



IHLAS FINANS IN LIQUIDATION
01.01.2008 – 31.12.2008 OPERATING PERIOD
REPORT OF THE LIQUIDATION BOARD

CORPORATE PROFILE

* At the end of 1984, the Special Finance Houses (SFHs) have gone into the Turkish financial system in order to be able to provide a new pricing model and bring inactive funds into the economy. Establishment of the Special Finance Houses has been granted permission upon the Decree No. 83/7506 of December 16th 1983 on Establishment of Special Financial Houses. The principles related to the decree have been set forth in accordance with the Notification of Central Bank of Turkish Republic published on the Official Gazette of March 21 1984, thus establishing the relevant legal grounds. These legal grounds state that the authority to accept funds under interest-free pricing model is solely granted to the Special Finance Houses and that other real and legal persons are not allowed to carry out such activity. Today, several leading banks in America and Europe have adopted this model as a new instrument and established relevant units to perform activities in this field.

* As an institution which will soon implement numerous innovations and become the leader of the sector, Ihlas Finans has started to display activities as of 28.04.1995 based on the Decree on Establishment of Special Finance Houses. Presently serving the sector with 35 branches throughout Turkey, our Corporation has expanded its services all around the country thanks to its wide-spread correspondent network and branches and offered a high-class service to its customers through its service points equipped with the state-of-the-art technology. With its specialized, young and dynamic personnel, Ihlas Finans has always offered its customers the privilege of the high-quality service.

* Holding the highest market share among the Special Finance Houses, Ihlas Finans has obtained an important position not only in its sector but also in the entire finance sector. Offering such products as collection of funds during the operating period, Providing Production Support, Disposition of Funds on the basis of Profit-Loss Sharing, leasing and individual banking services, Ihlas Finans has made great contributions to the country's economy.

Ihlas Finans has offered;

- Credit cards and other individual banking services, money order, EFT and transfer transactions,

- Foreign Trade and Foreign Exchange, Check and note payments,

- and any other banking services to its customers.

* Having introduced a 'first' in the sector, our Corporation has offered 28.07% of its capital to public as the first Special Finance House being listed on İstanbul Stock Exchange.



SUBMISSION TO GENERAL ASSEMBLY

As of 31.12.2000, 2.65% of the total deposits of the banks displaying activity in Turkey was collected by the Special Finance Houses. 37.98% of the total deposits of 6 Special Finance Houses operating in 2000 was collected by İhlas Finans..

As many other companies, our company was influenced by the crisis that occurred in the banking and finance sector in the last quarter of 2000. While the company had almost 270.000 additional accounts tied to 216.592 root accounts with a deposit of 1,171 million USD, which was the highest level for the current and sharing accounts in 2000; the corporation faced intense demands for withdrawal of deposits which led to liquidity problems.

Despite all the economic drawbacks and liquidity shortages of the period, our corporation has paid 270 million USD to its customers from the beginning of the crisis until the liquidation date 10.02.2001, after which a deposit of 901 million USD and 222.300 additional accounts have remained.

Although necessary efforts have been made to overcome the shortage of liquidity in 2001 as the crisis continued to take place in the sector, the operating license of our corporation was revoked by the Decree No. 171 of 10.02.2001 of the Banking Regulation and Supervision Agency as per paragraph 6 of Article 20 of Banking Law No. 4389, and the corporation went into a liquidation process based on the general provisions as per paragraph 2 of Article 434 of the Turkish Commercial Code No. 6762.

Due to the relevant decree of the Banking Regulation and Supervision Agency, it has been resolved in the Board of Directors meeting (meeting no. 207/1) of the Corporation held on 11.02.2001 that the liquidation process be started and the decisions related to liquidation be registered and announced to the Trade Registry, after which the registration procedures were completed.

After completing the necessary legal proceedings, the corporation has started the liquidation procedures on 03.08.2001 under the supervision of the Ministry of Industry and Commerce in accordance with the General Provisions set forth in the Turkish Commercial Code.

After cancellation of the operating license due to Decree No. 171 of 10.02.2001 of the Banking Regulation and Supervision Agency as per paragraph 6 of Article 20 of Banking Law No. 4389, the Liquidation Board has been authorized by the General Assemblies to act as the competent body for all procedures and activities of the company.

Following are the activities of the Liquidation Board which was designated by the General Assembly held on 14.03.2008;

We kindly inform General Assembly.



