TÜRK P VE I SİGORTA A.Ş

CONVENIENCE TRANSLATION OF THE STATUTORY FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2017 AND THE INDEPENDENT AUDITOR’S REPORT (ORIGINALLY ISSUED IN TURKISH)

**CONVENIENCE TRANSLATION OF
THE INDEPENDENT AUDITOR'S REPORT OF
TÜRK P VE I SİGORTA A.Ş.
FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2017
(ORIGINALLY ISSUED IN TURKISH)**

To the General Assembly of Türk P ve I Sigorta A.Ş.

A. Audit of the Financial Statements

1. Opinion

We have audited the accompanying financial statements of Türk P ve I Sigorta A.Ş. (the "Company") which comprise the balance sheet as at 31 December 2017 and the income statement, statement of changes in equity and statement of cash flows for the year then ended and the notes to the financial statements and a summary of significant accounting policies and financial statement notes.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with accounting and financial reporting regulations enforced by insurance legislation and Turkish Accounting Standards ("TAS") for the matters not regulated by insurance legislation "Regulation on Insurance Accounting and Financial Reporting Principles".

2. Basis for Opinion

Our audit was conducted in accordance with the regulations on the principles on auditing as set out in the insurance legislation and the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We hereby declare that we are independent of the Company in accordance with the Ethical Rules for Independent Auditors (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

3. Emphasis of Matter

As explained in Note 4, the Company's shareholders' equity as of 31 December 2017 is TRY1,240,538 less than the shareholders' equity calculated based on the Regulation on the Evaluation and Assessment of the Capital Adequacy of Insurance, Reinsurance, and Pension Companies. The Company has started to work on the necessary actions to close the capital deficit within the period specified in the aforementioned regulation.

4. Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulation on Insurance Accounting and Financial Reporting Principles and TAS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

5. Auditor's Responsibilities for the Audit of the Financial Statements

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with the regulations on the principles on auditing as set out in the insurance legislation and SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an independent audit conducted in accordance with the regulations on the principles on auditing as set out in the insurance legislation and SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Assess the internal control relevant to the audit 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

B. Other Responsibilities Arising From Regulatory Requirements

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Company's bookkeeping activities concerning the period from 1 January to 31 December 2017 period are not in compliance with the TCC and provisions of the Company's articles of association related to financial reporting.

2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.

Additional Paragraph for Convenience Translation into English

As discussed in Note 2.25 to the accompanying financial statements, the effects of differences between the accounting principles as set out by the related insurance laws and accounting principles generally accepted in countries in which the accompanying financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying financial statements. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations and changes in financial position and cash flows in accordance with accounting principles generally accepted in such countries and IFRS.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

ORGINALLY SIGNED IN TURKISH

Talar Gül, SMMM
Partner

Istanbul, 7 March 2018

CONVENIENCE TRANSLATION OF THE COMPANY'S REPRESENTATION ON THE FINANCIAL STATEMENTS PREPARED AS AT 31 DECEMBER 2017

We confirm that the accompanying financial statements and notes to these financial statements as of 31 December 2017 are prepared in accordance with the accounting principles and standards as set out in the insurance legislation and in conformity with the related regulations and the Company's accounting records.

Türk P ve I Sigorta A.Ş.

07th March 2018

R.Ufuk TEKER	**PhD.Abdullah KARA**	**Jale İNAN**	**A.Korhan AKÇÖL**
A Member of Board of Directors, General Manager	Chief Financial Officer	Finance Manager	Actuary

TÜRK P VE I SİGORTA A.Ş.

CONVENIENCE TRANSLATION OF THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2017

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TÜRK P VE I SİGORTA A.Ş.

CONVENIENCE TRANSLATION OF THE BALANCE SHEETS AT 31 DECEMBER 2017 AND 2016

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

ASSETS

	Notes	Audited 31 December 2017	Audited 31 December 2016
I- Current Assets			
A- Cash and Cash Equivalents	**14**	**10,700,203**	**6,461,287**
1- Cash	2.12 and 14	10,769	6,952
2- Cheques Received		-	-
3- Banks	2.12 and 14	10,512,309	6,361,769
4- Cheques Given and Payment Orders (-)		-	-
5- Bank Guaranteed Credit Card Receivables with Maturities Less Than Three Months	2.12 and 14	177,125	92,566
6- Other Cash and Cash Equivalents		-	-
B- Financial Assets and Financial Investments with Risks on Policyholders		**-**	**-**
1- Available for Sale Investments		-	-
2- Held to Maturity Investments		-	-
3- Trading Investments		-	-
4- Loans		-	-
5- Provision for Loans (-)		-	-
6- Financial Assets at Life Insuree's Risk		-	-
7- Company's Shares		-	-
8- Provision for financial asssets diminution in value (-)		-	-
C- Receivables from Main Operations	**12.1**	**10,187,012**	**8,223,616**
1- Due from Insurance Operations	12.1	10,187,012	8,223,616
2- Provision for Due from Insurance Operations (-)		-	-
3- Due from Reinsurance Operation		-	-
4- Provision for Due from Reinsurance Operations (-)		-	-
5- Premium Deposits		-	-
6- Policy Loans		-	-
7- Provision for Policy Loans (-)		-	-
8- Due from Private Pension Operations		-	-
9- Doubtful Receivables from Main Operations		-	-
10- Provision for Doubtful Receivables from Main Operations (-)		-	-
D- Due from Related Parties		-	-
1- Due from Shareholders		-	-
2- Due from Associates		-	-
3- Due from Subsidiaries		-	-
4- Due from Joint-Ventures		-	-
5- Due from Personnel		-	-
6- Due from Other Related Parties		-	-
7- Rediscount on Due from Related Parties (-)		-	-
8- Doubtful Receivables from Related Parties		-	-
9- Provision for Doubtful Receivables from Related Parties (-)		-	-
E- Other Receivables		**470,638**	**356,955**
1- Leasing Receivables		-	-
2- Unearned Leasing Interest Income (-)		-	-
3- Deposits and Guarantees Given		462,314	356,865
4- Other Miscellaneous Receivables		8,324	90
5- Rediscount on Other Receivables (-)		-	-
6- Other Doubtful Receivables		-	-
7- Provision for Other Doubtful Receivables (-)		-	-
F- Prepaid Expenses and Income Accruals		**2,635,171**	**1,836,487**
1- Deferred Acquisition Costs	17	1,888,231	1,486,161
2- Accrued Interest and Rent Income		-	-
3- Income Accruals		-	-
4- Other Prepaid Expenses	47.1	746,940	350,326
G- Other Current Assets		**1,800**	**69,122**
1- Prepaid Office Supplies		-	13,059
2- Prepaid Taxes and Funds	35	-	51,728
3- Deferred Tax Assets		-	-
4- Job Advances		1,800	4,335
5- Advances to Personnel		-	-
6- Count Shortages		-	-
7- Other Current Assets		-	-
8- Provision for Other Current Assets (-)		-	-
I- Total Current Assets		**23,994,824**	**16,947,467**

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

CONVENIENCE TRANSLATION OF
THE BALANCE SHEETS AT 31 DECEMBER 2017 AND 2016

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

ASSETS

	Note	Audited 31 December 2017	Audited 31 December 2016
II- Non-Current Assets			
A- Receivables from Main Operations		-	-
1- Due from Insurance Operations		-	-
2- Provision for Due from Insurance Operations (-)		-	-
3- Due from Reinsurance Operations		-	-
4- Provision for Due from Reinsurance Operations		-	-
5- Premium Deposits		-	-
6- Policy Loans		-	-
7- Provision for Policy Loans (-)		-	-
8- Due from Private Pension Operations		-	-
9- Doubtful Receivables from Main Operations		-	-
10- Provision for Doubtful Receivables from Main Operations (-)		-	-
B- Due from Related Parties		-	-
1- Due from Shareholder		-	-
2- Due from Associates		-	-
3- Due from Subsidiaries		-	-
4- Due from Joint-Ventures		-	-
5- Due from Personnel		-	-
6- Due from Other Related Parties		-	-
7- Rediscount on Due from Related Parties (-)		-	-
8- Doubtful Receivables from Related Parties		-	-
9- Provision for Doubtful Receivables from Related Parties (-)		-	-
C- Other Receivables		**21,766**	**19,770**
1- Leasing Receivables		-	-
2- Unearned Leasing Interest Income (-)		-	-
3- Deposits and Guarantees Given		21,766	19,770
4- Other Receivables		-	-
5- Rediscount on Other Receivables (-)		-	-
6- Other Doubtful Receivables		-	-
7- Provision for Other Doubtful Receivables (-)		-	-
D- Financial Assets		-	-
1- Investment Securities		-	-
2- Associates		-	-
3- Capital Commitments to Associates (-)		-	-
4- Subsidiaries		-	-
5- Capital Commitments to Subsidiaries (-)		-	-
6- Joint-Ventures		-	-
7- Capital Commitments to Joint-Ventures (-)		-	-
8- Financial Assets and Financial Investments at Insurees' Risk		-	-
9- Other Financial Assets		-	-
10- Provision for Diminution in Value (-)		-	-
E- Tangible Assets	**6**	**536,181**	**438,647**
1- Investment Properties		-	-
2- Provision for Diminution in Value of Investment Properties (-)		-	-
3- Property for Operational Usage		-	-
4- Machinery and Equipment		-	-
5- Furniture and Fixtures	6	441,297	367,424
6- Motor Vehicles		-	-
7- Other Tangible Assets (including leasehold improvements)	6	508,235	362,943
8- Leased Assets		-	-
9- Accumulated Depreciation (-)	6	(413,351)	(291,720)
10- Advances Given for Tangible Assets		-	-
F- Intangibles Assets	**8**	-	**704**
1- Rights	8	3,369	3,369
2- Goodwill		-	-
3- Start-up Costs		-	-
4- Research and Development Expenses		-	-
5- Other Intangible Assets		-	-
6- Accumulated Amortization (-)	8	(3,369)	(2,665)
7- Advances Given for Intangible Assets		-	-
G- Prepaid Expenses and Income Accruals		-	-
1- Deferred Acquisition Costs		-	-
2- Income Accruals		-	-
3- Other Deferred Expenses		-	-
H- Other Non-Current Assets	**21 and 35**	**8,507**	**303,331**
1- Effective Foreign Currency Accounts		-	-
2- Foreign Currency Accounts		-	-
3- Prepaid Office Supplies		-	-
4- Prepaid Taxes and Funds		-	-
5- Deferred Tax Assets	21 and 35	8,507	303,331
6- Other Non-Current Assets		-	-
7- Other Non-Current Assets Depreciation (-)		-	-
8- Provision for Diminution in Value of Other Non-Current Assets (-)		-	-
II- Total Non-Current Assets		**566,454**	**762,452**
TOTAL ASSETS (I+II)		**24,561,278**	**17,709,919**

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

TÜRK P VE I SİGORTA A.Ş.

CONVENIENCE TRANSLATION OF THE BALANCE SHEETS AT 31 DECEMBER 2017 AND 2016

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

LIABILITIES

	Notes	Audited 31 December 2017	Audited 31 December 2016
III- Current Liabilities			
A- Financial Liabilities		-	-
1- Due to Credit Institutions		-	-
2- Leasing Payables		-	-
3- Deferred Leasing Costs (-)		-	-
4- Short Term Instalments of Long Term Borrowings		-	-
5- Issued Debt Securities		-	-
6- Other Issued Debt Securities		-	-
7- Value Differences of Other Issued Debt Securities (-)		-	-
8- Other Financial Payables (Liabilities)		-	-
B- Payables from Main Operations	**19**	**5,735,169**	**5,912,566**
1- Payables from Insurance Operations	4 and 19	5,707,668	5,912,566
2- Payables from Reinsurance Operations		-	-
3- Premium Deposits		-	-
4- Payables from Private Pension Operations		-	-
5- Payables from Other Operations	4 and 19	27,501	-
6- Rediscount on Payables from Other Operations (-)		-	-
C- Due to Related Parties		**184,922**	**116,883**
1- Due to Shareholders	4, 19 and 45	1,004	912
2- Due to Associates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint-Ventures		-	-
5- Due to Personnel	4 and 19	183,918	115,971
6- Due to Other Related Parties		-	-
D- Other Payables	**4, 19 and 47.1**	**86,377**	**42,424**
1- Deposits and Guarantees Received		-	-
2- Payable to SSI medical expense		-	-
3- Other Miscellaneous Payables	4, 19 and 47.1	86,377	42,424
4- Rediscount on Other Payables		-	-
E- Insurance Technical Provisions		**11,438,348**	**5,931,169**
1- Unearned Premium Reserve - Net	4 and 17	10,094,139	5,862,603
2- Unexpired Risks Reserve - Net		-	-
3- Mathematical Reserve - Net		-	-
4- Outstanding Claim Provision - Net	4 and 17	1,344,209	68,566
5- Bonus and Rebate Provision - Net		-	-
6- Other Technical Reserves - Net		-	-
F- Taxes and Other Fiscal Liabilities		**341,295**	**241,216**
1- Taxes and Funds Payable		172,610	166,498
2- Social Security Withholdings Payable		105,535	74,718
3- Overdue, Deferred or Restructured Taxes and Other Fiscal Liabilities		-	-
4- Other Taxes and Fiscal Liabilities		-	-
5- Corporate Tax Provision and Other Fiscal Liabilities	35	133,360	-
6- Prepaid tax and other liabilities on current year profit(-)	35	(70,210)	-
7- Other Taxes and Fiscal Liabilities Provision		-	-
G- Provisions for Other Risks		-	-
1- Provision for Employment Termination Benefits	-	-	-
2- Provision for Social Aid Fund Asset Shortage		-	-
3- Provision for Expense Accruals		-	-
H- Deferred Income and Expense Accruals		**396,421**	**868,509**
1- Deferred Commission Income	10, 17 and 19	372,575	847,741
2- Expense Accruals	19	23,846	20,768
3- Other Deferred Income		-	-
I- Other Current Liabilities		-	-
1- Deferred Tax Liabilities		-	-
2- Count Overages		-	-
3- Other Current Liabilities		-	-
III- Total Current Liabilities		**18,182,532**	**13,112,767**

