.769	38.153.717
Provision for environmental rehabilitation and mine closure	15	18.093.604	20.198.569
Provision for employment benefits	17	1.541.011	1.019.239
Total non-current liabilities		**48.590.384**	**59.371.525**
Total liabilities		**104.909.967**	**92.675.121**
Equity:			
Share capital	18	60.000.000	44.350.000
Adjustment to share capital	18	9.831.922	9.831.922
Total paid-in capital	18	69.831.922	54.181.922
Retained earnings		160.921.275	99.580.309
Total equity		**230.753.197**	**153.762.231**
TOTAL LIABILITIES AND EQUITY		**335.663.164**	**246.437.352**

The accompanying notes are an integral part of these financial statements.

KOZA ALTIN İŞLETMELERİ A.Ş.

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31 DECEMBER

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

	Notes	1 January- 31 December 2009	1 January- 31 December 2008
Revenue	21	342.381.493	196.104.544
Cost of sales	22	(119.123.386)	(59.970.577)
Gross profit		**223.258.107**	**136.133.967**
Selling and marketing costs	23	(5.221.297)	(4.207.224)
General administrative expenses	24	(25.585.931)	(24.426.727)
Exploration costs		(9.975.717)	(8.220.729)
Other operating income	25	948.638	487.012
Other operating expenses	25	(10.006)	(232.071)
Operating profit		**183.413.794**	**99.534.228**
Finance income	26	11.021.550	16.380.195
Finance expense	26	(11.291.092)	(14.456.516)
Profit before taxation on income		**183.144.252**	**101.457.907**
Taxation on income		(36.499.388)	(20.730.075)
- Current income tax expense	16	(38.666.764)	(18.359.698)
- Deferred tax income/ (expense)	16	2.167.376	(2.370.377)
Profit for the year		**146.644.864**	**80.727.832**
Other comprehensive income for the year, net of tax		**-**	**-**
Total comprehensive income for the year		**146.644.864**	**80.727.832**
Basic and diluted earnings per share	19	2,4441	1,3455

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

	Share capital	Adjustment to share capital	Retained earnings	Total equity
Balances at 1 January 2008	**44.350.000**	**9.831.922**	**72.302.083**	**126.484.005**
Dividend relating to 2007 (Note 7-h)	-	-	(53.449.606)	(53.449.606)
Total comprehensive income	-	-	80.727.832	80.727.832
Balances at 31 December 2008	**44.350.000**	**9.831.922**	**99.580.309**	**153.762.231**
Increase in share capital (Note 18)	15.650.000	-	(15.650.000)	-
Dividend relating to 2008 (Note 7-h)	-	-	(69.653.898)	(69.653.898)
Total comprehensive income	-	-	146.644.864	146.644.864
Balances at 31 December 2009	**60.000.000**	**9.831.922**	**160.921.275**	**230.753.197**

The accompanying notes are an integral part of these financial statements.

KOZA ALTIN İŞLETMELERİ A.Ş.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

	Notes	1 January - 31 December 2009	1 January - 31 December 2008
Cash flows from operating activities:			
Profit before taxation on income		183.144.252	101.457.907
Adjustments to reconcile profit to net cash generated from operating activities:			
Depreciation and amortisation	10 - 11	75.303.757	30.080.347
Interest income		(957.384)	(2.159.218)
Interest expense		651.380	2.482.248
Exploration costs		9.975.717	8.220.729
Taxes paid		(26.437.562)	(19.264.193)
(Gain)/ loss from sales of property, plant and equipment - net	25	(630.552)	117.184
Changes in working capital	30	(53.382.169)	(590.082)
Payment for exploration activities		(9.499.852)	(8.295.021)
Provision for employment benefits	17	761.370	232.332
Employment benefits paid	17	(239.598)	(87.761)
Depletion cost		1.286.300	429.152
Payment for rehabilitation activities	15	(3.985.351)	(2.720.168)
Net cash generated from operating activities		**175.990.308**	**109.903.456**
Cash flows from investing activities:			
Purchases of property, plant and equipment	10 - 11	(95.171.536)	(117.303.343)
Loans granted to the related parties – non-trade receivables		(17.458.728)	(41.478.895)
Repayment of the related parties – non-trade receivables		18.733.697	52.399.500
Interest received		1.732.816	6.344.056
Proceeds from sales of property, plant and equipment and intangibles	10 - 11	1.141.431	523.214
Net cash used in investing activities		**(91.022.320)**	**(99.515.468)**
Cash flows from financing activities:			
Loans granted by the related parties - non-trade payables		13.684.825	296.028
Repayment to the related parties - non-trade payables		(13.933.512)	(299.830)
Redemption of bank borrowings		(2.322.476)	(2.196.421)
Proceeds from bank borrowings		-	38.492.983
Dividends paid	7.h	(69.653.898)	(53.449.606)
Interest paid		(486.336)	(2.201.182)
Net cash used in financing activities		**(72.711.397)**	**(19.358.028)**
Net increase/ (decrease) in cash and cash equivalents		**12.256.591**	**(8.970.040)**
Cash and cash equivalents at start of year		8.480.909	17.824.461
Foreign exchange gains/ (losses) on cash and cash equivalents		89.410	(373.512)
Cash and cash equivalents at end of year		**20.826.910**	**8.480.909**

The accompanying notes are an integral part of these financial statements

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

Eurogold Madencilik A.Ş. ("Eurogold") was established on 6 September 1989 in order to operate a gold mine at Ovacık-Bergama in İzmir. After acquisition of all shares of Eurogold by Normandy Mining Ltd. in 1999, title of Eurogold registered as Normandy Madencilik A.Ş. ("Normandy Madencilik"). In 2002, Normandy Mining Ltd. was acquired by Newmont Mining Corporation ("Newmont") and Normandy Madencilik became a subsidiary of Newmont.

On 3 March 2005, ATP İnşaat ve Ticaret A.Ş. ("ATP"), a group company of Koza İpek Holding A.Ş. ("Koza Holding"), and Koza Holding acquired all shares of Normandy Madencilik from Autin Investment. Autin Investment was the parent of Newmont before this acquisition. Normandy Madencilik registered its legal title as "Koza Altın İşletmeleri A.Ş." ("Koza Altın" or "the Company") on 29 August 2005 as a result of changes in the capital structure. 60,01% of the shares of the Company were held by ATP and 39,99% by Koza Holding, as of 31 December 2009 (Note 18), but the İpek family is the ultimate controlling party. Koza Altın is not a listed company (Note 31).

The Company is currently engaged in exploring and operating the gold mines through four operational gold mines located in Ovacık-Bergama-İzmir, Havran - Küçükdere-Balıkesir both in western Turkey, Gıcık-Ankara in central of Turkey, and Mastra-Gümüşhane in north-eastern Turkey. The Company sells unprocessed bullions comprising of gold and silver ("dores") to two gold refineries, one of which is located in Turkey and other is in Europe. The export sales of the Company are performed via ATP to the refinery in Europe (Note 7).

The address of the registered head office is as follows:

Necatibey Caddesi No:56/B
Demirtepe/Ankara, Turkey

NOTE 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS"), the policies set out below have been consistently applied to all the years presented unless otherwise stated. The financial statements have been prepared under the historical cost convention.

Koza Altın is registered in Turkey, maintain its book of account and prepare their statutory financial statements ("Statutory Financial Statements") in Turkish lira ("TL") in accordance with the Turkish Commercial Code, tax legislation, and the Uniform Chart of Accounts issued by the Ministry of Finance. These financial statements are based on the statutory records of Koza Altın with adjustments and reclassifications including the application of consistent accounting policies for the purpose of fair presentation in accordance with IFRS.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

NOTE 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

a) New and amended standards adopted by the Company:

The Company has adopted the following new and amended IFRS as of 1 January 2009:

- IFRS 7 'Financial instruments - Disclosures' (amendment) - effective from 1 January 2009. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As the change in accounting policy only results in additional disclosures, there is no impact on earning per share.

- IAS 1 (Revised), 'Presentation of financial statements' (effective from 1 January 2009). Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The Company presented one performance statement (the statement of comprehensive income).

- In respect of borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 January 2009, borrowing costs are capitalised directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. This change in accounting policy was due to the adoption of IAS 23, 'Borrowing costs' (2007) in accordance with the transition provisions of the standard; comparative figures have not been restated. The amendment does not impact on the Company's financial statements, as the Company has no qualifying assets.

- IAS 16 (amendment), "Property, Plant and Equipment", (effective for periods beginning on or after 1 January 2009). The amendment does not impact on the Company's financial statements.

- IAS 36 (amendment), "Impairment of Assets", (effective for periods beginning on or after 1 January 2009). Amendment is only related with the disclosure of estimates used to determine recoverable amount and has no impact on earnings per share (Note 3).

- IFRS 8 (revised), "Operating Segments", (effective for periods beginning on or after 1 January 2009). It is not applicable, as there is single reportable segment (Note 3-t).

b) All amendments and new standards and interpretations issued and effective other than those mentioned above are not relevant to the Company

c) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company:

The following standards and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 1 January 2010 or later periods, but the Company has not early adopted them:

- IFRS 3 (revised), "Business combinations" (effective from 1 July 2009). The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the minority interest in the acquiree either at fair vale or at the minority interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The Company will apply IFRS 3 (revised) prospectively to all business combinations from 1 January 2010.

NOTE 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

- IAS 38 (amendment), 'Intangible Assets'. The amendment is part of the IASB's annual improvements project published in April 2009 and the Company will apply IAS 38 (amendment) from the date IFRS 3 (revised) is adopted. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives. The amendment will not result in a material impact on the Company's financial statements.

- IAS 38 (amendment), "Intangible Assets", (effective for periods beginning on or after 1 January 2010). Amendments to paragraphs 40 and 41 of IAS 38 to clarify the description of valuation techniques commonly used by entities when measuring the fair value of intangible assets acquired in a business combination that are not traded in active markets. It is not expected to have an impact on the Company's financial statements.

- IAS 36 (revised), "Impairment of Assets", (effective for periods beginning on or after 1 January 2010). Amendment to clarify that the largest cash-generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment.

- IAS 7 (revised), "Statement of cash flows", (effective for periods beginning on or after 1 January 2010). Amendment to require that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities. The amendment will not result in a material impact on the Company's statements of cash flows.

- IFRS 8 (revised), "Operating Segments", (effective for periods beginning on or after 1 January 2010). It is not expected to have an impact on the Company's financial statements, as there is single reportable segment (Note 3-t).

- Eligible Hedged Items - Amendment to IAS 39, Financial Instruments: Recognition and Measurement (effective with retrospective application for annual periods beginning on or after 1 July 2009). As there is no hedging transaction, it is not expected to have an impact on the Company's financial statements.

- Classification of Rights Issues - Amendment to IAS 32, Financial Instruments: Presentation (effective for annual periods beginning on or after 1 February 2010). It is not expected to have an impact on the Company's financial statements.

- IAS 24, Related Party Disclosures (amended November 2009, effective for annual periods beginning on or after 1 January 2011). As the change in accounting policy only results in additional disclosures, there is no impact on earning per share.

- IFRS 9, Financial Instruments (issued in November 2009, effective for annual periods beginning on or after 1 January 2013, with earlier application permitted).

- Improvements to International Financial Reporting Standards (issued in April 2009; amendments to IFRS 2, IAS 38, IFRIC 9 and IFRIC 16 are effective for annual periods beginning on or after 1 July 2009; amendments to IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 36 and IAS 39 are effective for annual periods beginning on or after 1 January 2010). Although they are not expected to have a material impact on the Company's financial statements, the Company management is still assessing their impact.

NOTE 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

d) Standards, amendments and interpretations to existing standards that are not yet effective and not relevant for the Company.

- IFRS 5 (revised), "Measurement of non-current assets (or disposal groups) classified as held-for-sale". The amendment is part of the International Accounting Standards Board's ("IASB") annual improvements project published in April 2009. The amendment provides clarification that IFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirement of IAS 1 still apply, particularly paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of IAS 1. The Company will apply IFRS 5 (amendment) from 1 January 2010. It is not expected to have an impact on the Company's financial statements.

- IAS 1 (amendment), "Presentation of financial statements". The amendment is part of the IASB's annual improvements project published in April 2009. The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. The Company will apply IAS 1 (amendment) from 1 January 2010. It is not expected to have an impact on the Company's financial statements.

