



EUROPÆISKE REJSEFORSIKRING A/S

HALF YEARLY REPORT

2012

**Europæiske Rejseforsikring A/S
3, Frederiksberg Allé
1790 Copenhagen V
DENMARK
Company Reg. No. CVR 62 94 05 14**

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COMPANY NAME

EUROPÆISKE REJSEFORSIKRING A/S

3, Frederiksberg Allé
DK 1790 Copenhagen V

Registered in: Copenhagen

Company Reg. No. CVR 62 94 05 14

BOARD OF DIRECTORS:

Richard Bader (Chairman), Ulrike Timmer, Julia Ricks, Jørn Sønderup

*Peter Fobian, * Christoffer Nylandsted

*Elected by the staff

BOARD OF MANAGEMENT:

Johann-Dietrich von Hülsen, Managing Director

REVISOR:

KPMG

Statsautoriseret Revisionspartnerselskab
Jesper Dan Jespersen and Lisbet Kragelund

Management report for the period 01.01.2012-30.06.2012

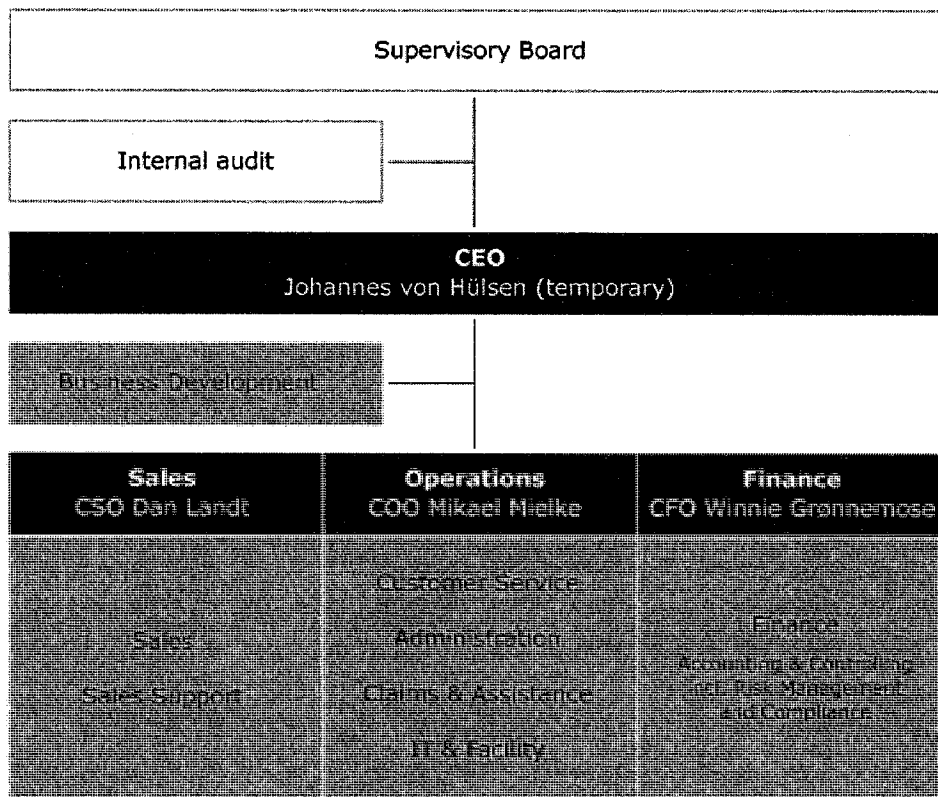
Main activities of the company

Europæiske ERV's primary business areas are sale of travel insurance and international health insurance. The majority of travel insurance policies are sold either as trip-by-trip insurance or as annual travel insurance in connection with our customers' holiday trips, business trips or expatriation. The international health insurance policies are sold directly or through insurance companies or brokers in markets where we have chosen to be present.

We offer our customers 24 hour assistance, coverage of claims and related local services everywhere in the world.

Europæiske ERV's vision is to supply its customers with Denmark's best quality at a competitive price. Therefore, our target is to have an efficient organization with professional employees focusing on the customers' need for security and safety. To ensure this we have in 2011 implemented organisational changes, focusing on a more streamlined and cost efficient organisation. This change reflects the processes of a travel insurance company to better extent than before.

Organisation Chart



Europæiske ERV's Assistance

Europæiske ERV's Assistance handles several thousand cases in all parts of the world from small cases such as outpatient cases to bigger and more complex cases such as involving air-ambulance.

We believe that the integration and control of all parts of our assistance network means that we can supply our customers with the best and most efficient assistance.