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

CONVENIENCE TRANSLATION OF THE BALANCE SHEETS AT 31 DECEMBER 2017 AND 2016

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

LIABILITIES

	Note	Audited 31 December 2017	Audited 31 December 2016
IV- Non-Current Liabilities			
A- Financial Liabilities		**-**	**-**
1- Due to Credit Institutions		-	-
2- Leasing Payables		-	-
3- Deferred Leasing Costs (-)		-	-
4- Issued Debt Securities		-	-
5- Other Issued Debt Securities		-	-
6- Value Differences of Other Issued Debt Securities (-)		-	-
7- Other Financial Payables (Liabilities)		-	-
B- Payables from Main Operations		**-**	**-**
1- Payables from Insurance Operations		-	-
2- Payables from Reinsurance Operations		-	-
3- Premium Deposits		-	-
4- Payables from Private Pension Operations		-	-
5- Payables from Other Operations		-	-
6- Rediscount on Payables from Other Operations (-)		-	-
C- Due to Related Parties		**-**	**-**
1- Due to Shareholders		-	-
2- Due to Associates		-	-
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- Payable to SSI medical expense		-	-
3- Other Miscellaneous Payables		-	-
4- Rediscount on Other Payables		-	-
E- Insurance Technical Provisions		**-**	**-**
1- Unearned Premium Reserve - Net		-	-
2- Unexpired Risks Reserve - Net		-	-
3- Mathematical Reserve - Net		-	-
4- Outstanding Claim Provision - Net		-	-
5- Bonus and Rebate Provision - Net		-	-
6- Other Technical Reserves - Net		-	-
F- Other Liabilities and Related Provisions		**-**	**-**
1- Other Payables		-	-
2- Overdue, Deferred or Restructured Taxes and Other Fiscal Liabilities		-	-
3- Other Taxes and Fiscal Liabilities Provision		-	-
G- Provisions for Other Risks	**22**	**95,500**	**59,847**
1- Provision for Employment Termination Benefits	22	95,500	59,847
2- Provision for Social Aid Fund Asset Shortage		-	-
H- Long term Deferred Income and Expense Accruals		**-**	**-**
1- Deferred Commission Income		-	-
2- Expense Accruals		-	-
3- Short term Other Deferred Income		-	-
I- Other Non-Current Liabilities		**-**	**-**
1- Deferred Tax Liabilities		-	-
2- Other Non-Current Liabilities		-	-
IV- Total Non-Current Liabilities		**95,500**	**59,847**

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

CONVENIENCE TRANSLATION OF THE BALANCE SHEETS AT 31 DECEMBER 2017 AND 2016

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

SHAREHOLDERS' EQUITY

	Note	Audited 31 December 2017	Audited 31 December 2016
V- Shareholders' Equity			
A- Share Capital	**2.13 and 15**	**6,000,000**	**6,000,000**
1- (Nominal) Capital	2.13 and 15	6,000,000	6,000,000
2- Unpaid Capital (-)		-	-
3- Adjustments to Share Capital		-	-
4- Adjustments to Share Capital (-)		-	-
5- Capital Not Yet Registered		-	-
B- Capital Reserves		**-**	**-**
1- Share Premium		-	-
2- Profit from Stock Abrogation		-	-
3- Sales Profits to be Added to the Capital		-	-
4- Foreign Currency Translation Differences		-	-
5- Other Capital Reserves		-	-
C- Profit Reserves	**15**	**(39,904)**	**(43,369)**
1- Legal Reserves		-	-
2- Statutory Reserves		-	-
3- Extraordinary Reserves		-	-
4- Special Funds (Reserves)		-	-
5- Valuation of Financial Assets		-	-
6- Other Profit Reserves	15	(39,904)	(43,369)
D- Retained Earnings		**-**	**-**
1- Retained Earnings		-	-
E- Accumulated Deficit (-)		**(1,419,326)**	**(2,282,437)**
1- Accumulated Deficit		(1,419,326)	(2,282,437)
F- Net Profit for the Period	**37**	**1,742,476**	**863,111**
1- Net Profit for the Period	37	1,742,476	863,111
2- Net Loss for the Period (-)		-	-
3- Profit not subject to Distribution		-	-
V- Total Shareholders' Equity		**6,283,246**	**4,537,305**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (III+IV+V)		**24,561,278**	**17,709,919**

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

TÜRK P VE I SİGORTA A.Ş.

CONVENIENCE TRANSLATION OF THE STATEMENTS OF INCOME FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2017 AND 2016

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

TECHNİCAL PART

		Note	Audited 1 January - 31 December 2017	Audited 1 January - 31 December 2016
A-	**Non-Life Technical Income**		**14,883,236**	**6,656,190**
1-	Earned Premiums (Net of Reinsurers' Share)		14,846,932	6,656,190
	1.1- Written Premiums (Net of Reinsurers' Share)	24	19,078,468	10,651,570
	1.1.1- Gross Written Premium (+)	24	37,543,838	24,668,720
	1.1.2- Reinsurers' Share of Gross Written Premium	10 and 24	(18,465,370)	(14,017,150)
	1.1.3- Premiums Ceded to SSI (-)		-	-
	1.2- Change in Unearned Premiums Reserve (Net of Reinsurers' Share and Reserves Carried Forward) (+/-)	17	(4,231,536)	(3,995,380)
	1.2.1- Unearned Premiums Reserve (-)	17	(4,948,142)	(5,490,611)
	1.2.2 Reinsurers' Share of Unearned Premiums Reserve (+)	10 and 17	716,606	1,495,231
	1.2.3- SSI Share of Unearned Premium Reserves (+/-)		-	-
	1.3- Change in Unexpired Risks Reserve (Net of Reinsurers' Share and Reserves Carried Forward) (+/-)		-	-
	1.3.1- Unexpired Risks Reserve (-)		-	-
	1.3.2- Reinsurers' Share of Unexpired Risks Reserve (+)		-	-
2-	Investment Income Transferred from Non-Technical Part		-	-
3-	Other Technical Income - (Net of Reinsurers' Share)		36,304	-
	3.1- Gross Other Technical Income (+)		36,304	-
	3.2- Reinsurers' Share of Other Gross Technical Income (-)		-	-
4-	Claim Recovery and Salvage Income Accruals (+)		-	-
B-	**Non-Life Technical Expense (-)**		**(13,273,012)**	**(6,203,465)**
1-	Incurred Claims - (Net of Reinsurer's Share)		(5,954,525)	(515,815)
	1.1- Paid Claims – (Net of Reinsurer's Share)		(4,678,882)	(456,163)
	1.1.1- Gross Paid Claims (-)		(12,336,464)	(2,743,870)
	1.1.2- Reinsurers' Share of Gross Paid Claims (+)	10	7,657,582	2,287,707
	1.2- Change in Outstanding Claims (Net of Reinsurers' Share and Reserves Carried Forward) (+/-)		(1,275,643)	(59,652)
	1.2.1- Outstanding Claims Provision (-)		(14,310,956)	(2,043,927)
	1.2.2- Reinsurers' Share of Outstanding Claims Provision (+)	10	13,035,313	1,984,275
2-	Change in Bonus and Rebate Provision (Net of Reinsurers' Share and Reserves Carried Forward) (+/-)		-	-
	2.1- Bonus and Rebate Provision (-)		-	-
	2.2- Reinsurers' Share of Bonus and Rebate Provision (+)		-	-
3-	Change in Other Technical Reserves (Net of Reinsurers' Share and Reserves Carried Forward) (+/-)			
4-	Operating Expenses (-)	31 and 32	(7,315,127)	(5,687,650)
5-	Change in Mathematical Reserves (Net of Reinsurer's Share and Reserves Carried Forward) (+/-)		-	-
	5.1.- Mathematical Reserves (-)		-	-
	5.2. - Net of Reinsurer's Share and Reserves Carried Forward (+)		-	-
6-	Other Technical Expenses (-)		(3,360)	-
	6.1- Gross Other Technical Expenses (-)		(3,360)	-
	6.2.- Reinsurers' Share of Other Gross Technical Expenses (+)		-	-
C-	**Net Technical Income- Non-Life (A - B)**		**1,610,224**	**452,725**
D-	**Life Technical Income**		**-**	**-**
1-	Earned Premiums (Net of Reinsurers' Share)		-	-
	1.1- Written Premiums (Net of Reinsurers' Share)		-	-
	1.1.1.- Gross Written Premiums (+)		-	-
	1.1.2.- Reinsurers' Share of Written Premiums (-)		-	-
	1.2- Change in Unearned Premiums Reserve (Net of Reinsurers' Share and Returned Reserve) (+/-)		-	-
	1.2.1.- Unearned Premiums Reserve (-)		-	-
	1.2.2.- Reinsurers' Share of Unearned Premiums Reserve (+)		-	-
	1.3- Change in Unexpired Risks Reserve (Net of Reinsurers' Share and Returned Reserve) (+/-)		-	-
	1.3.1.- Unexpired Risks Reserve (-)		-	-
	1.3.2.- Reinsurers' Share of Unexpired Risks Reserve (+)		-	-
2-	Life Investment Income		-	-
3-	Unrealized Investment Income		-	-
4-	Other Technical Income - (Net of Reinsurers' Share) (+/-)		-	-
	4.1.- Gross Other Technical Income (+/-)		-	-
	4.2.- Reinsurers' Share of Gross Other Technical Income (+/-)		-	-
5-	Claim Recovery and Salvage Income Accruals (+)		-	-
E-	**Life Technical Expense**		-	-
1-	Incurred Claims - (Net of Reinsurer's Share) (+/-)		-	-
	1.1- Paid Claims (Net of Reinsurer's Share) (-)		-	-
	1.1.1- Gross Paid Claims (-)		-	-
	1.1.2- Reinsurer's Share of Gross Paid Claims (+)		-	-
	1.2- Change in Outstanding Claims (Net of Reinsurer's Share and Returned Reserve) (+/-)		-	-
	1.2.1- Outstanding Claims Provision (-)		-	-
	1.2.2- Reinsurer's Share of Outstanding Claim Provisions (+)		-	-
2-	Change in Bonus and Rebate Provision (Net of Reinsurers' Share and Returned Reserve) (+/-)		-	-
	2.1- Bonus and Rebate Provision (-)		-	-
	2.2- Reinsurers' Share of Bonus and Rebate Provision (+)		-	-
3-	Change in Mathematical Reserves (Net of Reinsurers' Share and Returned Reserve) (+/-)		-	-
	3.1- Mathematical Reserves (-)		-	-
	3.1.1- Actuarial Mathematical Reserves (+/-)		-	-
	3.1.2- Profit Share Reserve (For Permanent Life Insurance Policies)		-	-
	3.2- Reinsurers' Share of Mathematical Reserves (+)		-	-
	3.2.1- Reinsurer's Share of Actuarial Mathematical Reserves (+)		-	-
	3.2.2- Reinsurer's Share of Profit Share Reserve(for Permanent Life Insurance Policies) (+)		-	-
4-	Change in Other Technical Reserves (Net of Reinsurer's Share and Returned Reserve) (+/-)		-	-
5-	Operating Expenses (-)		-	-
6-	Investment Expenses (-)		-	-
7-	Unrealized Investment Expense (-)		-	-
8-	Investment Income Transferred to Non-Life Technical Part (-)		-	-
F-	**Net Technical Income - Life (D - E)**		-	-
G-	**Private Pension Technical Income**		-	-
1-	Fund Management Income		-	-
2-	Management Expense Charge		-	-
3-	Entrance Fee Income		-	-
4-	Management Expense Charge in case of Suspension		-	-
5-	Special Service Expense Charge		-	-
6-	Capital Allowance Value Increase Income		-	-
7-	Other Technical Income		-	-
H-	**Private Pension Technical Expense**		-	-
1-	Fund Management Expense (-)		-	-
2-	Capital Allowance Value Decrease Expense (-)		-	-
3-	Operating Expenses (-)		-	-
4-	Other Technical Expenses (-)		-	-
I-	**Net Technical Income - Private Pension (G - H)**		-	-

CONVENIENCE TRANSLATION OF THE STATEMENTS OF INCOME FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2017 AND 2016

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

NON-TECHNICAL PART

	Notes	Audited 1 January - 31 December 2017	Audited 1 January - 31 December 2016
C- Net Technical Income-Non-Life (A-B)		**1,610,224**	**452,725**
F- Net Technical Income-Life (D-E)		-	-
I- Net Technical Income-Private Pension (G-H)		-	-
J- Total Net Technical Income (C+F+I)		**1,610,224**	**452,725**
K- Investment Income		**3,906,806**	**2,006,355**
1- Income from Financial Investments	26	442,308	340,820
2- Income from Sales of Financial Investments		-	-
3- Valuation of Financial Investments	26	15,232	(7,723)
4- Foreign Exchange Gains	36	3,449,266	1,673,258
5- Income from Associates		-	-
6- Income from Subsidiaries and Joint-Ventures		-	-
7- Income from Land and Buildings		-	-
8- Income from Derivatives		-	-
9- Other Investments		-	-
10- Investment Income Transferred from Life Technical Part		-	-
L- Investment Expense (-)		**(3,281,344)**	**(1,260,047)**
1- Investment Management Expenses (Interest included) (-)		-	-
2- Diminution in Value of Investments (-)		-	-
3- Loss from Realization of Financial Investments (-)		-	-
4- Investment Income Transferred to Non-Life Technical Part (-)		-	-
5- Loss from Derivatives (-)		-	-
6- Foreign Exchange Losses (-)	36	(3,098,680)	(1,137,419)
7- Depreciation Expenses (-)	6 and 8	(122,335)	(105,582)
8- Other Investment Expenses (-)		(60,329)	(17,046)
M- Income and Expenses from Other Operations and Extraordinary Operations (+/-)		**(359,850)**	**(335,922)**
1- Provisions (+/-)	47.5	(39,984)	(14,917)
2- Rediscounts (+/-)		-	-
3- Special Insurance Account (+/-)		-	-
4- Inflation Adjustment (+/-)		-	-
5- Deferred Tax Assets (+/-)		-	-
6- Deferred Tax Liabilities Expenses (-)	21 and 35	(293,958)	(255,842)
7- Other Income		-	-
8- Other Expenses (-)	47.1	(25,908)	(65,163)
9- Prior Year's Income		-	-
10- Prior Year's Expenses (-)		-	-
N- Net Profit/(Loss) for the Period	**37**	**1,742,476**	**863,111**
1- Profit/(Loss) for the Period		1,875,836	863,111
2- Corporate Tax Provision and Other Fiscal Liabilities (-)	35	(133,360)	-
3- Net Profit/(Loss) for the Period	37	1,742,476	863,111
4- Inflation Adjustment		-	-

TÜRK P VE I SİGORTA A.Ş.

