

MİLLİ REASÜRANS TÜRK ANONİM ŞİRKETİ

Income Statement 01.01.2007- 31.12.2007 (TRY)

	Note	Current Period	Previous Period
I- TECHNICAL ACCOUNT			
A- Non-Life Technical Income		774,352,392.93	744,626,428.19
1- Earned Premiums (Net of Reinsurance)		737,748,936.20	711,768,613.55
1.1- Written Premiums (Net of Reinsurance)		745,512,312.60	731,163,168.06
1.2- Change in Provision for Unearned Premiums (Net of Reinsurance) (+/-)		-7,763,376.40	-19,394,554.51
1.3- Change in Provision for Unexpired Risks (Net of Reinsurance) (+/-)			
2- Investment Income Transferred from Non-Technical Account	1	31,772,406.87	22,200,068.67
3- Other Technical Income (Net of Reinsurance)	2	4,831,049.86	10,657,745.97
B- Non-Life Technical Expenses (-)		-771,904,634.01	-742,065,613.96
1- Losses Incurred (Net of Reinsurance)		-587,040,553.54	-554,861,755.42
1.1- Losses Paid (Net of Reinsurance)		-578,043,538.38	-511,378,469.90
1.2- Change in Provision for Outstanding Losses (Net of Reinsurance) (+/-)		-8,997,015.16	-43,483,285.52
2- Change in Provision for Bonus and Reduction (Net of Reinsurance) (+/-)			
3- Change in Other Technical Provisions (Net of Reinsurance) (+/-)			-5,320,212.19
4- Operating Expenses (-)	3	-184,864,080.47	-181,883,646.35
C- Balance on Non-Life Technical Account (A - B)		2,447,758.92	2,560,814.23
D- Life Technical Income		16,908,402.60	15,545,558.84
1- Earned Premiums (Net of Reinsurance)		16,041,020.67	14,848,855.09
1.1- Written Premiums (Net of Reinsurance)		16,501,029.42	14,952,709.21
1.2- Change in Provision for Unearned Premiums (Net of Reinsurance) (+/-)		-460,008.75	-103,854.12
1.3- Change in Provision for Unexpired Risks (Net of Reinsurance) (+/-)			
2- Investment Income		866,360.33	696,403.67
3- Unrealized Profits on Investments			
4- Other Technical Income (Net of Reinsurance)	4	1,021.60	300.08
E- Life Technical Expenses		-13,397,222.53	-13,390,386.15
1- Claims Incurred (Net of Reinsurance)		-4,677,912.08	-5,117,839.11
1.1- Claims Paid (Net of Reinsurance)		-4,882,828.71	-4,816,403.65
1.2- Change in Provision for Outstanding Indemnities (Net of Reinsurance) (+/-)		204,916.63	-301,435.46
2- Change in Provision for Bonus and Reduction (Net of Reinsurance) (+/-)			
3- Change in Mathematical Reserves (Net of Reinsurance) (+/-)		-213,170.89	-165,476.32
4- Change in Provision for Investment Risk at Life Insurance Policyholders (Net of Reinsurance) (+/-)			
5- Change in Other Technical Provisions (Net of Reinsurance) (+/-)			
6- Operating Expenses (-)	5	-8,506,139.56	-8,107,070.72
7- Investment Expenses (-)			
8- Unrealized Losses on Investments			
9- Investment Income Transferred to Non-Technical Account			
F- Balance on Life Technical Account (D - E)		3,511,180.07	2,155,172.69
G- Pension System Technical Income		0.00	0.00
1- Fund Management Income			
2- Management Expenses Deduction			
3- Entrance Fee Income			
4- Management Expenses Deduction for Temporary Suspension			
5- Special Service Fees			
6- Capital Allocation Advance Appreciation Income			
7- Other Technical Income			
H- Pension System Technical Expenses		0.00	0.00
1- Fund Management Expenses (-)			
2- Capital Allocation Advance Depreciation Expenses			
3- Operating Expenses (-)			
4- Other Technical Expenses (-)			
I- Balance on Pension System Technical Account (G - H)		0.00	0.00

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II- NON - TECHNICAL ACCOUNT	Note	Current Period	Previous Period
C- Balance on Non-Life Technical Account		2,447,758.92	2,560,814.23
F- Balance on Life Technical Account		3,511,180.07	2,155,172.69
I - Balance on Pension System Technical Account		0.00	0.00
J- Balance on Technical Account (C+F+I)		5,958,938.99	4,715,986.92
K- Investment Income		164,019,566.07	119,785,082.42
1- Income from Financial Investments	6	135,639,430.01	60,165,145.05
2- Profits from Realization of Financial Investments		8,814,672.84	20,836,387.93
3- Valuation of Financial Investments		-229,985.88	973,408.09
4- Currency Translation Gains		5,051,610.15	23,072,446.05
5- Income from Affiliates		9,508,722.99	5,678,611.63
6- Income from Subsidiaries and Joint-Ventures			
7- Income from Land and Buildings		5,157,538.43	8,784,737.37
8- Income from Derivatives		77,577.53	274,346.30
9- Other Investments			
10- Investment Income Transferred from Life Technical Account			
L- Investment Expenses (-)		-69,809,433.93	-51,591,361.11
1- Investment Management Expenses-Interest Included (-)	7	-17,345,277.00	-17,634,734.88
2- Investments Depreciation (-)			
3- Losses from Realization of Financial Investments (-)		-2,268,078.92	-2,695,361.93
4- Investment Income Transferred to Non-Life Technical Account (-)	8	-31,772,406.87	-22,200,068.67
5- Losses from Derivatives (-)			
6- Currency Translation Losses (-)		-16,279,269.34	-6,798,863.07
7- Amortization Expenses (-)		-2,144,401.80	-2,262,332.56
8- Other Investment Expenses (-)			
M- Income and Expenses from Other and Extraordinary Operations (+/-)		-5,474,745.07	-7,834,063.10
1- Provisions (+/-)	9	1,032,021.12	-631,705.29
2- Rediscounts (+/-)			
3- Compulsory Earthquake Insurance (+/-)			
4- Inflation Adjustment (+/-)			
5- Deferred Tax Asset (+/-)			
6- Deferred Tax Obligations Expenses (-)			
7- Other Income and Profits	10	144,452.38	71,363.96
8- Other Expenses and Losses (-)	11	-6,651,218.57	-7,273,721.77
9- Prior Year's Income and Profits			
10- Prior Year's Expenses and Losses (-)			
N- Net Profit/Loss for the Period		72,675,659.89	48,413,135.09
1- Profit/Loss for the Period		94,694,326.06	65,075,645.13
2- Taxes and Legal Obligations Payable (-)		-22,018,666.17	-16,662,510.04
3- Net Profit/Loss for the Period		72,675,659.89	48,413,135.09
4- Inflation Adjustment			

