AKSİGORTA ANONİM ŞİRKETİ

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2008

Translated into English from
The Original Turkish Report

AKSİGORTA ANONİM ŞİRKETİ

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Aksigorta Anonim Şirketi,

1. We have audited the accompanying financial statements of Aksigorta Anonim Şirketi , which comprise the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility

2. Management is responsible for the preparation and fair presentation of these financial statements in accordance with the applicable accounting principles and standards issued based on insurance laws and regulations. This responsibility includes; designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

3. Our responsibility is to express a conclusion on these financial statements based on our audit. We conducted our audit in accordance with standards on auditing issued based on insurance laws and regulations. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

   An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances,but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

   We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

4. In our opinion, the accompanying financial statements give a true and fair view of the financial position of Aksigorta Anonim Şirketi as of 31 December 2008, and of its financial performance and its cash flows for the year then ended in accordance with the applicable accounting principles and standards issued (Note 2) based on insurance laws and regulations.

Additional paragraph for the English translation:

The effect of the differences between the accounting principles summarized in Note 2 and the 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 and reflected in the accompanying financial statements. The accounting principles used in the preparation of the accompanying financial statements differ materially from IFRS. Accordingly, the accompanying financial statements are not intended to present the Company's financial position and results of its operations in accordance with accounting principles generally accepted in such countries of users of the financial statements and IFRS.

13 March 2009, İstanbul

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU**

Sibel Türker
Partner, SMMM

AKSİGORTA ANONİM ŞİRKETİ

THE UNCONSOLIDATED FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2008

We assure you that our year end unconsolidated financial report and the related disclosures and notes prepared in accordance with the requirements set out by the T.C. Prime Ministry Undersecratariat of Treasury are in compliance with the provisions of the Decree on "Financial Reporting of Insurance and Reinsurance Companies and Pension Funds" and our Companie's accounting records.

İstanbul, 13 March 2009

İsmail Ragıp YERGİN	Erkan Şahinler	Muzaffer Öztürk
Chief Executive Officer	Executive Vice President of Finance	Chief Financial Officer

Cezmi Kurtuluş	Mehmet Bingöl
Statutory Auditor	Statutory Auditor

AKSİGORTA ANONİM ŞİRKETİ
DETAILED
BALANCE SHEET

TRY

ASSETS		
I- Current Assets	**Note**	**Audited Current Period 31/12/2008**
A- Cash and Cash Equivalents	14	**340.737.486**
1- Cash		544
2- Cheques Received		-
3- Banks		321.015.151
4- Cheques Given and Payment Orders (-)		(5.608.646)
5- Other Cash and Cash Equivalents		25.330.437
B- Financial Assets and Investments with Risks on Policy Holders		**1.115.587.310**
1- Financial Assets Available for Sale	11.1	1.102.125.868
2- Financial Assets Held to Maturity		-
3- Financial Assets Held for Trading	11.1	18.501.155
4- Loans		-
5- Provision for Loans (-)		-
6- Investments with Risks on Policy Holders	11.1	9.207.661
7- Equity Shares		-
8- Diminution in Value of Financial Assets (-)	11.1	(14.247.374)
C- Receivables From Main Operations		**235.693.877**
1- Receivables From Insurance Operations	12.1	238.745.436
2- Provision for Receivables From Insurance Operations (-)	12.1	(6.333.054)
3- Receivables From Reinsurance Operations		-
4- Provision for Receivables From Reinsurance Operations (-)		-
5- Cash Deposited For Insurance & Reinsurance Companies	12.1	31.494
6- Loans to Policyholders		-
7- Provision for Loans to Policyholders (-)		-
8- Receivables from Pension Operation		-
9- Doubtful Receivables From Main Operations	12.1	19.952.575
10- Provisions for Doubtful Receivables From Main Operations (-)	12.1	(16.702.574)
D- Due from Related Parties		**41.920**
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	41.920
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	47	**5.577.077**
1- Leasing Receivables		-
2- Unearned Leasing Interest Income (-)		-
3- Deposits and Guarantees Given		7.400
4- Other Receivables		5.569.677
5- Discount on Other Receivables (-)		-
6- Other Doubtful Receivables		-
7- Provisions for Other Doubtful Receivables (-)		-
F- Prepaid Expenses and Income Accruals		**51.364.455**
1- Prepaid Expenses	4.1.2.4	51.364.455
2- Accrued Interest and Rent Income		-
3- Income Accruals		-
4- Other Prepaid Expenses and Income Accruals		-
G- Other Current Assets		**7.577.418**
1- Inventories		107.263
2- Prepaid Taxes and Funds		7.467.988
3- Deferred Tax Assets		-
4- Business Advances		2.167
5- Advances Given to Personnel		-
6- Stock Count Differences		-
7- Other Current Assets		-
8- Provision for Other Current Assets (-)		-
I- Total Current Assets		**1.756.579.543**

AKSIGORTA ANONIM ŞIRKETI
DETAILED
BALANCE SHEET

TRY

ASSETS		
II- Non Current Assets	**Note**	**Audited Current Period 31/12/2008**
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		**577.101.646**
1- Investments In Associates		-
2- Affiliates	9, 11.4	28.879.475
3- Capital Commitments to Affiliates (-)		-
4- Subsidiaries		-
5- Capital Commitments to Subsidiaries (-)		-
6- Joint Ventures	11.4	548.222.171
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		**46.401.666**
1- Investment Properties	7	7.542.332
2- Diminution in Value for Investment Properties (-)		-
3- Owner Occupied Properties	6	39.589.396
4- Machinery and Equipments		-
5- Furnitures and Fixtures	6	23.418.101
6- Vehicles	6	102.258
7- Other Tangible Assets (Including Leasehold Improvements)	6	2.267.752
8- Leased Tangible Fixed Assets		351.395
9- Accumulated Depreciation (-)	6 - 7	(26.869.568)
10- Advances Paid for Tangible Fixed Assets (Including Construction In Progresses)		-
F- Intangible Fixed Assets		**6.477.146**
1- Rights	8	7.797.890
2- Goodwill		-
3- Establishment Costs		-
4- Research and Development Expenses		-
6- Other Intangible Assets		-
7- Accumulated Amortizations (-)	8	(1.320.744)
8- Advances Regarding Intangible Assets		-
G- Prepaid Expenses and Income Accruals		**54.852**
1- Prepaid Expenses		54.852
2- Income Accruals		-
3- Other Prepaid Expenses and Income Accruals		-
H- Other Non-current Assets		-
1- Effective Foreign Currency Accounts		-
2- Foregin Currency Accounts		-
3- Inventories		-
4- Prepaid Taxes and Funds		-
5- Deferred Tax Assets		-
6- Other Non-current Assets		-
7- Other Non-current Assets Amortization (-)		-
8- Provision for Other Non-current Assets (-)		-
II- Total Non-current Assets		**630.035.310**
TOTAL ASSETS		**2.386.614.853**

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

AKSIGORTA ANONIM ŞIRKETI
DETAILED
BALANCE SHEET

TRY

LIABILITIES		
III- Short Term Liabilities	**Note**	**Audited Current Period 31/12/2008**
A- Borrowings		**-**
1- Loans to Financial Institutions		-
2- Finance Lease Payables		757
3- Deferred Finance Lease Borrowing Costs (-)		(757)
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		**64.050.477**
1- Payables Due to Insurance Operations	19.1	64.043.325
2- Payables Due to Reinsurance Operations		-
3- Cash Deposited by Insurance & Reinsurance Companies	19.1	7.152
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	**182.712**
1- Due to Shareholders	12.2	159.307
2- Due to Affiliates		-
3- Due to Subsidiaries		-
4- Due to Joint Ventures		-
5- Due to Personnel		23.405
6- Due to Other Related Parties		-
D- Other Payables	19.1, 47	**10.087.446**
1- Deposits and Guarantees Received		-
2- Other Payables		10.087.446
3- Discount on Other Payables (-)		-
E- Insurance Technical Reserves		**419.285.958**
1- Unearned Premiums Reserve - Net	20	237.128.783
2- Unexpired Risk Reserves - Net	4.1.2.4, 20	14.609.384
3- Life Mathematical Reserves - Net		-
4- Oustanding Claims Reserve - Net	4.1, 20	167.547.791
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	19.1	**8.759.817**
1- Taxes and Dues Payable		5.281.114
2- Social Security Premiums Payable	23.1	649.684
3- Overdue, Deferred or By Installment Taxes and Other Liabilities		-
4- Other Taxes and Liabilities		7.405
5- Corporate Tax Liability Provision on Period Profit	35	2.821.614
6- Prepaid Taxes and Other Liabilities on Period Profit (-)		-
7- Provisions for Other Taxes and Liabilities		-
G- Provisions for Other Risks		**-**
1- Provision for Employement Termination Benefits		-
2- Pension Fund Deficit Provision		-
3- Provisions for Costs		-
H- Deferred Income and Expense Accruals		**32.866.713**
1- Deferred Income		-
2- Expense Accruals		-
3- Other Deferred Income and Expense Accruals	4.1.2.4, 19.1	32.866.713
I- Other Short Term Liabilities	19.1	**174**
1- Deferred Tax Liability		-
2- Inventory Count Differences		-
3- Other Short Term Liabilities		174
III - Total Short Term Liabilities		**535.233.297**

AKSIGORTA ANONIM ŞIRKETI
DETAILED
BALANCE SHEET

TRY

LIABILITIES		
IV- Long Term Liabilities	**Note**	**Audited Current Period 31/12/2008**
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		**11.068.326**
1- Unearned Premiums Reserve - Net		-
2- Unexpired Risk Reserves - Net		-
3- Life Mathematical Reserves - Net	17.2, 20	4.230.415
4- Oustanding Claims Reserve - Net		-
5- Provision for Bonus and Discounts - Net		-
6- Provision for Policies Investment Risk of Life Insurance Policyholders - Net	17.2, 20	3.257.135
7- Other Technical Reserves - Net	4.1.2.4, 20	3.580.776
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		**1.944.976**
1- Provision for Employement Termination Benefits	22	1.944.976
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		**43.360.390**
1- Deferred Tax Liability	35	43.360.152
2- Other Long Term Liabilities		238
IV- Total Long Term Liabilities		**56.373.692**

SHAREHOLDERS' EQUITY		
V- Shareholders' Equity	**Note**	**Audited Current Period 31/12/2008**
A- Paid in Capital		**434.338.906**
1- (Nominal) Capital	2	306.000.000
2- Unpaid Capital (-)		-
3- Positive Inflation Adjustment on Capital		128.338.906
4- Negative Inflation Adjustment on Capital (-)		-
B- Capital Reserves		**83.408.490**
1- Equity Share Premiums		-
2- Cancellation Profits of Equity Shares		-
3- Profit on Sale to be Transferred to Capital		83.408.490
4- Translation Reserves		-
5- Other Capital Reserves		-
C- Profit Reserves		**1.228.574.054**
1- Legal Reserves		97.863.921
2- Statutory Reserves		62
3- Extraordinary Reserves		233.935.027
4- Special Funds (Reserves)		52.898.500
5- Revaluation of Financial Assets	11.6, 16.1	843.876.544
6- Other Profit Reserves		-
D- Previous Years' Profits		**-**
1- Previous Years' Profits		-
E- Previous Years' Losses (-)		**(3.283.950)**
1- Previous Years' Losses		(3.283.950)
F- Net Profit of the Period		**51.970.364**
1- Net Profit of the Period		35.419.369
2- Net Loss of the Period		-
3- Net Income not subject to distribution		16.550.995
Total Shareholders' Equity		**1.795.007.864**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**2.386.614.853**

