

**Corporate Governance
Rating Report**

**Revised Report
Holding**

This Report has been prepared by JCR-ER in compliance to the regulations of Capital Market Board of Turkey

		7.91 AA(Trk)/bb (STABLE)						
Corporate Governance Score & Outlook	Shareholders	7.89 AA(Trk)/bb (Stable)						
	Public Disclosure & Transparency	8.75 AAA(Trk)/a (Stable)						
	Stakeholders	6.82 A(Trk)/ccc (Stable)						
	Board of Directors	7.42 AA(Trk)/b (Stable)						
Best Practices of Corporate Governance		<table border="1"> <tr> <td>Beyond</td> <td>Comparable</td> <td>Below</td> </tr> <tr> <td>20%</td> <td>80%</td> <td>-</td> </tr> </table>	Beyond	Comparable	Below	20%	80%	-
Beyond	Comparable	Below						
20%	80%	-						

Analyst: Ceyhun KIR/ +90 212 352 56 73
ceyhunk@jcrer.com.tr

Company Information	
Trade Name	IHLAS HOLDING A.Ş.
Address	29 Ekim Cad. No: 23, 34197 Yenibosna/Istanbul
Chairman	Mr. Enver ÖREN, Ph.D.
CEO	Mr. A.Mücahit ÖREN
Investor Relations	Phone: +90 (212) 454 24 22 yatirimci@ihlas.com.tr
Web	http://www.ihlas.com.tr/
Corporate Governance	Mr. Orhan TANIŞMAN

IHLAS HOLDING A.Ş.						
Financial Data	3Q2011	2010*	2009*	2008*	2007*	2006*
Total Assets (USD mn)	1,237	923	741	687	744	561
Total Assets (TL mn)	2,290	1,427	1,116	1,038	867	788
Equity (TL mn)	1,151	822	621	445	498	479
Net Profit (TL mn)	-80	37	46	-112	-18	-44
ROAA** (%)	-4.78	3.34	5.88	-12.59	-2.50	-4.15
ROAE** (%)	-9.40	5.89	11.88	-25.45	-4.24	-7.17
Equity/Assets (%)	50.24	57.63	55.65	42.84	57.45	60.72
Net Work.Cap./T.Liab. (%)	81.32	82.84	65.48	72.90	61.75	51.52
Asset Size Growth Rate (%)	60.50	27.86	7.48	19.76	10.01	-14.50

*End of year
**Based on 9 month profit/loss figure

Overview

IHLAS HOLDING A.Ş. (Holding or Company) {credit ratings by JCR-ER on Oct.11, 2011: [FC:BB/B Stable, LC:A(Trk) Stable/(A-1)(Trk) Positive]} with its roots dating back to the Türkiye Newspaper established in 1970, acquired its holding status in 1993. The shares of the Company began traded on IMKB (Istanbul Stock Exchange) through an IPO in 1994. As a managing company of a conglomerate of 50 companies (6 of them publicly traded) operating in many distinct fields, the Holding maintains also the activities in the fields of education, health and construction within its own structure.

Of the paid-in capital of the Company in a nominal value of TL790 mn, shares representing 69.7% are publicly traded. The largest qualifying shareholders of Ihlas Holding are **Enver ÖREN, Ph.D.** and **A.Mücahit ÖREN**, who currently own the Group's privileged shares. Investor Relations Department conducts and coordinates corporate governance activities by its staff of 1 manager and 3 specialists. The general meetings have been organized by this department in compliance with the principles.

4 members of the 11-member Board bear the attributes of independence. 5 members execute managerial functions while the other 6 are non-executives. Audit and Corporate Governance Committees composed of independent members exist within the Board.

Strengths

- Continuance of the Investor Relations Department's functionality
- Maintenance of its website as an effective transparency platform
- Strong staff commitment preserved
- Existence of functional audit and corporate governance committees
- One third of its board composed of independent members
- Disclosure of trading activities by top management on the company shares
- Resolution of conflict of interests with stakeholders through amicable settlements

Constraints

- Absence of members to represent minority groups in the Board
- Absence of internal regulations to broaden the exercise of minority rights beyond the current legislation
- Low level of participation in the general meetings despite high expansion ratio of capital base
- The privilege on the B group shares to determine majority of board members
- Deficiency in public disclosure of a social responsibility policy
- Inadequate objective performance evaluation methods

Publication Date: December 20, 2011

"Global Knowledge supported by Local Experience"

1. Executive Summary and Rating Rationale

This revised report, which was prepared in light of JCR-ER's original methodological procedures in accordance with the Corporate Governance Principles set by the SPK (CMB-Capital Market Board), reflects İhlas Holding's level of corporate governance as of December 2011. This revised report, which should be read along with the first report published on December 28, 2010, will be more useful for investors and other interested parties to better evaluate the Holding's level of compliance.

The Board, shareholders, stakeholders and practices of the Holding in terms of public disclosure and transparency have been assessed within the framework of SPK regulations and information as well as findings ascertained therein has been quantified by assessments regarding weighting factors on which JCR ER has predicated the subcategories.

On the other hand, subject to the preservation of integrity of regulations by the SPK and compliance with the limitations thereof, this revised report also covers such topics as "Outlook" determinations, "Financial Efficiency" analyses, "Best Practices" implementations regarding sectorial differentiations and divergences, all of which exist in JCR ER's original methodological structure.

Findings and assessments within the content of the report are based on information and documents disclosed by the Holding to the public through such various channels as İMKB and KAP (Public Disclosure Platform), and also directly submitted to JCR ER in writing and verbally.