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Notes to the Income Statement

1. TRY 31,772,406.87 being followed under investment income from non-technical account involves the transfer of 20% of the amounts under financial income items in accordance with the Insurance Chart of Accounts published in the Official Gazette No.25686 dated 30 December 2004 and effective as from January 1st 2005.

SOURCE OF INCOME	TRANSFERRED VALUE (TRY)
Stocks	1,546,660.55
Treasury Bills	2,112,940.60
Government Bonds	10,719,170.51
Bank Deposits	12,718,424.07
Other Financial Assets	30,691.38
Mutual Funds	6,806.18
Repurchase Agreements	1,756,128.53
Stock Valuation	-45,997.15
Currency Translation Gains	1,010,322.03
Profit Shares	1,901,744.67
Option Premium	15,515.50
TOTAL	31,772,406.87

2. TRY 4,831,049.86 under other technical income includes interest accruing from reserves with insurance and reinsurance companies (TRY 1,759,278.06), management commission and expenses collected regarding pools accounts managed by ourselves (TRY 2,920,353.81) and other income items (TRY 151,417.99).

3. The amount of TRY 184,864,080.47 followed under operating expenses account is the sum of net commissions (TRY 164,578,583.60), the transfer of 50% of the financial expenses items to the related technical accounts (TRY 10,431,289.23) which has been made in accordance with Insurance Chart of Accounts published in the Official Gazette No.25686 dated 30 December 2004 and effective as of January 1st 2005, currency translation differences (TRY 6,955,713.14) and other expenses (TRY 2,898,494.50).

4. TRY 1,021.60 under other technical income includes income from the interest accruing from reserves with insurance and reinsurance companies.

5. Operating expenses of TRY 8,506,139.56 are shown in the table below:

OPERATING EXPENSES	TRY
Acquisition Expenses	8,187,380.10
Personnel Expenses	488,890.99
Administrative Expenses	240.64
Reinsurance Commissions	-210,999.17
Other Operating Expenses	40,627.00
TOTAL	8,506,139.56

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Notes to the Income Statement

6. Income from financial investments is as follows:

INCOME FROM FINANCIAL INVESTMENTS	TRY
Income from Sales of Stocks	7,733,302.40
Interest Income from Treasury Bills	10,564,703.02
Interest Income from Government Bonds	51,744,483.07
Interest Income from Eurobonds	1,851,363.84
Interest Income from Bank Deposits	63,592,120.72
Interest Income Due From Personnel	3,122.38
Other Interest Income	1,064.48
Lending Commission Income	149,270.10
TOTAL	135,639,430.01

Stocks are valued at the best price determined in Istanbul Securities Exchange Market prior to the drawing up of the balance sheet. Government bonds and treasury bills are valued on the basis of weighted average of prices determined in Istanbul Securities Exchange Market and published in the Official Gazette. The valuation of eurobonds is made at the buying rate of exchange of Turkish Central Bank and on the rediscount on coupons interest income.

7. Investment management expenses are as follows:

INVESTMENT MANAGEMENT EXPENSES	TRY
Personnel Expenses	8,612,158.17
Administrative Expenses	2,619,837.97
Outsourcing Expenses	4,849.28
Other Operating Expenses	6,064,531.04
Other Investment Management Expenses	43,900.54
TOTAL	17,345,277

TRY 6,064,531.04 followed under other operating expenses account consists of insurance transactions tax with a value of TRY 4,044,399.71 and other liabilities being TRY 2,020,131.33.

8. TRY 31,772,406.87 encompasses the transfer of 20% of some financial income items detailed in note No.1 to the related technical accounts in accordance with Insurance Chart of Accounts published in the Official Gazette No.25686 dated 30 December 2004 and effective as of January 1st 2005.

9. Despite the provision for employment termination benefits being TRY 190,777.13, by reason of the diminution of the provision for doubtful receivables by TRY 1,215,098.25 as a result of the exchange depreciation in 2007 and the credit amount of TRY 7,700 for which a provision was set aside previously being collected, the provisions account appeared as TRY 1,032,021.12.

10. Other income and profits with a value of TRY 144,452.38 consist of incidental income items.

11. Other expenses and losses with a value of TRY 6,651,218.57 encompass the part of the acquisition premium written off in 2006 being TRY 6,626,476.70, relating to the acquisition of Destek Reasürans T.A.Ş. by Milli Reasürans T.A.Ş. in 2005 and the items which are non-assessable or disallowed amounting to TRY 24,741.87.