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

AKSİGORTA ANONİM ŞİRKETİ
DETAILED
INCOME STATEMENT

TRY

I-TECHNICAL PART	Note	Audited Current Period 01/01/2008-31/12/2008
A- Non-Life Technical Income		**521.991.392**
1- Earned Premiums (Net of Reinsurer Share)		431.979.099
1.1 - Premiums (Net of Reinsurer Share)	24	487.553.257
1.1.1 - Gross Premiums (+)		828.575.261
1.1.2 - Ceded Premiums to Reinsurers (-)		(341.022.004)
1.2- Change in Unearned Premiums Reserve (Net of Reinsurers Shares and Reserves Carried Forward) (+/-)		(43.372.284)
1.2.1 - Unearned Premiums Reserve (-)		(80.076.803)
1.2.2 - Reinsurance Share of Unearned Premiums Reserve (+)		36.704.519
1.3- Changes in Unexpired Risks Reserve (Net of Reinsurer Share and Reserves Carried Forward)(+/-)		(12.201.874)
1.3.1 - Unexpired Risks Reserve (-)		(18.010.013)
1.3.2 - Reinsurance Share of Unexpired Risks Reserve (+)		5.808.139
2- Investment Income Transfered from Non-Technical Part		62.069.871
3- Other Technical Income (Net of Reinsurer Share)		27.942.422
3.1 - Gross Other Technical Income (+)		28.326.493
3.2 - Reinsurance Share of Other Technical Income (-)		(384.071)
B- Non-Life Technical Expense (-)		**(518.675.695)**
1- Total Claims (Net of Reinsurer Share)		(384.119.770)
1.1- Claims Paid (Net of Reinsurer Share)		(320.306.239)
1.1.1 - Gross Claims Paid (-)		(512.411.224)
1.1.2 - Reinsurance Share of Claims Paid (+)		192.104.985
1.2- Changes in Outstanding Claims Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	29	(63.813.531)
1.2.1 - Outstanding Claims Reserve (-)		(116.034.975)
1.2.2 - Reinsurance Share of Outstanding Claims Reserve (+)		52.221.444
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) (+/-)		(3.580.776)
4- Operating Expenses (-)	32	(130.975.149)
C- Non Life Technical Net Profit (A-B)		**3.315.697**
D- Life Technical Income		**2.592.079**
1- Earned Premiums (Net of Reinsurer Share)		459.513
1.1- Premiums (Net of Reinsurer Share)	24	460.644
1.1.1- Gross Premiums (+)		629.948
1.1.2 - Ceded Premiums to Reinsurers (-)		(169.304)
1.2- Change in Unearned Premiums Reserve (Net of Reinsurers Shares and Reserves Carried Forward) (+/-)		(1.131)
1.2.1- Unearned Premium Reserves (-)		6.766
1.2.2- Unearned Premium Reserves Reinsurer Share (+)		(7.897)
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		1.981.702
3- Unrealized Income from Investments		-
4-Other Technical Income (Net of Reinsurer Share)		150.864
E- Life Technical Expense		**(2.280.604)**
1- Total Claims (Net of Reinsurer Share)		(3.447.955)
1.1- Claims Paid (Net of Reinsurer Share)		(3.228.690)
1.1.1- Gross Claims Paid (-)		(3.298.942)
1.1.2- Claims Paid Reinsurer Share (+)		70.252
1.2- Changes in Outstanding Claims Provisions (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	29	(219.265)
1.2.1 - Outstanding Claims Reserve (-)		(219.265)
1.2.2 - Reinsurance Share of Outstanding Claims Reserve (+)		-
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) (+/-)		439.415
3.1- Life Mathematical Reserves (-)		439.415
3.2- Life Mathematical Reserves Reinsurer Share (+)		-
4- Changes in Reserves for Life Insurance Policies Including Investment Risk		943.935
4.1- Reserves for Life Insurance Policies Including Investment Risk (-)		943.935
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	(115.364)
7- Investment Expenses (-)		-
8- Unrealized Losses from Investments (-)		-
9- Investment Income Transferred to Non- Technical Part (-)		(100.635)
F- Life Technical Profit (D-E)		**311.475**
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- Witholding 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)		-

AKSİGORTA ANONİM ŞİRKETİ
DETAILED
INCOME STATEMENT

TRY

II-NON TECNICAL PART	Note	Audited Current Period 01/01/2008-31/12/2008
C- Non Life Technical Profit		**3.315.697**
F- Life Technical Profit		**311.475**
I- Individual Retirement Technical Profit		-
J- Total Technical Profit (C+F+I)		**3.627.172**
K- Investment Income		**180.631.216**
1- Income From Financial Investment	26	44.185.523
2- Income from Sales of Financial Investments	26	1.250.250
3- Revaluation of Financial Investments	26	8.169.268
4- Foreign Exchange Gains	36	68.899.431
5- Dividend Income from Participations	26	56.532.752
6- Income from Subsidiaries and Joint Ventures		-
7- Income Received from Land and Building	26	343.357
8- Income from Derivatives	26	1.150.000
9- Other Investments		-
10- Investment Income transfered from Life Technical Part		100.635
L- Investment Expenses (-)		**(100.842.998)**
1- Investment Management Expenses (including interest) (-)		-
2- Valuation Allowance of Investments (-)		-
3- Losses On Sales of Investments (-)		-
4- Investment Income Transfered to Life Technical Part (-)		(62.069.871)
5- Losses from Derivatives (-)		(8.980.000)
6- Foreign Exchange Losses (-)	36	(26.414.758)
7- Depreciation Expenses (-)	32	(3.378.369)
8- Other Investment Expenses (-)		-
M- Other Income and Expenses (+/-)		**(28.623.412)**
1- Provisions Account (+/-)		(9.714.357)
2- Discount account (+/-)		(1.664.974)
3- Mandatory Earthquake Insurance Account (+/-)		253.050
4- Inflation Adjustment Account (+/-)		-
5- Deferred Tax Asset Accounts(+/-)	35	984.886
6- Deferred Tax Expense Accounts (-)		-
7- Other Income and Revenues	47	23.510.436
8- Other Expense and Losses (-)	47	(41.992.453)
9- Prior Period Income		-
10- Prior Period Losses (-)		-
N- Net Profit / (Loss)		**51.970.364**
1- Profit /(Loss) Before Tax		54.791.978
2- Corporate Tax Liability Provision (-)	35	(2.821.614)
3- Net Profit (Loss)		51.970.364
4- Inflation Adjustment Account		-

AKSİGORTA ANONİM ŞİRKETİ
STATEMENT OF CHANGES IN EQUITY

TRY

Audited Current Period	Note	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 (31/12/2007)		306.000.000	-	1.630.795.831	128.338.906	-	83.649.103	62	370.160.489	114.496.346	5.092.962	2.638.533.699
II - Effect of changes in accounting policy		-	-	(81.530.000)	-	-	-	-	-	-	(8.376.912)	(89.906.912)
III - As restated (I+II) (01/01/2008)		**306.000.000**	**-**	**1.549.265.831**	**128.338.906**	**-**	**83.649.103**	**62**	**370.160.489**	**114.496.346**	**(3.283.950)**	**2.548.626.787**
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		-	-	(705.389.287)	-	-	-	-	-	-	-	(705.389.287)
E- Translation reserves		-	-	-	-	-	-	-	-	-	-	-
F- Other income / (expenses)		-	-	-	-	-	-	-	-	-	-	-
G- Inflation adjustment differences		-	-	-	-	-	-	-	-	-	-	-
H- Period net profit		-	-	-	-	-	-	-	-	51.970.364	-	51.970.364
I- Dividends distributed	38	-	-	-	-	-	-	-	-	(100.200.000)	-	(100.200.000)
J- Transfer		-	-	-	-	-	14.214.818	-	81.528	(14.296.346)	-	-
IV- Closing Balance (31/12/2008)		**306.000.000**	**-**	**843.876.544**	**128.338.906**	**-**	**97.863.921**	**62**	**370.242.017**	**51.970.364**	**(3.283.950)**	**1.795.007.864**
(III+ A+B+C+D+E+F+G+H+I+J)												

AKSİGORTA ANONİM ŞİRKETİ
CASH FLOW STATEMENT

TRY

	Note	Audited Current Period (01/01/2008 - 31/12/2008)
A. CASH FLOWS FROM THE OPERATING ACTIVITIES		
1. Cash inflows from the insurance operations		592.312.140
2. Cash inflows from the reinsurance operations		-
3. Cash inflows from the pension operations		-
4. Cash outflows due to the insurance operations (-)		(439.432.964)
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)		**152.879.176**
8. Interest payments (-)		-
9. Income tax payments (-)		(4.764.524)
10. Other cash inflows		25.855.811
11. Other cash outflows (-)		(55.331.832)
12. Net cash generated from the operating activities		**118.638.631**
B. CASH FLOWS FROM THE INVESTING ACTIVITIES		
1. Sale of tangible assets	6, 7	4.620.285
2. Purchase of tangible assets (-)	6, 7	(1.342.486)
3. Acquisition of financial assets (-)		(134.705.732)
4. Sale of financial assets		70.734.211
5. Interest received		54.626.967
6. Dividends received	26	56.532.752
7. Other cash inflows		69.378.371
8. Other cash outflows (-)		(99.125.273)
9. Net cash generated from the investing activities		**20.719.095**
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. Dividends paid (-)	38	(100.200.000)
5. Other cash inflows		-
6. Other cash outflows (-)		-
7. Cash generated from the financing activities		**(100.200.000)**
D. EFFECTS OF EXCHANGE RATE DIFFERENCES ON CASH AND CASH		
E. Net increase/(decrease) in cash and cash equivalents (A12+B9+C7+D)		**39.157.726**
F. Cash and cash equivalents at the beginning of the period		297.857.114
G. Cash and cash equivalents at the end of the period (E+F)	14	**337.014.840**

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

(Amounts expressed in New Turkish Lira (TRY) unless otherwise stated)

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..

Approval of financial statements

The Company's financial statements are approved and authorized for issuance as of 13 March 2009 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 (İstanbul1, İstanbul 2, İstanbul 3 and İstanbul Kurumsal), and one each in Adana, Ankara, Bursa, Ege, Karadeniz and Akdeniz and three district agencies; in Denizli, Karadeniz and Diyarbakır.

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

The Company performs its insurance operations in accordance with the principles and procedures set out in the Insurance Law No: 5684.

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

	31 December 2008
	Number
Key management personnel	8
Directors	273
Officers	311
Total	592

1.6 Remuneration and fringe benefits provided to top management

As of 31 December 2008, 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 TRY 2.498.686 in total.

(Amounts expressed in New Turkish Lira (TRY) unless otherwise stated)

1. General Information (Cont'd)

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)

The Company's distribution of investment income and operating expenses is made based on the standards and policies set out in relation to distribution keys used in the financial statements prepared in accordance with the Undersecretariat of the Treasury's Circular on the Insurance Uniformed Chart of Accounts issued on 4 January 2008.

1.8 Stand-alone or consolidated financial statements

Article 4(1) of the Decree on "Financial Reporting of Insurance and Reinsurance Companies and Pension Funds" which requires the recognition of company operations in accordance with the preparation and presentation of financial statements requirements in the Decree and Turkish Accounting Standards Board ("TASB"), except for any Decrees issued by the Undersecretariat of the Treasury in relation to the matters specified in 4(2), and Article 4(2) of the Decree on "Financial Reporting of Insurance and Reinsurance Companies and Pension Funds" which requires the determination of principles and procedures on insurance contracts, accounting of subsidiaries, associates and entities under common control, consolidated financial statements, publicly available financial statements and the related disclosures and notes in accordance with decrees issued by the Undersecretariat of the Treasury should be applicable in accordance with the Undersecretariat of the Treasury's Sector Announcement made in regards to "Preparation of Decrees In Relation to Financial Reporting by the Undersecretariat of the Treasury" issued at 18 February 2008.

In this respect, the accompanying financial statements only include financial information of Aksigorta Anonim Şirketi based on Article 3 of the Undersecretariat of the Treasury's Sector Announcement made in relation to Article 4(2). In accordance with Article 3, draft decree on the consolidated financial statements is expected be prepared in 2008 and its first-time application will be in 2009. Therefore, the Company will not apply TAS 27 (Turkish Accounting Standards) in its financial statements. In addition, the Decree on "Preparation of Consolidated Financial Statements of Insurance and Reinsurance Companies and Pension Funds" was issued as of 31 December 2008 and it will be applicable as of 31 March 2008.

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

Name / Trade name	Aksigorta A.Ş.
Headquarter address	Meclis-i Mebusan Cad. No: 67, 34427 Fındıklı, İstanbul
Phone	(212) 393 43 00
Fax	(212) 393 39 00
Web page address	www.aksigorta.com.tr
E-mail address	bilgi@aksigorta.com.tr

There has been no change in the above information as of the prior balance sheet date.

1. General Information (Cont'd)

1.10 Subsequent Events

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 31 December 2008. In accordance with these agreements, portfolio additions are also recognized in 2009. As result of portfolio withdrawals, the Company's retention amount has increased by 14% in the car-accident branch.

As per the Board of Directors' meeting held on 2 March 2009, all shares of Temsa Global Sanayi ve Ticaret A.Ş. held in the Company's portfolio amounting to TRY 5.775.000 in nominal and TRY 7.037.014 in book value were sold to H.Ö. Sabancı Holding A.Ş. in consideration of TRY 7.218.750 based on the fair value. Accordingly, the Company has recognized TRY 181.736 of sale proceeds in its profit/loss account for 2009.

As per the Board of Directors' meeting held on 15 January 2009, the Company has participated to the capital increase of its subsidiary, Merter BV, by TRY 1.603.777.

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.

The Decree on "Financial Reporting of Insurance and Reinsurance Companies and Pension Funds" was published in the Official Gazette No:26852 on 14 July 2007 and has become effective as of 1 January 2008.

Article 4(1) of the Decree on "Financial Reporting of Insurance and Reinsurance Companies and Pension Funds" requires the recognition of company operations in accordance with the preparation and presentation of financial statements requirements in the Decree and Turkish Accounting Standards Board ("TASB"), except for any Decrees issued by the Undersecretariat of the Treasury in relation to the matters specified in 4(2), and Article 4(2) of the Decree on "Financial Reporting of Insurance and Reinsurance Companies and Pension Funds" requires the determination of principles and procedures on insurance contracts, accounting of subsidiaries, associates and entities under common control, consolidated financial statements, publicly available financial statements and the related disclosures and notes in accordance with the decrees issued by the Undersecretariat of the Treasury.