Through the analysis of JCR ER's original methodology, the general compliance level of the Holding with corporate governance principles as of December 2011 and the corresponding levels within the JCR ER's notation have been determined as follows;

- Numerical value is **7.91**,
- Convergence Level **AA(Trk)** representing the category of "Merit Compliance",
- Notch degree **(bb)** representing the category of "Good",
- Outlook **(Stable)**

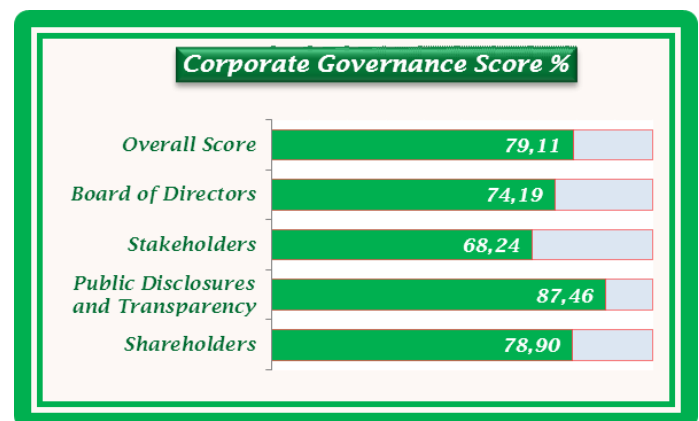
The results of the rating activities during November, 2010 were disclosed to the public via the report dated December 28, 2010. The general compliance level of the Holding, the grades assigned for each of the 4 main sections and the corresponding levels within the JCR ER's notation are shown in the following table;

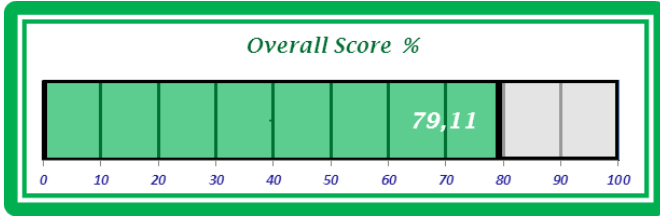
December 28, 2010				
Fields	Numerical Value	Convergence Level	Notch Degree	Outlook
Shareholders	71.12	AA (Trk) (Merit)	(b) (Adequate)	Positive
Public Disclosures and Transparency	85.97	AAA (Trk) (Distinctive)	(a) (Excellent)	Positive
Stakeholders	75.39	AA (Trk) (Merit)	(bb) (Good)	Positive
Board of Directors	71.67	AA (Trk) (Merit)	(b) (Adequate)	Positive
Overall	77.09	AA (Trk) (Merit)	(bb) (Good)	Positive

Through both 12 months of observation from December 28, 2010 as well as a comprehensive review done in December 2011, the conclusions reached by JCR ER and corresponding notation are shown in the following table;

December 20, 2011				
Fields	Numerical Value	Convergence Level	Notch Degree	Outlook
Shareholders	78.90	AA (Trk) (Merit)	(bb) (Good)	Stable
Public Disclosures and Transparency	87.46	AAA (Trk) (Distinctive)	(a) (Excellent)	Stable
Stakeholders	68.24	A (Trk) (Satisfactory)	(ccc) (Average)	Stable
Board of Directors	74.19	AA (Trk) (Merit)	(b) (Adequate)	Stable
Overall	79.11	AA (Trk) (Merit)	(bb) (Good)	Stable

JCR ER's notation system may be viewed at: http://www.jcrrer.com.tr/Administrator/files/436_kyder_notation.pdf





Corporate Governance Overall Results
7.91
AA (Trk)/bb
Stable

● **Outlook (Corporate Governance):**

Based on the Holding's resolution and plans to eliminate or improve the following deficiencies and discrepancies during the 12 month monitoring period, which were included in the report following the conclusions through the rating activities during 2010, the Outlook was determined as "positive";

1. Creation of a more comprehensive dividend policy to be submitted for approval by the general assembly,
2. Enrichment of the annual report contents with charts and tables and inclusion of new topics therein,
3. Setup and approval by a general meeting of a "Corporate Social Responsibility Policy" which will constitute a landmark for social responsibility projects – which have already become traditional,
4. Determination in writing of eligibility qualifications for candidacy of board membership to be submitted for approval by a general meeting,
5. Election procedures of board members to be put into writing and disclosed to the public,
6. Effecting attendance fees for the board members and disclosure of remunerations determined for the top level professional managers,
7. Inclusion of the board meeting and decision quorums in the articles of association,
8. Taking decisions according to these quorums and expression of dissenting opinions by the members where needed,
9. Establishment of a coordinatorship within the Holding, which is to be appointed for customer relationships,
10. Disclosure of trading activities by the managers on the shares of publicly traded group companies,
11. Improving institutionalization level of the IT department and expansion of its staff force.

It is ascertained that the noncompliances in the items above no.1, 4, 6, 7 and 10 were removed while the others were not

improved. The outlook has been determined as "Stable" considering that the Holding is expected to maintain its current compliance level in the monitoring period to come.

2. Company Overview

İhlas Holding A.Ş., with its foundations going back to the establishment of Türkiye Gazetesi in the 1970s, was established under the trade name "İhlas Matbaacılık ve Dağıtım Anonim Şirketi" in 1980 and it changed its trade name in 1986 and 1993 to "İhlas Matbaacılık ve Sağlık Hizmetleri A.Ş." and "İhlas Holding A.Ş.", respectively. The shares of the Company began traded on IMKB (Istanbul Stock Exchange) through an IPO in 1994. As of December 2011, 99.99% of the Holding's shares are in circulation and traded on IMKB. The shareholding structure of the Holding is listed in Table: 1 in the appendix to this report.

İhlas Holding group companies operate in the fields of media, construction, education, health, tourism, mining, carbonated beverages, marketing, trade fair and event organization, the production of two and three-wheeled vehicles, the production of electrical and electronical small household appliances, internet and mobile services, warehousing, and financial asset management. Through its widespread dealership network and effective distribution and marketing companies, products and services produced by the Group as well as world renowned brands are marketed domestically and internationally.

In addition to its holding status, İhlas Holding also operates in construction, health, education, and domestic trade sectors under its own legal personality. At the end of 3Q2011, the Holding's total assets reached TL2,290 mn and its sales to TL421 mn. Some selected balance sheet items and ratios are presented in Table: 2 in the appendix to this report.