- IFRS 2 (amendment), "Group cash-settled share-based payment transactions" (effective from 1 January 2010). In addition to incorporating IFRIC 8, "Scope of IFRS 2", and IFRIC 11, "IFRS 2 - Group and treasury share transactions", the amendments expand on the guidance in IFRIC 11 to address the classification of group arrangements that were not covered by the interpretation. The new guidance is not expected to have an impact on the Company's financial statements.

- IFRS 2 (revised), "Share based payments", (effective for periods beginning on or after 1 July 2009. Linked to application of IFRS 3 (revised)). Amendment to confirm that, in addition to business combinations as defined by IFRS 3 (revised), 'Business combinations', contributions of a business on formation of a joint venture and common control transactions are excluded from the scope of IFRS 2, 'Share-based payment'.

- IFRIC 17 "Distribution of non-cash assets to owners" (effective for the annual periods beginning on or after 1 July 2009). The interpretation is part of the IASB's annual improvements project published in April 2009. This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. IFRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable. The Company will apply IFRIC 17 from 1 January 2010. It is not expected to have an impact on the Company's financial statements.

NOTE 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

- IFRIC 9 and IFRS 3 (revised), (effective for periods beginning on or after 1 July 2009). The IASB amended the scope paragraph of IFRIC 9 to clarify that it does not apply to possible reassessment, at the date of acquisition, to embedded derivatives in contracts acquired in a combination between entities or businesses under common control or the formation of a joint venture. It is not expected to have an impact on the Company's financial statements.

- IFRIC 9 (revised), "Reassessment of Embedded Derivatives" (effective for periods ending on or after 30 June 2009). It is not expected to have an impact on the Company's financial statements, no such instruments.

- IFRIC 18, "Transfers of assets from customers" (effective for periods beginning on or after 1 July 2009). It is not expected to have an impact on the Company's financial statements.

- IAS 17 ,"Leases" (revised), (effective for periods beginning on or after 1 January 2010). It is not expected to have an impact on the Company's financial statements, as there are no leases.

- IAS 39 (revised), "Financial Instruments: Recognition and Measurement", (effective for periods beginning on or after 1 January 2010). Amendments regarding scope exemption for business combination contracts and cash flow hedge accounting. It is not expected to have an impact on the Company's financial statements as there are no business combination contracts or cash flow hedges.

- IAS 39 (revised), "Financial Instruments: Recognition and Measurement", (effective for periods beginning on or after 1 January 2010). Clarification that pre-payment options, the exercise price of which compensates the lender for loss of interest by reducing the economic loss from reinvestment risk, should be considered closely related to the host debt contract. It is not expected to have an impact on the Company's financial statements.

- IFRIC 16, "Hedges of a net investment in a foreign operation", (effective for periods beginning on or after 1 July 2009). It is not expected to have an impact on the Company's financial statements, as there are no foreign operations.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed by the Company in the preparation of the financial statements are summarised below:

a) Related parties

For the purpose of the financial statements, shareholders having control, joint control or significant influence over the Company, İpek family members who are the ultimate controlling party of the Company, Koza Holding Companies, fellow subsidiaries and key management personnel, together with companies controlled, jointly controlled or significantly influenced by them are considered as and referred to as related parties (Note 7).

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand accounts, and bank deposits held at call with banks, and short-term highly liquid investments with original maturities of three months or less (Note 6).

c) Financial assets

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, unless maturity is greater than 12 months after the balance sheet date, in which case they are included in long-term assets. All loans are recognised when cash is advanced to the borrowers and measured at amortised cost, less any provision for impairment.

d) Trade receivables and provision for impairment of receivables

Trade receivables that are created by the Company by way of providing goods or services in the ordinary course of business directly to a debtor are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest rate method, less provision for impairment.

e) Impairment of financial assets

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Company uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The Company, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

    (i) Adverse changes in the payment status of borrowers in the portfolio; and
    (ii) National or local economic conditions that correlate with defaults on the assets in the portfolio.

The Company first assesses whether objective evidence of impairment exists.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced and the amount of the loss is recognised in the statement of comprehensive income. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Company may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the statement of comprehensive income.

f) Inventories

Inventories are mainly comprised of ore stock piles, gold in circuit, dores, chemicals and spare parts (Note 8). Inventories are valued at the lower of cost and net realisable value. Cost of inventory consists of purchase of materials, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost of conversion includes direct labour and allocation of fixed and variable production overheads (fixed production overheads are allocated based on normal capacity). Stockpiles, gold in circuit and dores are measured by the number of contained gold oz and the estimated recovery percentage based on the processing method. Stockpiles and gold in circuit amounts are verified by periodic surveys. Production overheads include amortisation and depreciation of mining assets like asset retirement costs, mine development costs and deferred stripping cost, at the relevant stage of production. The costs of inventories are determined on a weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

g) Property, plant and equipment and related depreciation

i) Mining assets

Mining assets, including mine development costs, deferred stripping costs, mineral and surface rights and rehabilitation assets, are initially recorded at cost, whereafter they are measured at cost less accumulated amortisation and impairment, if any.

Development costs incurred to evaluate and develop new ore bodies, or to define mineralisation in existing ore bodies, or to establish or expand productive capacity or to maintain production are capitalised. Mine development costs are capitalised to the extent they provide probable access to gold bearing reefs, have future economic benefits and they are attributable to an area of interest or those that can be reasonably allocated to the area of interest (Note 10-a). Development costs include sinking shafts, construction of underground galleries, roads and tunnels. Where revenue from gold sales is recognised in the statements of comprehensive income, costs incurred during commissioning period which are directly attributable to developing the operating capability of the mine, are capitalised and only the costs that represent costs of producing gold is recognised in the statement of comprehensive income. In cases where it is difficult to separate the research phase from the development phase in a project, the entire project is treated as research and expensed immediately.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The depreciation starts when the asset is in the location and condition necessary for it to be capable of operating in the manner intended by the management. Development costs incurred during the production phase are capitalised and depreciated to the extent that they have future economic benefits. The development cost is allocated at initial recognition to its significant components and each component is depreciated separately by units of production method, considering the attributable area of interest. The major overhauls that extend the future economic benefits throughout the life of mine are capitalised as future benefits will flow to the Company. Other than major overhauls, repairs are expensed as incurred. Depreciation and amortisation of development costs are calculated principally by the units of production method based on estimated proven and probable reserves of attributable area of interests. In accordance with the unit of production method, the depreciation charge of development costs are calculated by dividing the number of oz of ore extracted during the period to the remaining proven and probable gold reserves in terms of oz for attributable area of interest (Note 10-a). To the extent that these costs benefit the entire ore body or area of interest, they are amortised over the estimated life of the ore body or area of interest. Proven and probable ore reserves reflect estimated quantities of economically recoverable reserves which can be recovered in future from known mineral deposits in the attributable area of interest.

Deferred stripping costs incurred during the production phase to remove waste ore, are deferred and charged to operating costs on the basis of the average life-of-mine stripping ratio. Deferred stripping costs are attributed to the period's production cost using a stripping ratio through depreciation. Depreciation of deferred stripping costs for the period is calculated as actual stripping costs incurred for the period, divided by the actual stripping ratio for the period, and then multiplied by the estimated stripping ratio. Actual stripping ratio is calculated as the cumulative number of tonnes of extracted ore and wastage considering the cumulative processed number of tonnes of ore as of the balance sheet date, divided by the gold mine extracted from the open pit areas during the period in terms of oz. The estimated stripping ratio for the remaining life of the mine is calculated as the estimated cumulative number of tonnes of extracted ore and wastage considering the cumulative processed number of tonnes of ore as of the balance sheet date, to the remaining proven and probable gold reserves in open pit areas in terms of oz. The cost of "excess stripping" is capitalised as a mining asset, when the actual stripping ratio exceeds the average life of mine stripping ratio (Note 10-a). Where the average life of the mine stripping ratio exceeds the actual stripping ratio, the cost is charged to the statement of comprehensive income as production cost. The average life-of-mine ratio is revised annually in light of additional knowledge and changes in the life of stripping ratio are accounted for prospectively as change in estimates.

Mineral and surface rights are recorded at acquisition cost and amortised principally by the units of production method based on estimated proven and probable reserves. In accordance with the unit of production method, the amortisation charge of mineral and surface rights are calculated by dividing the number of oz of ore extracted during the period to the remaining proven and probable gold reserves in terms of oz (Note 10-a).

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Rehabilitation assets are estimated at the present value of the expenditures needed to settle the rehabilitation and mine closure obligation, using estimated cash flows based on the current prices. The estimates are discounted at a pre-tax rate that reflects current market assessments of time value of money and where appropriate the risk specific to the liability. The provision for the rehabilitation and mine closure is capitalised in the cost of the related mining asset (recognised as separately as "rehabilitation asset"). Changes in estimates of this provision are added to, or deducted from, the cost of the related asset subject to certain limits. The rehabilitation assets are depreciated using the lower of their useful life or units of production method which is the ratio of the number of oz of ore extracted during the period from the respective areas of interest to the remaining proven and probable gold reserves (Note 10-a). The cost of ongoing current programmes to prevent and control pollution is charged against the statements of comprehensive income as incurred.

Mining assets are reviewed for impairment whenever amounts or changes in circumstances indicate that carrying amounts may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. For purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Mining assets that have suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

ii) Non-mining assets

Property, plant and equipment other than the mining assets, are carried at cost less accumulated depreciation. Depreciation is provided on the restated amounts for property, plant and equipment on a straight-line basis less any impairment. The cost of property, plant and equipment is allocated at initial recognition to its significant components and each component is depreciated separately over its useful life. Land is not depreciated as it is deemed to have an indefinite life (Note 10-b). The useful lives of facilities and equipments do not exceed the estimated respective life of mines based on proven and probable reserves, as the useful lives of these assets are considered to limited to the life of the relevant mine. The depreciation periods for property, plant and equipments, which are not depreciated on the units of production method, approximate the useful lives of such assets, are as follows:

	Years
Buildings	up to relevant life of mines (2-10)
Machinery and equipment	up to relevant life of mines (5-10)
Motor vehicles	5 - 10
Furniture and fixtures	3 - 10

Buildings, machinery and equipment are capitalised and depreciated when they are in the location and condition necessary for it to be capable of operating in the manner intended by the management. Residual values of property, plant and equipment are deemed as negligible.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent costs are included in the asset's carrying value or recognised as separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Property, plant and equipment are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of fair value less cost to sell or value in use. The assets' useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Repairs and maintenance are charged to the statements of comprehensive income during the financial period in which they are incurred. The Company derecognises the carrying amounts of the replaced parts related to renovations regardless of whether the replaced parts were depreciated separately. Major overhauls are depreciated over shorter of their useful lives or the remaining useful life of the related assets.

Gains or losses on disposals of property, plant and equipment are determined by reference to their carrying amounts and are included in the related income and expense accounts, as appropriate (Note 25).

h) Exploration and evaluation costs

Exploration costs are expensed as incurred. When a decision is taken that a mining property is capable of commercial production (when the Company management are able to demonstrate that future economic benefits are probable, which will be the establishment of increased proved and probable reserves at the relevant location) and legal permissions are obtained (e. g. mining license) for a specific area of interest; all further pre-production expenditure, including the costs related to property acquisitions and mineral and surface rights together with evaluation activities such as geological, geochemical studies and drilling for further technical feasibility in the relevant area of interest, are capitalised (Note 10-a). Where the Company management considers that there is an impairment indicator such as significant decrease in resource and reserve, serious mine accidents, expiration or permanent cancellation of rights, impairment is assessed and recognised for the amount by which the carrying amount of the asset exceeds its recoverable amounts, which is the higher of fair value less cost to sell or value in use.

i) Intangible assets

Intangible assets have finite useful lives and comprise information systems and software rights. They are recorded at acquisition cost and amortised on a straight-line basis over their estimated useful lives for a period between three and five years from the date of acquisition (Note 11). Costs associated with maintaining computer software programmes are recognised as an expense when incurred. Gain or losses on disposals or on impairments of intangible assets with respect to their restated amounts are included in the related income and expense accounts. Residual values of intangible assets are deemed as negligible. Intangible assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purpose of assessing impairment, intangible assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of fair value less cost to sell or value in use.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the comprehensive income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. The Company management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled (Note 16).

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

k) Business combinations

A business combination is the bringing together of separate entities or businesses into one reporting entity. Business combinations are accounted for using the purchase method in the scope of IFRS 3, "Business Combinations". The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition.