For Europæiske it is paramount that we continue our high quality concept of safety before, during and after the travel.

Europæiske ERV's international service offices

For more than 80 years, a well-developed international network has been our principal foundation, a foundation which is adjusted continuously and expanded concurrently with the development on the travel market and in accordance with the travellers' needs and wishes. Our strength is that we own and/or control all significant elements in the network enabling us directly to ensure the quality of our assistance.

Europæiske ERV's service offices comprise the local anchorage of our well-established network throughout the world. The service offices are the entry to the regional areas and thus the local help and assistance for our customers.

The presence of the service offices means that the traveller has a place to turn to in case of troubles or illness during the travel. Globally, we have 10 offices distributed in every continent, and they are all staffed with Scandinavian staff who also speaks the local language. Hence the service offices function as Europæiske ERV's extended arm in the world.

Product development, new products and services

In its role as market leader, Europæiske ERV's main job is to aim at being ahead of the product development and at all times to provide new and improved services to our customers.

Europæiske ERV advances its existing products continuously. Among other initiatives Europæiske ERV has launched annual travel insurance and one time travel insurance products which fit the customers travel patterns to a greater extent than before. In all cases the quality of the product has been paramount and the price fair.

Nordic Health Care

In first half of 2012 Nordic Health Care (NHC) has continued the regular tri-annual strategic review with its mother company started in 2011. Market presence and product scopes, covers and services as well as distribution have been thoroughly evaluated. In line with its present activities and services NHC will use these strategic initiatives to strengthen the business model.

Corporate travel market

In 2012, Europæiske ERV has continued the focus on creating profitable business. This has meant that some larger non-profitable contracts have been terminated. We have focused on communicating about our coverages and products to existing as well as to new customers. In addition, our web portal further promoted our products and further supported our profile as experts in the market. Europæiske ERV will – as a consequence of e.g. updated intra-group guidelines – adjust existing guidelines etc. and tighten the product portfolio in accordance to the intra-group international compliance requirements this year.

Leisure travel market

The leisure travel market has shown slight increase in turnover and an improved claim development in the first half year of 2012. It is primarily the turnover via travel agencies which has shown an upward trend, while the direct sales to the customer via internet and our call centre have remained at the same level as last year.

The development in the company's activities and financial matters

The net result is a profit of DKK 4.9m against a deficit of DKK 10.9m for the first half of 2011.

Gross premiums earned have shown a decrease of DKK 8.3m. The decrease primarily caused by the termination of a non-profitable contract regarding indirect insurance in Switzerland.

The gross claims incurred amount to DKK 176.1m against DKK 149.6m for first half of 2011. The claims record for 2012 has been unfavourable with a gross claims ratio of 74.1% against 60.9% in the first half year of 2011. The high claims ratio in 2012 was primarily attributable to

the effect of airline bankruptcies on our travel agency liability insurance, especially Cimber Sterling's bankruptcy, which is presently expected to result in gross claims of DKK 15.6m. In addition a continuing high claims ratio for our corporate expatriate and Nordic Health Care portfolio affect the result negatively. The high amount of gross claims incurred for corporate and Nordic Health Care products is especially due to increased treatment costs in connection with illness and a generally unfavorable claims record with relatively many major claims.

The claims incurred net of reinsurance amount to DKK 117.3m against DKK 105.1m in first half of 2011, an increase of DKK 12.2m. The claims ratio net of reinsurance is 75.9% against 70.2% in the first half of 2011. The claims ratio for own account does not rise to the same extent as the gross claims ratio. This is due to our reinsurance program largely covers the above mentioned airline bankruptcies so that each bankruptcy maximum impact with DKK 1.5m on own account.

Net costs to ceded business have decreased by DKK 23.6m compared to first half of 2011. This is primarily due to the damage caused by the airline bankruptcies mentioned above which cause increased recoveries from the reinsurance compared to first half year of 2011. At the same time a change of our reinsurance program has entailed decreased costs to reinsurance.

The operating expenses net of reinsurance amount to DKK 42.2m against DKK 63.1m in the first half of 2011.

The expense ratio, including acquisition costs and commission of business ceded, amounts to 28.4% against 37.5% in the first half of 2011. The operating expenses are affected by the previously mentioned changes of the organizational set-up end of 2011. In addition operating costs for the first half of 2011 were extraordinarily impacted by approx. DKK 2.3m related to organizational changes, etc. Further the key for allocating operating costs to claim expenses has changed which means that there have been allocated DKK 5.1m more in claims costs than in first half of 2011. Combined ratio net of reinsurance (total costs measured in relation to earned premiums) is 102.1% against 107.5% in first half of 2011.