2. Summary of the Accounting Policies (Cont'd)

2.1 Basis of Preparation (Cont'd)

2.1.1. Basis of Preparation of Financial Statements and Specific Accounting Policies Used (Cont'd)

Accounting Standards (cont'd)

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:

1. 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 period 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.

2. Accounting of subsidiaries, entities under common control and associates is prescribed by the circular no: 2007/26 issued by the Undersecretariat of the Treasury. In this respect, subsidiaries, entities under common control and associates should be accounted for in accordance with the specific standards issued by the TASB until a related decree is issued by the Undersecretariat of the Treasury.

3. A draft decree on the consolidated financial statements will be prepared in 2008 and expected to be applied in 2009. Therefore, TAS 27 (Turkish Accounting Standards) will not be applied.

4. The Decree on "Presentation of Publicly Available Financial Statements and Related Notes and Disclosures" issued by the Undersecretariat of the Treasury was published and has become effective in the Official Gazette No: 26851 on 18 April 2008. In this respect, TAS 1 will not be applicable.

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 CMB's 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 31 December 2008, 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.

(Amounts expressed in New Turkish Lira (TRY) unless otherwise stated)

2. Summary of the Accounting Policies (Cont'd)

2.1 Basis of Preparation (Cont'd)

2.1.1 Basis of Preparation of Financial Statements and Specific Accounting Policies Used (Cont'd)

Accounting Standards (cont'd)

b. Comparative Information and Restatement of Prior Period Financial Statements

The Company's retained earnings/accumulated loss account has been restated as below in the opening financial statements as of 31 December 2007:

Restated Balance Sheet / Income Statement Item	TRY
Unused Vacation Provision	(618.862)
Discounted Retirement Paid Provision	3.577.590
Discounted Payable-Receivable	(1.445.313)
Unexpired Risk Reserves	(2.407.511)
Deferred Tax	838.943
Commission Accruals	(7.172.069)
Other	(1.149.690)
Total	(8.376.912)

No comparative information is required for the Company's financial statements as of 31 December 2008 with 31 December 2007.

c. Technical Reserves

Accounting principles and accounting estimates used in the calculation of technical reserves in the financial statements are amended in accordance with the requirements set out in the Decree "Technical Provisions of Insurance and Reinsurance Companies and Pension Funds and Assets Held For Such Provisions" issued in the Official Gazette No: 26606 on 7 August 2007. The effects of changes in accounting policies and accounting estimates are presented in Note 2.1.1(b) and 4.1.2.4, respectively.

Unearned Premiums Reserve

Previously, unearned premium reserve, except for premiums written in return of the earthquake guarantees given in fire and engineering insurance branches, was calculated on the net retained premiums written, net-of-commissions. However, the Circular "Compliance of Technical Provisioning of Insurance and Reinsurance Companies and Pension Funds with the Legal Provisions of Insurance Law No: 5684" issued by the Undersecretariat of the Treasury on 4 July 2007 prohibits the application of deducting the earthquake premiums in the calculation of unearned premium reserve for insurance policies prepared subsequent to 14 June 2007, and net-of-commissions application has been ceased in the calculation of unearned premium reserve of the insurance policies prepared after 1 January 2008 in accordance with the Decree "Technical Provisions of Insurance and Reinsurance Companies and Pension Funds and Assets Held For Such Provisions". In accordance with the related Decree, for marine (commodity) policies issued after 1 January 2008 with indefinite expiration dates, 50% of the remaining portion of the premiums accrued in the last three months, less any commissions is also provided as unearned premium reserves.

2. Summary of the Accounting Policies (Cont'd)

2.1 Basis of Preparation (Cont'd)

2.1.1 Basis of Preparation of Financial Statements and Specific Accounting Policies Used (Cont'd)

Accounting Standards (cont'd)

c. Technical Reserves (cont'd)

Unexpired Risk Reserves

As of 1 January 2008, insurance companies are required to provide unexpired risk reserves for insurance branches of which are inconsistent with the risk level assumed over the insurance period and the distribution of premiums earned over time. Insurance companies are also required to provide unexpired risk reserves if unearned premium reserve is inadequate for the Company's risks and estimated expenses. In accordance with the related Decree, insurance companies should apply an adequacy test covering the last 12 months for each period for the possibility of exceeding claim compensations against the unearned premium reserves. The related Decree requires the multiplication of unearned premium reserves by the estimated claim premium ratio in adequacy test application. Estimated claim premium ratio is calculated by dividing the accrued claims (outstanding claims (net) + claims paid (net) – outstanding claims reversal (net)) into earned premiums (premiums written (net) + carried forward unearned premiums reserve (net) – unearned premiums reserve (net)). In addition, if the estimated claim premium ratio exceeds 100% in 2008 and 95 % in future periods for the estimated claim premium ratio of insurance branches that will be determined by the Undersecretariat of the Treasury, the amount calculated subsequent to the multiplication of the exceeding rate by unearned premiums reserve will be used in the calculation of unexpired risks reserve of the related branch. In accordance with the Circular issued by the Undersecretariat of the Treasury on 6 November 2007, unexpired risks reserve should be calculated for each sub-branches specified in the Insurance Uniformed Chart of Accounts.

Outstanding Claims Reserve

Outstanding claims reserve is provided based on each branch for the outstanding claims reported but not paid as of the period-end.

As opposed to prior periods, subrogation, salvage and other related incomes are deducted from the calculation of outstanding claims reserve. In the calculation of subrogation, salvage and other related incomes to be deducted from outstanding claims reserve accrued as of the period-end, for outstanding claim files opened in the last 5 or over 5 years, weighted average is taken into account. Weighted average ratio is calculated by dividing the subrogation, salvage and other related income received following the period in which the claims are incurred into the accrued outstanding claims reserve. Subrogation, salvage and other related income to be deducted from the related branch's outstanding claims reserve for the current period is calculated by multiplying the calculated weighted average ratio of the branch by the related branch's accrued outstanding claims reserve of the current period.

2. Summary of the Accounting Policies (Cont'd)

2.1 Basis of Preparation (Cont'd)

2.1.1 Basis of Preparation of Financial Statements and Specific Accounting Policies Used (Cont'd)

Accounting Standards (cont'd)

c. Technical Reserves (cont'd)

In accordance with the Decree "Technical Provisions of Insurance and Reinsurance Companies and Pension Funds and Assets Held For Such Provisions" published in the Official Gazette No: 26606 on 7 August 2007, insurance companies should consider the weighted average ratio calculated by dividing the claims incurred prior to the related periods but reported after the related period for the last 5 years or over, after the deduction of subrogation, salvage and other related incomes, to the related periods' premium, in the calculation of incurred but not reported claims. The current period's incurred but not reported claim should be measured by multiplying the wieghted average ratio by the total premium production for 12 months prior to the current period.

In accordance with Article 7(6) of the Decree "Technical Provisions of Insurance and Reinsurance Companies and Pension Funds and Assets Held For Such Provisions" published in the Official Gazette No: 26606 on 7 August 2007, outstanding claim reserve provided for the current period cannot be below the amount calculated by using the actuarial chain method developed by the Undersecretariat of the Treasury. In the Decree on the "Actuarial Chain Method" issued by T.C. Prime Ministry Undersecretariat of the Treasury on 29 November 2007, the application principles of the Actuarial Chain Method as of 31 March 2008 for the first time is based on the claims paid. The method is used for the statistical calculation of minimum outstanding claim reserves provided for the period-end by reducing the subrogation, salvage, and other related items from the net (less reinsurance share) and gross (including reinsurance share) claims paid in the last six years based on top-level branches in accordance with the Decree on Insurance Branches published in the Official Gazette No: 26579 on 11 July 2007.

Insurance companies are required to prepare an adequacy table for their outstanding claims reserve at the end of each period using the format designated by the Undersecretariat of the Treasury and such companies are also required to present the tables to the Undersecretariat of the Treasury. The Undersecretariat of the Treasury denotes that an adequacy table should present the outstanding claim adequacy ratio, which is the proportion of outstanding claim reserves provided for the last 5 years to the total of actually paid claims including all expense shares in relation to the related claims. If the average of the last five years' outstanding claim adequacy ratio, except for the current year, is below 95%, in order to calculate the adequacy ratio, the difference is multiplied by the current year's outstanding claim reserve.

2. Summary of the Accounting Policies (Cont'd)

2.1 Basis of Preparation (Cont'd)

2.1.1 Basis of Preparation of Financial Statements and Specific Accounting Policies Used (Cont'd)

Accounting Standards (cont'd)

c. Technical Reserves (cont'd)

Equalization Reserves

As of 1 January 2008, insurance companies are required to provide equalization reserves for earthquake and credit insurances in order to equalise the possible fluctuations in the claim compensation rates and to cover the catastrophic risks in subsequent periods.

Therefore, in accordance with the related article, equalization reserves should be calculated as 12% of the earthquake and credit net premiums of each year and amounts paid for non-proportional reinsurance contracts should be considered as premiums ceded in the calculation of net premium, and companies should continue to provide reserves to the extent that reserves exceed 150 % of the maximum amount of net premiums received in the last five financial periods.

Life Profit Share and Mathematical Reserves

Mathematical reserves provided for the claims that the Company has committed to pay for life insurance branch policies in the future are calculated based on the statistics on casualties by actuaries using the formulas accepted by the Undersecretariat of the Treasury. Income obtained from the provision of such reserves in investing activities is also set aside as life profit share reserves for the distribution to policyholders.

d. Subrogation Income Accruals

T.C. Prime Ministry Undersecretariat of the Treasury has prescribed the guidelines of accounting for subrogation income accruals in order to establish the uniformity considering various applications in the sector under the statement no: B.02.1.HM.0.SGM.0.3.1.1-3534 published on 18 January 2005 and under the supplementary Article No: 2005/24 of the related statement.

In accordance with the requirements set out in the related statements, insurance companies should recognize the subrogation amounts from insurance companies as income, irrespective of having furnished the certificate of release from the counter insurance companies, as long as the insurance company settles the claim payment to the policyholder and receives the relevant payment document from the policyholder.

The Company has determined the amount of its subrogation receivables in accordance with the recent statement made by the Undersecretariat of the Treasury through the Union of the Turkish Insurance and Reinsurance Companies as of 3 February 2005 and has calculated the total subrogation receivable from the insurance companies amounting to TRY 9.067.864 and the reinsurance share of TRY 2.843.084 and presented these amounts in receivables and payables from operating activities and technical income accounts, respectively. The Company also calculated its retention amount as TRY 6.224.780 in its financial statements.

2. Summary of the Accounting Policies (Cont'd)

2.1 Basis of Preparation (Cont'd)

2.1.1 Basis of Preparation of Financial Statements and Specific Accounting Policies Used (Cont'd)

Accounting Standards (cont'd)

d. Subrogation Income Accruals (cont'd)

The Company also calculated TRY 13.854.165 of retention under litigation and execution for its subrogation operations and presented TRY 26.732.518 of subrogation receivables and TRY 12.878.353 of reinsurance share of subrogation receivables under doubtful receivables from the operating activities and technical income accounts, respectively.

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 pro-rata 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 Activities

For allowance for doubtful receivables, the Company has provided provision for receivables that are subject to administrative and legal follow-up, considering the nature and extent of such receivables, in accordance with Article 323 of the Tax Procedure Law. As of 31 December 2008, the Company provided TRY 2.848.409 provision for the receivables that are subject to administrative and legal follow-up and TRY 6.333.054 for the receivables that are not subject to legal follow-up. The Company has also provided TRY 13.854.165 for the retention amount in relation to subrogation transactions under litigation.

g. Discount of Receivables and Payables

Receivables and payables are carried at book values in the financial statements. Receivables and payables are subject to discount.

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.

2. Summary of the Accounting Policies (Cont'd)

2.1 Basis of Preparation (Cont'd)

2.1.1 Basis of Preparation of Financial Statements and Specific Accounting Policies Used (Cont'd)

Accounting Standards (cont'd)

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.

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.

Current tax

The current tax payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

2. Summary of the Accounting Policies (Cont'd)

2.1 Basis of Preparation (Cont'd)

2.1.1 Basis of Preparation of Financial Statements and Specific Accounting Policies Used (Cont'd)

Accounting Standards (cont'd)

l. Taxation and deferred tax (cont'd)

Deferred tax

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which is used in the computation of taxable profit with tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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 TRY, which is the functional and presentation currency of the Company.

In accordance with Law No: 5083 "Monetary Unit of the Turkish Republic" (Law No: 5083), the name of the Turkish Republic's monetary unit and its sub-currency unit is changed to the New Turkish Lira and the New Turkish Cent, respectively. However, in accordance with the additional order of the Council of Ministers in regards to the order on the removal of the phase "New" in the New Turkish Lira and the New Turkish Cent and Its Application Principles, the phase "New" used in the Turkish Republic's monetary unit is removed both from New Turkish Lira and in New Turkish Cent as of 1 January 2009.

2. Summary of the Accounting Policies (Cont'd)

2.1 Basis of Preparation (Cont'd)

2.1.4. Rounding degree used in the financial statements

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

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

In the current year, the Company has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("the IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 January 2008.