The total number of staff employed by the Holding was 778 as of December 2010 and it reached 829 as of December 2011.

İhlas Holding's Board of Directors is comprised of 11 members including four ones who meet the independence criteria set by SPK principles. The Board does not include any member to represent minority shares while audit and corporate governance committees with independent members as chairmen exist. Table:3 including attributes of the Board members is presented in the appendix to this report.

The Holding Board decided on April 18, 2011 to increase its paid-in capital to TL790.4 mn from TL395.2 mn by a 100% rights issue within its registered capital ceiling of TL900 mn. The capital increase procedures were completed as of September 15, 2011. 99.99% of this capital was traded on IMKB as of November, 2011. The remaining 0.01% share capital is represented by B group shares. According to the articles of association, these B group shares have the privilege of determining the 9 members of the 11 member Board. The names and amounts of shares of the shareholders who have the right to determine the majority of candidates of the

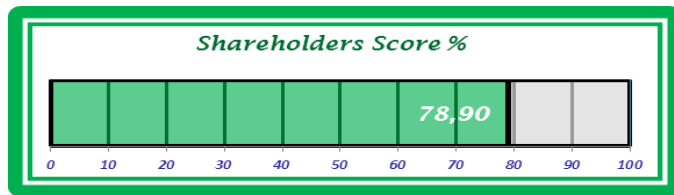
membership to the Board of Directors and auditors are listed below. The fact that the shareholders owning a very small share of 0.0114% of the company's total capital determine the majority of members of the board of directors and auditors deteriorates the level of compliance with the corporate governance principles.

Group B Shareholders	(B) Group Share
Enver Ören	21,690
Ahmet Mücahit Ören	13,860
Ali Tubay Gölbaşı	1,260
Rıdvan Büyükçelik	1,260
Zeki Celep	1,260
Abdullah Turalı	1,260
Alaettin Şener	2,520
Ceyhan Aral	1,890
Total	45,000

3. Shareholders

Through the 12 months of observation period, compliance in the Shareholder field has been improved further to **7.89** from a score of **7.11**. Effective activities performed by Investor Relations department, information flow that facilitates the exercise of its shareholders' rights and general meetings held in compliance with the principles to a great extent have been effective in this increase. The corresponding level of this note in JCR ER's notation system is outlined below;

- Numerical value is **7.89**,
- Convergence Level **AA(Trk)** representing the category of "**Merit Compliance**",
- Notch degree (**bb**) representing the category of "**Good**",
- Outlook (**Stable**)



Shareholders Results
7.89
AA (Trk)/bb
Stable

Activities carried out during the monitoring period in the Shareholder field:

- ✓ 44 inquiries via e-mail during the monitoring period were answered by specialists in the Investor Relations Department.
- ✓ A total of 4 presentations were made by specialists in the Investor Relations Department and top management to such domestic and foreign entities as intermediary institutions and institutional investors.
- ✓ The 2010 general meeting and privileged shares general meeting of the Holding were held on Friday, April 22, 2011 at 11:00 and 12:00 respectively at the Headquarters building in the address '29 Ekim Cad. No: 23 Yenibosna-Bahçelievler/İstanbul'. The meeting was observed by our rating analyst and the works undertaken by the Holding were closely observed. Pre-meeting preparations were carried out by the Investor Relations department in compliance to the principles and the adequate measures to facilitate the participation by the shareholders in the general meeting were taken. During the meeting, the chairman directed the meeting within the framework of democratic principles, stuck to the agenda declared before, all shareholders were given the right to address the agenda and the results were recorded in the minute book following the voting of each agenda item by an open show of hands. Following the meeting, the relevant documents were disclosed to the public via the Holding web site.
- ✓ During the monitoring period, the shareholders did not sue against the decisions of the general meeting and nor did they file any liability suit.
- ✓ 3 clauses in the articles of association were amended in 2010 general meeting. The amendments were submitted to the shareholders.
- ✓ Müslim Sakal who met the independence criteria was elected replacing Ismet Erkut on the expiration of his 7 year term of office.
- ✓ The Holding realized a profit figure of TL35.9 mn based on SPK regulations and TL20.7 mn according to the VUK (Tax Procedure Law). This profit figure was not distributed and retained to be set off against the previous years' losses through the approval of the shareholders in the general meeting.

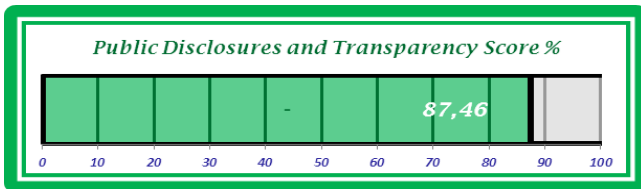
• Outlook (Shareholders):

JCR-ER is of the opinion that during the monitoring period following the publication date of this report the Holding will maintain its level of compliance in the Shareholders field. For this reason, the outlook for this section has been determined as "**Stable**".

4. Activities About Public Disclosure and Transparency

The compliance note of the Holding with the rules and implementations in this main section which provides the disclosure of information and documents needed by shareholders and stakeholders while protecting trade secrets was **8.59** in the previous year. Following the comprehensive review during December, 2011, the Holding's compliance note was determined as **8.75**. Disclosure of trading activities on the Group companies' shares by top management and improvements in the content of the annual report were effective in this increase. The corresponding level of this note in JCR ER's notation system is outlined below;

- Numerical value of **8.75**,
- Convergence Level **AAA(Trk)** representing the category of "**Distinctive Compliance**",
- Notch degree (**a**) representing the category of "**Excellent**",
- Outlook (**Stable**)



Public Disclosures and Transparency Results	
8.75	
AAA (Trk)/a	
Stable	

Activities carried out during the monitoring period in this field:

- ✓ The Holding disclosed a total of 79 notifications to the KAP during the monitoring period. Following these disclosures, no additional information was requested. In addition, the Holding was not delisted on the IMKB regarding the same period.
- ✓ The Holding's quarterly financial statements were released to the public within the period specified by SPK legislation and posted in extenso on the web site.
- ✓ The Holding's web site is kept up to date with regard to public disclosure. Disclosures made to the KAP are posted on the web site synchronously. Significant developments considering the Holding are published in a timely manner.
- ✓ The Holding publishes the results of commercial and financial affairs with its related parties quarterly in its web site. Annual total amounts of the mentioned

affairs are additionally published in the annual report.

