

**ANADOLU HAYAT EMEKLİLİK A.Ş.**

INDEPENDENT AUDITORS' REPORT  
FOR THE YEAR ENDED  
31 DECEMBER 2004

*Translated into English from the  
Original Turkish Report*

To the Board of Directors of  
Anadolu Hayat Emeklilik A.Ş.  
İstanbul

## **ANADOLU HAYAT EMEKLİLİK A.Ş.**

### **INDEPENDENT AUDITORS' REPORT FOR THE PERIOD 1 JANUARY 2004 - 31 DECEMBER 2004**

1. We have audited the accompanying balance sheet of Anadolu Hayat Emeklilik A.Ş. (the “Company”) as of 31 December 2004 and the related statement of income for the year then ended. These financial statements are the responsibility of the Company’s management. As an independent auditor, our responsibility is to express an opinion on these financial statements based on our audits.
2. According to article 50(a) of the Capital Market Law (VII.), insurance companies have to comply with their own specific laws and regulations in matters of establishment, auditing, supervision, accounting and financial reporting. Therefore, the attached financial statements have been prepared according to the prevailing the Turkish Insurance Auditing Law No. 7397 applicable to Insurance and Reinsurance companies and Individual Retirement, Saving and Investment System Law No. 4632.
3. We conducted our audit in accordance with the Law No. 7397 of the Turkish Insurance Auditing, the Law No. 4632 of Individual Retirement, Saving and Investment System and International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
4. As explained in Notes 11 and 20, the equity shares that are recorded in equity participations as at 31 December 2004, are valued at the market price. There is no recent independent valuation work for the participations that are not publicly traded. Therefore, an indication of a permanent diminution in value is not identified. Therefore, in the accompanying financial statements equity participations that do not have market value, are valued with acquisition cost.

5. In our opinion, except for such adjustments as may be necessary in respect with the matter set out in paragraph 4 above, the financial statements referred to above present fairly, in all material respects, the financial position of Anadolu Hayat Emeklilik A.Ş. as of 31 December 2004, and the result of its operations in accordance with International Standards on Auditing, the Law No. 7397 of Turkish Insurance Auditing and the Law No. 4632 of Individual Retirement, Saving and Investment System.
6. Without further qualifying our opinion, we draw attention to the following:

The Capital Market Board (“SPK”) published, Communiqué No: XI/20 “Communiqué on Preparation of Financial Statements in Hyperinflationary Periods” and Communiqué No: XI/21 “Communiqué on Consolidated Financial Statements and Accounting for Investments in Associates in the Capital Market” for financial statements to be prepared for periods beginning on or after 1 January 2003. According to the announcement numbered B.02.HM.0.GM.0.3.1.1-05425 and dated 30 January 2004 sent by the Undersecretariat of the Treasury to the Capital Market Board, it is planned to adapt the insurance accounting system compatible with the International Financial Reporting Standards after 1<sup>st</sup> of January 2005. In order to avoid application differences and in order to provide consistent reporting among all insurance companies, the inflation accounting will be performed after 1<sup>st</sup> of January 2005. However, law number 5024, which was published in the Official Gazette dated 30 December 2003 and numbered 25332, requires the application of inflation accounting on tax provision calculations that will be effective in 2004 and the following periods, in the case when the real inflation rate attains the limits stated at the law. Since it has attained these limits as of 31 December 2004, the Company calculated its tax liability based on the inflation adjusted records. In this respect, accompanying financial statements do not include any inflation accounting during high inflationary periods and any adjustments relating accounting of consolidated financial statements and equity participations.

DRT DENETİM REVİZYON TASDİK  
YEMİNLİ MALİ MÜŞAVİRLİK A.Ş.

Member of **DELOITTE TOUCHE TOHMATSU**

Zeki Kurtçu  
Partner

İstanbul, 11 March 2005

# ANADOLU HAYAT EMEKLİLİK A.Ş.

31 DECEMBER 2004

## NOTES TO THE BALANCE SHEET

### 1. OPERATIONS OF THE COMPANY

The operations of the Company involve providing individual and group insurance and reinsurance services relating to group life, individual life, retirement and sickness benefit branches, establishing retirement funds, developing internal rules and regulations related to these funds, carrying out retirement, annual income insurance, portfolio management and custody contracts for the assets of the funds held in custody.

As of the balance sheet date, there are thirteen Individual Retirement Investment Funds which were established by the Company.

### 2. SHAREHOLDERS WITH A SHAREHOLDING OF 10% OR MORE

The Company's nominal capital is TRY 100.000.000 which consists of 100.000.000 shares valued at TRY 1 each, as of 31 December 2004. The shareholding structure of the Company is as follows:

	31 December 2004		31 December 2003	
	Share Amount	Share Rate	Share Amount	Share Rate
	<u>TRY</u>	<u>%</u>	<u>TRY</u>	<u>%</u>
Türkiye İş Bankası A.Ş.	62.000.000	62	40.300.000	62
Anadolu Anonim Türk Sigorta Şirketi	20.000.000	20	13.000.000	20
Others	18.000.000	18	11.700.000	18
	<u>100.000.000</u>		<u>65.000.000</u>	<u>100</u>

%15 of the shares is quoted in the stock exchange as of 31 December 2004 (31 December 2003: %15)

### 3. PREFERENCE SHARES

The total of 100.000.000 shares that represents TRY 100,000,000 share capital consist of 1.000.000 shares of (A) Group and 99,000,000 shares of (B) Group. As of the balance sheet date all (A) Group shares belong to Türkiye İş Bankası A.Ş. (31 December 2003: The total 65.000.000 shares that represent TRY 65.000.000 share capital consist of 1.000.000 shares of (A) Group and 64.000.000 shares of (B) Group. As of the balance sheet date all (A) Group shares belong to Türkiye İş Bankası A.Ş.)

(A) Group shares have no privilege except voting rights for the members of Board of the Directors. Additional (A) Group shares cannot be issued during any capital increases.

## ANADOLU HAYAT EMEKLİLİK A.Ş.

31 DECEMBER 2004

### NOTES TO THE BALANCE SHEET

#### 4. REGISTERED CAPITAL LIMIT

The Company accepted the registered capital system under the Law 2499 and on 15 June 2000, changed its system with the permission of the Capital Market Board numbered 67/1039. As of the balance sheet date, TRY 175,000,000 registered capital of the Company has been divided into 175,000,000 shares each with a nominal value of TRY 1. (31 December 2003: TRY 175,000,000 registered capital of the Company has been divided into 175,000,000 shares with the nominal value of TRY 1 each).

