

EUROPÆISKE REJSEFORSIKRING A/S
HALF YEARLY REPORT
FOR THE PERIOD 1/1-30/6 2013

**Europæiske Rejseforsikring A/S
Frederiksberg Allé 3
1790 Copenhagen V
Denmark
CVR nr. 62 94 05 14**

The half yearly report is a translation of the Danish original wording. The Danish original wording shall be governing for all purposes and in any case of discrepancy, the Danish wording shall take precedence

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COMPANY NAME

EUROPÆISKE REJSEFORSIKRING A/S

3, Frederiksberg Allé
DK 1790 Copenhagen V
Tel.: +45 33 25 25 25

Registered in: Copenhagen

Company Reg. No. CVR 62 94 05 14

BOARD OF DIRECTORS AND AUDIT COMMITTEE:

Richard Bader (Chairman), Ulrike Timmer, Jørn Sønderup, Gabrielle Bayer,
*Christoffer Nylandsted, *Peter Fobian
*Elected by the staff

BOARD OF MANAGEMENT:

Johann-Dietrich von Hülsen, Managing Director

AUDIT:

KPMG
Statsautoriseret
Revisionspartnerselskab
Jesper Dan Jespersen and Lisbet Kragelund

Management report for the period 1/1-30/6 2013

Main activities of the company

Europæiske Rejseforsikring A/S' primary business areas are sale of travel insurance to the leisure market as well as the corporate market together with 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. Main distribution channels for all travel policies and international health insurance are either direct business or brokers in the markets.

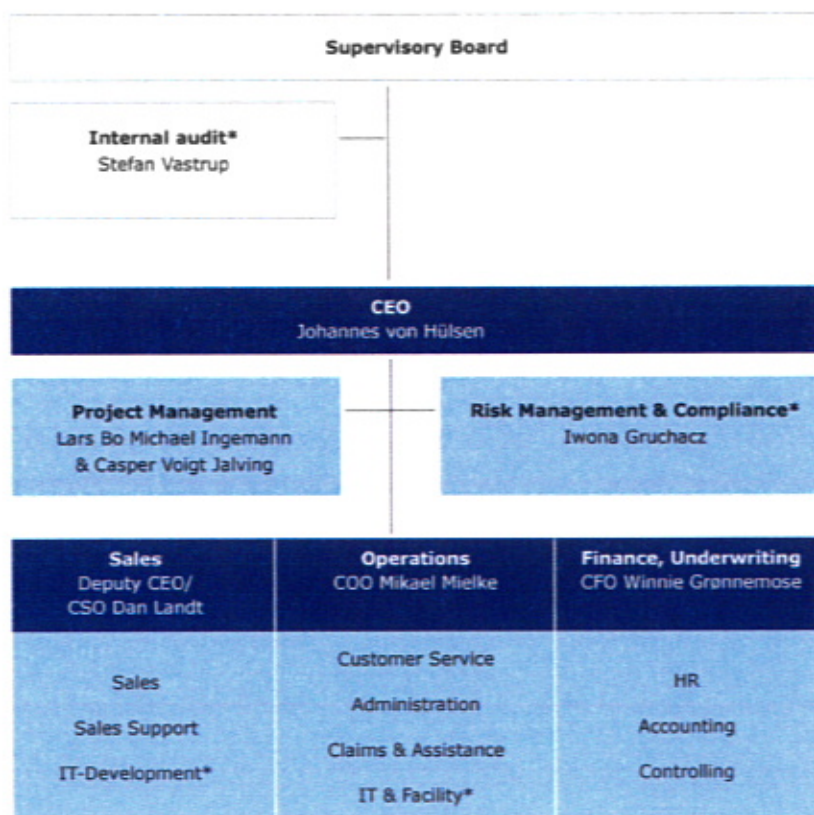
As the market leader within sale of travel insurance in the Danish market, it is essential we offer our customers 24 hour assistance, coverage of claims and related local services everywhere in the world.

