NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2005

(New Turkish Lira (TRY) and foreign currencies in full unless otherwise indicated)

1. ORGANIZATION AND OPERATIONS OF THE COMPANY

The name of Aletim Alarko Elektrik Tesisat ve İnşaat Malzemeleri Anonim Şirketi, whose main activity was to undertake the production and trading of the electrical, electronic equipment and construction materials, was changed into Alarko Gayrimenkul Yatırım Ortaklığı Anonim Şirketi (the Company) through the publishment in Turkish Trade Register Gazette numbered 4096 and dated August 06,1996. Within the framework of this change, the essentials of the main activity were completely restructured in order to let the Company to activate as a real estate investment partnership in accordance with the statements and regulations of Capital Market Board. On these basis, on October 31,1996, the Company applied to Capital Market Board (Board) for the registration of share certificates to be issued due to share capital increase and has been registered by the Board through December 13,1996 dated and G.Y.O. 1/1552 numbered certificate in line with Capital Market Board Law.

The Company operates as a real estate investment partnership in accordance with the statements and regulations of Capital Market Board.

The shareholder structure of the Company as of December 31, 2005 and 2004 is as follows:

	31.12.2005		31.12.2004	
Name of the shareholders	Ownership Percentage (%)	Amount (TRY)	Ownership Percentage (%)	Amount (TRY)
Alarko Holding A.Ş.	15.54 %	554,001	15.54 %	554,001
Alsim Alarko Sanayi Tesisleri ve Tic. A.Ş.	34.78 %	1,239,907	34.78 %	1,239,907
Publicly traded	49.00 %	1,746,850	49.00 %	1,746,850
Other (*)	0.68 %	24,242	0.68 %	24,242
	100.00 %	**3,565,000**	**100.00 %**	**3,565,000**

(*) Represents the shareholders with ownership percentage of less than 10 %.

The difference resulted from the restatement of the nominal value of the share capital as at December 31, 2005 and 2004 amounts to TRY 54,712,578.

The address of the Company's head office is Muallim Naci Caddesi, No:69 P.K. 34347 Ortaköy Beşiktaş/ İstanbul. The majority of the shares are owned by Alsim Alarko Sanayi Tesisleri ve Ticaret A.Ş. The 49% of the shares of the Company are publicly quoted on İstanbul Stock Exchange Market ("İSEM") since 1996.

The average number of personnel of the Company within 2005 and 2004 are 10 and 9, respectively.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

Applied Accounting Standards

The Company maintains its books of account in accordance with the Uniform Chart of Accounts Turkish Commercial Code, Turkish Tax Legislations and the generally accepted accounting principles issued by the Turkish Capital Market Board ("TCMB") that are effective for the companies quoted to ISEM and prepares its TRY based statutory financial statements in line with these principles.

The accompanying financial statements are based on the statutory records which are maintained under the historical cost convention, with adjustments and reclassifications including restatement for changes in the general purchasing power of the Turkish Lira, for the purpose of fair presentation in accordance with the Communique Serial Number: XI-25 of TCMB published in the reiterated Official Gazette dated November 15, 2003 and numbered 25290.

In that context, the Company has prepared its financial statements in accordance with the Communique for the year as of March 31, 2005 for the first time and these financial statements have been presented comparatively with the balance sheet and footnotes to balance sheet of prior period (December 31, 2004). The Company has not comparatively prepared the accompanying statement of income, statement of cash flow and statement of changes in shareholders' equity and related footnotes since the year 2005 is the first application year of the mentioned Communique.

Restatement of Financial Statements in Hyperinflationary Periods

15th section of this Communique requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the balance sheet date and the corresponding figures for previous periods be restated in the same terms. One characteristic of this section that necessitates the application is a cumulative three year inflation rate exceeding 100 % and inflation rate for the current year approaching or exceeding 10 %, which indicates the start of a high inflationary period in the current period. In addition to this, other reasons which necessitate the implementation of this communique include high inflation indicators such as holding of savings in foreign currency by public, the determination of the service and goods prices over foreign currency, determination of the prices by adding due date differences to prices in order to compensate the losses in the purchasing power including the short term transactions. As a result, the Company's financial statements are prepared in accordance with this section of the communique to reflect the effect of the changes of current purchasing power as of December 31, 2004.

Based on this announcement, while the high inflationary period is over, restated figures of financial statements dated December 31, 2004 are prepared in accordance with numbered 404 of 15th part of the communique and they also constitute the beginning balances of the financial statements as of December 31, 2005 and inflation accounting is not applied in preparation of the financial statements as of December 31, 2005.

As of December 31, 2004, the indices and conversion factors published by Government Institute of Statistics in Turkey, used to restate the financial statements.

The index and conversion factors used in the restatement of the accompanying financial statements as of December 31, 2004 are given below:

	Indices	Conversion Factor
December 31, 2001	4,951.7	1.6972
December 31, 2002	6,478.8	1.2971
December 31, 2003	7,382.1	1.1384
December 31, 2004	8,403.8	1.0000

The main guidelines for the restatement of the financial statements as of December 31, 2004 that forms beginning balances of December 31, 2005 are as follows:

Monetary assets and liabilities reported are not restated since they are already expressed in terms of the monetary unit current at the balance sheet date and prevailed their nominal values against the changes in monetary values whereas the purchasing power of these items are decreased.

Non-monetary assets and liabilities are restated by applying the general indices as of balance sheet date.

The restatement of the share capital is based on the registration date of the capital increase, whereas the restatement of the share premiums is based on the collection date. The capital increases from reserves and undistributed profits are restated on the basis of the registration date of the capital increase. According to the TCMB's Communique Serial Number: XI-25, the differences arising from the restatement of the shareholders' equity items which are stated with the historical values in the accompanying financial statements are presented totally in the “Shareholders' Equity Restatement Differences” account.

All income and expense items in the statement of income are restated by applying the relevant conversion factors except depreciation and amortization and cost of sales which were directly related with the statement of income.

Losses arising from holding monetary assets and gains arising from holding monetary liabilities are accounted for entirely within the net monetary gain account.

Comparative Information and Corrections on the Prior Year's Financial Statements

Communique Serial Number: XI-25 of TCMB has become effective for the first interim financial statements of the period ending after the date of January 1, 2005. The Company has prepared its financial statements in accordance with this Communique for the interim period as of March 31, 2005 for the first time and these financial statements have been presented comparatively with the balance sheet and footnotes to balance sheet of prior period (December 31, 2004). The Company has not comparatively prepared the accompanying statement of income, statement of cash flow and statement of changes in shareholders' equity while the year 2005 is the first application year of the mentioned Communique.

The Law numbered 5083 regarding the local currency of the State of Republic of Turkey has been issued in the Official Gazette dated January 31, 2004 and numbered 25363. In accordance to the related Law effective from January 01, 2005 the currency of the State of Republic of Turkey is determined as New Turkish Lira (TRY) and the sub-currency of New Turkish Lira is determined as New Kuruş (YKr). In respect to that, by the declaration of TCMB dated December 01, 2004 and numbered MSD-10/832-43399 regarding " The financial statements to be issued by the companies which are subject to the arrangements of the Board and capital market institutions during the transition to TRY", declaring that the financial statements as of December 31, 2004 and the financial statements ending as of prior periods including the comparative financial statements and financial data to be issued during 2005 should be prepared and provided to public in TRY. In this respect, the accompanying financial statements as of December 31, 2004 including footnotes have been prepared in TRY.

