EUROPÆISKE REJSEFORSIKRING A/S

HALF YEARLY REPORT

2011

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:

Johann-Dietrich von Hülsen (Chairman), Ulrike Timmer, Julia Ricks,
*Peter Andersen

*Elected by the staff

BOARD OF MANAGEMENT:

Preben Mullit, Managing Director

REVISOR:

KPMG C. Jespersen
Statsautoriseret Revisionspartnerselskab
Jesper Dan Jespersen og Lisbet Kragelund

Management report for the period 01.01.11-30.06.11

Main activities of the company
Europæiske Rejseforsikring A/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. In 2011, Nordic Health Care, introduced by Europæiske in 2008, has in 2011 increasingly consolidated its brand and its products on a number of markets keeping main focus on Europe, South America, the Middle East and the Far East.

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

Europæiske'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.

Europæiske's Assistance
Europæiske'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'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'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 robbery 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's extended arm in the world.

Product development, new products and services
In its role as market leader, Europæiske'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 advances its existing products continuously. In all cases the quality of the product is paramount and the price fair. Thus we support our image as the specialist who always provides products of high quality at competitive prices.

Nordic Health Care
In 2010 Nordic Health Care (NHC) has increasingly consolidated its brand and products on a number of markets with continued main focus on Europe, South America, the Middle East, China and Japan. In 2011, we expect considerable growth in the established markets.

Corporate travel market
We have continued to focus on communicating the news 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 on the market. Europæiske corporate department is the market leader within corporate travel insurance as well as expatriate products, but due to decreased profitability, we have a strong focus on profitable cooperation relationships with our customers. This has meant that we have had to cease cooperation with a few major customers.

Leisure travel market
The leisure travel market has been influenced by the financial recession which has led to decreasing travel activity. This has in particular influenced the income from travel agencies, whereas direct sales to the customers via internet or via Europæiske's call centre have increased during the financial recession. The second quarter of 2011 has shown increased sales of travel insurance through the travel agents, whereas 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 deficit of DKK 10.8m against a deficit of DKK 1.8m for the first half of 2010.

Gross premiums earned on direct business have shown an increase of DKK 20.6m. The increase is attributable to our increased sales of international health insurance.

The claims record for 2011 has been unfavourable with a gross claims ratio of 60.9% against 64.3% in the first half year of 2010. The decrease in the claims ratio is attributable to the claims costs of DKK 12m last year in connection with the ash cloud from the Icelandic volcano Eyjafjallajökull, whereas in the first half year of 2011 Europæiske had claims of an amount of approximately DKK 5 due to the unrest in the Middle East.

The gross claims incurred amount to DKK 149.6m against DKK 144.6m for first half of 2010. The high claim ratio in 2011 is primarily due to the effect of the unrest in the Middle East and a continuing high claims ratio for our corporate and Nordic Health Care portfolio. The high amount of gross claims incurred for corporate and Nordic Health Care products is 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 105m against DKK 99m in first half of 2010, an increase of DKK 6m. The claims ratio net of reinsurance is 70% against 64% in the first half of 2010.

Net costs to ceded business have increased by DKK 21m compared to first half of 2010. This is primarily due to a significantly lower reinsurance coverage received compared to the same period in 2010 mostly due to the volcanic eruption in 2010. At the same time the increased sales for Nordic Health Care products together with a lower claims ratio have resulted in an increase of ceded business of DKK 6.0m for this segment.

The operating expenses net of reinsurance amount to DKK 63m against DKK 66m in the first half of 2010.

The expense ratio, including acquisition costs and commission of business ceded, amounts to 37.5% against 40.0% in the first half of 2010. Combined ratio net of reinsurance (total costs measured in relation to earned premiums) is 107.5% against 105% in the first half of 2010.

The underwriting result is a deficit of DKK 16.8m against a deficit of DKK 10.2m in first half year of 2010, a decrease of DKK 6.6 m.

Gross operations for Europæiske Rejseforsikring A/S show a profit of DKK 5.8m against a deficit of 8.6m in first half year of 2010.

The result from affiliated companies shows a profit of DKK 2.9m against DKK1.6m for first half of 2010. The increased result is primarily because our 75% owned insurance company Evropská Cestovni Poojistovna a.s. in the Czech Republic has had an increase of 29% in sales combined with a small improvement in combined ratio.