In 2012 Europæiske Rejseforsikring A/S changed the brand name to Europæiske ERV to take advantage of the synergy and the brand value by being a part of the German based ERV (former Europäische Reiseversicherung AG).

Europæiske's Values

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. This vision is also reflected in Europæiske's 8 values, which are Customer Focus, Excellence, Courage, Passion, Teamwork, Forward Looking & Sustainable, Openness & Trust and Leadership & Responsibility.

Organisation Chart



* Regional CIO: Thomas Ørsted
Regional IT Operations Manager: Peter Fobian
Regional Internal Audit in DK and SWE
Regional Risk Management and Compliance

Europæiske's Claims and Assistance Department

Europæiske's Assistance handles yearly close to five thousand emergency assistance cases together with more than 35,000 calls to our emergency telephone number. The claims happen in all parts of the world from small cases such as outpatient cases to bigger and more complex cases such as involving air-ambulances.

Approximately 30% of the cases are complex medical cases, which are handled in close cooperation with our specialised sister assistance company, Euro-Alarm in Prague. Nearly all customer contact and supervision is handled from our own alarm centre.

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.

For more than 90 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

The core of our business is safety. In its role as market leader, one of Europæiske's main tasks is to aim at being ahead of the development and at all times provide new and improved services with relevance to our customers and which secure them the best possible way while travelling.

During the last year, Europæiske has optimised many of the existing products. Due to changed travel behaviour our wide portfolio of special insurance policies has been adapted to the market and products which no longer were in demand have been phased out. In all cases the quality of the product has been paramount with an adequate pricing. Thus we support our image as the specialist who always provides products of high quality and excellent service.

The latest news is the launch of a new more up-to-date and informative website. The website has an improved product division and product descriptions. In addition, it introduces new online services, which will make it easier for our customers to buy the right insurance and obtain the necessary information prior to travel.

The Corporate Market

Europæiske has continued to focus on creating profitable business. This has meant that some large non-profitable contracts have been terminated. Europæiske has focused on communicating the news about our coverage 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. We expect that compliance requirements in 2013 and prospectively to a larger extent will influence the international corporate travel market. Europæiske have therefore introduced measures to ensure continued international compliance of our products and set-up.

The Leisure Market

The leisure travel market has had a slightly decreasing turnover and a slightly improved claim record in first half year of 2013.

Nordic Health Care

International health insurance will no longer be within the strategic scope of Europæiske. Therefore it has been decided that, Nordic Health Care – the international health insurance brand of Europæiske – withdraws from the market of international health insurance.

Europæiske have therefore ceased to write new business as of 1. August 2013.

This will significantly decrease the premium income from this business area in 2013 and beyond, as Europæiske expect that the majority of customers will switch to another health insurance company within the next few years.

The development in the company's activities and financial matters

The net result is a deficit of DKK 7.6m against a profit of DKK 4.9m for the first half of 2012.

Gross premiums earned have shown a decrease of DKK 36.8m. The decrease is mainly attributable to our decreased sale of international health insurance, corporate travel insurance, expatriate insurance and travel agent indemnity insurance.

The decrease is due to Europæiske's demand for increased profitability on non-profitable contracts and products. This has led to loss of clients which did not want to renew their contracts due to significant premium increases. In addition, our compliance measures meant that Europæiske in a few individual cases not could offer insurance to all expatriates in a company, why the company has chosen to place all their business travel and expatriate insurance with another insurance company.

The claims record for first half year of 2013 has been satisfactory with a gross claims ratio of 56.4% against 74.1% in first half of 2012. The improved claims ratio can be attributed to a significantly better claim record at expatriate insurances and international health insurances. In addition, we have not like in the first half of 2012 been hit by incurred claim at DKK 18.1m in relation to bankruptcy of Cimber Sterling, Spanair and Malev on the travel agency liability product.

The improved claims record is also due to a run-off gain of DKK 11.4m realised in first half year of 2013. Last year Europæiske Rejseforsikring A/S realised a run-off loss of DKK 7.4m.

