

Condensed Consolidated Financial Statements

For the 1st half ended June 30, 2009



A company of **Allianz** 

Contents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION	3
CONSOLIDATED INCOME STATEMENT	4
CONSOLIDATED STATEMENT OF CASH FLOWS	6
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	8
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.....	9
1 Significant events.....	9
2 IFRS accounting and valuation rules	9
2.1 General principles.....	9
2.2 Consolidation scope	10
2.3 Appeal to estimates	10
3 Notes to the financial statements.....	12
Note 1 Goodwill	12
Note 2 Investment and operating property.....	13
Note 3 Financial investments	14
Note 4 Investments accounted for by the equity method.....	15
Note 5 Cash and cash equivalents	17
Note 6 Technical reserves.....	17
Note 7 Breakdown of income net of reinsurance	18
Note 8 Earnings per share and dividend per share.....	19
Note 9 Segment data	19
Note 10 Related parties.....	22
Note 11 Commitments received and given	23
Note 12 Subsequent events	23

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>(in thousands of euros)</i>	Notes	2009.06	2008.12
Goodwill	1	108 493	102 678
Other intangible assets		91 284	83 235
Intangible assets		199 777	185 913
Investment property	2	47 397	71 834
Financial investments	3	2 545 408	2 590 986
Derivatives		3 169	3 052
Investments- insurance businesses		2 595 974	2 665 872
Investments accounted for by the equity method	4	87 859	93 550
Share of assignees and reinsurers in the technical reserves and financial liabilities	6	521 596	417 978
Operating property and other property and equipment		161 842	162 426
Acquisition costs capitalised		51 913	46 798
Deferred tax assets		40 824	31 942
Inwards insurance and reinsurance receivables		569 998	498 208
Outwards reinsurance receivables		13 892	96 225
Corporation tax receivables		44 622	94 890
Other receivables		199 300	149 386
Other assets		1 082 391	1 079 875
Cash	5	688 601	613 907
TOTAL ASSETS		5 176 198	5 057 095
Capital stock		14 426	14 426
Additional paid-in capital		451 924	451 924
Reserves		1 326 185	1 307 927
Net income, group share		717	83 592
Revaluation reserve		26 426	50 279
Translation reserve		(54 326)	(73 191)
Shareholders' equity, group share		1 765 352	1 834 957
Minority interests		20 481	20 328
Total shareholders' equity		1 785 833	1 855 285
Provisions for risks and charges		173 642	141 648
Bank borrowings		1 272	2 313
Other borrowings		297 095	295 433
Borrowings		298 367	297 746
Gross non-life technical reserves	6	2 036 301	1 853 698
Liabilities related to contracts		2 036 301	1 853 698
Deferred tax liabilities		321 854	354 367
Inwards insurance and reinsurance liabilities		186 052	195 172
Outwards reinsurance liabilities		103 857	96 697
Corporation tax payables		43 129	30 222
Other payables		227 163	232 260
Other liabilities		882 055	908 718
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		5 176 198	5 057 095