CONVENIENCE TRANSLATION OF THE STATEMENTS OF CASH FLOWS FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2017 AND 2016

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

	Notes	Audited 1 January - 31 December 2017	Audited 1 January - 31 December 2016
A- CASH GENERATED FROM MAIN OPERATIONS			
1- Cash inflows from insurance operations		21,882,677	18,850,344
2- Cash inflows from reinsurance operations		-	-
3- Cash inflows from private pension operations		-	-
4- Cash outflows from insurance operations (-)		(10,950,729)	(15,775,408)
5- Cash outflows from reinsurance operations (-)		-	-
6- Cash outflows from private pension operations (-)		-	-
7- Net cash from main operations (A1+A2+A3-A4-A5-A6)		**10,931,948**	**3,074,936**
8- Interest payment (-)		-	-
9- Income tax payment (-)		-	-
10- Other cash inflows		-	-
11- Other cash outflows (-)		(8,069,527)	(3,210,681)
12- Net cash used in main operations		**2,862,421**	**(135,745)**
B- CASH FLOWS FROM INVESTING OPERATIONS			
1- Sale of tangible assets		-	-
2- Tangible assets purchases (-)	6	(219,165)	(14,293)
3- Financial assets purchases (-)		-	-
4- Sales of financial assets		-	-
5- Interest received		442,308	340,820
6- Dividends received		-	-
7- Other cash inflows		-	-
8- Other cash outflows (-)		(42,284)	(17,046)
9- Net cash from investing activities		**180,859**	**309,481**
C- CASH FLOWS FROM FINANCING OPERATIONS			
1- Issue of shares			
2- Cash flows due to the borrowings		-	-
3- Leasing payments (-)		-	-
4- Dividends paid (-)		-	-
5- Other cash inflows		-	-
6- Other cash outflows (-)		-	-
7- Net cash from financing activities		-	-
D- EFFECT OF EXCHANGE DIFFERENCES ON CASH AND CASH EQUIVALENTS		- **350,586**	- **456,598**
E- Net increase in cash and cash equivalents		**3,393,866**	**630,334**
F- Cash and cash equivalents at the beginning of the period		**4,455,790**	**3,825,456**
G- Cash and cash equivalents at the end of the period (E+F)	**2.12**	**7,849,656**	**4,455,790**

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

CONVENIENCE TRANSLATION OF THE STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2017 AND 2016

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

		Statements of Changes in Shareholders' Equity - Audited (*)										
		Capital	**Paid in Capital (-)**	**Valuation Increase in Assets**	**Capital Reserves**	**Foreign Currency Translation Differences**	**Legal Reserves**	**Statutory Reserves**	**Other Reserves and Retained Profit**	**Net Loss for Period (-)**	**Accumulated Deficit (-)**	**Total**
I-	**Balances as previously reported (31/12/2015)**	**6,000,000**	**-**	**-**	**-**	**-**	**-**	**-**	**(40,689)**	**(609,808)**	**(1,672,629)**	**3,676,874**
A-	Capital Increase (A1 + A2)	-	-	-	-	-	-	-	-	-	-	-
	1- Cash	-	-	-	-	-	-	-	-	-	-	-
	2- From internal resources	-	-	-	-	-	-	-	-	-	-	-
B-	Treasury shares of the company	-	-	-	-	-	-	-	-	-	-	-
C-	Gain and losses not recognized in the income statement	-	-	-	-	-	-	-	-	-	-	-
D-	Value increase in the assets	-	-	-	-	-	-	-	-	-	-	-
E-	Foreign currency translation differences	-	-	-	-	-	-	-	-	-	-	-
F-	Other income and losses	-	-	-	-	-	-	-	(2,680)	-	-	(2,680)
G-	Inflation adjustments	-	-	-	-	-	-	-	-	-	-	-
H-	Net loss for the period (-) (Note 37)	-	-	-	-	-	-	-	-	863,111	-	863,111
I-	Dividends paid	-	-	-	-	-	-	-	-	-	-	-
J-	Transfers	-	-	-	-	-	-	-	-	609,808	(609,808)	-
II-	**Balances at the period end (31/12/2016) (I+A+B+C+D+E+F+G+H+I+J)**	**6,000,000**	**-**	**-**	**-**	**-**	**-**	**-**	**(43,369)**	**863,111**	**(2,282,437)**	**4,537,305**

		Statements of Changes in Shareholders' Equity - Audited (*)										
		Capital	**Paid in Capitals (-)**	**Valuation Increase in Assets**	**Capital Reserves**	**Foreign Currency Translation Differences**	**Legal Reserves**	**Statutory Reserves**	**Other Reserves and Retained Profit**	**Net Loss for Period (-)**	**Accumulated Deficit (-)**	**Total**
I-	**Balances as previously reported (31/12/2016)**	**6,000,000**	**-**	**-**	**-**	**-**	**-**	**-**	**(43,369)**	**863,111**	**(2,282,437)**	**4,537,305**
A-	Capital Increase (A1 + A2)	-	-	-	-	-	-	-	-	-	-	-
	1- Cash	-	-	-	-	-	-	-	-	-	-	-
	2- From internal resources	-	-	-	-	-	-	-	-	-	-	-
B-	Treasury shares of the company	-	-	-	-	-	-	-	-	-	-	-
C-	Gain and losses not recognized in the income statement	-	-	-	-	-	-	-	-	-	-	-
D-	Value increase in the assets	-	-	-	-	-	-	-	-	-	-	-
E-	Foreign currency translation differences	-	-	-	-	-	-	-	-	-	-	-
F-	Other income and losses	-	-	-	-	-	-	-	3,465	-	-	3,465
G-	Inflation adjustments	-	-	-	-	-	-	-	-	-	-	-
H-	Net loss for the period (-) (Note 37)	-	-	-	-	-	-	-	-	1,742,476	-	1,742,476
I-	Dividends paid	-	-	-	-	-	-	-	-	-	-	-
J-	Transfers	-	-	-	-	-	-	-	-	(863,111)	863,111	-
II-	**Balances at the period end (31/12/2017) (I+A+B+C+D+E+F+G+H+I+J)**	**6,000,000**	**-**	**-**	**-**	**-**	**-**	**-**	**(39,904)**	**1,742,476**	**(1,419,326)**	**6,283,246**

(*) Detailed explanations for the Shareholders' Equity balances are disclosed in Note 15.

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

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

1. General information

1.1 Name of the parent Company: As of 31 December 2017 and 2016 share of Group A of Türk P ve I Sigorta A.Ş. ("Company") belongs to Ziraat Sigorta A.Ş., share of Group B belongs to Güneş Sigorta A.Ş., share of Group C belongs to Türkiye Halk Bankası A.Ş. and share of group D belongs to Omur Denizcilik A.Ş., Metropole Denizcilik and Ticaret Ltd. Şti. and Vitsan Denizcilik A.Ş. jointly.

1.2 Legal residence of the Company, its legal structure, the country of incorporation and the address of its registered office: The Company was registered on 31 December 2013 in İstanbul, and started its operations after the declaration of its articles of incorporation on the Trade Registry Gazette on 8 January 2014. The Company has obtained a certificate, in accordance with the requirements of the Insurance Legislation, in order to operate in the vessels liability branch on 18 February 2014. The registered address of the Company is Muhittin Üstündağ Cad. No: 21 Koşuyolu Kadıköy 34718 İstanbul/Türkiye.

1.3 Nature of operations: The Company is operating in accordance with the Insurance Law No: 5684 and has operations in vessels liability branch.

1.4 Explanation of the activities and characteristics of main operations of the corporation: Disclosed in Notes 1.2 and 1.3.

1.5 Average number of employees during the period by category:

	31 December 2017	31 December 2016
Senior Management	2	2
Other personnel	18	14
Total	**20**	**16**

1.6 Total salaries and benefits paid to the chairman and members of the board of directors, general manager, general coordinator, assistant general managers and other executive management during the current period: Total amount of wages and other benefits provided for the general managers and assistant general managers recognized as the top management of the Company is TRY1,369,364 (31 December 2016: TRY1,053,295).

1.7 Criteria set for the allocation of investment incomes and operating expenses (personnel, management, research and development, marketing and sales, outsourcing utilities and services and other operating expenses) at financial statements: The Company allocates the investment income and personnel, management, research and development, marketing and selling, outsourced benefits and services and other operational expenses related to the technical accounts in accordance with the Undersecretariat of Treasury's Circular on the "Fundemantels of the Procedures and Principals of the Criterias" dated 4 January 2008 and used in Prepared Financial Statements pursuant to Insurance Uniformed Chart of Accounts and Circular Clauses No 2010/9 and dated 9 August 2010.

1.8 Whether financial statements include only one firm or group of firms: The financial statements include only one company (Türk P ve I Sigorta A.Ş.).

1.9 Name and other identification information of the reporting firm and changes in this information since the previous balance sheet date: Name and other identification information of the Branch are disclosed in Notes 1.1, 1.2 and 1.3.

1. General information (Continued)

1.10 Events occurred after the balance sheet date: The financial statements for the period 1 January - 31 December 2017 are signed and approved on 7 March 2018 by General Manager Ufuk Teker and Assistant General Manager Abdullah Kara under the authorization of Board of Directors. Events occurred after the balance sheet date are explained in Note 46.

2. Summary of Significant Accounting Policies

2.1 Basis of Preparation

The Branch prepares its financial statements in accordance with the Insurance Law numbered 5684 and the regulations issued for insurance and reinsurance companies by the Treasury.

The financial statements are prepared in accordance with the Insurance Chart of Accounts included in the communiqué issued by the Treasury regarding the Insurance Chart of Accounts and Prospects, published in the Official Gazette (No:25686) dated 30 December 2004 (Insurance Accounting System Communiqué No:1). Content and the format of the financial statements prepared and explanations and notes thereof are determined in accordance with the Communiqué on Presentation of Financial Statements published in the Official Gazette numbered 26851 dated 18 April 2008 and numbered 2012/7 and dated 31 May 2012 Notice regarding to the Presentation of the New Account Codes and Financial Statements.

According to the "Regulation on Financial Reporting of Insurance and Reinsurance Companies and Pension Companies" issued on 14 July 2007 and effective from 1 January 2008, except for the communiqués which may be issued by the Treasury, operations of insurance companies shall be accounted for in accordance with the Turkish Accounting Standards ("TAS") and the Turkish Financial Reporting Standards ("TFRS") as issued by the Turkish Accounting Standards Board ("TASK") and other regulations, communiqués and explanations issued by the Treasury regarding accounting and financial reporting issues. With reference to the notice of the Treasury No. 9 dated 18 February 2008, "TAS 1- Financial Statements and Presentation", "TAS 27 - Consolidated and Unconsolidated Financial Statements", "TFRS 1 - Transition to TFRS" and "TFRS 4- Insurance Contracts" have been scoped out of this application. In addition, the companies are obliged to comply with the Communiqué on the Preparation of the Consolidated Financial Statement of Insurance and Reinsurance Companies and Pension Companies dated 31 December 2008 and published in official gazette numbered 27097 effective from 31 March 2009. The Company does not have any affiliates for consolidation in this respect.

As of 31 December 2017, the Company calculates and recognizes its insurance technical provisions in its financial statements in accordance with the "Regulation Regarding the Technical Reserves of Insurance, Reinsurance and Pension Companies and the Assets to which These Reserves Are Invested" ("Regulation on Technical Reserves"), which is published in Official Gazette dated 28 July 2010 and numbered 27655 and changes on this regulation were published in Official Gazette dated 17 July 2012 and numbered 28356 and other regulations issued for insurance and reinsurance companies by the Treasury (Note 2.24).

Financial statements were prepared in TRY denomination by taking the cost principle into consideration.

Where necessary, comparative figures have been reclassified to conform to the presentation of the current year financial statements.

Accounting policies and measurement principles that are used in the preparation of the financial statements are explained in the notes from 2.2 to 2.24 below.

2. Summary of Significant Accounting Policies (Continued)

2.1 Basis of Preparation (Continued)

Changes in Turkish Financial Reporting Standards:

The company has applied the new and revised standards and interpretations issued by the Public Oversight, Accounting Standards Authority and effective on January 1, 2017 with regard to its own activity. The standards and interpretations summarized below are explained in the relevant paragraphs of the company's financial condition and its impact on its performance.

a) New Standards effective as of 31 December 2017 and the alterations and comments made to the existing previous Standards:

- Amendments to IAS 7, 'Statement of cash flows'; on disclosure initiative effective from annual periods beginning on or after 1 January 2017. These amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is part of the IASB's Disclosure Initiative, which continues to explore how financial statement disclosure can be improved.

- Amendments IAS 12, 'Income Taxes'; effective from annual periods beginning on or after 1 January 2017. The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. It also clarify certain other aspects of accounting for deferred tax assets.

  Annual improvements 2014-2016, effective from annual periods beginning on or after 1 January 2017:

- IFRS 12, 'Disclosure of interests in other entities'; regarding clarification of the scope of the standard. These amendments should be applied retrospectively for annual periods beginning on or after 1 January 2017. This amendment clarifies that the disclosures requirement of IFRS 12 are applicable to interest in entities classified as held for sale except for summarized financial information.

b) Standards, amendments and interpretations effective after 1 January 2018:

- IFRS 9, 'Financial instruments'; effective from annual periods beginning on or after 1 January 2018. This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.

- IFRS 15, 'Revenue from contracts with customers'; effective from annual periods beginning on or after 1 January 2018. IFRS 15, 'Revenue from contracts with customers' is a converged standard from the IASB and FASB on revenue recognition. The standard will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally.

- Amendment to IFRS 15, 'Revenue from contracts with customers', effective from annual periods beginning on or after 1 January 2018. These amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). New and amended illustrative examples have been added for each of those areas of guidance. The IASB has also included additional practical expedients related to transition to the new revenue standard.