Article 141 of the Communique Serial Number: XI-25 of TCMB states that for the ordinary business cycle inventories are made up items held for sale or items acquired during the production process, it is also stated in Article 587 of the Communique that items acquired for sale or real estates constructed or improved in condition for sale; real estates acquired exclusively for the purpose of resale in near-future or real estates constructed and improved for third parties as in the case of real estates improved in condition for sale should be considered as inventory in the normal business cycle. In addition, Article 159 of the Communique contains the clause " Assets constructed by the company are subject to the same regulations as assets acquired by the company. If the company, in its natural business cycle, produces constructs- assets such as these under "Inventories" part of the Communique, the acquisition cost of these items will generally be the same as the production construction- costs of these items".

Also, according to TCMB's Article numbered B.02.1.SPK.0.15-49 dated 01.02.2006, if real estates projects are included in the portfolio for the purpose of resale these should be considered as inventory items and be accounted for as "Real Estates for the Purpose of Resale" under "Long Term\Fixed Assets". In line with this, the real estates and real estate projects presented in "Real Estates for the Purpose of Resale" account under "Long Term\Fixed Assets" group for 2005 interim periods and accounting period ending December 31, 2004 given for comparison by the Company were reclassified in "Inventories" account under "Short Term/ Current Assets" for the financial statements and related foot notes for the periods of December 31, 2005 and December 31, 2004 given for comparison.

In this respect, real estates and real estate projects held for sale will be accounted for in "Inventories" and items subject to reclassification were revalued according to the "Inventories" article of the Communique.

Accordingly, inventories were revaluated by the acquisition cost adjusted for inflation. However, expertise value that creates the real basis for inventory valuation is compared with the adjusted acquisition costs and in the case that the expertise value is lower, impairment is calculated in accordance with the principles in "Impairment in Assets" article.

In respect of the explanations above, as the revaluation of items classified under the "Real Estates for the Purpose of Sale" were carried out by the same principles, the valuation of items reclassified under "Inventories" did not create any differences in principle or monetary balances.

Net-off

Financial assets and liabilities are stated with their net value in the balance sheet in cases of where the net off right exists legally, paying the net value or collection is possible or acquisition of the asset and the obligation realizes at the same time.

3. VALUATION PRINCIPLES/ ACCOUNTING POLICIES

Revenue

Sales are mainly constituted of rents from property held for investment purposes and the sale of İzmir Güzelbahçe building plot. Sales are accounted for by the accrual principle calculated over the services provided, reliable determination of the income amount and income from possible economical benefits acquired by the Company over the transaction. If cash and cash equivalents are obtained from the sale, the income is the balance of these cash and cash equivalents. If there is a large amount of financial cost involved with the sales the relevant value of the sale is determined by discounting the receivables. To discount receivables, the interest rate that discounts the nominal sale value to the cash price of the service. The difference from this discounting is accounted for as interest income for related periods (Note 36).

If the balances recorded as income become doubtful balances, the provision for these accounts are not deducted from income accounts, these are accounted for as expenses in financial statements.

Net sales are constituted of the invoiced sale balances after discounts and returns are deducted.

Cost of Sales

Cost of Sales are mainly made up of the depreciation and relevant expenses of the rent generating real estates held for investment and the cost of the İzmir Güzelbahçe building lot.

Inventories

As throughly stated in the footnote number 2, the real estates and real estate projects presented in “Real Estates for the Purpose of Resale” account under “Long Term\Fixed Assets” group for 2005 sub-accounting periods and accounting period ending December 31,2004 given for comparison by the Company were reclassified in “Inventories” account under “Short Term/Current Assets” for the financial statements and related foot notes for the periods of December 31, 2005 and December 31, 2004 given for comparison.

In this respect, real estates and real estate projects held for sale will be accounted for in “Inventories” and items subject to reclassification were revalued according to the “Inventories” article of the Communique.

Accordingly, inventories were revaluated by the acquisition cost adjusted for inflation. However, expertise value that creates the real basis for inventory valuation is compared with the adjusted acquisition costs and in the case that the expertise value is lower, impairment is calculated in accordance with the principles in “Impairment in Assets” article.

In respect to the explanations above, as the revaluation of items classified under the “Real Estates for the Purpose of Sale” were carried out by the same principles, the valuation of items reclassified under “Inventories” did not create any differences in principle or monetary balances.

Tangible Assets

Tangible assets are expressed with their beginning values restated to equivalent purchasing power of TRY as of December 31, 2004 and current year acquisitions after the deduction of accumulated depreciation and permanent losses in values, if any. Depreciation is calculated with respect to estimated economic useful lives of the tangible assets and using straight-line depreciation method on pro-rata basis. The depreciation rates applied considering the useful lives of tangible assets is as follows:

	31.12.2005	31.12.2004
Buildings	10.0 %	10.0 %
Land Improvements	12.5 %	12.5 %
Machinery and Equipment	25.0 %	25.0 %
Furnitures and Fixtures	10.0 - 33.33 %	20.0 - 25.0 %
Other Tangible Assets	25.0 %	25.0 %

Repair and maintenance expenses are expensed when realized. In case repair and maintenance expenses increase the useful lives of tangible assets, they are capitalized (Note 19).

In case the book value of a tangible asset is higher than the recoverable amount, the book value is decreased to the recoverable amount.

The profit or loss resulting from the sale of a tangible asset is determined by comparing the restated amount of the asset sold and amount collected and reflected to the current year income or loss.

Intangible Assets

Intangible assets are comprised of rights and leasehold improvements.

Intangible assets are expressed with their beginning values restated to equivalent purchasing power of TRY as of December 31, 2004 and current year acquisitions after the deduction of accumulated depreciation and permanent losses in values, if any. Depreciation is calculated with respect to estimated economic useful lives of the intangible assets and using straight-line depreciation method on pro-rata basis. The depreciation rate used for leasehold improvements is 25%, while it is 20% - 33.33% for rights (Not 20).

Impairment of Assets

An assessment is made at each balance sheet date to determine whether there is objective evidence that the assets may be impaired. If such evidence exists, the recoverable amounts of assets are estimated. Impairment exists if the carrying amount of the concerned asset or a cash-generating unit related to this asset is higher than the recoverable amount to be obtained through its use or sale. Recoverable amount is determined as the higher of the net sales price of the asset and the value in use of the asset. Value in use is the estimated net present value of the cash flows through the continuous use or sale of the asset at the end of its economic useful life. Impairment losses are accounted in the income statement.

A reversal of impairment loss on receivables shall be recognized if the subsequent increase in the recoverable amount of the asset is reconciled with an event occurred in the following periods of impairment loss has been accounted.

Impairment losses of other assets shall be reversed if any change exists in the assumptions used in the determination of its recoverable amount. The increase in asset's carrying value resulting from the reversal of impairment should not exceed the carrying value that is going to be determined in case of no impairment loss has been recorded (net value after depreciation) in the balance sheets in previous years.

Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset which necessarily takes a substantial period of time to get ready for its intended use or sale shall be capitalized as part of the cost of that asset. Capitalization of borrowing costs shall cease when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. Borrowing costs with exclusion of these accounted for as an expense in the financial statements in related period.

Financial Instruments

Classification

The Company's financial instruments are composed of cash and cash equivalents, trade receivables marketable securities held for trading and held to maturity, receivables from related parties, financial assets available for sale and financial assets valued by fair value. The Company's financial liabilities include trade payables and payables to related parties. The receivables of Company originated include trade receivables and receivables from related parties.

Booking

Financial assets are booked at the day of transfer to the Company whereas debts are booked at the day of transfer from the Company.

Valuation

A financial asset or financial liability is valued with its acquisition cost in balance sheets for the first time. This cost is the fair value of price given (if it is an asset) or acquired (if it is a liability). 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. Acquisition or transaction costs, which could be directly related with the issuance, are included in the first valuation of the financial instrument or financial liabilities.

All trading financial instruments and shares classified as financial assets with fair value are valued with their fair values in the subsequent periods following their initial valuation. The changes in fair value of the shares traded in İstanbul Stock Exchange Market are charged to the income statement. However the financial instruments whose fair values could not be determined in a secure way and do not have a price determined in a regular market, are valued by setting a provision for the impairment in case of existence of an impairment and adding transaction costs.