The following standards, amendments and interpretations to published standards should be applicable for accounting periods beginning on or after 1 January 2008, but they are not relevant to the Company's operations:

- IFRIC 11 "IFRS 2 – Group and Treasury Share Transactions",
- IFRIC 12 "Service Concession Arrangements",
- IFRIC 14 "IAS 19- The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction",
- Amendments to IAS 39 and IFRS 7 "Reclassification of Financial Instruments"

Standards, revised standards and interpretations to existing standards that are not yet effective and have not been early adopted by the Company:

At the date of authorization of these financial statements, the following Standards and Interpretations were in issue but not yet effective:

IFRS 8 "Operating Segments"	Effective for annual periods beginning on or after 1 January 2009
IFRIC 13 "Customer Loyalty Programmers"	Effective for annual periods beginning on or after 1 July 2008
IFRIC 15 "Agreements For the Construction of Real Estate"	Effective for annual periods beginning on or after 1 January 2009
IFRIC 16 "Hedges of a Net Investment in a Foreign Operation"	Effective for annual periods beginning on or after 1 October 2008

(Amounts expressed in New Turkish Lira (TRY) unless otherwise stated)

2. Summary of the Accounting Policies (Cont'd)

2.1 Basis of Preparation (Cont'd)

2.1.6 Adoption of New and Revised Standards (Cont'd)

IFRIC 17 "Distributions of Non-Cash Assets To Owners"	Effective for annual periods beginning on or after 1 July 2009.
IFRIC 18 "Transfers of Assets From Customers"	Effective for annual periods beginning on or after 1 July 2009.
IFRS 2 "Share-based Payments" Amendment relating to vesting conditions and cancellations"	Effective for annual periods beginning on or after 1 January 2009
IFRS 1 "First-time Adoption of International Financial Reporting Standards" Amendment relating to cost of an investment on first-time adoption	Effective for annual periods beginning on or after 1 January 2009
IFRS 3 "Business Combinations" IAS 27 "Consolidated and Separate Financial Statements IAS 28 "Investments in Associates" IAS 31 "Interests in Joint Ventures" Comprehensive revision on applying the acquisition method	Effective for annual periods beginning on or after 1 July 2009
IAS 23 (Revised) "Borrowing Costs" Comprehensive revision to prohibit immediate expensing	Effective for annual periods beginning on or after 1 January 2009
IAS 27 "Consolidated and Separate Financial Statements" Amendment relating to cost of an investment on first-time adoption	Effective for annual periods beginning on or after 1 January 2009
IAS 1 "Presentation of Financial Statements" IAS 32 "Financial Instruments: Presentation" Amendments relating to disclosure of puttable instruments and obligations arising on liquidation	Effective for annual periods beginning on or after 1 January 2009
IAS 1 "Presentation of Financial Statements" Comprehensive revision including requiring a statement of comprehensive income	Effective for annual periods beginning on or after 1 January 2009
IAS 39, "Financial Instruments: Recognition and Measurement" Amendments for eligible hedged items	Effective for annual periods beginning on or after 1 January 2009

2. Summary of the Accounting Policies (Cont'd)

2.1 Basis of Preparation (Cont'd)

2.1.6 Adoption of New and Revised Standards (Cont'd)

Amendments to IFRS 1 "First-time Adaptation of International Financial Reporting Standards" and IAS 27 "Consolidated and Separate Financial Statements"

The amendment determines the cost of a subsidiary, jointly controlled entity or associate on transition to IFRS under IAS 27 or as a deemed cost. The amendment to IAS 27 requires the recognition of dividends from a subsidiary, jointly controlled entity or associate as income in the unconsolidated financial statements. The adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Company.

IFRS 2 "Share-Based Payments"

The amendments clarify the definition of vesting conditions and introduce the concept of a 'non-vesting condition' which is a condition that is neither a service condition nor a performance condition. The standard also requires the application of similar criteria to be used in the recognition of awards cancelled by either an entity or the counterparty (employer or employee). The adoption IFRS 2 in future periods will have no material impact on the financial statements of the Company.

IFRS 8 "Operating Segments"

IFRS 8 "Operating Segments" supersedes IAS 14 'Segment Reporting". The standard specifies how an entity should report information about its operating segments based on the segment criteria used in internal reporting which are prepared by the management. The Company will apply IFRS 8 for annual periods beginning from 1 January 2009.

IAS 32 and IAS 1 "Puttable Instruments and Obligations Arising On Liquidation"

Under the revised IAS 32, subject to specified criteria are being met, puttable instruments and obligations arising on liquidation will be classified as equity while, the amendment to IAS 1 requires the definition and disclosure of such instruments, which are classified as equity. The adoption of these standards in future periods will have no material impact on the financial statements of the Company.

IAS 23 (Revised) "Borrowing Costs"

The amendment requires an entity to capitalize borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The amendment will eliminate the expensing option of borrowing costs in the period in which they are incurred. The adoption of these standards in future periods will have no material impact on the financial statements of the Company.

2. Summary of the Accounting Policies (Cont'd)

2.1 Basis of Preparation (Cont'd)

2.1.6 Adoption of New and Revised Standards (Cont'd)

IFRS 3 "Business Combinations"

The amendments require the recognition of an acquisition related cost of a business combination as an expense in the period in which the cost is incurred. It also requires subsequent changes in the fair value of a contingent consideration recognized in business combination to be recognized in the statement of income rather than in equity.

IFRIC 13 "Customer Loyalty Programmers"

Under IFRIC 13, customer loyalty programmers should be recognized as a separately identifiable component of the sales transaction(s). A portion of the fair value of the consideration received in respect of the initial sale shall be allocated to the award credits and the consideration allocated to award credits should be recognized as revenue when awards credits are redeemed. The adoption IFRIC 13 in future periods will have no material impact on the financial statements of the Company because the interpretation is not relevant to its operations.

IFRIC 15 "Agreements for the Construction of Real Estate"

IFRIC 15 provides guidance on how to determine whether an agreement for the construction of real estate is within the scope of IAS 11 "Construction Contracts" or IAS 18 "Revenue" and when revenue from the construction should be recognised. The adoption of the interpretation in future periods will have no material impact on the financial statements of the Company.

IFRIC 16 "Hedges of a Net Investment in a Foreign Operation"

IFRIC 16 provides guidance on three main issues: The presentation currency used in the entity's financial statements cannot be used as a basis for the application of hedge accounting. Therefore, a hedged risk can be considered as the exchange differences arising between the functional currency of the foreign operation and the presentation currency used in the financial statements of the parent entity. A hedging instrument can be held within the Company or companies. The adoption of the interpretation in future periods will have no material impact on the financial statements of the Company.

IFRIC 17 "Distributions of Non-Cash Assets to Owners"

IFRIC 17 applies to all reciprocal non-cash distributions of assets by an entity to its owners, including the distributions that give owners a choice of receiving either non-cash assets or a cash alternative. The adoption of the interpretation in future periods will have no material impact on the financial statements of the Company.

IFRIC 18 "Transfers of Assets from Customers"

The Interpretation clarifies the accounting for cash received from a customer that must be used only to acquire or construct the item of property, plant, and equipment in order to connect the customer to a network or provide the customer with ongoing access to a supply of goods or services. The adoption of the interpretation in future periods will have no material impact on the financial statements of the Company.

2. Summary of the Accounting Policies (Cont'd)

2.1 Basis of Preparation (Cont'd)

2.1.6 Adoption of New and Revised Standards (Cont'd)

IAS 1 (Revised) "Presentation of Financial Statements"

IAS 1 has been revised in order to improve users' ability to analyze and compare the information given in financial statements. Changes made to the revised standard are summarized below:

- the statement of changes in equity can only include transactions with shareholders;
- in addition to statement of income, presentation of a new "Statement of Other Comprehensive Income" showing all income and expense items as profit and loss; and
- interpretation of prior financial statements in the current period, or presentation of the prior effects of the retrospective application of new accounting policies in a newly formed column in the financial statements.

IAS 39, "Financial Instruments: Recognition and Measurement" Amendments for eligible hedged items

The amendment clarifies that inflation may only be hedged if changes in inflation are a contractually specified portion of cash flows of a recognised financial instrument.

The Company's management anticipates that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Company.

2.2 Consolidation

As summarized in detailed in notes 1.8 "Stand-alone or consolidated financial statements" and 2.1.1 "Basis of Preparation of Financial Statements and Specific Accounting Policies Used", the first-time adoption of the draft decree on the consolidated financial statements is expected be taken effect in 2009; therefore, as of the balance sheet date, the accompanying financial statements only include financial information of Aksigorta A.Ş..

2.3 Segment Reporting

The Company has no different operations or geographical segments other than its main line of activity; therefore, no segment reporting is required.

2.4 Reserves in Foreign Currencies

In preparing the financial statements of the Company, transactions in currencies other than TRY (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 New 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 New 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. Summary of the Accounting Policies (Cont'd)

2.5 Reserves in Foreign Currencies (cont'd)

Exchange differences, except for those detailed below, are recognized in profit and loss in the period in which they are incurred:

- Exchange differences treated as restatements of interest costs on liabilities associated with assets in foreign currencies held for the construction of a future use which are included in the cost of such assets,

- Exchange differences arising form foreign currency hedging transactions (accounting policies for hedging are explained below),

- Exchange differences arising from doubtful receivables and payables from foreign operations that are part of the net investment in foreign operations, accounted in translation reserves and associated with profit and loss in the sale of net investment.

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.

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.

2. Summary of the Accounting Policies (Cont'd)

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 year 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.

2.7 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. Summary of the Accounting Policies (Cont'd)

2.8 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.

Held-to-maturity investments

Investments in debt securities with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis.

Available-for-sale financial assets

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

2. Summary of the Accounting Policies (Cont'd)

2.8 Financial Assets (Cont'd)

Available-for-sale financial assets (cont'd)

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. Where securities are held for trading purposes, gains and losses arising from changes in fair value are included in profit or loss for the period. For available-for-sale investments, gains and losses arising from changes in fair value are recognized directly in equity, until the security 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 least 20% 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.

2. Summary of the Accounting Policies (Cont'd)

2.9 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 AFS equity securities, any increase in fair value subsequent to an impairment loss is recognized directly in equity.

2.10 Derivative Financial Instruments

Derivative financial instruments are initially measured at fair value at the contract date, and are remeasured to fair value at subsequent reporting dates.

(Amounts expressed in New Turkish Lira (TRY) unless otherwise stated)

2. Summary of the Accounting Policies (Cont'd)

2.10 Derivative Financial Instruments (cont'd)

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in equity and the ineffective portion is recognized immediately in profit or loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting.

At that time, for forecast transactions, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognized in equity is transferred to profit or loss for the period.

Derivatives embedded in other financial instruments or other non-financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

TRY 7.830.000 of net loss arising from the Company's derivative transactions is recognized in the financial statements.

2.11 Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

2.12 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.

2.13 Share Capital

As of 31 December 2008, the Company's nominal capital is TRY 306.000.000. Share capital is represented by 30.600.000.000 of equity shares having a nominal amount of TRY 0,01 each. The share capital structure of the Company is as follows:

	31 December 2008	
	Participation Amount TRY	Participation Rate %
H.Ömer Sabancı Holding A.Ş.	189.658.800	61,98
Other	116.341.200	38,02
	306.000.000	100,00

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 31 December 2008, the Company's registered capital is TRY 500.000.000.

The Company has no capital increase in the current period.

2. Summary of the Accounting Policies (Cont'd)

2.14 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:

Investment contracts are those that transfer financial risk, excluding significant insurance risks. The Company has no investment contracts.

2.15 Insurance and Investment Contracts With Discretionary Participation Features

None.

2.16 Investment Contracts without Discretionary Participation Features

None.

2.17 Borrowings

The Company has no short-term or long-term borrowings.

2.18 Deferred Tax

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which is used in the computation of taxable profit with tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

2. Summary of the Accounting Policies (Cont'd)

2.18 Deferred Tax (cont'd)

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognized directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquirer's identifiable assets, liabilities and contingent liabilities over cost.

2.19 Employee Benefits

The objective of the standard is to prescribe the accounting and disclosure for employee benefits. The Standard requires an entity to recognize: a) a liability when an employee has provided service in exchange for employee benefits to be paid in the future; and b) an expense when the entity consumes the economic benefit arising from service provided by an employee in exchange for employee benefits.

2. Summary of the Accounting Policies (Cont'd)

2.19 Employee Benefits (cont'd)

The short term employee benefits are wages, salaries and social security contributions, paid annual leave and paid sick leave, profit-sharing and bonuses (if payable within twelve months of the end of the period) and non-monetary benefits (such as medical care, housing, cars and free or subsidized goods or services) for current employees. Post-employment benefits are pensions, other retirement benefits, post-employment life insurance and post-employment medical care. Other long-term employee benefits are long-service leave or sabbatical leave, jubilee or other long-service benefits, long-term disability benefits and, if they are payable twelve months or more after the end of the period, profit-sharing, bonuses and deferred compensation; and termination benefits.

2.20 Provisions

Provisions are based on precautionary principle. The aim of this principle is to implement measures to warn against the uncertainties and potential risk the Company may be exposed to. As a result of this principle, companies provide provisions for their possible expenses and losses.

The amount recognised as a 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.