The cost of a business combination is allocated by recognising the acquiree's identifiable assets, liabilities and contingent liabilities at the date of acquisition. Any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination cost is accounted for as goodwill (Note 27). In business combinations, the acquirer recognises identifiable assets, intangible assets (such as trademarks) and/or contingent liabilities which are not included in the acquiree's financial statements and which can be separated from goodwill, at their fair values in the financial statements. The goodwill previously recognised in the financial statements of the acquiree is not considered as an identifiable asset. When the cost of the acquisition is less than the fair value of the acquiree, the difference is recognised directly in the in the statement of comprehensive income in the period of the acquisition.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses, if any. Goodwill is allocated to cash-generating units for the purpose of impairment testing, which is undertaken at the lowest level at which goodwill is monitored for internal management purposes. Impairment testing for goodwill is performed at least annually, and at the same date, unless any impairment indicator exists; by comparing the present value of the expected future cash flows from a business with the carrying amount of its net assets, including attributable goodwill, impairment losses on goodwill are not reversed.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

l) Revenue recognition

Revenue represents dore sales and is recognised when the risks and rewards of ownership have passed to the buyer with delivery to the refinery, the amount of revenue can be reliable measured, it is probable that future economic benefits will flow to the Company. Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Company's activities. Revenue is shown net of value-added tax, returns, rebates and discounts (Note 21).

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income.

Other incomes earned by the Company are recognised on the following bases:

- Rental income- on an accrual basis.

- Interest income-on a time proportion basis using the effective interest method.

- Dividend income- when the Company's right to receive payment is established.

m) Contingent assets, liabilities and provisions

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 not wholly within the control of the Company are treated as contingent assets or liabilities. The Company does not recognise contingent assets and liabilities. A contingent liability is disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable (Note 28).

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provisions are not recognised for future operating losses.

i. Employee benefits- defined benefit obligation

Defined benefit obligations represent the present value of the estimated total provision of the future probable obligation of the Company arising from the retirement of the employees calculated in accordance with the Turkish Labour Law. In accordance with existing social legislation and Turkish Labour Law in Turkey, the Company is required to make lump-sum termination indemnities to each employee whose employment is terminated due to retirement or for reasons other than resignation or misconduct and who has completed at least one year of service. A provision is made for the present value of the defined benefit obligation calculated using the projected unit credit method. All actuarial gains and losses are recognised in the statements of comprehensive income (Note 17).

NOTE 3- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ii. Provision for environmental obligations

Estimated environmental obligations, comprising rehabilitation and mine closure arising from development activities are based on the Company's environmental management plans in compliance with current technological, environmental and local regulatory requirements. The net present values of expected rehabilitation and mine closure cost estimates are recognised and provided for in full in the financial statements (Note 15). The estimates are reviewed annually and are discounted using pre-tax rates that reflects current market assessments of the time value of money and where appropriate the risk specific to liability. Annual changes in the provision consist of finance costs relating to the change in the present value of the provision, as well as changes in estimates. The provision for the rehabilitation and mine closure is capitalised in the cost of the related mining asset (recognised as separately as "rehabilitation asset"). Changes in estimates of this provision are added to, or deducted from, the cost of the related asset subject to certain limits. Changes other than resulting from changes in estimates are recognised in the statement of comprehensive income.

iii. Provision for profit sharing and bonus plans

The Company recognises a liability and an expense for bonus and profit-sharing for the key management and administrative personnel, based on a formula that takes into consideration the profit attributable to the shareholders after certain adjustments. The Company recognises a provision where contractually obliged or where there is a past practice that has created constructive obligation.

n) Share capital and dividends

Ordinary shares are classified as equity. Capital increases to existing shareholders are accounted for at par value as approved. Dividends payable on shares are recognised as an appropriation of the profit in the period in which they are declared.

o) Borrowings and borrowings costs

Borrowings are recognised initially at fair value net of any transaction costs incurred. In subsequent periods, borrowings are measured at amortised cost using the effective yield method; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method (Note 12). Borrowing costs are expressed as incurred. On the other hand, in respect of borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 January 2009, borrowing costs are capitalised directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset.

p) Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method (Note 13).

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

q) Changes in accounting estimates

Effects of changes in accounting estimates, except for the changes in accounting estimates with respect to the rehabilitation and mine closure costs, are included in the determination of net profit or loss in the period of change and future periods, if the change affects both.

r) Offsetting

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

s) Foreign currency translation

i) Functional and presentation currency

Items included in the financial statements of Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in TL, which is the Company's functional and presentation currency.

ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuations where items re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period or year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

t) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided the chief operating decision makers. The chief operating decision makers, who are responsible for allocation resources and assessing performance of the operating segments, have been identified as the senior management that makes strategic decisions.

Since the chief operating decision makers regularly monitor and review the operational results based on the mining areas (Note 1), the mining areas are defined as operating segments. However, as the nature of the products, production processes, type of customers, distribution methods and regulatory environment of each mining area are identical, there is single reportable segment in accordance with the provisions in IFRS 8.

u) Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the Company to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. The financial guarantee is recognised initially at fair value and subsequently higher of the amount determined in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" and the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with IAS 18 "Revenue".

NOTE 4 - FINANCIAL AND OPERATIONAL RISK MANAGEMENT

FINANCIAL RISK MANAGEMENT

a) Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow, fair value interest rate risk), capital risk, credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company.

Risk management is carried out by the finance department of the Company under policies approved by Board of Directors. The Board provides principles for over-all risk management as well as policies covering specific areas, such as foreign exchange risk, interest rate risk and capital risk.

The financial risk management objectives of the Company are defined as follows:

- safeguarding the Company's core earnings stream from its major assets through the effective control and management of foreign exchange risk and interest rate risk;
- effective and efficient usage of credit facilities in both the sort and long term through the adoption of reliable liquidity management planning and procedures;
- ensuring that investment transactions are undertaken with creditworthy counterparts; and
- ensuring that all contracts and agreements related to risk management activities are coordinated and consistent throughout the Company and that they comply where necessary with all relevant regulatory and statutory requirements.

1. Market risk

i) Foreign exchange risk

As the Company's trade receivables and bank borrowings are mainly denominated in USD, foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the Company's functional currency. The price in global gold market predominately is USD which also exposes the Company to the foreign exchange risk. The Company is exposed to foreign exchange risk through the impact of rate changes on translation into TL of foreign currency denominated assets and liabilities. These risks are monitored by analysis of the foreign currency position (Note 29).

ii) The Company is not exposed to equity securities price risk.

iii) Cash flow and fair value interest rate risk

The Company's interest rate risk arises mainly from long-term borrowings. Borrowings issued at variable rates and other interest bearing liabilities expose the Company to cash flow interest rate risk which is partially offset by interest bearing assets. The interest rate risk is partially managed through the balancing of assets and liabilities that are responsive to the fluctuations in interest rates (Note 12).

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

NOTE 4 - FINANCIAL AND OPERATIONAL RISK MANAGEMENT (Continued)

Interest rate position :

	31 December 2009	31 December 2008
Financial instruments with fixed interest rates		
Financial assets	60.303.526	18.892.380
Financial liabilities	20.268.103	22.887.303
Financial instruments with floating interest rates		
Financial assets	-	-
Financial liabilities	37.794.199	38.054.446

According to the interest rate sensitivity analysis performed as at 31 December 2009, if interest rates had been 1% higher while all other variables being constant, income for the period would be TL377.942 (2008: TL380.544) lower as a result of additional interest expense that would be incurred on financial instruments with floating rates.

2. Capital risk

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings, less cash and cash equivalents. Total capital is calculated as "equity" as shown in the balance sheet plus net debt. The gearing ratios at 31 December 2009 was as follows:

	31 December 2009	31 December 2008
Total borrowings (Notes 12)	38.143.798	40.301.230
Non-trade due to related parties (Note 7)	28.383	277.070
Less: Cash and cash equivalents (Note 6)	(20.826.910)	(8.480.909)
Net debt	17.345.271	32.097.391
Total equity	230.753.197	153.762.231
Total capital	248.098.468	185.859.622
Gearing ratio	**7%**	**17%**

The Company's strategy is to maintain low levels of balance sheet gearing and indebtedness consistent with its conservative financial profile. The Company management regularly monitors the gearing ratio.

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

NOTE 4 - FINANCIAL AND OPERATIONAL RISK MANAGEMENT (Continued)

3. Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, existing and prospective debt requirements, the Company treasury aims to maintain flexibility in funding by keeping committed credit lines available. The ability to fund the existing and prospective debt requirements is managed by maintaining the availability of adequate committed funding lines from high quality lenders.

In addition, the Company's liquidity management policy involves projecting cash flows, considering the level of liquid asset, monitoring balance sheet liquidity ratios against the budgets, maintaining debt financing plans. Cash flow forecasting is performed for each operating mines and aggregated by the Company treasury and finance. Such forecasting takes into consideration the Company's financing plans.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	31 December 2009				
	Carrying value	**Total cash outflows (=I+II+III)**	**Less than 3 months (I)**	**3 months - 1 year (II)**	**1 - 5 years (III)**
Bank borrowings	38.143.798	40.459.371	370.309	9.006.400	31.082.662
Trade payables	19.681.619	19.794.628	19.776.810	17.818	-
Due to related parties	236.885	237.537	237.537	-	-
	58.062.302	**60.491.536**	**20.384.656(*)**	**9.024.218**	**31.082.662**

(*) Considering the cash flows from operating activities and current assets, the Company management believes that there is no liquidation risk for the payment of these non-derivative financial liabilities.

	31 December 2008				
	Carrying value	**Total cash outflows (=I+II+III)**	**Less than 3 months (I)**	**3 months - 1 year (II)**	**1 - 5 years (III)**
Bank borrowings	40.301.230	46.450.772	1.082.279	1.183.350	44.185.143
Trade payables	20.028.588	20.391.197	17.392.415	2.998.782	-
Due to related parties	611.931	615.819	615.819	-	-
	60.941.749	**67.457.788**	**19.090.513**	**4.182.132**	**44.185.143**

NOTE 4 - FINANCIAL AND OPERATIONAL RISK MANAGEMENT (Continued)

4. Credit risk

Credit risk arises from cash and cash equivalents, deposits in banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. Risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. As the Company sells the dores to only refineries, one in Turkey other in Europe, with a maturity of less than one month, the credit risk for the Company is very low. The Company management, in line with the past experiences, there were never defaults or delays in payments, thus, believes that the credit risk is well managed and monitored effectively and credit risk is limited to carrying amounts of the financial assets.

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

NOTE 4 - FINANCIAL AND OPERATIONAL RISK MANAGEMENT (Continued)

The following table analyses the Company's credit risk as of 31 December 2009 and 2008:

	31 December 2009		31 December 2008	
	Due from related parties (1)	**Banks**	**Due from related parties** (1)	**Banks**
Maximum amount of credit risk exposed as of reporting date (A+B+C+D+E) (2)	**44.201.871**	**20.783.833**	**18.892.380**	**8.429.854**
A. Net book value of financial assets not due or not impaired (3)	37.106.923	20.783.833	8.439.604	8.429.854
B. Net book value of financial assets whose conditions are renegotiated, otherwise will be classified as past due or impaired (3)	-	-	-	-
C. Net book value of assets past due but not impaired (4)	7.094.948	-	10.452.776	-
D. Net book value of assets impaired	-	-	-	-
E. Off-balance items exposed to credit risk	-	-	-	-

(1) Note 7.
(2) Unearned credit finance income and secured portions of due and overdue receivables are taken into consideration while determining aforementioned amounts.
(3) Considering the past experiences the Company management believes that no credit risk for the collection of these receivables (Note 7.a).
(4) Considering the past experiences and collections subsequent to the balance sheet date, the Company management does not foresee any collection problem for the overdue receivables (Note 7).

NOTE 4 - FINANCIAL AND OPERATIONAL RISK MANAGEMENT (Continued)

b) Fair value estimation

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

The estimated fair values of financial instruments have been determined by the Company using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realise in a current market exchange.

The carrying values of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

c) Financial instruments by category

The Company has classified its financial assets and liabilities as loans and receivables. The Company's financial assets are comprised of cash and cash equivalents and due from related parties which are categorized as loans and receivables and measured at amortised costs using effective interest method. The Company's financial liabilities are comprised of borrowings, trade payable and due to related parties which are categorised as financial liabilities and measured at amortised cost using effective interest method.

OPERATIONAL RISK MANAGEMENT

The main operational risk is derived from gold price risk.