#### 5. CAPITAL INCREASES DURING YEAR 2004 AND THE RESOURCES

##### 31 December 2004

Registration Date	Increased Amount TRY	As Equity Shares from the profit of 2003 TRY	From Revaluation Fund TRY	From Cost Revaluation Fund TRY	Gain on Sale of property and participation TRY
25.06.2004	35.000.000	20.000.000	10.903.669	175.962	3.920.369

##### 31 December 2003

There is no capital increase in year 2003.

#### 6. MARKETABLE SECURITIES OTHER THAN ISSUED SHARES DURING THE YEAR

There are not any marketable securities other than shares issued during the current year.

#### 7. MARKETABLE SECURITIES REPRESENTING MATURED DEBT

There is not any debt securities matured during year 2004.

#### 8. MOVEMENTS OF TANGIBLE FIXED ASSETS DURING THE YEAR

	<u>31 December 2004</u>	<u>31 December 2003</u>
a. Cost of purchased or acquired fixed assets	479.578	794.372
b. Cost of fixed assets sold	1.200.294	930.751
c. Revaluation increase in the current period	-	7.406.974
- For the cost of fixed assets (+)	-	8.046.346
- For the accumulated depreciation (-)	-	(639.372)

## ANADOLU HAYAT EMEKLİLİK A.Ş.

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### NOTES TO THE BALANCE SHEET

#### 9. CURRENT AND FUTURE INVESTMENT ALLOWANCES DEDUCTIBLE FROM THE TAX BASE

There is no current or future investment allowances deductible from the tax base.

#### 10. BALANCES WITH SHAREHOLDERS, EQUITY PARTICIPATIONS AND SUBSIDIARIES

31 December 2004

	Receivable		Payable	
	Trade	Non Trade	Trade	Non Trade
Shareholders	3.551	-	3.150.035	-
Equity Participations	-	-	29.815	-

Trade payables' 2.750.570 TRY amount is due to Anadolu Anonim Türk Sigorta.

31 December 2003

	Receivable		Payable	
	Trade	Non Trade	Trade	Non Trade
Shareholders	3.600	-	292.607	-
Equity Participations	-	-	5.285	88.000

#### 11. ACCOUNTING PRINCIPLES AND VALUATION METHODS

##### a. Accounting Principles

Article 50 of the the Capital Market Law states that insurance companies have to comply with their own specific laws and regulations in matters of supervision, accounting and financial reporting. The financial statements of the Company as of 31 December 2004 are prepared in accordance with the Law No. 7397 of Turkish Insurance Auditing, according to the reporting format of the the Capital Market Board since the Company is operating in the insurance sector.

## ANADOLU HAYAT EMEKLİLİK A.Ş.

31 DECEMBER 2004

### NOTES TO THE BALANCE SHEET

#### 11. ACCOUNTING PRINCIPLES AND VALUATION METHODS (Cont'd)

##### a. Accounting Principles (Cont'd)

The Capital Market Board ("SPK") published, Communiqué No: XI/20 "Communiqué on Preparation of Financial Statements in Hyperinflationary Periods" and Communiqué No: XI/21 "Communiqué on Consolidated Financial Statements and Accounting for Investments in Associates in the Capital Market" for financial statements to be prepared for the periods beginning on or after 1 January 2003. According to the announcement numbered B.02.HM.0.SGM.0.3.1.1-05425 and dated 30 January 2004 sent by the Undersecretariat of the the Treasury to the Capital Market Board, it is planned to adapt the insurance accounting system compatible with the International Financial Reporting Standards after 1<sup>st</sup> of January 2005. In order to avoid application differences and in order to provide consistent reporting among all insurance companies, the inflation accounting will be performed after 1<sup>st</sup> of January 2005. Therefore, the accompanying financial statements do not include the adjustments related to the accounting of consolidated financial statements and participations in hyperinflationary periods required by the Capital Market Law Legislation and the tax procedure law. However, having started for the application of this law regarding inflation accounting as of 30 June 2004 by the company, only current year tax liability was calculated in accordance with the inflation adjusted records. (Note 11-h).

##### New Turkish Lira:

A new law number 5083 on the Monetary Unit of the Republic of Turkey was enacted with effect from 1 January 2005, which deletes six zeroes from the former currency of the Turkish republic, the Turkish Lira ("TL"), to form a new currency the New Turkish Lira ("TRY"). Thus 1 TRY = 1,000,000 TL. The New Turkish Lira is divided into 100 New Turkish cents ("YKr"). As per the CMB decision MSD-10/832-43399 dated 1 December 2004, the financial statements to be publicly announced in 2005 should be prepared in TRY monetary unit including comparatives. Accordingly, the accompanying financial statements are presented in TRY.

##### b. Technical Provisions

The provision for unearned premium, life mathematical provision, outstanding loss provision and the reinsurer's share of these provisions are included in the financial statements in accordance with the principles mentioned below:

Current risks provision is calculated on day-basis in accordance with Insurance Auditing Law.

Claims are expensed as they are reported. Outstanding loss provisions are provided for the claims that are reported at the period end but not yet paid. The reinsurer shares of claims paid and outstanding loss provisions are presented separately.

## ANADOLU HAYAT EMEKLİLİK A.Ş.

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### NOTES TO THE BALANCE SHEET

#### 11. ACCOUNTING PRINCIPLES AND VALUATION METHODS (Cont'd)

##### b. Technical Provisions (Cont'd)

An adjustment regulation has become effective regarding the regulation "Foundation and Operation Regulations for Insurance and Reinsurance Companies", and is published in the Official Gazette on 27 January 2004 numbered 25359. According to first article of the regulation Insurance and Reinsurance Companies have to allocate outstanding claims and provisions for the prices not reported but incurred with expected values of claims and damages which are accrued and determined on the account basis; however if the price of claims and damages were not paid actually or that amount was not calculated in the previous or current periods. The latest article published by the Turkish Treasury numbered B.02.1.HM.0.SGM.0.3.1.1-03821 and dated 18 January 2005 about this subject; the prices of incurred but not reported claims and damages that will take place in the financial statements as of 31 December 2004 shall be followed within the outstanding claims as a sub-account. According to same article again, it is stated that as of 31 December 2004 while accounting this provision the last three year's data will be taken into account and calculations will be done over the net conservation amount and on insurance branch basis after subtracting the proceeds such as recovery and residual value. It is stated that the weighted average of production of premiums and the prices of incurred but not reported claims and damages relating to the previous years will be taken into consideration when accounting the prices incurred but not reported claims and damages for the related year and the price of incurred but not reported claims and damages in the current year can be calculated by multiplying the previously calculated weighted average by the production of the current year's premium.