Net costs to ceded business have increased by DKK 17.6m compared first half year of 2012. The increase is primarily due the fact that first half year of 2012 were influenced by reinsurance recoveries of DKK 14.1m concerning our product travel insurance indemnity in connection with the Cimber Sterling bankruptcy.

Europæiske Rejseforsikring A/S was in the spring ordered to pay compensation to one of our former agents for lost future earnings totaling DKK 22.3m. This is the main reason why the technical operating expenses have increased from DKK 67.0m to DKK 78.6m.

Europæiske Rejseforsikring A/S owns 75% of the share capital in the Czech travel insurance company, ERV Pojistovna a.s. In first half year of 2013, the company had a turnover corresponding to DKK 45m. The company's half yearly report shows a profit of DKK 1.7m which is satisfactory. Our share of the profit for the period amounts to DKK 1.3m.

Europæiske Rejseforsikring A/S is relatively sensitive to the development of the prices of shares and bonds, etc. The company has had a net loss in connection with realised and unrealised gain & losses adjustments of bonds, share-based unit trusts and exchange rates of a total of DKK 5.6m. The loss is primarily due to losses in connection with redemption of bonds.

Half yearly accounts

The half yearly result amounts to a loss of DKK 7.6m against a profit of DKK 4.9m in first half year of 2012.

The underwriting result amounts to a loss of DKK 7.0m against a loss of DKK 3.8m in first half year of 2012, which is a deterioration of DKK 3.2m.

Gross premiums written amounts to DKK 209.9m against DKK 273.1m first half year of 2012. The decrease is primarily due to a decreasing sale of international health insurance products, business travel and expatriate insurances in direct as well as indirect business and is caused by termination or lack of renewal of non-profitable agreements.

Gross claims incurred amount to DKK 113.8m against DKK 176.1m first half year of 2012 which is a decrease of DKK 62.3m. The gross claims ratio is 56.4% against 74.1% first half year of 2012.

The result of business ceded shows a loss for Europæiske Rejseforsikring A/S of DKK 16.6m against a profit of DKK 1.0m first half year of 2012. An increased expense of DKK 17.6m compared to first half year of 2012. The increase is primarily due to earlier mentioned reinsurance recoveries of DKK 14.1m regarding Cimber Sterling bankruptcy.

The claims costs net of reinsurance amount to DKK 78.9 against DKK 117.3m, which is a decrease of DKK 38.4m. The claims ratio net of reinsurance is 58.0% against 75.9% first half year of 2012.

Acquisition costs amount to DKK 54.1m against DKK 44.3m first half year of 2012, an increase of DKK 9.8m. The increase is due to the previously mentioned case regarding compensation for an agent.

The cost ratio, including acquisition costs and commission of ceded business amount to 39.5% against 28.2% in first half year of 2012.

The acquisition cost ratio alone is 29.8% against 18.6% in first half year of 2012. The combined ratio net of reinsurance (total costs measured in relation to earned premiums) is 104.1% against 101.9% first half year of 2012.

The administrative expenses amount to DKK 24.6m against DKK 22.7m first half year of 2012.

Commissions and profit commissions from reinsurance amount to DKK 14.4m against 25.2 m first half year of 2012. The explanation for the decrease of DKK10.8m is Europæiske's change of the reinsurance program in 2012, which had the implication that a substantial commission income caused by commissions in connection with the clean cut of the premium, were realized. This income was, however, partially compensated by a decrease in deferred acquisition costs.

The result from affiliated companies shows a profit of DKK 1.3m against a profit of DKK 3.8m first half year of 2012. Both realized and unrealized gains and losses net of bonds, as well as result of associates companies affects the result with an expense in contrast to the first half of 2012, where both affect the result positively. This result is generated by ERV Pojistovna a.s., Czech Republic.

Income from associated companies shows a loss of DKK 0.6m against a profit of DKK 0.9m first half year of 2012. The loss is primarily caused by an extraordinary provision in Spain. The income is generated by Euro-Center Holding SE of which Europæiske Rejseforsikring A/S owns 16.67%. Income from land and buildings amounts to DKK 0.6m against DKK 0.9m first half year of 2012. The decrease is primarily attributed to a lower percentage of rentals.