2. Summary of Significant Accounting Policies (Continued)

2.1 Basis of Preparation(Continued)

b) Standards, amendments and interpretations effective after 1 January 2018 (Continued):

- Amendments to IFRS 4, 'Insurance contracts' regarding the implementation of IFRS 9, 'Financial Instruments', effective from annual periods beginning on or after 1 January 2018. These amendments introduce two approaches: an overlay approach and a deferral approach. The amended standard will:

  - give all companies that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before the new insurance contracts standard is issued; and

  - give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying IFRS 9 until 2021. The entities that defer the application of IFRS 9 will continue to apply the existing financial instruments standard IAS 39.

- Amendment to IAS 40, 'Investment property' relating to transfers of investment property; effective from annual periods beginning on or after 1 January 2018. These amendments clarify that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition. This change must be supported by evidence.

- Amendments to IFRS 2, 'Share based payments' on clarifying how to account for certain types of share-based payment transactions; effective from annual periods beginning on or after 1 January 2018. This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority.

- Annual improvements 2014-2016; effective from annual periods beginning on or after 1 January 2018. These amendments impact 2 standards:

  - IFRS 1, 'First time adoption of IFRS', regarding the deletion of short-term exemptions for first-time adopters regarding IFRS 7, IAS 19 and IFRS 10,

  - IAS 28, 'Investments in associates and joint venture' regarding measuring an associate or joint venture at fair value.

- IFRIC 22, 'Foreign currency transactions and advance consideration'; effective from annual periods beginning on or after 1 January 2018. This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice.

2. Summary of Significant Accounting Policies (Continued)

2.1 Basis of Preparation(Continued)

b) Standards, amendments and interpretations effective after 1 January 2018 (Continued):

- Amendment to IFRS 9, 'Financial instruments'; effective from annual periods beginning on or after 1 January 2019. This amendment confirm that when a financial liability measured at amortised cost is modified without this resulting in de-recognition, a gain or loss should be recognised immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. This means that the difference cannot be spread over the remaining life of the instrument which may be a change in practice from IAS 39.

- Amendment to IAS 28, 'Investments in associates and joint venture'; effective from annual periods beginning on or after 1 January 2019. These amendments clarify that companies account for long-term interests in associate or joint venture to which the equity method is not applied using IFRS 9.

- IFRS 16, 'Leases'; effective from annual periods beginning on or after 1 January 2019, this standard replaces the current guidance in IAS 17 and is a farreaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right of use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

- IFRIC 23, 'Uncertainty over income tax treatments'; effective from annual periods beginning on or after 1 January 2019. This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The IFRS IC had clarified previously that IAS 12, not IAS 37 'Provisions, contingent liabilities and contingent assets', applies to accounting for uncertain income tax treatments. IFRIC 23 explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. For example, a decision to claim a deduction for a specific expense or not to include a specific item of income in a tax return is an uncertain tax treatment if its acceptability is uncertain under tax law. IFRIC 23 applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates.

2 Summary of Significant Accounting Policies (Continued)

2.1 Basis of Preparation(Continued)

b) Standards, amendments and interpretations effective after 1 January 2018 (Continued):

- IFRS 17, 'Insurance contracts'; effective from annual periods beginning on or after 1 January 2021. This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

The Company will assess the effects of the above amendments on its operations and will apply them from the effective date. Studies on the impact of the application of standard interpretations on the Company's financial statements in the future are continuing.

2.2 Consolidation

The Company does not have any subsidiaries in the scope of the "Communiqué on the Preparation of the Consolidated Financial Statements of Insurance, Reinsurance and Pension Companies" published in Official Gazette dated 31 December 2008 and numbered 27097 which is effective from 31 March 2009.

2.3 Segment Reporting

The Company operates only in Turkey and only in non-life insurance business, treated as a single reportable segment as of 31 December 2017 and 2016. The Company does not perform segment reporting in the scope of "IFRS 8 - Segment Reporting", since it is not a listed company.

2.4 Foreign Currency Translation

The functional currency of the Company is TRY. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analyzed between translation differences resulting from changes in the amortized cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortized cost are recognized in profit or loss, and other changes in carrying amount are recognized in equity.

Foreign exchange differences arising from the translation of non-monetary financial assets and liabilities are considered as part of the fair value changes and those differences are accounted for in the accounts in which the fair value changes are accounted for.

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

2. Summary of Significant Accounting Policies (Continued)

2.5 Property and Equipment

Property and equipment are carried at cost less accumulated depreciation. Since lands have an infinite life, they are not depreciated. Depreciation is calculated using the straight-line method over the estimated useful life of the tangible assets. The depreciation periods which are based on estimated useful lives of tangible assets are as follows:

Furniture and fixture	3-15 years
Leasehold improvements	5 years

If there are indicators of impairment on tangible assets, a review is made in order to determine possible impairment and as a result of this review, if an asset's carrying amount is greater than its estimated recoverable amount, the asset's carrying amount is written down immediately to its recoverable amount by accounting for an impairment provision. Gains and losses on disposals of property and equipment are included in other non-operational income and expenses accounts (Note 6).

2.6 Investment Property

The company does not have investment property as of 31 December 2017 (31 December 2016: None).

2.7 Intangible Assets

Intangible assets consist of the information systems and software acquired by the Company. Intangible assets are recognized at acquisition cost and amortized by the straight-line method over their estimated useful lives after their acquisition date. If impairment exists, carrying amounts of the intangible assets are written down immediately to their recoverable amounts. The amortization periods of intangible assets are 3 years (Note 8).

2.8 Financial Assets

The Branch classifies for its financial assets as "Loans and receivables (Receivables from main operations)". Receivables from main operations are the receivables arising from insurance agreements and they are classified as financial assets in the financial statements.

Loans and receivables (Receivables from main operations):

Loans and receivables are financial assets which are generated by providing money or service to the debtor. Loans and receivables are initially recognized at acquisition value and subsequently measured at cost. Fees and other charges paid in relation to assets obtained as guarantee for the above mentioned receivables are not deemed as transaction costs and charged as expenses to the income statement.

The Company accounts for a provision for its receivables based on evaluations and estimations of the management. The Company sets its estimations in accordance with the risk policies and the principle of prudence by considering the structure of current receivable portfolio, financial structure of policyholders and intermediaries, non-financial data and economic conditions. The Company does not have provision for receivables as of 31 December 2017 and 2016 (Note 12).

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

2. Summary of Significant Accounting Policies (Continued)

2.9 Impairment of Assets

The details about the impairment of assets are explained in the notes in which the accounting policies of the relevant assets are explained. Mortgages or guarantees on assets are explained in Note 43, provisions for receivables which are overdue and provision expenses for the period are explained in Note 47.5.

2.10 Derivative Financial Instruments

None (31 December 2016: None).

2.11 Offsetting Financial Instruments

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

2.12 Cash and Cash Equivalents

Cash and cash equivalents includes cash in hand, demand deposits held at banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Cash and cash equivalents included in the statement of cash flows are as follows:

	31 December 2017	31 December 2016
Cash (Note 14)	10,769	6,952
Banks (Note 14)	10,512,309	6,361,769
Bank Guaranteed Credit Card Receivables with Maturities Less Than Three Months (Note 14)	177,125	92,566
Less - Interest Accrual	(20,729)	(5,497)
Less - Blocked deposits (*) (Note 43)	(2,829,818)	(2,000,000)
Total Cash and Cash Equivalents	**7,849,656**	**4,455,790**

(*) The aforementioned change in blocked bank deposits is transferred from main operations in the cash flow statement into the other cash outflows.

2.13 Share Capital

As of 31 December 2017 and 2016 the capital of the company composed of A, B, C and D groups of shares and the distribution of the capital is as follow

		31 December 2017		31 December 2016	
Name of Shareholders	**Group**	**Share Ratio (%)**	**Share Amount**	**Share Ratio (%)**	**Share Amount**
Omur Denizcilik A.Ş.	D	36.75	2,205,000	36.75	2,205,000
Ziraat Sigorta A.Ş.	A	16.67	1,000,000	16.67	1,000,000
Güneş Sigorta A.Ş.	B	16.67	1,000,000	16.67	1,000,000
Türkiye Halk Bankası A.Ş.	C	16.67	1,000,000	16.67	1,000,000
Metropole Denizcilik and Ticaret Ltd. Şti.	D	7.50	450,000	7.50	450,000
Vitsan Denizcilik A.Ş.	D	5.75	345,000	5.75	345,000
Total		**100.00**	**6,000,000**	**100.00**	**6,000,000**

As of 31 December 2017 there are no privileges granted for the shares that represent the capital (31 December 2016: None). Other information about the Company's share capital is explained in Note 15.

2. Summary of Significant Accounting Policies (Continued)

2.14 Insurance and Investment Contracts - Classification

Insurance contracts accepts a significant insurance risk, assuming that the policyholder is willing to compensate the policyholder for any unforeseeable event that may cause a negative impact on the policyholder. Insurance risk does not cover financial risks. All premiums received within the scope of insurance contracts are recognized as income under the written premiums account. The main insurance contracts generated by the company are vessels liability, vessel and third party liability policies and reinsurance contracts.

By vessel liability insurance all type of water vehicles are secured in case of damage, which caused by owner of the vessel to third parties. However, the damage that may occur during construction of vessels and during launch of vessels is also covered by the vessel insurance. Damage caused by fire, burning, explosion, grounding, overtightness, sitting, storm, capsizing, conflict with another ship or boat, rescue costs arising from insured risks, litigation and counting costs, hidden defects in boats and machinery, damage to the boat during loading or unloading, excursions outside the scope of the war and strike are excluded.

In vessels insurance, hull insurance are the type of insurance that protects the body, machinery and equipment of the craft against voyage, voyage, iron or during repair and maintenance.

Third party liability insurance pays compensation within the guarantee limit if the insured person is legally responsible in the case of injuries and deaths that may occur to third parties.

Contracts that have a non-financial variable that is not unique to the parties of the contractual contract and which is based on only a change in one or more of a specified interest rate, financial instrument price, commodity price, exchange rate, interest or price indices, credit rating or credit index, Contracts for making payments are classified as investment contracts.

As of the end of the reporting period, the Company does not have a contract classified as an investment contract that guarantees a predetermined risk.

Reinsurance Agreements

Reinsurance agreements are the agreements enforced by the Company and the reinsurer, in exchange for a certain compensation, to cede the losses which may occur in relation to one or more insurance policies produced by the Company.

The company has three quota share reinsurance agreements by vessel liability branch. These agreements are based on 5% conservation rates and the maximum amount of conservation will be 100,000 USD. In the vessel branch there is an excess of loss reinsurance contract, in which reinsurer is responsible for a certain amount that exceeds retention amount. The company have several facultative reinsurance agreements on the basis of the insurance contract for certain risks.

Premiums paid in excess of the loss reinsurance agreements are accounted for on an accrual basis during the related period. Premiums and claims transferred under other contracts are reflected in the records on the same basis as the income and liabilities arising from the related insurance contracts.

2. Summary of Significant Accounting Policies (Continued)

2.15 Insurance Contracts and Investment Contracts with Discretionary Participation Feature

Optional voluntary participation in insurance and investment contracts is a contract-based right to have the following additional benefits in addition to guaranteed benefits.

(i) Candidate to constitute a substantial part of the total benefits based on the contract
(ii) The amount and timing of the contract is in the discretion of the issuer; and
(iii) The contract is based on the following:

(1) Performance of a specific pool of contracts or a specific type of contract;
(2) Investment income of realized and / or unrealized amount of a pool of assets held by the issuer; or
(3) The profit or loss of the contract issuer, the fund or any other companies.

As of the end of the reporting period, the company does not have insurance or investment contracts that have discretionary participation feature (31 December 2016: None).

2.16 Investment Contracts without Discretionary Participation Feature

As of the end of the reporting period, the company does not have insurance or investment contracts that have discretionary participation feature (31 December 2016: None).

2.17 Borrowings

None (31 December 2016: None)

2.18 Taxes

Corporate Tax

Corporate tax for 2017 is payable at a rate of 20% in Turkey (2016: 20%). Corporate tax rate is applied on tax base which is the income of the Company adjusted for certain disallowable expenses, exempt income (such as dividend income) and other deductions in accordance with tax legislation. No further tax is payable unless the profit is distributed.

Dividends paid to non-resident corporations, which have a place of business in Turkey or resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as a profit distribution and thus does not incur withholding tax.

Corporations are required to pay advance corporation tax quarterly at the rate of 20% on their corporate income. Advance Tax is declared by 14th and is payable by the 17th of the second month following each calendar quarter end. Advance tax paid by the corporations is credited against the annual corporation tax liability. If, despite offsetting, there remains a paid advance tax amount, it may be refunded or offset against other liabilities to the government.

75% of profits from sale of participation shares and property which have been in assets for at least two years is exempt from corporate tax provided that these profits are added to share capital or are not withdrawn from the equity within 5 years, as prestated in Corporate Tax Law.

According to Turkish tax legislation, tax losses on the returns can be offset against period income for up to 5 years. However, tax losses cannot be offset against retained earnings.

2. Summary of Significant Accounting Policies (Continued)

2.18 Taxes (Continued)

There is no such application for the reconciliation of payable taxes with the tax authority. Corporate tax returns are submitted to the related tax office by the 25th day of the 4th month following the month when the accounting period ends.

In tax reviews authorized bodies can review the accounting records for the past five years and if errors are detected, tax amounts may change due to tax assessment.

Deferred Tax

The deferred tax liability or asset is determined by calculating the tax effects on the "temporary differences" between the values of assets and liabilities shown in the financial statements and the amounts taken into account in accordance with TAS 12 - Income Taxes Standard. According to tax legislation, the differences that do not affect the financial or commercial profit that occurred at the acquisition date of the assets and liabilities are excluded from this calculation.

If the valuation differences arising from the valuation of the assets are recognized in the income statement, the current period corporate tax and deferred tax income or expense are also recognized in the income statement. If the valuation differences arising from the valuation of the related assets are accounted directly in the equity accounts, the related tax effects are accounted directly in the equity accounts also.