The amount of the price of incurred but not reported claims and damages within the outstanding claims provision in the accompanying financial statements which is explained above according to a detailed method and calculated as of 31 December 2004 by the company is TRY 3.095.040.

Life mathematics and profit share provisions are allocated in accordance with the actuary calculations over the price list generally approved by the Turkish Treasury. In accordance with the Life Insurance Regulations enacted as of 01 August 1997, insurers' real ages have been used and daily profit share has been calculated in the accounting of profit share application for all policies.

##### c. Premium Income and Damages

Premium income represents written premiums on policies issued during the period and on accumulated life insurance policy installment payments issued during the previous years and from which reinsurers' shares are deducted.

In the life branch, the premium income is accrued at installment dates. The Company cancels any life premiums that are accrued but not collected within a certain period of time, and deducts them from the premium income and from the receivables from the insured parties.

Accrued premium is collected either fully or 20% in advance and the remaining balance is collected in 5 installments of equal amounts.



## ANADOLU HAYAT EMEKLİLİK A.Ş.

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### NOTES TO THE BALANCE SHEET

#### 11. ACCOUNTING PRINCIPLES AND VALUATION METHODS (Cont'd)

##### c. Premium Income and Damages

The Company allocates free provision for Agency Commissions based on insurance premiums accrued but not collected as at the balance sheet date to be in accordance with the matching principle of accounting and to net-off its receivables. However, agent commission provision is not accrued in the non-life branches, in life branch policy-basis commission amount, that needs to be paid if uncollected receivables are collected, is calculated.

Claims are expensed as they are reported. Outstanding loss provisions are provided for the claims that are reported at the end of the period but not yet paid. The reinsurer shares of claims paid and outstanding loss provisions are presented separately.

##### d. Marketable Securities

Marketable securities, which consist of treasury bills, government bonds, equity shares, Eurobonds and retirement funds are accounted at their cost. In the balance sheet, the accrued income is included in the marketable securities.

On 31 December 2004, the Company valued its marketable securities, represented in blocked, free and elementary portfolio, for lower of cost plus accrual calculated according to the internal rate of return or the market value.

Equity shares that are traded at Istanbul Stock Exchange are valued at the arithmetic average of the daily weighted averages of the last five transaction days right before 31 December 2004.

Eurobonds are valued by using the cost plus accrued interest based on straight-line method, since they are not traded on an active market.

Investment funds and individual retirement investment funds have been valued by using unit fund prices as of 31 December 2004.

Accrued income on marketable securities and gain and loss on sale of marketable securities are included in the results of the current year operations.

Starting from 1 January 2001, the Company has classified the equity shares which were initially recorded as marketable securities and were held by the Company for more than 2 years, to long-term investments. Since the Company investment is below 10%, they should be considered not as long-term investments; but, long-term investment securities. This presentation could not be applied since the financial statements are in compliance with the Insurance Audit Law,.The company revalued its publicly trades long-term investments and the equity shares with arithmetic average of daily weighted average prices of the last five business days right before 31 December 2004, and resulting gain and loss was not recorded in the income statement.

# ANADOLU HAYAT EMEKLİLİK A.Ş.

31 DECEMBER 2004

## NOTES TO THE BALANCE SHEET

### 11. ACCOUNTING PRINCIPLES AND VALUATION METHODS (Cont'd)

#### d. Marketable Securities

The Company has provided provisions for diminution in value for publicly traded long-term investments those are valued lower than their acquisition costs. The income statement reflects the impact of these provisions. The long-term investments and the equity shares with market values exceeding acquisition costs have been recorded at market value. The resulting gain or loss was not recorded in the income statement, but was shown in the other liabilities under the name of Marketable Securities Valuation Difference in the balance sheet. However, resulting gain or loss are recorded under Ordinary Revenues and Incomes from other Operations and Ordinary Expenses and Losses from other Operations sections at Income on Marketable Security Sales and Loss on Marketable Security Sales accounts, respectively. (Balance sheet note 20, 26).

According to article 28 of the Corporate Tax Law numbered 5422, the TRY 2,945,726 profit realized from the current-period sale of equity shares that are recorded as long-term investment securities may be added to capital. Therefore, the amount is recorded under revaluation fund in shareholders' equity to ensure that it is used during capital increase. The value of that account after inflation accounting applied in accordance with the articles of 5024 numbered law, is TRY 1.296.139.

#### e. Tangible Fixed Assets

The Company revalued its buildings (excluding land), fixtures and furniture that are subject to depreciation with the revaluation coefficient declared by the Ministry of Finance in previous years. However, according to the Tax Law number 5024, related to inflation accounting, that application has been ceased.

Tangible fixed assets (excluding buildings) are depreciated on a straight-line method on their revalued amounts, according to the following rates in compliance with the tax laws:

	(%)
Buildings	2
Vehicles	20
Furniture, Fixtures & Equipment	6-33
Leasehold Improvements	6-20

#### f. Assets and Liabilities in Foreign Currency

The foreign currencies denominated amounts are translated at the exchange rates as determined by the Central Bank at the balance sheet date. Foreign exchange gains and losses arising from the translation are presented in the current-year income statement.

## ANADOLU HAYAT EMEKLİLİK A.Ş.

31 DECEMBER 2004

### NOTES TO THE BALANCE SHEET

#### 11. ACCOUNTING PRINCIPLES AND VALUATION METHODS (Cont'd)

##### g. Retirement Pay Provision

Retirement pay provision is accounted in the financial statements for the potential future payments to be made to employees entitled in accordance with the Labor Law.

The amount of retirement pay provision as of 31 December 2004 is TRY 3,313,400. TRY 1,574,74 of ceiling is used as basis for calculation (2003: TRY 3,059,000. A ceiling of TRY 1,389,95 is used as basis for calculation).

##### h. Tax

The Company is subject to the Turkish corporation taxes. Provision is made in the accompanying financial statements for the estimated charge based on the Company's results for the year.

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

The effective tax rates are as follows:

- In 2003: %30 (%10 ratio of the funds contribution was abolished).
- In 2004: %33 (the corporate tax rate was increased from 30% to 33% by Law No. 5035 published in the Official Gazette on 2 January 2004).
- In 2005: %30

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate was increased from 25% to 30%, effective from 24 April 2003, and to 33% for 2004.

Losses can be carried forward for offsetting against future taxable income for up to 5 years. Losses cannot be carried back for offsetting against profits from previous periods.