Gold price risk arises from the risk of an adverse effect on current or future earnings resulting from fluctuations in the price of gold. The profitability of the Company's operations, and the cash flows generated by those operations, are affected by changes in the market price of gold, such that a fall in the price of gold relative to the Company's operating cost of production for any period may lead to a decrease in operational profitability of the Company. The Company does not anticipate that prices in global gold markets will decrease significantly in the foreseeable future, and therefore, has not entered into derivative or other contracts to manage the risk of a decline in prices in global gold markets. Furthermore, the Company reviews its outlook for the market prices regularly in considering need for active financial risk management.

This risk is closely monitored by analysis of the prices in global gold markets.

NOTE 5 - CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed as follows:

a) Gold mineral reserves

At the end of each reporting period, the estimate of proven and probable gold mineral reserves are updated by the Company management, and also external independent valuers for certain reporting periods determine the proven and probable reserves. In this respect, as of 30 September 2009 in accordance with the Australian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves 2004 (the 'JORC code') "SRK Consulting", independent valuers, determined the proven and probable reserves of Koza Altın. As of 31 December 2009, the Company management updated the proven and probable reserves in accordance with JORC code. The information on ore reserves was prepared by or under the supervision of Competent Persons as defined in the JORC code. There are numerous uncertainties inherent which are depending to some extent on commodity prices, exchange rates, geological assumptions and statistical inferences in estimating ore reserves and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Such changes in reserves could have an impact on depreciation of mining assets, deferred stripping costs, rehabilitation costs and would be adjusted on a prospective basis.

b) Carrying value of goodwill and property, plant and equipment

All mining assets are amortised using the units-of-production method where the mine operating plan calls for production from well-defined mineral reserves over proved and probable reserves. For mobile and other equipment, the straight-line method is applied over the estimated useful life of the asset which does not exceed the estimated mine life based on proved and probable mineral reserves as the useful lives of these assets are considered to be limited to the life of the relevant mine. The calculation of the units-of-production rate of amortisation could be impacted to the extent that actual production in the future is different from current forecast production based on proved and probable mineral reserves. This would generally arise when there are significant changes in any of the factors or assumptions used in estimating mineral reserves. These factors could include:

- changes in proved and probable mineral reserves;
- the grade of mineral reserves may vary significantly from time to time;
- differences between actual commodity prices and commodity price assumptions;
- unforeseen operational issues at mine sites;
- changes in capital, operating, mining, processing and reclamation costs, discount rates and foreign exchange rates; and
- changes in mineral reserves could similarly impact the useful lives of assets depreciated on a straight-line basis, where those lives are limited to the life of the mine.

Impairment calculation assumptions also include management's estimate of future gold price, based on current market price trends, foreign exchange rates and a pre-tax discount rate adjusted, the respective for project risk.

NOTE 5 - CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the gold price assumption may change which may then impact the estimated life of mine determinant and may then require a material adjustment to the carrying value of goodwill and tangible assets.

Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including reserves and production estimates, together with economic factors such as spot and future gold prices, discount rates, foreign currency exchange rates, estimates of costs to produce reserves and future capital expenditure.

c) Stockpiles, gold in circuit and dores

Stockpiles and gold in circuit are measured by the number of contained gold oz based on scaling and measuring data, and the estimated recovery percentage based on the processing method. Stockpile and gold in circuit ore tonnages are verified by periodic surveys. The Company management monthly compares the estimated recovery rate with the actual recovery rates by reconciling the estimated grades of ore to the quantities of gold actually recovered, and accordingly revises the rates used in the cost of stockpiles.

d) Estimate of exposure and liabilities with regard to rehabilitation costs

Estimated environmental obligations, comprising rehabilitation and mine closures are based on the Company's environmental management plans in compliance with current technological, environmental and local regulatory requirements. Estimated environmental obligations are also affected by the discount rates applied and amendments in the environmental management plans due to the changes in estimations of proven and probable gold reserves deviations from projected production plan, use of pattern and physical conditions (Note 15).

e) Income taxes

There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business and significant judgment is required in determining the provision for income taxes. The Company recognises tax liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income taxes in the period in which such a determination is made.

f) Legal risks

As a mining company, the Company is exposed to numerous legal risks. The outcome of currently pending and future proceedings can not be predicted with certainty. Thus, an adverse decision in a lawsuit or future changes in environmental rules could result in additional cost that are not covered, either wholly or partly, under insurance policies and that could significantly influence the business and results of operations.

NOTE 6 - CASH AND CASH EQUIVALENTS

		31 December 2009		31 December 2008
Cash in hand		43.077		51.055
Banks				
- Demand deposits		4.682.178		8.429.854
TL	4.678.718		3.450.501	
Foreign currency	3.460		4.979.353	
- Time deposits		16.101.655		-
TL	15.976.583		-	
Foreign currency	125.072		-	
		20.826.910		**8.480.909**

Time deposits at 31 December 2009 are denominated in USD and TL and all maturing within one month with the effective weighted average interest rates of 3,88% and 10,41% per annum (p.a.), respectively (2008: None). Based on the independent data with respect to the credit risk assessment of the banks at which the Company has deposits, are sufficient in terms of credit quality of the banks.

Cash and cash equivalents at 31 December 2009 include foreign currency denominated balances, mainly USD87.321 (2008: USD3.040.417 and GBP173.765). The fair values of cash and cash equivalents approximate carrying values, including accrued income at the respective balance sheet dates.

NOTE 7 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

ATP is the major shareholder, Koza Holding is the parent and İpek family is the ultimate controlling party of the Company, whereas all other related parties are the entities under common control (Note 1).

	31 December 2009	31 December 2008
a) Due from related parties		
ATP	34.947.234	9.884.261
Koza Holding	9.317.071	8.984.905
İpek Matbaacılık A.Ş. ("İpek Matbaacılık")	-	27.757
Other	7.489	56.109
Less: Unearned finance income	(69.923)	(60.652)
	44.201.871	**18.892.380**

The receivables from ATP are comprised of trade and non-trade receivables. Trade receivables at 31 December 2009 amounted to TL34.892.688 (2008: TL7.505.648) due to the export sales conducted via ATP and have an average maturity of less than one month. Non-trade receivables resulted from the funds provided for ATP's liquidity needs. The Company's receivables from Koza Holding are non-trade receivables, comprising funds provided for its liquidity needs.

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

NOTE 7 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

The effective average interest rates applied to TL and USD denominated due from related parties as of 31 December 2009 are 6,80% p.a. and 0,23% p.a., respectively, (2008: 16,20% p.a. and 0,43% p.a. respectively for TL and USD).

Based on verbal agreements with the related parties, the Company calculated interest charges for the overdue balances of these receivables using the effective weighted interest rate of 11,45% p.a. and 0,58% p.a. for receivables denominated in TL and USD, respectively, as of 31 December 2009 (2008: 16,21% p.a. and 2,71% p.a. for receivables denominated in TL and USD, respectively) and reflected them in the financial statements. The effective interest rate applied to these receivables is calculated monthly based on the recent financial informations and conditions.

The aging of receivables from related parties as of 31 December 2009 and 2008:

	31 December 2009	31 December 2008
Overdue receivables from related parties	7.094.948	10.452.776
0-30 days	37.106.923	8.439.604
	44.201.871	**18.892.380**

The aging of overdue receivables from related parties as of 31 December 2009 and 2008 are as follows;

0-3 months	4.513.998	8.865.706
3-6 months	2.580.950	1.177.072
6-12 months	-	409.998
	7.094.948	**10.452.776**

The overdue receivables from related parties are comprised of non-trade receivables. The maximum exposure to credit risk is limited to the carrying amount of the receivables from related parties. However, the Company management believes that no credit risk for collection losses is inherent in the Company's receivables from the related parties and has not allocated a doubtful provision.

b) Due to related parties

İpek Matbaacılık	117.568	118.644
Koza İpek Sigorta Aracılık Hiz. A.Ş. ("Koza İpek Sigorta")	88.580	93.227
İpek family	19.248	-
Koza Anadolu Metal Madencilik İşletmeleri A.Ş. ("Koza Anadolu Metal")	9.135	277.070
ATP Havacılık Ticaret A.Ş. ("ATP Havacılık")	-	13.389
Other	2.354	109.601
	236.885	**611.931**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

NOTE 7 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

Due to related parties have an average maturity of one month as of 31 December 2009 (2008: one month). The Company's payable to İpek Matbaacılık and Koza İpek Sigorta are trade payables arising from; service charges for advertisement services and insurance services.

The aging of payables to related parties as of 31 December 2009 and 2008 are as follows;

	31 December 2009	**31 December 2008**
Overdue payables to related parties	231.239	413.564
0-30 days	5.646	198.367
	236.885	**611.931**

	1 January - 31 December 2009	**1 January - 31 December 2008**
c) Product sales		
ATP	**342.381.493**	**187.015.937**

Export sales of the Company are conducted through ATP in order to benefit from value added tax exemption (Note 1).

d) Service purchases

ATP	3.284.791	1.836.865
ATP Havacılık	850.086	250.562
Koza Holding	560.867	346.747
Koza İpek Sigorta	498.026	376.351
Koza Gazetecilik	96.395	107.700
Other	386.638	489.011
	5.676.803	**3.407.236**

Service purchases from ATP are mainly composed of export commissions. The Company obtains transportation service from ATP Havacılık; insurance service from Koza İpek Sigorta; and public relation and advertisement services from Koza Gazetecilik. Service purchases from Koza Holding are mainly related with consultancy charges.

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

NOTE 7 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

	1 January - 31 December 2009	1 January - 31 December 2008
e) Finance income		
Koza Holding	463.031	1.027.082
ATP	63.764	307.257
Other	-	7.454
	526.795	**1.341.793**

Finance income from related parties is composed of interest charges calculated upon overdue receivables with the prevailing market interest rates. The average weighted effective interest rates applied to overdur receivables from related parties are 11,45% p.a. and 0,58% p.a. for TL and USD denominated receivables, respectively (2008: 16,21% p.a. and 2,71% p.a. for TL and USD denominated receivables, respectively).

f) Finance expense		
Koza Anadolu Metal	18.759	1.371
İpek Matbaacılık	-	7.533
Other	-	5.218
	18.759	**14.122**

Finance expense in 2009 is arising from the interest expense charge of Koza Anadolu Metal due to the non-trade funds that is amounting to USD9.062.000 with an average weighted effective interest rate of 0,26%, obtained during 2009. As of 31 December 2009, main part of the fund was paid by the Company to Koza Anadolu Metal.

g) Rent expenses		
Koza Anadolu Metal	17.746	15.960
İpek Matbaacılık	11.616	10.560
	29.362	**26.520**

h) Dividends paid		
ATP	41.797.059	32.073.386
Koza Holding	27.856.839	21.376.220
	69.653.898	**53.449.606**

Dividend paid per share in respect of the profit for the period ended 31 December 2009 is amounting to TL1,5706 with respect to profit for the year ended 31 December 2008 (2008: TL1,2052 with respect to profit for the year ended 31 December 2007).

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

NOTE 7 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

i) Key management compensation

Key management includes General Manager and members of Board of Directors. The compensations paid or payable to key management for employee services is shown below:

	1 January - 31 December 2009	1 January - 31 December 2008
Salaries and other short-term employee benefits	2.535.806	2.293.436
Other long-term benefits	5.088	3.816
	2.540.894	**2.297.252**

k) Guarantees received:

At 31 December 2009, the Company entered into the loan facility agreements for TL50.000.000 and USD100.000.000 (2008: TL50.000.000 and USD100.000.000), in which Koza Holding, ATP and İpek family are (Note 28) the joint guarantors of this loan agreement. The amount of borrowing utilised from these loan facilities by the Company is TL37.642.500 (equivalent of USD25.000.000) (2008: TL37.807.500 equivalent of USD25.000.000) for mainly financing the manufacturing facility investment in Mastra mine area.

l) Guarantees given:

At 31 December 2009, the Company entered into the loan facility agreements along with Koza Gazetecilik, Koza Holding, İpek Matbaacılık, Özdemir Antimuan, ATP, Koza Anadolu Metal, Koza İpek Sigorta Aracılık Hizmetleri A.Ş. and ATP Havacılık, as a joint guarantor for TL150.000.000, TL55.000.000, TL10.000.000, TL20.000.000, TL10.000.000, TL10.000.000, TL5.000.000 and TL100.000 respectively (2008: along with Koza İpek Gazetecilik, Koza Holding, İpek Matbaacılık, Özdemir Antimuan, ATP, Koza Anadolu Metal, Koza İpek Sigorta ve ATP Havacılık for TL150.000.000, TL55.000.000, TL10.000.000, TL10.000.000, TL10.000.000, TL10.000.000, TL5.000.000 and TL100.000 respectively); and USD50.000.000 for ATP.