CONSOLIDATED INCOME STATEMENT

<i>(in thousands of euros)</i>	Notes	2009.06	2008.06
Premiums written		986 028	1 023 265
Premiums refunded		(32 241)	(36 160)
Change in unearned premiums		(72 358)	(96 335)
Earned premiums		881 429	890 770
Premium-related revenues		203 072	192 850
Turnover	7	1 084 501	1 083 620
Investment income		111 215	72 266
Investment management charges		(70 135)	(12 667)
Net gain (loss) on sales of investments less impairment and depreciation writebacks		55 488	31 350
Change in fair value of investments recognised at fair value through profit or loss		(341)	(232)
Change in investment impairment provisions		(1 275)	(3 484)
Net investment income		94 952	87 233
Insurance services expense		(710 798)	(533 404)
Outwards reinsurance income		(278 075)	(215 175)
Outwards reinsurance expense		267 490	182 456
Net outwards reinsurance income or expense	7	(10 585)	(32 719)
Contract acquisition expense		(171 834)	(166 458)
Administration expense		(88 886)	(80 443)
Other ordinary operating income and expense		(161 912)	(156 360)
ORDINARY OPERATING INCOME		35 438	201 469
Other non ordinary operating income and expense		(7 507)	-
OPERATING INCOME	7	27 931	201 469
Financing expense		(6 025)	(7 630)
Income from companies accounted for by the equity method	4	1 497	4 124
Corporation tax		(20 896)	(72 955)
CONSOLIDATED NET INCOME		2 507	125 008
<i>o/w</i>			
NET INCOME, GROUP SHARE		717	122 331
Minority interests		1 790	2 677
Other comprehensive income elements			
Change in fair market value of asset held for sale transferred through profits & losses (Gross amount)		(36 479)	(30 613)
Change in fair market value of asset held for sale transferred through profits & losses (Tax amount)		8 427	8 000
Change in fair market value of asset held for sale booked through equity (Gross amount)		4 585	(96 294)
Change in fair market value of asset held for sale booked through equity (Tax amount)		(1 051)	24 999
Change in translation reserve (included impact on revaluation reserve) booked through equity (Gross amount)		24 727	(23 119)
Change in translation reserve (included impact on revaluation reserve) booked through equity (Tax amount)		(5 206)	5 982
Total other comprehensive income net of taxes		(4 997)	(111 045)
Total comprehensive income		(4 280)	11 286
Earnings per share (€)		0,02	2,80
Diluted earnings per share (€)		0,02	2,80
Earnings per share of continuing activities (€)		0,02	2,80
Diluted earnings per share of continuing activities (€)		0,02	2,80

The other non ordinary operating expense concerns the restructuring plan accounted by the Italian entity EH SIAC.

In the context of the implementation of the analytical tool in the main business units within the Euler Hermes group, the allocation per destination has been improved in the Group. In order to produce comparable statements from one year to the other, the main items of the June 2008 income statement have been restated pro forma.

The related amounts compared to 2008 publication are:

- Contract acquisition expense: €(166,458) vs €(151,294) thousand ;
- Administration expense: €(80,443) vs €(106,607) thousand ;
- Other ordinary operating income and expense: €(156,360) vs €(145,360) thousand.

<i>(in thousands of euros)</i>	Three months ended June 30,	
	2009	2008
<i>Premiums written</i>	439 080	476 852
<i>Premiums refunded</i>	(17 064)	(16 565)
<i>Change in unearned premiums</i>	11 115	(6 200)
Earned premiums	433 131	454 087
Premium-related revenues	102 830	102 397
Turnover	535 961	556 484
Investment income	61 880	40 510
Investment management charges	(46 947)	(3 724)
Net gain (loss) on sales of investments less impairment and depreciation writebacks	21 772	31 300
Change in fair value of investments recognised at fair value through profit or loss	168	137
Change in investment impairment provisions	98	(2 296)
Net investment income	36 971	65 927
Insurance services expense	(359 863)	(268 437)
Outwards reinsurance income	(142 426)	(106 390)
Outwards reinsurance expense	135 292	76 619
Net outwards reinsurance income or expense	(7 134)	(29 771)
Contract acquisition expense	(86 639)	(91 287)
Administration expense	(44 199)	(25 724)
Other ordinary operating income and expense	(82 799)	(80 163)
ORDINARY OPERATING INCOME	(7 702)	127 029
Other operating income and expense	(7 479)	-
OPERATING INCOME	(15 181)	127 029
Financing expense	(2 764)	(3 803)
Income from companies accounted for by the equity method	(579)	2 575
Corporation tax	3 614	(40 530)
CONSOLIDATED NET INCOME	(14 910)	85 271
<i>o/w</i>		
NET INCOME, GROUP SHARE	(15 817)	83 940
Minority interests	907	1 331

