

AKSIGORTA ANONİM ŐİRKETİ

**CONVENIENCE TRANSLATION OF
THE FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD
1 JANUARY - 30 JUNE 2011 AND
THE INDEPENDENT AUDITOR'S REPORT
(ORIGINALLY ISSUED IN TURKISH)**



**CONVENIENCE TRANSLATION OF
THE REVIEW REPORT FOR THE INTERIM PERIOD
1 JANUARY - 30 JUNE 2011 OF AKSIGORTA A.Ş.
(ORIGINALLY ISSUED IN TURKISH)**

To the Board of Directors of
Aksigorta A.Ş.

Introduction

1. We have reviewed the accompanying balance sheet of Aksigorta A.Ş. ("the Company") as of 30 June 2011 and the related statement of income, changes in shareholders' equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Company's Management is responsible for the preparation and fair presentation of the interim financial statements in accordance with the accounting principles and standards as set out in the insurance legislation. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of the Review

2. We conducted our review in accordance with the principles on the review of interim financial statements as set out in the insurance legislation. A review of interim financial statements consists principally of making inquiries of persons responsible for financial and accounting matters, applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with independent auditing standards as a set out in the insurance legislation and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an independent audit opinion.

Conclusion

3. Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements do not give a true and fair view of the financial position of Aksigorta A.Ş. as of 30 June 2011, and its financial performance and its cash flows for the six-month period then ended in accordance with the accounting principles and standards as set out in the insurance legislation (Note 2).



Additional Paragraph for Convenience Translation into English

5. As discussed in Note 2.26 to the accompanying financial statements, the effects of differences between the accounting principles as set out by the related insurance laws and accounting principles generally accepted in countries in which the accompanying financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying financial statements. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations and changes in financial position and cash flows in accordance with accounting principles generally accepted in such countries and IFRS.

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

A handwritten signature in black ink, consisting of a large, stylized 'S' followed by a smaller, circular mark.

Cansen Başaran Symes, SMMM
Partner

Istanbul, 12 August 2011

CONVENIENCE TRANSLATION OF THE COMPANY'S REPRESENTATION ON THE FINANCIAL STATEMENT PREPARED AS AT 30 JUNE 2011

We confirm that the accompanying financial statements and notes to these financial statements as of 30 June 2011 are prepared in accordance with the accounting principles and standards as set out in the insurance legislation and in conformity with the provisions of the Decree on "Financial Reporting of Insurance and Reinsurance Companies and Pension Funds" and our Company's accounting records.

İstanbul, 12 August 2011



Uğur GÜLEN
Chief Executive Officer



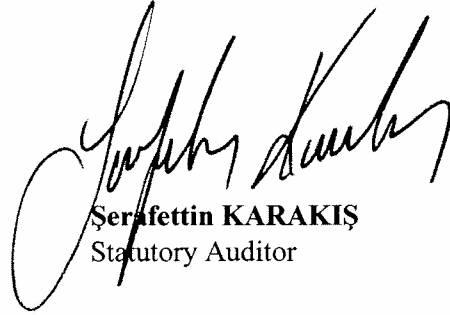
Erkan ŞAHİNLER
Chief Financial Officer



Gülnur TÜCCAR
Accounting Manager



Cezmi KURTULUŞ
Statutory Auditor



Şerafettin KARAKIŞ
Statutory Auditor

AKSİGORTA A.Ş.

CONVENIENCE TRANSLATION OF THE BALANCE SHEETS AT 30 JUNE 2011 AND 31 DECEMBER 2010

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

AKSİGORTA ANONİM ŞİRKETİ DETAILED BALANCE SHEET			
TL			
ASSETS			
I- CURRENT ASSETS	Note	Reviewed	Audited
		Current Period (30/06/2011)	Previous Period (31/12/2010)
A- Cash and Cash Equivalents		473,666,687	276,266,700
1- Cash		-	-
2- Cheques Received		-	-
3- Banks	14	473,666,687	276,266,700
4- Cheques Given and Payment Orders (-)		-	-
5- Other Cash and Cash Equivalents		-	-
B- Financial Assets and Investments with Risks on Policy Holders		62,748,706	228,101,897
1- Financial Assets Available for Sale	11.1	41,450,265	130,566
2- Financial Assets Held to Maturity		-	-
3- Financial Assets Held for Trading	11.1	14,841,002	220,741,421
4- Loans		-	-
5- Provision for Loans (-)		-	-
6- Investments with Risks on Policy Holders	11.1	6,457,439	7,229,910
7- Equity Shares		-	-
8- Impairment in Value of Financial Assets (-)	11.1	-	-
C- Receivables From Main Operations		446,731,585	375,383,784
1- Receivables From Insurance Operations	12.1	443,962,878	372,922,655
2- Provision for Receivables From Insurance Operations (-)	12.1	(2,883,354)	(3,283,354)
3- Receivables From Reinsurance Operations		-	-
4- Provision for Receivables From Reinsurance Operations (-)		-	-
5- Cash Deposited For Insurance & Reinsurance Companies	12.1	30,954	30,954
6- Loans to Policyholders		-	-
7- Provision for Loans to Policyholders (-)		-	-
8- Receivables from Pension Operation		-	-
9- Doubtful Receivables From Main Operations	12.1	44,875,860	43,775,432
10- Provisions for Doubtful Receivables From Main Operations (-)	12.1	(39,254,753)	(38,061,903)
D- Due from Related Parties		49,787	47,142
1- Due from Shareholders		-	-
2- Due from Affiliates		-	-
3- Due from Subsidiaries		-	-
4- Due from Joint Ventures		-	-
5- Due from Personnel		-	-
6- Due from Other Related Parties	45	49,787	47,142
7- Rediscount on Receivables Due from Related Parties (-)		-	-
8- Doubtful Receivables Due from Related Parties		-	-
9- Provisions for Doubtful Receivables Due from Related Parties (-)		-	-
E- Other Receivables		9,947,632	2,407,895
1- Leasing Receivables		-	-
2- Unearned Leasing Interest Income (-)		-	-
3- Deposits and Guarantees Given		57,657	57,657
4- Other Receivables	47	9,889,975	2,350,238
5- Discount on Other Receivables (-)		-	-
6- Other Doubtful Receivables		-	-
7- Provisions for Other Doubtful Receivables (-)		-	-
F- Prepaid Expenses and Income Accruals	47	90,731,426	67,358,466
1- Prepaid Expenses	47	90,731,426	67,358,466
2- Accrued Interest and Rent Income		-	-
3- Income Accruals		-	-
G- Other Current Assets		1,737,071	6,024,230
1- Inventories		106,571	88,045
2- Prepaid Taxes and Funds		1,575,610	5,921,984
3- Deferred Tax Assets		-	-
4- Business Advances		16,279	14,201
5- Advances Given to Personnel		38,611	-
6- Stock Count Differences		-	-
7- Other Current Assets		-	-
8- Provision for Other Current Assets (-)		-	-
I- Total Current Assets		1,085,612,894	955,590,114

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

AKSİGORTA A.Ş.

**CONVENIENCE TRANSLATION OF THE BALANCE SHEETS AT
30 JUNE 2011 AND 31 DECEMBER 2010**

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

AKSİGORTA ANONİM ŞİRKETİ DETAILED BALANCE SHEET			
TL			
ASSETS			
II- NON CURRENT ASSETS	Note	Reviewed Current Period (30/06/2011)	Audited Previous Period (31/12/2010)
A- Receivables From Main Operations		-	-
1- Receivables From Insurance Operations		-	-
2- Provision for Receivables From Insurance Operations (-)		-	-
3- Receivables From Reinsurance Operations		-	-
4- Provision for Receivables From Reinsurance Operations (-)		-	-
5- Cash Deposited for Insurance & Reinsurance Companies		-	-
6- Loans to Policyholders		-	-
7- Provision for Loans to Policyholders (-)		-	-
8- Receivables From Pension Operations		-	-
9- Doubtful Receivables from Main Operations		-	-
10-Provision for Doubtful Receivables from Main Operations		-	-
B- Due from Related Parties		-	-
1- Due from Shareholders		-	-
2- Due from Affiliates		-	-
3- Due from Subsidiaries		-	-
4- Due from Joint Ventures		-	-
5- Due from Personnel		-	-
6- Due from Other Related Parties		-	-
7- Discount on Receivables Due from Related Parties (-)		-	-
8- Doubtful Receivables Due from Related Parties		-	-
9- Provisions for Doubtful Receivables Due from Related Parties (-)		-	-
C- Other Receivables		-	-
1- Leasing Receivables		-	-
2- Unearned Leasing Interest Income (-)		-	-
3- Deposits and Guarantees Given		-	-
4- Other Receivables		-	-
5- Discount on Other Receivables (-)		-	-
6- Other Doubtful Receivables		-	-
7- Provisions for Other Doubtful Receivables (-)		-	-
D- Financial Assets		30,116,653	30,116,653
1- Investments In Associates		-	-
2- Affiliates	9, 11.4	30,116,653	30,116,653
3- Capital Commitments to Affiliates (-)		-	-
4- Subsidiaries		-	-
5- Capital Commitments to Subsidiaries (-)		-	-
6- Joint Ventures		-	-
7- Capital Commitments to Joint Ventures (-)		-	-
8- Financial Assets and Investments with Risks on Policy Holders		-	-
9- Other Financial Assets		-	-
10- Diminution in Value of Financial Assets (-)		-	-
E- Tangible Fixed Assets		34,568,774	35,780,296
1- Investment Properties	7	1,041,477	1,041,477
2- Diminution in Value for Investment Properties (-)		-	-
3- Owner Occupied Properties	6	38,837,294	38,837,294
4- Machinery and Equipments		-	-
5- Furnitures and Fixtures	6	21,771,482	23,689,508
6- Vehicles	6	32,050	49,550
7- Other Tangible Assets (Including Leasehold Improvements)	6	2,348,015	2,348,015
8- Leased Tangible Fixed Assets	6	351,395	351,395
9- Accumulated Depreciation (-)	6, 7	(29,812,939)	(30,536,943)
10- Advances Paid for Tangible Fixed Assets (Including Construction In Progresses)		-	-
F- Intangible Fixed Assets		8,079,359	7,844,050
1- Rights	8	13,184,891	11,756,263
2- Goodwill		-	-
3- Establishment Costs		-	-
4- Research and Development Expenses		-	-
6- Other Intangible Assets		-	-
7- Accumulated Amortizations (-)	8	(5,105,532)	(3,912,213)
8- Advances Regarding Intangible Assets		-	-
G- Prepaid Expenses and Income Accruals		5,780	5,780
1- Prepaid Expenses		5,780	5,780
2- Income Accruals		-	-
3- Other Prepaid Expenses and Income Accruals		-	-
H- Other Non-current Assets		4,293,957	4,013,745
1- Effective Foreign Currency Accounts		-	-
2- Foreign Currency Accounts		-	-
3- Inventories		-	-
4- Prepaid Taxes and Funds		-	-
5- Deferred Tax Assets	35	4,293,957	4,013,745
6- Other Non-current Assets		-	-
7- Other Non-current Assets Amortization (-)		-	-
8- Provision for Other Non-current Assets (-)		-	-
II- Total Non-current Assets		77,064,523	77,760,524
TOTAL ASSETS (I+II)		1,162,677,417	1,033,350,638

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

AKSİGORTA A.Ş.

**CONVENIENCE TRANSLATION OF THE BALANCE SHEETS AT
30 JUNE 2011 AND 31 DECEMBER 2010**

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

AKSİGORTA ANONİM ŞİRKETİ DETAILED BALANCE SHEET			
TL			
LIABILITIES			
III- SHORT TERM LIABILITIES	Note	Reviewed Current Period (30/06/2011)	Audited Previous Period (31/12/2010)
A- Borrowings		-	-
1- Loans to Financial Institutions		-	-
2- Finance Lease Payables		-	-
3- Deferred Finance Lease Borrowing Costs (-)		-	-
4- Current Portion of Long Term Borrowings		-	-
5- Principal, Installments and Interests on Issued Bills (Bonds)		-	-
6- Other Financial Assets Issued		-	-
7- Value Differences on Issued Financial Assets (-)		-	-
8- Other Financial Borrowings (Liabilities)		-	-
B- Payables From Main Operations		71,026,825	60,547,066
1- Payables Due to Insurance Operations	19.1	71,026,825	60,547,066
2- Payables Due to Reinsurance Operations		-	-
3- Cash Deposited by Insurance & Reinsurance Companies	19.1	-	-
4- Payables Due to Pension Operations		-	-
5- Payables from Other Operations		-	-
6- Rediscount on Other Payables From Main Operations (-)		-	-
C- Due to Related Parties	19.1	489,925	820,184
1- Due to Shareholders	12.2	175,066	175,066
2- Due to Affiliates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint Ventures		-	-
5- Due to Personnel		314,859	645,118
6- Due to Other Related Parties		-	-
D- Other Payables	47	14,773,050	12,374,341
1- Deposits and Guarantees Received		-	-
2- Other Payables	47	14,773,050	12,374,341
3- Discount on Other Payables (-)		-	-
E- Insurance Technical Reserves		640,578,505	511,429,486
1- Unearned Premiums Reserve - Net	20	417,333,449	306,037,195
2- Unexpired Risk Reserves - Net	20	151,486	280,668
3- Life Mathematical Reserves - Net		-	-
4- Outstanding Claims Reserve - Net	4.1, 20	223,093,570	205,111,623
5- Provision for Bonus and Discounts - Net		-	-
6- Provision for Policies Investment Risk of Life Insurance Policyholders - Net		-	-
7- Other Technical Reserves - Net		-	-
F- Taxes and Other Liabilities and Relevant Provisions		7,199,454	15,624,239
1- Taxes and Dues Payable		6,435,425	7,340,067
2- Social Security Premiums Payable	23.1	754,889	749,883
3- Overdue, Deferred or By Installment Taxes and Other Liabilities		-	-
4- Other Taxes and Liabilities		9,140	57,563
5- Corporate Tax Liability Provision on Period Profit	35	-	7,476,726
6- Prepaid Taxes and Other Liabilities on Period Profit (-)		-	-
7- Provisions for Other Taxes and Liabilities		-	-
G- Provisions for Other Risks		-	-
1- Provision for Employment Termination Benefits		-	-
2- Pension Fund Deficit Provision		-	-
3- Provisions for Costs		-	-
H- Deferred Income and Expense Accruals		38,386,996	43,370,723
1- Deferred Income		-	-
2- Expense Accruals		-	-
3- Other Deferred Income and Expense Accruals	19.1	38,386,996	43,370,723
I- Other Short Term Liabilities		-	-
1- Deferred Tax Liability		-	-
2- Inventory Count Differences		-	-
3- Other Short Term Liabilities		-	-
III - Total Short Term Liabilities		772,454,755	644,166,039

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

AKSİGORTA A.Ş.

**CONVENIENCE TRANSLATION OF THE BALANCE SHEETS AT
30 JUNE 2011 AND 31 DECEMBER 2010**

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

AKSİGORTA ANONİM ŞİRKETİ DETAILED BALANCE SHEET			
TL			
LIABILITIES			
IV- LONG TERM LIABILITIES	Note	Reviewed Current Period (30/06/2011)	Audited Previous Period (31/12/2010)
A- Borrowings		-	-
1- Loans to Financial Institutions		-	-
2- Finance Lease Payables		-	-
3- Deferred Finance Lease Borrowing Costs (-)		-	-
4- Bonds Issued		-	-
5- Other Issued Financial Assets		-	-
6- Value Differences on Issued Financial Assets (-)		-	-
7- Other Financial Borrowings (Liabilities)		-	-
B- Payables From Main Operations		-	-
1- Payables Due to Insurance Operations		-	-
2- Payables Due to Reinsurance Operations		-	-
3- Cash Deposited by Insurance & Reinsurance Companies		-	-
4- Payables Due to Pension Operations		-	-
5- Payables from Other Operations		-	-
6- Discount on Other Payables From Main Operations (-)		-	-
C- Due to Related Parties		-	-
1- Due to Shareholders		-	-
2- Due to Affiliates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint Ventures		-	-
5- Due to Personnel		-	-
6- Due to Other Related Parties		-	-
D- Other Payables		-	-
1- Deposits and Guarantees Received		-	-
2- Other Payables		-	-
3- Discount on Other Payables (-)		-	-
E- Insurance Technical Reserves		17,251,511	15,372,206
1- Unearned Premiums Reserve - Net		-	-
2- Unexpired Risk Reserves - Net		-	-
3- Life Mathematical Reserves - Net	17.2, 20	2,846,480	3,149,961
4- Outstanding Claims Reserve - Net		-	-
5- Provision for Bonus and Discounts - Net		-	-
6- Provision for Policies Investment Risk of Life Insurance Policyholders - Net	17.2, 20	1,063,004	1,378,156
7- Other Technical Reserves - Net	20, 47	13,342,027	10,844,089
F- Other Liabilities and Provisions		-	-
1- Other Liabilities		-	-
2- Overdue, Deferred or By Installment Other Liabilities		-	-
3- Other Liabilities and Expense Accruals		-	-
G- Provisions for Other Risks		2,104,668	2,167,753
1- Provision for Employment Termination Benefits	22	2,104,668	2,167,753
2- Provisions for Employee Pension Fund Deficits		-	-
H- Deferred Income and Expense Accruals		-	-
1- Deferred Income		-	-
2- Expense Accruals		-	-
3- Other Deferred Income and Expense Accruals		-	-
I- Other Long Term Liabilities		235	235
1- Deferred Tax Liability		-	-
2- Other Long Term Liabilities		235	235
IV- Total Long Term Liabilities		19,356,414	17,540,194

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

AKSİGORTA A.Ş.

**CONVENIENCE TRANSLATION OF THE BALANCE SHEETS AT
30 JUNE 2011 AND 31 DECEMBER 2010**

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

AKSİGORTA ANONİM ŞİRKETİ DETAILED BALANCE SHEET			
TL			
SHAREHOLDERS' EQUITY			
V- SHAREHOLDERS' EQUITY	Note	Reviewed Current Period (30/06/2011)	Audited Previous Period (31/12/2010)
A- Paid in Capital		306,000,000	306,000,000
1- (Nominal) Capital	15	306,000,000	306,000,000
2- Unpaid Capital (-)		-	-
3- Positive Inflation Adjustment on Capital	47	-	-
4- Negative Inflation Adjustment on Capital (-)		-	-
B- Capital Reserves		4,328,261	796,537
1- Equity Share Premiums		-	-
2- Cancellation Profits of Equity Shares		-	-
3- Profit on Sale to be Transferred to Capital		4,328,261	796,537
4- Translation Reserves		-	-
5- Other Capital Reserves		-	-
C- Profit Reserves		58,499,287	63,052,588
1- Legal Reserves		59,802,506	59,802,506
2- Statutory Reserves		62	62
3- Extraordinary Reserves		-	-
4- Special Funds (Reserves)		-	3,250,020
5- Revaluation of Financial Assets	11.6, 16	(1,303,281)	-
6- Other Profit Reserves		-	-
D- Previous Years' Profits		1,513,576	319,270
1- Previous Years' Profits		1,513,576	319,270
E- Previous Years' Losses (-)		-	-
1- Previous Years' Losses		-	-
F- Net Profit of the Period		525,124	1,476,010
1- Net Profit of the Period		525,124	1,476,010
2- Net Loss of the Period		-	-
3- Net Income not subject to distribution		-	-
Total Shareholders' Equity		370,866,248	371,644,405
Total Liabilities and Shareholders' Equity (III+IV+V)		1,162,677,417	1,033,350,638

