



Corporate Governance and Credit Rating Services, Inc.

Corporate Governance Rating Report



DENTAS
AMBALAJ ve KAĞIT SANAYİ A.Ş.

11 May 2011

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Rating and Executive Summary

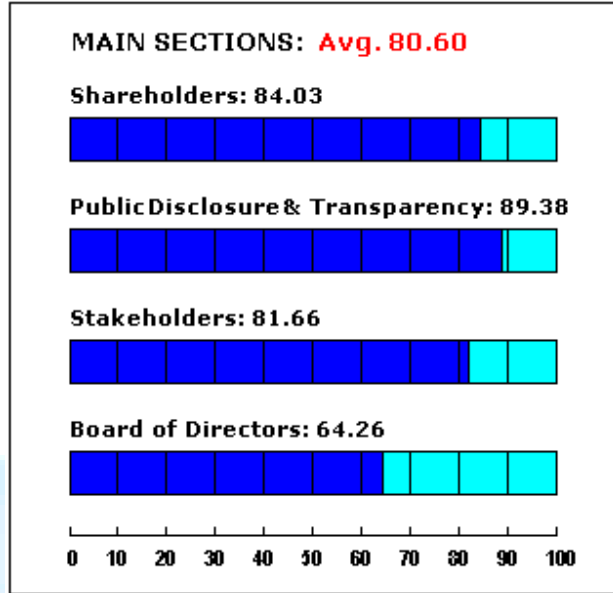
DENTAŞ AMBALAJ VE KÂĞIT SANAYİ A.Ş. (DENTA)

 **SAHA**
Corporate Governance Rating:

8.06

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EXECUTIVE SUMMARY

Dentaş Ambalaj ve Kâğıt Sanayi A.Ş. (DENTAŞ) is rated with **8.06** as a result of the Corporate Governance study done by SAHA. Details of this study are presented in the following chapters as main sections and sub-sections. Our rating methodology (page 5) is based on the Capital Markets Board's (CMB) "Corporate Governance Principles" (the Principles). Ratings of main sections and sub-sections are disclosed separately.

With a view to country specific conditions, we observed that DENTAŞ took the necessary steps to determine its Corporate Governance risks and improved in setting up sound internal controls and management systems. However, there is still room for improvements in order to fully comply with the CMB's Corporate Governance Principles.

Under the **Shareholders** heading where DENTAŞ got **8.40**; having no limitations for voting rights, presence of a shareholder relations department, and the conduct of the general shareholders' meeting compliant with the legislation are positive aspects, whereas, lack of cumulative voting procedures and lack of the right to request the appointment of a special auditor at the general shareholders' meeting are areas that need further improvement.

DENTAŞ attained **8.94** under the **Public Disclosure and Transparency** caption. The corporate website includes all kinds of information listed in the public disclosure

chapter of the Corporate Governance Principles of the CMB. Public announcements are done via all electronic media in accordance with the CMB and ISE's rules and regulations.

DENTAŞ has broadly complied with the CMB Principles regarding **Stakeholders** (namely; company policy regarding stakeholders, protection of company assets, human resources policy, ethical rules, social responsibility, and relations with the customers and suppliers) and scored **8.17**. Notwithstanding, it has been observed that stakeholders' participation in the company management remains to be an area that is open to further improvement.

From the perspective of the Principles regarding the **Board of Directors**, DENTAŞ scores **6.43**. The board of directors duly defined the corporate mission and vision; the board consists of experienced, competent, suitably educated individuals of high ethical standards; and none of the members are executive. However, the lack of independent members within the board and therefore in committees and the lack of cumulative voting system procedures remain to be areas for further improvement.

DISCLAIMER

This Corporate Governance Rating Report has been prepared by Saha Kurumsal Yönetim ve Kredi Derecelendirme A.Ş. (SAHA Corporate Governance and Credit Rating Services, Inc.) based on information made available by Dentaş Ambalaj ve Kağıt Sanayi A.Ş. and according to the Corporate Governance Principles by the Turkish Capital Markets Board as amended on 2005.

This report, conducted by SAHA A.Ş. analysts and based on their best intentions, knowledge base and experience, is the product of an in depth study of the available information which is believed to be correct as of this date. It is a final opinion about the degree of sensitivity of a company to its shareholders' and stakeholders' rights, its commitment to public disclosure and transparency, and conduct and credibility of its board of directors.

The contents of this report and the final corporate governance rating should be interpreted neither as an offer, solicitation or advice to buy, sell or hold securities of any companies referred to in this report nor as a judgment about the suitability of that security to the conditions and preferences of investors. SAHA A.Ş. makes no warranty, regarding the accuracy, completeness, or usefulness of this information and assumes no liability with respect to the consequences of relying on this information for investment or other purposes.

SAHA A.Ş. has embraced and published on its web site (www.saharating.com) the IOSCO (International Organization of Securities Commissions) Code of Conduct for Credit Rating Agencies and operates on the basis of independence, objectivity, transparency, and analytic accuracy.

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Corporate Governance in Turkey

Responding to the economic crisis of 2000-01, the Turkish authorities implemented measures to address the causes of financial and fiscal instability, facilitate a quick recovery and establish the conditions for further integration with the EU.

From the mid-1980s until after the economic crisis of 2000-01, economic conditions were difficult for companies. Thin markets, relatively few active institutional investors and an unpredictable macro-economic environment limited incentives for companies to adopt good corporate governance practices. More recently, however, the return of foreign investors, greater opportunities for Turkish companies to do business abroad and an increasing competition for foreign capital appear to be encouraging more companies to make good corporate governance practices a competitive advantage.

Turkey is a civil law country. The principal sources of general mandatory corporate governance standards are the joint stock companies' provisions in the TCC (Turkish Commercial Code), the CML (Capital Markets Law) and subordinate instruments published under the CML, generally in the form of CMB communiqués. The term "Capital Markets Law" is used to refer collectively to the CML and all of the compulsory subordinate instruments relating to the CML, including communiqués, regulations and CMB decisions of general application.

In late 2005, draft legislation based on a comprehensive package of reforms to the TCC developed by an expert Commission was tabled in Parliament. The parliament is considering the reforms and the amendments could come into force by mid 2008.