CONSOLIDATED STATEMENT OF CASH FLOWS

<i>(in thousands of euros)</i>	2009.06	2008.06
Net income, group share	717	122 331
Corporation tax	20 897	72 955
Financing expense	5 962	7 630
OPERATING INCOME BEFORE TAX	27 576	202 916
Minority interests	1 790	2 677
Allocation to and writebacks of depreciation, amortisation and reserves	30 772	41 065
Change in technical reserves	67 511	168 652
Change in deferred acquisition costs	(2 680)	(10 273)
Change in fair value of financial instruments recognised at fair value through the income statement (excluding cash and cash equivalents)	341	232
Realised capital gains/(losses) net of writebacks	(55 117)	(31 297)
Unrealised foreign exchange gain (loss) in company accounts	9 104	(1 898)
Revenues and expenses linked to stock options and similar	222	(403)
Interest revenues received accrued	(4 691)	(5 018)
Adjustment for elements included in operating income that do not correspond to cash flows and reclassification of financing and investment flows	47 252	163 737
Income (loss) of companies accounted for by the equity method	(1 497)	(4 124)
Dividends received from companies accounted for by the equity method	7 045	5 870
Change in liabilities and receivables relating to insurance and reinsurance transactions	(25 761)	(33 658)
Change in operating receivables and liabilities	5 921	(6 254)
Change in other assets and liabilities	(27 322)	(9 032)
Corporation tax	19 236	(106 033)
Cash flow related to operating activities	(22 378)	(153 231)
Cash flow from operating activities	52 451	213 422
Acquisitions of subsidiaries and joint ventures, net of acquired cash	0	(1 219)
Disposals of subsidiaries and joint ventures, net of acquired cash	-	-
Acquisitions of equity interests in companies accounted for by the equity method	-	-
Merger	-	-
Others	-	-
Cash flow linked to changes in the consolidation scope	0	(1 219)
Disposals of AFS securities	964 955	959 784
Matured HTM securities	2 656	1 598
Disposals of investment properties	38 070	1 357
Disposals of securities held for trading	56	665
Cash flow linked to disposals and redemptions of investments	1 005 736	963 404
Acquisitions of AFS securities	(933 755)	(649 040)
Acquisitions of HTM securities	-	-
Acquisitions of investment properties	(413)	(118)
Acquisitions of trading securities	(514)	(1 492)
Cash flow linked to acquisitions of investments	(934 682)	(650 650)
Disposals of other investments and intangible assets	170 677	84 238
Acquisitions of other investments and intangible assets	(142 351)	(186 870)
Cash flow linked to acquisitions and disposals of other investments and intangible assets	28 326	(102 632)
Cash flow from investing activities	99 381	208 903

Increases and decreases in capital	2	656
<i>Increases in capital</i>	(1 038)	677
<i>Decreases in capital</i>	1 040	(21)
Change in treasury stock	(711)	(6 164)
Dividends paid	(66 938)	(220 882)
Cash flow linked to transactions with the shareholders	(67 647)	(226 390)
Change in non voting shares	-	-
Changes in loans and subordinated securities	(2 833)	(747)
<i>Issue</i>	135 582	1 105
<i>Repayment</i>	(138 415)	(1 852)
Interest paid	(6 162)	(7 780)
Cash flow from group financing	(8 995)	(8 527)
Cash flow from financing activities	(76 642)	(234 917)
Impact of foreign exchange differences on cash and cash equivalents	113	4 844
Reclassification ⁽¹⁾	(1 088)	(10 174)
Other net changes in cash	(975)	(5 330)
Change in cash flows	74 214	182 078
Change in cash and cash equivalents	74 214	182 078
Cash and cash equivalents at start of period	Note 5	612 323
Cash and cash equivalents at end of period	Note 5	686 537

⁽¹⁾ As at June 30, 2009, the reclassification of €(1,088) thousand corresponds mainly to cash wrongly booked in the opening for €(675) thousand by the Romanian subsidiary.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