Interest income, dividends, etc. for the period amount to DKK 4.1m against DKK 3.9m for first half year of 2012.

The realized and unrealized gains and losses net for the period amount to a loss of DKK 5.6m against a loss of DKK 0.2m. The loss first half year of 2013 is primarily due to a loss on the bond portfolio.

Interest expenses amount to DKK 2.2m against zero in the first half year of 2012. The interest expenses are caused by interest in connection with the previously mentioned case regarding compensation for an agent.

The result of investment activities before transfer of technical interest amounts to a loss of DKK 2.7m against a profit of DKK 9.0m first half year of 2012.

The tax of the first half year amounts to an income of DKK 2.0m against an income of DKK 0.1m first half year of 2012.

At 30 June 2013, the company's total capital and reserves amount to DKK 228.0m and total assets amount to DKK 584.8m.

The result of the period compared to earlier statements

The company previously expected following for 2013: "We expect continued decrease in premium income with regard to international health insurance and continued re-underwriting of our entire portfolio. With effect from 1 January 2012 Europæiske has increased premiums considerably regarding unprofitable products. Due to this we expect a decline in the number of insured persons and substantially lower claims ratios in 2013. As a consequence of the above initiatives, the company's result for 2013 is expected to be at the same level as in 2012."

For the first half of 2013 Europæiske has lived up to these expectations, but the result as a whole does not live up to expectations. This is due to the previously mentioned case regarding compensation to an agent. Leaving this aside the result does meet the expectations.

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 ERV AG, Munich, Germany. ERV 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 Rejseforsikring A/S is associated with the following companies:

	Amount in DKK'000				
Subsidiary:	<u>Registered office</u>	<u>Activity</u>	<u>Shareholding</u>	<u>Capital & Reserves</u>	<u>Result</u>
ERV Pojistovna a.s.	Czech Republic	Insurance	75.00%	65,143	1,263
Associated company:					
Euro-Center Holding A/S	Copenhagen	Assistance	16.67%	37,214	-626

Events after 30 June 2013

No events have occurred subsequent to the balance sheet date, which would have a material influence on the financial position of the company or its subsidiaries.

Outlook for 2nd half year of 2013

We expect continued decrease in premium income with regard to international health insurance and continued unchanged reinsurance of our entire portfolio. With effect from 1 January 2012 Europæiske has increased premiums considerably regarding unprofitable products. Due to this we still expect a decline in the number of insured persons and substantially lower claims ratios for 2013 as a whole than for 2012. The result for the year will be heavily influenced by the above mentioned case regarding compensation for an agent. The result for the whole 2013 is as a consequence of the above expected at a level around DKK 0.

Uncertainty in respect of recognition and measurement

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 accounting policies applied.

Risk Report

Europæiske Rejseforsikring A/S overall risk profile originates from the risks connected with the running of the core business together with the financial and capital requirements. Europæiske Rejseforsikring A/S' aim is to monitor and control the contribution of each individual risks to the overall risk, in such a way that the possibilities to make the right decisions are optimised. Europæiske Rejseforsikring A/S has implemented the necessary and relevant procedures and control functions with a view to minimize the risks in all business areas. The overall risk management guidelines and the framework are stipulated by the board of directors. The responsibility to follow-up on the individual risks and their risk factors is placed with Finance and it is reported to the management and the board of directors.

Each business area works in a structured way with risk management and reports the efforts to the risk management. To secure a complete separation between the operational parts of the business, an independent Risk Management & Compliance function has been established in 2013 with reference to the management.

Outline

The most important risks in Europæiske Rejseforsikring A/S:

- Insurance Risks
- Market Risks
- Operational Risks

Insurance risks

Europæiske Rejseforsikring A/S has with regard to the insurance part various forms of risks. There are risks in provisions, premium and pricing. It is important to have an overview of the individual risks but it is also an important factor that the identification and monitoring of risks can be used in connection with strategic decisions.