In Turkey there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within 15 April following the close of the accounting year to which they relate. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

## ANADOLU HAYAT EMEKLİLİK A.Ş.

31 DECEMBER 2004

### NOTES TO THE BALANCE SHEET

#### 11. ACCOUNTING PRINCIPLES AND VALUATION METHODS (Cont'd)

##### h. Tax (Cont'd)

###### *Income Withholding Tax:*

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are resident companies in Turkey and Turkish branches of foreign companies. The rate of income withholding tax is 10% starting from 24 April 2003. Undistributed dividends incorporated in share capital are not subject to income withholding taxes. Income withholding tax was also calculated in 2002 and prior years on various types of income and gains exempt from corporation tax, whether distributed or not. Such withholding tax has been removed in general. However, 19.8% withholding tax is still applied to investment allowances relating to investment incentive certificates obtained prior to 24 April 2003.

Such allowances may be used to relieve corporation tax liability until the profits reach the calculated level of exemption. If companies fail to make a profit or incur losses, any allowance outstanding may be carried forward to following years so as to be deducted from taxable income of subsequent profitable years. Allowance carried forward to the following year is increased with the WPI of the previous year.

###### *Inflation Adjusted Tax Calculation*

For 2003 and previous years, taxable profits were calculated without any inflation adjustment to the statutory records, except that fixed assets and the related depreciation were revalued annually. Law No. 5024 published in the Official Gazette No. 25332 on 30 December 2003 requires the application of inflation accounting in Turkey in 2004 and future years for tax purposes, if the actual rate of inflation meets certain thresholds defined by the law. Since the actual rate of inflation meets the threshold for the period, the Company had applied inflation accounting to the statutory records and calculated the tax provision for the period accordingly. According to the announcement numbered B.02.HM.0.SGM.0.3.1.1-05425 dated 30 January 2004 sent by the Undersecretariat of the Treasury to the Capital Market Board, it is planned to adapt the insurance accounting system compatible with the International Financial Reporting Standards after 1<sup>st</sup> of January 2005. In order to avoid application differences and in order to provide consistent reporting among all insurance companies, the inflation accounting will be performed after 1<sup>st</sup> of January 2005. In this respect, accompanying financial statements do not include any inflation accounting during high inflationary periods and any adjustments relating accounting of consolidated financial statements and equity participations. Accompanying financial statements have inflation adjustments made in company legal records in accordance with Tax Procedure Law.

# ANADOLU HAYAT EMEKLİLİK A.Ş.

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## NOTES TO THE BALANCE SHEET

### 12. SUBSEQUENT EVENTS

The retirement pay ceiling has been increased to TRY 1,648,90 effective on 1 January 2005.

The outstanding lawsuits and/or potential lawsuits expected to arise after the balance sheet date against The Company amount to TRY 10,000.

### 13. CONTINGENCIES

As at balance sheet date, cases against the Company total approximately TRY 689.234 and cases that the Company is pursuing against third parties total approximately TRY 13.665.703. The potential cases against the Company after 31 December 2004 total TRY 10.000. Cases opened against third parties are mainly related with the return of "income withholding tax" and "tax surcharge" on 95 % of the interest income on government bonds, treasury bills and deposits, all belonging to insured customers, which were deducted by the Central Bank or Ziraat Bankası, and were transferred to the Tax Office (As the date of 31 December 2003, the total amount of the cases opened against the Company approximately is TRY 539.885. The total amount of the cases opened against the third parties approximately is TRY 16.041.976).

### 14. CHANGES IN ACCOUNTING ESTIMATES

There are not any changes in accounting estimates as of the balance sheet date.

### 15. MORTGAGES OR GUARANTEES ON ASSETS

#### 31 December 2004

<u>Type of the asset</u>	<u>Mortgage Amount</u>	<u>Amount of Guarantees</u>
Treasury bills	-	1.238.650.795
Investment Fund	-	19.196.514
Eurobond	-	64.157.732
		-----
		1.322.005.041
		=====

#### 31 December 2003

<u>Type of the asset</u>	<u>Mortgage Amount</u>	<u>Amount of Guarantees</u>
Treasury bills	-	163.443.313
Government bonds	-	893.761.875
Eurobond	-	37.140.472
		-----
		1.094.345.660
		=====

The guarantee amount consists of marketable securities and bank deposits kept in the name of insures and calculated based on the specific regulations stated in the law.

**ANADOLU HAYAT EMEKLİLİK A.Ş.**

31 DECEMBER 2004

## NOTES TO THE BALANCE SHEET

## 16. INSURANCE ON ASSETS

31 December 2004

<u>Type of Assets</u>	<u>Net Nook Value</u>	<u>Insurance Coverage</u>	<u>Coverage Rate</u> %
Tangible Fixed Assets	33.054.734	24.611.087	74,5

31 December 2003

<u>Type of Assets</u>	<u>Net Nook Value</u>	<u>Insurance Coverage</u>	<u>Coverage Rate</u> %
Tangible Fixed Assets	33.999.095	17.339.271	50,9

The insurance value of the tangible fixed assets, represent the value of the building excluding land in immovable, and market value in movables.

## 17. GUARANTEES AND MORTGAGES RECEIVED

31 December 2004

<u>Name of Client</u>	<u>Receivable Amount</u>	<u>Type of mortgage and/ or guarantee</u>	<u>Mortgage and/or Guarantee Amount</u>
Agents	143.093	Letters of Guarantee	190.254
		Mortgage on Immovable	11.400
		Treasury Bills	--
		Guarantees and Bails	207.719
Other	-	Letters of Guarantee	3.510
		Guarantees and Bails	40.252
			-----
			453.135
			=====

31 December 2003

<u>Name of Client</u>	<u>Receivable Amount</u>	<u>Type of mortgage and /or guarantee</u>	<u>Mortgage and/ or Guarantee Amount</u>
Agents	72.346	Letters of Guarantee	168.973
		Mortgage on Immovable	12.400
		Treasury Bills	-
		Guarantees an Bails	148.313
Other	-	Letters of Guarantee	25.310
		Guarantees and Bails	40.652
			-----
			395.648
			=====

The guarantees and mortgages are received from the agencies at their initial registration, and are rolled-over as they mature.

**ANADOLU HAYAT EMEKLİLİK A.Ş.**

31 DECEMBER 2004

## NOTES TO THE BALANCE SHEET

## 18. COMMITMENTS &amp; CONTINGENT LIABILITIES

<u>Commitment Type</u>	<u>31 December 2004 Commitment Amount</u>	<u>31 December 2003 Commitment Amount</u>
Letters of Guarantee	92.775	877.475
Leasing Contracts	51.755	486.666

## 19. BLOCKED DEPOSITS AT BANKS

As at 31 December 2004, the Company's blocked deposits at banks amounting to TRY 26,455 (As at 31 December 2003, the Company's blocked deposits at banks amounting to TRY 12,396).