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

CONVENIENCE TRANSLATION OF THE STATEMENT OF INCOME FOR THE SIX MONTHS PERIODS ENDED 30 JUNE 2011 AND 2010

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

AKSİGORTA ANONİM ŞİRKETİ DETAILED INCOME STATEMENT					
I-TECHNICAL PART	Note	Reviewed	Not reviewed	Reviewed	Not reviewed
		Current Period 01/01/2011- 30/06/2011	Current Period 01/04/2011- 30/06/2011	Previous Period 01/01/2010- 30/06/2010	Previous Period 01/04/2010- 30/06/2010
A- Non-Life Technical Income		383,754,416	204,400,332	323,834,978	167,512,721
1- Earned Premiums (Net of Reinsurer Share)		354,792,211	189,558,569	288,312,688	149,976,444
1.1 - Premiums (Net of Reinsurer Share)	24	463,968,700	220,416,708	328,503,919	142,242,133
1.1.1 - Gross Premiums (+)		606,598,113	287,265,946	460,177,568	193,174,655
1.1.2 - Ceded Premiums to Reinsurers (-)	17.16	(142,629,415)	(66,849,238)	(131,673,649)	(50,932,515)
1.2 - Change in Unearned Premiums Reserve (Net of Reinsurers Shares and Reserves Carried Forward) (+/-)		(109,305,668)	(31,173,915)	(40,081,647)	4,551,288
1.2.1 - Unearned Premiums Reserve (-)		(127,117,981)	(35,182,020)	(46,066,560)	18,291,841
1.2.2 - Reinsurance Share of Unearned Premiums Reserve (+)	17.16	17,812,313	4,008,105	5,984,913	(13,740,559)
1.3 - Changes in Unexpired Risks Reserve (Net of Reinsurer Share and Reserves Carried Forward)(+/-)		129,183	315,776	(109,589)	3,183,021
1.3.1 - Unexpired Risks Reserve (-)		1,619,229	2,607,743	(11,172,554)	(21,954,231)
1.3.2 - Reinsurance Share of Unexpired Risks Reserve (+)	17.16	(1,490,046)	(2,291,969)	11,062,965	25,137,251
2- Investment Income Transferred from Non-Technical Part		8,563,766	6,056,908	17,630,013	7,728,741
3- Other Technical Income (Net of Reinsurer Share)		20,398,433	8,784,860	17,892,280	9,807,522
3.1 - Gross Other Technical Income (+)		18,728,920	8,611,325	18,711,023	9,853,609
3.2 - Reinsurance Share of Other Technical Income (-)		1,669,513	173,535	(818,743)	(46,165)
B- Non-Life Technical Expense (-)		(378,972,540)	(193,707,429)	(315,477,680)	(154,128,454)
1- Total Claims (Net of Reinsurer Share)		(255,501,602)	(126,970,511)	(207,498,245)	(99,901,898)
1.1 - Claims Paid (Net of Reinsurer Share)		(244,861,744)	(128,387,075)	(224,367,573)	(113,543,930)
1.1.1 - Gross Claims Paid (-)		(289,023,431)	(151,660,751)	(305,402,213)	(148,212,970)
1.1.2 - Reinsurance Share of Claims Paid (+)	17.16	44,161,687	23,273,676	81,034,640	34,669,041
1.2 - Changes in Outstanding Claims Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	29	(10,639,858)	1,416,564	16,869,323	13,642,033
1.2.1 - Outstanding Claims Reserve (-)		(36,705,087)	(6,805,761)	(20,686,077)	(28,411,025)
1.2.2 - Reinsurance Share of Outstanding Claims Reserve (+)	17.16	26,065,229	8,222,325	37,555,400	42,053,058
2 - Changes in Bonus and Discount Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)					
2.1 - Bonus and Discount Reserve (-)					
2.2 - Reinsurance Share of Bonus and Discount Reserve (+)					
3 - Changes in Other Technical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		(2,497,940)	(1,235,919)	(1,911,238)	(990,595)
4 - Operating Expenses (-)	32	(120,972,998)	(65,500,999)	(106,068,197)	(53,235,961)
C- Non Life Technical Net Profit (A-B)		4,781,876	10,692,903	8,357,298	13,384,267
D- Life Technical Income		504,733	227,863	633,307	291,250
1- Earned Premiums (Net of Reinsurer Share)		68,955	29,832	107,306	48,833
1.1 - Premiums (Net of Reinsurer Share)	24	68,872	29,769	107,165	48,841
1.1.1 - Gross Premiums (+)		89,282	37,678	143,522	65,116
1.1.2 - Ceded Premiums to Reinsurers (-)	17.16	(20,410)	(7,909)	(36,357)	(16,314)
1.2 - Change in Unearned Premiums Reserve (Net of Reinsurers Shares and Reserves Carried Forward) (+/-)		86	68	14	(13)
1.2.1 - Unearned Premium Reserves (-)		1,990	1,359	2,227	1,110
1.2.2 - Unearned Premium Reserves Reinsurer Share (+)	17.16	(1,904)	(1,296)	(2,086)	(1,117)
1.3 - Changes in Unexpired Risks Reserve (Net of Reinsurer Share and Reserves Carried Forward)(+/-)					
1.3.1 - Unexpired Risks Reserves (-)					
1.3.2 - Unexpired Risks Reserves Reinsurer Share (+)					
2 - Life Branch Investment Income		334,927	162,832	404,489	200,110
3 - Unrealized Income from Investments					
4 - Other Technical Income (Net of Reinsurer Share)		100,844	35,199	121,512	42,300
E- Life Technical Expense		401,101	170,139	(494,736)	(247,424)
1- Total Claims (Net of Reinsurer Share)		(963,801)	(509,443)	(1,271,301)	(605,297)
1.1 - Claims Paid (Net of Reinsurer Share)		(995,225)	(463,519)	(1,395,497)	(629,459)
1.1.1 - Gross Claims Paid (-)		(995,225)	(463,519)	(1,395,497)	(629,459)
1.1.2 - Claims Paid Reinsurer Share (+)					
1.2 - Changes in Outstanding Claims Provisions (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	29	31,424	(45,924)	124,196	24,161
1.2.1 - Outstanding Claims Reserve (-)		26,521	(45,924)	124,196	24,161
1.2.2 - Reinsurance Share of Outstanding Claims Reserve (+)	17.16	4,903			
2 - Changes in Bonus and Discount Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)					
2.1 - Bonus and Discount Reserve (-)					
2.2 - Reinsurance Share of Bonus and Discount Reserve (+)					
3 - Changes in Life Mathematical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		(568,434)	201,866	299,171	153,471
3.1 - Life Mathematical Reserves (-)		(568,434)	201,866	299,171	153,471
3.2 - Life Mathematical Reserves Reinsurer Share (+)					
4 - Changes in Reserves for Life Insurance Policies Including Investment Risk (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		1,187,066	164,208	534,787	232,861
4.1 - Reserves for Life Insurance Policies Including Investment Risk (-)		1,187,066	164,208	534,787	232,861
4.2 - Reserves for Life Insurance Policies Including Investment Risk Reinsurer Share (+)					
5 - Changes in Other Technical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)					
6 - Operating Expenses (-)	32	(35,825)	(17,234)	(32,572)	(16,564)
7 - Investment Expenses (-)					
8 - Unrealized Losses from Investments (-)					
9 - Investment Income Transferred to Non- Technical Part (-)		20,107	9,527	(24,821)	(11,904)
F- Life Technical Profit (D-E)		103,632	57,727	138,571	43,826
G- Individual Retirement Technical Income					
1- Fund Management Fee					
2- Management Fee Deduction					
3- Initial Contribution Fee					
4- Management Fee In Case Of Temporary Suspension					
5- Withholding tax					
6- Increase in Market Value of Capital Commitment Advances					
7- Other Technical Income					
H- Individual Retirement Technical Expense					
1- Fund Management Expenses (-)					
2- Decrease in Market Value of Capital Commitment Advances (-)					
3- Operating Expenses (-)					
4- Other Technical Expense (-)					
I- Individual Retirement Technical Profit (G-H)					

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

AKSİGORTA A.Ş.

CONVENIENCE TRANSLATION OF THE STATEMENT OF INCOME FOR THE SIX MONTHS PERIODS ENDED 30 JUNE 2011 AND 2010

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

AKSİGORTA ANONİM ŞİRKETİ DETAILED INCOME STATEMENT					
TL					
I-NON-TECHNICAL PART	Note	Reviewed	Not reviewed	Reviewed	Not reviewed
		Current Period 01/01/2011- 30/06/2011	Current Period 01/04/2011- 30/06/2011	Previous Period 01/01/2010- 30/06/2010	Previous Period 01/04/2010- 30/06/2010
C- Non Life Technical Profit		4,781,876	10,692,903	8,357,298	13,384,267
F- Life Technical Profit		103,632	57,727	138,571	43,826
I- Individual Retirement Technical Profit					
J- Total Technical Profit (C+F+I)		4,885,508	10,750,630	8,495,869	13,428,093
K- Investment Income		20,996,361	14,748,028	31,160,877	14,047,379
1- Income From Financial Investment	26	10,460,33	4,779,488	10,488,488	5,736,00
2- Income from Sales of Financial Investments	26	2,904,909	2,681,467	13,770,807	9,448,86
3- Revaluation of Financial Investments	26	2,604,484	4,079,432	48,599	(3,719,028)
4- Foreign Exchange Gains	36	4,893,21	3,141,454	6,694,732	2,516,52
5- Income from Affiliates	26			20,188	
6- Income from Subsidiaries and Joint Ventures					
7- Income Received from Land and Building	26	113,319	56,660	113,245	53,10
8- Income from Derivatives					
9- Other Investments					
10- Investment Income transferred from Life Technical Part		20,107	9,527	24,82	11,90
L- Investment Expenses (-)		(16,797,840)	(10,697,301)	(24,246,062)	(9,635,092)
1- Investment Management Expenses (including interest) (-)					
2- Valuation Allowance of Investments (-)					
3- Losses On Sales of Investments (-)					
4- Investment Income Transferred to Life Technical Part (-)		(8,563,764)	(6,056,903)	(17,630,015)	(7,728,74)
5- Losses from Derivatives (-)					
6- Foreign Exchange Losses (-)	36	(5,880,763)	(3,550,770)	(4,646,539)	(912,194)
7- Depreciation Expenses (-)	32	(2,353,313)	(1,089,628)	(1,969,508)	(994,153)
8- Other Investment Expenses (-)					
M- Other Income and Expenses (+/-)	47	(8,558,905)	(8,154,523)	(2,968,827)	(2,993,160)
1- Provisions Account (+/-)		(7,182,257)	(5,589,222)	(2,341,392)	(901,446)
2- Discount account (+/-)		426,134	(623,435)	(967,955)	206,82
3- Mandatory Earthquake Insurance Account (+/-)		211,718	94,817	295,613	236,45
4- Inflation Adjustment Account (+/-)					
5- Deferred Tax Asset Accounts(+/-)	35	(45,608)	(1,683,927)	(366,293)	(3,000,519)
6- Deferred Tax Expense Accounts (-)					
7- Other Income and Revenues	47	418,867	106,887	3,217,988	1,973,08
8- Other Expense and Losses (-)	47	(3,182,395)	(1,254,277)	(2,806,783)	(1,507,557)
9- Prior Period Income		794,634	794,634		
10- Prior Period Losses (-)					
N- Net Profit / (Loss)		525,124	6,646,834	11,053,577	14,854,175
1- Profit / (Loss) Before Tax		525,124	6,646,834	12,441,857	14,847,22
2- Corporate Tax Liability Provision (-)	35			(1,388,280)	6,95
3- Net Profit (Loss)		525,124	6,646,834	11,053,577	14,854,175
4- Inflation Adjustment Account					

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

AKSİGORTA A.Ş.

CONVENIENCE TRANSLATION OF THE STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE SIX MONTHS PERIODS ENDED 30 JUNE 2011 AND 2010

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

AKSİGORTA ANONİM ŞİRKETİ
STATEMENT OF CHANGES IN EQUITY
(Reviewed)

TL

CURRENT PERIOD	Capital	Equity Shares Owned by the Company (-)	Revaluation of Financial Assets	Inflation Adjustment on Capital	Translation Reserves	Legal Reserves	Statutory Reserves	Other Reserves and Retained Earnings	Net Profit/(Loss) for the Period	Previous Years' Profit/(Loss)	Total
I - Closing Balance of Prior Period (31/12/2010)	306,000,000	-	-	-	-	59,802,506	62	4,046,557	1,476,010	319,270	371,644,405
A- Capital increase (A1 + A2)	-	-	-	-	-	-	-	-	-	-	-
1- Cash	-	-	-	-	-	-	-	-	-	-	-
2- Internal sources	-	-	-	-	-	-	-	-	-	-	-
B- Equity shares purchased by the company	-	-	-	-	-	-	-	-	-	-	-
C- Income / (expense) recognized directly in the equity	-	-	-	-	-	-	-	-	-	-	-
D- Revaluation of financial assets	-	-	(1,303,281)	-	-	-	-	-	-	-	(1,303,281)
E- Translation reserves	-	-	-	-	-	-	-	-	-	-	-
F- Other income / (expenses)	-	-	-	-	-	-	-	-	-	-	-
G- Inflation adjustment differences	-	-	-	-	-	-	-	-	-	-	-
H- Period net profit	-	-	-	-	-	-	-	-	525,124	-	525,124
I- Dividend distributed	-	-	-	-	-	-	-	-	-	-	-
J- Transfer	-	-	-	-	-	-	-	281,704	(1,476,010)	1,194,306	-
II- Closing Balance (30/06/2011) (I+ A+B+C+D+E+F+G+H+I+J)	306,000,000	-	(1,303,281)	-	-	59,802,506	62	4,328,261	525,124	1,513,576	370,866,248

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

AKSİGORTA A.Ş.

CONVENIENCE TRANSLATION OF THE STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE SIX MONTHS PERIODS ENDED 30 JUNE 2011 AND 2010

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

AKSİGORTA ANONİM ŞİRKETİ
STATEMENT OF CHANGES IN EQUITY
(Reviewed)

TL

PREVIOUS PERIOD	Capital	Equity Shares Owned by the Company (-)	Revaluation of Financial Assets	Inflation Adjustment on Capital	Translation Reserves	Legal Reserves	Statutory Reserves	Other Reserves and Retained Earnings	Net Profit/(Loss) for the Period	Previous Years' Profit/(Loss)	Total
I - Closing Balance of Prior Period (31/12/2009)	306,000,000	-	1,734,945,658	128,338,906	-	104,134,439	62	360,637,913	-	34,965,827	2,669,022,805
A- Capital increase (A1 + A2)	-	-	-	-	-	-	-	-	-	-	-
1- Cash	-	-	-	-	-	-	-	-	-	-	-
2- Internal sources	-	-	-	-	-	-	-	-	-	-	-
B- Equity shares purchased by the company	-	-	-	-	-	-	-	-	-	-	-
C- Income / (expense) recognized directly in the equity	-	-	-	-	-	-	-	-	-	-	-
D- Revaluation of financial assets	-	-	(1,735,396,035)	(128,338,906)	-	(44,331,933)	-	(360,637,913)	-	(3,250,020)	- 2,271,954,807
E- Translation reserves	-	-	-	-	-	-	-	-	-	-	-
F- Other income / (expenses)	-	-	-	-	-	-	-	3,250,020.00	-	-	3,250,020
G- Inflation adjustment differences	-	-	-	-	-	-	-	-	-	-	-
H- Period net profit	-	-	-	-	-	-	-	-	11,053,577	-	11,053,577
I- Dividend distributed	-	-	-	-	-	-	-	-	-	(30,600,000)	(30,600,000)
J- Transfer	-	-	-	-	-	0	-	796,537	-	(796,537)	-
II- Closing Balance (30/06/2010) (I+ A+B+C+D+E+F+G+H+I+J)	306,000,000	-	(450,377)	-	-	59,802,506	62	4,046,557	11,053,577	319,270	380,771,595

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

AKSİGORTA A.Ş.

**CONVENIENCE TRANSLATION OF THE STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS PERIODS ENDED 30 JUNE 2011 AND 2010**

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

AKSİGORTA ANONİM ŞİRKETİ CASH FLOW STATEMENT			
TL			
		Reviewed Current Period (30/06/2011)	Reviewed Previous Period (30/06/2010)
	Note		
A. CASH FLOWS FROM THE OPERATING ACTIVITIES			
1. Cash inflows from the insurance operations		622,585,072	428,013,938
2. Cash inflows from the reinsurance operations		-	-
3. Cash inflows from the pension operations		-	-
4. Cash outflows due to the insurance operations (-)		(547,631,704)	(407,125,138)
5. Cash outflows due to the reinsurance operations (-)		-	-
6. Cash outflows due to the pension operations (-)		-	-
7. Cash generated from the operating activities (A1+A2+A3-A4-A5-A6)		74,953,368	20,888,800
8. Interest payments (-)		-	-
9. Income tax payments (-)		(6,682,726)	(1,340,670)
10. Other cash inflows		33,633,792	20,647,773
11. Other cash outflows (-)		(75,032,372)	(31,890,764)
12. Net cash generated from the operating activities	39	26,872,062	8,305,139
B. CASH FLOWS FROM THE INVESTING ACTIVITIES			
1. Sale of tangible assets		390,511	485,915
2. Purchase of tangible assets (-)		(309,750)	(674,688)
3. Acquisition of financial assets (-)		165,088,395	58,634,749
4. Sale of financial assets		-	-
5. Interest received		14,822,641	16,946,218
6. Dividends received		-	20,185
7. Other cash inflows		4,851,971	6,281,604
8. Other cash outflows (-)		(15,727,723)	(27,353,477)
9. Net cash generated from the investing activities	39	169,116,045	54,340,506
C. CASH FLOWS FROM THE FINANCING ACTIVITIES			
1. Issue of equity shares		-	-
2. Cash inflows from the loans to policyholders		-	-
3. Payments of financial leases (-)		-	-
4. Dividend paid (-)		-	(30,600,000)
5. Other cash inflows		-	-
6. Other cash outflows (-)		-	-
7. Cash generated from the financing activities	39	-	(30,600,000)
D. EFFECTS OF EXCHANGE RATE DIFFERENCES ON CASH AND CASH EQUIVALENTS			
E. Net increase/(decrease) in cash and cash equivalents (A12+B9+C7+D)		195,988,107	32,045,645
F. Cash and cash equivalents at the beginning of the period		274,186,231	287,184,965
G. Cash and cash equivalents at the end of the period (E+F)	14	470,174,338	319,230,610

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

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD 1 JANUARY - 30 JUNE 2011

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

1. General Information

1.1 Parent Company and the ultimate owner

Aksigorta Anonim Şirketi ("the Company") is a subsidiary of Hacı Ömer Sabancı Holding A.Ş. as of June 30, 2011. 38.02% (June 30, 2010: 38.02%) of the Company is issued in İstanbul Stock Exchange ("İMKB") (Note 2.14).

Share transfer agreement with Ageas Insurance International N.V. regarding to the 50% sale of the 18,965,880,200 Aksigorta A.Ş. shares that is in H.Ö. Sabancı Holding's portfolio with a nominal value of 189,658,802 TL is signed on 18 February 2011. Holding transferred 9,482,940,100 amount of Aksigorta A.Ş. shares which is around half of the shares in its portfolio to Ageas Insurance International N.V. with a value of 220,029,000 USD excluding the corrections. Detailed information about the transfer process is in Note 46.

Approval of financial statements

The Company's financial statements between 1 January and 30 June 2011 are approved and authorized for issuance as of 12 August 2011 by the Board of Directors. Financial statements can be amended upon the authorization granted in the General Assembly.

1.2 The Company's address and legal structure and address of its registered country and registered office (or, if the Company's address is different from its registered office, the original location where the Company's actual operations are performed)

The Company is a corporation, which was established in accordance with the requirements of Turkish Commercial Code and registered in Turkey as at 25 April 1960. The Company is located at Meclis-i Mebusan Cad. No: 67, 34427 Fındıklı, İstanbul.

1.3 Main operations of the Company

The Company's main operations include insurance activities based on non-life insurance branches, including primarily fire, marine, personal accident, engineering, agriculture and health. The headquarters of the Company is in İstanbul. The Company has also 10 district offices of which four of them are in İstanbul (İstanbul 1, İstanbul 2, İstanbul 3 and İstanbul Kurumsal), and one each in Adana, Ankara, Bursa, Ege, Karadeniz and Akdeniz and two district agencies; in Denizli and Karadeniz.

1.4 Details of the Company's operations and nature of field of activities

Explained in Note 1.2 and Note 1.3.

1.5 Average number of the Company's personnel based on their categories

	30 June 2011	31 December 2010
Key management personnel	12	9
Directors	372	313
Officers	193	264
Total	577	586

1.6 Remuneration and fringe benefits provided to top management

As of June 30, 2011, remuneration and fringe benefits provided to top management such as; chairman and members of the board of directors, managing director and assistant managing directors amount to TL 2,302,628 in total (1 April - 30 June 2011: 810,176 TL), (1 January - 30 June 2010: 1,617,740 TL), (1 April - 30 June 2010: 641,620 TL).

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD 1 JANUARY – 30 JUNE 2011

(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

1.7 Distribution keys used in the distribution of investment income and operating expenses in the financial statements (personnel expenses, administration expenses, research and development expenses, marketing and selling expenses and other operating expenses)

Within the framework of the Undersecretariat for the Treasury of the Prime Minister’s Office of Republic of Turkey (“Undersecretariat for the Treasury”) Circular relating to Procedures and Principles for Keys used in Financial Statements prepared in the scope of Uniform Chart of Accounts for Insurance No. 2008/1, dated January 4, 2008, revenues generated by the Company through investment of assets that provide non-life technical provisions were transferred from the non-technical division to technical division. Other investment revenues were classified under the non-technical division. While distributing to sub-branches the operating expenses transferred to technical division, the last three-year weighted average of number of policies generated in the current period, the premium amount written as gross and number of claims were taken into account.

1.8 Stand-alone or consolidated financial statements

The accompanying financial statements comprise the stand-alone financial statements (Aksigorta A.Ş.) as of June 30, 2011.

1.9 Name and other information of the reporting company and subsequent changes to the prior balance sheet date

There has been no change in The Company’s name and other company informations presented in Note 1.1, Note 1.2 and Note 1.3 as of the prior balance sheet date.

1.10 Subsequent Events

The Company’s financial statements between 1 January and 30 June 2011 are approved and authorized for issuance as of 12 August 2011 by the Board of Directors. Detail information about this issue is disclosed in Note 46.

2. Summary of the Accounting Policies

2.1 Basis of Preparation

2.1.1 Basis of Preparation of Financial Statements and Specific Accounting Policies Used

Accounting Standards

In accordance with Article 50(a) of Section VII of the Capital Markets Law, insurance companies have to comply with their own specific laws and regulations in matters of establishment, auditing, supervision/oversight, accounting and financial reporting. Therefore, the Company’s financial statements are prepared in accordance with the prevailing accounting principles and standards for Insurance and Reinsurance Companies and Pension Funds set out by the by T.C. Prime Ministry Undersecretariat of the Treasury and applicable regulations required by the Insurance Law No: 5684 published in the Official Gazette No: 26522 on 14 June 2007.

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD 1 JANUARY – 30 JUNE 2011

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

2.1.1 Basis of Preparation of Financial Statements and Specific Accounting Policies Used (Continued)

The financial statements are prepared in accordance with the Insurance Chart of Accounts included in the communiqué issued by the Treasury regarding the Insurance Chart of Accounts and Prospects, published in the Official Gazette (No:25686) dated 30 December 2004 (Insurance Accounting System Communiqué No:1). Content and the format of the financial statements prepared and explanations and notes thereof are determined in accordance with the Communiqué on Presentation of Financial Statements published in the Official Gazette numbered 26851 dated 18 June 2008.

In this respect, the below requirements are set out in regards to Article 4(2) of the Decree in the Sector Announcement No: 2008/9 issued on 18 February 2008:

TFRS 4 "Insurance Contracts" is applicable for the annual periods beginning on or after 31 December 2005. The Standard is effective as of 25 March 2006; however, it is not applicable for the current year since IASB has not yet completed the second phase of its project. Principles and procedures on the preparation of notes and disclosures in relation to insurance contracts will be set out by a decree that will be issued by the Undersecretariat of the Treasury in case of need. Based on sectoral announcement, TFRS 4 has not been applied on financial statements.

With reference to the notice of the Treasury No. 9 dated 18 February 2008, "TMS 1- Financial Statements and Presentation", "TMS 27- Consolidated and Non-consolidated Financial Statements", "TFRS 1 - Transition to TFRS" and "TFRS 4- Insurance Contracts" have been scoped out of this application. In addition, the companies are obliged to comply with the Communiqué on the Preparation of the Consolidated Financial Statement of Insurance and Reinsurance Companies and Pension Companies" ("Consolidation Communiqué") dated 31 December 2008 and published in official gazette numbered 27097 effective from 31 March 2009 and there is no subsidiary of the Company that is in the scope of the Consolidation Communiqué.

The Company accounts and recognizes its insurance technical provisions in its financial statements in accordance with the "Regulation Regarding the Technical Reserves of Insurance, Reinsurance and Pension Companies and the Assets to which These Reserves Are Invested," ("Regulation on Technical Reserves") dated 28 July 2010 and published in official gazette numbered 27655 effective from 30 September 2010 and the regulations issued for insurance and reinsurance companies by the Undersecretariat of Treasury ("Treasury"). As a result of the changes in technical provisions has been recognized in financial statements prepared as of 30 September 2010, the effects of such changes have been recognized in the financial statements as of December 31, 2010.

a. Preparation of Financial Statements in Hyperinflationary Periods

In accordance with the Undersecretariat of the Treasury's statement no: 19387 issued on 4 April 2005, the Company's financial statements as of 31 December 2004 are adjusted and its 2005 openings are prepared based on the requirements set out in "the preparation of financial statements in hyperinflationary periods" specified in the Capital Market Board's (CMB) Decree Volume: XI, No: 25 "Accounting Standards in Capital Markets" which was published in the Official Gazette No: 25290 on 15 November 2003. In addition, the preparation of financial statements in hyperinflationary periods has not been applied in accordance with the statement of the Undersecretariat of the Treasury. Therefore, as at December 31, 2010, non-monetary balance sheet assets and liabilities and equity items, including capital share, are calculated by indexing of inputs as of 31 December 2004 (for inputs prior to 31 December 2004) and carrying inputs subsequent to 31 December 2004 at nominal value.