In accordance with the regulation numbered 7061, published in Official Gazette on 5 December 2017, "Law on the Amendment of Some Tax Acts and Some Other Laws", corporate tax rate for the years 2018, 2019 and 2020 has increased from 20% to 22%. Therefore, deferred tax assets and liabilities as of 31 December 2017 are calculated with 22% tax rate for the temporary differences which will be realized in 2018, 2019 and 2020, and with 20% tax for those which will be realized after 2021 and onwards. (Notes 21 and 35)

2.19 Employee Benefits

The Company accounts for its liability related to employment termination and vacation benefits accordance with "Turkish Accounting Standards Regarding Employee Benefits" ("IAS 19"). Employment termination is classified in balance sheet under the account "Provision for Employment Termination Benefits" and vacation benefits are classified in balance sheet under the account "Expense Accruals".

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

As a result of the amendment to IAS 19, effective from annual periods beginning on or after 1 January 2013, Actuarial gain and loss that occurs from calculation regarding the liability of employee benefits shall be directly accounted for under equity. Within this context, the services and interest costs regarding the calculations of provision for employment termination benefits are accounted for under income statements and the actuarial gain and loss are accounted for under equity as "Other Profit Reserves" (Note 22).

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

2. Summary of Significant Accounting Policies (Continued)

2.20 Provisions

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

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

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

2.21 Accounting for Revenues

Written Premiums

Written premiums represent premiums on policies written during the year, net of cancellations. As disclosed in Note 2.24, premium income is recognized in the financial statements on accrual basis by allocating the unearned premium provision over written premiums.

Reinsurance Commissions

Commission income received in relation to ceded premiums to reinsurance companies is accrued in the related period and classified in technical part under operating expenses in the income statement. As disclosed in Note 2.24, reinsurance commission income is recognized in the financial statements on an accrual basis by allocating the deferred commission income over commissions received.

Interest Income

Interest income is recognized by using the effective interest rate method on an accrual basis.

Subrogation and Salvage Income

In accordance with the Circular about recourse and salvage incomes numbered 2010/13 and dated September 20, 2010; the Company can accrue income for subrogation and salvage receivables up to the guarantee limit of insurance companies, if acquitance or payment receipt is received from policyholders or third parties are noticed by insurance companies.There are no recourse and salvage incomes accrued as of 31 December 2017 and 2016.

The details of the collection of salvage and salvage income collected for the period 1 January - 31 December 2017 are as follows (January 1 - December 31, 2016: None):

	1 January - 31 December 2017		
	Gross	**Reinsurance share**	**Net**
Vessel Liability	808,613	(726,077)	82,536
Total	**808,613**	**(726,077)**	**82,536**

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

2. Summary of Significant Accounting Policies (Continued)

2.21 Accounting for Revenues (Continued)

	1 January - 31 December 2016		
	Gross	**Reinsurance share**	**Net**
Vessel Liability	47,250	(44,887)	2,363
Total	**47,250**	**(44,887)**	**2,363**

2.22 Leases

Tangible assets acquired through finance leases are recorded in tangible assets and the obligations under finance leases arising from the lease contracts are presented under “Finance Lease Payables” account in the balance sheet. By determining the related asset and liability amounts, the lower of the fair value of the leased asset and the present value of leasing payments is considered. Financial costs on leasing agreements are seperated in lease periods at a fixed interest rate.

If there is an impairment in the value of the assets obtained through finance lease and in the expected future benefits, the leased assets are measured at net realizable value. Depreciation for assets obtained through financial lease is calculated in the same manner as tangible assets.

Payments made under operational leases are recognised as equal expenses in the statement of income over the term of the lease. As of 31 December 2017 Company does not have lease asset (31 December 2016: None).

2.23 Dividend Distribution

Dividend liabilities are recognized as a liability in the financial statements in the period in which the dividends are declared as a component of dividend distribution.

2.24 Technical Provisions

Unearned Premium Reserve

Unearned premium reserve is calculated on a daily basis for all policies in force as of balance sheet date for unearned portions of premium written. During the calculation of unearned portion of premiums written on a daily basis, it is supposed that the policies start at 12.00 noon and finish at 12.00 noon again. According to “Regulation on Technical Reserves”, unearned premium reserves and the reinsurers’ share of the unearned premium reserves of policies written are calculated and accounted as the unearned portion of the premiums and ceded premiums to reinsurers without deducting commissions or any other expenses, on an accrual and on a gross basis (Note 17).

In accordance with the Technical Reserves Regulation, the foreign exchange sales rates declared in the Official Gazette of the Turkey on the date of accrual of the relevant premium are taken into consideration in the calculation of the unearned premiums for insurance contracts.

Deferred Commission Expenses and Deferred Commission Incomes

Within the framework of the Circular numbered 2007/25 and dated 28 December 2007 published by Treasury, the unearned portion of commissions paid to agencies for the written premiums and commissions received from reinsurers for the ceded premium, are recorded as in deferred commission expenses and deferred commission income, respectively on the balance sheet, and as operating expenses on a net basis in the income statement (Note 17).

2. Summary of Significant Accounting Policies (Continued)

2.24 Technical Provisions (Continued)

Outstanding Claims Provision

The Company accounts for accrued and calculated outstanding claim provision for ultimate cost of the claims incurred, but not paid in the current or prior periods or for the estimated ultimate cost if the cost is not certain yet, and for the incurred but not reported claims. Claim provisions are accounted for based on reports of experts or initial assessments of policyholders and experts, and in the related calculations claim recoveries, salvage and similar gains are not deducted.

Since the Company started its insurance activities in 2014, the projected principals in the Technical Reserves Regulation are taken into consideration in the calculations related to outstanding claims and loss reserves for the branches that have recently went into action. Within this context incurred but not reported claims reserve and outstanding claims reserve adequacy difference have been determined regarding the calculations made by the Company's actuary.

Since the Company started its insurance activities in 2014, during the calculation of incurred but not reported claims and loss amounts in the Vessel Liability Branch, the sector averages as of 30 September 2017 have been used within the judgements of the Company's actuary since the sufficient claim data has not yet originated in order to make a sound calculation according to actuary chain ladder method as indicated in the circular No. 2014/16 and dated 5 December 2014, related to "Outstanding Claims Reserve" which was went into effect on 1 January 2015. According to this: as of 30 September 2017 for water vessel liability insurance branch the ratio of total actualized but not reported provision for outstanding claims to total provision for outstanding claims multiply filed provision outstanding claims is TRY6,053,888 as of 31 December 2017 (31 December 2016: TRY913,323), according to gross realized but not reported loss provisions and current reinsurance contracts, the reinsurance share that was incurred but not reported was calculated as of 31 December 2017 TRY5,780,377 (31 December 2016: TRY892,017). According to this; As of 31 December 2017, there is a net additional incurred but not reported provision amounting to TRY273,511 (31 December 2016: TRY21,306). As of 31 December 2017, there were no outstanding damages in vessels and third party liablility branches. The company did not provisioned incurrred but not reported provision for these two branches in accordance with the Comapny actuary.

In accordance with circular, " Circular About to Discount the Net Cash Flow from Outstanding Claim Provision" numbered 2016/22 and dated 10 June 2016 and "Circular Regarding Amendment in Circular About to Discount the Net Cash Flow from Outstanding Claim Provision" numbered 2017/7 and dated 15 September 2017, outstanding claim provision's discount amount TRY 77,515 for general liability (31 December 2016: There is no outstanding claim reserve in general liability branch of the Company). In the determination of the cash flows subject to discounting, the Company actuary used sector cash flow ratios.

2. Summary of Significant Accounting Policies (Continued)

2.24 Technical Provisions (Continued)

For the branches that have recently went into action, an outstanding claims reserve table is prepared by the Company's actuary for five years from the date that those branches first started for operation, so as to measure the adequacy of the outstanding claims reserve amounts, at the end of every each period. During the preparation of the adequacy table, all the portions of expense along with the incurred but not reported claims reserve accrued and determined on account are taken into consideration. Within this context, the ratio of the booked outstanding claims reserve to total virtually paid claim amount including all the portions of expense regarding the files subject to these reserves, shows the outstanding claims reserve adequacy ratio. In case the outstanding claims reserve adequacy ratio related to these branches would be above 100%, the adequacy ratio difference amount is found by multiplying the difference between this ratio and the 100% ratio with the current period outstanding claims reserve. The final current period booked outstanding claims reserve is calculated by adding the adequacy ratio difference amount to every each branch separately. Within this framework, as of 31 December 2017 for the branch that is subject to calculation by the actuary of the Company as a result of the outstanding claims reserve adequacy calculation, it has determined that there is no net additional outstanding claims reserve adequacy reserve exists. (31 December 2016: None) (Note 17).

Unexpired Risk Reserve

Within the framework of Regulation on Technical Reserves, insurance companies are required to account for an unexpired risk reserve against the probability that future losses incurred from in force policies may exceed the unearned premium reserve accounted for the related policies considering expected loss ratios. Expected loss ratio is calculated by dividing the incurred losses to earned premiums in accordance with the "Regulation regarding the Changes in the Calculation of Unexpired Risk Reserve" dated 13 December 2012 and numbered 2012/15 published by the Treasury. If the loss ratio calculated for a branch is higher than 95%, net unexpired risk reserve for that branch is calculated by multiplying the ratio in excess of 95% with net unearned premium reserve for the related branch and gross unexpired risk reserve for that branch is calculated by multiplying the ratio in excess of 95% with gross unearned premium reserve for the related branch. The difference between gross amount and net amount is recognized as reinsurers' share.

As of 31 December 2017, the Company did not have a reserve for continuing risks since the expected loss ratio exceeded 95% (31 December 2016: None).

2.25 Convenience translation into English

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

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

3. Critical Accounting Estimates and Judgments

Preparation of financial statements requires the use of estimations and assumptions which may affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities as of the balance sheet date and reported amounts of income and expenses during the financial period. Accounting estimates and assumptions are continuously evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under current circumstances. Although the estimations and assumptions are based on the best knowledge of the management for existing events and operations, they may differ from the actual results.

The estimation of the ultimate liability for technical expenses that can be incurred for the existing insurance contracts is the one of the most critical accounting estimates. Estimation of the insurance liabilities, by nature, includes the evaluation of several uncertainties.

Income Taxes

Use of significant judgment is necessary in several situations, for transactions and calculations during the normal course of business which may impact the ultimate taxation amount. The Company recognizes deferred tax assets for carry forward tax losses or to be realized through future taxable income and liabilities for anticipated tax expenses based on estimates of whether additional taxes will be due. In case where the ultimate tax consequences are different from the amounts recorded currently, such differences may have an impact on the income taxes and deferred tax assets and liabilities.

4. Management of Insurance and Financial Risk

Insurance risk

The risk under any insurance contact is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of the insurance contracts, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and reserving, the principal risk that the Company faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of insurance liabilities. The Company determines its insurance underwriting strategy based on the type of insurance risk accepted and the claims incurred.

The Company's pricing mainly depends on statistical analysis and outputs from historical data and/or on some mortality/disability/morbidity tables assumed to be best fit for the related product. The Company manages the aforementioned risks by its overall underwriting strategy and via reinsurance agreements, which the Company is a party to.

The concentration of insurance risk (maximum insured loss) under each branch is summarized below:

	31 December 2017	**31 December 2016**
Vessels liability	1,114,668,404,679	870,126,112,330
Vessel	3,337,987,453	735,987,960
Third party liability	40,271,100	14,719,443
Total	**1,118,046,663,232**	**870,876,819,733**

4. Management of Insurance and Financial Risk (Continued)

Compulsory Financial Liability Insurance Premium and Damage Sharing

The "Compulsory Medical Malpractice Law" which is annexed to the "Procedures and Principles Regarding the Contribution of the Institution in the Compulsory Financial Liability Insurance for Medical Malpractice" (2010/1) published by the Undersecretariat of Treasury in the Official Gazette dated 7 October 2017 and numbered 30203 Liability Insurance Tariff and Instruction "B. INCIDENT ", the Premiums and Claims Sharing Basis for the Medical Malpractice Insurance Liability Insurance, the premiums and damages related to the financial liability policies in the application are calculated in two stages by the company appointed by the Evaluation Committee. Accordingly, 50% of the premiums and damages are shared equally among the insurance companies; and the remaining 50% is distributed considering the share of insurance companies' medical liability insurance premiums in the last three years.

The Company has recorded the premiums and indemnity amounts transferred as the Company's share in the scope of the regulation considering the estimated amounts of the unrecognized periods as of the closing date of the accounts and the monthly receipts finalized and transmitted by the assigned company. As of 31 December 2017, the Company did not transfer premium, paid compensation and recovery income; TRY501,613 premium, TRY3,161 paid as compensation and TRY227,341 outstanding claims are recognized in accordance for the Company's share in the related legislation. (Note 24).

Sensitivity analysis

Financial risk

The Company is exposed to financial risk through its financial assets, reinsurance assets and insurance liabilities. In particular the key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from its insurance contracts. The most important components of the financial risk are market risk (including foreign exchange risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential negative effects on the Company's financial performance. The Company does not use derivative financial instruments. Risk management is carried out by management under policies approved by the Board of Directors.

(a) Market Risk

i. Cash flow, market interest rate and price risk

The Company is not exposed to the interest rate risk due to the changes in interest rates since it has no interest bearing assets and liabilities with floating (variable) interest rates

ii. Foreign currency risk

The Company is exposed to foreign exchange risk through the impact of rate changes at the translation of Turkish Lira pertaining to foreign currency denominated assets and liabilities.

Foreign exchange gains and losses arising from foreign currency transactions are recognized in the period in which the transaction is made. At the end of the period, foreign currency asset and liability accounts were converted to TRY at the end of the period by taking into account the exchange rates of the Central Bank of the Republic of Turkey and the resulting exchange differences were reflected in the records of foreign exchange gains or losses.