- ✓ Lawsuits against the Holding, current executive proceedings and warnings, penalties, awards, etc. by the public authorities were disclosed in the annual report.
- ✓ Disclosures regarding trading activities by the top managers on the Holding shares are published in the web site following these transactions.
- ✓ Independent audit of the Holding is performed by an audit company named Pür Bağımsız Denetim Yeminli Mali Müşavirlik A.Ş.. The affairs of the Holding with the audit company are compliant with the guidelines in the principles.

• Outlook (Public Disclosure and Transparency):

JCR-ER is of the opinion that during the following 12 month monitoring period the Holding will maintain its level of compliance with Corporate Governance Principles in the Public Disclosure and Transparency field. For this reason, the outlook for this section has been determined as "**Stable**".

5. Activities about Stakeholders

With the exception of upper-level managers, a company's employees, customers, suppliers, creditors, public authorities and the public in general are considered as the stakeholders of an institution. The rules and practices in this main section primarily aim to secure the rights of stakeholders and to facilitate the exercise of their rights, thus to maximize their contributions to the institution.

The compliance note of the Holding in the Stakeholders section was **7.54** in the previous year. Following the comprehensive review during December, 2011, the Holding's compliance note was determined as **6.82**. The main considerations for this decline were; the social responsibility policy still not put into writing, reduced activities in this field compared to the previous years, Customer Relations coordinatorship still not established within the Holding and underperformance in human resources activities regarding the expected levels. The corresponding level of this note in JCR ER's notation system is outlined below;

- Numerical value is **6.82**,
- Convergence Level **A(Trk)** representing the category of "**Satisfactory Compliance**",
- Notch degree (**ccc**) representing the category of "**Average**",
- Outlook (**Stable**)

Stakeholders Results	
6.82	
A (Trk)/ ccc	
Stable	

Activities carried out during the monitoring period in the Stakeholders field:

- ✓ 20 lawsuits were filed against the Holding by employees. Only 1 of them redounded to the advantage of the Holding. Other 19 lawsuits are currently ongoing.
- ✓ During the monitoring period, the Holding hired 163 new employees, 107 employees left the company and 5 employees retired.
- ✓ Customer Relations coordinatorship has not been established yet within the Holding during the monitoring period. Customer complaints regarding health and education activities of the Holding are resolved by the relevant group companies.
- ✓ 25 lawsuits were filed against the Holding by customers and suppliers. 4 of them redounded to the advantage of the Holding. Other 21 lawsuits are currently ongoing.
- ✓ The Holding did not submit the social responsibility policy which it plans to constitute to the approval of the general meeting. The Holding did not make any donations and grants out of its generated profits during 2011 except that it participated in a social project namely Career Summit as a sponsor in June, 2011.

● **Outlook (Stakeholders):**

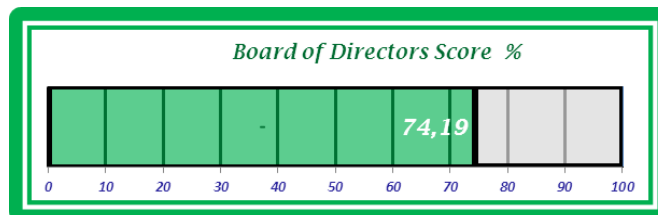
JCR-ER is of the opinion that during the following 12 month monitoring period the Holding will maintain its level of compliance in the Stakeholders field. For this reason, the outlook for this section has been determined as **“Stable”**.

6. Activities about Board of Directors

This section consists of the board functions, qualifications, duties, powers and responsibilities of its members and the upper-level managers, and rules and practices related with established systems for effective supervision and control.

The compliance note of the Holding in this section was **7.17** in the previous year. Following the analyses during this rating period, the Holding’s compliance note was determined as **7.42**. The main reasons for this increase were; determination of eligibility qualifications for candidacy of board membership as a clause in the articles of association, inclusion of meeting quorums in the articles of association and effectuating attendance fees for the board members in addition to remunerations. The corresponding level of this note in JCR ER’s notation system is outlined below;

- Numerical value is **7.42**,
- Convergence Level **AA(Trk)** representing the category of **“Merit Compliance”**,
- Notch degree **(b)** representing the category of **“Adequate”**,
- Outlook **(Stable)**



Board of Directors Results
7.42
AA (Trk) / b
Stable

Activities carried out during the monitoring period in this field:

- ✓ At the general meeting held on April 22, 2011 in the headquarters, the shareholders acquitted all of the board members.
- ✓ Müslim Sakal who met the independence criteria was elected in the general meeting, replacing Ismet Erkut on the expiration of his 7 year term of office.
- ✓ A total of 31 board meetings were held during 2011. All of the decisions in these meetings were taken unanimously and no dissenting opinion was presented.
- ✓ The Audit Committee, within the scope of the Board of Directors, held 5 meetings in the monitoring period. Recommendations made in these meetings were presented to the Board.
- ✓ The Corporate Governance Committee held 3 meetings in the same period and presented its resulting recommendations to the Board.

● **Outlook (Board of Directors):**

JCR-ER is of the opinion that during the 12 month monitoring period following the publication of this report the Holding will maintain its level of compliance in the Board of Directors field. For this reason, the outlook for this section has been determined as **“Stable”**.

7. Comparison with Best Practices

The number of the holding companies whose shares were publicly traded and which were comparable with İhlâs Holding as of December, 2010 was 16. During the 12 month period, 2 companies changed their statuses into holding companies and 1 holding company went public. Thus, as of December, 2011, the number of the publicly traded holding

companies which also were comparable with each other reached 18.