1st Half 2008

<i>(in thousands of euros)</i>	Capital stock	Additional paid-in capital	Retained earnings	Revaluation reserve	Translation reserve	Other Treasury shares	Total other	Shareholders' equity, group share	Minority interests	Total shareholders' equity
Shareholders' equity as at December 31, 2007 - IFRS	14 417	451 332	1 607 947	90 438	(29 821)	(75 572)	(105 393)	2 058 741	19 179	2 077 920
Available-for-sale assets (AFS)								-	-	-
Measurement gain / (loss) taken to shareholders' equity				(93 743)				(93 743)	(165)	(93 908)
Impact of transferring realised gains and losses to income statement								-	-	-
Cash flow hedges								-	-	-
Gain / (loss) taken to shareholders' equity								-	-	-
Impact of transferring realised profits and losses in the year to income statement								-	-	-
Impact of transfers on the initial amount of hedges								-	-	-
Impact of translation differences					(17 259)		(17 259)	(17 259)	122	(17 137)
Current and deferred tax taken directly to or transferred to shareholders' equity								-	-	-
Net income recognised in shareholders' equity	-	-	-	(93 743)	(17 259)	-	(17 259)	(111 002)	(43)	(111 045)
Net income for the year			122 331					122 331	2 677	125 008
Total revenues and losses recognised for the period	-	-	122 331	(93 743)	(17 259)	-	(17 259)	11 329	2 634	13 963
Capital movements	7	443				(5 866)	(5 866)	(5 416)	-	(5 416)
Dividend distributions			(218 277)					(218 277)	(2 607)	(220 884)
Shareholders' equity component of share-based payment plans			858					858		858
Cancellation of gains/losses on treasury shares			(298)					(298)		(298)
Other movements			2					2	(294)	(292)
Shareholders' equity as at June 30, 2008 - IFRS	14 424	451 775	1 512 563	(3 305)	(47 080)	(81 438)	(128 518)	1 846 939	18 912	1 865 851

1st Half 2009

<i>(in thousands of euros)</i>	Capital stock	Additional paid-in capital	Retained earnings	Revaluation reserve	Translation reserve	Other Treasury shares	Total other	Shareholders' equity, group share	Minority interests	Total shareholders' equity
Opening Shareholders' equity	14 426	451 924	1 476 216	50 279	(73 191)	(84 697)	(157 888)	1 834 957	20 328	1 855 285
Available-for-sale assets (AFS)								-	-	-
Measurement gain / (loss) taken to shareholders' equity				3 498				3 498	36	3 534
Impact of transferring realised gains and losses to income statement				(28 052)				(28 052)		(28 052)
Cash flow hedges								-	-	-
Gain / (loss) taken to shareholders' equity								-	-	-
Impact of transferring realised profits and losses in the year to income statement								-	-	-
Impact of transfers on the initial amount of hedges								-	-	-
Impact of translation differences				701	18 865		18 865	19 566	(45)	19 521
Current and deferred tax taken directly to or transferred to shareholders' equity								-	-	-
Net income recognised in shareholders' equity	-	-	-	(23 853)	18 865	-	18 865	(4 988)	(9)	(4 997)
Net income for the year			717					717	1 790	2 507
Total revenues and losses recognised for the period	-	-	717	(23 853)	18 865	-	18 865	(4 271)	1 781	(2 490)
Capital movements						(711)	(711)	(711)	-	(711)
Dividend distributions			(65 278)					(65 278)	(1 660)	(66 938)
Shareholders' equity component of share-based payment plans			222					222		222
Cancellation of gains/losses on treasury shares								-	-	-
Other movements			433					433	32	465
Closing Shareholders' equity	14 426	451 924	1 412 310	26 426	(54 326)	(85 408)	(139 734)	1 765 352	20 481	1 785 833

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Significant events

The following significant events occurred in the first half 2009:

Changes in the share capital and in share ownership

The Shareholders' General Meeting of 15 May 2009 decided to distribute a dividend of €1.50 per share.