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD 1 JANUARY – 30 JUNE 2011

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

2.1.1 Basis of Preparation of Financial Statements and Specific Accounting Policies Used (Continued)

b. Comparative Information and Restatement of Prior Period Financial Statements

The Company's balance sheet as of 30 June 2010 is presented in comparison with its balance sheet as of 30 June 2010. The Company's income statement, statement of changes in equity and cash flow statement for the period ended as of June 30, 2011 are presented in comparison with its income statement, statement of changes in equity and cash flow statement for the period ended as of 30 June 2010.

In order to correlate comparative information of current periods financial statements, the Company reclassifies the comparative information.

c. Technical provisions

Unearned Premium Reserve

Unearned premium reserve is calculated on a daily basis for all policies in force as of balance sheet date for unearned portions of premiums written except for marine and earthquake premiums issued before 14 June 2007. During the calculation of unearned portion of premiums written on a daily basis, it is supposed that the policies start at 12.00 noon and finish at 12.00 noon again. Within the framework of the "Regulation Regarding the Technical Reserves of Insurance, Reinsurance and Pension Companies and the Assets to which These Reserves Are Invested," ("Regulation on Technical Reserves") issued in Official Gazette No: 26606 dated 7 August 2007, unearned premium reserve and the reinsurers' share of the unearned premium reserve of the policies, are calculated as the unearned portion of the premiums and ceded premiums to reinsurers without deducting commissions or any other deductions, on an accrual and gross basis. For marine policies with an uncertain end date, unearned premium reserve is calculated as 50% of the premiums written in the last three months (Note 20).

Deferred commission expense and income

Within the framework of the Circular numbered 2007/25 and dated 28 December 2007 published by Treasury, the unearned portion of commissions paid to agencies for the written premiums and commissions received from reinsurers for the ceded premium, are recorded as in deferred expenses and deferred income, respectively on the balance sheet, and as operating expenses on a net basis in the income statement.

Unexpired Risks Reserve

Within the framework of Regulation on Technical Reserves, insurance companies are required to account for an unexpired risk reserve against the probability that, future losses incurred from in force policies may exceed the unearned premium reserve accounted for the related policies considering expected loss ratios. Expected loss ratio is calculated by dividing the current year incurred losses to current year earned premiums. If the loss ratio for a branch is higher than 95%, the unexpired risk reserve for that branch is calculated by multiplying the ratio in excess of 95% with the unearned premium reserve for the related branch (Note 20).

Amount of outstanding claims used in the evaluation of the expected damage premium rates stated for the calculation of the continuing risks claim as of June 30, 2011 is reassigned and in the calculation of the continuing risks claim as of June 30, 2011, 100% of the additional amount used in the evaluation of the expected damage premium rates and present outstanding compensation claim and opening outstanding damage claim, calculated according to the new method is taken into account in accordance with 3 June 2011 dated and 2011/10 numbered Industry Notice broadcasted by Treasor Counselorship.

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD 1 JANUARY – 30 JUNE 2011

(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

2.1.1 Basis of Preparation of Financial Statements and Specific Accounting Policies Used (Continued)

The Company has calculated and accounted for net unexpired risk reserve amounting to as of June 30, 2011 TL 151,486 (December 31, 2010: TL 280,668) (Note 20).

Outstanding Claims and Provision

The Company accounts for outstanding claims provision for ultimate cost of the claims incurred, but not paid in the current or previous periods or, for the estimated ultimate cost if the cost is not certain yet, and for the incurred but not reported claims. Claim provisions are accounted for based on reports of experts or initial assessments of policyholders and experts, and salvage, subrogation and similar gains are not deducted as of June 30, 2011 and December 31, 2010.

The Company accounts for additional provision for claims incurred but not reported which is calculated as the difference between the outstanding claims provision and the amount calculated by using the actuarial chain ladder methods in accordance with the framework of the Circular on “Actuarial Chain Ladder Method” numbered 2010/12 and dated 20 September 2010 effective from 30 September 2010 and other related regulations.

Within the framework of the Circular effective from 30 September 2010, insurance companies are required to prepare their actuarial chain ladder method (“New ACLM”) calculations on each branches by considering the 5 different methods prescribed in Circular and the incurred losses (total amount of paid and outstanding claims). Insurance companies have right to determine the most appropriate method of 5 methods prescribed in Circular in calculations of New ACLM for each branch and the companies shall not change the ultimate method determined for each branch as of December 31, 2010 for 3 years.

The peak claims which are mentioned as big claims are eliminated in a separate calculation file by using prescribed statistical methods in the Circular to calculate ACLM with more homogeneous data set. Furthermore, ACLM amounts are calculated on gross basis and net ACLM amounts are determined with the related reinsurance agreements in force. The methods determined by Company for each branch in New ACLM calculations, the results of the calculations, the methods used to calculate amounts net of reinsurer’s share, and limits used to elimination of big claims are disclosed in Note 20. Company has made the large claim elimination in ACLM table in the way (Box Plot method) it is presented in 20 September 2010 dated Compulsory Traffic Branch notice.

An individual calculation is performed to test the adequacy of provision for claims incurred but not reported determined by New ACLM calculations. In calculation of amount of claims incurred but not reported, for the 5 years period, written premium and claims incurred but not reported during the related years less the salvage and subrogation income recovered are considered. Total additional provision amount resulted from this calculation is compared to total additional provision amount resulted from New ACLM calculations and results of the method that anticipates higher provision as a conclusion are considered as the claims incurred but not reported for each branch. The Company has compared methods aforementioned and considered the results of New ACLM calculations as provision for claims incurred but not reported. Nonetheless, in respect to Circular, for the year 2010, minimum 80% of the provision for claims incurred but not reported shall be accounted in financial statements, where starting from 2011 and 2012, it is required to account 90% and 100% of the provision for claims incurred but not reported, respectively. In addition to that, using the 85% rate in the definition of the incurred but not reported damage claim amount to be accounted by June 30, 2011 is made possible due to the 22 April 2011 dated and 2011/10 numbered Notice broadcasted by the Treasure Counselorship.

The Company has calculated and accounted for 80% of provision for claims incurred but not reported as net additional outstanding claim provision amounting to TL 34,603,859 (December 31, 2010: 44,828,279 TL) (Note 4.1.2.3). If the company had used the rate of 85% in the definition of the incurred but not reported damage claim amount to be accounted by December 31, 2010, the outstanding damage claim would be 2,801,767 TL more on December 31, 2010.

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD 1 JANUARY – 30 JUNE 2011

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

2.1.1 Basis of Preparation of Financial Statements and Specific Accounting Policies Used (Continued)

The company assigned its New ACML method that is to be used for every single branch by December 31, 2010 due to the Notice, according to the Company Actuary views on branch features and the structure of Company's portfolio and it used the identified methods in the calculations of June 30, 2011 and December 31, 2010. The ACML calculation method is used in the branches as of June 30, 2011 and December 31, 2010 and the Gross and Net additional reserves that are to be added according to the ACML calculations or excluded in the negative results are as below:

Branch	Applied Method	30 June 2011		31 December 2010	
		Gross Additional Reserve (85%)	Net Additional Reserve (85%)	Gross Additional Reserve (80%)	Net Additional Reserve (80%)
Fire and natural forces	Munich	332,830	50,431	(3,952,538)	(1,081,285)
Transportation	Munich	2,150,009	773,260	1,014,800	403,497
Accident	Munich	2,966,595	1,732,832	2,659,760	1,475,014
Land Vehicles (*)	Munich	(13,162,765)	(11,626,679)	(10,054,712)	(8,416,328)
Air Vehicles (*)	Munich	(12,750)	(1)	(14,741)	(2)
Water Vehicles	Munich	434,565	31,727	(287,074)	(19,898)
General Losses	Munich	17,628,956	3,644,303	8,014,360	1,685,629
Land Vehicles Liability	Munich	43,302,754	38,855,727	59,068,253	50,211,352
Air Crafts Liability (*)	Munich	(481,458)	-	(355,579)	-
General Liability	Munich	8,049,468	1,528,193	2,721,358	543,174
Financial Losses (*)	Munich	(3,803,795)	(795,391)	(2,414,856)	(95,908)
Legal Protection (*)	Munich	(19,717)	(17,746)	(14,974)	(13,477)
Credit (*)	Munich	(3,073)	-	(25,347)	-
Health	Munich	474,810	467,063	175,279	163,563
Fidelity Guarantee (*)	Munich	(142,369)	(39,860)	(90,566)	(27,052)
Total		57,714,060	34,603,859	56,443,423	44,828,279

(*) For the branches with negative results according to the ACLM calculation, 50% of the negative results is taken into account according to the Communique dated January 14, 2011 numbered 2011/1.

Company makes the ACLM calculations as Gross numbers and the Net numbers are calculated according to the company's presence or related reinsurance agreements.

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD 1 JANUARY – 30 JUNE 2011

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

2.1.1 Basis of Preparation of Financial Statements and Specific Accounting Policies Used (Continued)

The Company eliminated the large claims which are mentioned as big claims by using prescribed statistical methods in the Communique in order to perform the ACLM calculations with a homogeneous data. The big claim limits which are used for the elimination in branch basis as of June 30, 2011 are as follows:

<u>Branch</u>	<u>30 June 2011</u>	<u>31 December 2010</u>
Land Vehicles Liability	84,993	84,542

The Company has calculated the net outstanding claim amounts and reflected them in its records upon the multiplication of gross outstanding claim amounts calculated in accordance with the Regulation and with the rates in the reinsurance agreements in-force.

Equalisation Reserve

In accordance with the Regulation on Technical Reserves, insurance companies are required to record an equalisation reserve for the insurance contracts including earthquake and credit coverage, in order to cover the catastrophic risks and in order to equalise the fluctuations within the claim ratios that may occur during the following accounting periods.

Such reserve is calculated over 12% of net earthquake and credit premiums corresponding to each year. In the calculation of the net premium, the amounts paid for the non-proportional reinsurance agreements are regarded as ceded premiums. The company will continue to account for additional equalization reserve until it reaches the 150% of the largest net premium amount in the last five financial year.

The Company has accounted for an equalisation reserve amounting to TL 13,342,027 as of June 30, 2011 (December 31, 2010: TL 10,844,089) (Note 20).

Life mathematical reserves

Life mathematical reserves comprise actuarial mathematical reserves (those with minimum income guarantee determined by the tariffs approved by the Treasury and those including risk guarantees over one year) and life profit share reserves and represent the Company's total liability to the policyholders in the life branch.

Mathematical reserve; is the sum of the reserves specified in the contract's technical terms and calculated using statistical and actuarial methods in order to cover the liabilities of insurance companies to policyholders and beneficiaries for life, health, sickness and personal accident insurance contracts with periods longer than a year, and if it is committed, the reserves for the part allocated to insured from the revenues derived from the investment of such reserves. In accordance with the Insurance Law, the remaining amount of life branch premiums that are collected in accordance with life insurance agreements, after deduction of expense charges, mortality risk premium and commissions are accounted for as life mathematical reserves. The approval of mathematical reserves is made by the actuaries based on current mortality tables valid for Turkish insurance companies and prepared by considering mortality statistics prepared abroad.

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD 1 JANUARY – 30 JUNE 2011

(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

2.1.1 Basis of Preparation of Financial Statements and Specific Accounting Policies Used (Continued)

d. Subrogation and salvage income

Within the framework of the “Circular on Salvage and Subrogation Income” numbered 2010/13 and dated 20 September 2010 issued by the Treasury, the Company recognizes receivables from salvage and subrogation under the account “Receivables from main operations” on an accrual basis as of December 31, 2010 up to coverage limit of debtor insurance company, on conditions that following the payment of claim, the Company receives the acquittance or document agreed on payment from individuals and notification is made to individuals or insurance company. However, a doubtful receivables provision for these receivables is accounted in case where related amounts are not collected from insurance companies after six months and from individuals after four months following the payment of claim.

Accordingly, accrued receivables from salvage and subrogation and doubtful receivables provision for salvage and subrogation as of June 30, 2011 are 33,124,116 TL (December 31, 2010: 32,342,158 TL), provision for the these receivables are 21,230,668 TL. (December 31, 2010: 20,113,801 TL) (Note 12.1).

The amounts of the net salvage and subrogation income which are collected and the accrued income amounts from salvage and subrogation receivables as at June 30, 2011 for the claims paid by the Company are as follows:

	30 June 2011					
	Collection			Accrual		
	Gross	Reinsurer’s Share	Net	Gross	Reinsurer’s Share	Net
Fire and natural forces	535,475	(234,430)	301,045	5,919,195	(4,133,550)	1,785,645
Transportation	620,061	(439,679)	180,382	5,657,684	(3,860,836)	1,796,848
Accident	32,744	(10,763)	21,981	1,188	(700)	488
Land Vehicles	38,832,928	(4,503,969)	34,328,959	25,729,845	(2,817,380)	22,912,465
Water Vehicles	2,912	(2,597)	315	94,900	(71,682)	23,218
General Losses	29,467	(16,772)	12,695	763,083	(560,222)	202,861
Land Vehicles Liability	2,549,702	(287,655)	2,262,047	7,224,949	(826,154)	6,398,795
Fidelity Guarantee	25,000	(17,470)	7,530	-	-	-
Legal Protection	410	(41)	369	-	-	-
General Liability	-	-	-	3,527	-	3,527
Financial Losses	-	-	-	2,690	(2,421)	269
Total	42,628,699	(5,513,376)	37,115,323	45,397,061	(12,272,945)	33,124,116

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD 1 JANUARY – 30 JUNE 2011

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

2.1.1 Basis of Preparation of Financial Statements and Specific Accounting Policies Used (Continued)

	31 December 2010					
	Collection			Accrual		
	Gross	Reinsurer's share	Net	Gross	Reinsurer's share	Net
Fire and natural forces	798,379	(528,054)	270,325	5,971,628	(3,949,681)	2,021,947
Transportation	1,667,939	(1,146,335)	521,604	5,765,326	(3,962,372)	1,802,954
Accident	46,392	(18,419)	27,973	3,819	(1,516)	2,303
Land Vehicles	76,345,861	(9,761,756)	66,584,105	25,867,604	(3,307,492)	22,560,112
Water Vehicles	-	-	-	97,812	(92,409)	5,403
General losses	127,207	(78,050)	49,157	917,029	(562,659)	354,370
Land Vehicles Liability	2,517,035	(395,418)	2,121,617	6,637,856	(1,042,787)	5,595,069
General Liability	4,395	(3,248)	1,147	-	-	-
Total	81,507,208	(11,931,280)	69,575,928	45,261,074	(12,918,916)	32,342,158

e. Premium Income and Claims

Premium income represents premiums on policies written during the year. Unearned premium reserves are determined from premiums written during the year on a daily basis.

Claims are recognized as expense as they are paid. Outstanding claims provision is provided for both reported unpaid claims at period-end and incurred but not reported claims. Reinsurer's shares of claims paid and outstanding loss provisions are off-set against these reserves.

f. Receivables from Insurance Operations

In addition to provision for due from insurance operations, in line with the Turkish Tax Code article No: 323, the Company provides a "Provision for doubtful receivables under legal follow-up", amounting to TL 18,024,085 TL (December 31, 2010: TL 17,948,102) for the doubtful receivables under legal follow-up and a "Provision for premium receivables" of TL 2,883,354 (December 31, 2010: TL 3,283,354) for the overdue receivables which are not under legal follow-up. Additionally, a provision of TL 21,230,668 is accounted for the subrogation receivables under legal follow-up (December 31, 2010: 20,113,801 TL) which are classified under "Doubtful Receivables from Main Operations" account (Note 12).

g. Discount of Receivables and Payables

Receivables and payables are carried at book values in the financial statements. As TFRS 4 is not valid these receivables and payables are carried out with TMS 39 according to the cost values.

h. Earnings per Share

Earnings per share presented in the statement of income is calculated by dividing the net profit into the weighted average number of the outstanding shares throughout the financial year.

Companies in Turkey can increase their capital by distributing "bonus shares" to shareholders from the prior periods' profit. Such "bonus share" distributions are considered as issued shares in the earnings per share calculations. Accordingly, weighted average number of equity shares used in the calculations is calculated by considering the retrospective effects of share distributions.

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD 1 JANUARY – 30 JUNE 2011

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

2.1.1 Basis of Preparation of Financial Statements and Specific Accounting Policies Used (Continued)

i. Subsequent Events

Subsequent events cover the events between the balance sheet date and the issuance of the financial statements, even if they are occurred subsequent to the disclosures made on profit or other selected financial information.

The Company adjusts its financial statements in the occurrence of any subsequent events.

j. Provisions, Contingent Liabilities and Assets

Provisions are recognized when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

If provision is measured using the cash flows estimated to settle the present obligation, its carrying amount will be equal to the present value of such cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably (Note 23.2).

k. Changes in Accounting Policies, Accounting Estimates and Errors

Changes in accounting policies or accounting errors are applied retrospectively and prior year financial statements are adjusted accordingly. If estimated changes in accounting policies are only for one period, changes are applied on the current year but if estimated changes are for the following periods, changes are applied both on the current and following years prospectively.

l. Taxation and deferred tax

Income tax expense represents the sum of the current tax payable and deferred tax expense.

Corporate Tax

Corporation tax is payable at a rate of 20% on the total income of the Company and its Subsidiaries registered in Turkey in 2011 (also in 2010) after adjusting for certain disallowable expenses, exempt income and investment and other allowances. No further tax is payable unless the profit is distributed.

Dividends paid to non-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as a profit distribution thus does not incur withholding tax and no stoppage is applied.

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD 1 JANUARY – 30 JUNE 2011

(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

2.1.2 Basis of Preparation of Financial Statements and Specific Accounting Policies Used (Continued)

Corporations are required to pay advance corporation tax quarterly at the rate of 20% on their corporate income. Advance Tax is declared by 14th of the second month following and payable by the 17th of the second month following each calendar quarter end. Advance Tax paid by corporations is credited against the annual Corporation Tax liability. The balance of the advance tax paid may be refunded or used to set off against other liabilities to the government.

The affiliate shares stocked for minimum 2 years and the 75% of the profit obtained from the property sales are considered as tax exemptions in such condition that the amount is added onto capital as pre stated in Corporate Tax Law or the amount is kept in equity for 5 years.

According to Turkish tax legislation, financial losses on the returns can be offset against period income for up to 5 years. However, financial losses cannot be offset against previous years’ profits.

There is no such application for the reconciliation of payable taxes with the tax authority. Corporate tax returns are submitted to the related tax office by the 25th day of the 4th month following the month when the accounting period ends. In tax reviews authorized bodies can review the accounting records for the past five years and if errors are detected, tax amounts may change due to tax assessment.

In accordance with Tax Law No.5024 “Law Related to Changes in Tax Procedural Law, Income Tax Law and Corporate Tax Law” published in the Official Gazette on 30 December 2003 to amend the tax base for non-monetary assets and liabilities, effective from January 1, 2004 income and corporate taxpayers are required to prepare the statutory financial statements by adjusting the non-monetary assets and liabilities for the changes in the general purchasing power of the Turkish Lira. In accordance with the Law in question, the cumulative inflation rate for the last 36 months and the inflation rate for the last 12 months must exceed 100% and 10% respectively (TÜİK TEFE increase rate). Since these conditions in question were not fulfilled in 2010 and in the first six months of 2011, no inflation adjustments were performed (Note 35).

Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax assets and liabilities are determined using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Assets and liabilities mentioned above cannot be accounted for if they originate because of taking the temporary difference, goodwill and other assets and liabilities, which do not affect the commercial or financial profit/loss, in the financial tables for the first time.

Except the conditions that the company can control its temporary differences removal and when the possibility of that removal is very low, Deferred tax liabilities are accounted for all of the taxable temporary differences that are related with the rates in partnerships and investments in subsidiaries and participations. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD 1 JANUARY – 30 JUNE 2011

(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

2.1.2 Other related accounting policies for the understanding of financial statements

All accounting policies are explained in Note 2.1.1 “Basis of Preparation of Financial Statements and Specific Accounting Policies Used”.

2.1.3 Functional currency

The Company’s financial statements are expressed in TL, which is the functional and presentation currency of the Company.

2.1.4 Rounding degree used in the financial statements

All the balances presented in the financial statements are expressed in full in Turkish Lira (TL).

2.1.5 Valuation method(s) used in the presentation of financial statements

Financial statements, except for revaluation of financial instruments, are prepared based on the historical cost method.

2.1.6 Adoption of New and Revised Standards

Changes in Turkish Financial Reporting Standards:

Changes and interpretations in TMS/TFRS those are effective in January 1, 2011 and not relevant for the financial statements of the Company:

- IAS 24 (Revised), “Related party disclosures”, (IAS 24 (revised) is mandatory for annual periods beginning on or after 1 January 2011),
- IFRS 1 (Amendment), “First-time adoption”, (effective for annual periods beginning 1 July 2010),
- IFRIC 14, “Prepayments of a minimum funding requirement”, (effective for annual periods beginning 1 January 2011),
- IFRIC 19, “Extinguishing financial liabilities with equity instruments”, (effective from 1 July 2010),
- IAS 32 (Amendment), “Financial Instruments: Presentation”, (applies to annual periods beginning on or after 1 February 2010),
- Annual improvements 2010 are effective for annual periods beginning 1 January 2011. This set of amendments includes changes to six standards and one IFRIC, namely:;
 - IFRS 1 “First-time adoption”,
 - IFRS 3 “Business combinations”,
 - IFRS 7 “Financial Instruments: Disclosures”,
 - IAS 1 “Financial statements presentation”,
 - IAS 27 “Consolidated and separate financial statements”,
 - IAS 34 “Interim financial reporting”,
 - IFRIC 13 “Customer loyalty programmes”.

