TÜRK P VE I SİGORTA A.Ş.

CONVENIENCE TRANSLATION OF THE STATUTORY FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2018 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 2018
(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 2018 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 2018, 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. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. Key audit matters were addressed in the context of our independent audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	*How our audit addressed the matter*
Estimation of claims incurred but not reported As explained in Note 2 and 17, the Company has calculated provision for unrealized but not reported claims amounting to TL 3,882,728, net TL 333,630 as of 31 December 2018. Abovementioned provision is calculated according to the best estimation methods determined within the opinion of the Company's actuary in accordance with “Circular on Outstanding Claim Provisions” dated 5 December 2014 and numbered 2014/16 published by the Treasury and Ministry of Finance of the Turkish Republic The reason we focus on this area during our audit is the significance of the incurred but not reported claims provision for the financial statements and the significant actuarial judgments and estimates required by the nature of provision in the financial statements.	We tested the design and operational effectiveness of the key controls implemented by the Company's management in relation to the ultimate claims used in the calculation of incurred but not reported claims provision. We tested the mathematical accuracy of the calculation of incurred but not reported claims for selected branches. We assessed the methods and assumptions used by branch in association with our own actuary experts by inquiring with the Company’s management and external actuary of the Company. In addition, for selected branches, we made an independent evaluation of the reasonable ranges for the incurred but not reported claims provision and compared them with the Company’s records. We checked the adequacy and accuracy of the disclosures in the financial statements related to such provisions.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 2018 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, 12 March 2019

CONVENIENCE TRANSLATION OF THE COMPANY'S REPRESENTATION ON THE FINANCIAL STATEMENTS PREPARED AS AT 31 DECEMBER 2018

We confirm that the accompanying financial statements and notes to these financial statements as of 31 December 2018 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.

12 March 2019

R. Ufuk Teker	Dr. Abdullah Kara	Jale İnan	A.Korhan Akçöl
A Member of Board of Directors, General Manager	Chief Financial Officer	Finance Director	Actuary

TÜRK P VE I SİGORTA A.Ş.

CONVENIENCE TRANSLATION OF THE FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2018

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CONVENIENCE TRANSLATION OF
THE BALANCE SHEETS AT 31 DECEMBER 2018 AND 2017

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

ASSETS

	Notes	Audited 31 December 2018	Audited 31 December 2017
I- Current Assets			
A- Cash and Cash Equivalents	**14**	**18,248,476**	**10,700,203**
1- Cash	2.12 and 14	6,301	10,769
2- Cheques Received		-	-
3- Banks	2.12 and 14	17,996,303	10,512,309
4- Cheques Given and Payment Orders (-)		-	-
5- Bank Guaranteed Credit Card Receivables with Maturities Less Than Three Months	2.12 and 14	245,872	177,125
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**	**16,999,119**	**10,187,012**
1- Due from Insurance Operations	12.1	16,999,119	10,187,012
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		**597,308**	**470,638**
1- Leasing Receivables		-	-
2- Unearned Leasing Interest Income (-)		-	-
3- Deposits and Guarantees Given		597,308	462,314
4- Other Miscellaneous Receivables		-	8,324
5- Rediscount on Other Receivables (-)		-	-
6- Other Doubtful Receivables		-	-
7- Provision for Other Doubtful Receivables (-)		-	-
F- Prepaid Expenses and Income Accruals		**3,784,934**	**2,635,171**
1- Deferred Acquisition Costs	17	2,779,346	1,888,231
2- Accrued Interest and Rent Income		-	-
3- Income Accruals		-	-
4- Other Prepaid Expenses	47.1	1,005,588	746,940
G- Other Current Assets		**1,947**	**1,800**
1- Prepaid Office Supplies		1,947	-
2- Prepaid Taxes and Funds		-	-
3- Deferred Tax Assets		-	-
4- Job Advances		-	1,800
5- Advances to Personnel		-	-
6- Count Shortages		-	-
7- Other Current Assets		-	-
8- Provision for Other Current Assets (-)		-	-
I- Total Current Assets		**39,631,784**	**23,994,824**

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 2018 AND 2017

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

ASSETS

	Notes	Audited 31 December 2018	Audited 31 December 2017
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		**21,772**	**21,766**
1- Leasing Receivables		-	-
2- Unearned Leasing Interest Income (-)		-	-
3- Deposits and Guarantees Given		21,772	21,766
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**	**465,295**	**536,181**
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	477,603	441,297
6- Motor Vehicles		-	-
7- Other Tangible Assets (including leasehold improvements)	6	527,410	508,235
8- Leased Assets		-	-
9- Accumulated Depreciation (-)	6	(539,718)	(413,351)
10- Advances Given for Tangible Assets		-	-
F- Intangibles Assets	**8**	**1,350**	-
1- Rights	8	4,798	3,369
2- Goodwill		-	-
3- Start-up Costs		-	-
4- Research and Development Expenses		-	-
5- Other Intangible Assets		-	-
6- Accumulated Amortization (-)	8	(3,448)	(3,369)
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**	**124,970**	**8,507**
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	124,970	8,507
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		**613,387**	**566,454**
TOTAL ASSETS (I+II)		**40,245,171**	**24,561,278**

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

CONVENIENCE TRANSLATION OF THE BALANCE SHEETS AT 31 DECEMBER 2018 AND 2017

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

LIABILITIES

	Notes	Audited 31 December 2018	Audited 31 December 2017
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**	**5,435,438**	**5,735,169**
1- Payables from Insurance Operations	4 and 19	5,435,438	5,707,668
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		**28**	**184,922**
1- Due to Shareholders	4, 19 and 45	13	1,004
2- Due to Associates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint-Ventures		-	-
5- Due to Personnel	4 and 19	15	183,918
6- Due to Other Related Parties		-	-
D- Other Payables	**4, 19 and 47.1**	**164,893**	**86,377**
1- Deposits and Guarantees Received		-	-
2- Payable to SSI medical expense		-	-
3- Other Miscellaneous Payables	4, 19 and 47.1	164,893	86,377
4- Rediscount on Other Payables		-	-
E- Insurance Technical Provisions		**19,193,814**	**11,438,348**
1- Unearned Premium Reserve - Net	4 and 17	15,828,140	10,094,139
2- Unexpired Risks Reserve - Net		-	-
3- Mathematical Reserve - Net		-	-
4- Outstanding Claim Provision - Net	4 and 17	3,365,674	1,344,209
5- Bonus and Rebate Provision - Net		-	-
6- Other Technical Reserves - Net		-	-
F- Taxes and Other Fiscal Liabilities		**407,723**	**341,295**
1- Taxes and Funds Payable		256,496	172,610
2- Social Security Withholdings Payable		65,713	105,535
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	1,720,647	133,360
6- Prepaid tax and other liabilities on current year profit(-)	35	(1,635,133)	(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	**19**	**542,526**	**396,421**
1- Deferred Commission Income	10, 17 and 19	517,526	372,575
2- Expense Accruals	19	25,000	23,846
3- Other Deferred Income		-	-
I- Other Current Liabilities		-	-
1- Deferred Tax Liabilities		-	-
2- Count Overages		-	-
3- Other Current Liabilities		-	-
III- Total Current Liabilities		**25,744,422**	**18,182,532**