It is Europæiske Rejseforsikring A/S policy that the risks originating from the company's activities shall be covered or limited to such a level that the company will be able to maintain a normal operation and carry out planned initiatives even in case of a very unfavourable development. One of the measures is our excess of loss reinsurance agreements. To cover the risks in connection with disasters, the company has made reinsurance contracts limiting Europæiske Rejseforsikring A/S' risks to about DKK 5.0m per claim event. The company has estimated the effect of a widespread pandemic at DKK 13m at own account. The size of this risk is due to the fact that a pandemic is not seen as one claim. Europæiske's risk is, therefore, not limited to the above mentioned DKK 5m.

Market Risks

It is Europæiske Rejseforsikring A/S aim to control the market risks in such a way that the company obtains a return corresponding to risks taken.

The most important risks are:

- Interest Rate Risk
- Equity Risk
- Real Estate Risk
- Credit and Counterpart Risk
- Exchange Rate Risk

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 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 21.3m 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 Rejseforsikring A/S assesses that such a risk could have a negative effect corresponding to 11% of the company's equity. Please also see note 25.

Capital requirements

	30/6 2013	31/12 2012
Base capital	182,162	190,057
Solvency requirements	61,355	70,849
Individual solvency requirements	95,127	102,895

The above shown capital requirements are in accordance with Financial Business Act.

Solvency 2

Munich Re and ERGO Group, which Europæiske Rejseforsikring A/S is a part of, started in 2009 a Solvency 2 project. The project is managed by a project group in Germany. As for Europæiske Rejseforsikring A/S the project includes a continuous adjustment and development of a standard model together with a system for risk management. The board of directors' involvement and management of the project are secured by the participation in the project of several members of the board of directors including the chairman of the board and the CFO. The board is informed on a continuous basis.

SIGNATURES OF THE BOARD OF MANAGEMENT AND THE BOARD OF DIRECTORS

We have today presented the half yearly report for 1 January – 30 June 2013 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 2013 together with the results of the company's activities for the financial year 1 January – 30 June 2013.

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, 7 August 2013

Board of Management:

Johann-Dietrich von Hülsen
Chief Executive Officer

/ Winnie Grønnemose
Chief Financial Officer

Board of Directors:

Richard Bader
Chairman of the Board

Ulrike Timmer
Board Member and
Chairman of the Audit Committee

Gabriele Bayer
Board member and member of the Audit
Committee

Peter Fobian
Board Member, elected by the
Employees

Christoffer Nylandsted
Board Member, elected by the employees

Jørn Sønderup
Board Member and Member of
Audit Committee

Profit and loss account

Note	in DKK'000	2013	2012
	<i>Earned premiums</i>		
	Gross premiums written	209.947	273.102
	Ceded insurance premiums	-62.170	-76.548
	Change in the provision for unearned premiums	-8.117	-34.511
	Change in the provision for unearned premiums, reinsurers' share	-3.612	-6.421
	Total premium income, net of reinsurance	136.048	155.622
	Technical interest, net of reinsurance	307	685
	<i>Claims incurred</i>		
	Claims paid	130.455	141.025
	Reinsurance recoveries	-40.422	-39.086
	Change in the provision for claims	-16.665	35.061
	Change in the provision for claims, reinsurers' share	5.573	-19.720
	Total claims incurred, net of reinsurance	78.941	117.280
	Bonus and premium discounts	118	1.069
	<i>Net operating expenses</i>		
	Acquisition costs	54.061	44.269
	Administrative expenses	24.569	22.719
	Commission and profit share from reinsurers	-14.378	-25.212
	Total net operating expenses, net of reinsurance	64.252	41.776
3	UNDERWRITING RESULT	-6.956	-3.818
	<i>Income from investment assets</i>		
	Income from affiliated companies	1.263	3.761
	Income from associated companies	-626	861
	Income from investment properties	592	899
	Interest income and dividends etc.	4.139	3.878
	Value adjustment	-5.605	-183
	Interest expenses	-2.159	0
	Administrative expenses on investments	-301	-240
	Total return on investment activities	-2.697	8.976
	Interest on insurance provisions	-307	-685
	TOTAL RETURN ON INVESTMENT ACTIVITIES AFTER TECHNICAL INTEREST	-3.004	8.291
	Other income	1.740	2.437
	Other expenses	1.395	2.068
	PROFIT BEFORE TAX	-9.615	4.842
	Tax	-2.018	-69
	PROFIT FOR THE PERIOD	-7.597	4.911
	STATEMENT OF COMPREHENSIVE INCOME		
	Other comprehensive income		
	Exchange rate adjustment of foreign entities	-1.609	-112
	Comprehensive income	-1.609	-112
	Result of the period	-7.597	4.911
	TOTAL COMPREHENSIVE INCOME	-9.206	4.799