Trading financial assets and liabilities, which do not have a fixed maturity date, are valued over their acquisition costs. Trading financial assets which have a fixed maturity date, receivables of company originated and assets that will be held until the maturity are valued through discounted costs by effective interest method after deducting the provision set for the impairment in its value. Premiums and discounts including the first processing costs are subject to effective interest ratio discount.

Following the setting of a provision for a doubtful receivable in case of a total or partial collection of a doubtful receivable amount, the collected amount is deducted from the provision of doubtful receivable and recorded as other income.

Principles of Valuation with Fair Value

Financial assets and liabilities are valued with their fair values without taking into consideration the transaction costs in the situations where sale or similar disposals occur in the following periods after initial recognition. However, if there is not a market price quoted to an active market, fair value is computed by using pricing models of valuation with fair value or discounted cash flow techniques.

In cases of using discounted cash flow techniques, estimated cash flows depend on best estimations of the company and discount rate used depends on the market rate of a financial instrument existing with similar conditions and maturities. Market data at the date of balance sheet is used as measurement in pricing models.

Write-off

Financial assets are written-off when the contractual rights to from the financial assets have been lost. This event occurs when the financial assets are sold, expired or the Company disclaims its rights. The Company transfers some of its receivables to banks as irrevocable.

Financial liabilities and obligations are written-off from the financial statements as they are fulfilled, cancelled or expired.

Business Combinations

As of December 31, 2005 and 2004, the Company has no merging activities.

Effects of Foreign Currency Changes

Transactions in foreign currencies are translated into New Turkish Lira by using the exchange rates prevailing at the date of transaction. Foreign currency denominated assets and liabilities are translated into TRY with exchange rates prevailing at the balance sheet date. Foreign exchange income or losses arising from foreign currency denominated transactions are included in income statement.

Earnings Per Share

Earnings per share disclosed in the accompanying statement of income are determined by dividing net profit by the average number of shares outstanding.

Events After the Balance Sheet Date

The Company is obliged to revise the amounts in the financial statements with respect to events occur after the balance sheet date. Events which occur after the balance sheet date and do not require adjustments are explained in the footnotes to the financial statements in case that they have effect on the economic decisions of third parties using financial statements.

Provisions, Contingent Assets and Liabilities

Provisions are recognized if and only if the Company has a present liability (legal or constructive), as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made off the amount of obligation. Where the effect of time value of money is material, the amount of provision shall be the present value of the expenditures expected to be required to settle the obligation computed by a discount rate representing pre-tax rate. When the present value is used, the increase resulting from time difference in the provisions is recorded as interest expense.

The risks and uncertainties that inevitably surround many events and circumstances shall be taken into account in reaching the best estimate of a provision at each balance sheet date.

Contingent liabilities and contingent assets are not recognized in the financial statements, and disclosed in the notes to the financial statements. The Company recognizes a provision for the obligation for which an outflow of resources embodying economic benefits is probable, except in the circumstances where no reliable estimate can be made, when the change in estimations occurs.

Accounting Policies, Changes in Accounting Estimates and Errors

The Company has prepared its financial statements in accordance with the Communique Serial Number: XI-25 for the period ended March 31, 2005 for the first time and the opening balances which is December 31, 2004 has also been prepared in accordance with the same principles. In that context, there are no changes in accounting policies and estimates or errors.

When an accounting policy is changed, the total difference amount regarding to previous periods is adjusted to retained earnings. The data relating to previous periods are also re-arranged. In case of existence of an effect of the accounting policy change to current period, previous periods or operating result of the consequent periods; the cause of the difference, the adjustment amount related to the current period and previous periods, and the re-arrangement of the comparative data is disclosed or if estimating the adjustment is impracticable, that fact is disclosed.

The effect of a change in an accounting estimate shall be recognized prospectively by including it in profit and loss in the period of the change, if the change effects that period only or in the period of the change and future periods if the change affects both.

Prior period errors are corrected retrospectively. An error is corrected by restating the comparative amounts for the prior periods in which the error occurred or if the error occurred before the earliest prior period by restating the opening balances of retained earnings.

If the re-arrangement of the data causes excessive cost, the comparative data related to the previous periods are not re-arranged; retained earnings account for the next period is adjusted with the cumulative impact of the error (misstatement) at the beginning of the corresponding period.

Leasing Transactions

The Company does not have any leasing transaction as of December 31, 2005 and 2004.

Related Parties

In the context of the report, the Company's shareholders, Alarko Holding and Alarko Holding Group companies, their executives and the companies controlled by these companies or other companies related to them are accepted as related parties. Transactions between related parties are described in the notes to the financial statement (Note 9).

Segment Reporting

Since the Company has only one operation and operates in one geographic location, no segment reporting is made.

Construction Contracts

The Company has no transaction within the context of construction contracts.

Discontinuing Operations

With respect to a discontinuing operation, a public declaration is submitted when the Company has entered into a binding sale agreement for substantially all of the assets attributable to the discontinuing operation or the Company's Board of Directors or similar governing body has both approved a detailed plan, formal plan for the discontinuance and made an announcement of the plan. For the recognition and valuation of discontinuing operations, the principles set in the standards of impairment losses, provisions, contingent assets and liabilities, plant property and equipment, and employee benefits are taken into consideration.

Accounting for Government Grants and Disclosure of Government

All government grants including non-monetary grants at fair value are recognized to the extent that the Company will comply with the conditions attaching to them and if the grants will be received. A forgivable loan from government is treated as a government grant when there is a reasonable assurance that the Company will meet the terms for forgiveness of the loan.

Investment Properties

Investment property is recognized at cost when it is probable that the future economic benefits that are associated with the investment property will flow to the Company and the cost of the investment property can be measured reliably. After initial recognition, investment property is accounted in line with cost model and the principles of plant, property and equipment standard.

Depreciation is calculated with respect to estimated economic useful lives of investment properties and using straight-line depreciation method on pro-rata basis. The depreciation rates applied considering the useful lives of investment properties are as follows:

	31.12.2005	31.12.2004
Land	-	-
Buildings	2.0 - 5.0 %	2.0 - 5.0 %
Rights	3.125 %	3.125 %

Income Taxes

Since the Company is registered as Alarko Gayrimenkul Yatırım Ortaklığı Anonim Şirketi as of July 31, 1996 as published in the Trade Registry Gazette dated August 6, 1996 and numbered 4096, as of this date the Company is exempt from corporate income tax and withholding tax with respect to Corporate Tax Law article 8 code 4-d and Income Tax Law article 94 code 6-a. Consequently, the Company does not have any income tax liability or deferred tax asset or deferred tax liability as of December 31, 2005 and 2004.

Employee Benefits / Employment Termination Benefits

In accordance with existing social legislation in Turkey, the Company is required to make lump-sum payments to employees who have completed one year of service and whose employment is terminated due to retirement or for reasons other than resignation or misconduct. Corresponding amounts are paid based on the ceiling of the retirement payment at the balance sheet date. Provision for retirement payment is recognized as the net present value of the cumulative retirement pay liability payable in the future.

Retirement Benefit Plans

The Company has no retirement benefit plans.

Agriculture

The Company has no transactions in the scope of agricultural operations.

Cash Flow Statement

In the statement of cash flow, current period cash flows are classified as main operations, investment activities and financing activities and accordingly reported. Cash and cash equivalents include cash amounts, bank deposits, due dated checks and marketable securities.

4. LIQUID ASSETS

Cash and cash equivalents as of December 31, 2005 and 2004 are as follows:

	31.12.2005		31.12.2004	
Banks		12,753,461		13,147,496
Time deposits	12,741,141		13,147,047	
Demand deposits	12,320		449	
Cash		86		219
Other		–		233
Total		**12,753,547**		**13,147,948**

Demand deposits consist of TRY, USD and Euro bank deposits and net interest rate on these deposits varies between 2.89% and 18% (for the year 2004 : 2.5% and 18%).