CONVENIENCE TRANSLATION OF THE BALANCE SHEETS AT 31 DECEMBER 2018 AND 2017

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

LIABILITIES

	Notes	Audited 31 December 2018	Audited 31 December 2017
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**	**216,131**	**95,500**
1- Provision for Employment Termination Benefits	22	216,131	95,500
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		**216,131**	**95,500**

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

CONVENIENCE TRANSLATION OF
THE BALANCE SHEETS AT 31 DECEMBER 2018 AND 2017

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

SHAREHOLDERS' EQUITY

		Notes	Audited 31 December 2018	Audited 31 December 2017
V-	**Shareholders' Equity**			
A-	**Share Capital**	**2.13 and 15**	**8,250,000**	**6,000,000**
1-	(Nominal) Capital	2.13 and 15	8,250,000	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**		**(33,777)**	**(39,904)**
1-	Legal Reserves		16,157	-
2-	Statutory Reserves		-	-
3-	Extraordinary Reserves		-	-
4-	Special Funds (Reserves)		-	-
5-	Valuation of Financial Assets		-	-
6-	Other Profit Reserves	15	(49,934)	(39,904)
D-	**Retained Earnings**		**306,993**	**-**
1-	Retained Earnings		306,993	-
E-	**Accumulated Deficit (-)**		**-**	**(1,419,326)**
1-	Accumulated Deficit		-	(1,419,326)
F-	**Net Profit for the Period**	**37**	**5,761,402**	**1,742,476**
1-	Net Profit for the Period	37	5,761,402	1,742,476
2-	Net Loss for the Period (-)		-	-
3-	Profit not subject to Distribution		-	-
V-	**Total Shareholders' Equity**		**14,284,618**	**6,283,246**
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (III+IV+V)		**40,245,171**	**24,561,278**

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

CONVENIENCE TRANSLATION OF THE STATEMENTS OF INCOME FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2018 AND 2017

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

TECHNİCAL PART

		Notes	Audited 1 January - 31 December 2018	Audited 1 January - 31 December 2017
A-	**Non-Life Technical Income**		**23,137,524**	**14,883,236**
1-	Earned Premiums (Net of Reinsurers' Share)		23,137,524	14,846,932
	1.1- Written Premiums (Net of Reinsurers' Share)	24	29,222,685	19,078,468
	1.1.1- Gross Written Premium (+)	24	53,049,662	37,543,838
	1.1.2- Reinsurers' Share of Gross Written Premium	10 and 24	(23,826,977)	(18,465,370)
	1.1.3- Premiums Ceded to SSI (-)		-	-
	1.2- Change in Unearned Premiums Reserve (Net of Reinsurers' Share and Reserves Carried Forward) (+/-)	17	(6,085,161)	(4,231,536)
	1.2.1- Unearned Premiums Reserve (-)	17	(7,400,256)	(4,948,142)
	1.2.2 Reinsurers' Share of Unearned Premiums Reserve (+)	10 and 17	1,315,095	716,606
	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 (-)**		**(20,927,505)**	**(13,273,012)**
1-	Incurred Claims - (Net of Reinsurer's Share)		(9,789,887)	(5,954,525)
	1.1- Paid Claims – (Net of Reinsurer's Share)		(7,618,597)	(4,678,882)
	1.1.1- Gross Paid Claims (-)		(17,457,715)	(12,336,464)
	1.1.2- Reinsurers' Share of Gross Paid Claims (+)	10	9,839,118	7,657,582
	1.2- Change in Outstanding Claims (Net of Reinsurers' Share and Reserves Carried Forward) (+/-)		(2,171,290)	(1,275,643)
	1.2.1- Outstanding Claims Provision (-)		(8,524,132)	(14,310,956)
	1.2.2- Reinsurers' Share of Outstanding Claims Provision (+)	10	6,352,842	13,035,313
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	(11,137,618)	(7,315,127)
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)**		**2,210,019**	**1,610,224**
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)**		-	-

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

CONVENIENCE TRANSLATION OF THE STATEMENTS OF INCOME FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2018 AND 2017

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

NON-TECHNICAL PART

	Notes	Audited 1 January - 31 December 2018	Audited 1 January - 31 December 2017
C- Net Technical Income-Non-Life (A-B)		**2,210,019**	**1,610,224**
F- Net Technical Income-Life (D-E)		-	-
I- Net Technical Income-Private Pension (G-H)		-	-
J- Total Net Technical Income (C+F+I)		**2,210,019**	**1,610,224**
K- Investment Income		**16,807,741**	**3,906,806**
1- Income from Financial Investments	26	1,562,915	442,308
2- Income from Sales of Financial Investments		-	-
3- Valuation of Financial Investments	26	(1,900)	15,232
4- Foreign Exchange Gains	36	15,246,726	3,449,266
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 (-)		**(11,487,661)**	**(3,281,344)**
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	(11,283,949)	(3,098,680)
7- Depreciation Expenses (-)	6 and 8	(126,446)	(122,335)
8- Other Investment Expenses (-)		(77,266)	(60,329)
M- Income and Expenses from Other Operations and Extraordinary Operations (+/-)		**(48,050)**	**(359,850)**
1- Provisions (+/-)	47.5	(106,624)	(39,984)
2- Rediscounts (+/-)			-
3- Special Insurance Account (+/-)		-	-
4- Inflation Adjustment (+/-)		-	-
5- Deferred Tax Assets (+/-)	21 and 35	116,463	-
6- Deferred Tax Liabilities Expenses (-)		-	(293,958)
7- Other Income		-	-
8- Other Expenses (-)	47.1	(57,889)	(25,908)
9- Prior Year's Income		-	-
10- Prior Year's Expenses (-)		-	-
N- Net Profit/(Loss) for the Period	**37**	**5,761,402**	**1,742,476**
1- Profit/(Loss) for the Period		7,482,049	1,875,836
2- Corporate Tax Provision and Other Fiscal Liabilities (-)	35	(1,720,647)	(133,360)
3- Net Profit/(Loss) for the Period	37	5,761,402	1,742,476
4- Inflation Adjustment		-	-

CONVENIENCE TRANSLATION OF THE STATEMENTS OF CASH FLOWS FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2018 AND 2017