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD 1 JANUARY – 30 JUNE 2011

(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

2.1.6 Adoption of New and Revised Standards (Continued)

Standards that are not yet effective and have not been adopted early by the Company:

- IFRS 7 (Amendment), “Financial instruments: Disclosures” is effective for annual periods beginning on or after 1 July 2011. The amendments will promote transparency in the reporting of transfer transactions and improve users’ understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity’s financial position,
- IFRS 1 (Amendment), “First time adoption” is effective for annual periods beginning on or after 1 July 2011. Amendment provides guidance on how an entity should resume presenting financial statements in accordance with IFRSs after a period when the entity was unable to comply with IFRSs because its functional currency was subject to severe hyperinflation,
- IAS 12 (Amendment), “Income taxes” is effective for annual periods beginning on or after 1 January 2012. This amendment introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value,
- IAS 19 (Amendment), “Employee benefits” is effective for annual periods beginning on or after 1 January 2013. These amendments eliminate the corridor approach and calculate finance costs on a net funding basis,
- IAS 1 (Amendment), “Financial statement presentation” is effective for annual periods beginning on or after 1 July 2012. The main change resulting from these amendments is a requirement for entities to group items presented in Other comprehensive income (OCI) on the basis of whether they are potentially recycled to profit or loss (reclassification adjustments),
- IFRS 9, “Financial Instruments” is not applicable until 1 January 2013 but is available for early adoption. This standard is the first step in the process to replace IAS 39, “Financial instruments: recognition and Measurement”. IFRS 9 introduces new requirements for classifying and measuring financial assets,
- IFRS 10, “Consolidated financial statements” is effective for annual periods beginning on or after 1 January 2013. This standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. The standard provides additional guidance to assist in determining control where this is difficult to assess,
- IFRS 11, “Joint arrangements” is effective for annual periods beginning on or after 1 January 2013. This standard provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Proportional consolidation of joint ventures is no longer allowed,
- IFRS 12, “Disclosures of interests in other entities” is effective for annual periods beginning on or after 1 January 2013. This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles,
- IFRS 13, “Fair value measurement” is effective for annual periods beginning on or after 1 January 2013. This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs,
- IAS 27, “Separate financial statements” is effective for annual periods beginning on or after 1 January 2013. This standard includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10,
- IAS 28, “Associates and joint ventures” is effective for annual periods beginning on or after 1 January 2013. This standard includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11.

The Company management is of the view that applying the standards and interpretations above will not materially affect the financial statements in future periods.

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD 1 JANUARY – 30 JUNE 2011

(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

2.2 Consolidation

The Company disposed of AvivaSA Emeklilik ve Hayat A.Ş., its joint venture, on 14 January 2010 by means of a partial spin-off and has no subsidiaries or joint ventures that fall within the scope of consolidation as per "TMS 27 – Consolidated and Unconsolidated Financial Statements" as of 31 June 2011.

2.3 Segment Reporting

The Company has considered life and non-life insurance in segment reporting under “TFRS 8 - Operation Segments”.

2.4 Discounted Operations

Discontinued operations is a separable part of a company that the company disposes or classifies as available-for-sale asset, its operations and cashflows can be separated from the entire company. Discontinued operations are the part of a sale or disposal plan or assets held-for-sale. The Company measures the discontinued operations as the minimum of their book value and their fair value less their cost incurred for their disposals.

2.5 Foreign Currency Translation

The Company’s functional currency is Turkish Lira (“TL”). In preparing the financial statements of the Company, transactions in currencies other than TL (foreign currencies) are recognized at exchange rates prevailing at the transaction date. At each balance sheet date, monetary items denominated in foreign currencies are retranslated to Turkish Lira at the rates prevailing on the balance sheet date.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated to Turkish Lira at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

2.6 Property, Plant and Equipment

Property, plant and equipment are carried at cost, less any accumulated depreciation and impairment loss.

Assets held for use in the construction, or for leasing, administrative or any other purposes are carried at cost, less any impairment. Legal charges are also added to costs. For assets that need substantial time to be ready for use or sale, borrowing costs are capitalized based on the Company’s accounting policy.

Such assets are depreciated, on the same basis used for other fixed assets, when they are ready to use.

Assets, other than land and ongoing constructions, are depreciated over their expected useful lives by using the straight line method. Estimated useful life, residual value, and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD 1 JANUARY – 30 JUNE 2011

(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

2.6 Property, Plant and Equipment (Continued)

Assets acquired under finance lease are depreciated as the same basis as property, plant and equipment or, where shorter, the term of the relevant lease.

Gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized to profit or loss.

Depreciation periods for plant, property and equipment are presented in the table below:

	<u>Useful Life</u>
Property for Operational Usage (Buildings)	50 years
Machinery and Equipment	10 years
Motor Vehicles	4 years
Fixtures	10 years
Leasehold Improvements	4 years

2.7 Investment Properties

Investment property is held to earn rentals and/or for capital appreciation is carried at cost less accumulated depreciation and any accumulated impairment losses. Carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day to day servicing of an investment property. Depreciation is provided on investment property on a straight line basis. Depreciation period for investment property is nil for land, and 50 years for buildings.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in profit or loss in the period of retirement or disposal.

Transfers are made to or from investment property only, when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Company accounts for such property in accordance with the policy applied to “Property, Plant and Equipment” up to the date of change in use.

Real estates held under finance lease are classified as investment properties.

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD 1 JANUARY – 30 JUNE 2011

(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

2.8 Intangible Assets

Intangible assets acquired

Intangible assets acquired are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is charged on a straight-line basis over their estimated useful lives. Estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred from the date of acquisition to the date to bring the specific software in use. These costs are amortized over their estimated useful lives (3 to 10 years).

Costs associated with developing or maintaining computer software programmes are recognized as expense as incurred. Costs that are directly associated with the development of identifiable and unique software products that are controlled by the Company and will probably provide more economic benefits than costs in one year are recognized as intangible assets. Costs include software development employee costs and an appropriate portion of relevant overheads. Computer software development costs recognized as assets are amortized over their estimated useful lives (not exceeding 3 years).

2.9 Financial Assets

Investments, other than those that are classified as financial assets at fair value through profit and loss, are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Investments are recognized and derecognized on a trade date, where the purchase or sale of an investment under a contract, whose terms require delivery of the investment within the timeframe established by the market concerned.

Financial assets are classified into the following specified categories: financial assets as “at fair value through profit or loss” (FVTPL), “held-to-maturity investments”, “available-for-sale” (AFS) financial assets and “loans and receivables”.

Effective interest method

Effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Financial assets at fair value through profit and loss (Held-for-trading financial assets)

Income related to the financial assets except for the financial assets at fair value through profit and loss is calculated by using the effective interest method.

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset can be classified as financial asset at fair value through profit and loss, if it is acquired principally for the purpose of selling in the short-term. Derivatives are also classified as held for trading unless they are designated as hedging instruments. Financial assets at fair value through profit and loss are classified as current assets.

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

2.9 Financial Assets (Continued)

Satılmaya hazır finansal varlıklar

Investments other than a) held-to-maturity, b) held for trading, or c) loans and receivables are classified as available-for-sale financial assets.

Available-for-sale financial assets are measured at subsequent reporting dates at fair value except available-for-sale investments that do not have quoted prices in an active market and their fair values cannot be reliably measured are stated at cost and restated to the equivalent purchasing power. Gains and losses arising from available-for-sale financial assets are included in profit or loss for the period. Changes in the fair value of such these assets are recognized in the equity. When the related asset is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognized in equity is included in the profit or loss for the period. Impairment losses recognized in profit or loss for equity investments classified as available-for-sale are not subsequently reversed through profit or loss.

Impairment losses recognized in profit or loss for debt instruments classified as available-for-sale are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

Financial asset risks attributable to life insurance policyholders

Such assets are classified as available for sale and held to maturity financial assets. Available for sale financial assets are carried at fair value and revaluation difference arising from amortized cost is recognized under the statement of income. Also, 5% of the difference in between the fair value and amortized cost is recognized under equity and 95% of insurance technical reserves that are attributable to insurees are recognized in the Insurance Technical Reserves - Life Mathematical Reserves account. Assets that are not carried at fair value are carried at amortized cost using the effective interest rate method.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment.

Associates

An associate is an entity that retains at the shares of voting rights or has significant power over another entity. The difference between carrying value and fair value (to the extent that it is measured reliably) of such assets are recognized in shareholders' equity and assets that have fair value are carried at fair value while the other assets are carried at book value.

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2.10 Impairment of Assets

Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate, that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Non-financial assets other than goodwill that suffered impairment, are reviewed for possible reversal of the impairment at each reporting date.

Impairment of financial assets

The Company assesses its financial assets, other than those at FVTPL, at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets classified as held-to-maturity, available-for-sale or loans and receivables is impaired.

A financial asset or portfolio of financial assets is impaired and an impairment loss incurred if there is objective evidence that an event or events since initial recognition of the asset have adversely affected the amount or timing of future cash flows from the asset.

For loans and receivables, the amount of the impairment is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets except for trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

For available for sale assets, any increase in fair value subsequent to an impairment loss is recognized directly in equity.

2.11 Derivative Financial Instruments

None (December 31, 2010: None).

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2.12 Offsetting Financial Instruments

Financial assets and liabilities are offset only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or when the acquisition of the asset and the settlement the liability take place simultaneously.

2.13 Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments, which their maturities are three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value (Note 14).

2.14 Share Capital

As of June 30, 2011, the Company's nominal capital is TL 306,000,000 (December 31, 2010: TL 306,000,000). Share capital is represented by 30,600,000,000 of equity shares having a nominal amount of TL 0.01 each. The share capital structure of the Company is as follows:

	30 June 2011		31 December 2010	
	Rate %	Amount TL	Rate %	Amount TL
H.Ömer Sabancı Holding A.Ş.	61.98	189,658,800	61.98	189,658,800
Other	38.02	116,341,200	38.02	116,341,200
	100.00	306,000,000	100.00	306,000,000

The Company has accepted the registered capital system set out in accordance with the provisions of Law No: 2499 and applied the system as of 15 June 2000 upon the permission no: 67/1039 granted by the Capital Markets Board.

As of June 30, 2011, the Company's registered capital is TL 500,000,000 (December 31, 2010: TL 500,000,000).

More information on company's share capital is given in Note 15.

2.15 Insurance and investment contracts - Classification**Insurance Contracts:**

Insurance contracts are contracts in which one part accepts a significant insurance risk and pays compensation (insurer) to the other part (insuree) when any uncertain case affects the insuree. The Company makes reinsurance agreements in which the Company (ceding company) is compensated by the insurer (reinsurer company) for one or more claims. Insurance contracts entered into by the Company under which the contract holder is another insurer (reinsurance) are included with insurance contracts.

Insurance contracts are accounted when the insurance risk is transferred, and classified as an insurance contract as of the maturity date and/or amortization of the all contractual rights and liabilities.

Investment Contracts:

The accumulation component present in some life insurance contracts is measured by the Company on a separate basis; On the other hand, as the accounting policies require the recognition of rights and obligations related with the accumulation component, regardless of the measurement principles, the insurance and investment components are not decomposed.

2.16 Insurance and Investment Contracts With Discretionary Participation Features

None (December 31, 2010: None).

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

2.17 Investment Contracts without Discretionary Participation Features

None (December 31, 2010: None).

2.18 Borrowings

None (December 31, 2010: None).

2.19 Deferred Tax

The Company is subject to Turkish corporate taxes. Provision is made in the accompanying financial statements for the estimated charge based on the Company's results for the years and periods.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilized.

The effective tax rate used in 2011 and 2010 is 20%.

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate used in 2011 and 2010 is 20%. Losses are allowed to be carried 5 years maximum to be deducted from the taxable profit of the following years. Tax carry back is not allowed.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1-25 April following the close of the accounting year to which they relate. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within 5 years.

Income Withholding Tax

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are resident companies in Turkey and Turkish branches of foreign companies. The rate of income withholding tax is 10% starting from 24 April 2003 by the end of 22 July 2006. However, this rate was changed to 15% commencing from 22 July 2006 upon the order no: 2006/10731 of the Council of Ministers. Undistributed dividends incorporated in share capital are not subject to income withholding taxes.

Withholding tax at the rate of 19.8% is still applied to investment allowances relating to investment incentive certificates obtained prior to 24 April 2003. Subsequent to this date, companies can deduct 40% of their investments within the scope of the investment incentive certificate and that are directly related to production facilities of the Company. Investments without investment incentive certificates do not qualify for tax allowance.

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(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

2.20 Employee Benefits

The Company accounts for its liability related to employment termination and vacation benefits according to “Turkish Accounting Standards Regarding Employee Benefits” (“IAS 19”) and classifies in balance sheet under the account “Provision of Employment Termination Benefits”.

According to the Turkish Labour Law, the Company is required to pay termination benefits to each employee whose jobs are terminated except for the reasons such as resignation, retirement and attitudes determined in Labour Law. The provision for employment termination benefits is calculated over present value of the possible liability in scope with the Labour Law by considering determined actuarial estimates (Note 22).

2.21 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are measured over expenditures expected to be required to settle the obligation by considering the risks and uncertainties related to the obligation at the balance sheet date. When the provision is measured by using the estimated cash outflows that are required to settle the obligation, the carrying value of the provision is equal to present value of the related cash outflows.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised as an asset if and only it is virtually certain that reimbursement will be received and the reimbursement can be reliably estimated.

Liabilities that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity are classified as contingent liabilities and not included in the non-consolidated financial statements (Note 23).

The collection and the clearance of the traffic accident related health service costs have been engaged to the new method and Fundamentals on 25 February 2011 in accordance with 59th substance of 6111 numbered “The Re-Configuration of Some Receivables, Legislation of Social Insurance and General Health Insurance and Some Other Legislations and Legislation Regarding to the Changes in Legislations” and 98th substance of 2918 numbered “Highways Traffic Law. Thus, all the traffic accident related health services provided by any official or private health institution are going to be covered by Social Security Institution and the liabilities of the insurance companies regarding to that issue are going to be designated according to the future principles stated by Treasure Counselorship.

According to the temporary 1st substance of the same law, all the traffic accident related health services provided before the legislation date, are still going to be covered by Social Security Institution and the liabilities of the insurance companies regarding to that issue are going to be designated according to the future principles stated by Treasure Counselorship. Besides, for the damages after legislation date insurance companies are to transfer a share of the premiums, not exceeding 15% and stated as fixed and related amount to Social Security Institution as the coverage of the services it provided. The related application details have not been prepared yet by Treasury Counselorship as of interim period. The Company accounts for the claims dated before the legislation under outstanding claims reserve, and accounted for an additional reserve of TL 4,600,000 for the premiums written after the issuance date of the law of which a portion will be ceded to Social Security Institution.

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD 1 JANUARY – 30 JUNE 2011

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2.22 Accounting for revenues

Written Premium

Premium income represents premiums on policies written during the period. Unearned premiums, set aside to provide for the period of risk extending beyond the end of the financial year, are determined from premiums written during the period on a daily basis.

Commissions received in the current period but relate to subsequent financial periods in return for the premiums ceded to the reinsurance companies are accounted as deferred commission income.

The corresponding amounts for the future periods of paid amounts of the support services have been postponed in accordance with the "Technical Provisions of the Insurance and Reinsurance Companies and Pension Funds, Funds to be invested in by the Assets of These Provisions Regulation" published on 28 July 2010 and 27655 Official Gazette.

Interest income and expense

Interest income and expenses are accounted on an accrual basis in the related period's profit/loss. Interest income includes income gains from the coupons of the fixed return investment instruments and valuation of discounted government bonds based on internal rate of return method.

Dividend income

Dividend income from the equity share investments are recognized when the shareholder has the right to receive dividends.

2.23 Finance Lease - the Company as lessee

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Finance charges are charged to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on borrowing costs.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD 1 JANUARY – 30 JUNE 2011

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2.24 Profit Share Distribution

Based on the guidelines and principals issued by the Capital Markets Board (the Board) dated January 27, 2010 for the distribution of dividends from the profit generated from operating activities in 2010, concerning public entities, the shares of which are quoted in public equity markets, it has been agreed upon not to set a mandatory minimum dividend payment quota. Furthermore, it has been agreed upon to let public entities perform dividend distributions as stated within the “Communique Concerning Principal Matters on Dividend Advances Distributed by Public Entities Under the Regulation of the Capital Markets Law” (Serial: IV, No: 27), as stated within the principal agreement of the companies and as stated within the policies on dividend distribution that have been shared with the public.

Additionally, as stated within the aforementioned Board Decision, for entities required to prepare consolidated financial statements, it has been agreed upon to require the net distributed profit calculations to be performed on the net profit for the period as stated on the consolidated financial statements, so long that the distribution can be funded through statutory resources.

2.25 Convenience translation into English

The effects of differences between the accounting principles as set out by the Turkish insurance legislation and accounting principles generally accepted in countries in which the financial statements are to be distributed and International Financial Reporting Standards (“IFRS”) have not been quantified in the financial statements. Accordingly, the financial statements are not intended to present the financial position and results of operations and changes in financial position and cash flow in accordance with accounting principles generally accepted in such countries and IFRS.

3. Significant Accounting Estimates and Requirements

Preparation of financial statements requires the use of assumptions and estimates that might affect the amounts of assets and liabilities reported as of balance sheet date, explanation of the conditional assets and liabilities and amounts of the income and expenses reported throughout the accounting period. Accounting evaluations, estimates and assumptions are evaluated taking into consideration past experience, other factors, current conditions and reasonable expectations for future events. Such evaluations and estimates might differ from actual consequences, even though they are based on the best knowledge of the management about current events and transactions.

One of the most important accounting estimates for the Company is to estimate the final net liabilities relating to the expenses to arise from the effective policies. As per its nature, estimating liabilities regarding the insurance business includes the evaluation of many ambiguities.

The New Traffic Accident Related Health Service Legislation

The collection and the clearance of the traffic accident related health service costs have been engaged to the new method and Fundamentals on 25 February 2011 in accordance with 59th substance of 6111 numbered “The Re-Configuration of Some Receivables, Legislation of Social Insurance and General Health Insurance and Some Other Legislations and Legislation Regarding to the Changes in Legislations” and 98th substance of 2918 numbered “Highways Traffic Law. Thus, all the traffic accident related health services provided by any official or private health institution are going to be covered by Social Security Institution and the liabilities of the insurance companies regarding to that issue are going to be designated according to the future principles stated by Treasure Counselorship.

According to the temporary 1st substance of the same law, all the traffic accident related health services provided before the legislation date, are still going to be covered by Social Security Institution and the liabilities of the insurance companies regarding to that issue are going to be designated according to the future principles stated by Treasure Counselorship. Besides, for the damages after legislation date insurance companies are to transfer a share of the premiums, not exceeding 15% and stated as fixed and related amount to Social Security Institution as the coverage of the services it provided. The related application details have not been prepared yet by Treasury Counselorship as of interim period. The Company accounts for the claims dated before the legislation under outstanding claims reserve, and accounted for an additional reserve of TL 4,600,000 for the premiums written after the issuance date of the law of which a portion will be ceded to Social Security Institution.

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4. Insurance and Financial Risk Management

4.1 Insurance Risk

4.1.1 Objective of managing risks arising from insurance contracts and policies used to minimize such risks

Insurance risk is the probability of risk exposure that is covered under any insurance contracts and the uncertainty of the magnitude of the claims in relation to the risk exposed. Due to the nature of insurance transactions, risks are incidental and hard to anticipate. Maximum risk that the Company bears is limited to the coverage amount specified in the insurance contract.

The Company has adopted central risk assessment policy and this policy is applied in relation to the Company's specified operations and limitations. Principally, in risk assessment, potential claims are measured based on the past experience, similar risk comparisons and risks in relation to production process. Location, geographical area, field of activity and fire and theft measures are also key issues used in the assessment of the insured risk.

4.1.2 Details of insurance risk, including the following information (details prior and/or subsequent to minimizing risks through reinsurance)

4.1.2.1 Sensitivity to insurance risk

The Company is managing its insurance risk by policy production strategies, reinsurance contracts and effective settlement and payment operations.

The Company's policy production strategy follows an effective risk management in the policy production process considering the nature, extent, geographical area and accurate distribution of the risk incurred.

Reinsurance contracts include excess of loss (quota-share and excess loss) and catastrophic coverage. The Company can also enter into reinsurance contracts with facultative participation under its reinsurance programme.

4.1.2.2 Insurance risk concentrations with explanations of how management identify risk concentrations and common features of each concentration (the nature of insurance, geographic region or currency)

Generally, the Company's insurance contracts include fire and natural disasters, marine, accident, motor own damage, air crafts, water crafts, general losses, motor third party liability, air crafts liability, general liability, financial losses, legal protection, credit, health, fidelity guarantee branches. The Company's gross and net insurance risk concentrations (after reinsurance) in terms of insurance branches are summarized as below:

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

4.1.2.2 Insurance risk concentrations with explanations of how management identify risk concentrations and common features of each concentration (the nature of insurance, geographic region or currency) (Continued)

Total Claims Liability (*)	30 June 2011 (*)			31 December 2010 (**)		
	Gross Total Claims Liability	Reinsurance Share of Total Claims Liability	Net Total Claims Liability	Gross Total Claims Liability	Reinsurance Share of Total Claims Liability	Net Total Claims Liability
Fire and Natural Disaster	39,307,861	(30,179,650)	9,128,211	26,159,445	(19,165,495)	6,993,950
Marine	10,346,708	(6,747,619)	3,599,089	7,280,474	(4,385,262)	2,895,212
Accident	5,577,691	(2,319,680)	3,258,011	5,282,774	(2,353,094)	2,929,680
Motor Own Damage	55,106,582	(6,199,461)	48,907,121	45,940,281	(7,212,639)	38,727,642
Air Crafts	17,283	(17,251)	32	22,112	(22,112)	-
Water Crafts	2,160,793	(1,999,022)	161,771	2,231,326	(2,083,001)	148,325
General Losses	39,358,608	(30,456,408)	8,902,200	26,973,653	(21,300,306)	5,673,347
Motor Third Party Liability	131,744,795	(14,821,281)	116,923,514	141,792,756	(22,261,466)	119,531,290
Air Crafts Liability	651,384	(651,384)	-	533,369	(533,369)	-
General Liability	21,979,710	(17,794,432)	4,185,278	15,916,740	(12,713,544)	3,203,196
Financial Losses	5,146,311	(4,070,194)	1,076,117	3,622,285	(3,478,422)	143,863
Legal Protection	34,676	(3,468)	31,208	22,461	(2,246)	20,215
Credit	(3,073)	3,073	-	(25,244)	25,244	-
Health	23,507,561	(383,558)	23,124,003	22,536,138	(1,506,324)	21,029,814
Fidelity Guarantee	192,616	(138,688)	53,928	135,849	(95,271)	40,578
Life	3,752,948	(9,861)	3,743,087	3,779,414	- 4,903	3,774,511
Total	338,882,454	(115,788,884)	223,093,570	302,203,833	(97,092,210)	205,111,623

(*) Total claim liability includes all claims reserves as of the balance sheet date, outstanding claims reserve, incurred but not reported claims of TL 42,828,279 the actuarial chain ladder method and additional reserves from outstanding claims reserve adequacy calculation.