The corporate governance framework rests primarily upon a "public enforcement" model, with the Capital Markets Board (CMB) playing a leading role in setting corporate governance standards for publicly held companies, enforcing the applicable standards and fostering market integrity.

The ambitious, state-of-the-art and comprehensive CMB principles, adopted in 2003, are the principal source of non-binding corporate governance standards for publicly held companies. They were revised in 2005 to take into account revisions made to the OECD Principles in 2004. Listed companies must publish an annual Corporate Governance Compliance statement, disclosing which CMB principles have not been adopted and the reasons for not doing so.

Listed companies in the Istanbul Stock Exchange (ISE) who have obtained an overall corporate governance rating of 6 or above (out of 10) on their degree of compliance with the "Corporate Governance Principles" issued by the Capital Markets Board are included in the **ISE Corporate Governance Index** which has been active since August 31, 2007. In order to be included in the index, these companies have to be rated by a licensed (by the CMB) rating agency. Corporate governance rating grade of a company is granted upon the request of that company and revised or confirmed annually by the rating agency. Furthermore, the ISE encourages listed companies to obtain a rating by applying a 50% reduction on listing fees. The number of

companies included in the index has been increasing consistently since the inception of the index.

The corporate governance landscape in Turkey is characterized by concentrated ownership, often in the form of family-controlled, complex financial-industrial company groups such as holding structures and conglomerates, usually comprising both publicly held and privately held companies. State ownership has declined drastically thanks to the unwavering execution of a privatization policy.

Free floats are often low, pyramidal structures are common and there is a high degree of cross-ownership within the groups. Due to the limited free float, takeovers are rare. This obviously weakens the extent of corporate control over the market. Foreign institutional investors, however, are increasingly seen in the market, seeking to increase their share holdings in Turkish companies. Approximately 30% of ISE-listed companies have "floatation ratios" of less than 25% as of the end of 2006. This floatation ratio represents the percentage of a company's stock held by the Central Securities Depository (CSD) in Turkey.

Controlling shareholders often hold shares with nomination privileges and/or multiple voting rights. Family members often serve on the board and play a leading role in the daily management and strategic direction of publicly held companies. Preserving family control is the norm. A small number of families control a large number of the listed companies.

Turkish companies issue ordinary shares, preference shares, and non-voting shares. Golden shares only exist in few state-owned companies. Most of the shares traded at the ISE are bearer shares.

Shareholders who own at least 5% of the company's capital are granted minority rights. They can call an extraordinary General Meetings or propose agenda items. Shareholders must personally attend the General Meeting or they can be represented by a proxy.

The corporate environment in Turkey, however, is better positioned than many European countries to tackle corporate governance challenges ahead, because:

- the authorities have already adopted, or are introducing, high quality corporate governance standards (including audit standards);
- transparency has improved significantly, particularly in the area of financial reporting (listed companies are urged to adopt accounting standards which are almost identical to IFRS);
- a positive trend toward widespread implementation of a number of key corporate governance standards can be observed; and
- the authorities are now focusing their attention on monitoring implementation, identifying the remaining gaps and risk areas, focusing their resources on these risk areas and implementing institutional reforms as needed to strengthen supervisory, enforcement and remedial processes.

* Parts of this text uses the Pilot Study (Corporate Governance in Turkey) prepared and published by the OECD on 17 October 2006 as a resource. The full text of the study can be found at <http://www.sourceoecd.org/governance/9264028633>.

Rating Methodology

SAHA's methodology for rating the degree of compliance with the Principles of Corporate Governance is based upon the CMB's Corporate Governance Principles released on July 2003, as revised on February 2005.

The CMB based these principles on the leading work of The World Bank, Organization of Economic Cooperation and Development (OECD) and the Global Corporate Governance Forum (GCGF), which has been established in cooperation with the representatives of these two organizations and private sector. Experts and representatives from the CMB, the Istanbul Securities Exchange and the Turkish Corporate Governance Forum have participated in the committee that was established by the CMB for this purpose; additionally many qualified academicians, private sector representatives as well as various professional organizations and NGOs have stated their views and opinions, which were added to the Principles after the required evaluations. Accordingly, these Principles have been established as a product of contributions of all high-level bodies.

Within the Principles, "comply or explain" approach is valid. The implementation of the Principles is optional. However, the explanation concerning the implementation status of the Principles, if not detailed reasoning thereof, conflicts arising from inadequate implementation of these Principles, and explanation on whether there is a plan for change in the company's governance practices in the future should all be included in the annual report and disclosed to public.

The Principles consist of four main sections: shareholders, public disclosure and transparency, stakeholders and board of directors:

On the foundation of these Principles, SAHA Corporate Governance Rating methodology features over 350 code criteria. During the rating process, each criterion is evaluated on the basis of information provided by the company officials and disclosed publicly. Some of these criteria can be evaluated by a simple YES/NO answer; others require more detailed analysis and examination.


SAHA assigns ratings between 1 (weakest) and 10 (strongest). In order to obtain a rating of 10, a company should be in full and perfect compliance with the Principles (see Rating Definitions, p.19).

In compliance with the CMB's directive and to reach an overall Corporate Governance Rating, SAHA allocates the following weights to the four main sections of the Principles:

Shareholders: **%25**
Disclosure and Transparency: **%35**
Stakeholders: **%15**
Board of Directors: **%25**

To determine the final overall rating, SAHA utilizes its proprietary methodology which consists of sub-section weightings and weightings for the criteria there under. A separate rating is assigned to each one of the main sections as well.

Company Overview

Dentaş Ambalaj ve Kağıt Sanayi A.Ş.	
 DENTAŞ AMBALAJ ve KAĞIT SANAYİ A.Ş.	CHAIRMAN İsmet ABALIOĞLU GENERAL MANAGER İdris Nebi KAYACAN
Akhan Mah. 104 Sok. No:8 Denizli www.dentas.com.tr	Investor Relations Department Canan SÜER Accounting and Budgeting Manager Tel: (0258) 268 05 80-Fax: (0258) 268 10 85 canan.suer@dentas.com.tr

Dentaş Ambalaj ve Kağıt Sanayi A.Ş. (DENTAŞ) is an affiliate of CSA Holding which is a prominent industrialist group of the country and has operating businesses in the copper, paper, textiles, and agricultural sectors.