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

	Notes	Audited 1 January - 31 December 2018	Audited 1 January - 31 December 2017
A- CASH GENERATED FROM MAIN OPERATIONS			
1- Cash inflows from insurance operations		62,575,242	21,882,677
2- Cash inflows from reinsurance operations		-	-
3- Cash inflows from private pension operations		-	-
4- Cash outflows from insurance operations (-)		(58,576,150)	(10,950,729)
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)		**3,999,092**	**10,931,948**
8- Interest payment (-)		-	-
9- Income tax payment (-)		(1,635,133)	-
10- Other cash inflows		-	-
11- Other cash outflows (-)		(398,689)	(8,069,527)
12- Net cash used in main operations		**1,965,270**	**2,862,421**
B- CASH FLOWS FROM INVESTING OPERATIONS			
1- Sale of tangible assets		-	-
2- Tangible assets purchases (-)	6	(56,910)	(219,165)
3- Financial assets purchases (-)		-	-
4- Sales of financial assets		-	-
5- Interest received		1,562,915	442,308
6- Dividends received		-	-
7- Other cash inflows		-	-
8- Other cash outflows (-)		(68,758)	(42,284)
9- Net cash from investing activities		**1,437,247**	**180,859**
C- CASH FLOWS FROM FINANCING OPERATIONS			
1- Issue of shares	2.13	2,250,000	-
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		**2,250,000**	-
D- EFFECT OF EXCHANGE DIFFERENCES ON CASH AND CASH EQUIVALENTS		**1,563,564**	**350,586**
E- Net increase in cash and cash equivalents		**7,216,081**	**3,393,866**
F- Cash and cash equivalents at the beginning of the period		**7,849,656**	**4,455,790**
G- Cash and cash equivalents at the end of the period (E+F)	**2.12**	**15,065,737**	**7,849,656**

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

TÜRK P VE I SİGORTA A.Ş.

CONVENIENCE TRANSLATION OF THE STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2018 AND 2017

(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 (31/12/2016)	**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**

	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 (31/12/2017)	**6,000,000**	**-**	**-**	**-**	**-**	**-**	**-**	**(39,904)**	**1,742,476**	**(1,419,326)**	**6,283,246**
A- Capital Increase (A1 + A2)	2,250,000	-	-	-	-	-	-	-	-	-	2,250,000
1- Cash (Note 2.13)	2,250,000	-	-	-	-	-	-	-	-	-	2,250,000
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	-	-	-	-	-	-	-	(10,030)	-	-	(10,030)
G- Inflation adjustments	-	-	-	-	-	-	-	-	-	-	-
H- Net loss for the period (-) (Note 37)	-	-	-	-	-	-	-	-	5,761,402	-	5,761,402
I- Dividends paid	-	-	-	-	-	-	-	-	-	-	-
J- Transfers	-	-	-	-	-	16,157	-	-	(1,742,476)	1,726,319	-
II- Balances at the period end (31/12/2018) (I+A+B+C+D+E+F+G+H+I+J)	**8,250,000**	**-**	**-**	**-**	**-**	**16,157**	**-**	**(49,934)**	**5,761,402**	**306,993**	**14,284,618**

(*) 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 2018 and 2017 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 2018	31 December 2017
Senior Management	4	2
Other personnel	22	18
Total	**26**	**20**

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 TRY 2,241,038 (31 December 2017: TRY 1,369,364).

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 Republic of Turkey Ministry of Treasury and Finance'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.

1.10 Events occurred after the balance sheet date: The financial statements for the period 1 January - 31 December 2018 are signed and approved on 12 March 2019 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 Ministry of Treasury and Finance.

The financial statements are prepared in accordance with the Insurance Chart of Accounts included in the communiqué issued by the Ministry of Treasury and Finance 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 Ministry of Treasury and Finance, 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 Ministry of Treasury and Finance regarding "Insurance Accounting and Financial Reporting Regulations" issues. With reference to the notice of the Ministry of Treasury and Finance 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 2018, 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 Ministry of Treasury and Finance (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 1 January 2018 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) Standarts, amendments and interpretations applicable as at 31 December 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.

  The Company will benefit from the temporary exemption items for IFRS 9, which is included in IFRS 4, until IFRS 17 is effective.

- 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.

  Transition to TFRS 15 in accordance with the 15 Circular on Insurance date of transition to TFRS 15 ve dated 25 September 2018 and numbered 2018/4 issued by the Ministry of Treasury and Finance, concurrently with TFRS 17 and TFRS 9 postponed to 2022.

- 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.

  The amendments did not have a significant impact on the financial position or performance of the Company.

2. Summary of Significant Accounting Policies (Continued)

2.1 Basis of Preparation (Continued)

a) Standarts, amendments and interpretations applicable as at 31 December 2018: (Continued):

- 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. Bu değişim kanıtlarla desteklenmelidir.The amendments did not have a significant impact on the financial position or performance of the Company.

- 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. The amendments did not have a significant impact on the financial position or performance of the Company.

- 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.

  The amendments did not have a significant impact on the financial position or performance of the Company.

- 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) Standarts, amendments and interpretations that are issued but not effective as at 31 December 2018:

- 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.

  The Company will benefit from the temporary exemption items for TFRS 9, which is included in TFRS 4, until IFRS 17 is effective.

- 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. The amendment is not applicable for the Company and will not have an impact on the financial position or performance of the Company.

- IFRS 16, 'Leases'; effective from annual periods beginning on or after 1 January 2019, with earlier application permitted if IFRS 15'Revenue from Contracts with Customers' is also applied. 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.

  The Company will apply the standard for 31 December 2019 financial statements from 1 January 2019. As of the reporting date, the Company continues to work on the impact analysis.

2. Summary of Significant Accounting Policies (Continued)

2.1 Basis of Preparation (Continued)

b) Standarts, amendments and interpretations that are issued but not effective as at 31 December 2018:

- 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.

- 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 effects of this standard on the financial position and performance of the Company are evaluated.

- Annual improvements 2015-2017; effective from annual periods beginning on or after 1 January 2019. These amendments include minor changes to:

  - IFRS 3, 'Business combinations', – a company remeasures its previously held interest in a joint operation when it obtains control of the business.
  - IFRS 11, 'Joint arrangements', – a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
  - IAS 12, 'Income taxes' – a company accounts for all income tax consequences of dividend payments in the same way.
  - IAS 23, 'Borrowing costs' – a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

  The improvements will be applied for annual periods beginning on or after 1 January 2019. Early application is allowed. The Company does not expect a significant impact on the balance sheet and equity.

2. Summary of Significant Accounting Policies (Continued)

2.1 Basis of Preparation (Continued)

b) Standarts, amendments and interpretations that are issued but not effective as at 31 December 2018:(Continued)

- Amendments to IAS 19, 'Employee benefits' on plan amendment, curtailment or settlement'; effective from annual periods beginning on or after 1 January 2019. These amendments require an entity to:

  - use updated assumptions to determine current service cost and net interest for the reminder of the period after a plan amendment, curtailment or settlement; and
  - recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

  The amendments will be effective for annual periods beginning on or after 1 January 2019. Early application is allowed. In the event of early implementation of such changes, the entity shall disclose early application. The Company is in the process of assessing the impact of the amendments on financial position or performance of the Company.