2.21 Accounting of Income

Premium and Commission Income

Premium income represents premiums on policies written during the year. 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 year on a daily pro-rata 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.

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. Summary of the Accounting Policies (Cont'd)

2.22 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.

2.23 Profit Share Distribution

Profit share and date of distribution will be determined in the Company's Extraordinary General Assembly to be held on 30 March 2009.

3. Significant Accounting Estimates and Requirements

None.

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.

(Amounts expressed in New Turkish Lira (TRY) unless otherwise stated)

4. Insurance and Financial Risk Management (Cont'd)

4.2 Insurance Risk (cont'd)

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 arbitrary 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 vehicles, air crafts, water crafts, general losses, motor vehicles liability, air crafts liability, general liability, financial losses, legal protection, illness/health and life branches. The Company's gross and net insurance risk concentrations (after reinsurance) in terms of insurance branches are summarized as below:

Total Claims Liability (*) 31 December 2008	Gross Total Claims Liability	Reinsurance Share of Total Claims Liability	Net Total Claims Liability
Fire and Natural Disasters	29.742.209	20.674.755	9.067.454
Marine	7.125.173	5.178.676	1.946.497
Accident	4.160.556	2.551.899	1.608.657
Motor Vehichles	54.879.861	17.909.932	36.969.929
Air Crafts	3.805	3.805	-
Water Crafts	2.253.094	1.784.194	468.900
General Losses	34.552.599	28.646.548	5.906.051
Motor Vehicles Liability	137.508.680	41.658.299	95.850.381
General Liability	15.956.015	14.107.314	1.848.701
Financial Losses	713.418	645.355	68.063
Legal Protection	28.918	(2.927)	31.845
Credits	1.091.383	1.091.383	-
Illness / Health	15.937.300	6.018.905	9.918.395
Life	3.863.518	600	3.862.918
Total	307.816.529	140.268.738	167.547.791

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

(Amounts expressed in New Turkish Lira (TRY) unless otherwise stated)

4. Insurance and Financial Risk Management (Cont'd)

4.1 Insurance Risk (Cont'd)

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

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) (Cont'd)

Gross and net insurance risk concentrations of the insurance contracts (after reinsurance) based on geographical regions are summarized as below:

Total Claims Liability (*) 31 December 2008	Gross Total Claims Liability	Reinsurance Share of Total Claims Liability	Net Total Claims Liability
Marmara Region	133.681.241	54.885.503	78.795.738
Agean Region	25.027.898	11.531.265	13.496.633
Middle Anatolian Region	18.927.600	11.938.298	6.989.302
Mediterranean Region	16.093.994	10.317.881	5.776.113
Black Sea Region	7.864.485	4.730.026	3.134.459
East Anatolian Region	3.053.167	2.085.660	967.507
South East Anatolian Region	10.892.389	5.682.648	5.209.741
Total	215.540.774	101.171.281	114.369.493

(*) Total claims include outstanding claims reserve provided on file basis as of the balance sheet date.

Gross and net insurance risk concentrations of the insurance contracts (after reinsurance) based on currency types are summarized as below:

Total Claims Liability (*) 31 December 2008	Gross Total Claims Liability	Reinsurance Share of Total Claims Liability	Net Total Claims Liability
New Turkish Lira	194.756.964	98.763.141	95.993.823
U.S. Dollar	15.214.594	1.191.099	14.023.495
Euro	4.471.938	1.199.002	3.272.936
Great Britian Pound	995.560	6.088	989.472
Other	101.718	11.951	89.767
Total	215.540.774	101.171.281	114.369.493

(Amounts expressed in New Turkish Lira (TRY) unless otherwise stated)

4. Insurance and Financial Risk Management (Cont'd)

4.1 Insurance Risk (Cont'd)

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

4.1.2.3 Comparison of incurred claims with past estimations

Outstanding claims reserve retention adequacy rates per insurance branches are presented below.

Outstanding claims adequacy rates	% 31 December 2008
Accident	74,98
Illness / Health	95,24
Motor Vehicles	83,61
Water Crafts	69,42
Marine	120,44
Fire and Natural Disasters	171,85
General Losses	100,16
Motor Vehicles Liability	52,24
Air Crafts Liability	0,09
General Liability	53,63
Financial Losses	87,69
Legal Protection	20,53
General Rate	79,27

Claims development table as of 31 December 2008

The claims development table is assessed based on the claims paid in accordance with the Technical Reserves Regulations.

Period of Claims Incurred	Paid in the incurred period	Paid in after 1 period following the incurred period	Paid in after 2 period following the incurred period	Paid in after 3 period following the incurred period	Paid in after 4 period following the incurred period	Paid in after 5 period following the incurred period	Total Payment
1 January - 31 December 2003	82.637.611	1.740.254	827.077	723.355	820.901	364.382	87.113.580
1 January - 31 December 2004	110.272.546	(1.239.201)	1.081.256	969.510	530.930	-	111.615.041
1 January - 31 December 2005	144.743.845	630.564	1.877.226	788.426	-	-	148.040.061
1 January - 31 December 2006	226.035.861	2.853.369	1.812.506	-	-	-	230.701.736
1 January - 31 December 2007	251.531.420	3.238.916	-	-	-	-	254.770.336
1 January - 31 December 2008	313.571.079	-	-	-	-	-	313.571.079
Total	1.128.792.362	7.223.902	5.598.065	2.481.291	1.351.831	364.382	1.145.811.833

As per Technical Reserves Regulation, the Company has provided TRY 305.330 additional outstanding claims reserve as a result of the difference between the Company's outstanding claims reserve and Undersecretariat of the Treasury's actuarial chain method calculation. Since there has been no new life insurance branch business and also there was little payment during the year, the life branch was not considered in actuarial chain method calculations.

4. Insurance and Financial Risk Management (Cont'd)

4.1 Insurance Risk (Cont'd)

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

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

Specific changes are made in some of the technical reserve calculations which are effective as of 1 January 2008 in accordance with the Decree on "Technical Provisions of Insurance and Reinsurance Companies and Pension Funds, and Assets Held for Such Provisions" issued on 7 August 2007. Accordingly, the Company has calculated the followings:

1) There has been an increase in unearned premium reserves by TRY 27.753.236 as a result of the unearned premium reserves calculation, gross up of commissions. The Company has presented TRY 23.448.244 of deferred commission income and TRY 51.201.480 of deferred commission expenses under the Other Deferred Income and Expense Accruals account and Prepaid Expenses account, respectively.

2) The Company has provided TRY 14.609.384 of unexpired risk reserves in the current period.

3) Outstanding claims adequacy difference has been calculated in terms of insurance branches, and adequacy ratio has been increased from 90% to 95%. Companies should provide outstanding claims adequacy difference as of year-end; therefore, the Company has calculated and provided TRY 28.605.256 of outstanding claims adequacy difference as of the balance sheet date.

4) Subrogation and salvage income have been accrued in accordance with the requirement which prescribes subrogation and salvage income to be taken into account in the calculation of outstanding claims reserves. The Company's related income accrual amounts to TRY 12.047.146.

5) The Company has provided TRY 3.580.776 of equalization reserve for earthquake and credit insurances in order to equalise the possible fluctuations in the claim compensation rates and to cover the catastrophic risks in subsequent periods.

The Company has no insurance contracts within the scope of IFRS 7.

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 employee benefits while sustaining the most effective capital structure in order to reduce company 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 19 January 2008. The required equity amount is significantly high as a result of the Company's capital adequacy calculation.

(Amounts expressed in New Turkish Lira (TRY) unless otherwise stated)

4. Insurance and Financial Risk Management (Cont'd)

4.2 Financial Risk (Cont'd)

4.2.1 Capital risk management and capital requirement (Cont'd)

	31 December 2008
Capital Adequacy Summary	
1. According to Premium Base	103.185.892
2. According to Claim Base	97.774.543
I. REQUIRED CAPITAL FOR THE NON-LIFE BRANCHES	103.185.892
1.Relating to Liability Result	325.033
2.Relating to Risk Result	32.909
II. REQUIRED CAPITAL FOR THE LIFE BRANCH	325.033
III. REQUIRED CAPITAL FOR THE RETIREMENT BRANCH	-
REQUIRED CAPITAL BASED ON THE FIRST METHOD	103.185.892
1. Asset Risk	228.006.398
2. Reinsurance Risk	57.536.988
3. Excessive Premium Increase Risk	-
4. Outstanding Claims Risk	14.453.245
5. Underwriting Risk	77.207.773
6. Exchange Rate Risk	6.265.571
REQUIRED CAPITAL BASED ON THE SECOND METHOD	383.469.975
REQUIRED CAPITAL AMOUNT FOR THE COMPANY	383.469.975
CAPITAL (*)	1.798.588.640
AMOUNT OF ASSOCIATES DEDUCTED FROM CAPITAL	17.828.774
CAPITAL ADEQUACY RESULT	1.397.289.891

(*) Total equity includes TRY 3.580.776 of equalization reserve.

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.

(Amounts expressed in New Turkish Lira (TRY) unless otherwise stated)

4. Insurance and Financial Risk Management (Cont'd)

4.2 Financial Risk (Cont'd)

4.2.2 Financial risk factors (Cont'd)

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. The details of the Company's foreign currency denominated assets and liabilities as of 31 December 2008 are presented in details in Note 12.4.

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.

	USD Effect 2008	Euro Effect 2008
Profit/Loss (increase)	6.294.597	1.928.493
Profit/Loss (decrease)	(6.294.597)	(1.928.493)

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. As of the balance sheet date, the Company's remaining maturity dates in terms of repricing of its assets and liabilities are significantly similar to its remaining maturity dates of liquidity risk.

Therefore, the Company has not presented any interest rate risk table in the notes.

4. Insurance and Financial Risk Management (Cont'd)

4.2 Financial Risk (Cont'd)

4.2.2 Financial risk factors (Cont'd)

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 reporting date, 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 and the Company's equity would be increased/decreased by TRY 87.410.103.

The Company has no significant change in its sensitivity to share prices compared to the prior periods.

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 the balance sheet date, the Company has presented its receivables from insurance operations and guarantees received and provision for doubtful receivables in Note 12.1. The Company has no restructured trade receivables.

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 management manages its liquidity risk through having adequate cash and cash equivalents in order to fulfill its current and possible liabilities by allocating its funds.

(Amounts expressed in New Turkish Lira (TRY) unless otherwise stated)

4. Insurance and Financial Risk Management (Cont'd)

4.2 Financial Risk (Cont'd)

4.2.2 Financial risk factors (Cont'd)

Liquidity Risk Table

	Up to 1 month	1-3 months	3 months-1 year	1 year-5 years	5 year and over	No maturity	Total
Cash and Cash Equivalents	204.637.097	80.982.267	-	-	-	55.118.122	**340.737.486**
Financial Assets Available For Sale	11.878.531	9.908.899	184.008.653	-	-	882.082.411	**1.087.878.494**
Financial Assets Held For Trading	-	-	-	-	-	18.501.155	**18.501.155**
Investments with Risks on Policy Holders	-	482.640	8.725.021	-	-	-	**9.207.661**
Receivables From Main Activities	4.600.228	142.656.895	88.245.419	191.335	-	-	**235.693.877**
Due From Related Parties	-	-	41.920	-	-	-	**41.920**
Other Receivables	-	5.577.077	-	-	-	-	**5.577.077**
Prepaid Expenses and Income Accruals	-	-	51.364.455	-	-	-	**51.364.455**
Other Current Assets	-	-	7.577.418	-	-	-	**7.577.418**
Financial Assests	-	-	-	-	-	577.101.646	**577.101.646**
Tangible Fixed Assets	-	-	-	-	-	46.401.666	**46.401.666**
Intangible Fixed Assets	-	-	-	-	-	6.477.146	**6.477.146**
Prepaid Expenses and Income Accruals	-	-	-	54.852	-	-	**54.852**
Total Assets	**221.115.856**	**239.607.778**	**339.962.886**	**246.187**	-	**1.585.682.146**	**2.386.614.853**
Payables from Main Operations	18.832.892	11.396.397	33.821.188	-	-	-	**64.050.477**
Due to Related Parties	23.405	-	159.307	-	-	-	**182.712**
Other Payables	4.506.802	5.580.818	-	-	-	-	**10.087.620**
Insurance Technical Reserves	-	-	419.285.958	-	-	-	**419.285.958**
Taxes and Other Liabilities and Relevant Provisions	-	8.759.817	-	-	-	-	**8.759.817**
Deferred Income and Expense Accruals	-	9.418.469	23.448.244	-	-	-	**32.866.713**
Long-Term Insurance Technical Reserves	-	-	-	7.487.550	3.580.776	-	**11.068.326**
Provisions for Other Risks	-	-	-	-	-	1.944.976	**1.944.976**
Other Long-Term Liabilities	-	-	-	-	-	43.360.390	**43.360.390**
Shareholders' Equity	-	-	-	-	-	1.795.007.864	**1.795.007.864**
Total Liabilities and Shareholders' Equity	**23.363.099**	**35.155.501**	**476.714.697**	**7.487.550**	**3.580.776**	**1.840.313.230**	**2.386.614.853**

(Amounts expressed in New Turkish Lira (TRY) unless otherwise stated)

4. Insurance and Financial Risk Management (Cont'd)

4.2 Financial Risk (Cont'd)

4.2.2 Financial risk factors (Cont'd)

Categories of Financial Assets

Current Financial Assets	Book value	Fair value
Financial Assets Available for Sale	1.087.878.494	1.087.878.494
Financial Assets Held for Trading	18.501.155	18.501.155
Investments with Risks on Policy Holders	9.207.661	9.207.661
Non Current Financial Assets		
Affiliates	28.879.475	28.879.475
Joint Ventures	548.222.171	548.222.171
Total Financial Assets	1.692.688.956	1.692.688.956

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.