In this section of the report, JCR-ER has chosen managerial and supervisory corporate governance practices which are outlined in the table below and the Holding's level of compliance is compared with that of the 17 other publicly traded holding companies in its peer group. The data serving as a basis for this analysis were gathered from the publicly disclosed information of these holding companies. According to the results obtained from these comparisons, those over the sector average are denoted as "**Beyond**", those on average as "**Comparable**", and those below average as "**Below**".

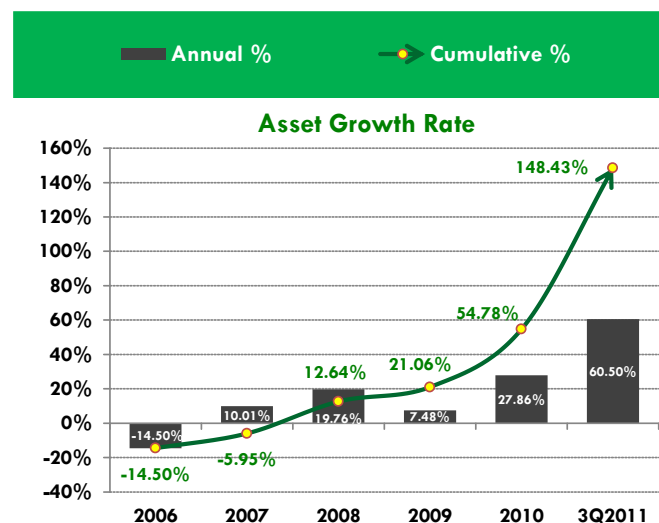
In addition to the 3 newly included holding companies in the peer group, there were also changes in the selected best practices of other holding companies within the group. By this new database constituted regarding these changes, Ihlas Holding's position was compared and the following points in the table below were determined.

Sequence Number	Selected administrative and supervisory practices	Sectoral Comparison Level		
		Beyond	Comparable	Below
1	Shareholders' right to request a special auditor to be included in the articles of association		x	
2	Important decisions taken by general meeting		x	
3	Privileged voting rights		x	
4	Minority rights		x	
5	Cumulative voting system		x	
6	Transfer of shares		x	
7	Clause regarding advance dividends	x		
8	Disclosure of the ultimate individual shareholders	x		
9	Independent member in the board of directors	x		
10	Non-executive member in the board of directors,		x	
11	Corporate governance committee		x	
12	Disclosure of remuneration for upper level management		x	
13	Information policy		x	
14	Ethical rules		x	
15	Investor Relations department		x	
16	Secretariat of the board of directors		x	
17	Risk management department		x	
18	Internal control system	x		
19	Internal audit unit		x	
20	Audit committee		x	
Total Number		4	16	0
The percentage level of compliance		20,00%	80,00%	0,00%

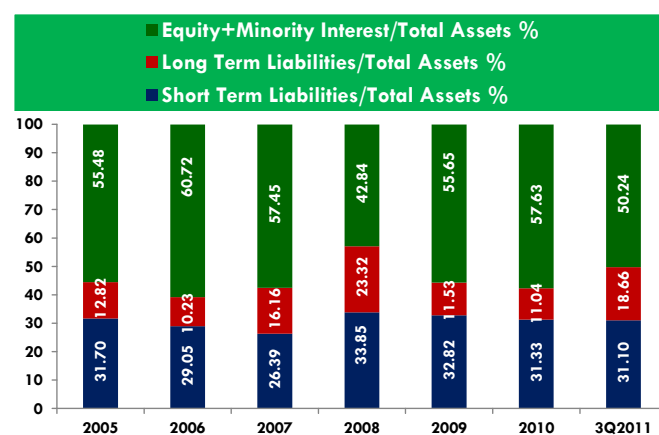
Ihlas Holding was located above the peer group average in the 4 practices or 20% in other words during this rating period. It was located at a comparable level for the remaining 16 practices.

8. Financial Efficiency

In terms of asset size, **Ihlas Holding A.Ş.** has experienced a slow growth period between 2006 and 2009 by recording a 21.06% cumulative growth rate. However, the growth rate was accelerated in FY2010 and reached 54.78% cumulatively between 2006 and 2010. Its assets, reaching the amount of TL2,290 mn as of 3Q2011, grew by 60.50% in tandem with the 100% increase in issued capital amount via a rights issue during FY2011.



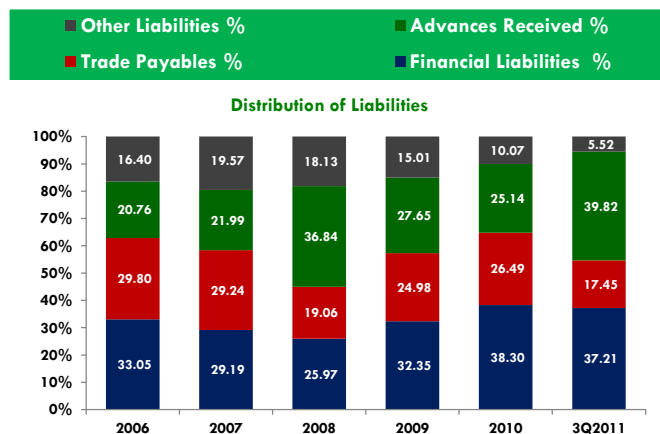
In its asset growth, an increase in equity has played the most significant role. As a matter of fact, excluding the divergence in FY2008, the largest share among the total resources of the Holding belongs to equity between FY2005 and 3Q2011. On the other hand, retained profits and equity increases have been decisive regarding the growth of equity.