The Company does not have any blocked deposit as of December 31, 2005 and 2004 .

5- MARKETABLE SECURITIES

As of December 31, 2005 and 2004 breakdown of marketable securities of the Company is as follows:

	31.12.2005	31.12.2004
Marketable Securities Held for Trading	Book Value	Book Value
B Type Variable Funds	61,982,512	45,283,929
B Type Liquid Funds	303,296	103,471

Marketable Securities Held to Maturity	Currency Type	Book Value	Interest Rate	Book Value	Interest Rate
Government Securities	USD	2,675,549	3.55 %	6,666,882	4.39 %
	USD	1,432,331	4.25 %	-	-
	Euro	6,470,650	2.13 %	-	-
Accrued Income		66,700		414,541	
Total		**72,931,038**		**52,468,823**	

6. FINANCIAL LIABILITIES

The Company has no short-term and long-term financial liabilities as of December 31, 2005 and 2004.

7. TRADE RECEIVABLES AND PAYABLES

Breakdown of trade receivables is as follows:

	31.12.2005	31.12.2004
Trade Receivables	30,493	59
Notes Receivable	2,431,815	113,099
Deposits and Guarantees Given	8,277	2,928
Total	**2,470,585**	**116,086**

The nature and the amounts of the guarantees received as allowance to the receivables are as follows:

	31.12.2005	31.12.2004
Notes Received	295,830	515,490
Guarantee Letters Received	304,589	2,375
Total	**600,419**	**517,865**

The Company has no doubtful receivables as of December 31, 2005 and 2004.

Breakdown of trade payables is as follows:

	31.12.2005	31.12.2004
Suppliers, net	333,024	16,364
Deposits and Guarantees Received	73,711	34,237
Total	**406,735**	**50,601**

8. FINANCIAL LEASING RECEIVABLES AND PAYABLES

The Company does not have any financial leasing receivables or payables as of December 31, 2005 and 2004.

9. DUE FROM / TO RELATED PARTIES

Breakdown of receivable and payable balances of related parties of the Company is as follows:

	31.12.2005		31.12.2004	
Due from Shareholders	Trade	Non-Trade	Trade	Non-Trade
Alarko Holding	-	-	-	63
Attaş Alarko Turistik Tes. A.Ş.	5,840,574	-	4,030,638	-
Garanti Koza A.Ş. Alsim Alarko A.Ş. Adi Ortaklığı	1,912	-	-	-
Minus: Deferred Income	(9,893)	-	-	-
Total	**5,832,593**	**-**	**4,030,638**	**63**

	31.12.2005		31.12.2004	
Due to Shareholders	Trade	Non-Trade	Trade	Non-Trade
Alarko Holding	282	-	-	-
Alarko Carrier San. ve Tic. A.Ş.	862	-	-	-
Alsim Alarko San. Tes. ve Tic. A.Ş.	16	-	-	1,115
Total	**1,160**	**-**	**-**	**1,115**

The Company has dividends payable amounting to TRY 139 to shareholders, who have shares of publicly traded portion, as of December 31, 2005 and 2004, respectively.

The Company has no balances with the other related parties as of December 31, 2005 and 2004.

The Company has revenues and expenses arising from related party transactions. These transactions are summarized as follows:

	31.12.2005	31.12.2004
Expenses		
Rent Expenses	172,101	147,544
Foreign Currency Difference Expenses	93,295	190,977
Services Rendered	59,105	50,159
Other	5,594	3,654
Total	**330,095**	**392,334**

	31.12.2005	31.12.2004
Income		
Rent Income	5,040,630	3,521,135
T.C. Ministry of Environment Land Patent Income	153,513	110,240
Interest Income	66,241	–
T.C. Ministry of Environment Land Rent Income	466,328	435,716
Foreign Currency Difference Income	64,259	18,399
Other	9,039	294
Total	**5,800,010**	**4,085,784**

Transactions with related parties are as follows:

	31.12.2005			31.12.2004		
Purchases	Goods	Service	Other	Goods	Service	Other
Shareholders						
Attaş Alarko Turistik Tes. A.Ş.	-	-	93,295	-	-	190,977
Alarko Carrier San. ve Tic. A.Ş.	-	972	-	-	60	-
Alarko Holding A.Ş.	-	234,651	-	-	219,003	-
Alsim Alarko San.Tes. ve Tic. A.Ş.	-	1,139	-	-	11,869	-
Related Parties						
Alfarm Alarko Su Ür. San. ve Tic. A.Ş.	-	38	-	-	99	-
Total	**-**	**236,800**	**93,295**	**-**	**231,031**	**190,977**

Sales	31.12.2005 Goods	31.12.2005 Service	31.12.2005 Other	31.12.2004 Goods	31.12.2004 Service	31.12.2004 Other
Shareholders						
Attaş Alarko Turistik Tes. A.Ş.	-	4,831,910	750,844	-	3,313,925	531,124
Alsim Alarko San. Tes. ve Tic. A.Ş.	-	-	6,916	-	-	33,525
Alarko Carrier San. ve Tic. A.Ş.	-	158,594	-	-	152,453	-
Garanti Koza A.Ş. Alsim Alarko A.Ş. Adi Ortaklığı	-	-	1,620	-	-	-
Related parties						
Altek Alarko Elek. Sant. Tes. İşl. ve Tic. A.Ş.	-	50,126	-	-	54,757	-
Total	**-**	**5,040,630**	**759,380**	**-**	**3,521,135**	**564,649**

There are no doubtful receivables due from related parties as of December 31, 2005 and 2004.

10. OTHER RECEIVABLES AND PAYABLES

The Company does not have any other receivables or payables as of December 31, 2005 and 2004.

11. BIOLOGICAL ASSETS

Biological assets are not within the operations of the Company.

12. INVENTORIES

Inventories consist of real estates held for trading. Breakdown of inventories of the Company as of December 31, 2005 and 2004 is as follows:

	31.12.2005			31.12.2004		
	Restated Book Value	Expertise Amount	Expertise Date	Restated Book Value	Expertise Amount	Expertise Date
Domicile Project						
Land (1 Parcel)	1,167,215	6,024,000	19.10.2005	1,263,167	5,508,000	11.01.2005
Project Cost	6,226,525	53,245,000	19.10.2005	4,355,361	27,712,000	11.01.2005
Total	7,393,740	59,269,000		5,618,528	33,220,000	
Büyükçekmece Land						
Land Cost (5 Parcel)	4,321,594	6,646,500	15.12.2005	4,321,594	5,802,505	11.01.2005
İzmir Güzelbahçe Land						
Land Cost	-	-		3,040,856	4,220,000	11.01.2005
Alkent İstanbul 2000 - 1 Villa						
Cost	1,342,861	990,000	15.12.2005	1,339,861	840,000	11.01.2005
Impairment Losses (-)	(352,861)	-		(499,861)	-	
Total	990,000	990,000		840,000	840,000	
Maslak Land						
Land Cost	15,105,853	23,700,000	15.12.2005	14,970,332	23,040,000	11.01.2005
Total	**27,811,187**	**90,605,500**		**28,791,310**	**67,122,505**	

Domicile Project: The Company has received the construction permit on October 21, 2005 for 63 villas and 1 social club to be constructed on 239,466 m^2 land located in Büyükçekmece-Eskice location with block no. 106, parcel no. 18 and started on selling activities. As of December 31, 2005, sales agreements have been made for 7 villas.

Büyükçekmece Land: There are 5 parcels with a total area of 819,272 m^2.

Maslak Land: The Company plans to build a shopping center on the land with a total area of 18,962 m^2 in İstanbul Maslak.