The underwriting result is a loss of DKK 4.3m against a loss of DKK 16.8m in first half year of 2011, an improvement of DKK 12.5 m.

Gross operations for Europæiske ERV show a loss of DKK 5.3m against a profit of DKK 5.8m in first half year of 2011.

The result from affiliated companies shows a profit of DKK 4.6m against DKK 2.9m for first half of 2011. The increased result is due to our associated company to Euro-Center Holding SE, in which Europæiske ERV and Evropská Cestovní Pojistovna a.s. each own 1/6, have affected our results by DKK 1.5m against DKK 0m in the first half of 2011.

Interest income, dividends etc. for the period amount to DKK 3.9m against DKK 4.5m in first half of 2011 a decrease at DKK 0.6m caused by lower interest level.

Income from land and buildings amounts to DKK 0.9m unchanged compared to the first half of 2011.

Value adjustments net amount to a gain of DKK 0.1 against a loss of DKK 3.5 in the first half of 2011. The value adjustment loss in 2011 was primarily due to loss on our bond portfolio and currency rates.

The result of investment activities before transfer of technical interest amounts to a profit of DKK 9.4m against a profit of DKK 4.8m for first half of 2011.

The tax for the period amounts to an income of DKK 0.1m against an income of DKK 2.8m in 2011, a decrease of DKK 2.7m.

As of June 30, 2012 the company's total capital and reserves amount to DKK 245.8m out of its total assets of DKK 673.3m.

Ownership

Europæiske ERV, Europæiske Rejseforsikring A/S, is a 100% owned subsidiary of European International Holding A/S, 3, Frederiksberg Allé, Copenhagen, Denmark.

European International Holding A/S is a 100% owned subsidiary of Europäische Reiseversicherung AG, Munich, Germany.

Europäische Reiseversicherung AG, Munich is a 100% owned subsidiary of ERGO Versicherungsgruppe AG, Düsseldorf, Germany

ERGO Versicherungsgruppe AG, Düsseldorf is a 100% owned subsidiary of Munich Re, Munich, Germany

Group Ownership

Europæiske ERV, Europæiske Rejseforsikring A/S, has shareholdings in the following companies:

Subsidiary:	<u>Registered office</u>	<u>Activity</u>	<u>Shareholding</u>
Evropská Cestovní Pojistovna a.s.	Czech Republic	Insurance	75.00%
Associated company:			
Euro-Center Holding SE	Czech Republic	Assistance	16.67%

Events after 30 June 2012

No events have occurred subsequent to June 30, 2012 which should have a material influence on the financial position of the company or its subsidiaries.

Outlook for second half year 2012

We expect a small increase in our private insurance market, as well as Europæiske ERV in the rest of 2012 will realize a lower claims ratio than in the first half of 2012. This can be explained by the effect of premium increases per January 1 2012, the termination of unprofitable contracts which are expected to have full effect in the second half. Also we do not expect similar unfavorable claims experience in our travel agency liability insurance as in the first half year of 2012. The company's profit for 2012 therefore is expected to be at a significantly higher level than in 2011.

Financial risks

In terms of the result the company is sensitive towards the development in exchange rates and the prices of bonds and shares. The stress scenarios red and green, set by the Danish Financial Supervisory Authority, have been calculated on a continuous basis and Europæiske ERV has always been in the green with a good safety margin. The latest calculation shows a total equity effect of minus DKK 17.5m in case of a decrease corresponding to the Danish Financial Supervisory Authority's red scenario.

Operational risks

The development in the travel market and events limiting the population's travel activity can have a relatively large impact on the company's result. Europæiske ERV assesses that such a risk could have a negative effect corresponding to approximately 11.6% of the company's equity.

Disaster cover

To cover the risks in connection with disasters, the company has made reinsurance contracts limiting Europæiske ERV's risks to about DKK 4.0m per claim event.

SIGNATURES OF THE BOARD OF MANAGEMENT AND THE BOARD OF DIRECTORS

We have today presented the half yearly report for 1 January – 30 June 2012 to Europæiske Rejseforsikring A/S.

The half yearly report has been prepared in accordance with Financial Business Act.

The half yearly report gives a true and fair view of the Company's assets, liabilities and financial position as of 1 January - 30 June 2012 together with the results of the company's activities for the financial year 1 January – 30 June 2012.

The management report contains a fair and true review of the development of the company's activities and financial performance together with a description of the most significant risks and elements of uncertainty that may have an impact on the company.