## 20. COMPARISON OF THE BOOK VALUE, MARKET VALUE AND COST OF THE MARKETABLE SECURITIES

31 December 2004

	<u>Book Value (*)</u>	<u>Cost</u>	<u>Market Value</u>
<u>Blocked Portfolio</u>			
Treasury Bills	1.201.987.901	1.117.894.647	1.230.191.950
Eurobond	64.157.732	64.998.755	64.157.732
Investment Fund	19.196.514	17.126.602	19.196.514
Total Blocked Portfolio	1.285.342.147	1.200.020.004	1.313.546.196
<u>Elementary Portfolio</u>			
Government Bonds	31.748.015	26.122.793	31.948.270
Total Elementary Portfolio	31.748.015	26.122.793	31.948.270
<u>Free Portfolio</u>			
Treasury Bills	16.484.218	15.999.242	16.654.174
Government Bonds	126.262.577	120.245.592	128.974.834
Eurobond	881.610	1.021.886	881.610
Reverse Repurchase Agreement	5.306.391	5.303.969	5.306.391
Equity Share	8.839.310	8.483.745	8.839.310
Individual Retirement Funds	225.349	193.725	225.349
Total Free Portfolio	157.999.455	151.248.159	160.881.668
Total Marketable Securities	<u>1.475.089.617</u>	<u>1.377.390.956</u>	<u>1.506.376.134</u>

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## NOTES TO THE BALANCE SHEET

## 20. COMPARISON OF THE BOOK VALUE, MARKET VALUE AND COST OF THE MARKETABLE SECURITIES (Cont'd)

Equity Participations

Traded in stock markets	49.528.230	34.246.304	49.528.230
Not traded in stock markets	7.339.025	7.688.581	7.339.025
	-----	-----	-----
Total Equity Participations	56.867.255	41.934.885	56.867.255
	=====	=====	=====

(\*) Book values also include the income accruals of the marketable securities, amounting to TRY 97.698.661.

As of 31 December 2004, 95% of the income accruals of the securities in the blocked portfolio are allocated to the policyholders and 5% of it belongs to the Company.

31 December 2003

	<u>Book</u> <u>Value (*)</u>	<u>Value</u>	<u>Market</u> <u>Value</u>
<u>Blocked Portfolio</u>			
Treasury Bills	159.299.152	126.263.836	163.437.115
Government Bonds	861.200.826	751.357.383	889.325.387
Eurobond	37.140.472	37.364.716	37.140.472
Total Blocked Portfolio	1.057.640.450	914.985.935	1.089.902.974
<u>Elementary Portfolio</u>			
Government Bonds	15.423.113	11.635.948	16.675.597
Total Elementary Portfolio	15.423.113	11.635.948	16.675.597
<u>Free Portfolio</u>			
Treasury Bills	62.639.090	56.066.259	63.590.986
Government Bonds	112.198.650	101.668.224	115.758.348
Eurobond	909.664	1.024.060	909.664
Reverse Repurchase Agreement	1.437.626	1.436.678	1.437.626
Equity Share	1.054.179	983.130	1.054.179
Individual Retirement Funds	4.855.122	4.182.840	4.855.122
Total Free Portfolio	183.094.331	165.361.191	187.605.925
	-----	-----	-----
Total Marketable Securities	1.256.157.894	1.091.983.074	1.294.184.496
	=====	=====	=====



## ANADOLU HAYAT EMEKLİLİK A.Ş.

31 DECEMBER 2004

### NOTES TO THE BALANCE SHEET

#### 20. COMPARISON OF THE BOOK VALUE, MARKET VALUE AND COST OF THE MARKETABLE SECURITIES (Cont'd)

##### Equity Participations

Traded in stock markets	10.008.657	5.423.840	10.008.657
Not traded in stock markets	4.904.726	5.254.280	4.904.725
	-----	-----	-----
Total Equity Participations	14.913.383	10.678.120	14.913.382
	=====	=====	=====

(\*) Book values also include the income accruals of the marketable securities, amounting to TRY 164.174.820.

As of 31 December 2003, 95% of the income accruals of the securities in the blocked portfolio are allocated to the policyholders and 5% of it belongs to the Company.

#### 21. SECURITIES ISSUED BY SHAREHOLDERS, AFFILIATES AND SUBSIDIARIES

As the date of balance sheet, there are no securities issued by shareholders, affiliates and subsidiaries.

# ANADOLU HAYAT EMEKLİLİK A.Ş.

31 DECEMBER 2004

## NOTES TO THE BALANCE SHEET

### 22. DETAILS OF "OTHER" BALANCES IN FINANCIAL STATEMENTS

Other assets, other payables and other liabilities, which are over 20% of their group or 5% of the total assets, are as follows:

<u>Other Assets</u>	<u>31 December 2004</u>	<u>31 December 2003</u>
Disputed Tax Receivables (*)	22.041.802	20.472.272
Taxes and Funds Deductible (**)	206.545	3.093.269
Stationery	115.058	104.097
Prepaid Corporate Tax	5.339.474	16.104.791
Leasehold Improvements	1.333.767	1.026.929
Other	1.161.519	899.412
	-----	-----
Total	30.198.165	41.700.770
	=====	=====
<u>Other Payables</u>		
Agents	1.313.357	1.877.849
Other	2.925.083	585.942
	-----	-----
Total	4.238.440	2.463.791
	=====	=====
<u>Other Liabilities</u>		
Disputed Tax Receivables (*)	22.041.802	20.472.272
Deferred Income	481.661	232.059
Funds Generated from		
Reverse Repurchase Agreement (***)	-	49,393,107
Marketable Sec. Valuation of Diff (****)	15.281.926	4.611.191
Interest and Rediscount Expenses	282.136	1.150.753
Other	2.685.618	3.245.088
	-----	-----
Total	40.773.143	79.104.470
	=====	=====

(\*) "Disputed tax receivables" in both other assets and other liabilities consist of withholding taxes paid on interest earned from government bonds in prior periods.

(\*\*) Taxes and dues that are going to be offsetted, are in offsettable nature by the company.

(\*\*\*) (31 December 2003: As of balance sheet date, there is a reverse repurchase agreement with four days of maturity.).

(\*\*\*\*) Equity participations and shares that are publicly traded are valued at the market price and valuation differences occurred are recorded as marketable securities valuation difference in other liabilities and the balance is not reflected to the income statement.