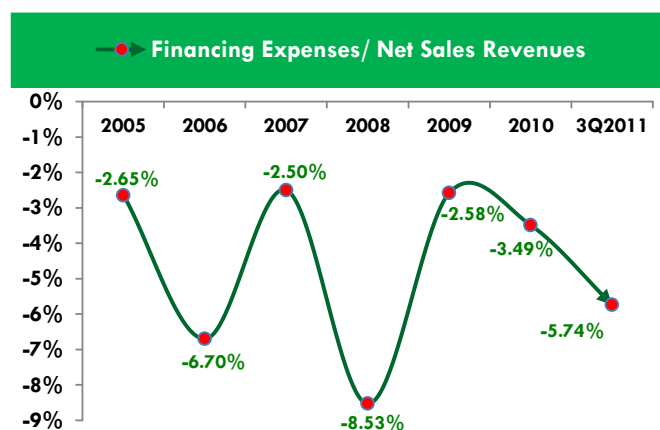
The dominant position of the trade payables within the funding structure in recent years was decreased to a certain extent as of 3Q2011 thus mitigating pressure on the Group in terms of liquidity management.

On the other hand, the current deterioration in profitability, which emanates from the Group's construction activity

revenues in a cyclical manner, is not expected to be prolonged due to the fact that huge increases in the amount of advances received to be transferred from liabilities to revenues in future periods will have a positive effect on the liquidity management.



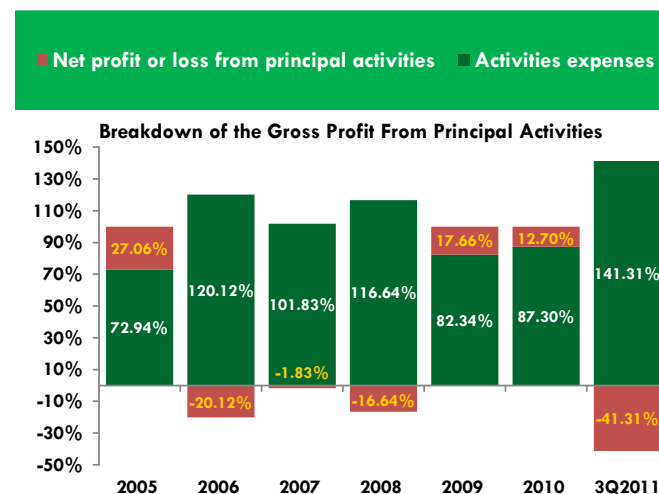
The portion of net sales revenues allocated for the financial expenses was 2.65% in 2005, 6.70% in 2006, 2.50% in 2007, 8.53% in 2008, 2.58% in 2009 and 3.49% in 2010, following a fluctuating pattern. This ratio rose to 5.74% as of 3Q2011 in absolute terms. All of these ratios are within acceptable boundaries and below international reference values. Thus, adversities to be generated by these on the Group's profit generation have therefore been restrained to a narrow extent. The primary determinant of the level of financial expenses is the reduction in the dependency level on loans with interest expenses due to the high levels of advances received.



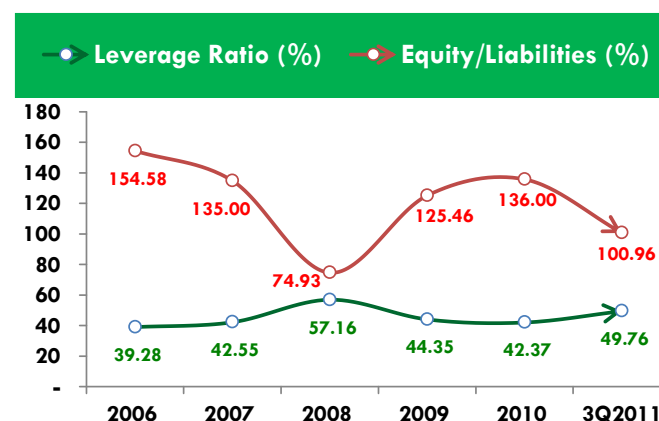
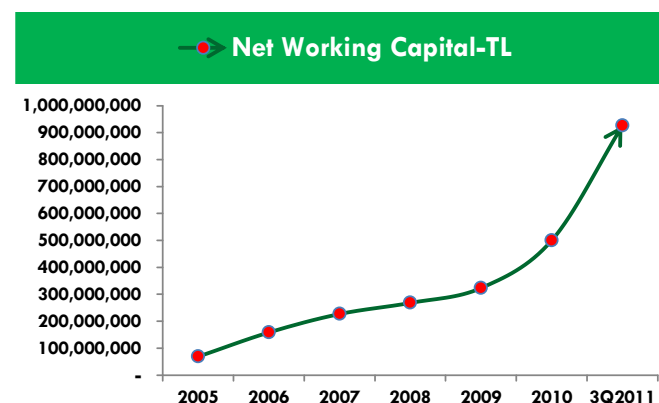
While the gross profit ratios of the Holding have been essentially adequate, net profit ratios are low.

As can be seen in the chart below, high activities expenses put high pressure on gross profits. Accordingly, activities expenses were 72.4% of net sales revenues in FY2005, 120.12% in FY2006, 101.83% in FY2007, 116.64% in FY2008, 82.34% in FY2009, 87.30% in FY2010 and 141.31% in 3Q2011—all of them are relatively high. However, the latter figure is

significantly affected by the cyclicity of the Group's construction activity revenues.

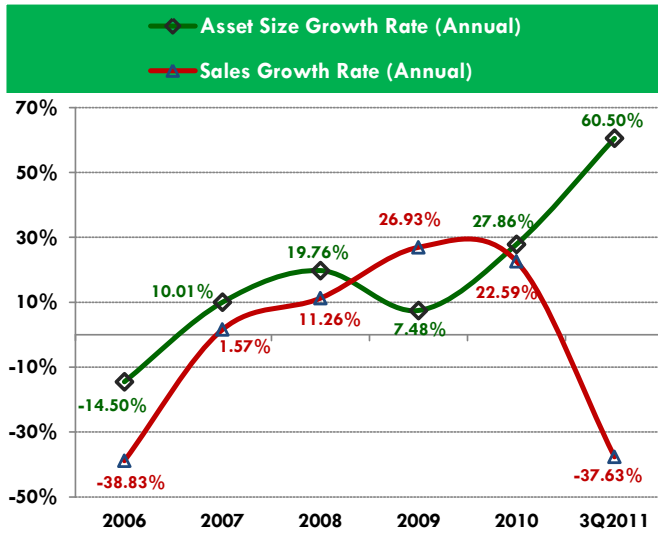


On the other hand, the upward trend in working capital further increases the Holding's suitability of the leverage ratios for growth.