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

4. Management of Insurance and Financial Risk (Continued)

Details of the currency risk the company has been exposed are given in the table below:

31 December 2017	**USD**	**Euro**	**GBP**	**Total**
Assets:				
Cash	1,508	3,676	2,259	7,443
Banks	5,606,742	78,167	-	5,684,909
Receivables from main operations	8,815,606	1,160,197	32,563	10,008,366
Deposits and guarantees	312,423	-	-	312,423
Total foreign currency assets	**14,736,279**	**1,242,040**	**34,822**	**16,013,141**
Liabilities:				
Payables from main operations	5,581,416	108,768	11,482	5,701,666
Provisions for outstanding claims	795,945	119,628	-	915,573
Other payables	120,701	-	-	120,701
Total foreign currency liabilities	**6,498,062**	**228,396**	**11,482**	**6,737,940**
Balance sheet position	**8,238,217**	**1,013,644**	**23,340**	**9,275,201**

31 December 2016	**USD**	**Euro**	**GBP**	**Total**
Assets:				
Cash	352	2,572	-	2,924
Banks	3,131,124	922,518	-	4,053,642
Receivables from main operations	7,386,486	690,681	38,870	8,116,037
Deposits and guarantees given	257,152	-	-	257,152
Other receivables	-	-	740	740
Total foreign currency assets	**10,775,114**	**1,615,771**	**39,610**	**12,430,495**
Liabilities:				
Payables from main operations	5,492,471	413,784	17,893	5,924,148
Outstanding claims reserve	47,175	-	-	47,175
Other payables	112,614	-	-	112,614
Total foreign currency liabilities	**5,652,260**	**413,784**	**17,893**	**6,083,937**
Balance sheet position	**5,122,854**	**1,201,987**	**21,717**	**6,346,558**

In order to evaluate above table, TRY equivalents of the related foreign currency amounts are shown.

Exchange rates used in the translation of foreign currency balances as of 31 December 2017 and 31 December 2016 are as follows:

	USD	**Euro**	**GBP**
31 December 2017	3.7719	4.5155	5.0803
31 December 2016	3.5192	3.7099	4.3189

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

4. Management of Insurance and Financial Risk (Continued)

Imposed Exchange risk rate

The following table summarizes the increase in equity and income statement (excluding tax effect) for the periods ended 31 December 2017 and 2016 due to the 10% gain of the TRY over following currencies. This analysis is based on the assumption that all other variables remain constant. If the TRY depreciates by 10 percent against the respective currencies, the effect will be reversed and the amount will be remained same.

	Profit/(Loss)		Shareholders Equity	
31 December 2017	**Foreign Currency Appreciation**	**Foreign Currency Depreciation**	**Foreign Currency Appreciation**	**Foreign Currency Depreciation**
USD Exchange rate changes by 10%	823,822	(823,822)	823,822	(823,822)
Euro Exchange rate changes by 10%	101,364	(101,364)	101,364	(101,364)
GBP Exchange rate changes by 10%	2,334	(2,334)	2,334	(2,334)
Net effect of exchange rate change	**927,520**	**(927,520)**	**927,520**	**(927,520)**

	Profit/(Loss)		Shareholders Equity	
31 December 2016	**Foreign Currency Appreciation**	**Foreign Currency Depreciation**	**Foreign Currency Appreciation**	**Foreign Currency Depreciation**
USD Exchange rate changes by 10%	512,285	(512,285)	512,285	(512,285)
Euro Exchange rate changes by 10%	120,199	(120,199)	120,199	(120,199)
GBP Exchange rate changes by 10%	2,172	(2,172)	2,172	(2,172)
Net effect of exchange rate change	**634,656**	**(634,656)**	**634,656**	**(634,656)**

iii. Price risk

The Company does not exposed to price risk since it does not have any financial assets

(b) Credit risk

Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements. The Company's exposure to credit risk arises mainly from cash and cash equivalents and bank deposits, financial assets, reinsurers' share of insurance liabilities, due from reinsurers and premium receivables from policyholders and intermediaries. The Company management deems these risks as total credit risk to the counterparty.

The Company follows and monitors the credit risk of financial assets classified as loans and receivables and receivables from insurance operations (including reinsurance receivables) by guarantees received and procedures applied for the selection of the counterparties. Other explanations in relation to these receivables are disclosed in Note 12.

The Company's financial assets which are subject to credit risk, except for loans and receivables, generally consist of government bonds and time and demand deposits held in banks and other financial institutions in Turkey; and such receivables are not deemed to have a high credit risk.

(c) Liquidity risk

The Company uses its available cash resources to pay claims arising from insurance contracts. Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. Management sets limits on the minimum portion of funds available to meet such liabilities.

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

4. Management of Insurance and Financial Risk (Continued)

The table below analyses the Company’s financial liabilities and insurance liabilities into relevant maturity groups based on the remaining period at the balance sheet date to the expected or contractual maturity date. The amounts disclosed in the tables are the undiscounted cash flows:

Contractual Cash flows

31 December 2017	Up to 3 months	3 months 1 year	1 year 5 year	Over 5 years	Total
Payables to reinsurance companies	2,273,654	3,434,014	-	-	5,707,668
Payables to personnel	183,918	-	-	-	183,918
Payables to shareholders	1,004	-	-	-	1,004
Other payables	86,377	-	-	-	86,377
Payables from other main operations	27,501	-	-	-	27,501
Total	**2,572,454**	**3,434,014**	**-**	**-**	**6,006,468**

31 December 2016	Up to 3 months	3 months 1 year	1 year 5 year	Over 5 years	Total
Payables to reinsurance companies	3,469,934	2,442,632	-	-	5,912,566
Payables to personnel	115,971	-	-	-	115,971
Payables to shareholders	912	-	-	-	912
Other payables	42,424	-	-	-	42,424
Total	**3,629,241**	**2,442,632**	**-**	**-**	**6,071,873**

Expected Cash Flows

31 December 2017	Up to 3 months	3 months 1 year	1 year 5 year	Over 5 years	Total
Provision for outstanding claims - net	8,391	1,335,818	-	-	1,344,209
Unearned premium reserves - net (*)	832,208	9,078,201	183,730	-	10,094,139
	840,599	**10,414,019**	**183,730**	**-**	**11,438,348**

31 December 2016	Up to 3 months	3 months 1 year	1 year 5 year	Over 5 years	Total
Provision for outstanding claims - net	428	68,138	-	-	68,566
Unearned premium reserves - net (*)	450,418	5,381,279	30,906	-	5,862,603
	450,846	**5,449,417**	**30,906**	**-**	**5,931,169**

(*) The company classifies all of these amounts under short-term liabilities in the balance sheet..

4. Management of Insurance and Financial Risk (Continued)

Fair value of the financial assets

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

The estimated fair values of financial instruments have been determined by the Company using available market information and appropriate valuation methodologies.

The following methods and assumptions were used to estimate the fair value of the financial instruments for which it is practicable to estimate fair value:

Financial assets

The fair values of balances denominated in foreign currencies, which are translated at period end exchange rates, are considered to approximate carrying values. The fair values of certain financial assets carried at amortized cost, including cash and cash equivalents are considered to approximate their respective carrying values carried at amortized cost due to their short-term nature. The fair value of receivables from main operations along with related provision for overdue receivables is considered to approximate respective carrying values carried at amortized cost. The cost of the financial assets that are not quoted in an active market, less impairment if any, are considered to approximate carrying value.

Financial liabilities

The fair values of liabilities from main operations and other financial liabilities are considered to approximate to their respective carrying values.

Capital management

Company's objectives when managing the capital are:

- To comply with the capital requirements of the Treasury,
- To safeguard the Company's ability to continue as a going concern so that it can continue the operations.

As of the date of preparation of the financial statements, required minimum amount of owner's equity as of 31 December 2017 TRY7,523,784 (31 December 2016: TRY4,338,244); the Company's total equity is TRY1,240,538 lower than the required minimum amount of owner's equity as of 31 December 2017 which is stated in Regulation on the Measurement and Assessment of Capital Adequacy of Insurance and Reinsurance and Pension Companies. (31 December 2016: TRY199,061 higher).

As of 31 December 2017, the Company Management continues its efforts to increase its capital in order to establish a minimum equity deficit of TRY1,240,538 as required by current legislation.

5. Segment information

Disclosed in Note 2.3.

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

6. Property and equipment

Movement of tangible assets:

	1 January 2017	Additions	Disposals	31 December 2017
Cost:				
Furniture and fixture	367,424	73,873	-	441,297
Leasehold improvements	362,943	145,292	-	508,235
Total Costs	**730,367**	**219,165**	**-**	**949,532**
Accumulated depreciation:				
Furniture and fixture	(189,058)	(75,716)	-	(264,774)
Leasehold improvements	(102,662)	(45,915)	-	(148,577)
Total Accumulated depreciation	**(291,720)**	**(121,631)**	**-**	**(413,351)**
Net book value	**438,647**			**536,181**

	1 January 2016	Additions	Disposals	31 December 2016
Cost:				
Furniture and fixture	353,131	14,293	-	367,424
Leasehold improvements	362,943	-	-	362,943
Total Costs	**716,074**	**14,293**	**-**	**730,367**
Accumulated depreciation:				
Furniture and fixture	(120,893)	(68,165)	-	(189,058)
Leasehold improvements	(66,368)	(36,294)	-	(102,662)
Total Accumulated depreciation	**(187,261)**	**(104,459)**	**-**	**(291,720)**
Net book value	**528,813**			**438,647**

There are no mortgages on the fixed assets of the Company as of 31 December 2017 and 2016.

7. Investment Properties

The Company does not have Investment Properties as of 31 December 2017 (31 December 2016: None).

8. Intangible Assets

	1 January 2017	Additions	Disposals	31 December 2017
Costs:				
Rights	3,369	-	-	3,369
Total	**3,369**	**-**	**-**	**3,369**
Accumulated amortization:				
Rights	(2,665)	(704)	-	(3,369)
Total	**(2,665)**	**(704)**	**-**	**(3,369)**
Net book value	**704**			**-**

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

8. Intangible Assets (Continued)

	1 January 2016	Additions	Disposals	31 December 2016
Costs:				
Rights	3,369	-	-	3,369
Total	**3,369**	**-**	**-**	**3,369**
Accumulated amortization:				
Rights	(1,542)	(1,123)	-	(2,665)
Total	**(1,542)**	**(1,123)**	**-**	**(2,665)**
Net book value	**1,827**			**704**

9. Investments in Associates

The Company does not have any investments in associates accounted for using the equity accounting method (31 December 2016: None).

10. Reinsurance Assets

Reinsurance Assets/ (Liabilities)

	31 December 2017	31 December 2016
Reinsurers' share of unearned premiums reserve (Note 17)	5,692,486	4,975,880
Reinsurers' share of outstanding claims provision (Note 17)	15,905,877	2,870,568
Deferral of commission income (Note 19)	(372,575)	(847,741)
Payables to Reinsurance companies (Net)	(5,707,668)	(5,783,562)

Reinsurance Income/ (Expense)

	1 January - 31 December 2017	1 January - 31 December 2016
Reinsurers' share of change in unearned premiums reserve (Note 17)	716,606	1,495,231
Reinsurers' share in paid claims	7,657,582	2,287,707
Commissions received from reinsurers (gross)	2,466,966	2,291,525
Reinsurers' share of change in outstanding claims provision	13,035,313	1,984,275
Ceded premiums to reinsurers (Note 24)	(18,465,370)	(14,017,150)

11. Financial assets

11.1 The Company's financial assets are summarized below by measurement category in the table below:

	31 December 2017	31 December 2016
Borrowings and receivables (Note 12.1)	10,187,012	8,223,616
Total	**10,187,012**	**8,223,616**

11.2 Marketable securities issued during the year other than share certificates: None (31 December 2016: None).

11.3 Debt securities redeemed during the year: None (31 December 2016: None).

11.4 Market value of marketable securities and financial assets carried at cost and carrying value of marketable securities and financial assets carried at market value None (31 December 2016: None).

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

11. Financial assets (Continued)

11.5 Amounts of marketable securities classified under marketable securities and investment securities accounts issued by the Company's shareholders, associates and subsidiaries and the issuers: None (31 December 2016: None).

11.6 Value increase on financial assets in the last three years: None (31 December 2016: None).

11.7 - 11.9 Other information about financial assets: None (31 December 2016: None.)

12. Loans and Receivables

12.1 Classification of the receivables as receivables from customers, receivables from related parties, advance payments (short-term and long-term prepayments) and others:

	31 December 2017	31 December 2016
Receivables from intermediaries	9,526,872	7,631,973
Receivables from insurees	454,558	462,639
Receivables from insurance and reinsurance companies	205,582	129,004
Receivables from main operations	**10,187,012**	**8,223,616**

12.2 Due from/due to shareholders, associates and subsidiaries:

The transactions and balances with the related parties are explained in detail in Note 45.

12.3 Total mortgages and collaterals obtained for receivables: None (31 December 2016: None).

12.4 Receivables and payables denominated in foreign currencies having no foreign exchange rate guarantees, assets in foreign currencies and conversion rates:

31 December 2017

Foreign Currency Type	Amount	Exchange Rate	TRY Amount
USD	2,337,179	3.7719	8,815,606
EURO	256,937	4.5155	1,160,197
GBP	6,410	5.0803	32,563
Total			**10,008,366**

31 December 2016

Foreign Currency Type	Amount	Exchange Rate	TRY Amount
USD	2,098,911	3.5192	7,386,486
EURO	186,172	3.7099	690,681
GBP	9,000	4.3189	38,870
Total			**8,116,037**

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

12. Loans and Receivables (Continued)

12.5 - 12.7 Other information about loans and receivables:

The aging of due from insurance operations is as follows:

	31 December 2017	31 December 2016
Overdue receivables	608,249	1,275,012
Up to 3 months	4,804,021	3,588,757
3 - 6 months	3,111,725	2,125,932
6 months to 1 year	1,663,017	1,233,915
Total	**10,187,012**	**8,223,616**

The details of the receivables from insurees overdue but not yet become doubtful are given below:

	31 December 2017	31 December 2016
Up to 3 months	608,249	1,275,012
Total	**608,249**	**1,275,012**

The Company does not have doubtful receivables from main operations as of 31 December 2017 (31 December 2016: None)

13. Derivative Financial Instruments

None (31 December 2016: None).

14. Cash and Cash Equivalents

Cash and cash equivalents that are included in the statements of cash flows for the year ended 31 December 2017 and 2016 are shown in Note 2.12 and the details of bank deposits of the Company are as follows:

	31 December 2017	31 December 2016
Cash (Note 2.12)	10,769	6,952
Banks (Note 2.12)	10,512,309	6,361,769
Bank guaranteed credit card receivables with maturities less than three months (Note 2.12)	177,125	92,566
Total	**10,700,203**	**6,461,287**

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

14. Cash and Cash Equivalents (Continued)

The details of the bank deposits of the Company are given below:

	31 December 2017	31 December 2016
Bank deposits in TRY		
- demand deposits	93,776	102,630
- time deposits	4,733,624	2,205,497
	4,827,400	**2,308,127**
Foreign time deposits		
- demand deposits	367,009	666,496
- time deposits	5,317,900	3,387,146
	5,684,909	**4,053,642**
Total	**10,512,309**	**6,361,769**

As of 31 December 2017, time deposits amounting to TRY2,829,818 is blocked in favour of the Treasury (31 December 2016: TRY2,000,000) (Notes 17 and 43).