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4.1.2.3 Comparison of incurred claims with past estimations (claims development process)

Outstanding Claim and Compensation Provision:

	30 June 2011				31 December 2010		
	Effect on	Reinsurance		Net Total	Gross Total	Reinsurance	Net Total
	Current Period	Gross Total	Share of Total				
	(Net)	Claims Liability	Claims Liability	Claims Liability	Liability	Claims	Liability
Unpaid Claims	(28,237,791)	277,415,480	(92,668,856)	184,746,624	241,980,996	(85,472,163)	156,508,833
Claim Provisions (*)	10,224,420	57,714,060	(23,110,201)	34,603,859	56,443,423	(11,615,144)	44,828,279
Clean-cut Effect (**)	7,373,513	-	-	-	-	-	-
Non-life Total	(10,639,858)	335,129,540	(115,779,057)	219,350,483	298,424,419	(97,087,307)	201,337,112
Life	31,424	3,752,914	(9,827)	3,743,087	3,779,414	- 4,903	3,774,511
Grand Total	(10,608,434)	338,882,454	(115,788,884)	223,093,570	302,203,833	(97,092,210)	205,111,623

(*) Claim provisions include all additional provisions within unpaid claims in the total outstanding compensation provision in the balance sheet date.

	30 June 2010				31 December 2009		
	Effect on	Share of Total		Net Total	Gross Total	Share of Total	Net Total
	Current Period	Gross Total	Claims				
	(Net)	Claims Liability	Liability	Claims Liability	Liability	Liability	Liability
Unpaid Claims	(8,504,216)	253,417,425	(106,947,842)	146,469,583	262,385,286	(124,419,919)	137,965,367
Incurred But Not Reported Claims (IBNR)	2,965,976	60,820,123	(20,285,654)	40,534,469	56,162,332	(12,661,887)	43,500,445
Outstanding Claims							
Reserve Adequacy Deficit	18,803,655	7,625,057	(5,129,384)	2,495,673	21,699,875	(400,547)	21,299,328
Actuarial Chain Ladder							
Method Deficit	3,680,016	38,291,281	(37,618,559)	672,722	1,922,277	2,430,461	4,352,738
Renewable Amounts (-)	(1,445,896)	(15,889,359)	(3,302,576)	(12,586,783)	(18,591,319)	4,558,640	(14,032,679)
Clean-cut Effect (**)	1,369,794	-	-	-	-	-	-
Non-life Total	16,869,329	344,264,527	(173,284,015)	177,585,664	323,578,451	(130,493,252)	193,085,199
Life	124,195	3,706,057	-	3,706,057	3,830,252	-	3,830,252
Grand Total	16,993,524	347,970,584	(173,284,015)	181,291,721	327,408,703	(130,493,252)	196,915,451

(**) Company has clean-cut agreement in auto-accident branch and as per these agreements, the Company has realized 2010 premium and claims portfolio outputs by December 31, 2010. As per the same agreement, portfolio inputs are also made in 2011. Effect of 2011 portfolio input has influenced fiscal year Ceded Reinsurance Share of Outstanding Claims Provision and Ceded Reinsurance Share of Unearned Premiums Provision.

AKSİGORTA A.Ş.

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4.1.2.3 Comparison of incurred claims with past estimations (claims development process) (Continued)

	30 June 2011			30 June 2010		
	Gross Total Claims	Reinsurance Share Of Total Claims	Net Total Claims	Gross Total Claims	Reinsurance Share Of Total Claims	Net Total Claims
	Liability	Liability	Liability	Liability	Liability	Liability
Beginning of the Period	241,980,996	(85,472,163)	156,508,833	262,385,286	(124,419,919)	137,965,367
Opened in Period	325,453,140	(51,358,380)	274,094,760	297,829,849	(63,562,563)	234,267,286
Paid from Fiscal Year (-)	(206,394,585)	31,428,092	(174,966,493)	(218,737,939)	61,757,489	(156,980,450)
Paid from Previous Year (-)	(83,624,071)	12,733,595	(70,890,476)	(88,059,771)	19,277,151	(68,782,620)
Period End						
Reported Claims	277,415,480	(92,668,856)	184,746,624	253,417,425	(106,947,842)	146,469,583

Claim development tables used within the new actuarial chain ladder method calculations, prepared with accordance to Technical Reserves Regulations are presented below.

Gross claim development table prepared on the principles of incurred claims by June 30, 2011:

Accident period	1 April 2004-30 June 2005	1 April 2005-30 June 2006	1 April 2006-30 June 2007	1 April 2007-30 June 2008	1 April 2008-30 June 2009	1 April 2009-30 June 2010	1 April 2010-30 June 2011	Gross Claim
Claim realized in the accident period	485,719,530	52,711,091	48,699,998	44,397,549	46,484,510	29,744,196	16,061,485	723,818,359
1 year later	752,625,453	81,666,282	56,275,354	58,423,343	47,364,812	26,738,529	-	1,023,093,773
2 years later	942,846,942	97,731,131	59,643,383	55,965,118	35,397,276	-	-	1,191,583,850
3 years later	939,719,366	111,116,934	65,431,256	36,361,987	-	-	-	1,152,629,543
4 years later	1,179,651,285	218,819,481	73,306,729	-	-	-	-	1,471,777,495
5 years later	1,145,506,996	85,795,783	-	-	-	-	-	1,231,302,779
6 years later	950,598,934	-	-	-	-	-	-	950,598,934
Total Gross Claims	6,396,668,506	647,840,702	303,356,720	195,147,997	129,246,598	56,482,725	16,061,485	7,744,804,733

Gross claim development table prepared on the principles of incurred claims by June 30, 2010:

Accident period	1 January 2004-31 December 2004	1 January 2005-31 December 2005	1 January 2006-31 December 2006	1 January 2007-31 December 2007	1 January 2008-31 December 2008	1 January 2009-31 December 2009	1 January 2010-31 December 2010	Gross Claim
Claim realized in the accident period	390,072,485	122,478,893	44,741,541	37,850,762	37,692,358	25,110,886	18,535,218	676,482,144
1 year later	396,178,297	146,598,484	51,404,521	47,101,431	46,549,335	43,710,537	-	731,542,606
2 years later	610,451,534	233,588,817	74,415,888	55,244,519	61,113,716	-	-	1,034,814,474
3 years later	874,461,964	200,528,851	74,439,312	58,907,927	-	-	-	1,208,338,054
4 years later	831,051,730	272,934,486	80,774,926	-	-	-	-	1,184,761,142
5 years later	1,018,653,089	392,004,849	-	-	-	-	-	1,410,657,939
6 years later	1,043,689,951	-	-	-	-	-	-	1,043,689,951
Total Gross Claims	5,164,559,050	1,368,134,380	325,776,188	199,104,639	145,355,409	68,821,423	18,535,218	7,290,286,308

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4.1.2.4 Effects of the changes in assumptions used in the measurement of insurance assets and liabilities showing the effect of each change separately that has significant effect on financial statements

The Company has clean-cut agreements in relation to its car-accident branch, and premium and loss portfolio withdrawals related to these agreements are recognized by the Company as of December 31, 2010. In accordance with these agreements, portfolio additions are also recognized in 2011. The reinsurance share of outstanding claim reserve and unearned premium reserve have been affected from these portfolio additions in 2011.

4.2 Financial Risk

4.2.1 Capital risk management and capital requirement

The Company’s main purpose in capital management is to maintain its going concern status as an income yielding company and to protect shareholder and corporate partners’ benefits while sustaining the most effective capital structure in order to reduce capital costs.

The Company measures its adequacy semi-annually in accordance with the Decree “Measurement and Assessment of Capital Adequacy of Insurance and Reinsurance Companies and Pension Funds” published in the Official Gazette No: 26761 on January 19, 2008. The Company’s capital adequacy calculation was TL 240,360,823 as of December 31, 2010. As a result of the Company’s capital adequacy calculation as of June 30, 2011, it is TL 142,127,671 higher than required capital adequacy (December 31, 2010: TL 142,127,671).

4.2.2 Financial risk factors

The Company is exposed to market risk (exchange rate risk, interest rate risk, and price risk), credit risk, and liquidity risk due to its assets and liabilities and reinsurance assets and liabilities. The Company’s risk management generally focuses on minimizing the probable adverse effects of uncertainties in financial markets over the Company’s performance. The Company’s exposure to interest rate risk and credit risk in general is due to its financial investments and insurance receivables, respectively.

Market risk

The Company is exposed to market risk due to fluctuations in the exchange rates, interest rates and equity share prices.

Exchange rate risk

The Company’s foreign currency denominated assets and liabilities expose the Company to exchange rate risks. These risks are monitored by analyzing exchange rate position. The details of the Company’s foreign currency denominated assets and liabilities as of June 30, 2011 are presented in details in Note 12.4.

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4.2.2 Financial risk factors (Continued)

Sensitivity to exchange rate risk

The Company's sensitivity to a 10% increase/decrease in USD and Euro currencies are presented below. Sensitivity analysis only includes foreign currency denominated monetary assets outstanding at the end of period and indicates the effects of 10% changes in exchange rates. Positive value indicates an increase in profit/loss and other equity items.

	30 June 2011		31 December 2010	
	USD Effect	EUR Effect	USD Effect	EUR Effect
Profit / Loss Increase	1,020,609	190,816	1,464,840	678,157
Profit / Loss (Decrease)	(1,020,609)	(190,816)	(1,464,840)	(678,157)

Interest rate risk

The Company is required to manage its interest rate risks due to price fluctuations in its financial instruments arising from changes in interest rates. The Company's sensitivity to interest rate risk results from the mismatch in maturities of its assets and liabilities. Interest rate risk is managed by offsetting the assets that are affected by the interest rate fluctuations against the liabilities in same nature.

	30 June 2011		31 December 2010	
	Effect on profit and profit reserves			
Total	TL		TL	
Market interest rate increase / (decrease)	TL		TL	
+%5	(486,286)		(1,766,088)	
-%5	538,026		1,992,565	
Financial assets held for trading	Effect on profit			
Market interest rate increase / (decrease)	TL		TL	
+%5	(247,553)		(1,403,290)	
-%5	278,177		1,589,009	
+%5 Investments with risks on policy holders	-		(362,798)	
-%5 Investments with risks on policy holders	-		403,556	
Financial assets available for sale	Effect on profit and profit reserves			
Market interest rate increase / (decrease)	TL		TL	
+%5 Investments with risks on policy holders	(238,733)		-	
+%5 Financial assets available for sale	259,849		-	
-%5 Investments with risks on policy holders	-		-	
-%5 Financial assets available for sale	-		-	

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4.2.2 Financial risk factors (Continued)

Price risk

The Company is exposed to price risk due to its equity investments. Equity investments are held for strategical purposes rather than trading purposes. These investments are not actively traded by the Company.

As of the June 30, 2011, if data used in the valuation method is increased/decreased by 10% and all variables remain fixed, since the Company's equity investments are classified as available for sale assets and if they are not disposed of or impaired, net profit/loss would not be affected.

Credit risk

Credit risk is the risk that the debtor defaults on its obligations under the terms of the transaction. Credit risk is managed by setting out limits and providing guarantees for receivables from a specific party. Limits and guarantees are determined based on the assessment of the respective party's financial ability and trading capacity. The Company is exposed to credit risk in Turkey because it mainly performs its operations in Turkey.

As of June 30, 2011, the Company has presented its receivables from insurance operations and guarantees received and provision for doubtful receivables in Note 12.1.

Liquidity risk

Liquidity risk is the possibility of non-performance of the Company's due liabilities. Events that give rise to funding shortages, such as; market deteriorations and decrease in credit ratings, are the main reasons of liquidity risk. The Company manages its liquidity risk through having adequate cash and cash equivalents in order to fulfill its current and possible liabilities by allocating its funds.

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4.2.2 Financial risk factors (Continued)

Liquidity risk table

30 June 2011

	Up to 1 month	1 - 3 month	3 months-1 year	1 -5 years	5 years and over	No maturity	Total
Cash and Cash Equivalents	84,087,064	-	386,183,343	-	-	3,396,280	473,666,687
Financial Assets Available for Sale	-	-	11,814,763	29,504,937	-	130,565	41,450,265
Financial Assets Held for Trading	-	-	10,173,500	4,667,502	-	-	14,841,002
Investments with Risks on Policy Holders	-	-	6,065,262	392,177	-	-	6,457,439
Receivables From Main Operations	116,798,770	149,868,171	179,231,742	832,902	-	-	446,731,585
Due from Related Parties	-	-	49,787	-	-	-	49,787
Other Receivables	-	9,947,632	-	-	-	-	9,947,632
Prepaid Expenses and Income Accruals	12,734,684	21,681,465	51,365,837	4,932,514	16,926	-	90,731,426
Other Current Assets	161,461	-	1,575,610	-	-	-	1,737,071
Financial Assets	-	-	-	-	-	30,116,653	30,116,653
Tangible Fixed Assets	-	-	-	-	-	34,568,774	34,568,774
Intangible Fixed Assets	-	-	-	-	-	8,079,359	8,079,359
Prepaid Expenses and Income Accruals	-	-	-	5,780	-	-	5,780
Other Non-current Assets	-	-	-	-	-	4,293,957	4,293,957
Total Assets	213,781,979	181,497,268	646,459,844	40,335,812	16,926	80,585,588	1,162,677,417
Payables From Main Operations	-	-	71,026,825	-	-	-	71,026,825
Due to Related Parties	314,859	-	175,066	-	-	-	489,925
Other Payables	-	14,773,050	-	-	-	-	14,773,050
Insurance Technical Reserves	144,775,452	210,069,799	249,168,741	36,486,630	77,883	-	640,578,505
Taxes and Other Liabilities and Relevant Provisions	-	7,199,454	-	-	-	-	7,199,454
Deferred Income and Expense Accruals	3,212,874	20,966,162	12,959,250	1,244,440	4,270	-	38,386,996
Long Term Insurance Technical Reserves	-	-	-	3,909,484	13,342,027	-	17,251,511
Provisions for Other Risks	-	-	-	-	-	2,104,668	2,104,668
Other Long Term Liabilities	-	-	-	-	-	235	235
Shareholders' Equity	-	-	-	-	-	370,866,248	370,866,248
Total Liabilities and Shareholders' Equity	148,303,185	253,008,465	333,329,882	41,640,554	13,424,180	372,971,151	1,162,677,417
Liquidity Surplus / (Deficit)	65,478,794	(71,511,197)	313,129,962	(1,304,742)	(13,407,254)	(292,385,563)	-

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4.2.2 Financial risk factors (Continued)

Liquidity risk table

31 December 2010							
	Up to 1 month	1 - 3 month	3 months-1 year	1 -5 years	5 years and over	No maturity	Total
Cash and Cash Equivalents	74,957,397	198,450,119	-	-	-	2,859,184	276,266,700
Financial Assets Available for Sale	-	-	-	-	-	130,566	130,566
Financial Assets Held for Trading	-	-	15,160,896	205,580,525	-	-	220,741,421
Investments with Risks on Policy Holders	-	-	7,229,910	-	-	-	7,229,910
Receivables From Main Operations	98,144,760	125,932,625	150,606,520	699,879	-	-	375,383,784
Due from Related Parties	-	-	47,142	-	-	-	47,142
Other Receivables	-	2,407,895	-	-	-	-	2,407,895
Prepaid Expenses and Income Accruals	9,454,153	16,096,189	38,133,689	3,661,869	12,566	-	67,358,466
Other Current Assets	102,246	-	5,921,984	-	-	-	6,024,230
Financial Assets	-	-	-	-	-	30,116,653	30,116,653
Tangible Fixed Assets	-	-	-	-	-	35,780,296	35,780,296
Intangible Fixed Assets	-	-	-	-	-	7,844,050	7,844,050
Prepaid Expenses and Income Accruals	-	-	-	5,780	-	-	5,780
Other Non-Current Assets	-	-	-	-	-	4,013,745	4,013,745
Total Assets	182,658,556	342,886,828	217,100,141	209,948,053	12,566	80,744,494	1,033,350,638
Payables From Main Operations	-	-	60,547,066	-	-	-	60,547,066
Due to Related Parties	645,118	-	175,066	-	-	-	820,184
Other Payables	-	12,374,341	-	-	-	-	12,374,341
Insurance Technical Reserves	122,454,579	175,121,590	184,698,475	29,097,697	57,145	-	511,429,486
Taxes and Other Liabilities and Relevant Provisions	-	15,624,239	-	-	-	-	15,624,239
Deferred Income and Expense Accruals	3,079,289	26,674,210	12,420,432	1,192,699	4,093	-	43,370,723
Long Term Insurance Technical Reserves	-	-	-	4,528,117	10,844,089	-	15,372,206
Provisions for Other Risks	-	-	-	-	-	2,167,753	2,167,753
Other Long Term Liabilities	-	-	-	-	-	235	235
Shareholders' Equity	-	-	-	-	-	371,644,405	371,644,405
Total Liabilities and Shareholders' Equity	126,178,986	229,794,380	257,841,039	34,818,513	10,905,327	373,812,393	1,033,350,638
Liquidity Surplus / (Deficit)	56,479,570	113,092,448	(40,740,898)	175,129,540	(10,892,761)	(293,067,899)	-

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4.2.2 Financial risk factors (Continued)

Categories of Financial Assets

	30 June 2011		31 December 2010	
	Book Value	Fair Value	Book Value	Fair Value
Current Financial Assets				
Financial Assets Available for Sale	41,450,265	41,450,265	130,566	130,566
Financial Assets Held for Trading	14,841,002	14,841,002	220,741,421	220,741,421
Financial Investments with Risks on Policy Holders	6,457,439	6,457,439	7,229,910	7,229,910
Non-Current Financial Assets				
Affiliates	30,116,653	30,116,653	30,116,653	30,116,653
Total Financial Assets	92,865,359	92,865,359	258,218,550	258,218,550

Fair value of financial assets

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction in accordance with market conditions.

The Company determines the estimated fair value of its financial instruments by using the current market information and appropriate valuation methods. Additionally, ability to estimate the market values through assessing the market information requires interpretation and judgment. As a result, the estimations presented herein cannot be an indicator of the amounts obtained by the Company in a current market transaction.

The fair value of financial assets shown in the following table in terms of valuation methods is shown divided into three categories. "Category 1", was organized market obtained from fair values (market data), the "Category 2" precedent that has truth according to processes and "Category 3" is the future cash flows to their present reduced according to the values that are valued financial assets represents.

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4.2.2 Financial risk factors (Continued)

Fair value of financial assets (Continued)

Fair values of financial assets and level classifications

	30 June 2011	Category 1	Category 2	Category 3
Financial Assets Held for Trading	14,841,002	14,841,002	-	-
Government Bonds & Treasury Bills	14,841,002	14,841,002	-	-
Financial Assets Available for Sale	41,450,265	41,450,265	-	-
Unlisted Equity Shares	130,566	130,566	-	-
Government Bonds & Treasury Bills	41,319,699	41,319,699	-	-
Financial Investments with Risks on Policy Holders	6,457,439	6,457,439	-	-
Affiliates (*)	30,116,653	-	-	-
Total	92,865,359	62,748,706	-	-

Fair values of financial assets and level classifications

	31 December 2010	Category 1	Category 2	Category 3
Financial Assets Held for Trading	220,741,421	220,741,421	-	-
Government Bonds & Treasury Bills	220,741,421	220,741,421	-	-
Financial Assets Available for Sale	130,566	130,566	-	-
Unlisted Equity Shares	130,566	130,566	-	-
Financial Investments with Risks on Policy Holders	7,229,910	7,229,910	-	-
Affiliates (*)	30,116,653	-	-	-
Total	258,218,550	228,101,897	-	-

(*) As the working for determining the fair value of Merter BV, one of the affiliates, has not been completed, cost value has been used for valuation.

The following methods and assumptions are used in fair value estimations for financial instruments of which their fair value cannot be practically measured:

Financial assets:

It is anticipated that fair value of the financial assets including cash and cash equivalents and other financial assets carried at cost will approximate to their book value based on their short term nature and having insignificant potential losses.

Market value is taken as a basis in the measurement of fair value of government bonds and equity shares.

Financial liabilities:

It is anticipated that fair value of monetary liabilities will approximate to their carrying value based on their short term nature.

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5 Segment information

5.1 Operating segments

Information related to the operational reporting made by the Company to the chief operating decision-maker in the accordance with the “TFRS 8 - Operating Segments” is disclosed in this part.

In course of determination of the lower operating segments, submitted reports to senior management and numerical lower limits in the scope of “TFRS-8 Operating Segments” have been taken into account. Premium production and sections according to technical income was evaluated as a separate operating segment.

The company has been operating in Turkey. Since the effect of the foreign operations on financial statements is extremely low, geographic segment information is not given.