The half yearly report has not been audited or reviewed by the company's auditor.

Copenhagen, 14 August, 2012

Board of Management:

Johann-Dietrich von Hülsen

/ Winnie Grønnemose

Board of Directors:

Richard Bader
Chairman

Ulrike Timmer

Jørn Sønderup

Julia Ricks

Peter Fobian

Christoffer Nylandsted

Profit and loss account 1/1-30/6

Note in DKK'000

	<u>2012</u>	<u>2011</u>
<i>Earned premiums</i>		
Gross premiums written	273.102	290.625
Ceded insurance premiums	-76.548	-100.969
Change in the provision for unearned premiums	-34.511	-43.813
Change in the provision for unearned premiums, reinsurers' share	-6.421	5.174
Total premium income, net of reinsurance	<u>155.622</u>	<u>151.017</u>
Technical interest, net of reinsurance	<u>685</u>	<u>1.801</u>
<i>Claims incurred</i>		
Claims paid	141.025	140.634
Reinsurance recoveries	-39.086	-45.516
Change in the provision for claims	35.061	8.939
Change in the provision for claims, reinsurers' share	-19.720	1.078
Total claims incurred, net of reinsurance	<u>117.280</u>	<u>105.135</u>
Bonus and premium discounts	<u>1.069</u>	<u>1.317</u>
<i>Net operating expenses</i>		
Acquisition costs	44.269	46.077
Administrative expenses	23.180	45.888
Commission and profit share from reinsurers	-25.212	-28.826
Total net operating expenses, net of reinsurance	<u>42.237</u>	<u>63.139</u>
3 UNDERWRITING RESULT	<u>-4.279</u>	<u>-16.773</u>
<i>Income from investment assets</i>		
Income from affiliated companies	4.622	2.889
Income from investment properties	899	920
Interest income and dividends etc.	3.878	4.532
Value adjustment	117	-3.492
Administrative expenses on investments	-79	-85
Total return on investment activities	<u>9.437</u>	<u>4.764</u>
Interest on insurance provisions	<u>-685</u>	<u>-1.801</u>
TOTAL RETURN ON INVESTMENT ACTIVITIES AFTER TECHNICAL INTEREST	<u>8.752</u>	<u>2.963</u>
Other income	2.437	2.737
Other expenses	2.068	2.592
PROFIT BEFORE TAX	<u>4.842</u>	<u>-13.665</u>
Tax	-69	-2.790
PROFIT FOR THE PERIOD	<u>4.911</u>	<u>-10.875</u>
 STATEMENT OF COMPREHENSIVE INCOME		
Exchange rate adjustment of foreign entities	-112	1.961
Comprehensive income	<u>-112</u>	<u>1.961</u>
Result of the period	4.911	-10.875
TOTAL COMPREHENSIVE INCOME	<u>4.799</u>	<u>-8.914</u>

Balance Sheet as of

Note in DKK '000

	30/6 2012	30/6 2011	31/12 2011
ASSETS			
<i>Intangible assets</i>			
Software	19.734	15.583	21.515
Software, development projects	850	5.854	0
TOTAL INTANGIBLE ASSETS	<u>20.584</u>	<u>21.437</u>	<u>21.515</u>
<i>Tangible assets</i>			
Operating equipment	3.783	4.908	4.867
Domicile	93.524	92.544	93.433
TOTAL TANGIBLE ASSETS	<u>97.307</u>	<u>97.452</u>	<u>98.300</u>
<i>Investments in affiliated and associated companies</i>			
Capital holdings (shares) in affiliated companies	49.628	48.878	53.129
Capital holdings (shares) in associated companies	6.857	5.098	6.196
Total investments in affiliated and associated companies	<u>56.485</u>	<u>53.976</u>	<u>59.325</u>
<i>Other financial investments</i>			
Participating interests	33	33	33
Unit trusts	12.215	13.542	12.062
Bonds	275.296	218.930	245.789
Total other financial investments	<u>287.544</u>	<u>232.505</u>	<u>257.884</u>
TOTAL INVESTMENT ASSETS	<u>344.029</u>	<u>286.481</u>	<u>317.209</u>
<i>Reinsurance share of technical provision</i>			
Reinsurance share of unearned premiums	51.465	53.480	57.886
Reinsurance share of claim provision	57.560	36.339	37.840
Total reinsurance share of technical provision	<u>109.025</u>	<u>89.819</u>	<u>95.726</u>
<i>Debtors</i>			
Amounts owed by policy holders	40.755	29.742	35.207
Amounts owed by insurance brokers	8.219	12.458	13.249
Debtors arising out of direct insurance contracts, in total	<u>48.974</u>	<u>42.200</u>	<u>48.456</u>
<i>Other debtors</i>			
Amounts owed by insurance companies	8	0	8
Amounts owed by affiliated companies	13.924	442	527
Amounts owed by associated companies	0	104	0
Tax asset	378	3.275	647
Deferred tax assets	0	0	4.848
Other debtors	5.901	10.222	6.151
Total other debtors	<u>20.211</u>	<u>14.043</u>	<u>12.181</u>
TOTAL DEBTORS	<u>178.210</u>	<u>146.062</u>	<u>156.363</u>
<i>Other assets</i>			
Cash in hand and cash equivalent	23.988	42.902	10.900
Other	224	3.023	305
TOTAL OTHER ASSETS	<u>24.212</u>	<u>45.925</u>	<u>11.205</u>
<i>Prepayments and accrued income</i>			
Accrued interest	5.233	5.161	2.274
Other prepayments and accrued income	3.680	1.020	2.872
TOTAL PREPAYMENTS AND ACCRUED INCOME	<u>8.913</u>	<u>6.181</u>	<u>5.146</u>
TOTAL ASSETS	<u>673.255</u>	<u>603.538</u>	<u>609.738</u>