The leverage ratio of the Holding was 39.28% in FYE2006 and increased to 49.76% in 3Q2011, still preserving its low level. The high level of equity and improvements in liquidity ratios led to increases in working capital figures.

However, as can be seen in the chart below, high growth rates in asset size are not proportionately reflected in the sales figures of Holding. Accordingly, the expected contribution of growth on sales revenues has not been realized in the last 6 years.



Commitment and contingencies risks resulting from transactions within and off the balance sheet are extremely high. Although the levels of currency and interest rate risks are compatible with the sector averages, profitability is of crucial importance in terms of stability.

As a result,

- ✓ The level of internal funds generated and increase in equity in the last 6 years,
- ✓ Existing balance sheet composition securing this profitability,
- ✓ Risk components within the balance sheet composition

of İhlas Holding have attributions and are adequate to contribute to the sustainability of the Holding's compliance level with the corporate governance principles.

9. Appendices

(4 Tables)

TABLE:1
İHLAS HOLDİNG A.Ş.
SHAREHOLDING STRUCTURE

Years	2007	2008	2009	2010	September/2011
TL (000)	395.200	395.200	395.200	395.200	790.400
Shareholders	Share %	Share %	Share %	Share %	Share %
Public	79,4779693%	86,8160260%	86,5629895%	83,7799076%	82,89427%
Enver Ören	18,5305610%	11,0659861%	11,0659861%	11,0659861%	11,06599%
Ali Tubay Gölbaşı	0,2533553%	0,3798735%	0,6329100%	3,4159919%	4,30161%
Ahmet Mücahid Ören	1,6022945%	1,6556181%	1,6556181%	1,6556181%	1,65562%
Alaettin Şener	0,0267814%	0,0267814%	0,0267814%	0,0267814%	0,02678%
Rıdvan Büyükçelik	0,0186215%	0,0186215%	0,0186215%	0,0186215%	0,01862%
Zeki Celep	0,0091057%	0,0091057%	0,0091057%	0,0091057%	0,00911%
Abdullah Turalı	0,0089032%	0,0089032%	0,0089032%	0,0089032%	0,00890%
Ceyhan Aral	0,0073067%	0,0073067%	0,0073067%	0,0073067%	0,00731%
Mahmut Kemal Aydın	0,0068826%	0,0068826%	0,0068826%	0,0068826%	0,00688%
Yavuz Özgün	0,0043360%	0,0043360%	0,0043360%	0,0043360%	0,00434%
Müslim Sakal	0,0001594%	0,0001594%	0,0001594%	0,0001594%	0,00016%
Bülent Gençer	0,0001265%	0,0001265%	0,0001265%	0,0001265%	0,00013%
Hüsnü Kurtiş	0,0000000%	0,0000000%	0,0000000%	0,0001265%	0,00013%
Adil Önal	0,0001139%	0,0001139%	0,0001139%	0,0001139%	0,00011%
Muhammet Güler	0,0000329%	0,0000329%	0,0000329%	0,0000329%	0,00003%
Total	100,0000000%	100,0000000%	100,0000000%	100,0000000%	100,00000%