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5.1 Segment information (Continued)

Segment results for the year ended 30 June 2011

	Fire and Natural Disaster	Marine	Motor Own Damage	Motor Third Party Liability	Other Accident	Engineering	Agriculture	Health	Life	Undistributed	Total
TECHNICAL INCOME	30,494,092	7,299,201	155,616,052	68,996,786	33,604,486	8,428,717	5,692,588	73,622,495	504,732	-	384,259,149
1- Earned Premiums (Net of Reinsurer Share)	23,480,744	6,174,931	149,342,833	65,538,093	26,674,739	5,768,975	5,623,236	72,188,664	68,958	-	354,861,173
1.1 - Premiums (Net of Reinsurer Share)	28,649,566	6,517,489	194,162,572	84,578,816	34,459,790	8,001,978	9,936,021	97,662,468	68,872	-	464,037,572
1.2- Change in Unearned Premiums Reserve (Net of Reinsurers Shares and Reserves Carried Forward) (+/-)	(5,168,822)	(471,741)	(44,819,739)	(19,040,723)	(7,785,051)	(2,233,003)	(4,312,785)	(25,473,804)	86	-	(109,305,582)
1.3- Changes in Unexpired Risks Reserve (Net of Reinsurer Share and Reserves Carried Forward)(+/-)	-	129,183	-	-	-	-	-	-	-	-	129,183
2- Other Technical Income (Net of Reinsurance Share)	7,013,348	1,124,270	6,273,219	3,458,693	6,929,747	2,659,742	69,352	1,433,831	435,774	-	29,397,976
TECHNICAL EXPENSES	(27,617,009)	(4,414,869)	(162,878,146)	(64,981,724)	(25,338,036)	(9,922,060)	(3,770,478)	(80,050,218)	(380,994)	-	(379,353,534)
1- Total Claims (Net of Reinsurer Share)	(10,722,104)	(2,180,529)	(118,946,077)	(45,920,059)	(5,959,704)	(6,265,711)	(2,448,082)	(63,059,337)	(963,800)	-	(256,465,403)
1.1- Claims Paid (Net of Reinsurer Share)	(8,511,625)	(1,463,205)	(113,041,995)	(51,625,953)	(3,435,251)	(4,577,501)	(1,241,066)	(60,965,148)	(995,225)	-	(245,856,969)
1.2- Changes in Outstanding Claims Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	(2,210,479)	(717,324)	(5,904,082)	5,705,894	(2,524,453)	(1,688,210)	(1,207,016)	(2,094,189)	31,425	-	(10,608,434)
2- Changes in Other Technical Reserves (Net of Reinsurer Share and Reserves Carried Forward)(+/-) and Other Technical Expenses	(1,673,172)	-	(733,974)	-	(8,869)	(81,924)	-	-	618,631	-	(1,879,308)
3- Operating Expenses	(15,221,733)	(2,234,340)	(43,198,095)	(19,061,665)	(19,369,463)	(3,574,425)	(1,322,396)	(16,990,881)	(35,825)	-	(121,008,823)
	2,877,083	2,884,332	(7,262,094)	4,015,062	8,266,450	(1,493,343)	1,922,110	(6,427,723)	123,738	-	4,905,615
Investment income	-	-	-	-	-	-	-	-	-	20,976,254	20,976,254
Depreciation expense	-	-	-	-	-	-	-	-	-	(2,353,313)	(2,353,313)
Provisions account	-	-	-	-	-	-	-	-	-	(7,182,257)	(7,182,257)
Tax expense	-	-	-	-	-	-	-	-	-	-	-
Financial expenses	-	-	-	-	-	-	-	-	-	(14,444,527)	(14,444,527)
Other	-	-	-	-	-	-	-	-	-	(1,376,648)	(1,376,648)
Net Profit / (Loss)	2,877,083	2,884,332	(7,262,094)	4,015,062	8,266,450	(1,493,343)	1,922,110	(6,427,723)	123,738	(4,380,491)	525,124

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5.1 Segment information(cont’d)

Segment results for the year ended 30 June 2010

	Fire and Natural Disaster	Marine	Motor Own Damage	Motor Third Party Liability	Other Accident	Engineering	Agriculture	Health	Life	Undistributed	Total
TECHNICAL INCOME	30,172,847	6,028,719	121,395,096	69,528,210	7,552,799	17,714,764	8,318,542	63,124,001	633,307	-	324,468,285
1- Earned Premiums (Net of Reinsurer Share)	22,291,974	4,811,413	112,989,613	65,888,321	1,111,686	14,679,008	7,940,098	58,600,570	107,306	-	288,419,989
1.1 - Premiums (Net of Reinsurer Share)	24,410,937	4,828,517	129,603,682	56,401,095	18,429,079	7,339,504	3,970,049	83,521,056	107,165	-	328,611,084
1.2- Change in Unearned Premiums Reserve (Net of Reinsurers Shares and Reserves Carried Forward) (+/-)	(2,118,963)	(17,104)	(16,614,069)	9,487,226	(17,315,386)	7,339,504	3,970,049	(24,812,904)	141	-	(40,081,506)
1.3- Changes in Unexpired Risks Reserve (Net of Reinsurer Share and Reserves Carried Forward)(+/-)	-	-	-	-	(2,007)	-	-	(107,582)	-	-	(109,589)
2- Other Technical Income (Net of Reinsurance Share)	7,880,873	1,217,306	8,405,483	3,639,889	6,441,113	3,035,756	378,444	4,523,431	526,001	-	36,048,296
										-	-
TECHNICAL EXPENSES	(23,540,942)	(4,285,635)	(128,113,515)	(61,047,467)	(8,269,958)	(8,191,875)	(3,773,390)	(78,254,898)	(494,737)	-	(315,972,416)
1- Total Claims (Net of Reinsurer Share)	(8,314,892)	(2,336,553)	(91,295,480)	(42,484,825)	3,731,043	(4,241,695)	(2,242,484)	(60,313,359)	(1,271,301)	-	(208,769,546)
1.1- Claims Paid (Net of Reinsurer Share)	(9,200,120)	(1,641,233)	(92,896,955)	(58,752,188)	501,539	(4,884,869)	(2,222,933)	(55,270,814)	(1,395,497)	-	(225,763,070)
1.2- Changes in Outstanding Claims Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	885,228	(695,320)	1,601,475	16,267,363	3,229,504	643,174	(19,551)	(5,042,545)	124,196	-	16,993,524
2- Changes in Other Technical Reserves (Net of Reinsurer Share and Reserves Carried Forward)(+/-) and Other Technical Expenses	(1,236,854)	-	(594,474)	-	(3,639)	(76,270)	-	-	809,137	-	(1,102,100)
3- Operating Expenses	(13,989,196)	(1,949,082)	(36,223,561)	(18,562,642)	(11,997,362)	(3,873,910)	(1,530,906)	(17,941,539)	(32,573)	-	(106,100,770)
	6,631,905	1,743,084	(6,718,419)	8,480,743	(717,159)	9,522,889	4,545,152	(15,130,897)	138,570	-	8,495,869
Investment income	-	-	-	-	-	-	-	-	-	31,160,877	31,160,877
Depreciation expense	-	-	-	-	-	-	-	-	-	(1,969,508)	(1,969,508)
Provisions account	-	-	-	-	-	-	-	-	-	(2,341,392)	(2,341,392)
Tax expense	-	-	-	-	-	-	-	-	-	(1,388,280)	(1,388,280)
Financial expenses	-	-	-	-	-	-	-	-	-	(22,276,554)	(22,276,554)
Other	-	-	-	-	-	-	-	-	-	(627,435)	(627,435)
Net Profit / (Loss)	6,631,905	1,743,084	(6,718,419)	8,480,743	(717,159)	9,522,889	4,545,152	(15,130,897)	138,570	2,557,708	11,053,577

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

6. Tangible fixed assets

30 June 2011

<u>Cost Value</u>	Owner	Vehicles	Furnitures and	Other Tangible	Total
	Occupied		Leased Tangible	Assets	
	Properties		Assets	(Including Leasehold Improvements)	
1 January	38,837,294	49,550	24,040,903	2,348,015	65,275,762
Additions	-	-	309,750	-	309,750
Disposals	-	(17,500)	(2,227,776)	-	(2,245,276)
30 June	38,837,294	32,050	22,122,877	2,348,015	63,340,236
<u>Accumulated Depreciation</u>					
1 January	(10,530,131)	(23,726)	(17,800,470)	(2,033,686)	(30,388,013)
Charge for the Period	(388,293)	(3,205)	(677,031)	(81,035)	(1,149,564)
Disposals	-	4,083	1,879,915	-	1,883,998
30 June	(10,918,424)	(22,848)	(16,597,586)	(2,114,721)	(29,653,579)
Net Book Value as of 30 June	27,918,870	9,202	5,525,291	233,294	33,686,657

30 June 2010

<u>Cost Value</u>	Owner	Vehicles	Furnitures and	Other Tangible	Total
	Occupied		Leased Tangible	Assets	
	Properties		Assets	(Including Leasehold Improvements)	
1 January	38,585,311	32,050	23,420,621	2,346,367	64,384,349
Additions	251,983	17,500	403,558	1,648	674,689
30 June	38,837,294	49,550	23,824,179	2,348,015	65,059,038
<u>Accumulated Depreciation</u>					
1 January	(9,753,549)	(14,983)	(16,392,301)	(1,821,291)	(27,982,124)
Charge for the Period	(388,283)	(3,788)	(697,182)	(164,948)	(1,254,201)
30 June	(10,141,832)	(18,771)	(17,089,483)	(1,986,239)	(29,236,325)
Net Book Value as of 30 June	28,695,462	30,779	6,734,696	361,776	35,822,713

The Company has no impairment loss recognized for tangible fixed assets in the current period.

Impairment loss is included in the "Amortization and depreciation expense" item in the income statement.

The Company has applied the cost method.

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7. Investment Properties

30 June 2011

<u>Cost Value</u>	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
1 January	286,578	754,899	1,041,477
Disposals	-	-	-
30 June	286,578	754,899	1,041,477
<u>Accumulated Depreciation</u>			
1 January	-	(148,930)	(148,930)
Charge for the Period	-	(10,430)	(10,430)
Disposals	-	-	-
30 June	-	(159,360)	(159,360)
Net Book Value as of 30 June	286,578	595,539	882,117

30 June 2010

<u>Cost Value</u>	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
1 January	5,816,175	1,717,810	7,533,985
Disposals	-	(775,623)	(775,623)
30 June	5,816,175	942,187	6,758,362
<u>Accumulated Depreciation</u>			
1 January	-	(426,271)	(426,271)
Charge for the Period	-	(7,621)	(7,621)
Disposals	-	289,708	289,708
30 June	-	(144,184)	(144,184)
Net Book Value as of 30 June	5,816,175	798,003	6,614,178

The fair value of investment properties was determined by an independent valuation company as of June 30, 2011 and June 30, 2010. The valuation company, which is authorized by the CMB, has the necessary qualifications and experience in the valuation of the related real estate. Valuation study, which was undertaken in accordance with International Valuation Standards, is performed based on by the reference prices of similar real estate transactions in the market. However, investment properties are not accounted for with their fair values.

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CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD 1 JANUARY - 30 JUNE 2011

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8. Intangible Fixed Assets

30 June 2011

<u>Cost Value</u>	<u>Rights</u>
1 January	11,756,263
Additions	1,428,628
30 June	13,184,891

Accumulated Amortization

1 January	(3,912,213)
Charge for the Period	(1,193,319)
30 June	(5,105,532)
Net Book Value as of 30 June	8,079,359

30 June 2010

<u>Cost Value</u>	<u>Rights</u>
1 January	10,196,503
Additions	764,328
30 June	10,960,831

Accumulated Amortization

1 January	(2,265,820)
Charge for the Period	(707,685)
30 June	(2,973,505)
Net Book Value as of 30 June	7,987,326

The Company has not recognized any impairment loss for its intangible fixed assets as of June 30, 2011 (June 30, 2010: None).

The Company has no goodwill amount in its financial statements.

9. Investments in Affiliates

An affiliate is an entity, over which the company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. As of June 30, 2011, the Company has an affiliate as Merter BV amounting to TL 30,116,653 (December 31, 2010: TL 30,116,653) with a 25% of participation. The Company has no effect on this affiliate's management and this investment is carried with its cost value, because the Company's final participation rate in this construction in progress is 12.5%.

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10. Reinsurance Assets

Reinsurance assets are disclosed in Note 17.16.

11. Financial Assets

11.1 Subcategories of Financial Assets

	30 June 2011	31 December 2010
Financial Assets Available for Sale	41,450,265	130,566
Financial Assets Held for Trading	14,841,002	220,741,421
Financial Investments with Risks on Policy Holders	6,457,439	7,229,910
Total	62,748,706	228,101,897

Financial Assets Available for Sale

	30 June 2011			31 December 2010		
	Cost Value TL	Fair Value TL	Book Value TL	Cost Value TL	Fair Value TL	Book Value TL
Government Bonds	40,737,301	41,319,700	41,319,700	-	-	-
Equity Shares (Unlisted)	130,565	-	130,565	130,566	-	130,566
Total	40,867,866	41,319,700	41,450,265	130,566	-	130,566

Financial Investments with Risks on Policy Holders

	30 June 2011			31 December 2010		
	Cost Value TL	Fair Value TL	Book Value TL	Cost Value TL	Fair Value TL	Book Value TL
Government Bonds	6,219,946	6,457,439	6,457,439	6,935,943	7,229,910	7,229,910

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11.1 Subcategories of Financial Assets (Continued)

Equity shares under financial assets available-for-sale are as below:

June 30, 2011

Equity Shares	Participation	Cost Value TL	Fair Value TL	Book Value TL
	Rate %			
Tarsim Tarım Sigortaları Havuz İşletmesi A.Ş.	4.35	130,565	-	130,565
Unlisted		130,565	-	130,565
Total		130,565	-	130,565

December 31, 2010

Equity Shares	Participation	Cost Value TL	Fair Value TL	Book Value TL
	Rate %			
Tarsim Tarım Sigortaları Havuz İşletmesi A.Ş.	4.35	130,565	-	130,565
Unlisted		130,565	-	130,565
Total		130,565	-	130,565

Financial assets held for trading are as below:

June 30, 2011

Financial Assets Held for Trading

	Cost Value	Fair Value	Book Value
	TL	TL	TL
Government Bonds	14,321,184	14,841,002	14,841,002
Total	14,321,184	14,841,002	14,841,002

December 31, 2010

Financial Assets Held for Trading

	Cost Value	Fair Value	Book Value
	TL	TL	TL
Government Bonds	218,053,824	220,741,421	220,741,421
Total	218,053,824	220,741,421	220,741,421

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD 1 JANUARY - 30 JUNE 2011

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

11.2 Securities other than equity shares issued in the current period:

None (December 31, 2010: None).

11.3 Securities issued representing the amortized borrowing in the current period:

None (December 31, 2010: None).

11.4 Fair value of securities and long-term financial assets that are carried at cost in the balance sheet and cost of securities and long-term financial assets that are carried at fair value in the balance sheet

Cost, fair value and book values of marketable securities are presented in Note 11.1.

Financial assets consist of unlisted assets, and cost and book value of financial assets are presented as below:

Affiliates

Unlisted	30 June 2011			31 December 2010		
	Participation Rate %	Cost Value TL	Book Value TL	Participation Rate %	Cost Value TL	Book Value TL
Merter BV	25	30,116,653	30,116,653	25	30,116,653	30,116,653

11.5 Marketable securities issued by the shareholders, affiliates and subsidiaries of the company classified under marketable securities and associates and their issuers:

None (December 31, 2010: None).

11.6 Value increases of financial assets in the last three years

Type of Financial Asset

	30 June 2011	31 December 2010
Financial Assets Available for Sale	(1,303,281)	-

Value increases reflect the difference between the book value and cost value of the financial assets at period end.

11.7 Financial Instrument

- i) Information that enables the financial statement users to evaluate the financial position and performance of the Company is disclosed in Note 4.1.
- ii) Information on the book value of the financial assets is disclosed in Note 11.1.
- iii) Comparison of the fair value and book value of financial assets is disclosed in Note 11.1.
- iv) Financial assets overdue or impaired are presented in Note 11.1.

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD 1 JANUARY - 30 JUNE 2011

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11.8. Finansal Instruments

The Company does not apply any hedge accounting.

11.9 Effects of Exchange Rate Differences

Exchange rate differences arising from the payments of monetary items or different conversion rates used in the current period or at initial recognition are recognized in profit or loss.

12. Receivables and Payables

12.1 Details of the Company's receivables

	30 June 2011	31 December 2010
Receivables from Insurance Operations	443,962,878	372,922,655
Receivables from Policy Holders	18,773	9,194
Receivables from Agencies	407,940,965	321,655,019
Receivables from Insurers and Reinsurers	25,634,310	40,697,169
Subrogation Receivables (Note 2.1.1)	33,124,116	32,342,158
Provision for Subrogation Receivables (-) (Note 2.1.1)	(21,230,668)	(20,113,801)
Other Receivables	188,146	170,627
Rediscount on Receivables from Insurance Operations (-)	(1,712,764)	(1,837,711)
Provision for Receivables From Insurance Operations (-)	(2,883,354)	(3,283,354)
Doubtful Receivables From Main Operations	44,875,860	43,775,432
Provisions for Doubtful Receivables From Main Operations (-)	(39,254,753)	(38,061,903)
Cash Deposited For Insurance and Reinsurance Companies	30,954	30,954
Total	446,731,585	375,383,784

Aging of receivables from insurance operations is as follows:

	30 June 2011	31 December 2010
0-60 days	17,627,216	8,264,269
61-90 days	1,374,153	1,465,607
90+	3,554,886	5,954,501
Not due receivables	421,406,623	357,238,278
Total	443,962,878	372,922,655

The details of guarantees for the Company's receivables are presented below:

Type of Guarantee	30 June 2011		31 December 2010	
	Receivables	Doubtful Receivables	Receivables	Doubtful Receivables
Letters of Guarantee	24,657,289	-	23,044,194	-
Real Estate Pledges	73,945,143	7,181,797	77,136,853	7,386,197
Government Bonds and Equity Shares	84,090	-	79,090	-
Other	599,199	-	743,540	-
Total	99,285,721	7,181,797	101,003,677	7,386,197

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12.2 Details of the Company's Receivables (Continued)

The Company provides full provision for unguaranteed amounts in relation to its doubtful receivables. The movement of provision for doubtful receivables is presented as follows:

	2011	2010
Opening Balance, 1 January	(38,061,903)	(35,146,519)
Charge for the Period	(6,604,254)	(4,660,014)
Collections	5,411,404	3,505,167
Closing Balance, 30 June	(39,254,753)	(36,301,366)

Aging of overdue and doubtful receivables from insurance activities is as follows:

	30 June 2011	31 December 2010
0-30 days	8,931	102,265
31-60 days	21,261,714	20,113,802
61-90 days	131,394	13,023
Over 90 days (*)	23,473,821	23,546,342
Total	44,875,860	43,775,432

12.2 Receivable-payable relationship with shareholders, affiliates and subsidiaries of the Company

Due to shareholders presented in the balance sheet amounting to TL 175,066 consists of unclaimed dividend payments attributable to prior periods (December 31, 2010: 175,066 TL).

12.3 Total of pledges and other guarantees received for receivables amount

Total amount of pledges and other guarantees received for receivables amounts to TL 106,467,518 (December 31, 2010: TL 108,389,874).

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

12.4 Details of the Company's foreign currency denominated receivables without exchange rate guarantees are presented below:

30 June 2011

	Amount in Foreign Currency	Exchange Rate	Amount (TL)
Banks (Foreign Currency)			
USD	2,145,451	1.6157	3,466,405
EUR	860,532	2.3397	2,013,387
GBP	13,971	2.5877	36,153
CHF	7,890	1.9334	15,255
Total			<u>5,531,200</u>
Receivables from Insurance Operations			
USD	19,953,418	1.6157	32,238,737
EUR	3,381,672	2.3397	7,912,098
GBP	15,449	2.5877	39,977
CHF	4,772	1.9334	9,226
Other			974
Total			<u>40,201,012</u>
Outstanding Claims Reserve			
USD	(1,104,928)	1.6157	(1,785,232)
EUR	(471,792)	2.3397	(1,103,852)
Total			<u>(2,889,084)</u>
Payables from Insurance Operations			
USD	(14,677,120)	1.6157	(23,713,823)
EUR	(2,954,856)	2.3397	(6,913,477)
Total			<u>(30,627,300)</u>
Net Foreign Currency Position			<u>12,215,828</u>

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12.4 Details of the Company's foreign currency denominated receivables without exchange rate guarantees are presented below (Continued)

31 December 2010

	Amount in Foreign Currency	Exchange Rate	Amount (TL)
Banks (Foreign Currency)			
USD	565,470	1.5376	869,467
EUR	867,611	2.0551	1,783,027
GBP	7,733	2.3827	18,425
CHF	185	1.6395	303
Total			<u>2,671,222</u>
Receivables from Insurance Operations			
USD	15,261,059	1.5376	23,465,404
EUR	9,123,663	2.0551	18,750,040
GBP	2,680	2.3827	6,386
CHF	8,582	1.6395	14,070
Other			10,294
Total			<u>42,246,194</u>
Outstanding Claims Reserve			
USD	(983,799)	1.5376	(1,512,689)
EUR	(551,778)	2.0551	(1,133,959)
Total			<u>(2,646,648)</u>
Payables from Insurance Operations			
USD	(5,315,937)	1.5376	(8,173,785)
EUR	(6,139,621)	2.0551	(12,617,535)
GBP	(36,871)	2.3827	(87,853)
Other			(3,851)
Total			<u>(20,883,024)</u>
Net Foreign Currency Position			<u>21,387,744</u>

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13. Derivative Financial Instruments

As of June 30, 2011 the Company has no derivative financial instruments (December 31, 2010: None).

14. Cash and Cash Equivalents

	<u>30 June 2011</u> <u>31 December 2010</u>	
Cash at Banks		
Time Deposit	470,270,407	312,973,104
Demand Deposit	3,396,280	8,873,558
Other current assets	-	-
Total	473,666,687	321,846,662
Interest Accrual on Cash and Cash Equivalents (-)	(3,492,349)	(2,616,052)
Cash Flow Based Grand Total	<u>470,174,338</u>	<u>319,230,610</u>
Blocked Deposits	<u>69,407,587</u>	<u>9,650,372</u>

15. Share Capital

15.1 Transactions between the Company and its shareholders, showing each distribution made to the shareholders separately

The Company's shareholders and its shareholders' equity structure as of June 30, 2011 and December 31, 2010 are presented in Note 2.14.

The details of the transactions between the Company and its shareholders and the related balances as of the end of the period are presented in "Related Parties" note.

15.2 Reconciliation of carrying values of each capital account and each reserve as of the beginning and end of the period showing each change separately

Presented in the statement of changes in equity.

15.3 For each class of share capital

15.3.1 The explanation about the number of capital shares

The Company's issued capital share is composed of 30,600,000,000 shares having a nominal amount of TL 0.01 each. These shares are presented by Class 10 shares (December 31, 2010: 30,600,000,000 shares with a nominal amount of TL 0.01each)

15.3.2 The explanation about the number of issued and fully paid shares and issued but not fully paid shares

None (December 31, 2010: None).

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15.3.3 Nominal value of an equity share or equity shares without having nominal value

Nominal value of equity shares is TL 0.01 per share (December 31, 2010: TL 0.01 per share).

15.3.4 Reconciliation of the number of the equity shares at the beginning and ending of the period

	Number of Shares	
	30 June 2011	31 December 2010
Beginning of the Period, 1 January	30,600,000,000	30,600,000,000
Issued in the Current Period	-	-
End of the Period, 30 June	30,600,000,000	30,600,000,000

15.3.5 Rights, privileges and limitations on dividend payments and repayment of share capital

In accordance with Article 61 of the Company's Articles of Association, corporate tax is deducted from the net profit which is determined and calculated based on the issued balance sheet. 5% of statutory reserve is allocated over the remaining amount and subsequent to this allocation, at minimum, 1. dividend amount that is determined by the CMB is also allocated over the final remaining amount.

The Company's capital does not include any preferred shares.

Based on the guidelines and principals issued by the Capital Markets Board (the Board) dated January 27, 2010 for the distribution of dividends from the profit generated from operating activities in 2010, concerning public entities, the shares of which are quoted in public equity markets, it has been agreed upon not to set a mandatory minimum dividend payment quota (December 31, 2010: 20%). Furthermore, it has been agreed upon to let public entities perform dividend distributions as stated within the "Communique Concerning Principal Matters on Dividend Advances Distributed by Public Entities Under the Regulation of the Capital Markets Law" (Serial: IV, No: 27), as stated within the principal agreement of the companies and as stated within the policies on dividend distribution that have been shared with the public.

Additionally, as stated within the aforementioned Board Decision, for entities required to prepare consolidated financial statements, it has been agreed upon to require the net distributed profit calculations to be performed on the net profit for the period as stated on the consolidated financial statements, so long that the distribution can be funded through statutory resources.

15.3.6 Equity shares held by the company, its affiliates or its subsidiaries

None (December 31, 2010: None).

15.3.7 Equity shares held for future sale for forward transactions and contracts

None (December 31, 2010: None).

15.4 Share based payments

None (December 31, 2010: None).

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD 1 JANUARY - 30 JUNE 2011

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

15.5 Subsequent events

Disclosed in note 46.