- Amendments to IAS 1 and IAS 8 on the definition of material; effective from Annual periods beginning on or after 1 January 2020. These amendments to IAS 1, 'Presentation of financial statements',and IAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other IFRSs:

  - use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting;
  - clarify the explanation of the definition of material; and
  - incorporate some of the guidance in IAS 1 about immaterial information.

  The amendment will be effective for annual periods beginning on or after 1 January 2020. Early application is allowed. The Company is in the process of assessing the impact of the amendment on financial position or performance of the Company.

- Amendments to IFRS 3 - definition of a business; effective from Annual periods beginning on or after 1 January 2020. This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations.

  The amendment will be effective for annual periods beginning on or after 1 January 2020. Early application is allowed. The amendment is not applicable for the Company and will not have an impact on the financial position or performance of the Company.

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 2018 and 2017. The Company does not perform segment reporting in the scope of "IFRS 8 - Segment Reporting", since it is not a listed company.

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

2. Summary of Significant Accounting Policies (Continued)

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.

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 2018 (31 December 2017: 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.

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

2. Summary of Significant Accounting Policies (Continued)

2.8 Financial Assets (Continued)

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 2018 and 2017 (Note 12).

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 2017: 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 2018	31 December 2017
Cash (Note 14)	6,301	10,769
Banks (Note 14)	17,996,303	10,512,309
Bank Guaranteed Credit Card Receivables with Maturities Less Than Three Months (Note 14)	245,872	177,125
Less - Interest Accrual	(18,829)	(20,729)
Less - Blocked deposits (*) (Note 43)	(3,163,910)	(2,829,818)
Total Cash and Cash Equivalents	**15,065,737**	**7,849,656**

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

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

2. Summary of Significant Accounting Policies (Continued)

2.13 Share Capital

As of 31 December 2018 and 2017 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 2018		31 December 2017	
Name of Shareholders	**Group**	**Share Ratio (%)**	**Share Amount**	**Share Ratio (%)**	**Share Amount**
Omur Denizcilik A.Ş.	D	36.75	3,031,875	36.75	2,205,000
Ziraat Sigorta A.Ş.	A	16.67	1,375,000	16.67	1,000,000
Güneş Sigorta A.Ş.	B	16.67	1,375,000	16.67	1,000,000
Türkiye Halk Bankası A.Ş.	C	16.67	1,375,000	16.67	1,000,000
Metropole Denizcilik ve Ticaret Ltd. Şti.	D	7.50	618,750	7.50	450,000
Vitsan Denizcilik A.Ş.	D	5.75	474,375	5.75	345,000
Total		**100.00**	**8,250,000**	**100.00**	**6,000,000**

At the Ordinary General Assembly Meeting dated March 22, 2018, the Company's capital was decided to be increased from TRY 6,000,000 to TRY 8,250,000 in cash. Capital increase in question pursuant to the permission of the Ministry of Trade of Domestic Trade dated March 5, 2018 and numbered 32516584 has been registered and published in the Trade Registry Gazette dated April 11, 2018 and numbered 9556.

As of 31 December 2018 there are no privileges granted for the shares that represent the capital (31 December 2017: None). Other information about the Company's share capital is explained in Note 15.

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.

2.15 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 2017: 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 2017: None).

2.17 Borrowings

None (31 December 2017: None).

2. Summary of Significant Accounting Policies (Continued)

2.18 Taxes

Corporate Tax

Corporate tax for 2018 is payable at a rate of 22% in Turkey (2017: 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 22% 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.

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.

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 2018 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. Summary of Significant Accounting Policies (Continued)

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).

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.

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

2. Summary of Significant Accounting Policies (Continued)

2.21 Accounting for Revenues (Continued)

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 2018. The details of the collection of salvage and salvage income collected for the period 1 January - 31 December 2017 are as follows:

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

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 2018 Company does not have lease asset (31 December 2017: 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).

2. Summary of Significant Accounting Policies (Continued)

2.24 Technical Provisions (Continued)

Unearned Premium Reserve (Continued)

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 Ministry of Treasury and Finance, 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).

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.

As of 31 December 2018, for outstanding claims provision accrued and calculated; the difference between the amount determined by content and application principles, Technical Provisions Regulation and circular No. 2014/16 and dated 5 December 2014, related to “Outstanding Claims Reserve” which was went into effect on 1 January 2015 is recognized as an incurred but not reported claim amount. According to the circular No. 2014/16 and dated 5 December 2014, related to “Outstanding Claims Reserve” that went into effect on 1 January 2015, which was published by the Ministry of Treasury and Finance, the Circular on ”Actuarial Chain Ladder Method“ numbered 2010/12 and valid until 31 December 2014 is repealed with the exception of Articles 9 and 10, and since 1 January 2015 for incurred but not reported claims reserve according to the best estimates determined within the framework of the Company's actuarial opinions, the provision is calculated. According to the said circular, the selection of the data used in the calculations related to the incurred but not reported claims, the correction procedures, the selection of the most appropriate method and development factors and the intervention to the development factors are made by the Company actuary using actuarial methods. In the calculation of incurred but not reported claims, Standard Chain, Damage / Premium, Cape Cod, Frequency Intensity, Munich Chain or Bornhuetter-Ferguson actuarial chain ladder methods (“ACLM”) will be used and companies have the right to choose one of these methods for each branch.

In accordance with circular No. 2014/16 related to “Outstanding Claims Reserve” and circular No. 2014/16 related to “Outstanding Claims Reserve” the standard chain method has been used in the calculation of the claims incurred but not reported as of 31 December 2018. According to this; As of 31 December 2018, a gross additional amount of incurred but not reported damages amount is TRY 3,353,538 (31 December 2017: TRY 5,950,973).

2. Summary of Significant Accounting Policies (Continued)

2.24 Technical Provisions (Continued)

Outstanding Claims Provision (Continued)

In the Water Vessel branch, during the calculation of incurred but not reported claims and loss amounts, the sector averages as of 30 September 2018 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 2018 for this 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 TRY 529,190 as of 31 December 2018 (31 December 2017: TRY 102,915), according to gross realized but not reported loss provisions.

Within the current reinsurance contracts, the reinsurance share that was incurred but not reported for Water Vessel and Water Vessel Liability branch was calculated as of 31 December 2018 TRY 3,549,098 (31 December 2017: TRY 5,780,377) (Note 17).

For branches with insufficient damage data, 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 2018 for the Water Vessel 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 2017: None) (Note 17).