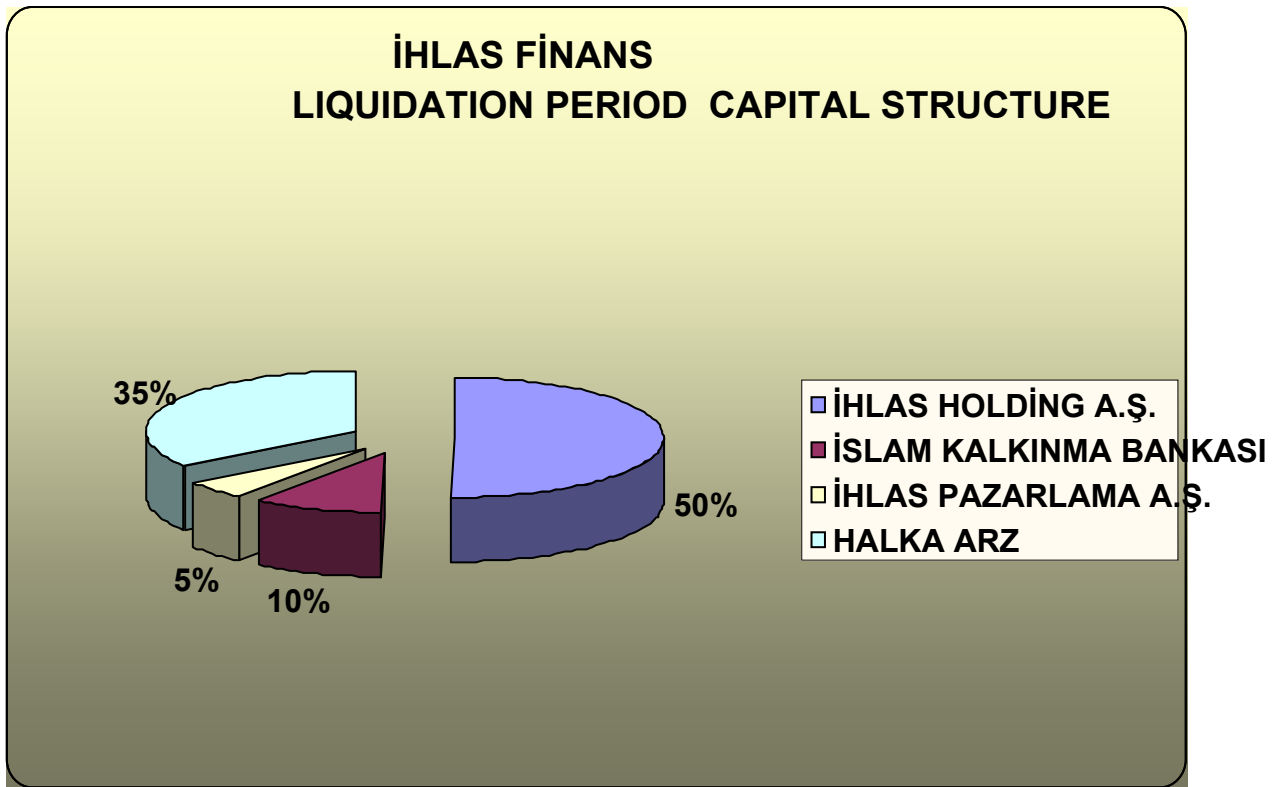
MESSAGE FROM CHAIRMAN OF LIQUIDATION BOARD



"We have to be recovered from our previous routines distressing us, fruitless repetitions and bad memories to survive our flight through victory. We may take benefit of the extraordinary consequences of our experiences, rebirth only when we get rid of the unnecessary ballast of the past."

PARTNERSHIP STRUCTURE AS OF 31.12.2008

NAME OF THE PARTNER	TOTAL (TL)	% PERCENTAGE
İHLAS HOLDİNG A.Ş.	5.027	50.27
HALKA AÇIK	3.469	34.69
İSLAM KALKINMA BANKASI	1.000	10.00
İHLAS PAZARLAMA A.Ş.	504	5.04
TOTAL	10.000	100.00





LEGAL STRUCTURE

İhlas Finans started operating on 29.04.1995 upon the Decree No. 94/6193 of 19.11.1994 of the Council of Ministers. The “operating license” of İhlas Finans was revoked by Decree No. 171 of 10.02.2001 of the Banking Regulation and Supervision Agency and the company went into a liquidation process. In the letter no. 990 of 10.02.2001 and press statement of the same date sent by Banking Regulation and Supervision Agency to İhlas Finans, it was announced that the company was going to be liquidated “as per Article 434 and the subsequent articles of the Turkish Commercial Code and according to the general provisions applied to the Joint Stock companies?”. Liquidation of the company takes place in compliance with the provisions of the Turkish Commercial Code and the company is supervised through the Ministry of Industry and Commerce.

UNITS AND THEIR FUNCTIONS

1-LIQUIDATION BOARD

Liquidation Board is the administrative and acting organ of the company established to ensure that liquidation is carried out in accordance with the relevant legal and legislative provisions. The liquidation board has the authority to complete those activities and proceedings started before the liquidation process and not concluded yet, settle the debts and conclude the business commitments of the company, collect the receivables and cash the existing assets of the company and carry out all actions and proceedings to handle the available assets.