16. Other Provisions and Capital Component of Discretionary Participation

16.1 Each income and expense item and their total amounts accrued under shareholders' equity in the current period in accordance with other standards and interpretations

	<u>30 June 2011</u>	<u>31 December 2010</u>
Valuation Difference of Financial Assets		
Available for Sale	(1,629,101)	-
Deferred Tax Effect	325,820	-
Total	<u>(1,303,281)</u>	<u>-</u>

16.2 Net exchange differences classified separately as an equity item and reconciliation of exchange differences at the beginning and end of the period

None (December 31, 2010: None).

16.3 Hedging for forecasted transactions and net investment hedging

None (December 31, 2010: None).

16.4 Hedging against financial risks

None (December 31, 2010: None).

16.5 Gains and losses from available for sale financial assets recognized directly in equity for in the current period and amounts recognized in the current profit or loss taken from shareholders' equity

	<u>30 June 2011</u>	<u>31 December 2010</u>
	<u>Increase / (Decrease)</u>	<u>Increase / (Decrease)</u>
Beginning of the Period, 1 January	-	1,734,945,658
Increase / decrease in value recognized under the shareholders' equity in the current period	<u>(1,303,281)</u>	<u>(1,734,945,658)</u>
End of the Period	<u>(1,303,281)</u>	<u>-</u>

16.6 Income and loss related to affiliates recognized directly in equity in the current period

None (December 31, 2010: None).

16.7 Revaluation increases in tangible fixed assets

None (December 31, 2010: None).

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD 1 JANUARY - 30 JUNE 2011

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

16.8 Current and deferred tax in relation to debit and credit items directly charged in equity

None (December 31, 2010: None).

17. Insurance Liabilities and Reinsurance Assets

17.1 Guarantees to be provided for life and non-life insurance branches and guarantees provided for life and non-life insurances based on assets

The Company's guarantees to be provided for life and non-life insurance branches and guarantees provided for life and non-life insurances based on assets are below:

Branch	30 June 2011		31 December 2010	
	Amount to be Provided TL	Current Blockage TL	Amount to be Provided TL	Current Blockage TL
Life	8,231,603	8,726,239	8,527,084	9,303,656
Government Bonds		6,455,338		7,128,645
Time Deposit		2,270,901		2,175,011
Non-Life	80,120,274	108,183,448	85,887,920	103,603,780
Government Bonds		41,046,762		95,838,076
Time Deposit		67,136,686		7,765,704
Total	88,351,877	116,909,687	94,415,004	112,907,436

17.2 Number of life insurance policies, additions, disposals in the current period, and current life insurees and their mathematical reserves

	2011		2010	
	Unit	Mathematical Reserves TL	Unit	Mathematical Reserves TL
Beginning of the Period, 1 January	537	4,528,117	759	5,939,459
Participations in the Current Period	-	174,146	-	444,560
Leavings in the Current Period	(83)	(792,779)	(222)	(1,855,902)
End of Period, 30 June	454	3,909,484	537	4,528,117

Mathematical Reserves amounting to TL 2,846,480 (December 31, 2010: 3,149,961), provision for the Investment Risk Life Insurance Policyholders amounting to TL 1,063,004 (December 31, 2010: TL 1,378,156) and number of life insurance policies and the corresponding provisions in the mathematical reserves are included in the table stated above.

Available for sale financial assets of which their risks are on policyholders are carried at fair value as explained in Note 11. There are no the difference between fair value and amortized cost as of June 30, 2011 (December 31, 2010: None).

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD 1 JANUARY - 30 JUNE 2011

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

17.3 Insurance guarantees given to non life insurances based on insurance branches

Branch	30 June 2011 Amount	31 December 2010 Amount
Motor Third Party Liability	1,778,436,236,877	1,413,940,913,099
Fire and Natural Disaster	96,039,107,148	86,252,975,464
General Losses	60,777,285,400	53,465,383,541
Marine	43,802,797,266	44,282,883,713
Accident	43,478,596,531	40,995,350,874
Motor Own Damage	17,384,127,513	14,450,872,195
General Liability	9,456,745,997	8,231,505,830
Legal Protection	8,252,314,861	5,980,302,373
Financial Losses	7,127,208,264	6,486,681,475
Air Crafts Liability	1,209,641,545	3,954,567,545
Credit	705,375,387	380,987,189
Health	680,705,999	528,079,499
Air Crafts	655,348,528	579,774,229
Water Crafts	409,639,436	477,909,890
Fidelity Guarantee	305,005,703	241,862,855
Life	12,644,084	11,554,716
Total	2,068,732,780,539	1,680,261,604,487

17.4 Pension investment funds established by the Company and their unit prices

None (December 31, 2010: None).

17.5 Number and amount of participation certificates in portfolio and circulation

None (December 31, 2010: None).

17.6 Number of portfolio amounts of additions, disposals, reversals, and current individual and group pension participants

None (April 1 - June 30, 2011: None), (June 30, 2010: None), (April 1 - June 30, 2010: None).

17.7 Valuation methods used in profit share calculation for life insurances with profit shares

None (April 1 - June 30, 2011: None), (June 30 2010: None), (April 1 - June 30, 2010: None).

17.8 Number of the additions and their group or individual gross and net share participations in the current period

None (April 1 - June 30, 2011: None), (June 30 2010: None), (April 1 - June 30, 2010: None).

17.9 Number of additions from the other companies and their group or individual gross and net share participations in the current period

None (April 1 - June 30, 2011: None), (June 30 2010: None), (April 1 - June 30, 2010: None).

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD 1 JANUARY - 30 JUNE 2011

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

17.10 Number of transfers from the Company's life portfolio to individual pension portfolio and their group or individual gross and net share participations

None (April 1 - June 30, 2011: None), (June 30 2010: None), (April 1 - June 30, 2010: None).

17.11 Number of transfers from the Company's individual pension portfolio to other company or not and together their personal and corporate allocation and gross and net share participations

None (April 1 - June 30, 2011: None), (June 30 2010: None), (April 1 - June 30, 2010: None).

17.12 Number of units, gross/net premiums and individual/group allocation for life policyholders that joined the portfolio during the period

None (April 1 - June 30, 2011: None), (June 30 2010: None), (April 1 - June 30, 2010: None).

17.13 Number of additions of life insurances and their group or individual gross and net mathematical reserves

The life insurance policyholders disposed from the portfolio are individuals; and the number and amounts of these life insurances policies are disclosed in Note 17.2.

17.14 Profit share distribution rate of life insurees in the current period

In the current period, profit share distribution rate of life insurees are calculated as below:

	1 January - 30 June 2011 Profit Share Distribution Rate (%)	1 January - 31 December 2010 Profit Share Distribution Rate (%)
TL (Life Insurance)	7.21%	7.48%

17.15 Explanation of information that describes amounts arose from insurance agreements

None (December 31, 2010: None).

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

17.16 Assets, liabilities, income, expense and cash flows from insurance contracts recognized when the insurer is a ceding company:

Reinsurance Assets

	<u>30 June 2011</u>	<u>December 2010</u>
Receivables from Reinsurance Companies	25,634,310	40,697,169
Cash Deposited For Insurance & Reinsurance Companies	30,954	30,954
Reinsurance Share of Unearned Premiums Reserve	142,304,422	130,787,189
Reinsurance Share of Outstanding Claims Reserve	115,788,884	97,092,210
Reinsurance Share of Unexpired Risks Reserve	599,233	2,089,278
Total	284,357,803	270,696,800

Reinsurance Liabilities

	<u>30 June 2011</u>	<u>December 2010</u>
Payables from Insurance Operations	(71,026,825)	(60,547,066)
Payables to Agencies	(25,636,507)	(23,642,900)
Rediscount on Payables from Insurance Operations (-)	364,608	63,419
Payables to Insurance and Reinsurance Companies	(45,754,926)	(36,967,585)
Total	(71,026,825)	(60,547,066)

Income / (Expense) on Reinsurance Agreements

	<u>30 June 2011</u>	<u>30 June 2010</u>
Premiums Ceded to Reinsurers (-)	(142,649,825)	(66,857,147)
Commissions Received	19,650,125	9,767,069
Reinsurance Share of Unearned Premiums Reserve	17,810,409	4,006,809
Reinsurance Share of Unearned Premiums Reserve Carried Forward (-)	(1,490,046)	(2,291,969)
Reinsurance Share of Unexpired Risks Reserve	26,070,132	8,222,325
Reinsurance Share of Unexpired Risks Reserve Carried Forward (-)	44,161,687	23,273,676
Reinsurance Share of Outstanding Claims Reserve	(36,447,518)	(23,879,237)

**CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL
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(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

17.16 Assets, liabilities, income, expense and cash flows from insurance contracts recognized when the insurer is a ceding company (Continued)

Branch	30 June 2011			30 June 2010		
	Premiums Ceded	Share of Technical Reserves	Reinsurance Share of Claims Paid	Premiums Ceded	Share of Technical Reserves	Reinsurance Share of Claims Paid
Fire and Natural Disaster	(59,486,388)	23,175,383	6,628,161	(55,100,755)	(5,554,756)	18,999,094
Motor Own Damage	(21,674,694)	5,653,356	14,831,141	(20,020,116)	1,348,981	18,155,173
General Losses	(24,974,722)	10,375,234	8,286,471	(15,793,269)	(79,774)	11,716,498
Motor Third Party Liability	(10,705,868)	(2,744,967)	6,565,063	(10,489,788)	1,094,648	10,950,946
Financial Losses	(10,387,565)	454,452	1,110,940	(11,299,920)	55,926,524	645,203
General Liability	(6,986,587)	7,858,851	1,459,474	(5,629,146)	(2,878,376)	1,428,712
Marine	(5,267,086)	3,465,481	1,339,380	(4,707,789)	(1,399,245)	5,543,012
Health	1,359,163	(1,124,128)	1,162,068	(3,705,094)	(6,841,484)	10,559,159
Air Crafts Liability	(175,216)	(1,623,592)	809	(1,675,089)	1,723,014	175,587
Accident	(1,093,341)	(441,348)	485,223	(1,075,250)	620,867	623,844
Air Crafts	(343,202)	(1,110,407)	18,820	(166,042)	(10,253,713)	465,970
Water Crafts	(785,016)	(1,830,208)	2,227,167	(799,722)	13,247,631	2,208,346
Fidelity Guarantee	(566,682)	(386,820)	28,721	(140,437)	4,480,266	41,480
Credit	(1,212,046)	602,622	14,270	(817,761)	942,352	(482,807)
Legal Protection	(330,165)	63,587	3,979	(253,471)	2,226,348	4,423
Life	(20,410)	2,999	-	(36,357)	(2,086)	-
Total	(142,649,825)	42,390,495	44,161,687	(131,710,006)	54,601,197	81,034,640

The Company, as a ceding company, defers its commission income obtained from reinsurance agreements.

17.17. Comparison of incurred claims with past estimations

Disclosed in Note 4.1.2.3.

17.18. Effects of changes in the assumptions used in the measurement of insurance assets and liabilities, showing the effects of each change that has significant effect on the financial statements separately

Disclosed in Note 4.1.2.4.

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD 1 JANUARY - 30 JUNE 2011

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

17.19 Reconciliation of insurance payables, reinsurance assets and changes in deferred acquisition costs, if any

	2011	
	Insurance Payables	Reinsurance Assets
Beginning of the Period, 1 January	(60,547,066)	270,696,800
Movement in the Current Period	(10,479,759)	13,661,003
End of the Period, 30 June	(71,026,825)	284,357,803

	2010	
	Insurance Payables	Reinsurance Assets
Beginning of the Period, 1 January	(69,629,307)	327,235,269
Movement in the Current Period	9,082,241	(56,538,469)
End of the Period, 31 December	(60,547,066)	270,696,800

18. Investment Contract Liabilities

Disclosed in Note 17.2.

19. Trade and Other Payables, Deferred Income

19.1 Sub-classifications of presented items in line with the Company's operations

	30 June 2011	31 December 2010
Payables from Insurance Operations	71,026,825	60,547,066
Other Deferred Income and Expense Accruals	38,386,996	43,370,723
Due to Related Parties	489,925	820,184
Other Payables	21,972,504	27,998,580
	131,876,250	132,736,553

19.2 Related Parties

Details related with related party balances and transactions for the current financial period are disclosed in Note 45.

20. Payables

Insurance Technical Reserves	30 June 2011	31 December 2010
Unearned Premiums Reserve- Net (*)	417,333,449	306,037,195
Unexpired Risks Reserve- Net	151,486	280,668
Outstanding Claims Reserve-Net (**)	223,093,570	205,111,623
Life Mathematical Reserve-Net	2,846,480	3,149,961
Provision for Policies Investment Risk of Life		
Insurance Policyholders	1,063,004	1,378,156
Equalization Reserve-Net	13,342,027	10,844,089
Total	657,830,016	526,801,692

(*) While calculating the income statement effect of the provisions for unearned premiums, TL 4,302,504, the deferral effect of the premiums transferred to assistance companies, which is included in operating expenses, has been netted off.

(**) The Company has clean-cut agreements in the motor-accident branch, and based on these agreements it has performed the 2010 premium and claim portfolio withdrawals as of December 31, 2010. According to the same agreement, portfolio entries were made in 2011. TL 7,373,513, the effect of 2010 portfolio entries was netted off from the provisions for outstanding claims account in the current period (Note 4.1.2.4).

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD 1 JANUARY - 30 JUNE 2011

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21. Deferred Income Tax

The Company recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for Turkey Accounting Standards (TAS) purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for TAS.

Tax rate is applied as 20% for the calculation of deferred tax asset and liabilities. The details of deferred tax are presented in Note 35.

22. Retirement and Welfare Liabilities

	<u>30 June 2011</u>	<u>31 December 2010</u>
Employee Termination Benefit	2,104,668	2,167,753
Total	<u>2,104,668</u>	<u>2,167,753</u>

Provisional Article 23 of the Banking Act No: 5411 requires the transfer of pension funds, which are established for employees of financial institutions, insurance and reinsurance companies under Social Security Act, to Social Security Institution ("SSI") as of the effective date of the Act within 3 years and principles and procedures of fund transfer are also prescribed in accordance with the Council of Ministers' order no: 2006/11345 issued on 30 November 2006. However, transfer requirement in the related Act was annulled based on the application made by the Turkish President on 2 November 2005 in accordance with the order of the Constitutional Court (no: E.2005/39, K.2007/33) issued on 22 March 2007 as effective from the date of publishment in the Official Gazette no: 26479 on 31 March 2007.

On the other hand, the Act No: 5754 "Amendments in Social Securities and General Health Insurance Acts Specific Laws and Related Requirements" published in the Official Gazette No: 26870 on 8 May 2008, requires the transfer of participants or beneficiaries of pension funds to SSI as of the effective date of the Act within 3 years and prescribes the extension period of the transfer as maximum of two years upon the order of Council of Ministers.

The Act prescribes that, as of the transfer date, present value of fund liabilities should be measured by considering the fund income and expense based on the insurance branches presented in the related act using 9.8% of technical interest rate in the actuarial calculation. The Act also specifies that the uncovered other rights and compensations of participants or beneficiaries of pension funds should be covered by institutions that made the fund transfers.

Aksigorta A.Ş. is a member of Akbank T.A.Ş Pension Fund (Akbank T.A.Ş Tekaüt Sandığı). At each period-end, the Company pays its liability calculated for its share to the pension fund. As the result of the actuarial calculations made in relation to the Pension Fund of Akbank T.A.Ş. established in accordance with Article 20 of the Social Securities Act No: 506, the Company has no deficits by the end of the current period and no payments have been made in relation to any deficit amount by the Company. Fund assets are adequate in covering all the funds liabilities; therefore, the Company management anticipates no liabilities to be assumed in relation to the above-mentioned matter.

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

22. Retirement and Welfare Liabilities (Continued)

Retirement Pay Provisions

Under the terms of Turkish Labor Law, the Company is required to pay employment termination benefits to each employee who has qualified for such payment. Also, employees are entitled to retirement pay provisions subsequent to the completion of their retirement period by gaining a right to receive retirement payments in accordance with the amended Article 60 of the applicable Social Insurance Law No: 506 and the related Decrees No: 2422 and 4447 issued on 6 March 1981 and 25 August 1999, respectively. Some transitional provisions related to pre-retirement service term was excluded from the law since the related law was amended as of 23 May 2002.

The amount payable consists of one month's salary limited to a maximum of TL 2,623.23 for each period of service as of June 30, 2011 (December 31, 2010: TL 2,517.01).

Employee termination benefits provisions are legally not a subject of funding. The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of employees. IAS 19 ("Employee Benefits") requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at June 30, 2011 and December 31, 2010, the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated assuming an annual inflation rate of 4.8 % and a discount rate of 11%, resulting in a real discount rate of approximately 4.66%. The anticipated rate of forfeitures is considered and estimated rate of the Company's retirement pay is also taken into account. As the maximum liability is updated semi annually, the maximum amount of TL 2,731.85 effective from 1 July 2011 has been taken into consideration in calculation of provision from employment termination benefits (As of 1 July 2011, the ceiling on severance pay is TL 2,731.85 per month).

22. Retirement and Welfare Liabilities

Movement of employee termination benefits provisions are presented in the statement below:

	2011	2010
Beginning of the Period, 1 January	2,167,753	1,971,587
Charge for the period	353,198	605,918
Retirement Payments	(416,283)	(459,188)
End of the Period, 30 June	2,104,668	2,118,317

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CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD 1 JANUARY - 30 JUNE 2011

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23. Other Liabilities and Expense Accruals

23.1 Provisions related to employee benefits and others

	2011		2010	
	Unused Vacation Provisions	Social Security Premiums Payable	Unused Vacation Provisions	Social Security Premiums Payable
Beginning of the Period, 1 January	2,150,394	749,883	1,854,519	721,420
Movements in the Current Period	545,511	5,006	248,233	(14,546)
End of the Period, 30 June	2,695,905	754,889	2,102,752	706,874

23.2 Off-balance sheet commitments

Company' s statement of pledges and commitments as of June 30, 2011 and December 31, 2010 are presented below

	30 June 2011		31 December 2010	
	Amount in Original Currency	Amount (TL)	Amount in Original Currency	Amount (TL)
Collaterals, Pledges and Mortgages Given by the Company (CPM)				
A. Total amount of CPMs given on behalf of the Company' legal entity	-	-	-	-
B. Total amount of CPMs given in favour of joint ventures included in full consolidation	-	-	-	-
C. Total amount of CPMs given as the guarantee of the third parties' debts for the maintenance purpose of the ordinary activities		2,427,470		1,409,967
	TL	2,381,551	1,342,302	1,342,302
	USD	28,420	44,007	67,665
D. Total amount of other CPMs given		922,655		863,521
i. Total amount of CPMs given in favour of the parent company	-	-	-	-
ii. Total amount of CPMs given in favour of other group companies not included in clauses B and C	-	-	-	-
iii. Total amount of CPMs given in favour of third parties not included in clause C		922,655	-	863,521
	TL	922,655	863,521	863,521
Total		3,350,125		2,273,488

Other pledges and commitments provided by the Company has no share on the equity (December 31, 2010: None).

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23.3 Provisions, Contingents Assets and Liabilities

Contingent Liabilities	30 June 2011	31 December 2010
Outstanding Claims under Litigation	101,752,217	88,050,383
Total	101,752,217	88,050,383
	30 June 2011	31 December 2010
Subrogation Receivable Litigations	30,786,407	30,022,897
Trade Receivable Litigations and Executions	12,263,525	11,931,992
Total	43,049,932	41,954,889

24. Net Insurance Premium Revenue

Non-life Branches	1 January- 30 June 2011	1 April- 30 June 2011	1 January- 30 June 2010	1 April- 30 June 2010
Motor Own Damage	194,162,571	102,334,841	129,603,682	68,568,811
Health	97,662,468	26,127,057	83,521,056	19,647,963
Motor Third Party Liability	84,578,815	46,812,958	56,401,096	24,338,553
General Losses	27,891,030	12,970,929	16,623,963	8,384,354
Fire and Natural Disaster	28,488,775	14,928,200	24,132,103	11,910,708
Accident	10,882,921	6,023,587	7,580,789	4,011,322
Financial Losses	7,843,545	4,634,608	891,046	413,143
Marine	6,298,807	3,324,836	4,671,688	2,476,088
General Liability	2,883,290	1,485,060	2,580,065	1,149,313
Legal Protection	2,972,496	1,584,666	2,281,236	1,217,695
Water Crafts	218,682	150,038	156,828	100,549
Fidelity Guarantee	74,269	28,897	54,582	17,853
Credit	11,031	11,031	5,785	5,785
Total Non-life Branches	463,968,700	220,416,708	328,503,919	142,242,137
Life	68,872	29,769	107,165	48,847
Total	464,037,572	220,446,477	328,611,084	142,290,984

Amounts in the table above are presented at net by gross premiums less reinsurance shares.

25. Fee Income

None (30 June 2010: None).

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26. Investment Income/(Expense)

	1 January- 30 June 2011	1 April- 30 June 2011	1 January- 30 June 2010	1 April- 30 June 2010
Financial Assets Held for Trading				
Interest Income	128	41	51	32
Repo Income	24	-	188,677	64,357
Total	152	41	188,728	64,389

	1 January- 30 June 2011	1 April- 30 June 2011	1 January- 30 June 2010	1 April- 30 June 2010
Financial Assets Available for Sale				
Interest Income	15,969,572	11,540,346	24,119,166	11,401,454
Dividend Income (*)	-	-	20,185	-
Total	15,969,572	11,540,346	24,139,351	11,401,454

	1 January- 30 June 2011	1 April- 30 June 2011	1 January- 30 June 2010	1 April- 30 June 2010
(*) Dividend Income				
Ak Yatırım	-	-	2,802	-
Tursa	-	-	17,383	-
Total	-	-	20,185	-

(*) Income, which is presented under the incomes from affiliates portfolio in the previous period's financial statements, consist of the revenues from dividends obtained by the shares which are stated under the Company's available for sale financial assets portfolio.

	1 January- 30 June 2011	1 April- 30 June 2011	1 January- 30 June 2010	1 April- 30 June 2010
Investment Properties				
Rent Income	113,319	56,660	113,245	53,106
Total	113,319	56,660	113,245	53,106

Grand Total	16,083,043	11,597,047	24,461,509	11,518,949
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27. Net Accrual Income on Financial Assets

	1 January- 30 June 2011	1 January- 30 June 2010
Financial Assets Available for Sale		
Valuation Differences Recognized under		
Shareholders' Equity	(1,303,281)	(450,377)
Total	(1,303,281)	(450,377)

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28. Assets Held At Fair Value through Profit and Loss

Net gain/loss of assets held at fair value through profit and loss reflected to the income statement as of the balance sheet date is TL 5,509,266 (1 April - 30 June 2011: TL 1,339,197, 1 January - 30 June 2010: TL 13,819,355, 1 April - 30 June 2010: TL 1,101,643).