In accordance with circular, "Circular About to Discount the Net Cash Flow from Outstanding Claim Provision" numbered 2016/22 and dated 10 June 2016 companies have been provided with the opportunity to discount their net cash flows that are calculated by the Company's outstanding insurance provision. As at 31 December 2018 and 2017, the Company has calculated the discount amount on the basis of net cash flow rates as the most appropriate method in accordance with circular, "Circular About to Discount the Net Cash Flow from Outstanding Claim Provision" numbered 2016/22. According to this; As a result of the calculations made by the Company, as of 31 December 2018, taking into account the cash flow rates of the sector, the Company deducted the net outstanding claims provision provision amounting to TRY 32,956 (31 December 2017: TRY 77,515) from the net outstanding claim provision.

2. Summary of Significant Accounting Policies (Continued)

2.24 Technical Provisions (Continued)

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 Ministry of Treasury and Finance. 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 2018, the Company did not have a reserve for continuing risks since the expected loss ratio exceeded 95% (31 December 2017: 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.

3. Critical Accounting Estimates and Judgements

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.

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

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 2018	**31 December 2017**
Vessels liability	1,229,870,395,574	1,114,668,404,679
Vessel	6,272,627,040	3,337,987,453
Third party liability	151,155,780	40,271,100
Total	**1,236,294,178,394**	**1,118,046,663,232**

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 Ministry of Treasury and Finance 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. On 15 June 2018, the Company canceled the licence of compulsory liability insurance of medical malpractice, and the amount received in 2017 and 2018 from the pool amounted to TRY 682,838 (net off with the ones transferred to the pool) was refunded on November 5, 2018 and company exited from pool of compulsory liability insurance of medical malpractice. (31 December 2017: the Company did not transfer premium, paid compensation and recovery income; TRY 501,613 premium, TRY 3,161 paid as compensation and TRY 227,341 outstanding claims are recognized in accordance for the Company's share in the related legislation) (Note 24).

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

4. Management of Insurance and Financial Risk (Continued)

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.

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

31 December 2018	**USD**	**Euro**	**GBP**	**Total**
Assets:				
Cash	26	3,671	82	3,779
Banks	10,850,001	694,903	-	11,544,904
Receivables from main operations	14,147,081	1,479,910	34,216	15,661,207
Deposits and guarantees	234,078	-	-	234,078
Total foreign currency assets	**25,231,186**	**2,178,484**	**34,298**	**27,443,968**
Liabilities:				
Payables from main operations	5,106,424	323,939	(8,862)	5,421,501
Provisions for outstanding claims	2,991,732	33,455	-	3,025,187
Total foreign currency liabilities	**8,098,156**	**357,394**	**(8,862)**	**8,446,688**
Balance sheet position	**17,133,030**	**1,821,090**	**43,160**	**18,997,280**

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

4. Management of Insurance and Financial Risk (Continued)

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 given				
Other receivables	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
Outstanding claims reserve	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**

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 2018 and 31 December 2017 are as follows:

	USD	Euro	GBP
31 December 2018	5.2609	6.0280	6.6528
31 December 2017	3.7719	4.5155	5.0803

Imposed Exchange risk rate

The following table summarizes the increase in equity and income statement (excluding tax effect) for the periods ended 31 December 2018 and 2017 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 20 percent against the respective currencies, the effect will be reversed and the amount will be remained same.

	Profit/(Loss)		Shareholders Equity	
31 December 2018	**Foreign Currency Appreciation**	**Foreign Currency Depreciation**	**Foreign Currency Appreciation**	**Foreign Currency Depreciation**
USD Exchange rate changes by 20%	3,426,606	(3,426,606)	3,426,606	(3,426,606)
Euro Exchange rate changes by 20%	364,218	(364,218)	364,218	(364,218)
GBP Exchange rate changes by 20%	8,632	(8,632)	8,632	(8,632)
Net effect of exchange rate change	**3,799,456**	**(3,799,456)**	**3,799,456**	**(3,799,456)**

	Profit/(Loss)		Shareholders Equity	
31 December 2017	**Foreign Currency Appreciation**	**Foreign Currency Depreciation**	**Foreign Currency Appreciation**	**Foreign Currency Depreciation**
USD Exchange rate changes by 20%	1,647,644	(1,647,644)	1,647,644	(1,647,644)
Euro Exchange rate changes by 20%	202,728	(202,728)	202,728	(202,728)
GBP Exchange rate changes by 20%	4,668	(4,668)	4,668	(4,668)
Net effect of exchange rate change	**1,855,040**	**(1,855,040)**	**1,855,040**	**(1,855,040)**

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

4. Management of Insurance and Financial Risk (Continued)

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.

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 2018	Up to 3 months	3 months 1 year	1 year 5 year	Over 5 years	Total
Payables to reinsurance companies	295,284	4,708,998	431,156	-	5,435,438
Payables to personnel	15	-	-	-	15
Payables to shareholders	13	-	-	-	13
Other payables	164,893	-	-	-	164,893
Total	**460,205**	**4,708,998**	**431,156**	**-**	**5,600,359**

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**

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

4. Management of Insurance and Financial Risk (Continued)

Expected Cash Flows

31 December 2018	Up to 3 months	3 months 1 year	1 year 5 year	Over 5 years	Total
Provision for outstanding claims – net	21,010	3,344,664	-	-	3,365,674
Unearned premium reserves - net (*)	1,592,909	13,494,431	740,800	-	15,828,140
	1,613,919	**16,839,095**	**740,800**	**-**	**19,193,814**

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**

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

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 Ministry of Treasury and Finance,
- 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 2018 TRY 11,769,944 (31 December 2017: TRY 7,523,784); the Company's total equity is TRY 2,514,674 higher than the required minimum amount of owner's equity as of 31 December 2018 which is stated in Regulation on the Measurement and

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

Assessment of Capital Adequacy of Insurance and Reinsurance and Pension Companies. (31 December 2017: TRY 1,240,538 lower).

5. Segment information

Disclosed in Note 2.3.

6. Property and equipment

Movement of tangible assets:

	1 January 2018	Additions	Disposals	31 December 2018
Cost:				
Furniture and fixture	441,297	36,306	-	477,603
Leasehold improvements	508,235	19,175	-	527,410
Total Costs	**949,532**	**55,481**	**-**	**1,005,013**
Accumulated depreciation:				
Furniture and fixture	(264,774)	(63,086)	-	(327,860)
Leasehold improvements	(148,577)	(63,281)	-	(211,858)
Total Accumulated depreciation	**(413,351)**	**(126,367)**	**-**	**(539,718)**
Net book value	**536,181**			**465,295**

	1 January 2017	Additions	Disposals	31 December 2017
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**

There are no mortgages on the fixed assets of the Company as of 31 December 2018 and 2017.

7. Investment Properties

The Company does not have Investment Properties as of 31 December 2018 (31 December 2017: None).