2- LEGAL CONSULTANCY

The legal consultancy unit has been established to review the relations arising from the ongoing applications of the Units and Branches initiated during the operating period of the company being liquidated and provide guidance for the relevant legal matters that may arise thereof, offer solutions for any and all legal disputes, prepare, control and review the agreements of the company signed or to be signed with real and legal persons, carry out the executive proceedings necessary for collection of all receivables of the company in liquidation which are subject to legal proceedings, prosecute all actions brought by and against the company and make efforts to conclude such actions in favor of the company, and to plan, establish and organize all legal consultancy activities in accordance with the applicable legislation and occupational requirements and in the best interests of the company.



The unit follows up all the credits granted by the company during the operating period and the existing receivables of the company according to the Banking Law and the Turkish Commercial Code and the current market conditions, and carries out the activities aimed;

a - liquidating our receivables in line with the new agreements made and assigning a payment plan,

b - starting legal proceedings in coordination with the relevant units for those companies which do not comply with the terms of the protocol set forth for them,

c - evaluating the sectoral status of the indebted companies according to the economical developments in our country and ensuring repayment of the debts by working in coordination with these companies,,

d - reporting the monthly received payments and delays (if any).

3- FINANCIAL and ADMINISTRATIVE AFFAIRS MANAGEMENT

The accounts of the Company liquidated in accordance with the general provisions of the Turkish Commercial Code are opened, kept, followed, reported, budgeted and controlled by this unit pursuant to the legal and legislative provisions about the Joint Stock Companies in general terms and in line with the Legislation on Participation Banks and Corporate Policies in specific terms. The unit enforces the record system and bookkeeping provisions of the Turkish Commercial Code No. 6762 and Tax Procedure Law No. 213; follows up the tax obligations of the company according to the tax legislation and ensures and/or controls accrual and timely payment of the tax dues and preparation of the reports to be sent to public or private institutions.

The unit controls the compliance of the banking transactions with the internal procedures and banking legislation on a daily basis and establishes new supervision/inspection systems based on the new requirements and risks. It ensures that such transactions and products are provided to the customer in the required manner and that they are entered into the company records as required by the laws and regulations.

The unit assists in management of the company's balance sheet and the risks undertaken by the company in the best way possible. It reviews and controls the financial situation of our bank and measures the risks and results and follows up and evaluates the changes and developments in comparison with the set targets and reports them to the top management. It prepares the strategic business plan and the annual budget and also the reports that must be sent to the official bodies such as the Ministry of Industry and Commerce, Capital Markets Board and İstanbul Stock Exchange.

The unit carries out the financial market transactions of the company, ensures liquidity and administers the assets and liabilities of the company's balance,



The unit monitors the performance of the automation system used in our company to ensure that it meets the requirements and makes improvement studies and provides system training to the users and offers system support to contribute to solution of the problems. In addition, the unit makes every effort possible to catch up with the constantly advancing technology.

The unit evaluates the effectiveness and efficiency of the company's transactions in accordance with the corporate policies, supervises the compliance of the transactions with the internal and external legislations and inspects compliance with the decisions of the Liquidation Board.

The unit performs purchasing and selling activities and all other functions including security, cleaning, service, meals and communication.

The unit is responsible for procuring qualified labor force for the company, carrying out the procedures related to the monetary and non-monetary social rights of the personnel, organizing different training programs for improvement of the skills of the personnel and improving the internal communication. The unit also prepares and enforces the plans and programs necessary for selection and recruitment of the qualified personnel needed to establish an effective human resources structure within the company. It carries out the performance evaluation and career planning activities and directs the annual staff studies and conducts all the accrual procedures related to the employee personal rights. Furthermore, the unit carries out planning, research-development and documentation activities to enhance the effectiveness, efficiency and quality of the organizational structure and the business processes.