## ANADOLU HAYAT EMEKLİLİK A.Ş.

31 DECEMBER 2004

### NOTES TO THE BALANCE SHEET

23. RECEIVABLE FROM AND PAYABLE TO PERSONNEL INCLUDED IN OTHER RECEIVABLES AND OTHER SHORT OR LONG TERM PAYABLES

There are no receivables from or payables to personnel exceeding 1% of total assets.

24. DOUBTFUL RECEIVABLES FROM SHAREHOLDERS, AFFILIATES OR SUBSIDIARIES

There are no doubtful receivables from shareholders, affiliates or subsidiaries.

25. DOUBTFUL RECEIVABLES RELATED TO DUE AND UNDUE RECEIVABLES

According to the declaration of the Undersecretariat of the Treasury, in the Official Gazette dated 26 December 1994 number 22153, "Regulation on Establishment and Operations of Insurance and Reinsurance Companies" has been valid since 1 January 1995. According to the 27th clause of this regulation, the insurance companies are required to provide premium reserve for the entire amount of premium receivables that have matured two months before the balance sheet date.

The company used to make allocations for life branch premium receivables that are due for more than two months (31 Aralık 2003: TRY 1.223.739); since life branch was transferred to Anadolu Anonim Türk Sigorta Şirketi, no provision has been allocated in the current period.

In addition to this, in accordance with Tax Procedure Law, clause number 323, the Company allocates doubtful receivable provision according to their nature and collectability, for the doubtful receivables that are not covered by the premium reserve. As of balance sheet date, the Company provided provision for doubtful receivables of TRY 30.745 after netting off guarantees received for receivable of TRY 34.472 under administrative and legal conflict. (31 December 2003: TRY 30.745 provision was provided after netting off guarantees received for TRY 34.712 receivable under administrative and legal conflict).

# ANADOLU HAYAT EMEKLİLİK A.Ş.

31 DECEMBER 2004

## NOTES TO THE BALANCE SHEET

### 26. EQUITY INVESTMENTS

31 December 2004

<u>Equity Participations</u>	<u>Equity Participation MTL</u>	<u>Equity %</u>	<u>Financial Statement Date</u>	<u>Pre tax period Profit/Loss</u>	<u>Net Period Profit/Loss</u>	<u>Financial Statement Standards</u>	<u>Independent Auditors Report</u>
İş Gayr. Yat.Ort. A.Ş. (*)	44.682.306	7,15	31.12.2004	105.109.655	105.109.351	SPK XI-21	Unqualified
TSKB Menk. Değ. A.Ş.(*)	109.947	6,56	30.09.2004	152.844	94.127	UFRS	Qualified
Yatırım Fin. Yat.Ort. A.Ş.	611.280	12	31.12.2004	(13.387)	(13.387)	UFRS	Unqualified
Bayek Ted.Sağ. Hizm.ve İşl. A.Ş.(*)	3.612.219	9,94	31.12.2004	(6.341)	(6.341)	TTK	**
Kastamonu Holding A.Ş. (*)	1.000	0,06	31.12.2004	(29.606)	(29.606)	TTK	**
Trakya Yat. Hold. A.Ş. (*)	1.000	0,001	30.09.2004	124.483	80.373	TTK	**
Emeklilik Göz. Merk. A.Ş.(*)	225.000	9,09	31.12.2004	354.658	354.658	TTK	**
İş Portföy Yönetimi A.Ş.	600.000	20	31.12.2004	4.782.579	3.385.684	SPK XI-20	Unqualified
TSKB Yat. Ort.A.Ş. (*)	218.880	2	31.12.2004	361.089	361.089	SPK XI-20	Unqualified
TT&TİM İletişim Hiz.A.Ş. (*)	2.295.437	0,03	***	***	***	***	***
İş Net E. B. Ü.D. T.ve İ. Hiz. A.Ş.(*)	240.000	2	30.09.2004	509.648	509.648	TTK	**
Gothaer Anadolu Hayat Vers.Gmbh (****)	-	50,00	-	-	-	-	-
<b>Toplam</b>	<u>52.597.069</u>						
Transfers from							
Marketable Securities	: 4.015.763						
Other	: 254.423						
<b>Total Investments</b>	: <u>56.867.255</u>						

(\*) As at the balance sheet date, the Company's share in İş Gayrimenkul Yatırım Ortaklığı ve Proje Değerlendirme A.Ş., Bayındır Tedavi Hizmetleri A.Ş., Kastamonu Holding A.Ş., Trakya Yatırım Holding A.Ş., SYB Yatırım Ortaklığı A.Ş., İş Tim Telekomünikasyon Hizmetleri A.Ş., İş Net Elektronik Bilgi Üretim Dağıtım Ticaret ve İletişim Hizmetleri A.Ş. and the marketable securities that are reclassified to investments (Refer to Note 11), are lower than 10% and these companies are treated as marketable securities held. However, this representation could not be applied since the financial statements are prepared according to the Insurance Auditing Law.

(\*\*) Not audited as of 31 December 2004.

(\*\*\*) Unable to obtain the Company's financial statements as of 31 December 2004.

(\*\*\*\*) Gothaer Anadolu Hayat Vers. GmbH was abolished by the shareholders. As of the report date, the settlement process was still in progress. Accompanying financial statements include TL 349,555 Million (100%) of provision for the related investment provided by the Company.

Investments, amounting to TRY 49.528.230 are publicly traded out of TRY 56.867.255 of the above listed investments.