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 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.

4. Insurance and Financial Risk Management (Cont'd)

4.2 Financial Risk (Cont'd)

4.2.2 Financial risk factors (Cont'd)

Fair value of financial assets (cont'd)

Financial liabilities:

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

5. Segment Information

5.1 Operating Segments

The Company only performs non-life insurance activities. Technical income/expenses in the financial statements are mainly from non-life insurance branches. The Company has also TRY 311.475 of technical income from its discontinued life insurance activities.

The Company has no impairment loss recognized in profit/loss or directly in equity.

Geographical Segments

The Company operates in Turkey. Since the results of the Company's foreign operations have no significant effect over the financial statements, no disclosure is presented on the geographical segment.

(Amounts expressed in New Turkish Lira (TRY) unless otherwise stated)

6. Tangible Fixed Assets

Current Period:

	Owner Occupied Properties	Vehicles	Furnitures and Fixtures and Leased Tangible Fixed Assets	Other Tangible Assets (Including Leasehold Improvements)	Total
Cost Value					
Opening balance at 1 January 2008	40.491.007	102.258	23.589.959	1.832.474	66.015.698
Additions	226.409	-	673.913	435.278	1.335.600
Disposals	(1.128.020)	-	(494.376)	-	(1.622.396)
Closing Balance at 31 December 2008	39.589.396	102.258	23.769.496	2.267.752	65.728.902
Accumulated Depreciation					
Opening balance at 1 January 2008	(8.923.116)	(68.701)	(14.577.699)	(1.179.979)	(24.749.495)
Charge for the period	(793.157)	(10.080)	(1.553.091)	(305.931)	(2.662.259)
Disposals	513.439	-	494.376	-	1.007.815
Closing balance at 31 December 2008	(9.202.834)	(78.781)	(15.636.414)	(1.485.910)	(26.403.939)
Net book value as of 31 December 2008	30.386.562	23.477	8.133.082	781.842	39.324.963

Useful lives of tangible fixed assets are as follows:

	Useful Life
Buildings	50 years
Fixtures	10 years
Vehicles	4 years
Furniture	10 years
Leasehold Improvements	4 years

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.

The Company’s pledges and mortgages on its tangible fixed assets that are given as guarantees for technical reserves is amounting to TRY 36.347.917. The related amount is not included in “Guarantees” at the period-end because in accordance with the requirements set out in the Decree “Technical Provisions of Insurance and Reinsurance Companies and Pension Funds and Assets Held For Such Provisions” issued in the Official Gazette No: 26606 on 7 August 2007, current properties held in Turkey can be given as a guarantee to the extent that they will cover only 30% of the total guarantee amount and this amount can be decreased to 15% and to nil as of 30 June 2008 and 31 December 2008, respectively. In February 2009, the Company has made an application to the Undersecretariat of the Treasury’s for the withdrawal of the mortgage.

(Amounts expressed in New Turkish Lira (TRY) unless otherwise stated)

7. Investment Properties

Current Period:

	Land	Buildings	Total
Cost Value			
Opening balance as of 1 January 2008	5.816.175	4.717.160	10.533.335
Additions	-	6.886	6.886
Disposals	-	(2.997.889)	(2.997.889)
Closing balance as of 31 December 2008	5.816.175	1.726.157	7.542.332
Accumulated Depreciation			
Opening balance as of 1 January 2008	-	(2.063.100)	(2.063.100)
Charge for the period	-	(36.372)	(36.372)
Disposals	-	1.633.842	1.633.842
Closing balance as of 31 December 2008	-	(465.629)	(465.629)
Net book value as of 31 December 2008	5.816.175	1.260.527	7.076.702

In 2008, the Company's fair value of investment properties as at 31 December 2008 was determined by an independent valuation company. The valuation company, which is appointed 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.

8. Intangible Fixed Assets

Cost Value	Rights	Total
Opening balance at 1 January 2008	5.853.588	5.853.588
Additions	1.944.302	1.944.302
Disposals	-	-
Closing balance at 31 December 2008	7.797.890	7.797.890
Accumulated Amortization		
Opening balance at 1 January 2008	(641.006)	(641.006)
Charge for the period	(679.738)	(679.738)
Disposals	-	-
Closing balance at 31 December 2008	(1.320.744)	(1.320.744)
Net book values as of 31 December 2008	6.477.146	6.477.146

The Company has not recognized any impairment loss for its intangible fixed assets in the current period.

The Company has no goodwill amount in its financial statements.

(Amounts expressed in New Turkish Lira (TRY) unless otherwise stated)

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 31 December 2008, the Company has an affiliate as Merter BV amounting to TRY 28.879.475 with a %25 of participation.

10. Reinsurance Assets

Reinsurance assets are disclosed in Note 17.16.

11. Financial Assets

11.1 Subcategories of Financial Assets

Financial assets and investments with risks on policy holders

	31 December 2008
Financial Assets Available for Sale	1.102.125.868
Financial Assets Held for Trading	18.501.155
Investments with Risks on Policy Holders	9.207.661
Diminution in Value of Financial Securities (-)	(14.247.374)
Total	1.115.587.310

Financial Assets Available-for-sale

	Cost Value TRY	Fair Value TRY	Book Value TRY
Government Bonds	195.356.232	205.796084	205.796.084
Equity Shares (Listed)	403.978.659	870.460.036	870.460.036
Equity Shares (Unlisted)	25.869.748	-	25.869.748
Total	625.204.639	1.076.256.120	1.102.125.868

Investments with Risks on Policy Holders

	Cost Value TRY	Fair Value TRY	Book Value TRY
Government Bonds	8.523.262	9.207.661	9.207.661

(Amounts expressed in New Turkish Lira (TRY) unless otherwise stated)

11. Financial Assets (Cont'd)

11.1 Subcategories of Financial Assets (Cont'd)

Equity shares under Financial Assets Available for Sale is as below:

Equity Shares

	Participation Rate %	Cost Value TRY	Fair Value TRY	Book Value TRY
Akbank	6,07	402.792.696	870.198.696	870.198.696
Yünsa	1,49	1.185.963	261.340	261.340
Listed		403.978.659	870.460.036	870.460.036
Akyatırım	0,02	16.505	-	16.505
Temsa	2,75	7.037.014	-	7.037.014
Tursa	2,57	18.681.633	-	18.681.633
Dönkasan	0,02	541	-	541
Ak Finansal Kiralama	0,01	3.490	-	3.490
Tarsim	4,35	130.565	-	130.565
Unlisted		25.869.748	-	25.869.748
Total		429.848.407	870.460.036	896.329.784

Financial Assets Held for Trading

	Cost Value TRY	Fair Value TRY	Book Value TRY
Investment Fund	14.999.932	14.999.932	14.999.932
Reverse Repo	3.501.223	3.501.223	3.501.223
Total	18.501.155	18.501.155	18.501.155

As of 31 December 2008, allowance for diminution in value provided for financial assets available for sale is amounting to TRY 14.247.374.

As per 17 July 2008 dated Board of Directors' resolution, all shares of Akçansa Çimento Sanayi ve Ticaret A.Ş held in the Company's portfolio amounting to TRY 14.312.758 in nominal were sold to H.Ö. Sabancı Holding A.Ş. in consideration of TRY 55.962.886 based on the fair value in the current period. TRY 37.876.130 of loss from disposal is recognized in the current period profit/loss.

As per 30 June 2008 dated Board of Directors' resolution, all shares of Çimsa Çimento Sanayi ve Ticaret A.Ş. held in the Company's portfolio amounting to TRY 3.118.344 in nominal were sold to H.Ö. Sabancı Holding A.Ş. in consideration of TRY 13.876.633 based on the fair value in the current period. TRY 12.561.828 of sale profit is recognized in the current period profit/loss.

(Amounts expressed in New Turkish Lira (TRY) unless otherwise stated)

11. Financial Assets (Cont'd)

11.2 Securities other than equity shares issued in the current period

None.

11.3 Securities issued representing the amortized borrowing in the current period

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:

31 December 2008

Affiliates

Unlisted	Participation Rate %	Cost Value TRY	Book Value TRY
Merter BV	25	28.879.475	28.879.475
Total		28.879.475	28.879.475

As per 6 March 2008 dated Board of Directors' resolution, the Company has participated 12,5 % of a shopping mall project in Merter in consideration of Euro 13.073.233 and acquired 25 % of Merter BV on 7 March 2008.

Entities Under Common Control

Unlisted	Participation Rate %	Cost Value TRY	Book Value TRY
AvivaSA Emeklilik ve Hayat A.Ş. (*)	49,83	130.516.055	548.222.171
Total		130.516.055	548.222.171

(*) Book value is measured based on the determinations of the expert commission 16 July 2007 dated report. Expert commission was appointed upon the resolution no: 2007/876 D of Commercial Court of Third Instance of Kadıköy issued on 11 July 2007.

(Amounts expressed in New Turkish Lira (TRY) unless otherwise stated)

11. Financial Assets (Cont'd)

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

None.

11.6 Value increases of financial assets in the last three years

	31 December 2008	31 December 2007	31 December 2006
Financial Assets Available for Sale	843.876.544	1.630.795.831	949.750.007

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

11.7 Financial Assets

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

iv) Financial assets overdue or impaired are presented in Note 11.1.

11.8 Financial Assets

The Company does not apply any hedge accounting.

11.9 Effects of Exchange Rates

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.

(Amounts expressed in New Turkish Lira (TRY) unless otherwise stated)

12. Receivables and Payables

12.1 Details of the Company's receivables

	31 December 2008
Receivables from insurance operations	238.745.436
Provisions for receivables from insurance operations (-)	(6.333.054)
Doubtful receivables from operating and insurance operations	19.952.575
Provisions for doubtful receivables from operating and insurance operations (-)	(16.702.574)
Other receivables	31.494
Total	235.693.877

Aging of receivables from insurance operations is as follows:

	31 December 2008
0-60 days	20.682.547
61-91 days	12.370.561
Not due receivables	205.692.328
Total	238.745.436

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

Types of Guarantees	Receivables	Doubtful Receivables
Letters of Guarantees	21.561.956	10.000
Real Estate Pledges	95.295.445	3.493.345
Government Bonds and Equity Shares	254.470	-
Other	727.708	426.617
Total	117.839.579	3.929.962

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:

Movement of provision for doubtful receivables	31 December 2008
Opening balance	(16.368.812)
Charge for the period	(7.041.361)
Collections	6.707.599
Closing balance	(16.702.574)

(Amounts expressed in New Turkish Lira (TRY) unless otherwise stated)

12. Receivables and Payables (Cont'd)

12.1 Details of the Company's receivables (Cont'd)

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

	31 December 2008
61-90 days	17.162.088
Over 90 days	2.790.487
Total	19.952.575

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

	31 December 2008			
	Receivables		Payables	
	Trade Receivables	Non-Trade Receivables	Trade Payables	Non-Trade Payables
Shareholders				
H. Ömer Sabancı Holding A.Ş.	-	-	438	-
Total	-	-	438	-

(*) The remaining portion of TRY 158.869 of TRY 159.307 of due to shareholders presented in the balance sheet consists of unclaimed dividend payments attributable to prior periods.

12.3 Total of pledges and other guarantees received for receivables amounts to TRY 121.769.541.

(Amounts expressed in New Turkish Lira (TRY) unless otherwise stated)

12. Receivables and Payables (Cont'd)

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

Banks (FC)	Foreign Currency Amount	Exchange Rate Central Bank Bid Rate	Amount (TRY)
USD	1.747.765	1,5123	2.643.144
EURO	837.069	2,1408	1.791.997
GBP	52.854	2,1924	115.876
JPY	293.609	0,0167	4.913
CHF	34.268	1,4300	49.003
Total			4.604.933

Receivables from Reinsurance Operations

	Foreign Currency Amount	Exchange Rate Central Bank Bid Rate	Amount (TRY)
USD	42.779.377	1,5123	64.695.253
EURO	8.728.604	2,1408	18.686.196
GBP	312.581	2,1924	685.303
JPY	4.529	0,0167	76
CHF	49.843	1,4300	71.275
Total			84.138.103

Outstanding Claims Reserves

	Foreign Currency Amount	Exchange Rate Central Bank Bid Rate	Amount (TRY)
USD	(9.272.958)	1,5123	(14.023.495)
EUR	(1.528.838)	2,1408	(3.272.936)
GBP	(451.319)	2,1924	(989.472)
CHF	(62.774)	1,4300	(89.767)
Total			(18.375.670)

Payables from Insurance Operations

	Foreign Currency Amount	Exchange Rate Central Bank Bid Rate	Amount (TRY)
USD	(2.120.644)	1,5123	(3.207.050)
Total			(3.207.050)

Net Foreign Currency Position	67.160.316

(Amounts expressed in New Turkish Lira (TRY) unless otherwise stated)

13. Derivative Financial Instruments

As of 31 December 2008, the Company has no derivative financial instruments.