4- CUSTOMER SERVICES MANAGEMENT

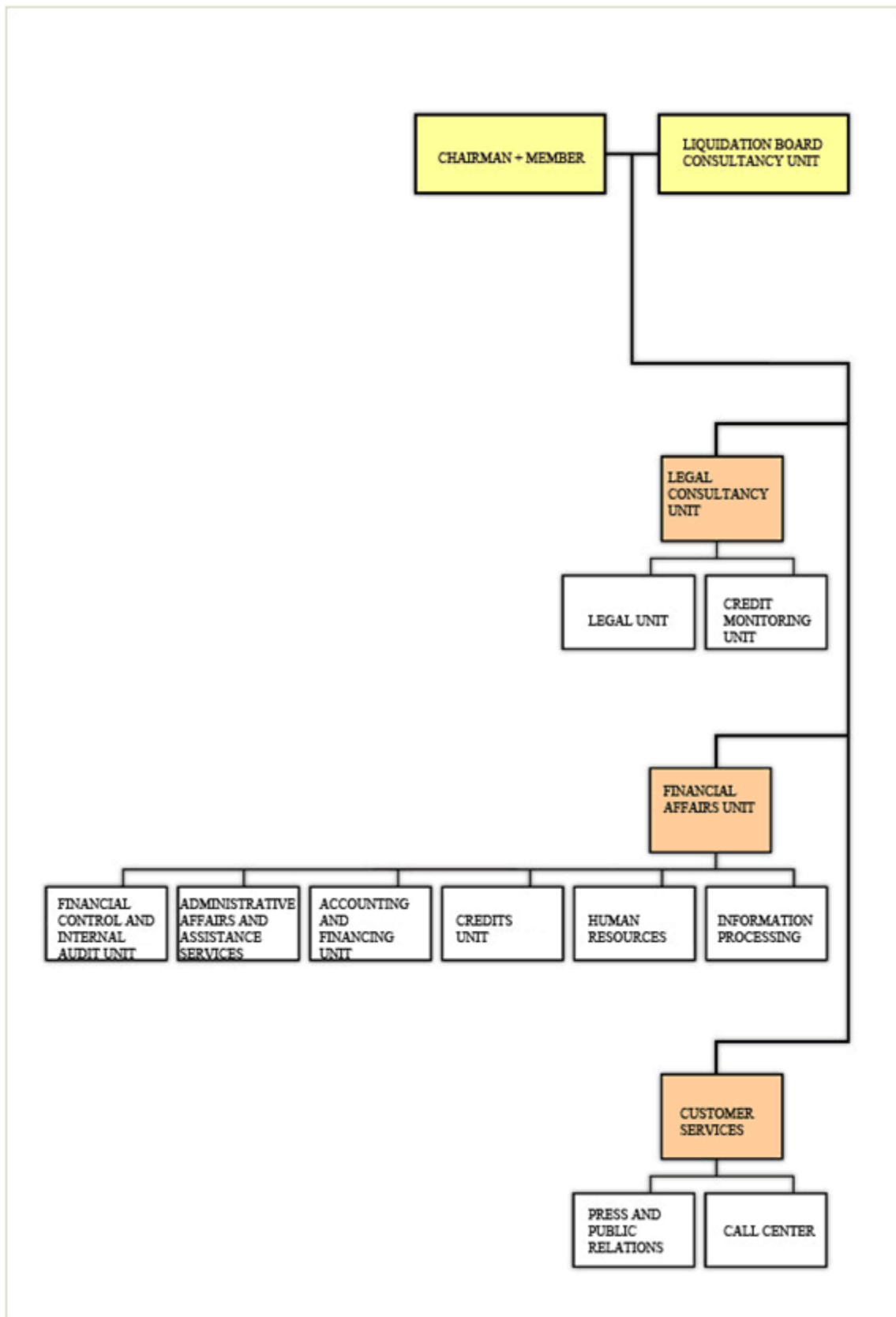
The Customer Services Management is responsible for ;

- a. providing information to the depositors of the Company in Liquidation through telephone,
- b. providing face to face information to the depositors of the Company in Liquidation,
- c. providing explanations to those depositors of the Company in Liquidation with missing information and documents and notifying such depositors to the Financial and Administrative Affairs Management and ensuring completion of the missing information and documents,
- d - managing all kinds of public relations of the Company in Liquidation.

5- HUMAN RESOURCES

The number of the personnel of the company which started operating on 22.04.1995 has increased to 829 persons with the opening of new branches and employment of new personnel. After company's going into a liquidation process, this number has been reduced each year and decreased to 32 persons as of 30.06.2009

Organization Chart



I- ECONOMIZING MEASURES TAKEN IN ACCORDANCE WITH THE PURPOSES OF LIQUIDATION

a-) Reduction of Personnel in the General Directorate and the Branches

NUMBER OF PERSONNEL DURING THE LIQUIDATION PERIOD

PERIOD	GENERAL DIRECTORATE			BRANCHES			TOTAL SUM
	MALE	FEMALE	TOTAL	MALE	FEMALE	TOTAL	
31.12.2000	256	76	332	417	80	497	829
22.01.2001	154	29	183	213	26	239	422
01.07.2001	120	19	139	93	9	102	241
01.01.2002	90	14	104	73	7	80	184
01.07.2002	62	9	71	56	5	61	132
25.12.2002	57	8	65	8	1	9	74
31.12.2003	57	8	46	2	0	2	48
31.12.2004	34	7	41	0	0	0	41
31.12.2005	32	7	39	0	0	0	39
31.12.2006	26	7	33	0	0	0	33
31.12.2007	26	7	33	0	0	0	33
31.12.2008	26	6	32	0	0	0	32

The salary payments which reached approximately 678 billion TL on the date of liquidation was reduced to 82.000.- TL in line with the reduction and economizing measures taken.