NOTE 8 - INVENTORIES

	31 December 2009	31 December 2008
Ore stock pile	32.131.680	8.229.126
Gold in circuit and dores	3.890.609	1.627.154
Chemicals and other direct materials	1.804.093	612.640
Spare parts	14.907.679	10.463.472
	52.734.061	**20.932.392**

Cost of chemicals and other direct materials recognised as an expense and included in cost of sales amounted to TL14.439.762 in the period ended 31 December 2009 (2008: TL8.391.962) (Note 22).

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

NOTE 9 - OTHER CURRENT ASSETS

	31 December 2009	**31 December 2008**
Other current assets:		
Value Added Tax ("VAT") receivable	4.404.473	5.632.325
Prepaid expenses	410.990	304.623
Order advances given	330.266	2.095.839
Personnel advances	34.815	295.451
Other	140.908	92.715
	5.321.452	**8.420.953**

NOTE 10 - PROPERTY, PLANT AND EQUIPMENT

The Company's property, plant and equipment consist of mining assets and non-mining assets, and their net book values are as follows:

	31 December 2009	**31 December 2008**
Mining assets	90.145.957	85.056.374
Non-mining assets	114.585.398	98.935.046
	204.731.355	**183.991.420**

Mining assets include mine development costs, deferred stripping costs, mineral and surface rights and rehabilitation assets as of 31 December 2009 and 2008; and the net book values of these assets are as follows:

	31 December 2009	**31 December 2008**
a) Mining assets		
Mine development costs	58.789.360	39.291.748
Mineral and surface rights	6.799.929	9.125.069
Rehabilitation assets	5.250.524	10.312.985
Deferred stripping costs	19.306.144	26.326.572
	90.145.957	**85.056.374**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

NOTE 10 - PROPERTY, PLANT AND EQUIPMENT (Continued)

The movements of mining assets are as follows:

	1 January 2009	**Additions**	**31 December 2009**
Cost:			
Mine development costs	74.758.770	34.573.479	109.332.249
Mineral and surface rights	12.988.594	220.375	13.208.969
Rehabilitation assets	23.240.180	1.347.201	24.587.381
Deferred stripping costs	91.528.405	25.744.074	117.272.479
	202.515.949	**61.885.129**	**264.401.078**
Accumulated depreciation:			
Mine development costs	(35.467.022)	(15.075.867)	(50.542.889)
Mineral and surface rights	(3.863.525)	(2.545.515)	(6.409.040)
Rehabilitation assets	(12.927.195)	(6.409.662)	(19.336.857)
Deferred stripping costs	(65.201.833)	(32.764.502)	(97.966.335)
	(117.459.575)	**(56.795.546)**	**(174.255.121)**
	85.056.374		**90.145.957**

The additions to mine development costs are incurred mainly in Ovacık-Bergama-İzmir, Mastra-Gümüşhane and Çukuralan-İzmir mine areas. Mineral and surface rights are mainly comprised of cost of mine operating licences of Havran-Küçükdere-Balıkesir, Kaymaz-Eskişehir and Mastra-Gümüşhane. The additions to deferred stripping costs include waste ore removal costs incurred mainly in Mastra-Gümüşhane mine area by TL15.941.671 and Havran-Küçükdere-Balıkesir mine area by TL9.687.811.

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

NOTE 10 - PROPERTY, PLANT AND EQUIPMENT (Continued)

	1 January 2008	Additions	Disposal	31 December 2008
Cost:				
Mine development costs	42.055.472	32.703.298	-	74.758.770
Mineral and surface rights	12.761.143	676.604	(449.153)	12.988.594
Rehabilitation assets	11.766.865	11.473.315	-	23.240.180
Deferred stripping costs	68.498.113	23.030.292	-	91.528.405
	135.081.593	**67.883.509**	**(449.153)**	**202.515.949**
Accumulated depreciation:				
Mine development costs	(25.094.929)	(10.372.093)	-	(35.467.022)
Mineral and surface rights	(1.409.289)	(2.454.236)	-	(3.863.525)
Rehabilitation assets	(10.685.454)	(2.241.741)	-	(12.927.195)
Deferred stripping costs	(59.584.943)	(5.616.890)	-	(65.201.833)
	(96.774.615)	**(20.684.960)**	**-**	**(117.459.575)**
	38.306.978			**85.056.374**

The additions to mine development costs in 2008 are incurred mainly in Ovacık-Bergama-İzmir, Mastra-Gümüşhane and Çukuralan-İzmir mine areas. The additions to rehabilitation assets in 2008 are mainly relevant to Mastra-Gümüşhane mine area. The additions to deferred stripping costs between 1 January - 31 December 2008, include waste ore removal costs incurred in Mastra-Gümüşhane mine area by TL12.709.730 and Havran-Küçükdere-Balıkesir mine area by TL10.320.562.

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

NOTE 10 - PROPERTY, PLANT AND EQUIPMENT (Continued)

b) Non-mining property, plant and equipment

i. Movements of non-mining property, plant and equipment in 2009 are as follows:

	1 January 2009	Additions	Disposals	Transfers	31 December 2009
Cost:					
Land and buildings	58.279.770	4.684.008	(45.648)	12.147.546	75.065.676
Machinery and equipment	95.152.601	6.145.978	-	35.647.276	136.945.855
Motor vehicles	11.483.600	3.502.635	(1.007.768)	-	13.978.467
Furniture and fixtures	10.757.355	972.571	-	-	11.729.926
Construction in progress and advances given (*)	40.464.139	19.039.921	-	(47.794.822)	11.709.238
	216.137.465	34.345.113	(1.053.416)	-	249.429.162
Accumulated depreciation:					
Buildings	(30.663.432)	(4.900.812)	6.337	-	(35.557.907)
Machinery and equipment	(74.805.689)	(9.681.968)	-	-	(84.487.657)
Motor vehicles	(5.517.537)	(2.218.299)	536.200	-	(7.199.636)
Furniture and fixtures	(6.215.761)	(1.382.803)	-	-	(7.598.564)
	(117.202.419)	(18.183.882)	542.537	-	(134.843.764)
Net book value	**98.935.046**				**114.585.398**

(*) Transfers from construction in progress were mainly comprised of capitalisation of manufacturing facility in Mastra-Gümüşhane and tailings storage facility in Ovacık-Bergama-İzmir.

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

NOTE 10 - PROPERTY, PLANT AND EQUIPMENT (Continued)

ii. Movements of non-mining property, plant and equipment in 2008 are as follows:

	1 January 2008	Additions	Disposals	Transfers (Note 11)	31 December 2008
Cost:					
Land and buildings	51.539.519	5.581.475	-	1.158.776	58.279.770
Machinery and equipment	81.034.711	9.126.343	-	4.991.547	95.152.601
Motor vehicles	8.186.369	3.766.965	(469.734)	-	11.483.600
Furniture and fixtures	9.273.416	1.397.943	(12.080)	98.076	10.757.355
Construction in progress and advances given(*)	6.625.617	40.820.099	-	(6.981.577)	40.464.139
	156.659.632	**60.692.825**	**(481.814)**	**(733.178)**	**216.137.465**
Accumulated depreciation:					
Buildings	(26.036.263)	(4.627.169)	-	-	(30.663.432)
Machinery and equipment	(73.171.528)	(1.634.161)	-	-	(74.805.689)
Motor vehicles	(4.067.617)	(1.737.466)	287.546	-	(5.517.537)
Furniture and fixtures	(5.015.066)	(1.203.718)	3.023	-	(6.215.761)
	(108.290.474)	**(9.202.514)**	**290.569**	**-**	**(117.202.419)**
Net book value	**48.369.158**				**98.935.046**

(*) Transfers from construction in progress were mainly comprised of capitalisation of the machinery and equipment investment in Mastra-Gümüşhane.

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

NOTE 10 - PROPERTY, PLANT AND EQUIPMENT (Continued)

The net book values of pledged vehicles are amounting to TL825.892 (2008: Pledged vehicles and buildings are amounting to TL TL1.430.900 and TL5.070.292, respectively) due to borrowings obtained for purchase of the vehicles.

TL 54.732.193 (2008: TL23.527.925) of depreciation and amortisation of the current period, were allocated to costs of sales and TL20.571.564 (2008: TL6.552.422) were included in cost of inventories.

NOTE 11 - INTANGIBLE ASSETS

Movements of intangible assets in 31 December 2009 and 2008 are as follows:

	1 January 2009	**Additions**	**31 December 2009**
Information systems and software rights	2.717.195	288.495	3.005.690
Less: Accumulated amortisation	(1.756.079)	(324.329)	(2.080.408)
Net book value	**961.116**		**925.282**

	1 January 2008	**Additions**	**Transfers (Note 10.b-ii)**	**31 December 2008**
Information systems and software rights	1.783.693	200.324	733.178	2.717.195
Less: Accumulated amortisation	(1.563.206)	(192.873)	-	(1.756.079)
Net book value	**220.487**			**961.116**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

NOTE 12 - BANK BORROWINGS

	31 December 2009			31 December 2008		
	Effective weighted average interest rate p.a. %	**Original currency**	**TL**	**Effective weighted average interest rate p.a. %**	**Original currency**	**TL**
Short-term bank borrowings:						
EUR borrowings (*)	-	-	-	6,69	49.819	106.652
Short-term portion of long-term bank borrowings:						
USD borrowing (**)	3,43	5.869.981	8.838.430	5,29	163.292	246.946
TL borrowings (*)	18,08	349.599	349.599	17,78	1.793.916	1.793.915
Total short-term bank borrowings			**9.188.029**			**2.147.513**
USD borrowing (**)	3,43	19.230.769	28.955.769	5,29	25.000.000	37.807.500
TL borrowings (*)	-	-	-	18,35	346.217	346.217
Total long-term bank borrowings			**28.955.769**			**38.153.717**

(*) EUR and TL denominated bank borrowings are comprised of bank borrowings with fixed interest rates.

(**) USD denominated bank borrowings at 31 December 2009 and 2008, with a maturity date of 13 May 2013, principal amount of USD25.000.000 and quarterly floating interest rate of Libor+2,75% p.a., are comprised of borrowing obtained to finance manufacturing facility investment in Mastra gold mine area.

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

NOTE 12 - BANK BORROWINGS (Continued)

The redemption schedules of long-term bank borrowings at 31 December 2009 and 2008 are as follows:

	31 December 2009	**31 December 2008**
1 January - 31 December 2010	-	9.071.024
1 January - 31 December 2011	11.582.308	11.633.077
1 January - 31 December 2012	11.582.308	11.633.077
1 January - 31 December 2013	5.791.153	5.816.539
	28.955.769	**38.153.717**

The carrying amounts and fair values of borrowings in TL thousands at period end dates are as follows:

Carrying amounts	38.143.798	40.301.230
Fair values	37.287.082	39.000.655

The fair values are based on cash flows discounted using the rates based on the borrowing rates of 7,18% p.a. and 3,96% p.a. for TL and USD denominated bank borrowings, respectively, as of 31 December 2009 (2008: 16,15% p.a., 4,40% p.a. and 2,61% p.a. for TL, USD and EUR denominated bank borrowings, respectively).

The carrying amounts of the borrowings with floating and fixed rates which were classified in terms of periods remaining to contractual repricing dates are as follows:

	Up to 3 months	**Total**
- at 31 December 2009:		
Borrowings with floating rates	37.794.199	37.794.199
Borrowings with fixed rates	-	349.599
Total	**37.794.199**	**38.143.798**
- at 31 December 2008:		
Borrowings with floating rates	38.054.446	38.054.446
Borrowings with fixed rates	-	2.246.784
Total	**38.054.446**	**40.301.230**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

NOTE 13 - TRADE PAYABLES

	31 December 2009	31 December 2008
Supplier current accounts	19.794.628	20.391.197
Less: Unincurred finance cost	(113.009)	(362.609)
	19.681.619	**20.028.588**

Short-term trade payables have an average maturity of one month as of 31 December 2009 (2008: two months) and the effective weighted average interest rate on trade payables is 6,83% p.a. (2008: 16,27% p.a.). Supplier current accounts are mainly comprised of balances payable for outsourced services rendered and balances payable due to manufacturing facility investment in Mastra - Gümüşhane mine area.