The registered capital of DENTAŞ has been raised to TL 100 million from TL 30 million as of 25.04.2007. With reference to the Board of Directors' decision of 16.06.2007, the paid up capital is raised to TL 70 million from TL 40 million (+133.33%) by a rights issue. TL 12,150,341 of this raise was provided by previous years' profit and TL 27,849,659 was provided by the inflation adjustment of equity accounts. There have been no further changes in the capital as of 31 December 2010. 731 personnel are employed in the company as of this date.

DENTAŞ shares have been trading in the Istanbul Stock Exchange (ISE) since the year 2000 under the code "DENTA". DENTAŞ is a constituent of ISE All Shares (XUTUM), ISE All Shares - 100 (XTUMY), ISE National (XULUS), ISE Industrials (XUSIN) and ISE Wood, Paper and Printing (XKAGT), and ISE Corporate Governance indices.

The controlling shareholder of DENTAŞ is Dentaş Kağıt Sanayi A.Ş. with its 79.30% share.

Capital Structure of Dentaş Ambalaj ve Kağıt Sanayi A.Ş.		
Shareholder	Amount (TL)	Percentage %
Dentaş Kağıt Sanayi A.Ş.	55,510,000	79.30%
Public Shares	14,000,000	20.00%
Other Shareholders	490,000	0.70%
	70,000,000	100.00%

The capital structure of the controlling shareholder, Dentaş Kâğıt Sanayi A.Ş., is as follows:

Capital Structure of Dentaş Kâğıt Sanayi A.Ş.		
Shareholder	Amount (TL)	Percentage %
CSA Holding A.Ş.	36,374,235	49.15%
Nail ÖZKARDEŞ	8,135,849	10.99%
Other Shareholders	29.135.916	39.85%
	74,000,000	100.00%

Çevrim Atık Toplama Ayırma ve Dönüşüm A.Ş. (a waste collection, sorting, and recycling unit) which was established in 2007 is a 99.99% participation of Dentaş. The company's paid-up capital is TL 7.5 million and it became fully operative in March 2008.

The Board of Directors of Dentaş is as following:

BOARD OF DIRECTORS	
Name	Title
İsmet ABALIOĞLU	Chairman
Mehmet Ali ABALIOĞLU	Vice Chairman
Cafer Sadık ABALIOĞLU	Member
Ali Yavuz ÇEHRE	Member
Faruk GÜLER	Member
Ahmet Suat KUYUMCU	Member
Ahmet Ferruh ERGÜNEY	Member

Developments in the Sector and Dentaş's status in the sector:

Parallel to favorable conditions in the national economy, the corrugated carton sector grew by 12.6% and 15.9% in terms of weight and volume respectively. Dentaş, in turn, grew by 13% and 18%.

Dentaş's consolidated sales and profits in the last two years are:

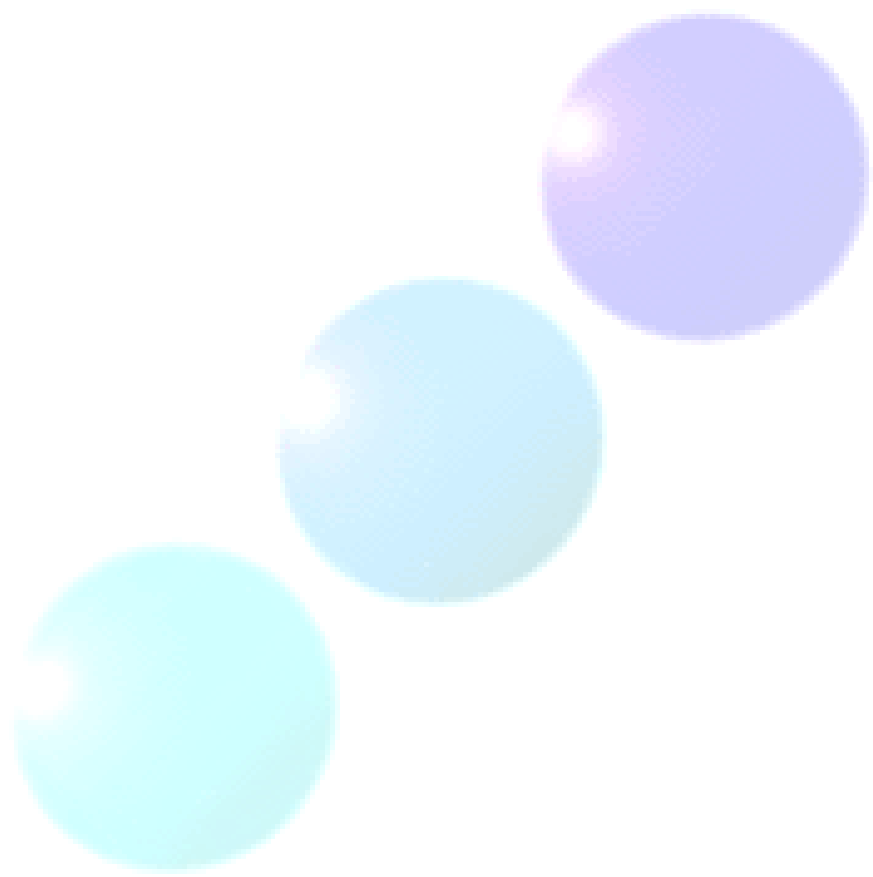
(TL)	2009	2010
Total Sales	154,636,796	193,677,633
Gross Profit	30,853,703	52,831,310
Operating Profit	5,189,180	22,153,463
Profit Before Tax	1,295,941	19,892,258
Net Profit	3,994,694	16,054,827

The selected financial ratios of Dentaş are as following:

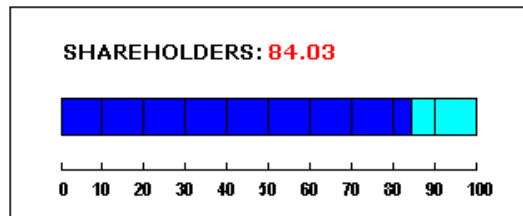
	2009	2010
EBITDA Margin	10.3%	17.4%
Operating Profit Margin	3.4%	11.4%
Net Profit Margin	2.6%	8.3%
Current Ratio	1.3	1,8
Borrowing Ratio	224.5%	160.2%

The summary of Dentaş's balance sheet for the last two years is:

(TL)	2009	2010
Current Assets	101,484,796	116,662,851
Fixed Assets	108,349,437	100,560,561
Total Assets	209,834,233	217,223,412
Short Term Liabilities	80,100,886	66,013,769
Long Term Liabilities	71,351,513	76,514,588
Shareholders Equity	58,381,834	74,695,055
Total Liabilities	209,834,233	217,223,412



SECTION 1: SHAREHOLDERS



SYNOPSIS

+	There is a shareholder relations department
+	Articles of association does not contain provisions to impede the transfer of shares
+	Equal treatment of shareholders
+	No voting privileges in the articles of association
+	There are no ceilings applied on the number of votes that a shareholder may exercise at the general shareholders' meeting.
+	Voting procedures announced prior to general shareholders' meeting and published on the company web site
=	Dividend policy is denominated in the articles of association, but a detailed policy not in place
-	Articles of association does not grant shareholders the right to request appointment of a special auditor
-	Cumulative voting procedure not embraced
-	Minority rights are not defined

Summary:

Shareholder relations and relations with foreign institutional investors are managed by the "Shareholder Relations Department". The conduct of the department is satisfactory. The fact that there are no provisions to apply certain ceilings on the number of

votes a shareholder might exercise fully complies with the "Corporate Governance Principles" published by the Capital Markets Board (CMB).

The public shares of the company float freely and without any limits, transfer of shares of the controlling shareholders has no limitations dictated by the articles of association of the company. On the other hand, the facts that the minority shareholders lack the right to request the appointment of a special auditor from the general shareholder meeting for the examination and clarification of a specific material situation and the absence of a cumulative voting procedure are all risky areas with respect to the shareholders' right to obtain and evaluate information.

1.1. Facilitating the Exercise of Shareholders' Statutory Rights:

Shareholder relations and relations with foreign institutional investors are managed by the "Shareholder Relations Department". The department is managed by the Financials Affairs Department manager, Ms. Canan Sürer. The conduct of the department is satisfactory as requests and demands of shareholders are kept and responded to. The CEO, Mr. İdris Nebi Kayacan and Ms. Sürer are responsible for public disclosures on the KAP (Public Disclosure Platform). The staff of the shareholder relations department is sufficient in terms of qualification, experience and number of delegated personnel. The investor relations department as a whole displays a proactive approach, genuine willingness to improve the implementation of the Principles, and

employ an ongoing procedure to improve upon them.

Shareholder records are kept appropriately; inquiries and requests are answered promptly; and the conduct of the general shareholders' meeting is compliant with the principles set out by the articles of association and relevant legislation. Voting results and minutes are well documented, duly disclosed, and published on the company's web site. Information on agenda items and other relevant details well posted on the web site and at the headquarters of the company prior to the general shareholders' meeting. Similarly, disclosures to the ISE are not updated on the company website regularly.

1.2. Shareholders' Right to Obtain and Evaluate Information:

With regard to facilitating shareholder rights, necessary information and documentation are partially available for and accessible by the shareholders in the Company website (www.dentas.com.tr). Pursuant to previous corporate governance rating periods' improvements, the web site of the company has been redesigned to be more comprehensive and functional.

In the articles of association, however, there is no provision that allows each shareholder to have the right to request from the general shareholders' meeting that a special auditor is appointed for the examination and clarification of a specific material situation.

1.3. Minority Rights:

On the positive front, there are no provisions to apply certain ceilings on the number of votes a shareholder might exercise and no obstacles to the implementation of voting rights of investors are present. On the other

front however, there is no clause regarding the minority rights in the Articles of Association. In addition, the Articles of Association of the company do not allow the execution of cumulative voting procedures. These are prominent areas that need further improvements to protect the rights of minority shareholders.

1.4. The Right to Participate in the General Shareholder Meeting:

The announcement for the general shareholders' meeting was done within the period dictated by the legislation in a national paper as well as over the Public Disclosure Platform. The acceptance of attendees were also compliant with the legislation.

The purpose and content of the information released prior to the general shareholders' meeting was clear, informative of and pertinent to the agenda items so as not to lead to any potential misinterpretations. The meeting took place at the company headquarters which was adequate and easy to access.

The board valued shareholder views and opinions, endeavored to consider all requests about items to be placed on the agenda, and strived to achieve the highest level of attendance. Proxy forms were posted on the company web site for those who will appoint a proxy for the meeting.

The general shareholders' meeting was held on fair grounds and in an efficient manner. The chairman and other members of the board attended the meeting in person. Shareholders were provided with sufficient written and verbal information about candidates. Nevertheless, minimum requirements for disclosure of information about candidates are not stated in the articles of association.

The company is subject to external audit by the Capital Markets Law and the external audit firm has made the necessary presentation at the general shareholders' meeting. However, the articles of association of the company do not include a provision to maintain that decisions, regarding the division and allocation of shares which changes capital and management structure of the company and the composition of the company's assets; the sale, purchase or lease of tangible/intangible assets or grants in significant amounts; are adopted in the general shareholder meeting.

The chairman conducted the general shareholders' meeting on fair grounds, and in an efficient manner that would enable shareholders to exercise their rights. Each agenda item was voted separately and the votes were counted and results were announced before the end of the meeting.

The necessary documentation, information about the operations of the company, announcements made to the ISE as well as the informative document about the agenda items were made available prior to the meeting and posted on the corporate web site.

1.5. Voting Rights:

There are no ceilings applied on the number of votes that a shareholder may exercise during the general shareholders' meeting. Each shareholder is provided with the opportunity to exercise his/her voting right in the most appropriate and convenient way. There are no obstacles on the voting of institutional and legal representatives. Procedures of voting are not stated in the articles of association, but were announced to shareholders prior to the general shareholders' meeting. Voting was conducted through open ballot and by

raising hands during the general shareholders' meeting.