# ANADOLU HAYAT EMEKLİLİK A.Ş.

31 DECEMBER 2004

NOTES TO THE BALANCE SHEET

## 26. EQUITY INVESTMENTS (Cont'd)

31 December 2003

<u>Equity Participation</u>	<u>Equity Participation</u>	<u>Equity %</u>	<u>Financial Statement Date</u>	<u>Pre tax period Profit/Loss</u>	<u>Net Period Profit/Loss</u>	<u>Financial Statement Standards</u>	<u>Independent Auditors Report</u>
İş G.Y.O A.Ş. (*)	4.138.151	1,36	30.06.03	17.090.012	17.090.012	SPK	Unqualified
TSKB Menk. Değ. A.Ş.	109.947	6,56	30.06.03	282.256	198.775	THP	Unqualified
Yatırım Fin. Yat.Ort. A.Ş.	127.739	12,00	30.06.03	92.268	92.268	SPK	Unqualified
Bayek Ted.Sağlık Hizm.ve İşl. A.Ş.(*).	2,211,407	8,41	30.06.03	(850.688)	(850.688)	THP	(**)
Kastamonu Holding A.Ş. (*)	1.000	0,05	(***)	(***)	(***)	(***)	(***)
Trakya Yat. Hold. A.Ş. (*)	1.000	0,001	(***)	(***)	(***)	(***)	(***)
Emeklilik Göz. Merk. A.Ş.	225.000	9,09	31.12.03	(107.530)	(107.530)	THP	(**)
İş Portföy Yönetimi A.Ş.	600.000	20,00	31.12.03	7.172.100	5.023.774	SPK	Unqualified
TSKB Yat. Ort.A.Ş. (*)	30.360	2,00	30.06.03	127.620	127.620	SPK	Unqualified
İş-Tim Tel. Hiz. A.Ş. (*)	1.362.500	0,25	(***)	(***)	(***)	(***)	(***)
İş Net E. B. Ü.D. T.ve İ. Hizm. A.Ş. (*)	240.000	2,00	31.12.03	947.190	644.692	THP	(**)
Gothaer Anadolu Hayat Vers.Gmbh (***)	-	50,00	(****)	-	-	-	-
<b>Toplam</b>	<b>9.047.104</b>						
Transfers from							
Marketable Securities	:	5.712.407					
Other	:	153.872					
<b>Total Investments</b>	:	<b>14.913.383</b>					

(\*) As at the balance sheet date, the Company's share in İş Gayrimenkul Yatırım Ortaklığı ve Proje Değerlendirme A.Ş., Bayındır Tedavi Hizmetleri A.Ş., Kastamonu Holding A.Ş., Trakya Yatırım Holding A.Ş., SYB Yatırım Ortaklığı A.Ş., İş Tim Telekomünikasyon Hizmetleri A.Ş., İş Net Elektronik Bilgi Üretim Dağıtım Ticaret ve İletişim Hizmetleri A.Ş. and the marketable securities that are reclassified to investments (Refer to Note 11), are lower than 10% and these companies are treated as marketable securities held. However, this representation could not be applied since the financial statements are prepared according to the Insurance Auditing Law,

(\*\*) Not audited as of 31 December 2003.

(\*\*\*) Unable to obtain the Company's financial statements as of 31 December 2003.

(\*\*\*\*) Gothaer Anadolu Hayat Vers. GmbH was abolished by the shareholders. As of the report date, the settlement process was still in progress. Accompanying financial statements include TL 349,555 Million (100%) of provision for the related investment provided by the Company.

TRY 14.913.383 of the Company's total TRY 10.008.657 long-term investments are publicly traded.

# ANADOLU HAYAT EMEKLİLİK A.Ş.

31 DECEMBER 2004

## NOTES TO THE BALANCE SHEET

### 26. EQUITY INVESTMENTS (Cont'd)

As of 1 January 2001, the Company has reclassified the equity shares, which were held for more than two years, to long-term investments, with their market value prevailing at the last valuation date. These shares should be considered as affiliates, since the ownership share of the Company is below 10%. this representation could not be applied since the financial statements are prepared in compliance with the Insurance Audit Law;

Marketable securities reclassified to long-term investments in the current year are Listed below.

<u>Equity Participation</u>	<u>Cost</u>	<u>Market price</u>	<u>Equity Participation</u>	<u>Valuation Increase</u>	<u>Valuation Decrease</u>
Aygaz	64.969	161.400	161.400	96.431	--
Bosch Profilo	17.059	308.370	308.370	291.311	--
Doğan Holding	138.468	348.378	348.378	209.910	--
Gima	60.961	39.013	39.013	--	21.948
Goodyear	2.568	28.724	28.724	26.156	--
Migros	48.606	264.875	264.875	216.270	--
T.Şişe Cam	259.622	835.853	835.853	576.230	--
Soda Sanayii	8.328	19.871	19.871	11.543	--
Trakya Cam	111.988	332.460	332.460	220.472	--
TSKB	1.282.938	1.676.819	1.676.819	393.881	--
Aktaş Elektrik	5.195	--	-	--	5.195
Toplam	2.044.742	4.015.763	4.015.763	2.042.204	27.143

### 27. BONUS SHARES RECEIVED FROM EQUITY PARTICIPATIONS AND SUBSIDIARIES DURING THE YEAR

The Company received TRY 4.537.949 (31 December 2003: TRY 344.838) common stock from its subsidiaries and equity participations as of 31 December 2004.

### 28. NON-CASH RIGHTS ON IMMOVABLES

There are no non-cash rights on immovable.

### 29. REVALUATION SURPLUS ARISING FROM REVALUATION OF TANGIBLE FIXED ASSETS IN THE LAST THREE YEARS

	31 December 2004	31 December 2003	31 December 2002
	(-)	(%28,5)	(%59)
Fixed Assets	-	8.046.346	10.688.693
Depreciation (-)	-	(639.372)	(829.162)
	-----	-----	-----
Revaluation (Net)	-	7.406.974	9.859.531
	=====	=====	=====

**ANADOLU HAYAT EMEKLİLİK A.Ş.**

31 DECEMBER 2004

## NOTES TO THE BALANCE SHEET

## 30. ASSETS AND LIABILITIES IN FOREIGN CURRENCIES

31 December 2004

<u>Foreign Currency Receivables</u>	<u>Currency Amount</u>	<u>Rate</u> <u>(31 December 2004)</u>	<u>Amount</u>
Banks (DTH)			
USD	173.977	1,3421	233.494
CHF	87.662	1,1806	103.493
EUR	152.405	1,8268	278.414
GBP	127.322	2,5765	328.048
Total			943.449

Foreign Currency Payables

None.

31 December 2003

<u>Foreign Currency Receivables</u>	<u>Currency Amount</u>	<u>Rate</u> <u>(31 December 2003)</u>	<u>Amount</u>
Banks (DTH)			
USD	709.326	1,395835	990.102
CHF	57.384	1,116749	64.083
EUR	331.016	1,745072	577.647
GBP	76.765	2,476610	190.117
Total			1.821.949

Foreign Currency Payables

None.

## 31. GUARANTEES GIVEN ON BEHALF OF SHAREHOLDERS, EQUITY PARTICIPATIONS OR SUBSIDIARIES

There are no guarantees given on behalf of shareholders, equity participations or subsidiaries.