29. Insurance Rights and Demands

	1 January- 30 June 2011	1 April- 30 June 2011	1 January- 30 June 2010	1 April- 30 June 2010
<u>Outstanding Claims Reserve</u>				
Motor Own Damage	(5,904,082)	(5,730,659)	1,601,475	(4,408,961)
Legal Protection	(10,993)	(278)	3,028,101	9,452,697
Fire and Natural Disaster	(2,134,262)	(817,251)	885,228	(1,413,499)
Water Crafts	(13,447)	(37,685)	449,977	97,200
General Losses	(3,228,851)	(889,116)	505,043	703,927
Fidelity Guarantee	(13,351)	(22,582)	(151,157)	(21,413)
Financial Losses	(932,254)	(445,959)	(356,508)	(350,974)
General Liability	(982,084)	(551,370)	(545,849)	(188,093)
Marine	(703,878)	(359,442)	(695,320)	(1,074,158)
Accident	(328,331)	401,217	923,522	183,538
Health	(2,094,189)	1,925,613	(5,042,545)	1,832,444
Motor Third Party Liability	5,705,864	7,944,076	16,267,361	8,829,324
<u>Total Non-life</u>	<u>(10,639,858)</u>	<u>1,416,564</u>	<u>16,869,328</u>	<u>13,642,032</u>
Life	31,424	(45,924)	124,196	24,162
<u>Total (*)</u>	<u>(10,608,434)</u>	<u>1,370,640</u>	<u>16,993,524</u>	<u>13,666,194</u>

(*) For the comparison of current and prior periods, please refer to the explanations disclosed in Note 4.1.2.4.

30. Investment Agreement Rights

None (30 June 2010: None).

31. Mandatory Other Expenses

Types of expenses are disclosed in Note 32.

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32. Expense Types

	1 January- 30 June 2011	1 April- 30 June 2011	1 January- 30 June 2010	1 April- 30 June 2010
Production Commissions (-)	(76,809,762)	(42,304,318)	(64,274,323)	(31,791,181)
Employee Wages and Expenses (-)	(18,318,949)	(9,173,761)	(16,646,555)	(8,326,660)
Advertisement Expenses (-)	(3,569,422)	(2,998,118)	(3,207,380)	(1,894,601)
Information Technology Expenses (-)	(2,579,700)	(1,276,292)	(2,375,849)	(1,140,502)
Depreciation Expenses (-)	(2,353,313)	(1,089,628)	(1,969,508)	(994,152)
Repair and Maintenance Expenses (-)	(1,622,484)	(830,719)	(1,436,789)	(732,403)
Transportation Expenses (-)	(1,330,706)	(708,068)	(1,450,064)	(779,713)
Meeting and Training Expenses (-)	(1,313,213)	(507,705)	(1,110,534)	(938,322)
Outsourcing Service Expenses (-)	(1,208,192)	(221,129)	(1,479,580)	(1,126,003)
Social Relief Expenses (-)	(1,016,767)	(523,343)	(947,674)	(464,147)
Rent Expenses (-)	(452,847)	(225,213)	(608,517)	(408,071)
Communication Expenses (-)	(388,865)	(216,162)	(405,968)	(251,373)
Other (-)	(2,006,913)	(1,017,934)	(2,244,633)	(887,643)
Total (*)	(112,971,133)	(61,092,390)	(98,157,374)	(49,734,771)

(*) TL 10,391,003 (30 June 2010: TL 9,912,904) of other expenses have not been included; TL 2,353,313 (30 June 2010: TL 1,969,508) of depreciation expenses has been included.

33. Employee Benefit Expenses

	1 January- 30 June 2011	1 April- 30 June 2011	1 January- 30 June 2010	1 April- 30 June 2010
Salary and Bonus Payments	(17,545,514)	(8,773,398)	(16,181,828)	(8,109,540)
Insurance Payments	(227,667)	(120,074)	(212,830)	(105,187)
Other Payments	(545,768)	(280,289)	(251,897)	(111,933)
Total (Note 32)	(18,318,949)	(9,173,761)	(16,646,555)	(8,326,660)

34. Financing Costs

34.1 Financial Expenses

None (30 June 2010: None).

34.2 Current period' s financial expenses related to shareholders, affiliates and subsidiaries:

None (30 June 2010: None).

34.3 Sales transactions with shareholders, affiliates and subsidiaries

None (30 June 2010: None).

34.4 Interest, rent and similar balanceswith shareholders, affiliates and subsidiaries

In the current period rent income from shareholder Hacı Ömer Sabancı Holding 36,042 TL (1 April - 30 June 2011: 18,021 TL, 1 January - 30 June 2010: 33,870 TL, 1 April - 30 June 2010: 16,935 TL).

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34.5 The company does not apply hedge accounting.

34.6 Exchange differences, other than those arising from financial assets held at fair value through profit and loss.

None (30 June 2010: None).

35 Income Taxes

	30 June 2011	31 December 2010
<u>Current Tax Liability</u>		
Corporate Tax Liability Provision on Period Profit	-	7,476,726
Prepaid Taxes and Other Liabilities on Period Profit (-)	-	-
	-	7,476,726
	1 January-	1 January-
<u>Tax (Expense) / Income is Formed by the Items Below:</u>	30 June 2011	30 June 2010
Current Tax Income / (Expense)		
Deferred Tax Income / (Expense) due to Temporary Differences	(45,608)	(1,683,927)
Total Tax Income / (Expense)	(45,608)	(1,683,927)

Deferred Tax

The Company recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for TFRS purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for TFRS and tax purposes and they are given below. Tax rate is applied as 20% for the calculation of deferred tax asset and liabilities.

	1 January-	1 January-
	30 June 2011	30 June 2010
<u>Deferred Tax</u>		
Recognized in the Shareholders' Equity:		
Valuation of Financial Assets Available for Sale	325,819	(23,704)
Total	325,819	(23,704)

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35. Income Tax (Continued)

Items that are subject to deferred tax and corporate tax are summarized as follows:

<u>Deferred Tax Assets / (Liabilities)</u>	<u>30 June 2011</u>	<u>31 December 2010</u>
Valuation Differences of Financial Assets	325,820	-
Useful Life Differences of Tangible and Intangible Assets	(2,086,626)	(2,086,626)
Retirement Pay Provision	420,934	433,551
Unused Vacation Provision	539,181	430,079
Payable / Receivable Discounts	342,553	367,542
Technical Reserves	1,352,671	4,048,248
Doubtful Receivable Provisions	576,671	656,671
Other	2,822,753	164,280
Deferred Tax Assets / (Liabilities)	4,293,957	4,013,745

<u>Movements of Deferred Tax Assets / (Liabilities):</u>	<u>2011</u>	<u>2010</u>
Beginning of the Period, 1 January	4,013,745	(1,502,741)
Deferred Tax Income Recognized in the Income Statement	(45,608)	(366,293)
Deferred Tax Income Recognized in the Shareholders' Equity	325,820	100,254
Closing Balance, 30 June	4,293,957	(1,768,780)

Reconciliation of period tax expense with net income for the period is as below:

<u>Reconciliation of Tax Provision:</u>	<u>1 January- 30 June 2011</u>	<u>1 January- 30 June 2010</u>
Income Before Tax	570,733	12,808,152
Tax Calculated: %20	(114,147)	(2,561,630)
Effect of Additions	(3,475,825)	(5,633,765)
Effect of Allowances	6,182,803	6,807,116
Corporate Tax Payable and Provision for Other Statutory Liabilities	-	(1,388,280)
Deferred Tax Income / (Expense)	(45,608)	(366,293)

36. Net Foreign Exchange Gain/Loss

<u>Recognized in Profit / Loss:</u>	<u>1 January- 30 June 2011</u>	<u>1 April- 30 June 2011</u>	<u>1 January- 30 June 2010</u>	<u>1 April- 30 June 2010</u>
Foreign Exchange Income	4,893,211	3,141,454	6,694,732	2,516,526
Foreign Exchange Expense	(5,880,763)	(3,550,770)	(4,646,539)	(912,194)
	(987,552)	(409,316)	2,048,193	1,604,332

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37. Earning per Share

	2011	2010
Number of Equity Shares Outstanding Beginning Period, 1 January	<u>30,600,000,000</u>	<u>30,600,000,000</u>
Number of Equity Shares Issued in Cash	-	-
Number of Equity Shares Outstanding End of Period, 30 June	<u>30,600,000,000</u>	<u>30,600,000,000</u>
Weighted Average Number of Outstanding Shares	30,600,000,000	30,600,000,000
Net Profit for the Period / (Loss) (TL)	<u>525,124</u>	<u>11,053,577</u>
Earnings / (Loss) per Share (TL)	<u>0.002</u>	<u>0.036</u>

38. Dividend per Share

In the Ordinary General Meeting of the Company dated on 14 April 2011, it has been decided to transfer net profit stated on financial statements of year 2010 to capital reserves and not to distribute dividends.

39. Cash Generated from the Operations

Cash flows are presented above with the 2011 financials. Net cash amount that generated from main operations, net cash generated from/used for investments, and net cash used for financing operations are in order : TL 26,872,062, TL 169,116,045 and TL 0. (30 June 2010: TL 8,305,139, TL 54,340,506 and TL (30,600,000)).

40. Equity Share Convertible Bonds

None (December 31, 2010: None).

41. Cash Convertible Privileged Equity Shares

None (December 31, 2010: None).

42. Risks

The Company's contingent asset and liabilities are presented in Note 23.3.

43. Commitments

Total amount of off balance sheet commitments are presented in Note 23.2

44. Business Combinations

None (December 31, 2010: None).

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45. Related Parties

The details of transactions between the Company and other related parties are disclosed below:

Related party transactions

Due from / to Related Parties

<u>Company</u>	<u>30 June 2011</u>	<u>31 December 2010</u>
Ak Finansal Kiralama A.Ş	3,091,428	2,615,963
Enerjisa Enerji Üretim A.Ş	1,220,664	7,071,466
Başkent Elektrik Dağıtım A.Ş	1,127,812	7,945
Akçansa Çimento San. ve Tic. A.Ş	948,389	477,870
Temsa Global San. ve Tic. A.Ş	945,509	109,960
Brisa Bridgestone Sabancı Last. San. Ve Tic. A.Ş.	756,353	378,386
Kordsa Global Endüstriyel İplik ve Kord Bezi San. ve Tic. A.Ş.	371,092	39,272
Olmuksa International Paper Sabancı Ambalaj San. ve Tic. A.Ş.	329,695	36,033
Akbank Türk A.Ş.	261,778	41,819
Sabancı Üniversitesi	234,406	572,967
Yünsa Yünlü San. ve Tic. A.Ş	147,597	34,776
Hacı Ömer Sabancı Holding A.Ş	146,239	59,608
Avivasa Emeklilik ve Hayat A.Ş	93,163	(8,127)
Teknosa İç ve Dış Ticaret A.Ş	91,331	51,928
Ak Yatırım Menkul Değerler A.Ş	87,561	(117)
Philsa Philip Morris Sabancı Sigara ve Tütüncülük A.Ş.	79,811	24,788
Pmsa Philip Morris Sabancı Pazarlama ve Satış A.Ş.	78,065	8,543
Carrefoursa Carrefour Sabancı Ticaret Merkezi A.Ş	76,093	151,703
Bimsa Uluslararası İş, Bilgi ve Yönetim Sistemleri A.Ş	52,125	15,059
Çimsa Çimento San. ve Tic. A.Ş	46,286	62,648
Ak Portföy Yönetimi A.Ş	24,393	5,659
Dönkasan Dönüşen Kağıt Ham Maddeleri San. ve Tic. A.Ş	10,067	2,886
Diasa Dia Sabancı Süpermarketler Ticaret A.Ş.	7,322	410,623
Ak Yatırım Ortaklığı A.Ş.	5,019	435
Exsa Export Sanayi Mamülleri Satış ve Araştırma A.Ş.	3,201	4,310
Tursa Sabancı Turizm ve Yatırım İşletmeleri A.Ş.	3,094	770
Hacı Ömer Sabancı Vakfı	5	-
AEO (Hilton International)	-	236
TOTAL	10,238,498	12,177,409

(*) TL 49,787 (December 31, 2010: TL 47,142) of due from related parties is presented under the "Due from Related Parties" in the financial statements and the remaining amount is presented under the "Receivables from Insurance Operations" account.

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45. Related Parties (Continued)

Premium Production

Insuree	1 January- 30 June 2011	1 April- 30 June 2011	1 January- 30 June 2010	1 April- 30 June 2010
Enerjisa Enerji Üretim A.Ş.	9,665,272	5,043,756	6,461,577	3,150,529
Brisa Bridgestone Sabancı Last. San. Ve Tic. A.Ş.	4,085,318	2,126,663	3,579,191	1,801,717
Ak Finansal Kiralama A.Ş.	3,486,236	1,733,663	4,196,825	1,961,908
Akbank Türk A.Ş.	2,350,632	1,188,237	2,138,843	1,052,754
Sabancı Üniversitesi	2,256,485	1,158,360	2,201,199	1,095,222
Temsa Global San. ve Tic. A.Ş	2,019,010	984,637	2,023,297	998,393
Kordsa Global Endüstriyel İplik ve Kord Bezi San. ve Tic.	1,833,725	953,847	1,430,324	703,176
Akçansa Çimento San. ve Tic. A.Ş	1,744,612	893,760	1,325,715	669,725
Çimsa Çimento San. ve Tic. A.Ş	1,568,734	768,603	1,399,763	675,408
Carrefoursa Carrefour Sabancı Ticaret Merkezi A.Ş	1,539,628	773,591	1,770,682	672,425
Başkent Elektrik Dağıtım A.Ş	1,361,150	603,406	811,036	482,013
Pmsa Philip Morris Sabancı Paz. ve Satış A.Ş.	1,306,258	671,435	383,600	182,673
Olmuksa International Paper Sabancı Ambalaj San. ve Ti	1,074,552	541,930	909,435	441,923
Philsa Philip Morris Sabancı Sigara ve Tütüncülük A.Ş.	1,069,713	541,915	186,368	88,481
Avivasa Emeklilik ve Hayat A.Ş	1,033,079	599,345	773,868	378,066
Yünsa Yünlü San. ve Tic. A.Ş	532,902	272,871	366,566	179,670
Teknosa İç ve Dış Ticaret A.Ş	503,819	252,637	1,041,365	514,849
Hacı Ömer Sabancı Holding A.Ş	455,214	231,526	372,706	190,267
Diasa Dia Sabancı Süpermarketler Ticaret A.Ş.	249,646	140,969	299,024	132,963
Bimsa Uluslararası İş, Bilgi ve Yönetim Sistemleri A.Ş.	139,072	70,092	86,493	42,987
Tursa Sabancı Turizm ve Yatırım İşletmeleri A.Ş.	128,432	63,970	130,254	62,629
Ak Yatırım Menkul Değerler A.Ş	78,860	40,633	82,922	40,006
Ak Portföy Yönetimi A.Ş	71,609	36,219	29,377	14,957
Dönkasan Dönüşen Kağıt Ham Maddeleri San. ve Tic. A	52,117	26,320	43,675	21,092
Exsa Export Sanayi Mamülleri Satış ve Araştırma A.Ş.	35,907	18,124	63,279	27,647
Hacı Ömer Sabancı Vakfı	26,889	13,612	22,159	10,733
Ak Yatırım Ortaklığı A.Ş.	9,817	4,936	3,342	1,689
AEO (Hilton International)	932	471	5,851	2,952
TOPLAM	38,679,620	19,755,528	32,138,736	15,596,854

Interest Income Received from Related Parties

Company	1 January- 30 June 2011	1 April- 30 June 2011	1 January- 30 June 2010	1 April- 30 June 2010
Akbank T.A.Ş	12,345,298	7,280,656	12,797,543	6,783,568
Total	12,345,298	7,280,656	12,797,543	6,783,568

The detail of dividend income received from related parties is presented in Note 26.

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46. Subsequent Events

- a) Regarding to the share transfer agreement between Ageas Insurance International N.V. and H.Ö. Sabancı Holding signed on 18 February 2011, 50% of the 18,965,880,200 Aksigorta A.Ş. shares were transferred to Ageas Insurance International NV. Beginning from that date the management control of the Holding on Aksigorta A.Ş. proceeds in the same way with Ageas Insurance International N.V.
- b) Employee termination benefits' limit is being revised every six months, the limit that being used by the Company in order to calculate provision for employee termination benefits is TL 2,731.85 which is valid from 1 July 2011 (Employee termination benefits' limit that valid from 1 January 2011 is TL 2,623.23).

47. Other

Items and amounts classified under the "other" account in financial statements either exceeding 20% of the total amount of the group to which they relate or 5% of the total assets in the balance sheet:

<u>Other Receivables</u>	<u>30 June 2011</u>	<u>31 December 2010</u>
Temporary Accounts Used for Claim Payments	6,740,528	822,605
Other Receivables	1,744,296	1,527,633
Receivables from Tarım Sigortaları A.Ş.	1,405,151	-
Total	9,889,975	2,350,238

<u>Other Payables</u>	<u>30 June 2011</u>	<u>31 December 2010</u>
Payables to Contracted Enterprises	7,577,133	4,296,521
Payables to Turkish Catastrophe Insurance Pool	2,384,237	1,845,247
Payables to Suppliers	1,331,536	1,103,062
Payables to DASK	516,745	463,499
Payables to Tarım Sigortaları A.Ş.	-	3,380,913
Other	2,963,399	1,285,099
Total	14,773,050	12,374,341

<u>Long Term Liabilities- Other Technical Provisions</u>	<u>30 June 2011</u>	<u>31 December 2010</u>
Equalization Reserve	13,342,027	10,844,089
Total	13,342,027	10,844,089

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47. Other (Continued)

Short-Term Deferred Expenses	30 June 2011	31 December 2010
Deferred Commission Expense	90,274,273	67,192,405
Prepaid Expenses	457,153	166,061
Total	90,731,426	67,358,466

Short-Term Deferred Income and Accrued Expenses	30 June 2011	31 December 2010
Deferred Commission Income	22,881,509	21,921,777
Expense Accruals	15,505,487	21,448,946
Total	38,386,996	43,370,723

Income and Profit / Expenses and Losses from Other and Extraordinary Activities	1 January-30 June 2011	1 April-30 June 2011	1 January-30 June 2010	1 April-30 June 2010
Provisions Account (+/-)	(7,182,257)	(5,589,222)	(2,341,392)	(901,446)
Provisions for Doubtful Receivable	(756,426)	(43,166)	(1,046,159)	(469,244)
Retirement Pay Provision	(353,198)	(209,488)	(500,775)	(185,414)
Ministry of Health Provision	(4,600,000)	(4,600,000)	-	-
Provisions for Other Expenses	(1,472,633)	(736,568)	(794,458)	(246,788)
Discount Account (+/-)	426,136	(623,435)	(967,955)	206,827
Compulsory Earthquake Insurance Account (+/-)	211,718	94,817	295,613	236,454
Deferred Tax Asset Account (+/-)	(45,608)	(1,683,927)	(366,293)	(3,000,519)
Other Income and Profit	1,213,501	901,521	3,217,983	1,973,081
Other Expenses and Losses (-) (Note 46)	(3,182,395)	(1,254,277)	(2,806,783)	(1,507,557)
Total	(8,558,905)	(8,154,523)	(2,968,827)	(2,993,160)

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AKSİGORTA ANONİM ŞİRKETİ STATEMENT OF PROFIT DISTRIBUTION

	Note	Reviewed Current Period (01/01/2011 - 30/06/2011) (**)	Reviewed Previous Period (01/01/2010 - 30/06/2010) (*)
TL			
I. DISTRIBUTION OF PERIOD PROFIT			
1.1 PERIOD PROFIT		-	-
1.2 TAXES AND DUTIES PAYABLE (-)		-	-
1.2.2 Corporate tax (Income tax)		-	-
1.2.2. Income withholding tax		-	-
1.2.3 Other taxes and duties		-	-
A. NET PERIOD PROFIT (1.1-1.2)		-	-
1.3 PRIOR PERIODS' LOSSES (-)		-	-
1.4 FIRST LEGAL RESERVES		-	-
1.5 COMPULSORY LEGAL FUNDS TO BE RETAINED AND INVESTED IN THE COMPANY		-	-
B. NET PROFIT AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)]		-	-
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)		-	-
1.6.1 To Holders of Ordinary Shares		-	-
1.6.2 To Holders of Preferred Shares		-	-
1.6.3 To Holders of Participating Redeemed Shares		-	-
1.6.4 To Holders of Bonds Participating to Profit		-	-
1.6.5 To Holders of Profit and Loss Sharing Certificates		-	-
1.7 DIVIDENDS TO PERSONNEL (-)		-	-
1.8 DIVIDENDS TO SHAREHOLDERS (-)		-	-
1.9 DIVIDENDS TO BOARD OF DIRECTORS (-)		-	-
1.10 SECOND DIVIDEND TO SHAREHOLDERS (-) (**)		-	-
1.10.1 To Holders of Ordinary Shares		-	-
1.10.2 To Holders of Preferred Shares		-	-
1.10.3 To Holders of Participating Redeemed Shares		-	-
1.10.4 To Holders of Bonds Participating to Profit		-	-
1.10.5 To Holders of Profit and Loss Sharing Certificates		-	-
1.11 SECOND LEGAL RESERVES (-) (**)		-	-
1.12. STATUTORY RESERVES (-)		-	-
1.13. EXTRAORDINARY RESERVES		-	-
1.14 OTHER RESERVES		-	-
1.15 SPECIAL FUNDS		-	-
II. DISTRIBUTION OF RESERVES		-	-
2.1 DISTRIBUTED RESERVES		-	-
2.2. SECOND LEGAL RESERVES (-)		-	-
2.3 DIVIDENDS TO SHAREHOLDERS (-)		-	-
2.3.1 To Holders of Ordinary Shares		-	-
2.3.2 To Holders of Preferred Shares		-	-
2.3.3 To Holders of Participating Redeemed Shares		-	-
2.3.4 To Holders of Bonds Participating to Profit		-	-
2.3.5 To Holders of Profit and Loss Sharing Certificates		-	-
2.4 DIVIDENDS TO PERSONNEL (-)		-	-
2.5 DIVIDENDS TO BOARD OF DIRECTORS (-)		-	-
III. EARNINGS PER SHARE		-	-
3.1 TO OWNERS OF ORDINARY SHARES		-	-
3.2 TO OWNERS OF ORDINARY SHARES (%)		-	-
3.3 TO OWNERS OF PREFERRED SHARES		-	-
3.4 TO OWNERS OF PREFERRED SHARES (%)		-	-
IV. DIVIDEND PER SHARE		-	-
4.1 TO OWNERS OF ORDINARY SHARES		-	-
4.2 TO OWNERS OF ORDINARY SHARES (%)		-	-
4.3 TO OWNERS OF PREFERRED SHARES		-	-
4.4 TO OWNERS OF PREFERRED SHARES (%)		-	-

(*) Since there is no profit distribution for the interim periods 1 January - 30 June 2011 and 2010, the statements of profit distribution have not been prepared.