1.6. Dividend Rights:

While the dividend policy is defined by item 14 of the articles of association, a detailed dividend policy is not published. There are no privileges with respect to dividend rights of each shareholder.

The board of directors' decision to retain the earnings of 2009 was accepted at the general shareholders' meeting.

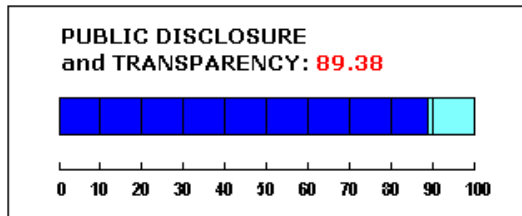
1.7. Transfer of Shares:

Both public and registered shares of DENTAŞ have no limitations on transfer and the company fully complies with the Turkish Commercial Code in this area.

1.8. Equal Treatment of Shareholders:

As a result of our examinations of the conduct, execution and minutes of the general shareholders' meetings, the articles of association, pending litigations, and interviews with company officials, we have no reason to speak against the equitable treatment of all shareholders.

SECTION 2: PUBLIC DISCLOSURE AND TRANSPARENCY



SYNOPSIS

+	Financial performance and operational changes disclosed to public.
+	Insiders list published
+	Disclosure about developments that may affect the value of the company complies with the legislation
+	Board of directors prepared the corporate information policy and disclosed it to public
+	The concept of trade secret defined in internal book of regulations
+	Minutes, agenda, and proxy forms of general shareholders' meetings incorporated in the corporate website
+	Easy to access, comprehensive website
-	List of ultimate controlling individual shareholders after being released from indirect or cross shareholding relationships between co-owners not in annual report

Summary:

DENTAŞ is performing well above the country averages in terms of public disclosure and transparency. The existence of a working shareholder relations unit is an important and positive step towards better governance. The corporate web site is

restructured to be more comprehensive content and disclosure. Disclosure to the ISE is in compliance with the current legislation.

Annual reports and periodic financial statements are signed by responsible board members.

The external audit firm employed by the company is one of reputation and experience and there has been no legal conflict between them up to date.

An area that needs improvement is the fact that the list of ultimate controlling individual shareholders after being released from indirect or cross shareholding relationships between co-owners and payments in cash such as salary, bonuses, other regular and irregular payments, etc. are not included in the annual report and disclosed to public. Similarly, information regarding the remuneration, bonuses and other benefits³ offered to employees are not included in the annual report.

2.1. Principles and Means for Public Disclosure:

The task of public disclosure is executed by the shareholder relations department and coordinated by the budgeting and accounting manager who has the authority to sign corporate documents. For KAP disclosures, 2 managers are designated as the authorized user and signatories.

The board of directors have prepared a collective set of written principles and an information policy to be used in public disclosure and disclosed the same to public. When the current

legislation dictates, the company informs the CMB and the ISE directly.

The corporate governance compliance report that lists the principles and implementations that are embraced and omitted by the company is incorporated in the annual report. However, the report does not include a unilateral declaration that includes the reasons of lacking implementation.

Save for the provisions of the legislation, the preparation or revision of periodical financial statements are subject to a compliance audit and public disclosure thereof, and the method to be adopted for disclosing forward looking information is in compliance with international standards.

The company's website (www.dentas.com.tr) is actively used as a means of public disclosure. The website is easily accessible, easy to use, and comprehensive. Corporate information, awards received, procedures of committees under the corporate governance heading, rating reports, the insiders list, ethical rules, detailed information about products offered, information about the shareholder relations unit, social responsibilities and human resources policies are included in the corporate website.

The English version of the website is also prepared. The letterhead includes the website address of the company.

2.2. Public Disclosure of Relations Between the Company and Its Shareholders, The Board of Directors and Executives:

No transactions that involved 5% or more of the total number of shares have been in effect; however, company officials formally declare that they will disclose such information immediately upon being informed

thereof, except otherwise required under relevant legislation. The company's public disclosure policy is in accordance with current CMB and ISE legislations.

The company's ultimate controlling individual shareholder or shareholders, however, are not disclosed to the public, as identified after being released from indirect or cross shareholding relationships between co-owners. The company's capital structure is not presented in a table format that would include the names of the ultimate controlling individual shareholder/s (names of the real personalities), amount and proportion of their shares and their share class and such a table is not incorporated into the annual report and notes to financial statements.

On the other hand, commercial and non-commercial transactions between the company and companies, where board members, executives and shareholders, who either directly or indirectly own at least 5% of the company's capital, possess at least 5% and more of shareholding or having the control of the latter are disclosed to public as per the CMB legislation.

2.3. Periodical Financial Statement and Reports in Public Disclosure:

As part of its listing requirements in the ISE, DENTAŞ duly discloses information that is not included in the periodical financial statements or notes, such as significant investment decisions, in the "disclosure of special events" published by the Istanbul Stock Exchange (ISE).

Both the annual report and the periodical financial statements and reports of the company are signed by the responsible board members and executives. Their declaration indicating that the current periodical financial statements completely reflect

the true financial status of the company and that the company acts in accordance with the related legislation is also included in the annual report.

The annual report incorporates the scope of activities of the company and information about the sector in which the company operates and the company's status within this sector; however, it does not include the audit firm's opinion about the internal control system.

The fact that financial statements present fairly the financial position of DENTAŞ as of 31.12.2010 and its financial performance for the year ended, in accordance with Financial Reporting Standards published by the CMB is clearly confirmed in the independent auditor report. Periodical financial statements and footnotes are prepared in accordance with the current CMB legislation.

2.4. Functions of External Audit:

The external audit firm chosen by the company (Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.) is an independent audit company accredited by the CMB. The operations of the audit firm and the contents of the contract signed with them are in compliance with the legislation. There has been no legal conflict between the company and the external audit firm.

The audit committee has been instrumental in the nomination and election process of the audit firm.