Balance Sheet as of

Note in DKK '000

	30/6 2012	30/6 2011	31/12 2011
LIABILITIES			
<i>Capital and reserves</i>			
Share capital	10.000	10.000	10.000
Revaluation provisions	6.741	6.741	6.741
<i>Reserves</i>			
Contingency reserve, untaxed	115.000	115.000	115.000
Other reserves, year end	42.957	40.448	45.798
Total reserves	157.957	155.448	160.798
Proposed dividend for the accounting year	0	0	5.000
Profit brought forward	71.140	63.517	63.500
TOTAL CAPITAL AND RESERVES	245.838	235.706	246.039
<i>Provisions for insurance contracts</i>			
Provision for unearned premiums	203.522	196.073	169.010
Claim provisions	143.979	104.283	108.917
TOTAL PROVISION FOR INSURANCE CONTRACTS	347.501	300.356	277.927
<i>Provisions for other risks and charges</i>			
Deferred taxation	5.085	4.037	10.002
TOTAL PROVISIONS FOR OTHER RISKS AND CHARGES	5.085	4.037	10.002
<i>Creditors</i>			
Amounts owed in connection with direct insurance business	18.947	13.741	19.480
Amounts owed to reinsurance companies	16.687	9.223	8.825
Amounts owed to affiliated companies	1.666	4.627	47
Amounts owed to associated companies	0	25	0
Accrued intercompany tax equalisation	2.165	0	0
Other creditors	35.366	35.823	47.418
TOTAL CREDITORS	74.831	63.439	75.770
TOTAL LIABILITIES	673.255	603.538	609.738

4 Contingency liabilities

Equity specification

Amount in DKK '000	Share Capital	Revaluation Provisions	Other Provisions	Security funds	Transferred result	Dividend	Total
Equity as of 31st December 2010	10.000	6.741	43.733	115.000	69.146	5.000	249.620
Dividend paid out						-5.000	-5.000
Provisions for other reserves		-5.246			5.246		0
Currency adjustment for foreign entities		1.961			-10.875		1.961
Profit for the year							-10.875
Proposed dividend						0	0
Equity as of 30th June 2011	10.000	6.741	40.448	115.000	63.517	0	235.706
Equity as of 31st December 2010	10.000	6.741	43.733	115.000	69.146	5.000	249.620
Dividend paid out						-5.000	-5.000
Provisions for other reserves			584		-584		0
Currency adjustment for foreign entities			1.481				1.481
Profit for the year					-62		-62
Proposed dividend					-5.000	5.000	0
Equity as of 31st December 2011	10.000	6.741	45.798	115.000	63.500	5.000	246.039
Equity as of 31st December 2011	10.000	6.741	45.798	115.000	63.500	5.000	246.039
Dividend paid out						-5.000	-5.000
Provisions for other reserves			-2.729		2.729		0
Currency adjustment for foreign entities			-112				-112
Profit for the year					4.911		4.911
Proposed dividend						0	0
Equity as of 30th June 2012	10.000	6.741	42.957	115.000	71.140	0	245.838

Note

1 **ACCOUNTING POLICIES APPLIED**

General

The half yearly report has been prepared in accordance with Financial Business Act and the executive order issued by the Danish Financial Supervisory Authority on financial reports for insurance companies and profession-specific pension funds.