NOTE 14 - OTHER LIABILITIES

	31 December 2009	31 December 2008
Other current liabilities:		
Royalty accruals	2.041.016	616.878
Social security premiums payable	1.290.019	601.680
Taxes payable	1.268.019	877.633
Payable to personnel	730.377	450.567
Consultancy provision	663.407	-
Utilities accrual	259.598	-
Other	19.959	10.468
	6.272.395	**2.557.226**

Royalty accruals are calculated based on the production and revenue generated from mining operations of the Company and paid to Ministry of Environment and Forestry and third parties, respectively.

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

NOTE 15 - PROVISION FOR ENVIRONMENTAL REHABILITATION AND MINE CLOSURE

	31 December 2009	31 December 2008
a) Current provision for environmental rehabilitation and mine closure:		
Provision for environmental rehabilitation and mine closure	4.473.820	3.720.705
	4.473.820	**3.720.705**
b) Non-current provision for environmental rehabilitation and mine closure:		
Provision for environmental rehabilitation and mine closure	18.093.604	20.198.569
	18.093.604	**20.198.569**

The redemption schedules of long-term provision for environmental rehabilitation and mine closure at 31 December 2009 and 2008 are as follows:

2010	-	4.721.578
2011	4.615.708	7.673.700
2012	7.291.774	2.132.502
2013 and after	6.186.122	5.670.789
	18.093.604	**20.198.569**

Movements of the provision for environmental rehabilitation in 31 December 2009 and 2008 are as follows:

	2009	2008
1 January	**23.919.274**	**14.736.975**
Paid	(3.985.351)	(2.720.168)
Depletion cost	1.286.300	429.152
Additional obligation (Note 10.a)	1.347.201	11.473.315
31 December	**22.567.424**	**23.919.274**

The following discount rates were used for discounting the provision for environmental rehabilitation:

	31 December 2009	31 December 2008
Discount rates	5,92%	6,26%

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

NOTE 16 - TAXES ON INCOME

	31 December 2009	**31 December 2008**
Corporation tax currently payable	38.666.764	18.359.698
Less: prepaid income taxes	(22.199.929)	(14.122.065)
Current income tax liabilities - net	**16.466.835**	**4.237.633**

The Company is subject to the following income taxation regime:

Corporation tax is payable at a rate of 20% (2008: 20%) on the total income of the Company after adjusting for certain disallowable expenses, exempt income and investment and other allowances (e.g. research and development allowance). No further tax is payable unless the profit is distributed (except for withholding tax at the rate of 19,8%, calculated on an exemption amount if an investment allowance is granted in the scope of Income Tax Law temporary article 61).

Dividends paid to non-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15% (2008: 15%). An increase in capital via issuing bonus shares is not considered as a profit distribution and thus does not incur withholding tax.

Dividend income from shares in the capital of another corporation subject to resident taxpaying (except dividends from investment funds participation certificates and investment trusts shares) is exempt from corporate tax.

Gains from issued premiums derived from the disposal of sales at nominal values during incorporations and the capital increase of joint stock companies are exempt from corporate tax.

Corporations are required to pay advance corporation tax quarterly at the rate of 20% (2008: 20%) on their corporate income. Advance tax is payable by the 17th of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability. If, despite offsetting, there remains an amount for advance tax amount paid, it may be refunded or offset against other liabilities to the government. 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 25th of the fourth month following the close of the financial year to which they relate. Tax returns are open for 5 years from the beginning of the year that follows the date of filing, during which time the tax authorities have the right to examine tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

75% of the gains derived from the sale of preferential rights, usufruct shares and founding shares from investment equity and real property which have remained in assets for more than two full years are exempt from corporate tax. To be entitled to the exemption, the relevant gain is required to be held in a fund account and it must not be withdrawn from the entity for a period of 5 years. The cost of the sale has to be collected up until the end of the second calendar year following the year the sale was realised.

NOTE 16 - TAXES ON INCOME (Continued)

Transfer Pricing

If a taxpayer enters into transactions regarding the sale or purchase of goods and services with related parties, where the prices are not set in accordance with the arm's length principle, then related profits are considered to be distributed in a disguised manner through transfer pricing. Such disguised profit distributions through transfer pricing are not accepted as tax deductible for corporate income tax purposes effective from 1 January 2007. The corporate tax base of the taxpayer will be adjusted and relevant corporate tax will be calculated together with the penalties and late payment interest.

The expression "purchase or sale of goods or services" is used in a broad sense and includes all economic, commercial or financial transactions and employment relations between related parties. The profit distributed in a disguised manner through transfer pricing will be reclassified as dividends distributed and necessary adjustments to taxes will be assessed at the party receiving the deemed dividends. In order to make adjustments in this respect, the taxes assessed in the name of the company distributing dividends in a disguised manner must be finalized and paid.

The Company is required to prepare a detailed transfer pricing documentation described in the General Communiqué annually, to support and clarify its arm's length inter-company transactions. In the determination of the best transfer pricing method, not only the reasons for determining the method but also the reasons for eliminating the other methods as well as detailed application of the method as well as target conditions and target sales margins should be clarified and documented.

The annual documentation should be completed by filing of the annual corporate income tax return which is required to be filed until the 25 April of the following close of the financial year.

The outcome of being challenged on the transfer prices applied can be additional tax adjustments and penalties. Should the tax inspectors have sufficient proof that inter-company prices have been applied wrongly, the difference between the "arm's length" price and the transfer prices could be adjusted. In order to make the adjustments, the tax inspector should ensure that the original tax assessment on behalf of the entity has been finalised and that the taxes have already been collected.

The outcome of a possible challenge in an inspection for transactions before1 January 2007 would be:

- The corporate tax base adjustment and calculation of relevant corporate tax together with the penalties and late payment interest.

The outcome of possible challenge in an inspection for transactions after 1 January 2007 would be:

- The corporate tax base adjustment and calculation of relevant corporate tax together with the penalties and late payment interest.

- Profit distributed will be deemed as dividends distributed from one company to another. The deemed dividends will be subject to corporate dividend tax.

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

NOTE 16 - TAXES ON INCOME (Continued)

The tax amount on the Company's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the Company is as follows:

	1 January - 31 December 2009	**1 January - 31 December 2008**
Profit before taxation on income	**183.144.252**	**101.457.907**
Tax calculated at tax rates applicable to the profit	(36.628.850)	(20.291.581)
Disallowable expenses	(200.024)	(254.660)
Other	329.486	(183.834)
Taxation on income	**(36.499.388)**	**(20.730.075)**

The taxation on income for the periods and years ended is summarised below:

Current income tax expense	(38.666.764)	(18.359.698)
Deferred income tax credit/ (charge)	2.167.376	(2.370.377)
Taxation on income	**(36.499.388)**	**(20.730.075)**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

NOTE 16 - TAXES ON INCOME (Continued)

Deferred taxation

The Company recognises deferred income tax assets and liabilities based upon temporary differences arising between its financial statements as reported for IFRS purposes and their tax financial statements on an individual company basis. These differences usually result in the recognition of revenue and expenses in different reporting periods for IFRS and tax financial statements. Deferred income taxes are calculated on temporary differences that are expected to be realised or settled under the liability method using the principal enacted tax rate of 20% (2008: 20%).

The breakdown of cumulative temporary differences and the resulting deferred income tax assets provided at 31 December, using enacted tax rates at the balance sheet dates, are as follows:

	Cumulative temporary differences		Deferred income tax assets	
	31 December 2009	**31 December 2008**	**31 December 2009**	**31 December 2008**
Difference between carrying value and tax base of property, plant and equipments and intangible assets	12.259.467	6.212.742	2.451.893	1.242.548
Differences between carrying value and tax base of inventory	5.577.287	1.486.848	1.115.457	297.370
Employment termination benefits (Note 17)	1.541.011	1.019.239	308.202	203.848
Other	1.326.365	1.148.415	265.273	229.683
Deferred income tax asset			**4.140.825**	**1.973.449**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

NOTE 16 - TAXES ON INCOME (Continued)

Movements in deferred income tax assets can be analysed as follows:

	31 December 2009	31 December 2008
1 January	**1.973.449**	**4.343.826**
Credited/ (charged) to the statement of comprehensive income	2.167.376	(2.370.377)
31 December	**4.140.825**	**1.973.449**

NOTE 17 - EMPLOYEE BENEFITS-DEFINED BENEFIT OBLIGATION

Under Turkish Labour 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 achieves the retirement age (58 for women and 60 for men). The amount payable consists of one month's salary limited to a maximum of TL2.427,04 (2008: TL2.260,05) for each year of service.

There are no agreements for pension commitments other than the legal requirement as explained above. The liability is not funded, as there is no funding requirement.

IFRS requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. In the financial statements, the Company reflected a liability calculated using the projected unit credit method and based upon the factors derived using their experience of personnel terminating their services and being eligible to receive employment termination benefits. The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees.

Accordingly the following financial and demographical actuarial assumptions were used in the calculations of the provision are as follows:

	31 December 2009	31 December 2008
Discount rate (per annum)	5,92%	6,26%
Probability of retirement	98,36%	97,94%

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

NOTE 17 - EMPLOYEE BENEFITS-DEFINED BENEFIT OBLIGATION (Continued)

Movements of the provision for employment termination benefits as at 31 December were as follows:

	2009	2008
Balances at 1 January	**1.019.239**	**874.668**
Interest costs	60.339	54.754
Actuarial losses	233.786	14.035
Current service cost	467.245	163.543
Paid during the period	(239.598)	(87.761)
Balances at 31 December	**1.541.011**	**1.019.239**

The total of interest cost, actuarial losses and current service costs for the year amounting to TL761.370 as of 31 December 2009 (2008: TL232.332) was included in general administrative expenses (Note 24).

NOTE 18 - SHARE CAPITAL

Compositions of the Koza Altın paid-in share capital at 31 December 2009 and 2008 were as follows:

	31 December 2009		31 December 2008	
	%	Shareholding TL	%	Shareholding TL
ATP	60,01	36.004.066	60,01	26.613.006
Koza Holding	39,99	23.995.934	39,99	17.736.994
Melek İpek	less than 1	-	less than 1	-
Hamdi Akın İpek	less than 1	-	less than 1	-
Cafer Tekin İpek	less than 1	-	less than 1	-
Pelin Zenginer	less than 1	-	less than 1	-
İsmet Kasapoğlu	less than 1	-	less than 1	-
Total share capital	**100**	**60.000.000**	**100**	**44.350.000**
Adjustment to share capital		9.831.922		9.831.922
Total paid-in capital		**69.831.922**		**54.181.922**

Adjustment to share capital represents the restatement effect of cash nature contributions to share capital at 31 December 2005 purchasing power of TL.

There are 6.000.000.000 (2008: 4.435.000.000) units of paid-in shares with a face value of TL 1 each. All issued shares are fully paid.

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

NOTE 18 - SHARE CAPITAL (Continued)

In accordance with the decision of the board of directors, dated 29 April 2009, paid-in capital was increased from TL44.350.000 to TL60.000.000 by the transfer from retained earnings.

Based on the Board of Director's decision dated 25 November 2009 and numbered 2009/19; ATP and Koza Holding's proposition for public offering of equal shares of the Company held by them that is equivalent to 30% (each of 15% by ATP and Koza Holding) of the total shares of the Company, is approved. Based on the same Board of Director's, in case of an additional demand, additional shares that is equivalent to 4,50% (each of 2,25% by ATP and Koza Holding) will be offered to public (Note 31). Based on the same decision, the Company's article of association was updated according to the Capital Market Board's relevant communiqués and clauses. Based on the Board of Director's decision dated 30 December 2009 and 2009/27; the Company's capital was split into two types as 1.200.000.200 Class A shares in registered form and 4.799.999.800 Class B shares in bearer form as follows;

Shareholders	**Share Class**	**Share in Capital (TL)**	**Share (%)**
ATP	B	28.803.252	48,01
Koza Holding	B	19.196.746	31,99
ATP	A	7.200.814	12,00
Koza Holding	A	4.799.187	8,00
Melek İpek	A	Less than 1	-
Hamid Akın İpek	A	Less than 1	-
Cafer Tekin İpek	A	Less than 1	-
Pelin İpek	A	Less than 1	-
Ismet Kasapoğlu	B	Less than 1	-
Total		**60.000.000**	**100**

Capital increases subsequent to this decision will be performed proportionately for both types of shares. The Board of Directors will be formed by five members, four of which will be elected from the nominees proposed by holders of Class A shares by the General Assembly and one of which will be elected by General Assembly. The statutory auditors of the Company will be elected from the nominees proposed by holders of Class A shares. The Company's shares are freely transferrable in accordance with Turkish Trade Law, Capital Market Board legislations and the Company's articles of association.