8. Intangible Assets

	1 January 2018	Additions	Disposals	31 December 2018
Costs:				
Rights	3,369	1,429	-	4,798
Total	**3,369**	**1,429**	**-**	**4,798**
Accumulated amortization:				
Rights	(3,369)	(79)	-	(3,448)
Total	**(3,369)**	**(79)**	**-**	**(3,448)**
Net book value	**-**			**1,350**

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

8. Intangible Assets (Continued)

	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**			-

9. Investments in Associates

The Company does not have any investments in associates accounted for using the equity accounting method (31 December 2017: None).

10. Reinsurance Assets

Reinsurance Assets/ (Liabilities)

	31 December 2018	31 December 2017
Reinsurers' share of unearned premiums reserve (Note 17)	7,007,581	5,692,486
Reinsurers' share of outstanding claims provision (Note 17)	22,258,719	15,905,877
Deferral of commission income (Note 19)	(517,526)	(372,575)
Payables to Reinsurance companies (Net)	(5,435,438)	(5,707,668)

	1 January - 31 December 2018	1 January - 31 December 2017
Reinsurance Income/ (Expense)		
Reinsurers' share of change in		
unearned premiums reserve (Note 17)	1,315,095	716,606
Reinsurers' share in paid claims	9,839,118	7,657,582
Commissions received from reinsurers (gross)	2,675,232	2,466,966
Reinsurers' share of change in	6,352,842	13,035,313
outstanding claims provision	(23,826,977)	(18,465,370)
Ceded premiums to reinsurers (Note 24)		

11. Financial assets

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

	31 December 2018	31 December 2017
Borrowings and receivables (Note 12.1)	16,999,119	10,187,012
Total	**16,999,119**	**10,187,012**

11.2 Marketable securities issued during the year other than share certificates: None (31 December 2017: None).

11.3 Debt securities redeemed during the year: None (31 December 2017: 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 2017: 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 2017: None).

11.6 Value increase on financial assets in the last three years: None (31 December 2017: None).

11.7 - 11.9 Other information about financial assets: None (31 December 2017: 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 2018	**31 December 2017**
Receivables from intermediaries	15,042,816	9,526,872
Receivables from insurees	1,027,745	454,558
Receivables from insurance and reinsurance companies	928,558	205,582
Receivables from main operations	**16,999,119**	**10,187,012**

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 2017: 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 2018

Foreign Currency Type	**Amount**	**Exchange Rate**	**TRY Amount**
USD	2,689,099	5.2609	14,147,081
EURO	245,506	6.0280	1,479,910
GBP	5,143	6.6528	34,216
Total			**15,661,207**

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**

12.5 - 12.7 Other information about loans and receivables:

The aging of due from insurance operations is as follows:

	31 December 2018	**31 December 2017**
Overdue receivables	3,085,338	608,249
Up to 3 months	7,570,918	4,804,021
3 - 6 months	4,217,035	3,111,725
6 months to 1 year	2,125,828	1,663,017
Total	**16,999,119**	**10,187,012**

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

12. Loans and Receivables (Continued)

12.5 - 12.7 Other information about loans and receivables (Continued):

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

	31 December 2018	31 December 2017
Up to 3 months	3,085,338	608,249
Total	**3,085,338**	**608,249**

The Company does not have doubtful receivables from main operations as of 31 December 2018 (31 December 2017: None).

13. Derivative Financial Instruments

None (31 December 2017: 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 2018 and 2017 are shown in Note 2.12 and the details of bank deposits of the Company are as follows:

	31 December 2018	31 December 2017
Cash (Note 2.12)	6,301	10,769
Banks (Note 2.12)	17,996,303	10,512,309
Bank guaranteed credit card receivables with maturities less than three months (Note 2.12)	245,872	177,125
Total	**18,248,476**	**10,700,203**

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

	31 December 2018	31 December 2017
Bank deposits in TRY		
- demand deposits	287,739	93,776
- time deposits	6,163,660	4,733,624
	6,451,399	**4,827,400**
Foreign time deposits		
- demand deposits	407,151	367,009
- time deposits	11,137,753	5,317,900
	11,544,904	**5,684,909**
Total	**17,996,303**	**10,512,309**

As of 31 December 2018, time deposits amounting to TRY 3,163,910 is blocked in favour of the Ministry of Treasury and Finance (31 December 2017: TRY 2,829,818) (Notes 17 and 43).

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

14. Cash and Cash Equivalents (Continued)

Time and demand deposits in foreign currency:

	31 December 2018			
	Foreign Currency		TRY	
	Timed	On Demand	Timed	On Demand
USD	1,985,148	77,236	10,443,665	406,331
Euro	115,144	136	694,088	820
Total			**11,137,753**	**407,151**

	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**

15. Share Capital

The Company has 8,250,000 number of shares which are fully paid (31 December 2017: 6,000,000 units). Each of the Company's shares has a nominal value of TRY 1 and the total nominal value is TRY 8,250,000 (31 December 2017: TRY 6,000,000).

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 2018	
	Unit	Nominal TRY	Unit	Nominal TRY	Unit	Nominal TRY	Unit	Nominal TRY
Paid in capital	6,000,000	6,000,000	2,250,000	2,250,000	-	-	8,250,000	8,250,000
Total	**6,000,000**	**6,000,000**	**2,250,000**	**2,250,000**	**-**	**-**	**8,250,000**	**8,250,000**

	1 January 2016		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**

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

Profit Reserves:

As of 31 December 2018 and 2017, the "other profit reserves" accounted in equity consists of actuarial losses

The movement schedule for other profit reserves is as follows:

	2018	2017
Opening balance - 1 January	**(39,904)**	**(43,369)**
Actuarial gains/(losses), net	(10,030)	3,465
Period end - 31 December	**(49,934)**	**(39,904)**

16. Other Reserves and Equity Component of Discretionary Participation Feature

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

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

17. Insurance Liabilities and Reinsurance Assets

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

	31 December 2018	31 December 2017
Required guarantee amount to be provided for non-life branches (*)	3,923,315	2,482,848
Guarantee amount provided for non-life branches (Note 43)	3,163,910	2,829,818

(*) 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 2018 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 2017: 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 2017: None).

17.5 Units and amounts of share certificates in portfolio and in circulation: None (31 December 2017: 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 2017: None).

17.7 Valuation methods of profit share calculation for life insurance: None (31 December 2017: 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 2017: 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 2017: 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 2017: 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 2017: 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 2017: 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 2017: None).