The half yearly report is presented in thousands crowns.

The accounting policies are unchanged from last year.

Accounting estimate

The preparation of the half yearly reports under the Danish Financial Supervisory Authority's executive order requires the use of certain critical accounting estimates and requires the management to exercise its judgment in the process of applying the company's accounting policies.

The statement of the accounted value of certain assets and liabilities is conditioned by applying the accounting estimate. The estimates made are based on assumptions which the management finds justifiable but uncertain. The statement of the insurance provisions is in particular connected to estimates. These estimates are described in more details in the below-mentioned under the individual accounting items.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the balance sheet when the company has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the company, and the value of the liabilities can be measured reliably.

On initial recognition, assets and liabilities are measured at fair value, however tangible and intangible assets are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement as earned, whereas costs are recognised by the amounts attributable to this financial year. Value adjustments of financial assets and liabilities are recorded in the income statement unless otherwise described below.

Inter group transactions

The remuneration for the administration of the group's companies is based on the costs of such administration. The interest charged on inter-company accounts is the market rate when these accounts are not considered current business accounts.

Other services (including reinsurance) rendered as part of ordinary insurance operations to and from inter-company buyers are settled at market rates.

Inter-company trading in assets, including securities, is conducted at market prices. No significant inter-company trading with assets has taken place during the accounting period.

Consolidated accounts

The company has chosen not to prepare consolidated accounts in accordance with §134 in the executive order issued by the Danish Financial Supervisory Authority on financial reports for insurance companies and profession-specific pension funds, as the company's ultimate parent company, Münchener Rückversicherungsgesellschaft, Munich, Germany, prepares consolidated accounts in which the company and its subsidiaries are included.

PROFIT AND LOSS ACCOUNT

RESULT OF INSURANCE OPERATIONS

Premium income, net of reinsurance

Premium income, net of reinsurance consists of the premiums collected for the year less ceded reinsurance premiums, adjusted for movements in the unearned premium provision.

Technical interest, net of reinsurance

The interest yield is calculated on the basis of the year's average net technical provisions. The year's average rate for short-maturity bonds is used as the rate of interest.

Technical interest is reduced by the portion of the increase in net provisions that relates to unwinding of discounting.

Claims incurred, net of reinsurance

Claims incurred, net of reinsurance consist of the claims paid together with direct and indirect costs for claims handling less reinsurance recoveries, adjusted for movements in the outstanding claims reserve.

As a result, claims incurred, net of reinsurance consist of reported and expected claims for the accounting year. Furthermore, run-of gains or losses on previous years' provision for outstanding claims are included in claims incurred. The portion of the increase of the provisions that relates to reduction of term has been transferred to technical interest.

Changes in provisions of claims due to changes in the yield curve and exchange rates are recognized as a value adjustment.

Bonus and premium rebates

Bonus and premium rebates represent anticipated and reimbursed premiums where the amount reimbursed depends on the claims record, and for which the criteria for payment have been defined prior to the financial year or when the business was written.

Insurance operating expenses, net

Insurance operating expenses represent acquisition costs and administrative expenses less reinsurance commissions received. Expenses relating to acquiring and renewing the insurance portfolio are recognised at the time of writing the business. Administrative expenses are accrued to match the financial year.

Investment activities

Income from affiliated companies includes the company's share of the affiliates' net profit.

Income from associates includes the company's share of the associates' net profit.

Income from investment properties before fair value adjustment represents the profit from property operations less property management expenses for the part of the property which is not used by the company.

Interest, dividends, etc. represent interest earned, dividends received, etc. during the financial year.

Realised and unrealised investment gains and losses, including gains and losses on derivative financial instruments, value adjustment of land and buildings, exchange rate adjustments are recognised as value adjustments.

Exchange rate adjustments: all items in the balance sheet in foreign currency are translated at the exchange rate ruling on the date of the transaction.

Investment management charges represent expenses relating to the management of investments.

OTHER ITEMS

Other income and expenditure

Other income and expenditure contain income and expenses on administration agreements, which cannot be attributed to the insurance portfolio.

Taxation

Tax on the profit for the year is calculated on the basis of the profit for the year before tax, adjusted for non-taxable income and expenditure.

The company is jointly taxed with Danish group companies. Full inter-company tax equalisation is effected so that the company pays for the utilisation of contingent negative taxable income from the jointly taxed company and the company is refunded by the jointly taxed company for its utilisation of contingent taxable deficits of the company.