14. Cash and Cash Equivalents

	31 December 2008
Cash	544
Cash at banks	321.015.151
Demand deposits	55.118.122
Time deposits	265.897.029
Other cash and cash equivalents	19.721.791
Total	340.737.486
Interest accruals on cash and cash equivalents (-)	(3.722.646)
Cashflow based grand total	337.014.840
Blocked deposits (-)	(1.837.050)
	335.177.790

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 are presented in Note 2.13.

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 equity.

15.3 For each class of share capital;

15.3.1 Number of capital shares

The Company's issued capital share is composed of 30.600.000.000 shares having a nominal amount of TRY 0,01 each. These shares are presented by Class 10 shares.

15.3.2 Number of issued and fully paid shares and issued but not fully paid shares

None.

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

Nominal value of equity shares is TRY 0,01 per share.

(Amounts expressed in New Turkish Lira (TRY) unless otherwise stated)

15 Share Capital (Cont'd)

15.3 For each class of share capital; (Cont'd)

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

	Equity shares (unit)
Beginning of the period, 1 January 2008	30.600.000.000
Issued in the current period	-
End of the period, 31 December 2008	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.

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

None.

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

None.

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15.4 Share Based Payments

None.

15.5 Subsequent Events after the Balance Sheet Date

None.

(Amounts expressed in New Turkish Lira (TRY) unless otherwise stated)

16. Other Provisions and Capital Component of Arbitrary 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

	31 December 2008
Valuation difference of available for sale financial assets	889.060.525
Effect of deferred tax	(45.183.981)
Total	843.876.544

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.

16.3 Hedging for forecasted transactions and net investment hedging

None.

16.4 Hedging transactions

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:

	Increase/ (decrease) in value
Beginning of the period, 1 January 2008	1.630.795.831
Increase/decrease in value recorded in shareholders' equity in the current period	(786.919.287)
Increase/decrease in value classified to income statement from shareholders' equity in the current period	-
Ending of the period, 31 December 2008	843.876.544

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

None.

16.7 Revaluation increases in tangible fixed assets

None.

(Amounts expressed in New Turkish Lira (TRY) unless otherwise stated)

16. Other Provisions and Capital Component of Arbitrary Participation (Cont'd)

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

Financial Assets Available for Sale	Valuation Difference	Deferred Tax Difference	Total
Equity Shares	884.187.495	(44.209.375)	839.978.120
Goverment Bonds	4.873.031	(974.606)	3.898.424
Total	889.060.525	(45.183.981)	843.876.544

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:

31 December 2008

Branches	Amounts to be provided TRY	Current Blockage TRY
Life	11.109.276	12.452.968
Government Bonds		9.530.456
Equity Shares		1.056.135
Time Deposits		1.866.377
Non-Life	120.535.992	143.385.370
Government Bonds		131.331.771
Equity Shares		12.053.599
Total	131.645.268	155.838.338

(*) Securities in the table above are carried at their prevailing value at 28 February 2009. The difference between time deposits and blocked time deposits in Note 14 results from interest accrual as of the end of February.

(Amounts expressed in New Turkish Lira (TRY) unless otherwise stated)

17 Insurance Liabilities and Reinsurance Assets (Cont'd)

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

	Unit	31 December 2008 Mathematical Reserves TRY
31 December 2007 Current	1.638	8.787.345
Additions	-	1.522.529
Disposals	(524)	(2.905.880)
31 December 2008 Current	1.114	7.403.994

Reversals and their corresponding mathematical reserves are included to the above table.

Available for sale financial assets of which their risks are on policyholders are carried at fair value as explained in Note 11. 95% of the difference between fair value and amortized cost amounts to TRY 83.556 and this amount is recognized under the Life Mathematical Reserves account. However, the related amount is not included in the above table.

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

Branches	31 December 2008 Amount
Accident	22.386.988.258
Motor Vehicles	11.190.772.531
Air Crafts	135.018.328
Water Crafts	517.737.747
Marine	62.726.212.532
Fire and Natural Disasters	68.929.513.230
General Losses	40.045.018.553
Air Crafts Liability	1.249.509.404
Motor Vehicles Liability	1.312.678.576.433
General Liability	11.971.638.572
Legal Protection	4.977.775.952
Credits	814.438.194
Financial Losses	4.500.852.830
Illness/Health	126.633.039
Life	25.407.598
Total	1.542.276.093.201

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

None.

17.5 Number and amount of participation certificates in portfolio and circulation

None.

17 Insurance Liabilities and Reinsurance Assets (Cont'd)

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

None.

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

None.

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

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.

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.

17.11 Number of transfers from the Company to other companies and their group or individual gross and net share participations

None.

17.12 Number of additions of life insurances and their group or individual gross and net premiums

None.

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

All disposals from life insurances consist of individual people and their amounts and numbers are disclosed in Note 17.2.

(Amounts expressed in New Turkish Lira (TRY) unless otherwise stated)

17. Insurance Liabilities and Reinsurance Assets (Cont'd)

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 2008 – 31 December 2008 Profit Share Distribution Rate (%)
TRY (Life Insurance)	16,79

17.15 Amounts from insurance contracts in the financial statements

None.

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

	31 December 2008
Receivables from Reinsurance Companies	18.546.015
Payables to Reinsurance Companies	(33.814.036)
Cash Deposited by Insurance and Reinsurance Companies	(7.152)
Net Receivable/(Payable)	(15.275.173)
Reinsurance Share of Premiums (-)	(341.191.309)
Commissions Received	24.212.096
Reinsurance Share of Unearned Premiums Reserve	36.696.622
Reinsurance Share of Unearned Premiums Reserve Carried Forward (-)	(294.883.926)
Reinsurance Share of Unexpired Risks Reserve	5.808.139
Reinsurance Share of Outstanding Claims Reserve	52.221.444
Reinsurance Share of Outstanding Claims Reserve Carried Forward (-)	(191.562.375)
Reinsurance Share of Claims Paid	192.175.237
Net Income/(Expense)	(516.524.072)

(Amounts expressed in New Turkish Lira (TRY) unless otherwise stated)

17. Insurance Liabilities and Reinsurance Assets (Cont'd)

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

Branch	Ceded Premiums	Reinsurance Share of Technical Reserves	Reinsurer Share of Claims Paid
Accident	(2.783.049)	1.411.855	779.880
Motor Vehicles	(88.900.712)	6.475.285	75.320.409
Air Crafts	(2.129.605)	(3.308.805)	133.237
Water Crafts	(2.200.284)	695.719	6.454.737
Marine	(11.684.217)	1.740.135	6.507.545
Fire and Natural Disasters	(84.056.153)	14.736.790	8.744.664
General Losses	(43.083.313)	26.576.345	14.782.910
Air Crafts Liability	(1.591.026)	606.010	122
Motor Vehicles Liability	(52.114.671)	38.633.149	38.846.227
General Liability	(9.997.416)	5.843.293	2.792.466
Legal Protection	(365.142)	26.852	1.247
Credits	(750.400)	1.467.096	16.522
Financial Losses	(6.550.474)	(1.502.913)	2.029.950
Illness	(34.815.543)	1.317.412	35.695.069
Life	(169.304)	7.982	70.252
Total	(341.191.309)	94.726.205	192.175.237

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.

(Amounts expressed in New Turkish Lira (TRY) unless otherwise stated)

17. Insurance Liabilities and Reinsurance Assets (Cont'd)

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

	Insurance Payables	Reinsurance Assets
Beginning of the period, 1 January 2008	(31.445.872)	23.210.759
Change in the current period	(2.368.164)	(4.664.744)
Ending of the period, 31 December 2008	(33.814.036)	18.546.015

18. Investment Contract Liabilities

None.

19. Trade and Other Payables, Deferred Income

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

	31 December 2008
Payables from insurance operations	64.043.325
Other deferred income and expense accruals	32.866.713
Cash deposited by insurance and reinsurance companies	7.152
Due to related parties	182.712
Other payables	18.847.437
	115.947.339

19.2 Related Parties

Transactions and balances between the Company and its shareholders as of the period-end are presented in Note 45.

20. Payables

Insurance Technical Reserves	31 December 2008
Unearned Premiums Reserve - Net	237.128.783
Unexpired Risks Reserve- Net	14.609.384
Outstanding Claims Reserve -Net	167.547.791
Life Mathematical Reserve - Net	4.230.415
Provision for Policies Investment Risk of Life Insurance Policyholders – Net	3.257.135
Equalization Reserve- Net	3.580.776
Total	430.354.284

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 Benefits

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.

(Amounts expressed in New Turkish Lira (TRY) unless otherwise stated)

22. Retirement Benefits (Cont'd)

Retirement pay provision:

Under the 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 TRY 2.260,05 for each period of service as of 31 December 2008.

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 31 December 2008, 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 5,4% and a discount rate of 12%, resulting in a real discount rate of approximately 6,26%. 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 TRY 2.260,05 effective from 1 January 2009 has been taken into consideration in calculation of provision from employment termination benefits.

	1 January- 31 December 2008
Provision at 1 January	2.599.024
Service cost	6.717
Interest cost	148.923
Retirement payment	(809.688)
Provision at 31 December	1.944.976

(Amounts expressed in New Turkish Lira (TRY) unless otherwise stated)

23. Other Liabilities and Expense Accruals

23.1 Provisions related to employee benefits and others

	Unused vacation provisions	Social security premiums payable
At 1 January	618.862	982.313
Charge for the period	1.219.462	(332.629)
At 31 December	1.838.324	649.684

23.2 Off-balance sheet commitments

Type of Commitment	31 December 2008
Letters of guarantee	4.317.300
Other commitments	565.250
Total	4.882.550

23.3 Provisions, Contingent Assets and Liabilities

Contingent Liabilities

	31 December 2008
Outstanding Claims Under Litigation	65.021.297
Total	65.021.297

Contingent Assets

	31 December 2008
Subrogation Litigations	26.732.518
Trade Receivables Under Litigation and Execution	5.915.139
Total	32.647.657

(Amounts expressed in New Turkish Lira (TRY) unless otherwise stated)

24. Net Insurance Premium Revenue

Non-life Branches	31 Aralık 2008
Accident	15.270.050
Motor Vehicles	197.899.856
Air Crafts	2
Water Crafts	393.114
Marine	12.622.546
Fire and Natural Disasters	53.387.909
General Losses	17.852.001
Air Crafts Liability	14
Motor Vehicles Liability	115.782.597
General Liability	3.056.780
Legal Protection	3.286.284
Credits	-
Financial Losses	225.287
Health	67.776.817
Total of non-life branches	487.553.257
Life	460.644
Total	488.013.901

Amounts related to 1 January – 31 December 2008 are presented at net by gross premiums less reinsurance shares.

25. Contribution (Wage) Income

Service Income/(Expense)	1 January- 31 December 2008
Commissions received from reinsurers	24.212.096
Commissions paid to agencies (-)	(66.128.090)
Total	(41.915.994)

(Amounts expressed in New Turkish Lira (TRY) unless otherwise stated)

26. Investment Income/Expense

Financial assets held-for-trading	1 January- 31 December 2008
Interest income (Fund B sales income)	1.250.250
Repo income	2.697.526
Total	3.947.776

Financial assets available-for-sale	1 January- 31 December 2008
Interest income	49.657.265
Dividend income (*)	56.532.752
Proceeds on sale	12.561.827
Total	118.751.844

(*) Dividend income	1 January- 31 December 2008
Akbank	43.691.524
Akçansa	9.343.369
Çimsa	3.461.362
Tarsim	32.669
Ak Yatırım	3.558
Dönkasan	270
Total	56.532.752

Income from derivative instruments	1 January- 31 December 2008
Forward income	1.150.000
Total	1.150.000

Investment properties	1 January- 31 December 2008
Rent income	343.357
Toplam	343.357

Grand Total	124.192.977

(Amounts expressed in New Turkish Lira (TRY) unless otherwise stated)

27. Net Income Accrual on Financial Assets

Financial assets available-for-sale	1 January- 31 December 2008
Valuation differences recognized in shareholders'equity	889.060.525
Total	889.060.525

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 TRY 3.947.776.

29. Insurance Rights and Demands

Amounts of subrogation income/ (expense) for the period between 1 January – 31 December 2008 in terms of branches are presented in the below table:

Subrogation Income/(Expense)	1 January- 31 December 2008
Accident	(18.036)
Motor Vehicles	3.756.453
Water Crafts	21.600
Marine	41.442
Fire and Natural Disasters	210.193
General Losses	58.501
Motor Vehicles Liability	532.459
General Liability	1.315
Total	4.603.927

(Amounts expressed in New Turkish Lira (TRY) unless otherwise stated)

29. Insurance Rights and Demands (Cont'd)

Outstanding Claims Reserve	1 January- 31 December 2008
Fire and Natural Disasters	(3.003.751)
Marine	108.373
Accident	(827.150)
Motor Vehicles	3.087.934
Water Crafts	(94.358)
General Losses	(2.135.096)
Motor Vehicles Liability	(54.498.053)
Air Crafts Liability	29
General Liability	(1.244.119)
Financial Losses	5.863
Legal Protection	(31.112)
Illness/Health	(5.182.091)
Total of Non-Life Branches	(63.813.531)
Life	(219.265)
Total	(64.032.796)

30. Investment Agreement Rights

None.