II- OUR COMPANY IN LIQUIDATION HAS SETTLED ALL THE DEBTS OWED TO THE TAX OFFICES AND SOCIAL SECURITY INSTITUTION; PAYMENTS FOR THE ACCRUED TAXES AND SOCIAL SECURITY PAYMENTS ARE CURRENTLY STILL BEING MADE

- Our Corporation does not have any debts owed to government. -

a-) The corporation makes tax payments to government every month on a regular basis

During the 2008 operating period, the accrued taxes have been paid by our corporation every month on a regular basis. During the liquidation period, a total of 25.569.142.-TL has been paid for the tax dues being 332.668-YTL in 2008 year operating period. Our corporation does not have any debts owed to government.

b) The corporation makes Social Security payments to government every month on a regular basis

During the 2008 operating period, our corporation has paid the accrued Social Security premiums every month on a regular basis. The corporation has paid a total of 391.786.-TL for the social security premiums from the beginning of the liquidation period (February 2001) until today being 391.876.-TL in 2008 year operating period.. Our corporation does not have any premium debts owed to government.



III- OUR COMPANY IN LIQUIDATION HAS CONTINUED TO MAKE CASH AND NON-CASH PAYMENTS TO THE ACCOUNT HOLDERS.

1-) We do not have any debts owed to the Current Account Holders.

Total Amount at the Beginning;

37.390.332.-USD

The receivables of 66.344 Current Account Holders which was 37.390.332.-USD / 9.247.006.- EUR in the beginning were settled with the last payment made on 02.07.2007.

2-) 74th payment was made to the Sharing Account Holders.

Upon the decision "to authorize the Liquidation Board to determine the procedure in settlement of the debts of the company for the payments to be made to the account holders on the basis of a single payment" taken in relation to **article 12 of the agenda** of the Ordinary General Assembly meeting held on 24th February.2003, the 74th payment has been made to part of the Sharing Account Holders in **September 2008**. With these payments made to 2008 Sharing Accounts, **85.774** of the **155.954** profit-loss sharing accounts from the beginning of the liquidation period was settled.

As a result of these payments, the number of holders of current and profit-loss accounts was reduced to **70.180** from the **216.592** of the before-crisis period. Payments to the profit-loss accounts are currently still being made every month on a regular basis.

3-) Accounts Opened By Reason of Inheritance and Waiver

New accounts are being added to the profit-loss sharing accounts or current accounts of our company due to reasons of inheritance. New accounts are opened for those inheritors who submit their inheritance certificates and Inheritance Tax liberation documents to our corporation in proportion with their shares. During 2007 operating year, **4.462** new accounts have opened in this way.

a) Current and Sharing Account Holders to receive payments were sent letters..

Studies related to completion of the identity information of our depositors and updating of their address and telephone information are continued and such information of depositors are being entered into our systems in the order starting from the priority payments. Accordingly, 3500 depositors with missing identity information who have receivables up to 2000 USD have been sent letters and required to complete their missing information.

The letters containing the notice to the account holders to withdraw their monies from the nearest Şekerbank branch are being sent to them.

b) Newspaper announcements have been prepared in relation to the payments. The announcement texts were also published on the internet site.

In addition to the letters sent to the holders of current accounts and sharing accounts in relation to the payments, announcements have been released in newspapers. The



announcement containing the names and İFK account numbers of the depositors and the list of the amounts deposited to Şekerbank was published on our web site "www.ifk.com.tr.

c) Depositors have been provided information about the payments by way of telephone.

All account holders who have requested information about the liquidation process of the company have been provided information through the telephone number 0212 454 12 00, and the address changes have been updated on the screens.

d) The Account Holders to Receive Payments Have Been Called to Confirm the Payment Made.

The Account Holders to receive payments have been called by telephone to confirm that their payments were made. These account holders have been told that they could withdraw their monies from the nearest Şekerbank branch and the documents necessary to withdraw the money have been sent to such account holders and to Şekerbank branches

IV- ALL NECESSARY MEASURES HAVE BEEN TAKEN FOR THE LEGAL AND FINANCIAL ISSUES FACED IN RELATION TO OUR COMPANY IN LIQUIDATION.

For the first time in our country, the Banking Regulation and Supervision Agency has passed a resolution for liquidation of a Special Finance House in accordance with the general provisions without suggesting any additional method or proposal. It is obvious that it is difficult to liquidate such a corporation that still holds a 38% share and more than 200.000 depositors, in terms of the gravity of its assets.