Interest income, dividends etc. for the period amount to DKK4.5m against DKK 4.0m in first half of 2010.

Income from land and buildings amounts to DKK 0.9m against DKK 0.9m in the first half of 2010.

Value adjustments net amount to a loss of DKK 3.5 against a gain of DKK 7.2m in the first half of 2010. The value adjustment loss in 2011 is primarily due to loss on our bond portfolio and currency rates, whereas the value adjustment profit for 2010 is due to a profit on our bond and currency rates.

The result of investment activities before transfer of technical interest amounts to a profit of DKK 4.8m against a profit of DKK13.3m for first half of 2010.

The tax for the period amounts to an income of DKK 2.8m against an expense of DKK 0.4m in 2010, a decrease of DKK 3.2m.

As of June 30, 2011 the company's total capital and reserves amount to DKK 236m out of its total assets of DKK 604m.

Ownership

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 94,70% owned subsidiary of Munich Re, Munich, Germany

Group Ownership

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

Subsidiary:	Registered office	Activity	Shareholding
Evropská Cestovni Pojistovna a.s.	Czech Republic	Insurance	75.00%
Associated company:			
Euro-Center Holding A/S	Copenhagen	Assistance	16.67%

Outlook

No events have occurred subsequent to June 30, 2010 which should have a material influence on the financial position of the company or its subsidiaries.

We expect an increase in sales for international health insurance and leisure travel insurance. For the rest of 2011 we expect considerably lower claims ratios. The negative effects of the loss on bonds and currency rates are expected to reduce the result for 2011. As a result of this the company's result for 2011 is expected to be at a somewhat lower level.

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, yellow and green, set by the Danish Financial Supervisory Authority, have been calculated on a continuous basis and Europæiske Rejseforsikring A/S has always been in the green with a good safety margin. The latest calculation shows a total equity effect of minus DKK 16.2m and minus DKK 26.0m in case of a decrease corresponding to the Danish Financial Supervisory Authority's red or yellow 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 Rejseforsikring A/S assesses that such a risk could have a negative effect corresponding to approximately 12% of the company's equity.

Disaster cover
To cover the risks in connection with disasters, the company has made reinsurance contracts limiting Europæiske Rejseforsikring A/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 2011 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 2011 together with the results of the company's activities for the financial year 1 January – 30 June 2011.

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, 17 August, 2011

Board of Management:

Preben Mullit / Winnie Grønnemose

Board of Directors:

Johann-Dietrich von Hülsen
Chairman

Ulrike Timmer

Julia Ricks

Peter Andersen

Profit and loss account 1/1-30/6

Note	in DKK'000	2011	2010
	Earned premiums		
	Gross premiums written	290.625	283.842
	Ceded insurance premiums	-100.969	-85.825
	Change in the provision for unearned premiums	-43.813	-57.814
	Change in the provision for unearned premiums, reinsurers' share	5.174	14.941
	Total premium income, net of reinsurance	**151.017**	**155.144**
	Technical interest, net of reinsurance	**1.801**	**1.235**
	Claims incurred		
	Claims paid	140.634	132.732
	Reinsurance recoveries	-45.516	-25.143
	Change in the provision for claims	8.939	11.838
	Change in the provision for claims, reinsurers' share	1.078	-20.545
	Total claims incurred, net of reinsurance	**105.135**	**98.882**
	Bonus and premium discounts	**1.317**	**1.160**
	Net operating expenses		
	Acquisition costs	46.077	47.636
	Administrative expenses	45.888	42.522
	Commission and profit share from reinsurers	-28.826	-23.580
	Total net operating expenses, net of reinsurance	**63.139**	**66.578**
3	**UNDERWRITING RESULT**	**-16.773**	**-10.241**
	Income from investment assets		
	Income from affiliated companies	2.889	1.562
	Income from associated companies	0	0
	Income from investment properties	920	949
	Interest income and dividends etc.	4.532	4.045
	Value adjustment	-3.492	7.193
	Interest expenses	0	-3
	Administrative expenses on investments	-85	-401
	Total return on investment activities	**4.764**	**13.345**
	Interest on insurance provisions	**-1.801**	**-1.235**
	TOTAL RETURN ON INVESTMENT ACTIVITIES AFTER TECHNICAL INTEREST	**2.963**	**12.110**
	Other income	2.737	2.225
	Other expenses	2.592	1.908
	PROFIT BEFORE TAX	**-13.665**	**2.185**
	Tax	-2.790	369
	PROFIT FOR THE PERIOD	**-10.875**	**1.816**