TABLE:2 İHLAS HOLDİNG & CONSOLIDATED SUBSIDIARIES

Number	Subsidiaries Included in Consolidation (according to the active ratio)	Activity
1	İhlas Pazarlama A.Ş.	Electrical, electronics, home appliances, consumer goods, trade, building construction, and trade
2	İhlas Gazetecilik A.Ş.	Journalism
3	İhlas Ev Aletleri İmalat San.Tic.A.Ş.	The production of electrical household appliances
4	İhlas Haber Ajansı A.Ş.	News agency
5	İhlas Yayın Holding A.Ş.	All kinds of written, visual and audio publishing, advertising, news agency, investor participation
6	İhlas Madencilik A.Ş.	Mining activities
7	Mir İç ve Dış Tic. Maden San. Ltd. Şti.	Mining activities
8	Promaş Profesyonel Medya Reklam ve Film Hizm. A.Ş.	Advertising, photography and advertising notices
9	Kuzuluk Kaplıca İnşaat Turizm Sağlık ve Petrol Ürünleri Tic.A.Ş.:	Spa tourism and trade in health management
10	İhlas Motor A.Ş.	Motorized and non-motorized vehicles and spare parts manufacturing, assembly and trade
11	TGRT Haber TV A.Ş.	Television and radio broadcast, television, film, video and advertising
12	TGRT Dijital TV Hizmetleri A.Ş.	Television and radio broadcast, television, film, video and advertising programs
13	Bisan Bisiklet Moped Oto. San. Tic. A.Ş.	Bicycle, moped, automobile and spare parts for their production and trade
14	Bisiklet Pazarlama ve Tic. A.Ş.	Bicycle, moped and marketing of spare parts
15	İhlas Net A.Ş.	Information services, Internet services, build networks and computer networking equipment purchase and sale
16	İletişim Magazin Gazt. Yan. San ve Tic. A.Ş.	Newspaper, magazines, books, etc.. print and marketing
17	İhlas Yapı Turizm ve Sağlık A.Ş.	All related construction, plumbing and contracting business investments and tourism and health
18	Kıbrıs Bürosu	Newspaper distribution and electric home appliances marketing
19	İhlas Medya Planlama ve Satın Alma Hizmetleri Ltd. Şti	All kinds of advertising, photography, ad agency
20	İhlas Gelişim Yayıncılık A.Ş.	Turkish and foreign newspapers and publications of all kinds
21	İhlas Fuar Hizmetleri A.Ş.	Organization of trade fairs and exhibitions and publicity, travel agency
22	Detes Enerji Üretim A.Ş.	The establishment of the electrical energy production plant, commissioning, leasing
23	Armutlu Tatil ve Turizm İşletmeleri A.Ş.	All kinds of thermal spa tourism management
24	İhlas Holding A.Ş. - İhlas Yapı Turizm ve Sağlık A.Ş. Ortak Girişimi-2:	Real Estate residential land sales with revenue sharing for construction works
25	İhlas Holding A.Ş. - İhlas Yapı Turizm ve Sağlık A.Ş. Ortak Girişimi-3:	Construction joint venture with Real Estate Marketing
26	İhlas Holding A.Ş. - İhlas Yayın Holding A.Ş. ve İhlas Pazarlama A.Ş. Ortak Girişimi	Construction joint venture with Real Estate Marketing
27	Kristal Kola ve Meşrubat Sanayi Ticaret A.Ş.	Marketing of the production of PET bottles, gas production of beverages
28	Kristal Gıda Dağıtım Pazarlama San. ve Tic. A.Ş.	All kinds of food and beverage distribution, marketing and trade
29	İhlas Meşrubat Üretim ve Pazarlama A.Ş. (eski ünvanı: Atmaca Gıda Üretim ve Ticaret A.Ş.):	Food and packaging material production, trade, electricity, electronic materials, trade
30	İhlas İnşaat Holding A.Ş.	Participating institutions in the field of construction
31	İhlas Pazarlama Yatırım Holding A.Ş.	Participating institutions in the field of construction, marketing
32	İhlas İnşaat Proje Taahhüt Turizm ve Tic. A.Ş.	Tourism investments and construction
33	Alternatif Medya Görsel İletişim Sis. Ltd. Şti. (Fikirevim Reklam Ajans Hiz. Ltd. Şti.)	Advertising, photography, advertising agency
34	İhlas Genel Antrepoculuk Nakliyat ve Tic.A.Ş.	Warehousing
35	Şifa Yemek ve Gıda Üretim Tes. Tic. A.Ş.	Food Production and Marketing
36	KPT Lojistik Taşımacılık Tur.Reklam Paz. İç ve Dış Tic.A.Ş.	Domestic and international transportation
37	İhlas İletişim Hizmetleri A.Ş.:	Telephone and telecommunications and other communication services
38	Subsidiaries Excluded in Consolidation (according to the active ratio)	Activity
1	İhlas Dış Ticaret A.Ş. (eski ünvanı: İhlas İnşaat Yapı Taahhüt ve Tic. A.Ş.):	Tourism investments
2	Bur-yal Bursa Yalova Enerji Dağıtım Ltd. Şti.:	Production of electrical energy
3	Tasfiye Halinde İhlas Finans Kurumu A.Ş.	Private Finance Institute (into liquidation)
4	Kia-İhlas Motor San. ve Tic. A.Ş.	Distributor of Kia brand vehicles (into liquidation)
5	İhlas Mining Ltd. Şti	Mining
6	İhlas Enerji Üretim Dağıtım ve Tic. A.Ş.	Inactive
7	İhlas Net Ltd. Şti	Inactive
8	İhlas Zahav Otomotiv A.Ş.	Automobile production
9	İhlas Kimya San. Ltd. Şti	Into inactive condition
10	İhlas Barter A.Ş.	Bartering activities
11	İhlas Oxford Mortgage İnş. ve Tic. A.Ş.	Building and trade of real estate
12	Swiss PB AG	Asset management, professional brokerage
13	Detes Maden Enerji ve Çevre Tek. Sis. Ltd. Şti.	Mining activities
14	Doğu Yatırım Holding A.Ş.:	Invest in East and South East Anatolia Regions

TABLE:3
İHLAS HOLDİNG A.Ş. FINANCIAL DATA

	3Q2011	2010*	2009*	2008*	2007*	2006*
Total Assets (USD mn)	1,237	923	741	687	744	561
Total Assets (TL mn)	2,290	1,427	1,116	1,038	867	788
Equity (TL mn)	1,151	822	621	445	498	479
Net Profit (TL mn)	-80	37	46	-112	-18	-44
ROAA (%)	-4.78	3.34	5.88	-12.59	-2.50	-4.15
ROAE (%)	-9.40	5.89	8.65	-23.69	-3.67	-8.87
Equity/Assets (%)	50.24	57.63	55.65	42.84	57.45	60.72
Net Working Cap./T.Liabilities (%)	81.32	82.84	65.48	72.90	61.75	51.52
Asset Size Growth Rate (%)	60.50	27.86	7.48	19.76	10.01	-14.50

*End of year

**Based on 9 month profit/loss figure

TABLE:4
İHLAS HOLDİNG A.Ş. BOARD OF DIRECTORS

Name	Task	Profession	Membership Period (Years)	Experience (Years)	Education	Executive/ Non Executive	Independent/ Not Independent	Committee Membership
Dr. Enver ÖREN	Chairman	Journalist	31	50	University	Non Executive	Not Independent	
Ahmet Mücahid ÖREN	Vice Chairman	Journalist	19	22	"	Executive	Not Independent	
Mahmut Kemal AYDIN	Member	Auditor	11	35	"	Executive	Not Independent	
Alaettin ŞENER	Member	Lawyer	13	34	"	Executive	Not Independent	
Zeki CELEP	Member	Contractor	14	45	"	Executive	Not Independent	
Ceyhan ARAL	Member	Manager	5	26	"	Executive	Not Independent	
Bülent GENÇER	Member	Teacher	11	37	"	Non Executive	Not Independent	
Hüsnü KURTİŞ	Member	Chartered Accountant	2	36	"	Non Executive	Independent	Audit Committee
Muhammet GÜLER	Member	Engineer	4	31	"	Non Executive	Independent	Corporate Governance Committee
Müslim SAKAL	Member	Chartered Accountant	1	17	"	Non Executive	Independent	Audit Committee
Adil ÖNAL	Member	Chartered Accountant	6	28	"	Non Executive	Independent	Corporate Governance Committee