Thus, a strategy has been mapped out to determine the principles and procedures of the liquidation process following the negotiations and discussions made with academicians of the leading universities of our country. The legislation on the Special Finance Houses and the amendments to the Banking Law have been reviewed and necessary measures have been taken to ensure compliance of the distribution of the payments received by our company with the Turkish Commercial Code, the relevant legislation and the liquidation procedures.

Following these activities and the opinions received, any and all information and documents about the results of such activities have been submitted to the relevant units under the supervision of the Banking Regulation and Supervision Agency and the Ministry of Industry and Commerce. The financial and legal measures taken for such purposes have been concluded in a proper manner, in other words, a substantial practice has been established for the liquidation procedures.

V- NEGOTIATIONS HAVE BEEN MADE WITH THE RELEVANT COMPANIES FOR COLLECTION OF THE RECEIVABLES OF OUR COMPANY.

1-)Indebted Companies Have Been Prosecuted.



In order to speed up the collections, the companies refraining from paying off their debts have been determined and subjected to executive proceedings, and protocols have been made for these companies in the form of monthly payments, as a result of which high amounts of payments have been collected.

2) Protocols Have Been Made With the Indebted Companies.

Necessary studies have been executed under the supervision of the Credit Monitoring Directorate and Legal Consultancy Office for the collection of the receivables of the company. Following the negotiations made with the companies which have used funds and delayed their payments, the demands received from such companies have been evaluated taking into account the huge impact of the economic bottlenecks in the country on these companies, and collection methods for payments to be received from these companies have been determined to rearrange the payment dates, determine the default payment charges and to apply discounts, on the condition that the objective criteria and the principle of "prudent businessman" will be observed. The payment proposals of approximately 150 indebted companies have been evaluated. Several meetings have been held with the authorized people of the indebted companies and the payment terms have been concluded based on a protocol taking into account the payment plan proposals of such companies, market conditions and the relevant practices of the Savings Deposit Insurance Fund and the Banking Regulation and Supervision Agency. The debts of the indebted companies have been restructured upon acceptance of their payment plan which will continue until year 2016. As a result of the protocols made with the indebted companies, the necessary official documents related to the payment dates of these debts have been received and registered into the files of the indebted companies. Consequently, necessary measures have been taken to secure the collection of receivables from the indebted companies, even if there will be partial delays in payments due to the market conditions of our country.

VI- NECESSARY MEASURES HAVE BEEN TAKEN IN RELATION TO ALL THE LEGAL ACTIONS AND EXECUTIVE PROCEEDINGS FILED AGAINST OUR COMPANY

a-) Actions Brought In Civil Courts

1-As of today, there are 3.116 persons claiming receivables by means of compulsory execution and actions at law from the Corporation which had more than 200.000 depositors on the day its operating license was revoked. This is an important indication that the people who have receivables from the company still have trust in the company. An intense legal struggle has been initiated to ensure equal and fair liquidation procedures for those persons who have started executive and legal proceedings against the company, and most of the actions have been concluded in favor of the company. Pending actions are still in progress.

2-Various executive and legal proceedings have been started by the account holders against our company in different provinces and districts of Turkey. All necessary legal measures have been taken against such executive proceedings in an effective and intense manner.

3- Actions have been brought in Enforcement Courts against our company for inadmissibility of pleas and necessary measures have been taken against such actions to protect the interests of the company.



4-Likewise, actions have been brought in Civil Courts of First Instance and Commercial Courts for inadmissibility of receivables and pleas. All such legal actions have been responded based on the grounds that the receivables are not due/immediately to be paid and liquid due to the profit-loss sharing nature of the accounts and that the absolute receivables are to be assigned by the end of the liquidation process. In addition, pilot lawsuits have been commenced for establishment of negative facts for the same purposes. As a result of these actions brought for establishing negative facts, it has been concluded that the profit-loss sharing accounts have not yet become due and liquid receivables due to the liquidation process and that the receivables were to be assigned by the end of the liquidation process.

5- In this context, lawsuits have been commenced against our company in the Civil Courts of First Instance for 55 bankruptcy petitions. 50 of these lawsuits have been dismissed in favor of our company due to the ground that the receivable in question is a profit-loss sharing account and therefore cannot be assigned until conclusion of the liquidation process. With regard to Supreme Court leg of these legal actions; the decision for dismissal of the action based on the ground that the defendant corporation is in liquidation and the liquidation procedures are being executed according to the decision of the Banking Regulation and Supervision Agency; and therefore the receivables claimed in relation to the profit-loss sharing accounts cannot be assigned before completion of the liquidation procedures of the defendant Corporation''' has been approved by the decision of 11th Judicial Office of the Supreme Court.