STATEMENT OF COMPREHENSIVE INCOME

Exchange rate adjustment of foreign entities	1.961	1.364
Comprehensive income	1.961	1.364
Result of the period	-10.875	1.816
TOTAL COMPREHENSIVE INCOME	**-8.914**	**3.181**

Balance Sheet as of

Note	in DKK '000	30/6 2011	30/6 2010	31/12 2010
	ASSETS			
	Intangible assets			
	Software	15.583	18.802	17.137
	Software, development projects	5.854	2.485	3.050
	TOTAL INTANGIBLE ASSETS	21.437	21.287	20.187
	Tangible assets			
	Operating equipment	4.908	6.978	6.219
	Domicile	92.544	94.958	93.617
	TOTAL TANGIBLE ASSETS	97.452	101.936	99.836
	Investments in affiliated and associated companies			
	Capital holdings (shares) in affiliated companies	48.878	45.684	52.179
	Capital holdings (shares) in associated companies	5.098	3.218	5.081
	Total investments in affiliated and associated companies	53.976	48.902	57.260
	Other financial investments			
	Participating interests	33	54	33
	Unit trusts	13.542	7.692	8.189
	Bonds	218.930	226.398	221.507
	Total other financial investments	232.505	234.144	229.729
	TOTAL INVESTMENT ASSETS	286.481	283.046	286.989
	Reinsurance share of technical provision			
	Reinsurance share of unearned premiums	53.480	41.818	45.715
	Reinsurance share of claim provision	36.339	41.101	40.009
	Total reinsurance share of technical provision	89.819	82.919	85.724
	Debtors			
	Amounts owed by policy holders	29.742	37.299	29.593
	Amounts owed by insurance brokers	12.458	26.853	19.143
	Debtors arising out of direct insurance contracts, in total	42.200	64.152	48.736
	Other debtors			
	Amounts owed by insurance companies	0	10	8
	Amounts owed by affiliated companies	442	1.692	7.661
	Amounts owed by associated companies	104	3.046	118
	Tax asset	3.275	0	409
	Other debtors	10.222	1.371	1.625
	Total other debtors	14.043	6.119	9.821
	TOTAL DEBTORS	146.062	153.190	144.281
	Other assets			
	Cash in hand and cash equivalent	42.902	21.435	10.301
	Other	3.023	6.655	3.752
	TOTAL OTHER ASSETS	45.925	28.090	14.053
	Prepayments and accrued income			
	Accrued interest	5.161	5.155	1.901
	Other prepayments and accrued income	1.020	5.830	2.479
	TOTAL PREPAYMENTS AND ACCRUED INCOME	6.181	10.985	4.380
	TOTAL ASSETS	603.538	598.534	569.726