The land in İzmir Güzelbahçe has been sold on December 22, 2005 with an amount of TRY 5,205,972 excluding VAT.

The total insurance amount on inventories as of December 31, 2005 and 2004 is TRY 769,318 and TRY 671,050, respectively.

13. RECEIVABLES FROM CONSTRUCTION CONTRACTS IN PROGRESS

The Company has no transaction within the scope of construction contracts.

14. DEFERRED TAX ASSETS AND LIABILITIES

Since the Company is registered as Alarko Gayrimenkul Yatırım Ortaklığı Anonim Şirketi as of July 31, 1996 as published in Trade Registry Gazette dated August 6, 1996 and numbered 4096, as of this date the Company is exempt from corporate income tax and withholding tax with respect to Corporate Tax Law article 8 code 4-d and Income Tax Law article 94 code 6-a. Consequently, the Company does not have any or deferred tax asset or deferred tax liability as of December 31, 2005 and 2004.

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

Breakdown of other current assets is as follows:

	31.12.2005	31.12.2004
Short-Term Prepaid Expenses	49,284	46,054
Other Miscellaneous Current Assets	10,000	24,390
Total	**59,284**	**70,444**

As of December 31, 2005 the Company has no other non-current assets. Other non-current assets consist of extraordinary reserve withholding tax as of December 31, 2004 amounting to TRY 148.

Breakdown of other short-term liabilities is as follows:

	31.12.2005	31.12.2004
Taxes, Fees and Other Deductions Payable	1,472,109	366,428
Income Accruals	44,780	-
Other	7,636	5,674
Total	**1,524,525**	**372,102**

The Company has no other long-term liabilities as of December 31, 2005 and 2004.

16. FINANCIAL ASSETS

Breakdown of financial assets as of December 31, 2005 and 2004 is as follows:

	31.12.2005		31.12.2004	
	Participation Rate %	Amount	Participation Rate %	Amount
Financial Assets for Sale				
Alsim Alarko Sanayi Tesisleri ve Tic. A.Ş.	0.00	1,196	0.00	1,157
Alarko Holding A.Ş.	0.00	2,851,329	0.00	2,014,956
Total	**0.00**	**2,852,525**	**0.00**	**2,016,113**

Investment in Alarko Holding A.Ş. as of Decmber 31, 2005 and 2004 is valued with the stock exchange price which is considered to be the fair value of the investment. The Company accounts for the positive and negative differences arising from fair value recognition in shareholders equity account in the accompanying financial statements. Accordingly, fair value recognition differences amounting to TRY 806,597 and TRY 1,642,970 as of December 31, 2005 and 2004 have been accounted under "Financial Assets Revaluation Fund" account.

Since Alsim Alarko Sanayi Tesisleri ve Tic. A.Ş. is not publicly quoted and also the fair value of this company can not be accurately determined, as the participation amount in this company, the restated cost amount has been presented in the accompanying financial statements.

The details regarding the fair value information and management of liquidity risk and interest rate risk is given below. The details of the foreign currency risk have been given in footnote 29.

Liquidity risk:

The liquidity risk arises during the funding of the operations of the Company and the management of the open position. The risk of not funding the operations with an appropriate maturity and rate and also the risk of not liquidating an asset in an appropriate time frame with a fair value are within the scope of liquidity risk.

As of December 31, 2005 and 2004 maturity table for assets and liabilities is as follows:

31.12.2005

Monetary Assets	**0-1 month**	**1-3 months**	**3-6 months**	**6-12 months**	**1 Year or more**	**Total**
Cash and Cash Equivalents	1,523,570	-	-	-	62,285,808	63,809,378
Inventories	-	-	-	-	27,811,187	27,811,187
Other Current Assets	16,922	40,461	831	806	264	59,284
Trade Receivables, net	30,493	-	-	-	8,277	38,770
Due from Related Parties, net	1,911	-	-	-	-	1,911
Total TRY Assets	**1,572,896**	**40,461**	**831**	**806**	**90,105,536**	**91,720,530**
Cash and Cash Equivalents	11,229,977	9,211,232	1,433,998	-	-	21,875,207
Other Current Assets	-	-	-	-	-	-
Trade Receivables, net	10,775	2,161,108	30,945	228,987	-	2,431,815
Due from Related Parties, net	5,830,682	-	-	-	-	5,830,682
Total Foreign Currency Assets	**17,071,434**	**11,372,340**	**1,464,943**	**228,987**	**-**	**30,137,704**
Total Monetary Assets	**18,644,330**	**11,412,801**	**1,465,774**	**229,793**	**90,105,536**	**121,858,234**
Monetary Liabilities						
Trade Payables	333,024	-	-	-	-	333,024
Due to Related Parties	1,160	-	-	-	139	1,299
Employment Termination Benefit	-	-	-	-	80,208	80,208
Deposits and Guarantees Received	-	-	-	-	20,574	20,574
Advances Received	2,696	-	-	-	8,528,020	8,530,716
Other Short-Term Liabilities and Provisions for Expenses	1,489,651	818,007	1,173,160	11,948	-	3,492,766
Total TRY Liabilities	**1,826,531**	**818,007**	**1,173,160**	**11,948**	**8,628,941**	**12,458,587**
Total Foreign Currency Liabilities	**-**	**-**	**-**	**-**	**53,137**	**53,137**
Total Monetary Liabilities	**1,826,531**	**818,007**	**1,173,160**	**11,948**	**8,682,078**	**12,511,724**

Monetary Assets	0-1 month	1-3 months	3-6 months	6-12 months	1 Year or more	Total
	31.12.2004					
Cash and Cash Equivalents	1,190,626	414,541	-	-	45,387,400	46,992,567
Inventories	-	-	-	-	28,791,310	28,791,310
Other Current Assets	15,469	28,324	992	1,269	24,390	70,444
Trade Receivables, net	59	-	-	-	116,027	116,086
Total TRY Assets	**1,206,154**	**442,865**	**992**	**1,269**	**74,319,127**	**75,970,407**
Cash and Cash Equivalents	11,957,322	6,666,882	-	-	-	18,624,204
Trade Receivables, net	4,030,701	-	-	-	-	4,030,701
Total Foreign Currency Assets	**15,988,023**	**6,666,882**	**-**	**-**	**-**	**22,654,905**
Total Monetary Assets	**17,194,177**	**7,109,747**	**992**	**1,269**	**74,319,127**	**98,625,312**
Monetary Liabilities						
Trade Payables	16,364	-	-	-	5,798	22,162
Advances Received	-	-	-	-	34,782	34,782
Employment Termination Benefit	-	-	-	-	53,680	53,680
Other Short-term Liabilities and Provisions for Expenses	367,682	-	435,716	-	5,674	809,072
Total TRY Liabilities	**384,046**	**-**	**435,716**	**-**	**99,934**	**919,696**
Total Foreign Currency Liabilities	-	-	-	-	**28,439**	**28,439**
Total Monetary Liabilities	**384,046**	**-**	**435,716**	**-**	**128,373**	**948,135**

Interest rate risk:

The Company's activities are exposed to interest rate risk due to the differences in payment date and payment amounts or restructuring of interest sensitive assets and liabilities. Corresponding interest rate risk is managed by natural measures aimed to balance assets and liabilities having interest rate sensitivity.

Fair Value of Financial Instruments

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 settlement, and is the best evidence by a quoted market price, if one exists.

The Company has determined the fair values of its financial instruments by using current market information at present and by using appropriate valuation methods. However, assessing market information and forecasting actual values requires judgment. The forecasts presented as a conclusion, may not always represent the values that are acquired by the Company in current market transactions.

Methods and assumptions used to estimate the fair value of financial instruments are as follows:

Monetary Assets

Foreign currency denominated balances are translated by using the exchange rates valid at the balance sheet date. It is foreseen that these balances are close to their carrying values.