Time and demand deposits in foreign currency:

	31 December 2017			
	Foreign Currency		TRY	
	Timed	On Demand	Timed	On Demand
USD	1,409,873	76,577	5,317,900	288,841
Euro	-	17,311	-	78,168
Total			**5,317,900**	**367,009**

	31 December 2016			
	Foreign Currency		TRY	
	Timed	On Demand	Timed	On Demand
USD	862,328	27,398	3,034,705	96,419
Euro	95,000	153,664	352,441	570,077
Total			**3,387,146**	**666,496**

15. Share Capital

The Company has 6,000,000 number of shares which are fully paid (31 December 2016: 6,000,000 units). Each of the Company's shares has a nominal value of TRY1 and the total nominal value is TRY6,000,000 (31 December 2016: TRY6,000,000).

The movement of the shares at the beginning and at the end of the period is shown below

	1 January 2017		Issued		Redeemed		31 December 2017	
	Unit	Nominal TRY	Unit	Nominal TRY	Unit	Nominal TRY	Unit	Nominal TRY
Paid in capital	6,000,000	6,000,000	-	-	-	-	6,000,000	6,000,000
Total	**6,000,000**	**6,000,000**	**-**	**-**	**-**	**-**	**6,000,000**	**6,000,000**

	1 January 2016		Issued		Redeemed		31 December 2016	
	Unit	Nominal TRY	Unit	Nominal TRY	Unit	Nominal TRY	Unit	Nominal TRY
Paid in capital	6,000,000	6,000,000	-	-	-	-	6,000,000	6,000,000
Total	**6,000,000**	**6,000,000**	**-**	**-**	**-**	**-**	**6,000,000**	**6,000,000**

Information about movement of capital during the period is explained in Note 2.13.

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

15. Share Capital (Continued)

Profit Reserves:

As of 31 December 2017, the "other profit reserves" accounted in equity consists of actuarial losses (Notes 2.19 and 22).

The movement schedule for other profit reserves is as follows:

	2017	2016
Opening balance - 1 January	**(43,369)**	**(40,689)**
Actuarial gains/(losses), net	3,465	(2,680)
Period end - 31 December	**(39,904)**	**(43,369)**

16. Other Reserves and Equity Component of Discretionary Participation Feature

Information about other reserves classified under the equity is explained in Note 15.

17. Insurance Liabilities and Reinsurance Assets

17.1 Guarantees to be provided and guarantees provided for life and non-life branches:

	31 December 2017	31 December 2016
Required guarantee amount to be provided for non-life branches (*)	2,482,848	1,900,000
Guarantee amount provided for non-life branches (Note 43)	2,829,818	2,000,000

(*) Pursuant to the related regulation, the insurance companies along with the pension companies that operate in the life and personal accident branches are held liable to install the Minimum Guarantee Fund amount, equal to one third of the required equity amount as a guarantee, which is determined by the capital adequacy calculation, during the capital adequacy calculation period. However, the Minimum Guarantee Fund, cannot be less than the total of the one third of the least founding capital. Since the Minimum Guarantee Fund that the Company has calculated as of 31 December 2016 is less than the total amount of the one third of its founding capital, the Company has determined the guarantee amount that it has to install as the total of the one third of its least founding capital.

17.2 Number of life policies, the number and mathematical reserve amount of the life policies that enter and exit during the year and current status: None (31 December 2016: None)**.**

17.3 Insurance coverage amount on a branch basis provided for non-life branches: Disclosed in Note 4.

17.4 Unit prices of pension funds and savings founded by the Company: None (31 December 2016: None).

17.5 Units and amounts of share certificates in portfolio and in circulation: None (31 December 2016: None)

17.6 Numbers and portfolio amounts of the individual and group pension participants entered, left, cancelled during the period and the current participants: None (31 December 2016: None).

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

17. Insurance Liabilities and Reinsurance Assets (Continued)

17.7 Valuation methods of profit share calculation for life insurance: None (31 December 2016: None).

17.8 Number of units and individual/group allocation of gross/net contribution amounts of the private pension participants entered during the period: None (31 December 2016: None).

17.9 Number of units and individual/group allocation of gross/net contribution amounts of the private pension participants transferred from another company during the period: None (31 December 2016: None).

17.10 Number of units and individual/group allocation of gross/net contribution amounts of the private pension participants transferred from the life insurance portfolio to the private pension portfolio during the period: None (31 December 2016: None).

17.11 Number of units and individual/group allocation of gross/net contribution amounts of the private pension participants that left the company and transferred to another company or that left the company but did not transfer to another company: (31 December 2016: None).

17.12 Number of units, gross/net premiums and individual/group allocation for life policyholders that joined the portfolio during the period: None (31 December 2016: None).

17.13 Number of units, gross/net premiums and individual/group allocation of mathematical reserves for life policyholders that left the portfolio during the period: None (31 December 2016: None).

17.14 Profit share allocation rate to the life policyholders: None (31 December 2016: None).

17.15 - 17.19 Other required information about liabilities from insurance agreements:

Outstanding claims provision:

	2017		
	Gross	**Reinsurers' Share**	**Net**
Opening balance - 1 January	2,025,811	(1,978,551)	47,260
Paid claims	(1,680,474)	1,437,703	(242,771)
Change			
- Current period claims	10,206,319	(9,067,095)	1,139,224
- Prior year claims	722,057	(517,557)	204,500
Closing balance - 31 December	**11,273,713**	**(10,125,500)**	**1,148,213**
Claims incurred but not reported	6,053,888	(5,780,377)	273,511
Discount adjustment for outstanding claims provisions	(77,515)	-	(77,515)
Total	**17,250,086**	**(15,905,877)**	**1,344,209**

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

17. Insurance Liabilities and Reinsurance Assets (Continued)

17.15 - 17.19 Other required information about liabilities from insurance agreements: (Continued):

	2016		
	Gross	Reinsurers' Share	Net
Opening balance - 1 January	674,136	(665,989)	8,147
Paid claims	(1,372,494)	1,360,462	(12,032)
Change			
- Current period claims	1,995,844	(1,948,761)	47,083
- Prior year claims	728,325	(724,263)	4,062
Closing balance - 31 December	**2,025,811**	**(1,978,551)**	**47,260**
Claims incurred but not reported	913,323	(892,017)	21,306
Total	**2,939,134**	**(2,870,568)**	**68,566**

As of 31 December 2017 and 2016, the gross and net additional provision amounts to be set aside as a result of these calculations and the claims incurred but not reported method used in the branches are as follows:

		31 December 2017		31 December 2016	
		Additional Reserve		Additional Reserve	
Branch	Method Used	Gross	Net	Gross	Net
Vessels liability	Sector average	5,950,973	218,940	913,323	21,306
Vessel	Sector average	102,915	54,571	-	-
Total		**6,053,888**	**273,511**	**913,323**	**21,306**

As of 31 December 2017, reinsurance share with incurred but not reported outstanding claims amount was calculated considering the outstanding claims amount transferred to reinsurers on a branch basis (31 December 2016: the amount of claims transferred to reinsurers on the basis of branches has been calculated as reinsurance share).

Provisions for net outstanding claims expressed in foreign currency are as follows:

31 December 2017

Foreign Currency Type	Amount	Exchange Rate	TRY Amount
USD	211,020	3.7719	795,945
Euro	26,493	4.5155	119,628
Total			**915,573**

31 December 2016

Foreign Currency Type	Amount	Exchange Rate	TRY Amount
USD	13,405	3.5192	47,175
Total			**47,175**

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

17. Insurance Liabilities and Reinsurance Assets (Continued)

17.15 - 17.19 Other required information about liabilities from insurance agreements: (Continued):

Unearned premium reserve:

	2017		
	Gross	Reinsurers' Share	Net
Opening balance - 1 January	10,838,483	(4,975,880)	5,862,603
Net change	4,948,142	(716,606)	4,231,536
Closing balance - 31 December	**15,786,625**	**(5,692,486)**	**10,094,139**

	2016		
	Gross	Reinsurers' Share	Net
Opening balance - 1 January	5,347,872	(3,480,649)	1,867,223
Net change	5,490,611	(1,495,231)	3,995,380
Closing balance - 31 December	**10,838,483**	**(4,975,880)**	**5,862,603**

As of 31 December 2017 the deferred commission expense and income are TRY1,888,231 (31 December 2016: TRY1,486,161) and TRY372,575 (31 December 2016: TRY847,741) respectively (Note 19) and placed on the balance sheet under the "Deferred Acquisition Costs" and "Deferred Commission Income" accounts.

18. Investment Contract Liabilities

None (31 December 2016: None).

19. Trade and Other Payables, Deferred Income

	31 December 2017	31 December 2016
Payables to reinsurance companies	5,707,668	5,912,566
Payables from other operations	27,501	-
Payables from main operations - Short - term	**5,735,169**	**5,912,566**
Payables to suppliers and other payables	86,377	42,424
Other payables	**86,377**	**42,424**
Payables to shareholders	1,004	912
Payables to personnel	183,918	115,971
Payables to related parties - Short- term	**184,922**	**116,883**
Deferred commission income (Note 17)	372,575	847,741
Accrued expenses	23,846	20,768
Expense and income accruals for future periods	**396,421**	**868,509**

Foreign currency denominated payables are as follows:

31 December 2017

Foreign Currency Type	Amount	Exchange Rate	TRY Amount
USD	1,479,736	3.7719	5,581,416
EURO	24,088	4.5155	108,768
GBP	2,260	5.0803	11,482
Total			**5,701,666**

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

19. Trade and Other Payables, Deferred Income (Continued)

31 December 2016

Foreign Currency Type	Amount	Exchange Rate	TRY Amount
USD	1,560,716	3.5192	5,492,471
EURO	111,535	3.7099	413,784
GBP	4,143	4.3189	17,893
Total			**5,924,148**

20. Borrowings

None (31 December 2016: None).

21. Deferred Income Tax

The Company calculates deferred income tax assets and liabilities for the temporary differences in the balance sheet items arising due to the measurement in these financial statements and measurement in accordance with Tax Procedure Law.

The enacted tax rate used for the calculation of deferred income tax assets and liabilities on temporary differences that are expected to be realized in the following periods under the liability method is 20% (31 December 2016: 20%).

As of 31 December 2017 and 2016 the temporary differences giving rise to deferred income tax assets and liabilities with using enacted tax rates are as follows:

	Cumulative temporary differences		**Deferred tax assets/(liabilities)**	
Deferred income tax assets	**31 December 2017**	**31 December 2016**	**31 December 2017**	**31 December 2016**
Provision for employment termination benefits (Note 22)	95,500	59,847	19,100	11,969
Accumulated financial loss	-	1,583,193	-	316,639
Other	132,000	-	26,400	-
			45,500	**328,608**
Deferred income tax liabilities				
Tangible and intangible assets	(184,965)	(126,385)	(36,993)	(25,277)
			(36,993)	**(25,277)**
Net deferred income tax assets (Note 35)			**8,507**	**303,331**

As of 31 December 2017 and 2016 the maturity distribution of the Company's deductible financial losses:

	31 December 2017	**31 December 2016**
31 December 2019	-	729,020
31 December 2020	-	854,173
Total	-	**1,583,193**

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

21. Deferred Income Tax (Continued)

The movement of the deferred tax assets in the period is as follows:

	2017	2016
Opening balance - 1 January	303,331	558,503
Deferred tax expense (-) (Note 35)	(293,958)	(255,842)
Deferred tax effect of actuarial (loss) / gain recognized in equity	(866)	670
Closing balance - 31 December	**8,507**	**303,331**

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax assets and liabilities are determined using tax rates and tax legislation that have been enacted at the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

22. Retirement Benefit Obligations

	31 December 2017	31 December 2016
Provision for employment termination benefits	95,500	59,847
	95,500	**59,847**

Under Turkish Labor Law, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men). After the legislative change on 23 May 2002 some transition process articles have been released related to service period before the retirement.

The applicable ceiling amount as at 31 December 2017 is TRY4,732.48 (31 December 2016: TRY4,297.21).

Provision for employment termination benefits is not funded as there is no legal funding requirement.

Provision for pension payments calculation in a case of employees retirement, is calculated upon estimation of company's payable to employees in current year. According to IAS 19 in order to estimate provision for pension payment, company should improve actuary calculation methods. For this calculation, actuary estimations indicated below:

	31 December 2017	31 December 2016
Annual discount rate (%)	2.78	3.46
Turnover rate to estimate the probability of retirement (%)	88	88

Fundamental assumption, for each year, determined maximum provisions should increase depending upon inflation rate. Since therefore, applied discount rate is clarified from expected inflation effects and consequently it shows real rate. Since the Company's provision for pension payment and maximum amount for pension payment provision is calculated once every six months, as of 1 January 2018, provision for severance payment is calculated TRY5,001.76 (1 January 2017:4,426.16).

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

22. Retirement Benefit Obligations (Continued)

Provision for employment termination benefits movement is given below:

	2017	2016
Opening Balance - 1 January	59,847	41,580
Paid during the period (Note 33)	-	(18,195)
Actuarial (gain)/ loss (*)	(4,331)	3,350
Provision during the period	39,984	33,112
Closing Balance - 31 December	**95,500**	**59,847**

(*) As of 31 December 2017 and 2016 actuarial losses are indicated in "Other Profit Reserves" account in balance sheet with clarified from tax effect (Note 2.19).

23. Provisions for Other Liabilities and Charges:

None (31 December 2016: None).