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

17. Insurance Liabilities and Reinsurance Assets (Continued)

17.14 Profit share allocation rate to the life policyholders: None (31 December 2017: None).

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

Outstanding claims provision:

	2018		
	Gross	**Reinsurers' Share**	**Net**
Opening balance - 1 January	11,273,713	(10,125,500)	1,148,213
Paid claims	(4,187,337)	1,340,299	(2,847,038)
Change			
- Current period claims	9,964,184	(7,545,853)	2,418,331
- Prior year claims	,689,234	(3,343,740)	2,345,494
Closing balance - 31 December	**22,739,794**	**(19,674,794)**	**3,065,000**
Claims incurred but not reported	3,882,728	(3,549,098)	333,630
Discount adjustment for outstanding claims provisions	(998,129)	965,173	(32,956)
Total	**25,624,393**	**(22,258,719)**	**3,365,674**

	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**

As of 31 December 2018 and 2017, 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 2018		31 December 2017	
		Additional Reserve		Additional Reserve	
Branch	**Method Used**	**Gross**	**Net**	**Gross**	**Net**
Vessels liability	Standard Chain	3,353,538	110,725	5,950,973	218,940
Vessel	Sector average	529,190	222,905	102,915	54,571
Total		**3,882,728**	**333,630**	**6,053,888**	**273,511**

As of 31 December 2018, 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 2017: the amount of claims transferred to reinsurers on the basis of branches has been calculated as reinsurance share).

(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):

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

31 December 2018

Foreign Currency Type	Amount	Exchange Rate	TRY Amount
USD	568,673	5.2609	2,991,732
Euro	5,550	6.0280	33,455
Total			**3,025,187**

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**

Unearned premium reserve:

	2018		
	Gross	**Reinsurers' Share**	**Net**
Opening balance - 1 January	15,786,625	(5,692,486)	10,094,139
Unearned premium reserve change	7,400,256	(1,315,095)	6,085,161
Other adjustment (*)	(351,160)	-	(351,160)
Closing balance - 31 December	**22,835,721**	**(7,007,581)**	**15,828,140**

(*) On 15 June 2018, the Company canceled the licence of compulsory liability insurance of medical malpractice, and the amount received in 2017 and 2018 from the pool for premiums and related unearned premium reserves amounts was refunded and company exited from pool of compulsory liability insurance of medical malpractice.

	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**

As of 31 December 2018 the deferred commission expense and income are TRY 2,779,346 (31 December 2017: TRY 1,888,231) and TRY 517,526 (31 December 2017: TRY 372,575) 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 2017: None).

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

19. Trade and Other Payables, Deferred Income

	31 December 2018	31 December 2017
Payables to reinsurance companies	5,435,438	5,707,668
Payables from other operations	-	27,501
Payables from main operations - Short - term	**5,435,438**	**5,735,169**
Payables to suppliers and other payables	164,893	86,377
Other payables	**164,893**	**86,377**
Payables to personnel	15	183,918
Payables to shareholders	13	1,004
Payables to related parties - Short- term	**28**	**184,922**
Deferred commission income (Note 17)	517,526	372,575
Accrued expenses	25,000	23,846
Expense and income accruals for future periods	**542,526**	**396,421**

Foreign currency denominated payables are as follows:

31 December 2018

Foreign Currency Type	Amount	Exchange Rate	TRY Amount
USD	970,637	5.2609	5,106,424
EURO	53,739	6.0280	323,939
GBP	(1,332)	6.6528	(8,862)
Total			**5,421,501**

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**

20. Borrowings

None (31 December 2017: 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 22% or 20%.

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

21. Deferred Income Tax (Continued)

As of 31 December 2018 and 2017 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 2018**	**31 December 2017**	**31 December 2018**	**31 December 2017**
Provision for employment termination benefits (Note 22)	216,131	95,500	43,226	19,100
Deferred profit commission	450,000	132,000	90,000	26,400
			133,226	**45,500**
Deferred income tax liabilities				
Tangible and intangible assets	(37,525)	(184,965)	(8,256)	(36,993)
			(8,256)	**(36,993)**
Net deferred income tax assets (Note 35)			**124,970**	**8,507**

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

	2018	**2017**
Opening balance - 1 January	8,507	303,331
Deferred tax expense (-) (Note 35)	116,463	(293,958)
Deferred tax effect of actuarial (loss) / gain recognized in equity	-	(866)
Closing balance - 31 December	**124,970**	**8,507**

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 2018	**31 December 2017**
Provision for employment termination benefits	216,131	95,500
	216,131	**95,500**

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 2018 is TRY 5,434.42 (31 December 2017: TRY 4,732.48).

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

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

22. Retirement Benefit Obligations (Continued)

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 2018	31 December 2017
Annual discount rate (%)	2.78	2.78
Turnover rate to estimate the probability of retirement (%)	100	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 2019, provision for severance payment is calculated TRY 6,017.60 (1 January 2017: TRY 5,001.76).

Provision for employment termination benefits movement is given below:

	2018	2017
Opening Balance - 1 January	95,500	59,847
Actuarial (gain)/ loss (*)	10,030	(4,331)
Provision during the period	110,601	39,984
Closing Balance - 31 December	**216,131**	**95,500**

(*) As of 31 December 2018 and 2017 actuarial losses are indicated in "Other Profit Reserves" account in balance sheet with clarified from tax effect.

23. Provisions for Other Liabilities and Charges:

None (31 December 2017: None).

24. Net Insurance Premium Income

	1 January - 31 December 2018		
	Gross	Reinsurers' Share	Net
Vessels liability	28,056,724	(16,610,812)	11,445,912
Vessel	24,464,616	(6,739,694)	17,724,922
Third party liability	528,322	(476,471)	51,851
Total premium income	**53,049,662**	**(23,826,977)**	**29,222,685**

	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**

25. Fee Income

None (31 December 2017: None).

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

26. Investment Income

The detail of the investment income is given below:

	1 January - 31 December 2018	1 January - 31 December 2017
Cash and cash equivalents		
Interest income	1,562,915	442,308
Valuation of financial investments	(1,900)	15,232
Total	**1,561,015**	**457,540**

27. Net Realized Gains on Financial Assets

None (31 December 2017: None).

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

None (31 December 2017: None).

29. Insurance Benefits and Claims

Disclosed in Note 17.

30. Investment Contract Benefits

None (31 December 2017: None).

31. Other expenses

	1 January - 31 December 2018	1 January - 31 December 2017
Operating expenses classified under technical part	11,137,618	7,315,127
Total (Note 32)	**11,137,618**	**7,315,127**

32. Expenses by Nature

	1 January - 31 December 2018	1 January - 31 December 2017
Personnel expenses (Note 33)	5,514,783	3,911,354
Commission expenses	5,292,288	3,829,925
Advertising and marketing expenses	641,077	421,713
Transportation expenses	395,221	248,320
Information technology expenses	342,682	252,773
Rent expenses	340,708	326,000
Travel expenses	198,868	143,816
Outsources benefits and services	148,011	136,076
Insurance Expense	93,058	178,702
Stationary Expenses	61,568	62,749
Representation and hospitality expenses	47,355	354,288
Communication Expense	24,241	17,936
Reinsurance commission income	(2,530,281)	(2,942,132)
Other	568,039	373,607
Total (Note 31)	**11,137,618**	**7,315,127**

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

33. Employee Benefit Expense

	1 January - 31 December 2018	1 January - 31 December 2017
Personnel salaries	4,915,544	3,437,101
Employer's share of SSI Premium	424,409	327,807
Other	174,830	146,446
Total (Note 32)	**5,514,783**	**3,911,354**

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.