Likewise, it has been decided by the 12th Judicial Office of the Supreme Court that the executive proceedings commenced against the company during the liquidation process be cancelled based on the grounds that "Due to profit-loss sharing nature of the accounts, the finance houses are in the process of liquidation according to the Turkish Commercial Code and the persons claiming receivables must collect their receivables by having recourse to the liquidation boards"

In addition, actions commenced or to be commenced against our company for cancellation of pleas and bankruptcy petitions have been dismissed by the decisions of the 19th Judicial Office of the Supreme Court based on such grounds that " It is of no dispute that the claim for receivables result from profit-loss sharing accounts. In order to be able to collect such receivables, it is essential that the conditions set forth in article 9 of the profit-loss sharing account deposit book be fulfilled. In case such conditions are not fulfilled, THE PLAINTIFF MAY ONLY CLAIM FOR RECEIVABLES AFTER COMPLETION OF THE LIQUIDATION PROCESS DUE TO THE NATURE OF THE ACCOUNT".

In addition to the lawsuits commenced for cancellation of executive proceedings, bankruptcy and dismissal of pleas, pilot actions for restitution (claiming back) have been commenced against those account holders who have collected their receivables from the profit-loss accounts by way of compulsory execution. As a result of the actions filed for restitution, all actions have been concluded in favor of our company by the decisions made by the 19th Judicial Office of the Supreme Court based on the grounds that "The defendant holds a profit-loss partnership certificate which entitles the defendant to share profits by way of profit distribution during the period of gaining profits and to receive repayment of the principal amount as long as the defendant does not bear losses to the extent that would influence the total amount of the certificate, and the account holder cannot claim for receivables until conclusion of the liquidation procedures". In this regard, it has been decided



by the Supreme Court, the court of last resort, that the account holders who have collected receivables from the profit-loss accounts by way of compulsory execution especially in the beginning of the liquidation process must pay back the collected amounts to the corporation with the relevant default interests.

6-Some of the indebted companies which have used credits from our company in foreign currency have filed action for adaptation against our company due to USD and DEM nature of their debts. These adaptation actions filed against our company have been concluded in favor of our company.

VII- CASH REALIZATION OF THE MOVABLE AND IMMOVABLE ASSETS OF THE COMPANY IN LIQUIDATION BY WAY OF SELLING

Inventory and valuation of all the movable (approximately over 10.000) and immovable assets of the General Directorate and Branches of the company has been carried out under the supervision of the Administrative Affairs Management, and major part of the valued movable and immovable assets have been sold in the market.

VIII- SUPPORT HAS BEEN RECEIVED FROM THE INFORMATION PROCESSING MANAGEMENT IN ALL PROCEDURES AND PROCEEDINGS OF OUR COMPANY AND THE PROCEDURES HAVE BEEN COMPLETED

Support of Information Processing Management of Company has been taken in all transactions and proceedings.

- Payment programs have been prepared for current and sharing accounts and payments have been effected. Coordination has been established with Şekerbank to exchange information and transmit electronic information.
- Approximately 1500 programs have been created as of 31.12.2006 for the necessary software and system development for the liquidation process and continuity of the company.
- The system has been updated according to the applicable legislations and the previous DEM transactions have been converted into EURO with the programs created. Such programs have been integrated into the system to enable EURO transactions.
- Due to the decision taken in the Extraordinary General Assembly meeting held on 03.08.2001, YTL debts and receivables of the company have been indexed to USD and the necessary accounting records have been maintained for such transactions performed during this period.
- Due to the law, the TL accounts have been changed into YTL accounts on 31.12.2005 and system integration has been carried out accordingly.
- The payment programs generated in the beginning of the liquidation process have been changed to be revised. As of 01.01.2007, the payments which were previously being made by way of transfers to Şekerbank has begun to be made on the basis of current accounts opened with the relevant banks for each customer according to the information provided by us.
- There are more than 20 mandatory information issued by the Ministry of Finance to be complied with all banks and required by the Central Registry Agency which are necessary for making transactions and opening accounts in a bank. However, only 5 of these information were available in the system of our company, and accuracy of such information was disputable. Therefore, 26 pieces of information has been obtained from Identity Sharing System for 45 of the 85 thousand persons holding accounts in our company and such information has been integrated to the system.



Then, a blocking system has been commissioned in order to make payment solely to persons having such information. That is; no payment has been made for those depositors who have missing identity information and programs have been created to make automatic payment for the same depositors provided that they have complete information.