31. Other Expenses

Types of expenses are disclosed in Note 32.

32 Expense Types

	1 January- 31 December 2008
Personnel wages and expenses	(32.680.278)
Advertisement expenses	(5.079.168)
Depreciation expenses	(3.378.369)
Outsourcing services expenses	(1.808.890)
Social relief expenses	(1.616.833)
Transportation expenses	(2.088.860)
Communication expenses	(975.553)
Rent expenses	(479.045)
Meeting and training expenses	(3.560.163)
Renewal and maintenance expenses	(2.866.217)
IT system expenses	(4.373.134)
Other	(6.208.360)
Total	(65.114.870)

(*) TRY (66.128.090) of production commission expense and TRY (3.225.922) of other expense have not been included; TRY 3.378.369 of depreciation expense has been included.

(Amounts expressed in New Turkish Lira (TRY) unless otherwise stated)

33. Employee Benefit Expenses

Employee benefit expenses are detailed in Note 32.

The Company has no share-based payments under TFRS 2 in the current period.

34. Financing Costs

34.1 The Company has no financing costs.

34.2 There are no financing expenses related to shareholders, affiliates and subsidiaries in the current period.

34.3 Sales transactions with shareholders, affiliates and subsidiaries

None.

34.4 Interest, rent and similar balances with shareholders, affiliates and subsidiaries

Rent Income	1 January- 31 December 2008
Hacı Ömer Sabancı Holding A.Ş.	57.588

Training Expenses	1 January- 31 December 2008
Hacı Ömer Sabancı Holding A.Ş.	(53.448)

34.5 The Company does not apply any hedge accounting.

34.6 The Company has no exchange differences, other than those arising from financial assets held at fair value through profit and loss.

(Amounts expressed in New Turkish Lira (TRY) unless otherwise stated)

35. Income Tax

	31 December 2008
Current tax provision:	
Corporate Tax Liability Provision on Period Profit	2.821.614
Prepaid Taxes and Other Liabilities on Period Profit (-)	-
	2.821.614

Income tax expense/(income) is formed by the items below:	1 January-31 December 2008
Deferred tax expense/(income) due to temporary differences	984.886
Total tax expense / (income)	984.886

Deferred Tax	1 January-31 December 2008
Recognized in the shareholders' equity:	
- Valuation of available for sale financial assets	45.183.981
	45.183.981

Corporate 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 2008 is 20 %.

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate used in 2008 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.

35. Income Tax (cont'd)

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.

Investment incentive certificates are revoked commencing from 1 January 2006. If companies cannot use investment incentive due to inadequate profit, such outstanding investment incentive can be carried forward to following years so as to be deducted from taxable income of subsequent profitable years.

However, companies can deduct carried forward outstanding allowance from the 2006, 2007 and 2008's taxable income. Investment incentive amount that cannot be deducted from the 2008's taxable income will not be carried forward to following years.

Tax rate that can be used by companies in the case of deducting the tax investment incentive amount in 2006, 2007 and 2008 is 30%. If the Company cannot apply investment incentive carried forward, the effective tax rate will be 20% and unused investment incentive will be forfeited.

Since the Company has not benefit from investment incentives, it applied 20% of corporate tax rate as of 31 December 2008.

Inflation Adjusted Legal Tax Calculation

The Company has adjusted its statutory financial statements as of 31 December 2004 in accordance with Law No: 5024 published in the Official Gazette No: 25332 on 30 December 2003 which requires the application of inflation accounting in Turkey in 2004 and future years for tax purposes, if the actual rate of inflation meets certain thresholds.

Inflation accounting requirements set out in tax legislation do not differ from those that are specified in IAS 29. Therefore, the Company applied inflation adjustment in its financial statements as inflation met the required thresholds in 2004. Those balances were taken as opening balances in the as of 1 January 2005 for statutory purposes. However, no further inflation adjustment was made to the Company's statutory financial statements in 2005, 2006, 2007, and 2008 as inflation did not meet the required thresholds as at 31 December 2005, 2006, 2007, and 2008.

(Amounts expressed in New Turkish Lira (TRY) unless otherwise stated)

35. Income Tax (cont'd)

Deferred Tax

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

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

Deferred tax assets (liabilities);	1 January- 31 December 2008
Valuation differences of financial assets	(45.183.981)
Useful life differences of tangible and intangible fixed assets	(2.168.114)
Retirement pay provision	388.995
Unused vacation provision	243.892
Previous years losses offsetting from tax	-
Payable/receivable discounts	1.387.372
Technical reserves	573.514
Provision for doubtful receivables	1.208.815
Other	189.354
Deferred tax liability	(43.360.152)

Movement of deferred tax asset/(liability);	
Opening balance at 1 January	(36.520.941)
Deferred tax income recognized in the income statement	984.886
Deferred tax expense recognized in the shareholders' equity	(7.824.097)
Closing balance at 31 December	(43.360.152)

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

	1 January– 31 December 2008
Reconciliation of tax provision	
Income before tax	54.791.978
Tax calculated %20	(10.958.396)
Effect of additions	(12.104.440)
Effect of allowances	20.241.222
Corporate tax payable and provision for other statutory liabilities (-)	(2.821.614)
Deferred tax income	984.886

(Amounts expressed in New Turkish Lira (TRY) unless otherwise stated)

36. Net Foreign Exchange Gain

	1 January- 31 December 2008
Recognized in profit/loss	
Foreign exchange income	68.899.431
Foreign exchange expense	(26.414.758)
	42.484.673

37. Earnings per Share

	1 January- 31 December 2008
Number of ordinary shares outstanding	30.600.000.000
As of 1 January (total)	30.600.000.000
Number of equity shares issued in cash	
Number of ordinary shares outstanding	30.600.000.000
As of 31 December (total)	30.600.000.000
Average number of outstanding shares	30.600.000.000
Net profit for the period (TRY)	51.970.364
Earnings per share (TRY 0,01)	0,170

38 Dividends per Share

As at 2 April 2008, the Company has paid TRY 0.00327 earnings per share to its shareholders (total dividend paid: TRY 100.200.000).

39 Cash Generated from the Operations

Cash flow statements is presented with the financial statements. The Company's net cash generated from the operating activities, net cash generated from the investing activities, and net cash generated from the financing activities is amounting to TRY 118.638.631, TRY 20.719.095 and TRY (100.200.000), respectively.

40 Equity Share Convertible Bonds

None.

41 Cash Convertible Privileged Equity Shares

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.

(Amounts expressed in New Turkish Lira (TRY) unless otherwise stated)

45. Related Parties

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

Due from related parties

Company	31 December 2008
Avivasa Hayat ve Emeklilik A.Ş.	2.015.218
Akbank T.A.Ş.	870.383
Akbank Tekaüt Sandığı	41.920
Akçansa Çimento	653.034
Akpörtföy Yönetimi	81.772
Akyatırım Menkul Değerler	225.250
Ak Yatırım Ortaklığı	11.693
Beksa Çelik	28.247
Ak Finansal Kiralama A.Ş.	4.069.626
Bossa Ticaret	1.751.877
Carrefoursa	2.503.618
Çimsa Çimento	91.813
Diasa Dia Sabancı	402.248
Dönkasan	26.154
Enerjisa Enerji	5.233.754
Exsa Exsport	36.566
Hilton Internatıonel	233
Ibımsa Uluslar Arası	1.889
Karçimsa	197
Kordsa Sabancı	59.873
Kraft	128.589
Olmuksa Mukavva	50.712
Oysa Çimento	147
Phılıp Morrıs Sabancı	14.082
Phılıp Phılp Morrıs	660
Sabancı Telekom	961
Sabancı Üniversitesi	3.237.358
Sasa Dupont	308.996
Teknosa İç Ve Dış	35.496
Temsa San.	776.731
Toyotasa Toyota Sabancı	147.092
Tursa Sabancı	288
Yünsa Yünlü Sanayi	78.573
Total	22.885.050

(*) TRY 41.920 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.

(Amounts expressed in New Turkish Lira (TRY) unless otherwise stated)

45. Related Parties (Cont'd)

Due to related parties

Name of the Company	31 December 2008
Hacı Ömer Sabancı	15.570
Brisa Bridgestone	253.435
Gıdasa Sabancı	3.558
Philsa Plastik	680
Total	273.243

(*) Due to related parties is presented under the "Payables from Insurance Operations" account in the financial statements.

Interest Income Received From Related Parties

Name of the Company	1 January- 31 December 2008
Akbank T.A.Ş	33.222.765
Total	33.222.765

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

(Amounts expressed in New Turkish Lira (TRY) unless otherwise stated)

45. Related Parties (Cont'd)

Premium Production

Insurees	1 January- 31 December 2008
Avivasa Hayat ve Emeklilik A.Ş.	1.727.329
Akbank T.A.Ş.	2.977.466
Akçansa Çimento	3.728.997
Akpörtföy Yönetimi	60.036
Akyatırım Menkul Değerler A.Ş.	353.619
Beksa Çelik	715.420
Ak Finansal (Bnp Ak)	8.860.948
Bossa Ticaret	2.093.449
Brisa Bridgestone	7.237.830
Carrefoursa	5.462.340
Çimsa Çimento	3.143.315
Diasa Dia Sabancı	705.795
Dönkasan	91.178
Enerjisa Enerji	2.494.033
Exsa Exsport	927.064
Gıdasa Sabancı	956.741
Hacı Ömer Sabancı	667.215
Hilton Internatıonel	10.130
Karçimsa	30.235
Ibımsa Uluslar Arası	203.123
Kordsa Sabancı	3.020.591
Marsa Kraft	133.864
Olmuksa Mukavva	1.697.991
Oysa Çimento	5.535
Phılıp Morrıs	801.894
Philsa Phılıp Morrıs	414.262
Pilsa Plastik	375.086
Sabancı Telekom	43.481
Sabancı Üniversitesi	3.743.733
Sapeksa	1.306
Sasa Dupont	3.677.598
Teknosa İç Ve Dış	1.550.006
Temsa San.	5.433.263
Toyotasa Toyota Sabancı	1.699.344
Tursa Sabancı	203.313
Vaksa Hacı Ömer Sab.	17.791
Yünsa Yünlü Sanayi	545.232
Total	65.810.553

(Amounts expressed in New Turkish Lira (TRY) unless otherwise stated)

46. Subsequent Events after the Balance Sheet Date

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 31 December 2008. In accordance with these agreements, portfolio additions are also recognized in 2009. As result of portfolio withdrawals, the Company's retention amount has increased by 14% in the car-accident branch.

As per the Board of Directors' meeting held on 2 March 2009, all shares of Temsa Global Sanayi ve Ticaret A.Ş. held in the Company's portfolio amounting to TRY 5.775.000 in nominal and TRY 7.037.014 in book value were sold to H.Ö. Sabancı Holding A.Ş. in consideration of TRY 7.218.750 based on the fair value. Accordingly, the Company has recognized TRY 181.736 of the sale proceeds in its profit/loss account for 2009.

As per the Board of Directors' meeting held on 15 January 2009, the Company has participated to the capital increase of its subsidiary, Merter BV, by TRY 1.603.777.

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.

Other Receivables	31 December 2008
Temporary accounts of to paid claims	5.569.677
Deposits and guaratees given	7.400
Total	5.577.077

Other Payables	31 December 2008
Payables to suppliers	831.439
Payables to contracted enterprises	4.188.745
Natural disaster insurances institution payables to agents	1.105.853
Institution of Natural Disaster Insurances current account	1.798.067
Tarım Sigortaları A.Ş. current account	771.269
Other	1.392.073
Total	10.087.446

(Amounts expressed in New Turkish Lira (TRY) unless otherwise stated)

47. Other (cont'd)

Income and Profit From Other and Extraordinary Activities	1 January- 31 December2008
Provisions account (+/-)	(9.714.357)
Discount account (+/-)	(1.664.974)
Mandatory earthquake insurance account (+/-)	253.050
Deferred tax asset (+/-)	984.886
Other income and profit	23.510.436
Other expenses and losses (-)	(41.992.453)
Total	(28.623.412)

Other Income and Profit	1 January- 31 December 2008
Sale proceeds on affiliates	12.561.828
Other	10.948.608
Total	23.510.436

Other Expenses and Costs	1 January- 31 December 2008
Loss from the disposal of affiliates	(37.876.130)
Other	(4.116.323)
Total	(41.992.453)

Long-Term Liabilities – Other Technical Reserves	1 January- 31 December 2008
Equalization reserve	3.580.776
Total	3.580.776

Total of subrogation receivables followed under the off-balance sheet is amounting to TRY 7.126.804.