2.5. The Concept of Trade Secret and Insider Trading:

DENTAŞ acts in accordance with the rules of accuracy, reliability and good faith and attains a good balance between the protection of trade

secrets of the company and the stakeholders' right to obtain information. A list of the names of executives and other persons/institutions who provide services to the company, and who can potentially possess price-sensitive information are prepared and disclosed to public in accordance with the information policy.

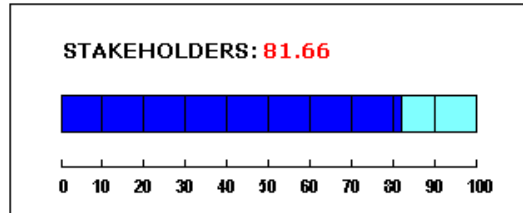
The concept of trade secret has been defined in the internal book of rules and regulations and measures and precautions are taken to prevent insider trading.

2.6. Significant Events and Developments That Must Be Disclosed to the Public:

DENTAŞ shows first-rate care and sensitivity in the timely and comprehensive disclosure to public of all important development and events and their possible implications on the financial status and operational results of the company. Our analysis of 18 sub-titles shows that DENTAŞ complies with the rules and regulations of the CMB (also listed in article II.6 of the Principles) and the ISE.

The company duly discloses any significant changes in the management and capital structure of the company, any changes in the company's major operations, and any kind of information that may incur significant amounts of losses or any type of information that would affect the profitability of the company.

SECTION 3: STAKEHOLDERS



SYNOPSIS

+	The exercise of stakeholders' rights facilitated
+	Positive relations with public authorities
+	Positive relations with NGO's
+	High environmental responsibility and awareness
+	Compliance to quality standards in products and services
=	Some missing elements in ethical rules
=	Human resources policy in effect despite some shortfalls
-	No trade union
-	No provision in the Articles of Association regarding the participation of stakeholders in the management of the company

Summary:

With regard to relations between the company and all related public and private parties (stakeholders) other than shareholders and the board of directors, over 40 sub-sections have been analyzed under the following headings:

- Company policy,
- Participation in the company management,
- Protection of company assets,
- Human resources policy,
- Relations with customers and suppliers,
- Social responsibility

- Ethical rules

Our conclusions are particularly positive with respect to company policy about stakeholders, protection of company assets and relations with customers and suppliers.

It is our observation that the company acted in goodwill and within the capabilities of the company in cases that are related to the protection of stakeholders' rights when these rights are either regulated or not regulated by the legislation.

There is no evidence that neither any of the board members nor top management has been involved in misconduct with the intention to harm stakeholders' interests that ended with a decrease in the assets of the company.

Nevertheless, encouragement of stakeholders' participation to company management and human resources policy are observed to be areas which need further improvement.

3.1. Company Policy Regarding Stakeholders:

DENTAŞ provides due compensation in cases where stakeholders' rights covered by the relevant legislation and protected by contracts is violated; facilitates stakeholders' claims; spends the necessary effort within the company's capacity, acting in goodwill but also safeguarding the company's reputation to protect stakeholders' rights in cases where these are not covered by contracts or by the relevant legislation. To this end, the quality of products and services is closely monitored via customer satisfaction questionnaires.

Suppliers and customers are provided with sufficient information about the company's products and services and all transactions between them and the company are executed in compliance with the relevant legislation.

3.2. Stakeholders' Participation in the Company Management:

Employee training seminars, workshops and meetings are organized periodically and their participation in company related issues is encouraged. Direct communication with customers is established through 6 regional representative sales offices. Furthermore, factory tours and informative meetings are organized for shareholders and stakeholders.

However, no planned mechanisms or models that encourage the participation of stakeholders, in particular employees, in the management of the company are incorporated in the internal regulations and in the articles of association.

3.3. Protection of Company Assets:

Utmost care is given to the protection of company assets considering the equity structure and the fact that the company stocks are traded in the ISE.

3.4. Company Policy on Human Resources:

Regarding the employees, the company has established the OHSAS 18001 Employee Health and Security Management System standard. Information on this topic is disclosed both in the annual report and on the internet site.

The company's human resources policy can be improved in terms of job descriptions, performance criteria and efficiency factors.

There is no trade union in the company.

3.5. Relations with Customers and Suppliers:

DENTAŞ evaluates and archives all suggestions, criticisms and complaints from both customers and suppliers. Customer demands regarding products and services are promptly satisfied. The company attained ISO 9001, OHSAS 18001 and ISO 14001 quality standards and is providing a specific warranty standard and compensation mechanisms for products and services which are below standards.

3.6. Ethical Rules:

The code of ethics determined by CSA Holding is published in writing and disclosed to public on the corporate website. This document includes clauses stating that board members are not to yield to pressures nor accept personal benefits in cases which would result against the interests of shareholders and that board members and executives alike are not to disclose classified company information and trade secrets.

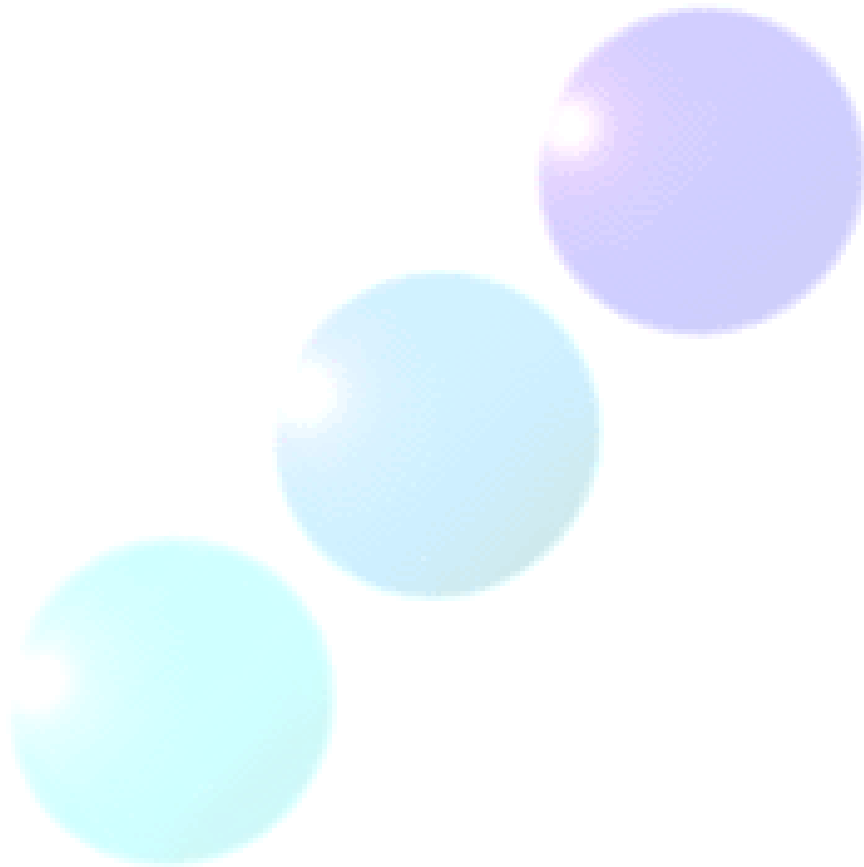
3.7. Social Responsibility:

Company officials have affirmed that, in recent years, disputes with the tax authorities have not been recorded at levels which would affect company operations and that there had been no charges raised against the company by public authorities.

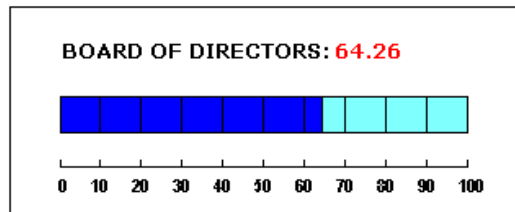
DENTAŞ's relations with and participation levels to NGO's and public social organizations is good. The company contributes to the CSA Educational Foundation. In addition, the Dentaş Primary School has been constructed by the company.

The company's activities towards environmental awareness has have

been found to be notable. The company is contributing to the DOÇEV Afforestation Foundation and has adopted the ISO 10001 Environmental Management System.



SECTION 4: BOARD OF DIRECTORS



SYNOPSIS

+	Vision, mission and strategic goals are clearly defined and made public
+	The board is staffed with effective and qualified members
+	None of the board members are executive
+	CEO and Chairman positions are separately chaired
+	Corporate governance committee established
+	Audit committee is instrumental in the appointment of independent auditors
-	No independent members in committees
-	Cumulative voting rights not in effect
-	No signed compliance and joint liability statement by board members
-	No regulation for compensation of company or stakeholder loss in case of negligence by executives

Summary:

The Board has set out and made public a well defined vision and mission statement for the company. It is our observation that the board is staffed with qualified, experienced members maintaining high moral standards. The board is overseeing that company activities are managed in compliance with the legislation, articles of association, internal procedures and

established policies. It has been stated that none of the board members has indulged in any transaction or is engaged in any form of competition with the company. A corporate governance committee has also been established from within the board of directors and became operational.

Nevertheless, the lack of independent members in the committees and the unavailability of cumulative voting rights are marked as important areas for improvement under this topic.

Similarly, a written compliance and joint liability declaration by the board members endorsing losses incurred to shareholders and stakeholders due to deliberate incompliance and misconduct, to be signed upon commencing work is not in effect.

The remuneration of the board of directors is observed to be fair, adequate and in par with general standards.

4.1. Fundamental Functions of the Board of Directors:

The Board of Directors, has specified and made public the company's mission as: "To be a company operating in an employee participative environment which creates value for its customers, employees and shareholders, preventing profusion at all times and levels" and its vision as: "Becoming the market leader by producing the highest quality products at the lowest possible cost and by improving market share and technology". The Board is overseeing that the company activities comply with legislation, articles of association, internal procedures and established

policies and monitors company financials to assure their validity.

The corporate governance committee is established from within the board. The committee has commissioned the Shareholder Relations Department to resolve any potential conflicts between the company and shareholders.

The Board oversees that the executives are suitably qualified with respect to their positions. 2010 personnel turnover numbers are a proof that the board seeks measures to encourage and prolong qualified employees' service durations. It has been stated that the board, when necessary, terminates the employment of executives and appoints new executives to replace them without delay.

4.2. Principles of Activity and Duties and Responsibilities of the Board of Directors:

The board plans and executes its meetings effectively. The board meets regularly at least once a month, and if necessary, immediately without delay. All board members actively participate to meetings concerning critical company operations. A secretariat is established under the chairman to assist all board members.

Beyond its basic functions, the board duly fulfils responsibilities such as approving the annual budget and business plans of the company; preparing the annual report; and ensuring that the general shareholders' meeting is conducted in accordance with the legislation.

The company's ethical rules have been set by the board and disclosed to the public.

The board's duties and responsibilities are clearly defined in the articles of association of the company; however,

they have not been published in the annual report or made public otherwise as yet.

Internal company procedures do not include clauses imposing measures against staff members who indulge in actions towards restricting the flow of information to the board of directors.

A written declaration by the members of the board stating that they would comply with the legislation, articles of association, in-house regulations and policies, and in case of incompliance, that they would be jointly liable to compensate the loss accrued to the shareholders and stakeholders does not exist. Similarly, a clause that prohibits members of the board from indulging in pressures that would serve against the interests of the shareholders and from accepting any material gains is not included in the ethical rules of the company.

The procedures that define how the board meetings are to be held are not written in the internal company regulations. The board of directors' decision quorum is also not specified in the articles of association.

Similarly, provisions regarding the procedures for invitation of the board members for a meeting by shareholders and stakeholders are not incorporated in the articles of association.

4.3. Formation and Election of the Board of Directors:

Despite the fact that qualification requirements for board member candidates are in use, general written rules governing the minimum requirements of experience and background have not been incorporated in the articles of association of the company. Since the present board members have been active in their positions for a long

time, they are all well aware of the company's strategy, performance and executives' qualifications.

None of the members of the board are executive and the chairman and the CEO are not the same person.

There are no board members who have been convicted of non-conformity with any kind of legislation or who have been sentenced in any way. All members are individuals with integrity and ethical values; and they meet the requirements set out in the CMB Principles regarding their qualifications, skills and experience. They are clearly suitable to manage the company effectively.