Balance Sheet as of

in DKK '000

	<u>30/6 2013</u>	<u>30/6 2012</u>	<u>31/12 2012</u>
ASSETS			
<i>Intangible assets</i>			
Software	19.504	19.734	20.126
Software, development projects	442	850	283
TOTAL INTANGIBLE ASSETS	<u>19.946</u>	<u>20.584</u>	<u>20.409</u>
<i>Tangible assets</i>			
Operating equipment	3.291	3.783	3.499
Domicile	88.624	93.524	87.200
TOTAL TANGIBLE ASSETS	<u>91.915</u>	<u>97.307</u>	<u>90.699</u>
<i>Investments in affiliated and associated companies</i>			
Capital holdings (shares) in affiliated companies	48.858	49.628	56.103
Capital holdings (shares) in associated companies	6.217	6.857	6.840
Total investments in affiliated and associated companies	<u>55.075</u>	<u>56.485</u>	<u>62.943</u>
<i>Other financial investments</i>			
Participating interests	33	33	33
Unit trusts	29.574	12.215	29.763
Bonds	229.995	275.296	260.261
Total other financial investments	<u>259.602</u>	<u>287.544</u>	<u>290.057</u>
TOTAL INVESTMENT ASSETS	<u>314.677</u>	<u>344.029</u>	<u>353.000</u>
<i>Reinsurance share of technical provision</i>			
Reinsurance share of unearned premiums	54.860	51.465	58.472
Reinsurance share of claim provision	43.224	57.560	48.797
Total reinsurance share of technical provision	<u>98.084</u>	<u>109.025</u>	<u>107.269</u>
<i>Debtors</i>			
Amounts owed by policy holders	14.855	40.755	30.315
Amounts owed by insurance brokers	8.770	8.219	11.672
Debtors arising out of direct insurance contracts, in total	<u>23.625</u>	<u>48.974</u>	<u>41.987</u>
<i>Other debtors</i>			
Amounts owed by insurance companies	5.107	8	87
Amounts owed by affiliated companies	1.629	13.314	6.901
Amounts owed by associated companies	2.520	610	1.200
Tax asset	2.573	378	491
Deferred tax assets	4.065	0	1.598
Other debtors	3.882	5.901	6.483
Total other debtors	<u>19.776</u>	<u>20.211</u>	<u>16.760</u>
TOTAL DEBTORS	<u>141.485</u>	<u>178.210</u>	<u>166.016</u>
<i>Other assets</i>			
Cash in hand and cash equivalent	11.958	23.988	14.065
Other	101	224	77
TOTAL OTHER ASSETS	<u>12.059</u>	<u>24.212</u>	<u>14.142</u>
<i>Prepayments and accrued income</i>			
Accrued interest	3.711	5.233	3.505
Other prepayments and accrued income	1.056	3.680	1.007
TOTAL PREPAYMENTS AND ACCRUED INCOME	<u>4.767</u>	<u>8.913</u>	<u>4.512</u>
TOTAL ASSETS	<u>584.849</u>	<u>673.255</u>	<u>648.778</u>