## 32. PERSONNEL STRUCTURE

	<u>31 December 2004</u>	<u>31 December 2003</u>
Senior Managers	5	5
Managers	51	57
Officers	161	195
Personnel with Contracts	7	16
Other	21	21
Total	245	294

## **ANADOLU HAYAT EMEKLİLİK A.Ş.**

31 DECEMBER 2004

NOTES TO THE BALANCE SHEET

### **33. OTHER SIGNIFICANT MATTERS MATERIALLY AFFECTING THE FINANCIAL STATEMENTS**

Based on the board of directors decree 17 February 2004 dated and 312/ 4 numbered, since new life policy production had been ended at the latest 7 July 2004 in accordance with the Individual Retirement Savings and Investment System Law, the company as of 31 August 2004 has transferred its life insurance portfolio with all rights and liabilities to Anadolu Anonim Türk Sigorta company. While 31 August 2004 dated transferred balance sheet indicates an amount of TRY 16.402.213 loss, the value of the transferred portfolio amounts to TRY 16.250.000. The Company has not produced a new policy in that branch as of 31 March 2004. As of report date, transferring transactions are completed.



# ANADOLU HAYAT EMEKLİLİK A.Ş.

31 DECEMBER 2004

## NOTES TO THE STATEMENT OF INCOME

1. Depreciation and amortization for the period is TRY 946.701. (2003: TRY 931.980).

	<u>31 December 2004</u>	<u>31 December 2003</u>
a. Depreciation expense		
aa. Depreciation	609.808	553.678
ab. Revaluation of Depreciation	-	118.829
b. Amortization	336.893	259.473

2. Provision and discount expense for the period:

Tax provision	17.360.629	23.588.749
Current risk provision	22.902.438	44.281.404
Outstanding loss provision	26.917.653	22.169.999
Life mathematical provision	650.620.687	477.524.974
Life profit sharing provision	642.910.574	629.147.720
Expense accruals on marketable securities	327.976	464.092
Retirement pay provision expense	646.064	580.830
Provision for premium receivables	-	523.866
Discount expense on receivables maturing over three months.	-	188.816
	<u>1.361.686.021</u>	<u>1.198.470.450</u>

3. Finance expense of the period

In the current period, TRY 35.222 of interest expense is realized due to reverse repurchase agreement of TRY 49.393.107 as of 31 December 2003.

4. Finance expenses related to shareholders, subsidiaries or equity participations

In the current period, TL 35.222 Million of interest expense is realized due to reverse repurchase agreement made with shareholders mentioned above.

## ANADOLU HAYAT EMEKLİLİK A.Ş.

31 DECEMBER 2004

### NOTES TO THE STATEMENT OF INCOME

5. Sales to and purchases from shareholders, equity participations and subsidiaries are as follows:

#### 31 December 2004

	Sales (Premium Received)	Purchases (Premium Paid)
<u>Shareholders &amp; Equity participations</u>		
Destek Reasürans A.Ş.(*)	17.432	53.321
İş Net E.B.Ü.D.Tic.ve İlet.Hizm.A.Ş.	58.264	-
Anadolu Anonim Türk Sigorta Şirketi(*)	761	81.973
Türkiye Sinai ve Kalkınma Bankası A.Ş.	40.067	-
	<u>116.524</u>	<u>135.294</u>

(\*) TRY 53.321 of purchase from Destek Reasürans A.Ş and TRY 761 of sales to Anadolu Anonim Türk Sigorta Şirketi consists of ceded premiums ceded to reinsurers.

#### 31 December 2003

	Sales (Premium Received)	Purchases (Premium Paid)
<u>Shareholders &amp; Equity participations</u>		
Destek Reasürans A.Ş.(*)	14.501	46.592
İş Net E.B.Ü.D.Tic.ve İlet.Hizm.A.Ş.	76.869	-
Anadolu Anonim Türk Sigorta Şirketi(*)	-	64.561
Türkiye Sinai ve Kalkınma Bankası A.Ş.	45.864	-
	<u>137.234</u>	<u>111.153</u>

(\*) TRY 46.592 paid to Destek Reasürans A.Ş and TRY 1.561 paid to Anadolu Anonim Türk Sigorta Şirketi consists of ceded premiums to reinsurers.

6. The commission expenses paid to T. İş Bankası A.Ş., one of the shareholders, TRY 3.511.227 (31 December 2003: TRY 3.352.191) consists of TRY 2.939.631 (31 December 2003: TRY 1.848.443) commission expense paid for policy collection, TRY 6.462.882 (31 December 2003: 5.445.809 TRY) commissions expense paid to issue policies and TRY 12.024 of claims paid through T. İş Bankası A.Ş
7. Salaries and other benefits paid to senior management amounted to TRY 1.449.973 (31 Aralık 2003: TRY 1.150.841).
8. The current year depreciation expense was calculated in accordance with the Tax Procedure Law 333 numbered communiqué that is published after the adjustments made according to the law numbered 5024 .
9. Inventory cost calculation system: The Company does not have inventories.
10. No inventory count is performed since the Company has no inventories. The Company has performed an inventory count only for its stationery stock.
11. There are no scraps or service sales of the Company.

## ANADOLU HAYAT EMEKLİLİK A.Ş.

31 DECEMBER 2004

### NOTES TO THE STATEMENT OF INCOME

12. The Company has no investment incentive related to its sales.
13. There are no income and profits or expense and losses relating to the previous period.
14. Earnings per share is as follows as of balance sheet date: (corresponds to the value of TRY 1 share)

	<u>31 December 2004</u>	<u>31 December 2003</u>
Period Profit	41.726.873	72.882.590
Corporate Tax Provision (-)	17.360.629	23.588.749
Profit After Tax	24.366.244	49.293.841
Earnings Per Share TRY	0,2437	0,758
Earnings Per Share %	% 24,37	%75,8

With a decree of the Capital Market Board's dated 25 February 2005 and numbered 7/242, the issues about profit distribution as of the end of 2004 for partnerships which are subject to the Capital Board Law, are adjusted. In addition, insurance companies are subject to their own specific laws and regulations in matters of establishment, auditing, supervision, accounting and financial reporting, according to article 50(a) of the Capital Market Law (VII.). In this respect, as of 31 December 2004, Since the accompanying financial statements, which was prepared in accordance with the Turkish Insurance Auditing Law No. 7397 and Individual Retirement, Saving and Investment System Law No. 4632, has TRY 42.089.004 and at legal records the company has TRY 24.366.244 net period profit, respectively. As explained in the decree mentioned above, profit distribution for 2004, the corresponding amounts from the legal records can be taken as a basis.

15. Changes in the amounts of goods and services production in the period for each main production group:

This note is not applicable for insurance companies.

16. Changes in the sales amounts of goods and services in the period for each main sales group (TRY):

	<u>31.12.2004</u>	<u>31.12.2003</u>	<u>Change</u>
Premiums Received (Gross)			
Health	29.316.779	81.608.185	(%64,07)
Life	381.241.949	340.598.169	%11,93
Total	<u>410.558.728</u>	<u>422.206.354</u>	(%2,75)