The fair values of certain financial assets, which also include cash and cash equivalents, are considered to approximate their respective carrying values due to their short-term nature.

The carrying values of trade receivables along with the related allowances for uncollectability are estimated to represent their fair values.

It has been assumed that the fair value of financial assets approximate their carrying values.

Monetary Liabilities

Trade liabilities are disclosed with fair value.

17. POSITIVE / NEGATIVE GOODWILL

The Company has no positive or negative goodwill as of December 31, 2005 and 2004.

18. INVESTMENT PROPERTIES

As of December 31, 2005 and 2004, the movement of investment properties is as follows:

	31.12.2005	31.12.2004
January 1,	43,271,696	2,625,842
Additions	36,600	40,631,118
Accumulated depreciation	(3,071,310)	(1,521,003)
Before impairment, net	40,236,986	41,735,957
Impairment	107,393	14,736
Monetary effect of impairment	-	-
After impairment, net	**40,344,379**	**41,750,693**

As of December 31, 2005 and 2004, total insurance coverage on investment properties of the Company is amounting to TRY 36,353,345 and TRY 33,308,870.

As of December 31, 2005, the comparison of restated amounts with fair values is as follows:

Definition of the Property	31.12.2005		
	Expertise Date	Market Value	Cost Value, Net
İstanbul/Şişhane-Business Center	15.12.2005	1,065,000	1,341
İstanbul/Karaköy-Business Center	15.12.2005	860,000	860,000
Ankara/Çankaya-Business Center	15.12.2005	2,015,000	1,293,008
Hillside Beach Club Holiday Village	15.12.2005	47,780,000	34,217,530
Etiler Alkent Sitesi-Stores	15.12.2005	5,410,000	3,972,500
Total		**57,130,000**	**40,344,379**

As of December 31, 2004, the comparison of restated amounts with fair values is as follows:

Definition of the Property	31.12.2004		
	Expertise Date	Market Value	Cost Value, Net
İstanbul/Şişhane-Business Center	11.01.2005	850,000	1,381
İstanbul/Karaköy-Business Center	11.01.2005	785,000	785,000
Ankara/Çankaya-Business Center	11.01.2005	1,800,000	1,323,018
Hillside Beach Club Holiday Village	19.01.2005	43,810,000	35,458,794
Etiler Alkent Sitesi-Stores	29.12.2004	4,515,000	4,182,500
Total		**51,760,000**	**41,750,693**

As of December 31, 2005, the provision that should be set for the decrease in the value of İstanbul Business Center amounts to TRY 73,418. As of December 31, 2004, since the provision for decrease in value amounting to TRY 180,811 has been deducted from the cost of this property, decrease in value of the provision amounting to TRY 107,393 has been reversed by deducting from general administrative expenses.

19. TANGIBLE ASSETS

As of December 31, 2005;

	COST				
	Balance at January 1, 2005	Additions	Disposal	Allowances (-)	Balance at December 31, 2005
Land Improvements	123,365	-	-	-	123,365
Buildings	311	-	-	-	311
Machinery, Installations and Equipments	4,216	-	-	-	4,216
Furniture and Fixture	120,395	26,883	(254)	-	147,024
Other Tangible Assets	342,604	-	-	-	342,604
Total	**590,891**	**26,883**	**(254)**	**-**	**617,520**

	ACCUMULATED DEPRECIATION				
	Balance at January 1, 2005	Additions	Disposal	Transfer	Balance at December 31, 2005
Land Improvements	78,573	15,420	-	-	93,993
Buildings	254	31	-	-	285
Machinery, Installations and Equipments	3,441	482	-	-	3,923
Furniture and Fixture	76,667	27,491	(254)	-	103,904
Other Tangible Assets	285,504	57,101	-	-	342,605
Total	**444,439**	**100,525**	**(254)**	**-**	**544,710**
Net Book Value	**146,452**				**72,810**
Advances Given	-				-

As of December 31, 2004;

	COST				
	Balance at January 1, 2004	Additions	Disposal	Allowances (-)	Balance at December 31, 2004
Land Improvements	123,365	-	-	-	123,365
Buildings	311	-	-	-	311
Machinery, Installations and Equipments	3,889	327	-	-	4,216
Furniture and Fixture	118,230	2,165	-	-	120,395
Other Tangible Assets	342,604	-	-	-	342,604
Total	**588,399**	**2,492**	**-**	**-**	**590,891**

	ACCUMULATED DEPRECIATION				
	Balance at January 1, 2004	Additions	Disposal	Transfer	Balance at December 31, 2004
Land Improvements	63,152	15,421	-	-	78,573
Buildings	223	31	-	-	254
Machinery, Installations and Equipments	2,886	555	-	-	3,441
Furniture and Fixture	51,034	25,633	-	-	76,667
Other Tangible Assets	199,852	85,652	-	-	285,504
Total	**317,147**	**127,292**	**-**	**-**	**444,439**
Net Book Value	**271,252**				**146,452**
Advances Given	-				-

As of December 31, 2005 the total insurance coverage on tangible fixed assets are TRY 8,185 (No insurance as of December 31, 2004).

20. INTANGIBLE ASSETS

As of December 31, 2005 the movement of the intangible assets is as follows:

Cost	January 1, 2005 TRY	Additions TRY	Transfers TRY	Disposals TRY	December 31, 2005 TRY
Rights	2,601	7,675	-	-	10,276
Other Intangible Assets	79,659	-	-	-	79,659
Total	**82,260**	**7,675**	**-**	**-**	**89,935**

Accumulated Depreciation	January 1, 2005 TRY	Current Year Charge TRY	Transfers TRY	Disposals TRY	December 31, 2005 TRY
Rights	(2,601)	(378)	-	-	(2,979)
Other Intangible Assets	(66,834)	(12,825)	-	-	(79,659)
Total	**(69,435)**	**(13,203)**	**-**	**-**	**(82,638)**
Net Book Value	**12,825**				**7,297**

As of December 31, 2004 the movement of the intangible assets is as follows:

Cost	January 1, 2004 TRY	Additions TRY	Transfers TRY	Disposals TRY	December 31, 2004 TRY
Rights	2,601	-	-	-	2,601
Other Intangible Assets	79,659	-	-	-	79,659
Total	**82,260**				**82,260**

Accumulated Depreciation	January 1, 2004 TRY	Current Year Charge TRY	Transfers TRY	Disposals TRY	December 31, 2004 TRY
Rights	(2,601)	-	-	-	(2,601)
Other Intangible Assets	(47,624)	(19,210)	-	-	(66,834)
Total	**(50,225)**	**(19,210)**	**-**	**-**	**(69,435)**
Net Book Value	**32,035**				**12,825**

21. ADVANCES RECEIVED

Detail of the advances received is as follows:

	31.12.2005	31.12.2004
Advances Received from Customers	8,530,716	34,782
Total	**8,530,716**	**34,782**

22. RETIREMENT BENEFIT PLANS

The Company has no retirement benefit plans within the scope of the related standard.

23. ALLOWANCES FOR LIABILITIES

In accordance with existing social legislation, the Company is required to make lump-sum termination indemnities to each employee who has completed one year of service within the Company and whose employment is terminated due to retirement or for reasons other than resignation or misconduct. Such payments are calculated on the basis of 30 days' pay in historical terms to a maximum of TRY 1,727 as of December 31, 2005 (2004 - TRY 1,575) per year of employment at the rate of pay applicable at the date of retirement or termination. The limit is generally increased effective January 1st and July 1st of each year by the government.