Balance Sheet as of

in DKK '000

	<u>30/6 2013</u>	<u>30/6 2012</u>	<u>31/12 2012</u>
LIABILITIES			
<i>Capital and reserves</i>			
Share capital	<u>10.000</u>	<u>10.000</u>	<u>10.000</u>
Revaluation provisions	<u>798</u>	<u>6.741</u>	<u>798</u>
<i>Reserves</i>			
Contingency reserve, untaxed	115.000	115.000	115.000
Other reserves, year end	<u>41.547</u>	<u>42.957</u>	<u>49.415</u>
Total reserves	<u>156.547</u>	<u>157.957</u>	<u>164.415</u>
Proposed dividend for the accounting year	<u>0</u>	<u>0</u>	<u>25.000</u>
Profit brought forward	<u>60.627</u>	<u>71.140</u>	<u>61.965</u>
TOTAL CAPITAL AND RESERVES	<u>227.972</u>	<u>245.838</u>	<u>262.178</u>
<i>Provisions for insurance contracts</i>			
Provision for unearned premiums	183.535	203.522	175.417
Claim provisions	<u>114.721</u>	<u>143.979</u>	<u>131.385</u>
TOTAL PROVISION FOR INSURANCE CONTRACTS	<u>298.256</u>	<u>347.501</u>	<u>306.802</u>
<i>Provisions for other risks and charges</i>			
Deferred taxation	<u>10.225</u>	<u>5.085</u>	<u>9.775</u>
TOTAL PROVISIONS FOR OTHER RISKS AND CHARGES	<u>10.225</u>	<u>5.085</u>	<u>9.775</u>
<i>Creditors</i>			
Amounts owed in connection with direct insurance business	14.379	18.947	20.742
Amounts owed to reinsurance companies	6.423	16.687	12.480
Amounts owed to affiliated companies	4	1.666	2.190
Accrued intercompany tax equalisation	0	2.165	0
Other creditors	<u>27.590</u>	<u>35.366</u>	<u>34.610</u>
TOTAL CREDITORS	<u>48.396</u>	<u>74.831</u>	<u>70.022</u>
TOTAL LIABILITIES	<u>584.849</u>	<u>673.255</u>	<u>648.778</u>
Contingency liabilities			

Equity specification

Amount in DKK '000

	Share Capital	Revaluation Provisions	Other Reserves	Contingency Reserve	Transferred result	Proposed Dividend	Total
Equity as of 31st December 2011							
Dividend paid out	10.000	6.741	45.798	115.000	63.500	5.000	246.039
Provisions for other reserves			-2.729		2.729	-5.000	-5.000
Currency adjustment for foreign entities			-112				0
Profit for the year					4.911		-112
Proposed dividend						0	4.911
Equity as of 30th June 2012	10.000	6.741	42.957	115.000	71.140	0	245.838
Equity as of 1st January 2012							
Dividend paid out	10.000	6.741	45.798	115.000	63.500	5.000	246.039
Provisions for other reserves			2.568		-2.568		-5.000
Other comprehensive income, provisions for revaluations		-5.943					0
Other comprehensive income, currency adjustment for foreign entities			1.049				-5.943
Profit for the year					26.033		1.049
Proposed dividend					-25.000	25.000	26.033
Equity as of 31st December 2012	10.000	798	49.415	115.000	61.965	25.000	262.178
Equity as of 1st January 2013							
Dividend paid out	10.000	798	49.415	115.000	61.965	25.000	262.178
Provisions for other reserves			-6.259		6.259	-25.000	-25.000
Other comprehensive income, currency adjustment for foreign entities			-1.609				0
Profit for the year					-7.597		-1.609
Proposed dividend						0	-7.597
Equity as of 30th June 2013	10.000	798	41.547	115.000	60.627	0	227.972

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 thousand crowns.

The accounting policies are unchanged from last year. Due to reclassifications, minor changes in the comparative figures have been made, not affecting the information value.

Accounting estimate

The preparation of the accounts 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 recognized 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 recognized 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 half yearly report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognized in the income statement as earned, whereas costs are recognized 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 year.