Deferred tax related to recapture of previously deducted deficits in foreign branches or affiliates' entities is included based on an actual assessment of the purpose of the individual entity.

Deferred taxes are provided for with 25% on all time differences between the result reported in the annual report and the result reported in the tax return, and between the book value and taxable value of the company's intangible assets, investment assets, operating equipment and debts.

If deferred tax constitutes a tax asset, it is included in the assets, if it is most probably that it can be used in the future. The tax liable on the contingency reserve (contingent tax) is not provided for in the balance sheet but is disclosed in a note.

BALANCE SHEET

Intangible assets

The assets are measured at the acquisition costs with deductions of the write down. A straight-line write down is applied based on the following assessment of the assets' expected useful lives:

Software, presently	3-10 years
---------------------	------------

Costs that are directly associated with the production of identifiable and unique software products as intangible assets. Direct costs include the software development team's employee costs and other directly related overheads. All other costs associated with developing or maintaining computer software are recognised as an expense as incurred.

After completion of the development the asset is written down on a straight-line basis over the expected useful life, however, presently with a maximum period of 5 years. The basis of writing down is reduced by any impairment write downs.

Intangible assets including development projects are written down to the lower of recoverable amount and carrying amount.

Operating equipment

Fixtures and operating equipment are measured at cost less accumulated write down and any accumulated impairment losses. Cost encompasses the purchase price and costs directly attributable to the acquisition of the relevant assets until the time when the asset is ready to be brought into use.

The tangible assets are written down on a straight-line basis from the following assessment of the assets' expected useful lives, as follows:

Furniture and other operating equipment, presently	5 years
Computer hard and software, presently	3-5 years
Motor vehicles, presently	5 years

The assets' residual values and useful lives are reviewed at each balance sheet date and adjusted if appropriate.

Gains and losses on disposals and retirements are determined by comparing proceeds with carrying amount. These are included in the income statement. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

Tangible assets are written down to the lower of recoverable amount and carrying amount.

Domicile

Domiciles are measured in the balance sheet at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation. Revaluations are performed regularly to avoid the carrying amount differing materially from the domicile's fair value at the balance sheet date.

Increases in the revalued carrying amount of domiciles are credited in equity, unless the increase corresponds to a decrease previously credited to the income statement. Decreases are credited to the income statement unless the decrease corresponds to an increase previously credited to equity.

The write downs are recognized in the profit and loss account over their useful lives. The expected useful life is measured regularly.

Europæiske Rejseforsikring A/S assessed at the time of the change-over to the rules of Danish Financial Supervisory Authority's executive order on financial reports that the useful life is 50 years and the scrap value is 70%.

Capital holdings (shares) in affiliated and associated companies

Shareholdings are stated at their equity value using the equity method. As a result, the shareholdings are shown in the balance sheet as the pro rata share of the companies' equity value, and the company's share of the result is included in the profit and loss account under "income from affiliated or associated companies".

The total net revaluation of capital holdings in affiliated and associated companies are included in the net revaluation reserve in equity, if the book value is higher than the cost price.

Other financial assets

Listed bonds and capital investments are stated at the price listed at closing time on the date of the balance sheet. However, drawn bonds are stated at fair value.

Unlisted capital investments are stated as the estimated market value, based on the last available annual accounts of the company in question.

Secured loans are stated as the estimated fair value at the balance sheet date.

The settling day is used as the time of calculation for all investment assets.

Reinsurers' share of provisions for insurance contracts

Contracts entered into by the company with reinsurers under which the company is compensated for losses on one or more contracts issued by the company and that meet the classification requirements for insurance contracts are classified as reinsurance share of the technical provision.

Amounts recoverable from reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract.

The benefits to which the company is entitled under its reinsurance contracts held are recognised as assets and reported as reinsurers' share of claim provisions for insurance contracts.

The reinsurers' share of the provisions for claims is measured at discounted value if such discounting is material. The future payments will be discounted back according to the zero coupon interest rate structure set by the Danish Financial Supervisory Authority.

The company assesses continuously its reinsurance assets for impairment. If there is objective evidence that the reinsurance asset is impaired, the company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the income statement.

Debtors

Debtors are stated net of a bad debt reserve calculated on the basis of an individual assessment of the debtors.

Accruals

Accruals, reported under assets, comprise cost paid relating to the following financial year.