24. Net Insurance Premium Income

	1 January - 31 December 2017		
	Gross	**Reinsurers' Share**	**Net**
Vessels liability	23,444,925	(14,755,805)	8,689,120
Vessel	13,460,650	(3,573,535)	9,887,115
General liability	501,613	-	501,613
Third party liability	136,650	(136,030)	620
Total premium income	**37,543,838**	**(18,465,370)**	**19,078,468**

	1 January - 31 December 2016		
	Gross	**Reinsurers' Share**	**Net**
Vessels liability	19,448,420	(12,593,290)	6,855,130
Vessel	5,177,622	(1,383,316)	3,794,306
Third party liability	42,678	(40,544)	2,134
Total premium income	**24,668,720**	**(14,017,150)**	**10,651,570**

25. Fee Income

None (31 December 2016: None).

26. Investment Income

The detail of the investment income is given below:

	1 January - 31 December 2017	1 January - 31 December 2016
Cash and cash equivalents		
Interest income	442,308	340,820
Valuation of financial investments	15,232	(7,723)
Total	**457,540**	**333,097**

27. Net Realized Gains on Financial Assets

None (31 December 2016: None).

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

28. Net Fair Value Gains on Assets at Fair Value through Income

None (31 December 2016: None).

29. Insurance Benefits and Claims

Disclosed in Note 17.

30. Investment Contract Benefits

None (31 December 2016: None).

31. Other expenses

	1 January - 31 December 2017	1 January - 31 December 2016
Operating expenses classified under technical part	7,315,127	5,687,650
Total (Note 32)	**7,315,127**	**5,687,650**

32. Expenses by Nature

	1 January - 31 December 2017	1 January 31 December 2016
Personnel expenses (Note 33)	3,911,354	2,903,298
Commission expenses	3,829,925	2,598,886
Rent expenses	326,000	288,750
Representation and hospitality expenses	354,288	242,121
Advertising and marketing expenses	421,713	179,520
Information technology expenses	252,773	177,745
Insurance Expense	178,702	156,109
Transportation expenses	248,320	150,372
Establishment expenses	137,067	127,504
Outsources benefits and services	136,076	117,433
Travel expenses	143,816	66,440
Stationary Expenses	62,749	51,497
Communication Expense	17,936	21,117
Foundation and organisation costs	14,729	1,267
Reinsurance commission income	(2,942,132)	(1,662,472)
Other	221,811	268,063
Total (Note 31)	**7,315,127**	**5,687,650**

33. Employee Benefit Expense

	1 January - 31 December 2017	1 January - 31 December 2016
Personnel salaries	3,437,101	2,540,747
Employer's share of SSI Premium	327,807	233,977
Employee termination payment (Note 22)	-	18,195
Other	146,446	110,379
Total (Note 32)	**3,911,354**	**2,903,298**

Total amount of the salaries and the benefits provided to top management such as the chairman and the members of the board of directors, general manager, general coordinator, assistant general managers and other executive management in the current period are disclosed in Note 1.6.

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

34. Financial Costs

34.1 Total financial expenses for the period:

34.1.1 Expenses related to production cost: None (31 December 2016: None).
34.1.2 Expenses related to fixed assets: None (31 December 2016: None).
34.1.3 Direct expenses: None (31 December 2016: None).

34.2 Financial expenses related to shareholders, subsidiaries and associates (Any amount exceeding 20% of total will be disclosed separately): None (31 December 2016: None).

34.3 Sales to/purchases from shareholders, subsidiaries and associates (Any amount exceeding 20% of total will be disclosed separately.): None (31 December 2016: None).

34.4 Interest, rent or other charges received from or paid to shareholders, subsidiaries and associates (Any amount exceeding 20% of total will be disclosed separately.): Related party transactions and balances are disclosed in Note 45 in details.

35. Income Taxes

Tax income and expenses recognized in the statements of income for the periods ended 31 December 2017 and 2016 are summarized below:

	1 January - 31 December 2017	1 January - 31 December 2016
Corporate tax (expense) (-)	(133,360)	-
Deferred tax expense (-) (Note 21)	(293,958)	(255,842)
Total tax expense (-)	**(427,318)**	**(255,842)**

	31 December 2017	31 December 2016
Tax provision (-)	(133,360)	-
Prepaid taxes	70,210	51,728
Net tax (liability)/Prepaid taxes	**(63,150)**	**51,728**
Deferred income tax assets (Note 21)	45,500	328,608
Deferred income tax liabilities (Note 21)	(36,993)	(25,277)
Deferred income tax assets, net (Note 21)	**8,507**	**303,331**

The income tax reconciliation is as follows:

	1 January - 31 December 2017	1 January - 31 December 2016
Profit before tax (-)	2,169,794	1,118,953
Tax rate	%20	%20
Calculated tax income	(433,959)	(223,791)
Effect of non-deductible income / (expenses)	6,641	(32,051)
Total tax expense (-)	**(427,318)**	**(255,842)**

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

36. Net Foreign Exchange Gains

	1 January - 31 December 2017	1 January - 31 December 2016
Financial income	380,872	456,598
Technical (expense)/income	(30,286)	79,241
Total	**350,586**	**535,839**

37. Earnings per Share

Earnings per share is calculated by dividing net profit for the period into weighted average number of shares of the Company.

	1 January - 31 December 2017	1 January - 31 December 2016
Net profit for the period	1,742,476	863,111
Weighted average number of shares with nominal value of TRY 1 per share	6,000,000	6,000,000
Earning per Share (TRY)	0.2904	0.1439

38. Dividends per Share

The company has no dividend distribution for the years ended 31 December 2017 and 2016.

39. Cash Generated from Operations: Disclosed in the statement of cash flows.

40. Convertible Bonds: None (31 December 2016: None).

41. Redeemable Preference Shares: None (31 December 2016: None).

42. Contingencies:

Due to the nature of normal operations, the Company is faced with legal disputes, lawsuits and claim for damages arising from its insurance operationa. These lawsuits are reflected in the financial statements by reserving the necessary provisions within the reserve for outstanding claims (31 December 2016: None).

	31 December 2017	31 December 2016
Outstanding claims cases filed against the Company (*)	2,758,622	-
Total	**2,758,622**	**-**

(*) Outstanding claims are followed up and the movement table of outstanding claims is presented in Note 17.

43. Commitments

Total amount of mortgages or restrictions on assets:

	31 December 2017	31 December 2016
Bank deposits (Notes 2.12, 14 and 17)	2,829,818	2,000,000
Total	**2,829,818**	**2,000,000**

As of 31 December 2017, time deposits amounting to TRY2,829,818 is blocked in favour of the Treasury (31 December 2016: TRY2,000,000).

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

44. Business Combinations

None (31 December 2016: None).

45. Transactions with Related Parties

The total amount of salaries and benefits provided for the top management of the Company such as Chairman and board members, general manager, general coordinator and assistant general managers during the current period is disclosed in note 1.6.

a) Banks

	31 December 2017	31 December 2016
Türkiye Halk Bankası A.Ş.	4,215,186	1,140,512
Total	**4,215,186**	**1,140,512**

b) Receivables from insurance operations

	31 December 2017	31 December 2016
Güneş Sigorta A.Ş.	347,245	93,550
Total	**347,245**	**93,550**

c) Payables to shareholders

	31 December 2017	31 December 2016
Ziraat Sigorta A.Ş.	1,004	912
Total	**1,004**	**912**

d) Payables from insurance operations

	31 December 2017	31 December 2016
Güneş Sigorta A.Ş.	459,376	501,050
Total	**459,376**	**501,050**

e) Written premiums

	1 January - 31 December 2017	1 January - 31 December 2016
Güneş Sigorta A.Ş.	730,142	111,300
Solar Gemi Kurtarma Hizmetleri A.Ş.	-	20,283
Total	**730,142**	**131,583**

f) Ceded premiums

	1 January - 31 December 2017	1 January - 31 December 2016
Güneş Sigorta A.Ş.	855,774	485,257
Total	**855,774**	**485,257**

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

45. Transactions with Related Parties (Continued)

g) Interest income

	1 January - 31 December 2017	1 January - 31 December 2016
Türkiye Halk Bankası A.Ş.	40,931	4,951
Total	**40,931**	**4,951**

h) Operational expenses

	1 January - 31 December 2017	1 January - 31 December 2016
Ziraat Sigorta A.Ş.	54,800	37,952
Metropole Denizcilik and Ticaret Ltd. Şti.	6,500	10,633
Total	**61,300**	**48,585**

ı) Supplier payment

	1 January - 31 December 2017	1 January - 31 December 2016
Solar Gemi Kurtarma Hizmetleri A.Ş.	754,380	-
Total	**754,380**	**-**

45.1 Doubtful receivables from shareholders, associates and subsidiaries: None (31 December 2016: None).

45.2 Breakdown of associates and subsidiaries having an indirect shareholding and management relationship with the Company; names, participation rates and amounts of associates and subsidiaries; profit/loss and net profit/loss in the latest financial statements, the period of these financial statements, whether these financial statements are prepared in accordance with the accounting principles and standards as set out in the insurance legislation, whether they are independently audited and the opinion type of the independent audit report: None (31 December 2016: None).

45.3 Bonus shares obtained through internally funded capital increases of equity investments and subsidiaries: None (31 December 2016: None).

45.4 Rights on immovables and their value: None (31 December 2016: None).

45.5 Guarantees, commitments and securities given for shareholders, investments and subsidiaries: None (31 December 2016: None)

46. Events after the Balance Sheet Date:

As announced in the Trade Registry Gazette dated 7 March 2018 and numbered 9531, it is planned to convene the General Assembly of the Company on 22 March 2018 for the negotiation and approval of the capital increase of the Company to TRY8,250,000 by amending the article of Capital in Company's Articles of Association.

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

47. Other

47.1 Details of "Other" items in the balance sheet which exceed 20% of its respective account group or 5% of total assets:

a) Other Liabilities

	31 December 2017	31 December 2016
Payables to suppliers	83,572	41,052
Other liabilities	2,805	1,372
Total	**86,377**	**42,424**

b) Other expenses for the following months (short term)

	31 December 2017	31 December 2016
Deferred excess of loss reinsurance premiums	689,589	298,816
Insurance expense	21,367	26,616
Other	35,984	24,894
Total	**746,940**	**350,326**

c) Other expenses/losses:

	31 December 2017	31 December 2016
Penalty payments	18,285	49,764
Donations and grants	3,875	11,525
Other	3,748	3,874
Total	**25,908**	**65,163**

47.2 Due from and due to personnel classified in "Other receivables" and "Other short-term or long-term payables" that exceed 1% of total assets: None (31 December 2016: None).

47.3 Subrogation receivables followed under off-balance sheet items: None (31 December 2016: None).

47.4 Income and expenses related to prior periods and the amounts and sources of expenses and losses: None (31 December 2016: None).

47.5 Other information required by Treasury to be presented

Provision (expenses) for the period:

	1 January - 31 December 2017	1 January - 31 December 2016
Provision expenses		
Provision for employment termination benefits	(39,984)	(14,917)
	(39,984)	**(14,917)**

APPENDIX I - CONVENIENCE TRANSLATION OF THE STATEMENT OF PROFIT DISTRIBUTION

	Note	Current Period	Previous Period
I. DISTRIBUTION OF PROFIT FOR THE PERIOD			
1.1. PROFIT FOR THE PERIOD		-	-
1.2. TAXES PAYABLE AND LEGAL LIABILITIES			
1.2.1. Corporate Tax (Income Tax)		-	-
1.2.2. Income Tax Deduction			
1.2.3. Other Taxes and Legal Liabilities		-	-
A NET PROFIT FOR THE PERIOD (1.1 - 1.2)		-	-
1.3. PREVIOUS YEARS' LOSSES (-)		-	-
1.4. FIRST LEGAL RESERVE		-	-
1.5. LEGAL FUNDS TO BE KEPT IN THE COMPANY (-)		-	-
B NET DISTRIBUTABLE PROFIT FOR THE PERIOD [(A - (1.3 + 1.4 + 1.5)]			
1.6. FIRST DIVIDEND TO SHAREHOLDERS (-)		-	-
1.6.1. To common shareholders		-	-
1.6.2. To preferred shareholders		-	-
1.6.3 To owners of participating redeemed shares		-	-
1.6.4 To owners of profit-sharing securities		-	-
1.6.5 To owners of profit and loss sharing securities		-	-
1.7. DIVIDENDS TO PERSONNEL (-)		-	-
1.8. DIVIDENDS TO FOUNDERS (-)		-	-
1.9. DIVIDENDS TO THE BOARD OF DIRECTORS (-)		-	-
1.10. SECOND DIVIDENDS TO SHAREHOLDERS (-)		-	-
1.10.1. To common shareholders		-	-
1.10.2. To preferred shareholders		-	-
1.10.3. To owners of participating redeemed shares		-	-
1.10.4. To owners of profit-sharing securities		-	-
1.10.5. To owners of profit and loss sharing securities		-	-
1.11. SECOND LEGAL RESERVE		-	-
1.12. STATUTORY RESERVES		-	-
1.13. EXTRAORDINARY RESERVES		-	-
1.14. OTHER RESERVES		-	-
1.15. SPECIAL FUNDS		-	-
II. DISTRIBUTION FROM RESERVES			
2.1. DISTRIBUTED RESERVES		-	-
2.2. SECOND LEGAL RESERVE (-)		-	-
2.3. DIVIDENDS TO SHAREHOLDERS (-)		-	-
2.3.1. To common shareholders		-	-
2.3.2 To preferred shareholders		-	-
2.3.3. To owners of participating redeemed shares		-	-
2.3.4 To owners of profit-sharing securities		-	-
2.3.5 To owners of profit and loss sharing securities		-	-
2.4. DIVIDENDS TO PERSONNEL (-)		-	-
2.5. DIVIDENDS TO THE BOARD OF DIRECTORS (-)		-	-
III PROFIT PER SHARE			
3.1. TO COMMON SHAREHOLDERS		-	-
3.2. TO COMMON SHAREHOLDERS (%)		-	-
3.3. TO PREFERRED SHAREHOLDERS		-	-
3.4. TO PREFERRED SHAREHOLDERS (%)		-	-
IV. DIVIDENDS PER SHARE			
4.1. TO COMMON SHAREHOLDERS		-	-
4.2. TO COMMON SHAREHOLDERS (%)		-	-
4.3 TO PREFERRED SHAREHOLDERS		-	-
4.4. TO PREFERRED SHAREHOLDERS (%)		-	-

The only authorized body of the Company about profit distribution is General Assembly. Since there is no profit distribution for the financial periods 31 December 2017 and 2016, the statements of profit distribution have not been prepared.

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