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

According to the 29th Part named as "Employee Benefits" of the TCMB's Communique Serial Number: XI-25, the Company has used the actuarial assumption in calculating the reserve for employment termination benefits. Provision for retirement payment is recognized in the accompanying consolidated financial statements as the net present value of the cumulative retirement pay liability in the future. The principal actuarial assumptions used in calculating of the liability are as follows:

Inflation rate	10 %
Discount rate	16 %
Rate for the probability of retirement	-

Basic assumption is proportional increase of the ceiling liability determined for the each year in proportion to inflation. Accordingly, discount rate applied represents the actual rate without the effect of inflation.

Movements in the retirement pay liability recognized in the accompanying consolidated balance sheet are as follows:

	31.12.2005
Beginning period as of January 1	53,680
Provision for the year	26,528
End of period	**80,208**

Breakdown of allowances for other liabilities is as follows:

	31.12.2005	31.12.2004
Rent fee Allowance to T.C. Ministry of Environment and Forestry	466,328	435,716
Allowance for Date to Maturity Trade Agreement	1,498,968	-
Other	2,945	-
Total	**1,968,241**	**435,716**

24. MINORITY INTEREST / MINORITY INTEREST PROFIT - (LOSS)

As the Company prepares unconsolidated financial statements, there is no minority interest share.

25. SHARE CAPITAL

As of December 31, 2005 and 2004, The Company's historical authorized share capital is comprised of 3,565,000,000 shares per value YKr 0.10 each. Breakdown of the Shareholders' Equity structure is expressed in Note 1.

26. CAPITAL RESERVES

Shareholders' Equity accounts have been deducted from the accumulated losses with respect to equivalent purchasing power of TRY as of December 31, 2004. The restatement effect arising from the shareholders' equity items is shown within the “Inflation Restatement Fund of Equity” account in the accompanying financial statements and the breakdown as of December 31, 2005 and 2004 is as follows:

	31.12.2005	31.12.2004
Share Capital	54,712,578	54,712,578
Emission Premium	1,076,541	1,076,541
Legal Reserves	4,058,980	4,058,980
Extraordinary Reserves	80,747,882	80,747,882
Total	**140.595.981**	**140.595.981**

As of December 31, 2005 and 2004, the participation amount in Alarko Holding A.Ş. is valued with the stock market price which is estimated to approximate the fair value. The Company records increases or decreases resulting from fair value valuation in “Financial Assets Value Increase Fund” in shareholders' equity. As of December 31, 2005 and 2004, “Financial Assets Value Increase Fund” amounts to TRY 1,642,970 and TRY 806,597, respectively.

27. LEGAL RESERVES

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 the Company's paid-in share capital. The second legal reserve is appropriated at the rate of 10 % per annum of all cash distributions in excess of 5 % of the paid-in share capital. Under the TCC, the legal reserves can be used only to offset losses and are not available for any other usage unless they exceed 50 % of paid-in share capital. As of December 31, 2005 and 2004 the total amount of legal reserves of the Company is amounting to TRY 4,058,980. The Company also has extraordinary reserves amounting to TRY 80,747,882.

28. ACCUMULATED PROFIT / LOSS

In accordance with Part 15, article 399 of the Communique Serial Number: XI-25, the accumulated losses computed as a result first time application of hyperinflation accounting should be deducted from the distributable income while determining the amount of dividend payment. Additionally, the concerned accumulated losses are permitted to deduct from firstly, net income for the period and undistributed prior year profits if exists; and the remaining part from extraordinary legal reserves, legal reserves and inflation restatement fund of equity, respectively.

To prepare the first financial statements as of March 31, 2005 within the framework of 718 th number of Communique Serial Number: XI-25 corresponding transaction and events are booked in the beginning balance sheet as of December 31, 2004. As a result of first time application of Communique Serial Number:XI-25, accumulated losses have been realized as TRY 3,364,170 in the financial statements as of December 31, 2005.

29. FOREIGN CURRENCY POSITION

	31.12.2005			31.12.2004		
	Foreign Currency (Full)	Exchange Rate (Full)	TRY Equivalent	Foreign Currency (Full)	Exchange Rate (Full)	TRY Equivalent
Banks						
USD	641,129	1.3418	860,266	436,661	1.3421	586,043
Euro	6,532,102	1.5875	10,369,712	6,224,698	1.8268	11,371,279
Marketable Securities						
USD	3,082,486	1.3418	4,136,080	4,967,500	1.3421	6,666,882
Euro	4,100,252	1.5875	6,509,150	-	-	-
Due from Related Parties						
USD	4,345,417	1.3418	5,830,681	3,003,232	1.3421	4,030,638
Notes Receivables						
USD	-	-	-	84,270	1.3421	113,099
TOTAL FOREIGN CURRENCY ASSETS			**27,705,889**			**22,767,941**
Deposits and Guarantees Received (Short-Term)						
USD	39,410	1.3418	52,880	21,190	1.3421	28,439
TOTAL FOREIGN CURRENCY LIABILITIES			**52,880**			**28,439**
NET FOREIGN CURRENCY POSITION			**27,653,009**			**22,739,502**

As of December 31, 2005, the Company has notes receivable amounting to TRY 2,431,815 corresponding to USD 1,855,000 related with the sales from residence project. Although the said sales agreement have been made in TRY, the collections related to these sales have been indexed to foreign currency.

Foreign Currency Risk:

Foreign currency risk stems from the change in the value of a financial instrument depending on a change in foreign currency exchange rate. The Company may face foreign currency risk because of its foreign currency denominated receivables and payables. The Company continuously follows up the mentioned risk and takes the necessary precautions. The main foreign currencies constituting the said risk are USD and Euro.

30. ACCOUNTING FOR GOVERNMENT GRANTS AND DISCLOSURE OF GOVERNMENT

The Company does not benefit from any government grants or incentives as of December 31, 2005 and 2004.

31. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

a) Regarding the inventories and fixed assets of the Company as of December 31, 2005 and 2004;

On the 2 parcels of the land located in Büyükçekmece Eskice Region, there exists a right on behalf of İSKİ to take over the related land for the protection of the water sources existing on that land.

Related with the ½ shares of Karaköy Business Center there is an annuity agreement on behalf of Nelly Rose.

Related to stores which were purchased in Beşiktaş, Etiler Alkent, according to the title-deed registry dated October 14, 1987 and numbered 6430; there are usage rights in favor of the patch numbered 1411-1 and against the patch numbered 1408-1 in order to use the central heating systems and in some parts in order to construct 1.5 meters width channels in the heating systems for 49 years period and with an amount of TRY 7.72.

Apart from aforementioned usage right, with title deed registry dated February 26, 1992 and numbered 784, there is a personal usage right in favor of the owners on the patch numbered 1410-1 which enables them to use the parking space that had been projected.

b) On October 21, 2005, the Company has entered into two forward contracts amounting to USD 20,000,000 and USD 18,000,000 with maturities of March 30, 2006 and April 28, 2006, respectively. The agreement consists of the maturity date, spot rate at this maturity date, foreign currency type, foreign currency amount and corresponding TRY amount. According to the clauses of the agreement, in case the transaction rate of USD is lower than the spot rate applicable on the maturity date, the Company is liable the compensate for the difference between the USD transacton rate and spot rate on the maturity date. In the reverse condition, the bank is liable to compensate for the above-mentioned difference.

The detail of the forward contracts as of December 31, 2005 is as follows:

		Sold - Purchased in Forward			
Name of the Bank	Agreement Date	F/C Type	F/C Amount	Maturity Date	Forward Rate (USD/TRY)
Türkiye İş Bankası A.Ş.	21.10.2005	USD	18,000,000	28.04.2006	1.4339
Türkiye İş Bankası A.Ş.	21.10.2005	USD	20,000,000	30.03.2006	1.4250

The amount recorded as expense within 2005 related to forward contracts is TRY 1,498,968.

32. BUSINESS COMBINATIONS

As of December 31, 2005 and 2004, the Company has no merging activities.