There are no independent members within the board of directors and therefore the committees do not have independent members either. Moreover, the cumulative voting system has not been adopted. These are the main observed drawbacks with respect to full compliance with the CMB corporate governance principles.

4.4. Remuneration of the Board of Directors:

Members of the board of directors have not borrowed or obtained warranties of any kind from the company to this date. The amount of remuneration of board members is determined by the shareholder's assembly and is observed to be sufficient.

There is no incentive remuneration method in application for the board members in connection with the performance of the company. There is also no clearly communicated and written mechanism for the board and the members thereof to conduct a self-assessment and performance evaluation procedure.

4.5. Number, Structure and Independence of the Committees Established by the Board of Directors:

The board embodies both the audit and corporate governance committees. There are no executive members in the committees. The audit committee has taken the necessary measures to safeguard the effective and transparent conduct of internal audit mechanisms.

Appointment of the external audit company and the services to be provided thereby are submitted to the board upon the preliminary approval by the audit committee.

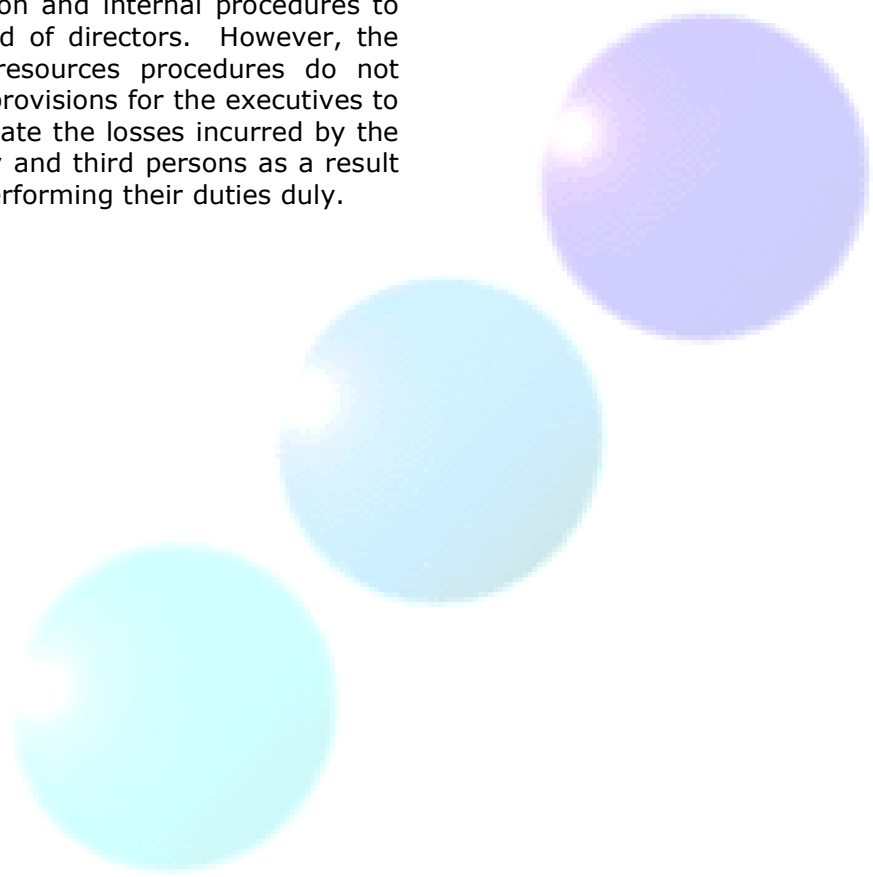
The audit committee supervises execution and efficiency of the accounting system of the company, disclosure of financial information to the public, external audit of the company and internal control system thereof.

4.6. Executives:

Company executives conduct their business in a just and transparent manner within the framework of company mission, vision, goals, policies and strategy; and act in accordance with the financial and operational plans of the company as approved by the board each year. It has also been observed that they are sufficiently authorized to perform their duties and have the required professional qualifications and experience in order to perform the assigned duties. There are no executives who have been reported to have gained illegitimate personal benefits with regards to company operations and activities. It has been stated by company officials that none of the executives have ever been convicted for charges against the Capital Markets Board legislation or the Turkish Penal Code. The

Employment agreements do not incorporate a restrictive clause including charges stating that the executives are not permitted to work for a competitor for certain period of time in case they resign from their duties.

On the other hand, it has been stated that the executives are issuing periodic reports regarding the conformity of in-house procedures to the articles of association and internal procedures to the board of directors. However, the human resources procedures do not include provisions for the executives to compensate the losses incurred by the company and third persons as a result of not performing their duties duly.



Rating Definitions

Rating	Definition
9 - 10	The company performs very good in terms of Capital Markets Board's corporate governance principles. It has, to varying degrees, identified and actively managed all significant corporate governance risks through comprehensive internal controls and management systems. The company's performance is considered to represent best practice, and it had almost no deficiencies in any of the areas rated.
7 - 8	The company performs good in terms of Capital Markets Board's corporate governance principles and has qualified to be included in the ISE's (Istanbul Stock Exchange) Corporate Governance Index. It has, to varying degrees, identified all its material corporate governance risks and is actively managing the majority of them through internal controls and management systems. During the rating process, minor deficiencies were found in one or two of the areas rated.
6	The company performs fair in terms of Capital Markets Board's corporate governance principles. It has, to varying degrees, identified the majority of its material corporate governance risks and is beginning to actively manage them. Management accountability is considered in accordance with national standards but may be lagging behind international best practice. During the ratings process, minor deficiencies were identified in more than two of the areas rated.
4 - 5	The company performs weakly as a result of poor corporate governance policies and practices. The company has, to varying degrees, identified its minimum obligations but does not demonstrate an effective, integrated system of controls for managing related risks. Assurance mechanisms are weak. The rating has identified significant deficiencies in a number (but not the majority) of areas rated.
<4	The company performs very weakly and its corporate governance policies and practices are overall very poor. The company shows limited awareness of corporate governance risks, and internal controls are almost non-existent. Significant deficiencies are apparent in the majority of areas rated and have led to significant material loss and investor concern.