34. Financial Costs

34.1 Total financial expenses for the period:

34.1.1 Expenses related to production cost: None (31 December 2017: None).
34.1.2 Expenses related to fixed assets: None (31 December 2017: None).
34.1.3 Direct expenses: None (31 December 2017: None).

34.2 Financial expenses related to shareholders, subsidiaries and associates (Any amount exceeding 20% of total will be disclosed separately): None (31 December 2017: None).

34.3 Sales to/purchases from shareholders, subsidiaries and associates (Any amount exceeding 20% of total will be disclosed separately.): None (31 December 2017: 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 2018 and 2017 are summarized below:

	1 January - 31 December 2018	1 January - 31 December 2017
Corporate tax (expense) (-)	(1,720,647)	(133,360)
Deferred tax income/(expense) (Note 21)	116,463	(293,958)
Total tax expense (-)	**(1,604,184)**	**(427,318)**

	31 December 2018	31 December 2017
Tax provision (-)	(1,720,647)	(133,360)
Prepaid taxes	1,635,133	70,210
Net tax liability (-)	**(85,514)**	**(63,150)**
Deferred income tax assets (Note 21)	133,226	45,500
Deferred income tax liabilities (Note 21)	(8,256)	(36,993)
Deferred income tax assets, net (Note 21)	**124,970**	**8,507**

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

35. Income Taxes (Continued)

The income tax reconciliation is as follows:

	1 January - 31 December 2018	1 January - 31 December 2017
Profit before tax (-)	7,365,586	2,169,794
Tax rate	%22	%20
Calculated tax income	(1,620,429)	(433,959)
Effect of non-deductible expenses and exceptions, the effect of discounts, net	16,245	6,641
Total tax expense (-)	**(1,604,184)**	**(427,318)**

36. Net Foreign Exchange Gains

	1 January - 31 December 2018	1 January - 31 December 2017
Financial income	1,564,848	380,872
Technical income/(expense)	2,397,929	(30,286)
Total	**3,962,777**	**350,586**

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 2018	1 January - 31 December 2017
Net profit for the period	5,761,402	1,742,476
Weighted average number of shares with nominal value of TRY 1 per share	7,750,685	6,000,000
Earning per Share (TRY)	0.7433	0.2904

38. Dividends per Share

The company has no dividend distribution for the years ended 31 December 2018 and 2017.

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

40. Convertible Bonds: None (31 December 2017: None).

41. Redeemable Preference Shares: None (31 December 2017: 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 2018	31 December 2017
Outstanding claims cases filed against the Company, net provisions (*)	371,484	132,255
Total	**371,484**	**132,255**

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

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

43. Commitments

Total amount of mortgages or restrictions on assets:

	31 December 2018	31 December 2017
Bank deposits (Notes 2.12, 14 and 17)	3,163,910	2,829,818
Total	**3,163,910**	**2,829,818**

As of 31 December 2018, time deposits amounting to TRY 3,163,910 is blocked in favour of the Ministry of Treasury and Finance (31 December 2017: TRY 2,829,818).

44. Business Combinations

None (31 December 2017: 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 2018	31 December 2017
Türkiye Halk Bankası A.Ş.	15,520,951	4,215,186
Total	**15,520,951**	**4,215,186**

b) Receivables from insurance operations

	31 December 2018	31 December 2017
Güneş Sigorta A.Ş.	410,765	347,245
Total	**410,765**	**347,245**

c) Payables to shareholders

	31 December 2018	31 December 2017
Ziraat Sigorta A.Ş.	13	1,004
Total	**13**	**1,004**

d) Payables from insurance operations

	31 December 2018	31 December 2017
Güneş Sigorta A.Ş.	852,938	459,376
Total	**852,938**	**459,376**

e) Written premiums

	1 January - 31 December 2018	1 January - 31 December 2017
Güneş Sigorta A.Ş.	1,313,050	730,142
Total	**1,313,050**	**730,142**

f) Ceded premiums

	1 January - 31 December 2018	1 January - 31 December 2017
Güneş Sigorta A.Ş.	1,414,714	855,774
Total	**1,414,714**	**855,774**

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

45. Transactions with Related Parties (Continued)

g) Interest income

	1 January - 31 December 2018	1 January - 31 December 2017
Türkiye Halk Bankası A.Ş.	268,405	40,931
Total	**268,405**	**40,931**

h) Operational expenses

	1 January - 31 December 2018	1 January - 31 December 2017
Ziraat Sigorta A.Ş.	82,186	54,800
Metropole Denizcilik ve Ticaret Ltd. Şti.	10,600	6,500
Türkiye Halk Bankası A.Ş	2,703	-
Total	**95,489**	**61,300**

ı) Supplier payment

	1 January - 31 December 2018	1 January - 31 December 2017
Solar Gemi Kurtarma Hizmetleri A.Ş.	-	754,380
Total	**-**	**754,380**

45.1 Doubtful receivables from shareholders, associates and subsidiaries: None (31 December 2017: 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 2017: None).

45.3 Bonus shares obtained through internally funded capital increases of equity investments and subsidiaries: None (31 December 2017: None).

45.4 Rights on immovables and their value: None (31 December 2017: None).

45.5 Guarantees, commitments and securities given for shareholders, investments and subsidiaries: None (31 December 2017: None).

46. Events after the Balance Sheet Date:

None.

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 2018	31 December 2017
Payables to suppliers	161,940	83,572
Other liabilities	2,953	2,805
Total	**164,893**	**86,377**

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

47. Other (Continued)

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

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

	31 December 2018	31 December 2017
Deferred excess of loss reinsurance premiums	848,379	689,589
Advertising expenses	81,125	-
Insurance expense	25,675	21,367
Other	50,409	35,984
Total	**1,005,588**	**746,940**

c) Other expenses/losses:

	31 December 2018	31 December 2017
Special transaction taxes	52,798	3,748
Donations and grants	4,651	3,875
Penalty payments	440	18,285
Total	**57,889**	**25,908**

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 2017: None).

47.3 Subrogation receivables followed under off-balance sheet items: None (31 December 2017: None).

47.4 Income and expenses related to prior periods and the amounts and sources of expenses and losses: None (31 December 2017: None).

47.5 Other information required by Ministry of Treasury and Finance to be presented

Provision (expenses) for the period:

	1 January - 31 December 2018	1 January - 31 December 2017
Provision expenses:		
Provision for employment termination benefits	(110,601)	(39,984)
Provisions no longer required	3,977	-
	(106,624)	**(39,984)**

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 2018 and 2017, the statements of profit distribution have not been prepared.

....