33. SEGMENT REPORTING

Since the Company has only one operation and operates in one geographic location, no segment reporting is made.

34. EVENTS AFTER THE BALANCE SHEET DATE

As of the date of this report, there is no significant event after the balance sheet date that requires to be reported.

35. DISCONTINUED OPERATIONS

As of December 31, 2005 and 2004, the Company has no discontinued operations.

36. INCOME FROM MAIN OPERATIONS

The changes in the sales of services and goods realized in the current year for each main sales group separately are as follows:

Main Sales Group	01.01.2005-31.12.2005	01.10.2005-31.12.2005
Land Sales	6,342,592	6,342,592
Rent Income	5,827,565	852,359
Total	**12,170,157**	**7,194,951**

As of December 31, 2005, cost of sales amounts to TRY 4,746,506 (TRY 3,583,943, 01.10.2005-31.12.2005), and mainly consist of selling cost of İzmir Güzelbahçe land and depreciation charge of investment properties.

37- OPERATING EXPENSES

General Administrative Expenses are as follows:

	01.01.2005-31.12.2005	01.10.2005-31.12.2005
Wages and Salary Expenses	828,944	236,405
Rent Expenses	172,455	44,243
Services Rendered from Other Parties	265,863	168,056
Amortization Expenses	96,859	6,747
Tax, Stamp and Other Duties	183,333	122,800
Study, Project, Translation Expenses	43,898	11,000
Juridical Consultancy Expenses	37,539	9,385
Termination Indemnity	37,686	9,908
Financial Consultancy and Audit Expenses	18,687	4,074
Communication Expenses	13,791	2,800
Transportation Cost	15,827	5,532
Press and Publication Expenses	7,732	201
The Provision Impairment of Assets (*)	(254,393)	(230,672)
Other	128,947	30,649
Total	**1,597,168**	**421,128**

(*) With respect to Part 9, Article 227 of the Communique Serial Number: XI-25, the reversal of the provision for impairment of assets has been recorded as income to year 2005 by deducting from general administrative expenses.

38. OTHER OPERATING INCOME / EXPENSE

Detail of other operating income is as follows:

	01.01.2005-31.12.2005	01.10.2005-31.12.2005
Gain on Sale of Marketable Securities	7,098,355	1,570,215
Foreign Exchange Difference Income	2,768,455	309,905
Interest Income	916,015	181,130
Land Reservation Fee to T.C. Ministry of Environment and Forestry	466,328	46,476
Rent Fee to T.C. Ministry of Environment and Forestry	153,513	-
Rediscount Interest Income	67,616	8,351
Other	98,842	54,286
Total	**11,569,124**	**2,170,363**

Detail of other operating expenses is as follows:

	01.01.2005-31.12.2005	01.10.2005-31.12.2005
Foreign Exchange Difference Losses	6,341,485	2,111,507
Land Reservation Fee to T.C. Ministry of Environment and Forestry	466,328	46,476
Rent Fee to T.C. Ministry of Environment and Forestry	153,513	-
Interest, Marketable Security Withholding Tax	106,472	27,031
Rediscount Interest Expense	88,970	57,213
Other	55,099	25,888
Total	**7,211,867**	**2,268,115**

39. FINANCIAL EXPENSES

The Company has no financial expenses as of December 31, 2005.

40. NET MONETARY POSITION GAIN / LOSS

With respect to TCMB's announcement dated March 18, 2005 and numbered B.02.1.SPK.0.17/152-7642, no inflation restatement has been done in 2005 and consequently the Company does not have any monetary gain / (loss) as of December 31, 2005.

41. INCOME TAXES

As specified in footnote 3, the Company is exempt from corporate income tax and withholding tax. Consequently, the Company does not have any income tax liability deferred tax asset or deferred tax liability for the periods ended December 31, 2005 and 2004.

42. EARNINGS PER SHARE

Earnings per share disclosed in the accompanying statements of income is determined by dividing net profit amounting TRY 10,183,740 by the weighted average number of shares. Computation is as follows:

Net Profit Per Share

	31.12.2005	
Current Period Profit	10,183,740	**A**

Weighted Average Number of Shares

(Unit - Lot)		
Weighted Average of Shares Lot Amount	3,565,000	**B**
Earnings Per Share - Lot (in TRY)	2.857	**A/B**

In accordance with the Communique Serial Number: XI-25, as first degree legal reserve is anticipated in financial statements of the Company, and the related legal reserve ceiling is calculated according to Turkish Commercial Code article 466; both the paid-in capital and the share capital should be taken into consideration.

Regarding the determination of dividends that publicly-quoted companies distribute according to the directives of TCMB; as the profits resulting from concerned company's 2005 operations to be taken into consideration, which are calculated on the basis of financial statements prepared in accordance with the Communique Serial Number: XI-25, it is obligatory for those companies to determine an amount of at least 30% (2004 - 30%) of their distributable earnings. The so called distribution could be either in form of cash, either in the form of bonus share (which means free-of-charge) not to be less than 30% of distributable earnings, or both, all of which depending on the decision of General Assembly of those companies.

Concerning the distribution of earnings, even though it is obligatory that the amount of dividend should be calculated on the basis of net distributable earnings according to the TCMB decree numbered 7/242 and dated February 25, 2005 on distribution of earnings; on the condition that legal reserves are anticipated from accounting records according to Turkish Commercial Code, it is possible that all the dividend to be distributed if the net distributable earnings anticipated in legal records meet the amount of net distributable earnings calculated according to TCMB's directives on distribution of earnings; if not, all the amount of net distributable earnings anticipated in legal records to be distributed. On the other hand, if the Company faces a period loss either in the financial statements prepared according to TCMB's directives or in any of its legal records, it should not perform a distribution of earnings.

Profit/(loss) for the period and accumulated profit/(loss) for the period ended December, 2005 calculated according to TCMB Legislation and Tax Procedure Law ("TPL") are as follows:

Current Year Income/(Loss) with respect to TCMB Legislation TRY	Accumulated Profit/(Loss) with respect to TCMB Legislation TRY	Current Year Income/(Loss) with respect to Tax Procedure Law TRY	Accumulated Profit/(Loss) with respect to Tax Procedure Law TRY
10,183,740	(3,364,170)	12,036,026	(3,044,080)

The Company executes its operations about the distribution of earnings in accordance with the TCMB decree dated December 30, 2004 and numbered 51/1747 and dated another decree February 25, 2005 and numbered 7/242. The Company's profit according to the Tax Procedure Law is TRY 12,036,026, according to the TCMB Communique Serial Number: XI-25 is TRY 10,183,740. The calculation of distributable earnings of the Company is as follows:

	TRY
1 - Current Year Income	10,183,740
2 - Taxes and Funds Payable	-
- Deferred Tax	-
- Corporate Income Tax	-
NET CURRENT YEAR INCOME	**10,183,740**
Accumulated Loss (-)	(3,364,170)
3 - First Degree Legal Reserves (-)	(449,597)
(Distributable Earnings with respect to TPL: ((8,991,946) x 5 %)	
DISTRIBUTABLE CURRENT YEAR INCOME	**6,369,973**

The dividend amount for the year 2005 to be approved in General Assembly has not been determined as of the date of this report.

43. CASH FLOW STATEMENT

Cash and cash equivalents are mentioned in footnote 4. Cash flow statement regarding cash flows and resources within the period is presented in accompanying financial statements.

44. OTHER MATTERS REQUIRED TO BE EXPLAINED TO ACHIEVE COMPREHENSIBILITY, CLEARNESS AND INTERPRETABILITY OF FINANCIAL STATEMENTS OR OTHER MATTERS REQUIRED TO BE EXPLAINED WHICH EFFECTS FINANCIAL STATEMENTS SIGNIFICANTLY

There is no other matter that requires to be reported as of December 31, 2005 and 2004 .