Balance Sheet as of

Note	in DKK '000	30/6 2011	30/6 2010	31/12 2010
	LIABILITIES			
	Capital and reserves			
	Share capital	10.000	10.000	10.000
	Revaluation provisions	6.741	7.141	6.741
	Reserves			
	Contingency reserve, untaxed	115.000	115.000	115.000
	Other reserves, year end	40.448	40.025	43.733
	Total reserves	155.448	155.025	158.733
	Proposed dividend for the accounting year	0	0	5.000
	Profit brought forward	63.517	70.501	69.146
	TOTAL CAPITAL AND RESERVES	235.706	242.667	249.620
	Provisions for insurance contracts			
	Provision for unearned premiums	196.073	181.759	152.260
	Claim provisions	104.283	88.686	95.352
	TOTAL PROVISION FOR INSURANCE CONTRACTS	300.356	270.445	247.612
	Provisions for other risks and charges			
	Deferred taxation	4.037	7.674	7.305
	TOTAL PROVISIONS FOR OTHER RISKS AND CHARGES	4.037	7.674	7.305
	Creditors			
	Amounts owed in connection with direct insurance business	13.741	13.760	15.067
	Amounts owed to reinsurance companies	9.223	10.625	12.184
	Amounts owed to credit institutions	0	0	0
	Amounts owed to affiliated companies	4.627	13.579	2.995
	Amounts owed to associated companies	25	0	2.129
	Actual tax liabilities	0	1.427	0
	Other creditors	35.823	38.357	32.814
	TOTAL CREDITORS	63.439	77.748	65.189
	TOTAL LIABILITIES	603.538	598.534	569.726
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 2009	10.000	7.141	38.661	115.000	68.685	9.750	249.237
Dividend paid out						-9.750	-9.750
Provisions for revaluations							0
Provisions for other reserves							0
Currency adjustment for foreign entities			1.364				1.364
Profit for the year					1.816		1.816
Proposed dividend							0
Equity as of 30th June 2010	10.000	7.141	40.025	115.000	70.501	0	242.667
Equity as of 31st December 2009	10.000	7.141	38.705	115.000	68.641	9.750	249.237
Dividend paid out						-9.750	-9.750
Provisions for revaluations		-400			400		0
Provisions for other reserves			2.702		-2.702		0
Currency adjustment for foreign entities			2.326				2.326
Profit for the year					7.807		7.807
Proposed dividend					-5.000	5.000	0
Equity as of 31st December 2010	10.000	6.741	43.733	115.000	69.146	5.000	249.620
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 revaluations							0
Provisions for other reserves			-5.246		5.246		0
Currency adjustment for foreign entities			1.961				1.961
Profit for the year					-10.875		-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

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 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 and the effect in movements in the yield curve used for discounting, 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.

In DKK'000

2 Five-year review

	2011	2010	2009	2008	2007
Profit and Loss 1/1-30/6					
Gross premiums earned	246.812	226.028	196.857	204.662	192.715
Claims incurred, net of reinsurance	149.573	144.570	99.159	101.656	93.317
Operating expenses	91.965	90.158	77.346	82.752	75.245
Result of reinsurance (-=net cost)	-22.531	-1.616	-15.324	-14.653	-17.775
Underwriting profit/loss	-16.773	6.950	7.151	1.464	22.528
Profit/loss of investment after transfer of technical interest	2.963	12.110	3.015	798	2.811
Profit for the year	-10.875	1.816	4.205	6.439	10.587
Gross run-off profit/loss	-8.787	-8.364	-2.764	-5.486	-2.955
Run-off profit/loss, net of reinsurance	-7	-4.728	1.426	-981	-872
Assets and Liabilities at	**30.06.2011**	**30.06.2010**	**30.06.2009**	**30.06.2008**	**30.06.2007**
Insurance assets	89.819	82.919	52.791	53.970	61.316
Technical provisions	300.356	270.445	223.129	210.649	205.993
Capital and reserves at year-end	235.706	242.667	233.528	223.317	211.485
Total assets	603.538	598.534	531.493	490.612	466.764
Claims ratio	60,93%	64,29%	51,02%	50,22%	49,01%
Burden ratio	37,46%	40,09%	39,80%	40,88%	39,52%
Reinsurance ratio net	9,13%	0,71%	7,78%	7,16%	9,22%
Combined ratio	107,52%	105,10%	98,60%	98,25%	97,75%
Operating ratio	106,78%	104,53%	97,57%	96,69%	96,30%
Relative run-off result	-9,91%	-10,82%	-3,61%	-7,17%	-2,85%
Return on capital and reserves p.a.	-9,00%	1,48%	3,57%	5,78%	10,02%
Solvency cover	2,79	3,20	3,49	3,31	3,67

in DKK'000

Note		2011	2010	
3	**Breakdown of underwriting result**			
	Earned premiums	245.495	224.868	
	Underwriting interest, net of reinsurance	1.801	1.235	
	Claims incurred	-149.573	-144.570	
	Administrative expenses	-45.888	-42.522	
	Acquisition costs	-46.077	-47.636	
	Profit from gross operations	5.758	-8.625	
	Ceded insurance premiums	95.795	70.884	
	Reinsurance recoveries	-44.438	-45.688	
	Reinsurance commissions and profit participation	-28.826	-23.580	
	Result of ceded business	22.531	1.616	
	Underwriting profit	-16.773	-10.241	
4	**Contingency liabilities**			
	Submission of guarantee to Danske Bank for the overdraft facility of Euro-Center A/S up to a maximum of DKK 20m.			
	The company has leased copying machines. The payments in the leasing period amount to:	0	134	33