The relevant Board of Directors' decisions were approved by the Extraordinary General Assembly dated 30 December 2009.

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

NOTE 19 - EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year (Note 18). If the number of ordinary shares outstanding increases as a result of a bonus issue, the calculation of basic and diluted earnings per share for all periods presented shall be adjusted retrospectively. Since the company does not have dilutive ordinary shares, there are no differences between basic and diluted earnings per share.

	1 January - 31 December 2009	**1 January - 31 December 2008**
- Profit for the year	146.644.864	80.727.832
- Number of share with a TL 1 face value (*)	60.000.000	60.000.000
- Basic and diluted earnings per share	**2,4441**	**1,3455**

(*) With a face value of TL 1 each comprised of 100 units of paid-in shares.

As of 31 December 2009, no dividend distribution is calculated and determined by the board of directors.

NOTE 20 - STATUTORY RETAINED EARNINGS AND LEGAL RESERVES

The equity reserves in the balance sheet include certain adjustments that have been made to comply with IFRS. Retained earnings according to the statutory financial statements, other than legal reserves, are available for distribution subject to the legal reserve requirement referred to below:

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"). The 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 a company's paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distribution in excess of 5% of the paid-in share capital and at the rate of 9% p.a. of all cash distribution in excess of 5% of the paid-in share capital in case of full distribution of respective profit as dividend. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital.

In accordance with the announcement of CMB dated 27 January 2010, there is no minimum profit distribution limit with respect to the net profit for 2009 applicable for listed companies (2008: 20%), shares of which are publicly traded on Istanbul Stock Exchange as either cash or bonus shares. According to the aforementioned announcement and CMB Communiqué No: IV, No: 27, the dividend distribution for listed companies will be performed depending on the article of association and publicly available dividend distribution policies of each company.

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

NOTE 20 - STATUTORY RETAINED EARNINGS AND LEGAL RESERVES (Continued)

Shareholder's equity per Statutory Financial Statements of the Company is as follows:

	31 December 2009	**31 December 2008**
Share capital	60.000.000	44.350.000
Adjustment to share capital	4.380	4.380
Legal reserves	29.504.842	22.761.202
Retained earnings	-	15.502.600
Net profit	155.728.833	76.544.938
	245.238.055	**159.163.120**

NOTE 21 - REVENUE

	1 January - 31 December 2009	**1 January - 31 December 2008**
Export sales	342.381.493	187.015.937
Domestic sales	-	9.088.607
	342.381.493	**196.104.544**

NOTE 22 - COST OF SALES

	1 January - 31 December 2009	**1 January - 31 December 2008**
Depreciation and amortisation (Notes 10 and 11)	61.284.615	25.392.488
Direct materials	14.439.762	8.391.962
Staff costs	10.510.193	7.455.964
Maintanence	8.609.870	3.945.860
Royalties	6.610.421	6.087.087
Utilities	4.823.165	2.958.236
Transportation	4.669.967	1.368.425
Other	8.175.393	4.370.555
	119.123.386	**59.970.577**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

NOTE 23 - SELLING AND MARKETING COSTS

	1 January - 31 December 2009	1 January - 31 December 2008
Sales commissions	3.284.791	1.836.865
Public relations and advertisement expense	1.401.158	2.159.246
Other	535.348	211.113
	5.221.297	**4.207.224**

NOTE 24 - GENERAL ADMINISTRATIVE EXPENSES

	1 January - 31 December 2009	1 January - 31 December 2008
Staff costs	11.159.825	9.303.865
Professional services	2.429.394	4.082.527
Outsourced services	2.303.306	2.237.043
Travel	1.982.667	1.810.942
Taxes and funds	1.638.314	1.348.598
Donations	948.020	1.351.308
Employment termination benefits (Note 17)	761.370	232.332
Energy and utilities	635.820	543.945
Communication	558.912	387.163
Insurance	408.136	375.156
Maintenance	381.169	478.822
Other	2.378.998	2.275.026
	25.585.931	**24.426.727**

NOTE 25 - OTHER OPERATING INCOME/ (EXPENSES) - NET

	1 January - 31 December 2009	1 January - 31 December 2008
Other operating income:		
Gain on sales of property, plant and equipment	639.594	99.716
Gain on insurance claims	92.942	199.470
Gain on scrap sales	65.933	76.869
Other	150.169	110.957
	948.638	**487.012**
Other operating expenses:		
Loss from sales of property, plant and equipment	(9.042)	(216.900)
Other	(964)	(15.171)
	(10.006)	**(232.071)**
Other operating income -net	**938.632**	**254.941**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

NOTE 26 - FINANCE INCOME AND EXPENSE

	1 January - 31 December 2009	**1 January - 31 December 2008**
Finance income:		
Foreign exchange gain	9.950.505	12.711.437
Interest and other finance income	1.071.045	3.668.758
	11.021.550	**16.380.195**
Finance expense:		
Foreign exchange loss	(8.967.429)	(11.494.139)
Interest and other finance expense	(2.323.663)	(2.962.377)
	(11.291.092)	**(14.456.516)**
Finance (expense)/ income - net	**(269.542)**	**1.923.679**

NOTE 27 - GOODWILL

On 12 August 2005, the Company purchased 50,43% of shares of Mastra Madencilik, which was an associate of the Company with the founder shareholding rate of 49,57%, from Dedeman Holding A.Ş. and Dedeman family members. After this acquisition, based on the decision of the general assembly of Mastra Madencilik, Mastra Madencilik legally merged with the Company as of 15 September 2005. The difference between total purchase consideration and the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed, is amounting to TL2.781.408 and accounted as goodwill in financial statements. As Mastra Madencilik did not prepare its financial statements in accordance with IFRS before the acquisition, the carrying amounts of each of class of assets and liabilities could not be presented.

The goodwill related to the acquisition of Mastra Madencilik stemmed from the synergy of the net assets acquired as well as other benefits, such as factors related to gaining a comparative advantage in the market. Considering the results of the assessment designed to determine "the fair value less cost of sale" performed by the Company as of 31 December 2009, there was no impairment. The Company management assess the surplus of the value of proven and probable reserve after deducting net book value of mining and non-mining assets ("net value of proven and probable reserve") at Mastra mine over the goodwill, as there is observable market data in terms of price per oz. Since net value of proven and probable reserve of Mastra mine is well above the goodwill, there was no impairment at 31 December 2009.

The likelihood of the impairment of goodwill is also highly related to the proven and probable reserves. The amount of proven and probable reserves is determined as 332.591 oz. as of 31 December 2009, approximately USD367.180 thousand at the current market price of USD1.104 per oz., based on the independent valuator's report by SRK Consulting as of 30 September 2009 that was updated by Company management as of 31 December 2009. The total net book value of the mining and non-mining assets at 31 December 2009 is TL119.469.463.

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

NOTE 28 - COMMITMENTS AND CONTINGENT ASSETS AND LIABILITIES

Historical amounts of commitments and contingencies, from which the Company management does not anticipate any significant losses or liabilities, are summarised below:

	31 December 2009	31 December 2008
a) Guarantees given:		
Letters of guarantee	1.840.358	464.697
Mortgages	900	9.665.590
	1.841.258	**10.130.287**

At 31 December 2009, the Company entered into the loan facility agreements along with Koza Gazetecilik, Koza Holding, İpek Matbaacılık, Özdemir Antimuan, ATP, Koza Anadolu Metal, Koza İpek Sigorta Aracılık Hizmetleri A.Ş. and ATP Havacılık, as a joint guarantor for TL150.000.000, TL55.000.000, TL10.000.000, TL20.000.000, TL10.000.000, TL10.000.000, TL5.000.000 and TL100.000 respectively (2008: along with Koza İpek Gazetecilik, Koza Holding, İpek Matbaacılık, Özdemir Antimuan, ATP, Koza Anadolu Metal, Koza İpek Sigorta ve ATP Havacılık for TL150.000.000, TL55.000.000, TL10.000.000, TL10.000.000, TL10.000.000, TL10.000.000, TL5.000.000 and TL100.000 respectively); and USD50.000.000 for ATP (Note 7).

The net book values of pledged vehicles are amounting to TL825.892 (2008: Pledged vehicles and buildings are amounting to TL TL1.430.900 and TL5.070.292, respectively) due to borrowings obtained for purchase of these property, plant and equipments.

b) Guarantees received:		
Letters of guarantee	2.737.130	4.185.735
Cheques received	481.654	481.654
Guarantee notes	153.662	54.500
	3.372.446	**4.721.889**

At 31 December 2009, the Company entered into the loan facility agreements for TL50.000.000 and USD100.000.000 (2008: TL50.000.000 and USD100.000.000), and Koza Holding, ATP and İpek family are the joint guarantors of this loan agreement. The amount of borrowing utilised from these loan facilities by the Company is TL37.642.500 equivalent of USD25.000.000 (2008: TL37.807.500 equivalent of USD25.000.000) for mainly financing the manufacturing facility investment in Mastra mine area (Note 7).

c) Purchase commitments

As of 31 December 2009, the Company has machinery and equipment purchase commitments amounting to EUR2.393.160 and SEK3.250.000 that are equivalent to TL5.846.659 in total (2008: None).

NOTE 28 - COMMITMENTS AND CONTINGENT ASSETS AND LIABILITIES (Continued)

d) Significant lawsuits against the Company

i. Lawsuits Regarding Ovacık Mine

Lawsuits have been brought against the Company, for the annulment of the operating permit issued pursuant to the Environmental Impact Assessment ("EIA") Report dated 27 August 2004, issued for the region where the Ovacık Mine is situated. During the course of the lawsuit, an expert committee was appointed by the court that issued their opinion in the form of a statement that the Ovacık Mine did not adversely affect the environment. Subsequently, the court rejected the plaintiffs' request for an injunction, a ruling that was also approved by the Administrative Court. The plaintiffs also appealed against the decision of the Administrative Court and the cases are still under consideration at the Council of State. Upon the annulment of Provisional Article 6 of the Regulation on EIA, a new Affirmative EIA Certificate No. 1654 dated 18 February 2009, was granted to the Company, pursuant to the provisions of the new legislation in force. A verdict against the Company in the above mentioned lawsuits will have no effect on the Company's legal status and operations as it is currently carrying out its activities at Ovacık Mine in accordance with Affirmative EIA Certificate No. 1654.

There are also pending lawsuits requesting a stay of execution decision and the cancellation of Affirmative EIA Certificate No. 1654, but the plaintiffs' requests for a stay of execution have been dismissed by the court. These lawsuits are still in the initial stages and there has been no expert consultations or examination made in this respect. Based on the comments of the Company's lawyers and legal advisors, as the Company acts completely in compliance with the legislation in effect and decisions made by judicial authorities on the cancellation of the provisions of Article 6, it is highly probable that the lawsuits will be dismissed by the related courts.

The second set of administrative lawsuits was initiated for the annulment of the Workplace Opening and Operation Permits, Nos. 2, 10 and 19, issued by the İzmir Governorship. The Company is carrying out its operations within the legal framework of Permit No. 21, and decisions produced in the mentioned lawsuits will not affect the Company's operations. There are no lawsuits pending against Permit No.21, which is newly granted.

The third set of administrative lawsuits relates to the annulment of the Usage Permit for Public Forests No. 132, dated 10 May 2005, which is valid until 6 December 2011, regarding the health band, road, waste dam, open mining and drilling for the usage of certain areas located within forestry zones. Following a favourable expert opinion regarding the Company's activities in the above mentioned lawsuit concerning the EIA Report, the court in this lawsuit recently rejected the plaintiffs' request for the permit's annulment. The plaintiffs have appealed against the court's decision and the court rejected the plaintiffs' request for injunction. Based on the comments of the Company's lawyers and legal advisors, it is highly probable that the case will be in favour of the Company.

NOTE 28 - COMMITMENTS AND CONTINGENT ASSETS AND LIABILITIES (Continued)

The fourth set of administrative lawsuits requests cancellation of the Affirmative EIA decision dated 22 August 2008, granted by Ministry of Environment and Forestry for the project on "Increasing the Height of Waste Tailing" at Ovacık Mine. New waste tailing is currently in use by the Company's operations and the former one which is subject to the mentioned lawsuit is no longer in use by the Company. Thus, the outcome of these lawsuits will not have an effect on Company's operations. However, another lawsuit has been filed requesting cancellation and stay of execution regarding the enforcement of Affirmative EIA Decision dated 3 June 2009 made in relation to the project for increasing the capacity of new waste tailing at Ovacık. This lawsuit is currently at the initial stage. Based on the comments of the Company's lawyers and legal advisors, as the Company is acting completely in compliance with the relevant current legislation in effect, it is highly probable that the lawsuit will be dismissed by the related courts.