TECHNICAL RESERVES

Provisions for insurance contracts

Provisions for insurance contracts are recognised as future payments including payments for administration and claims handling regarding future events for in-force policies. However, as a minimum to the part of the premium calculated using the pro rata temporis principle until the next payment date. Adjustments are made to reflect any variations in the incidence of risk. For new annual insurance policies, where a considerable part of the risk is in the immediate continuation of the date they become effective, we add as income 50% of the premium within the first 2-3 weeks and then distribute the rest according to the pro rata temporis principle. The provisions also include amounts reserved to cover risk in connection with increasing age. These provisions are reserved when there no longer is a natural premium and the risks covered increase with the insured person's age.

The provisions for insurance contracts are recognised, taking into account, the deductions for direct acquisition costs.

Provisions for claims

Provisions for claims include direct and indirect claims handling costs arising from events that have occurred up to the balance sheet date. Provisions for claims are estimated using the input of assessments for individual cases reported to the company and statistical analyses for the claims incurred but not reported and the expected ultimate cost of more complex claims that may be affected by external factors (such as court decisions).

Provisions for claims are discounted if such discounting is material. The future payments will be discounted back according to the zero coupon interest rate structure set by the Danish Financial Supervisory Authority.

Discounting is not applied at present as it is not considered material.

Provisions for bonus and premium rebates

Provisions for bonus and premium rebates represent amounts expected to be paid to policyholders in view of the claims experience during the financial year.

Liability adequacy test

Tests are continuously performed to ensure the adequacy of the technical provisions. In performing these tests, current best estimates of future cash flows of claims, gains and direct and indirect claims handling costs are used. Any deficiency is charged to the income statement by raising the relevant provision.

Financial liabilities

Bond loans, debt to credit institutions, etc. are recognised at the raising of the loan at a fair value plus transaction costs incurred.

Other liabilities are measured at net realisable value.

Note

In DKK'000

2 Five-year review

	2012	2011	2010	2009	2008
Profit and Loss 1/1-30/6					
Gross premiums earned	238.591	246.812	226.028	196.857	204.662
Claims incurred, net of reinsurance	176.086	149.573	144.570	99.159	101.656
Operating expenses	67.449	91.965	90.158	77.346	82.752
Result of reinsurance (-=net cost)	1.049	-22.531	-1.616	-15.324	-14.653
Underwriting profit/loss	-4.279	6.950	7.151	1.464	22.528
Profit/loss of investment after transfer of technical interest	8.752	2.963	12.110	3.015	798
Profit for the period	4.911	-10.875	1.816	4.205	6.439
Gross run-off profit/loss	476	-8.787	-8.364	-2.764	-5.486
Run-off profit/loss, net of reinsurance	3.194	-7	-4.728	1.426	-981
Assets and Liabilities at	30.06.2012	30.06.2011	30.06.2010	30.06.2009	30.06.2008
Insurance assets	109.025	89.819	82.919	52.791	53.970
Technical provisions	347.501	300.356	270.445	223.129	210.649
Capital and reserves at year-end	245.838	235.706	242.667	233.528	223.317
Total assets	673.255	603.538	598.534	531.493	490.612
Claims ratio	74,13%	60,93%	64,29%	51,02%	50,22%
Burden ratio	28,40%	37,46%	40,09%	39,80%	40,88%
Reinsurance ratio net	-0,44%	9,13%	0,71%	7,78%	7,16%
Combined ratio	102,09%	107,52%	105,10%	98,60%	98,25%
Operating ratio	101,80%	106,78%	104,53%	97,57%	96,69%
Relative run-off result	0,46%	-9,91%	-10,82%	-3,61%	-7,17%
Return on capital and reserves p.a.	3,99%	-9,00%	1,48%	3,57%	5,78%
Solvency cover	2,81	2,79	3,20	3,49	3,31

Note

in DKK'000

	<u>2012</u>	<u>2011</u>
3 Breakdown of underwriting result		
Earned premiums	237.522	245.495
Underwriting interest, net of reinsurance	685	1.801
Claims incurred	-176.086	-149.573
Administrative expenses	-23.180	-45.888
Acquisition costs	<u>-44.269</u>	<u>-46.077</u>
Profit from gross operations	<u>-5.328</u>	<u>5.758</u>
Ceded insurance premiums	82.969	95.795
Reinsurance recoveries	-58.806	-44.438
Reinsurance commissions and profit participation	<u>-25.212</u>	<u>-28.826</u>
Result of ceded business	<u>-1.049</u>	<u>22.531</u>
Underwriting profit	<u>-4.279</u>	<u>-16.773</u>

4 Contingency liabilities

Submission of guarantee to Danske Bank for the overdraft facility of Euro-Center SE up to a maximum of DKK 20m.