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 premiums due in the period 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 recognized 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.

Realized and unrealized investment gains and losses, including gains and losses on derivative financial instruments, value adjustment of land and buildings, exchange rate 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.

Note 1 – Accounting Policies Applied, continued

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 equalization is effected so that the company pays for the utilization of contingent negative taxable income from the jointly taxed company and the company is refunded by the jointly taxed company for its utilization 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%-22% on all time differences between the result reported in the half yearly 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. The applied tax rate depends on when the deferred tax is expected to be realized.

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
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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 recognized 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.

Note 1 – Accounting Policies Applied, continued

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 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.

Note 1 – Accounting Policies Applied, continued

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 recognized 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 recognizes 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 recognized 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 temporize 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 temporize 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 recognized, taking into account, the deductions for direct acquisition costs.

Note 1 – Accounting Policies Applied, continued

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 recognized at the raising of the loan at a fair value plus transaction costs incurred.

Other liabilities are measured at net realizable value.

Note

In DKK'000

2 Five-year review

	2013	2012	2011	2010	2009
Profit and Loss 1/1-30/6					
Gross premiums earned	201.830	238.591	246.812	226.028	196.857
Claims incurred, net of reinsurance	113.790	176.086	149.573	144.570	99.159
Operating expenses	78.630	66.988	91.965	90.158	77.346
Result of reinsurance (-=net cost)	-16.555	1.049	-22.531	-1.616	-15.324
Underwriting profit/loss	-6.956	6.950	7.151	1.464	22.528
Profit/loss of investment after transfer of technical interest	-3.004	8.291	2.963	12.110	3.015
Profit for the period	-7.597	4.911	-10.875	1.816	4.205
Gross run-off profit/loss	11.365	-7.397	-8.787	-8.364	-2.764
Run-off profit/loss, net of reinsurance	6.923	-4.679	-7	-4.728	1.426
Assets and Liabilities at	30.06.2013	30.06.2012	30.06.2011	30.06.2010	30.06.2009
Insurance assets	98.084	109.025	89.819	82.919	52.791
Technical provisions	298.256	347.501	300.356	270.445	223.129
Capital and reserves at year-end	227.972	245.838	235.706	242.667	233.528
Total assets	584.849	673.255	603.538	598.534	531.493
Claims ratio	56,41%	74,13%	60,93%	64,29%	51,02%
Burden ratio	39,52%	28,20%	37,46%	40,09%	39,80%
Reinsurance ratio net	8,20%	-0,44%	9,13%	0,71%	7,78%
Combined ratio	104,13%	101,89%	107,52%	105,10%	98,60%
Operating ratio	103,44%	101,80%	106,78%	104,53%	97,57%
Relative run-off result	4,62%	-2,82%	-9,91%	-10,82%	-3,61%
Return on capital and reserves p.a.	-10,96%	3,99%	-9,00%	1,48%	3,57%
Solvency cover	2,97	2,81	2,79	3,20	3,49

Note

in DKK'000

	<u>2013</u>	<u>2012</u>
3 Breakdown of underwriting result		
Earned premiums	201.712	237.522
Underwriting interest, net of reinsurance	307	685
Claims incurred	-113.790	-176.086
Administrative expenses	-24.569	-23.180
Acquisition costs	<u>-54.061</u>	<u>-44.269</u>
Profit from gross operations	<u>9.599</u>	<u>-5.328</u>
Ceded insurance premiums	-65.782	-82.969
Reinsurance recoveries	34.849	58.806
Reinsurance commissions and profit participation	<u>14.378</u>	<u>25.212</u>
Result of ceded business	<u>-16.555</u>	<u>1.049</u>
Underwriting profit	<u>-6.956</u>	<u>-4.279</u>
4 Contingency liabilities		
Submission of guarantee to Danske Bank for the overdraft facility of Euro-Center A/S up to a maximum of DKK 16m.		
 The company has leased copying machines. The payments in the leasing period amount to:	 <u>1.673</u>	 <u>0</u>