There is a lawsuit against the Company that requests cancellation of 4th Group exploration licences for mine areas located in Güzelbahçe, Payamlı and Küçükkaya villages in Izmir, claimed by Izsu Genel Müdürlüğü. Based on the comments of the Company's lawyers and legal advisors, the lawsuit is in its initial stage, and as the Company has not performed any exploration activities in the related mine areas, a verdict against the Company will have no effect on the Company's operations.

The sixth set of administrative lawsuits against the Company requests cancellation of the regulatory development schemes with respect to the area where the mine is located.. 3 lawsuits have been filed on the basis of such demand. One of them; court ordered a decision for cancellation for development schemes with a reason that; it is not on a basis of a upper scale macro plan, environmental effects can not be regulated physically on a limited plan which is limited with operation plan and ownershipso with these regulatory development schemes and location development schemes are not suitable with city planning and public interest, such order has been finalised after council of state stage. Because of that other lawsuits' s decisions will not affect our activities. Our company' s Non sanitorian workplace licence' s basis regulation is WOOP regulation and it does not require development schemes as a condition. Company lawyers and legal councels state that pending lawsuits will not affect company' s activities.

ii. Lawsuits Regarding Havran Mine

The first set of legal actions comprise three separate lawsuits filed by local residents in September 2006 for the annulment of the mining exploration licences and operating licence obtained to operate the Havran mine. The local administrative court stated that the licenses for Havran were granted in compliance with the respective laws and regulations and accordingly decided to dismiss all three cases, while the Council of State cancelled the local administrative court's decision in one of these and an application for correction of decision was made in this respect. The reason for the mentioned cancellation of decision of local administrative court by Council of State was based on the failure of the court for not to question whether the location subject to the lawsuit, lies within a national park area. Based on the comments of the Companys' lawyers and legal advisors, considering the fact that the mentioned location does not lie within the national park borders, it is highly probable that the outcome of this lawsuit will not have an effect on the Company's operations.

NOTE 28 - COMMITMENTS AND CONTINGENT ASSETS AND LIABILITIES (Continued)

The second set of lawsuits relate to EIA permissions for the Havran Mine area. The relevant lawsuits were filed requesting cancellation of the permit for exemption from EIA, pursuant to Provisional Article 3 of the Regulation on Environmental Impact Assessment. The local court decided to accept the case on the justification that conditions for exemption were not fulfilled. The decision of acceptance by the local administrative court was also approved by the Council of State at the appeal stage. The Company has recently appealed the decision. However, the outcome of this lawsuit will not affect the Company's operations as they are conducted within the scope of a newly granted EIA Certificate. No other lawsuit is known to have been filed in relation to the newly granted EIA Certificate.

The third set of lawsuits comprises cases filed in relation to Workplace Opening and Operation Permits Nos. 2006/1 and 2007/1. With regard to the cases filed with the request to cancel permit 2006/1, the court has decided to cancel the case. This decision was annulled by the Council of State with the justification that there had been insufficient inspection by the local administrative court regarding the permits, and a request for correction of decision was filed against the cancellation decision. Based on the comments of Company's lawyers and legal advisors, the Company's operations will not be affected by the outcome of this lawsuit, as the Company is currently conducting its operations within the scope of the new permit. Regarding the cases filed in relation to the cancellation of the Licence No.2007/1, the local administrative court decided to dismiss the cases under direction of the expert opinion reports provided and the plaintiffs appealed against these decisions. The period of appeal has not expired and the decisions are not yet definite and final in this respect. Based on the comments of the Company's lawyers and legal advisors, the lawsuit files will be approved by the Council of State even if the plaintiffs appeal against these decisions as the local court has made the necessary inspections of all the issues incorporated in the lawsuit files. However, the Company will not be affected even if the decisions are reversed by appeal as the Company is continuing operations with a newly granted WOOP which has been given on the basis of the newly granted EIA Certificate.

The fourth set of lawsuits requests the cancellation of the permission granted to perform operations in the forest. This lawsuit was filed at the local court on 12 June 2007 and the court has accepted the claim. The reason for this ruling is the granting of a stay of execution by the 8th Chamber of the Council of State with regard to the regulation concerning amendments to the Regulation for Permissions in Mining Operations. Based on the comments of the Companys' lawyers and legal advisors Company is conducting it' s activities on the basis of new forest permits and they are still valid, the outcome of the lawsuit will not have an effect on the Company's operations.

iii. Lawsuits Regarding Kaymaz Mine

The Company has licences and permissions regarding exploration and operation activities in the Kaymaz region, where mining operations have not yet been begun. Lawsuits were filed against the Ministry of Environment and Forestry and the Ministry of Energy and Natural Resources regarding the cancellation of these licences and permissions for mining activities in the Eskişehir-Sivrihisar region. In this respect, based on the expertise report on the law suits challenging EIA non -requirement decision and Operation Licence ; the court ruled to dismiss the cases accordingly, stating that gold mining operations in the region are to be carried out on the condition that no chemicals will be used in the extraction of mine ores and that any extraction will be done in such a manner so as not to cause damages to the local ecological balance. An appeal was filed by the plaintiffs against this decision. Based on the comments of the Company's lawyers and legal advisors, as the Company is acting completely in compliance with the relevant current legislation, it is highly probable that the lawsuit will be dismissed by the Council of State. There is another pending law suit against EIA Affirmative permission for Kaymaz Gold Mine Operation Project of Ministry of Environment and Forest. Case is on its initial stage. Company Lawyer' s and legal advisors state that ; on the basis of previous expert reports and previous court decisions and because of the acting accordant to regulations while EIA permission was being granted this new court case will be resulted on the favour of company after the judging process.

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

NOTE 28 - COMMITMENTS AND CONTINGENT ASSETS AND LIABILITIES (Continued)

iv. Lawsuits Regarding Other Mines

There are administrative lawsuits against the Company that requests cancellation of EIAs approved for the mining operations in Gelintepe, Uyuzkaya, Çukuralan and Yerlitahtacı. These lawsuits are at their initial stages and, based on the comments of the Company's lawyers and legal advisors, as the Company is acting completely in compliance with the relevant current legislation, it is highly probable that the lawsuits will be dismissed by the related courts.

e) Joint Venture option

Based on the agreement dated 25 October 2008, Newmont has been granted an option to enter into one or more joint venture agreements with the Company by delivering written notice to the Company within 180 days after delivery by the Company of a complete notice which is a separate notification following the completion of 50.000 meters of exploration drilling within the boundaries of any license included in the agreement. The licences relate to the Diyadin mining area. However, since there is no such exploration drilling in the area, the option granted to the mining firm is not exercisable as of 31 December 2009.

NOTE 29 - FOREIGN CURRENCY POSITION

Assets and liabilities denominated in foreign currencies held by the Company at 31 December 2009 were as follows:

	USD	EUR	Other TL Equivalent	TL Equivalent
Assets:				
Cash and cash equivalents	87.321	1.281	3.103	137.350
Due from related parties	23.973.497	-	-	36.096.894
	24.060.818	**1.281**	**3.103**	**36.234.244**
Liabilities:				
Short-term portion of long-term borrowings	(5.869.981)	-	-	(8.838.430)
Trade payable	(733.710)	(133.262)	(127.418)	(1.520.051)
Long term borrowings	(19.230.769)	-	-	(28.955.769)
	(25.834.460)	**(133.262)**	**(127.418)**	**(39.314.250)**
Net foreign currency liability position				**(3.080.006)**

NOTE 29 - FOREIGN CURRENCY POSITION (Continued)

Assets and liabilities denominated in foreign currencies held by the Company at 31 December 2008 were as follows:

	USD	EUR	Other TL Equivalent	TL Equivalent
Assets:				
Cash and cash equivalents	3.040.417	3.132	381.015	4.985.742
Due from related parties	4.963.068	-	-	7.505.648
Other current receivables	3.365	511	350	6.532
	8.006.850	**3.643**	**381.365**	**12.497.922**
Liabilities:				
Short-term portion of long-term borrowings	(163.292)	(49.819)	-	(353.597)
Trade payable	(405.694)	(2.468.367)	(583.028)	(6.480.839)
Long term borrowings	(25.000.000)	-	-	(37.807.500)
	(25.568.986)	**(2.518.186)**	**(583.028)**	**(44.641.936)**
Net foreign currency liability position				**(32.144.014)**

The Company's foreign exchange rate sensitivity analysis regarding its foreign currency position is as follows:

The Company's net income for the nine months period ended 2009 would be TL295.569 less in the case of the depreciation of TL against USD and EUR by 10% and the constancy of other variables, with respect to its assets and liabilities denominated in these foreign currencies (2008: Net income would be TL6.388.470 less in the case of the depreciation of TL against USD and EUR by 20%).

The Company's net income for the nine months period ended 2009 would be TL267.057 less in the case of the depreciation of TL against USD by 10% and the constancy of other variables, with respect to its assets and liabilities denominated in USD (2008: Net income would be TL5.311.844 less in the case of the depreciation of TL against USD by 20%).

The Company's net income for the nine months period ended 2009 would be TL28.512_less in the case of the depreciation of TL against EUR by 10% and the constancy of other variables, with respect to its assets and liabilities denominated in EUR (2008: Net income would be TL1.076.626 less in the case of the depreciation of TL against EUR by 20%).

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

NOTE 30 - CHANGES IN WORKING CAPITAL

	31 December 2009	31 December 2008
Trade receivables	-	16.252
Inventories	(31.801.669)	(8.354.233)
Due from related parties	(27.387.040)	(806.667)
Other current assets	3.126.649	(3.487.696)
Other non-current assets	3.325	513.991
Trade payables	(822.834)	11.034.854
Due to related parties	(126.359)	292.764
Other liabilities	3.715.169	(172.859)
Exchange (gains)/ losses on cash and cash equivalents	(89.410)	373.512
Changes in working capital	**(53.382.169)**	**(590.082)**

NOTE 31 - POST BALANCE SHEET EVENTS

Based on the Board of Director's decision dated 25 November 2009 and numbered 2009/19; The Company's application regarding ATP and Koza Holding's public offering of equal shares of the Company held by them that is equivalent to 30% (each of 15% by ATP and Koza Holding) of the total shares of the Company, is registered by CMB's decision dated 27 January 2010 and numbered 2/50. The Company's application for trading its own shares in domestic market is approved by Istanbul Stock Exchange ("ISE") Board of Directors with the decision dated 28 January 2010. Following these approvals, the Company's shares with a nominal value of TL18.000.000 were initially publicly offered between 3 - 5 February 2010. ISE Board of Directors approved the Company shares to be traded in ISE beginning from 12 February 2010 with the basis of public offering price that is amounting to TL36,80 and with the code of "KOZAL" on 10 February 2010. The Company's shares are traded in ISE since 12 February 2010.

Koza Anadolu Metal and İpek Matbaacılık, purchased 1.193.467 and 1.145.729 number of shares, respectively, that are equivalent to 6,60% and 6,40% of the total number of the publicly offered shares of the Company, respectively, during the initial public offering of the Company shares for purchase the considerations of TL43.919.586 and TL42.162.827, respectively with the base price of TL36,80. The Company's shareholding structure after the initial public offering is as follows:

	Share %	TL
ATP	45,01	27.004.066
Koza Holding	24,99	14.995.934
Public quotation	26,10	15.660.804
Koza Anadolu Metal	1,99	1.193.467
İpek Matbaacılık	1,91	1.145.729
Melek İpek	Less than 1	-
Hamdi Akın İpek	Less than 1	-
Cafer Tekin İpek	Less than 1	-
Pelin Zenginer	Less than 1	-
İsmet Kasapoğlu	Less than 1	-
Total share capital	**100**	**60.000.000**

NOTE 31 - POST BALANCE SHEET EVENTS (Continued)

On the other hand, the Company did not account a provision for expenses (quotation commission, consultancy charges, roadshow expenses) occurred in 2010 related to the initial public offering process that are amounting to approximately TL2.400.000, as of 31 December 2009, based on IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", considering the fact that the realization of these expenses was not highly probable due to the nature of the initial public offering process.

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