- First stage activities have been conducted for minimizing and speeding up the system.
- An activity has been started to update the identity and address information of the depositors for the purpose being able to transfer their accounts to Şekerbank and open accounts in their name with Şekerbank in accordance with Identity Sharing System project. For this purpose, the depositors have been sent letters to request their T.R. identity numbers and other identity, address information and the identity information have been updated according to the incoming answers from the depositors. In addition, the matter has been explained in the newspapers and internet site, and the information of those depositors whose identity information has been received by our company is still being updated. Those depositors who have not been reached by letter or fax are being contacted by telephone.

System management has been completed, the source of the connection problems has been detected and the problems have been solved.

IX- OFFICIAL AUTHORITIES AND THE PARTNERS OF OUR COMPANY HAVE BEEN SENT INFORMATION AND DOCUMENTS RELATED TO THE LIQUIDATION PROCESS.

1- A summary report is sent to the Ministry of Industry and Commerce every month.

As a result of the inspections carried out by the inspector sent by the Ministry of Industry and Commerce, monthly reports have been requested for the transactions, payments and activities carried out regularly on a monthly basis in relation to the liquidation procedures, and such reports have been sent every month on a regular basis.

2-Summary reports are sent to the partners of the company every month.

Monthly reports have been requested to be sent to İslam Kalkınma Bankası (Islamic Development Bank) and Komaş San.ve Tic. A.Ş., partners of the company, for the transactions, payments and activities carried out regularly on a monthly basis in relation to the liquidation procedures, and such reports have been sent every month on a regular basis.

3- **The documents requested by the Capital Markets Board have been sent.**

The information and documents requested by the Capital Markets Board have been sent.

4 - The documents requested by the Banking Regulation and Supervision Agency have been sent.

The information and documents requested by the Banking Regulation and Supervision Agency have been sent.



5 - The documents requested by the Tax Inspectors Board have been sent.

The information and documents related to hundreds of different matters requested by the Tax Inspectors Board have been sent to the requesting authority.

6- The documents requested by the Judicial Authority have been sent.

The information and documents related to different matters and events requested by the Judicial Authorities have been sent.

7 -The documents requested by the Tax Authorities have been sent.

The information and documents requested by the Tax authorities have been sent.

X-AUDITS

a-) Audits of Ministry and Commerce

Our company has been audited by the Ministry of Industry and Commerce as from November 2002 for all the transactions made and the decisions taken from the first day of the liquidation process.

- The first audit was carried out in February 2003.
- The second audit related to the liquidation procedures was carried out in February 2004.
- The third audit was carried out in September 2004.
- The fourth audit of the liquidation was carried out in May 2005.
- The fifth audit of the liquidation was carried out in July 2006 operating period in Month July.

In 2008, besides audit was carried out by the Ministry, monthly reports related to the activities of our company were submitted to the Ministry of Industry and Commerce.

b-) Independent Audits

In February 2008, our company was inspected by an Independent Audit Company.

XI- OTHER PROCEDURES AND PROCEEDINGS

a)Mortgage Releases



Mortgages on 16 companies/persons at amount pf 247.500.-TL have been released due to settlement of their debts and all companies have been sent notice to take their relevant documents.

b) Collection of Letters of Guarantee

The real and legal persons who have received letters of guarantee and have not returned them have been sent letters and these persons have been contacted personally to return the letters of guarantee. In this regard, 18 letters of guarantee at amount of 53.426.-TL have been delivered during 2007 operating period.

c) Collection of the credit card debts

Legal proceedings have been commenced against those real and legal persons who have not paid off their debts related to credit cards.

XII- GENERAL EVALUATION

All payments and relevant operations are being carried out at the same pace and on more solid grounds compared to beginning of liquidation for the purpose of ensuring a healthy and regular execution of the liquidation process.

This is the first time in the Turkish law history that such a big company as İhlas Finans was liquidated according to the provisions of the Turkish Commercial Code. There are gaps in laws when it comes to liquidation of such a huge company. While five years ago there were 3000 executive proceedings commenced against the company and the branches and the General Directorate was being disturbed by the attorneys and execution officers and the actions at law filed for bankruptcy and other reasons, the confidence earned and the lawsuits won by the company have caused the legal proceedings to be renounced, which was followed by submission of the certificates of release. The number of account holders has been reduced with the payments made and the payments made to the holders of profit-and-loss accounts have brought us to a certain point in the process of liquidation.

Since 11.02.2001, the beginning of the liquidation process, our Liquidation Board has acted according to prudent businessman principles during execution of these extensive liquidation procedures, standing out as a first in our country, and our company has fulfilled its obligations in timely and proper payment of the receivables of its depositors in coordination with the Board of Directors.

For your information.

**İHLAS FİNANS IN LIQUIDATION
LIQUIDATION BOARD**

Law. İrfan HATTATOĞLU
Chairman of Liquidation Board

Ahmet KOÇ
Member of Liquidation Board