At 30 June 2009, the Allianz group owned 30,744,048 shares out of a total of 45,082,230 shares, corresponding to 68.20% of the share capital of Euler Hermes.

During the first half 2009, no new share was created by the exercise of options. At 30 June 2009, Euler Hermes' share capital was composed of 45,082,230 shares, including 1,565,444 shares held in treasury stock.

Evolution of the retention rate

The premium retention rate is the ratio of premiums after reinsurance to premiums before reinsurance. This rate decrease from 75.8% at end-June 2008 to 68.5% at end-June 2009. Earned premiums net of reinsurance decreased by 10.68% 2008 compared to 2009; 9.7% is explained by the decrease in premium retention rate.

2 IFRS accounting and valuation rules

The financial statements of the Euler Hermes group as at June 30, 2009 were approved by the Board of Director's of July 28, 2009.

2.1 General principles

In accordance with European regulation no. 1606/2002 of July 19, 2002, the interim consolidated financial statements published at June 30, 2009 were prepared in accordance with IFRS as adopted by the European Union. International accounting standards comprise IFRS (International Financial Reporting Standards) and IAS (International Accounting Standards), together with their interpretative texts.

The standards and interpretations applied stem essentially from:

- IAS/IFRS and their interpretative texts whose application is mandatory at June 30, 2009 as adopted by the European Union,
- Guidance provided in CNC recommendation no. 2006-R01 relating to the format of financial statements prepared by insurance firms under international accounting guidelines.

Euler Hermes didn't apply, by anticipation in 2008, IAS 19 – IFRIC 14 related to the Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (Voluntary prepaid contributions under a minimum funding requirement). The application of IFRIC 14 didn't impact the consolidated financial statements.

The Group didn't choose the options related to the reclassification of financial assets (published by IASB on October 13th, 2008 and applicable on July 1st, 2008) linked to the update of IAS 39 - Financial instruments: recognition and measurement and IFRS 7 - Financial instruments: disclosures.

As at June 30, 2009, Euler Hermes didn't apply the following standards published by IASB that are not mandatory as at January 1st, 2009:

- IFRS 2 update – Vesting conditions and cancellations;
- IAS 39 – Financial instruments – Hedge accounting recognition ;

Euler Hermes group applied as at January 1st, 2009 the following standards and updates:

- IAS 1 revised – Presentation of financial statements;
- IFRS 8 – Operational segments – The geographical areas detailed in note 9 exactly reflected the internal communication done by the Management. Moreover, the information by activity is not still published.

The following updates of IFRS standards didn't impact the consolidated financial statements of the Euler Hermes:

- IAS 23 – Update related to the costs of borrowings;
- IFRS 1 and IAS 27 update – Cost of a investment in a subsidiary, jointly controlled entity or associate;
- IAS 32 and IAS 1 update – Puttable financial instruments and obligations arising on liquidation;
- IFRS 3 and IAS 27 update – Business combination;

The following interpretations of IFRS standards didn't impact the consolidated financial statements of the Euler Hermes:

- IFRIC 12 – Service concession arrangements;
- IFRIC 13 – Customer Loyalty Programmes;
- IFRIC 15 – Agreements for the Construction of Real Estate;
- IFRIC 16 – Hedges of a Net Investment in a Foreign Operation;
- IFRIC 17 – Distribution to the stakeholders of non-monetary assets;
- IFRIC 18 – Transfers of Assets from Customers.

The financial statements are presented in euros, the functional currency, rounded to the nearest thousand. They have been prepared on a historical cost basis except for asset and liability items relating to insurance policies, which are measured in accordance with the methods already applied by the group and financial instruments measured at fair value (financial instruments at fair value through the income statement and available-for sale financial instruments). Non-current assets and groups of assets held with a view to being sold are measured at the lower of carrying amount and fair value less selling costs. The balance sheet is presented in increasing order of liquidity.

2.2 Consolidation scope

The consolidation scope didn't change during the first half 2009.

2.3 Appeal to estimates

The production of the consolidated financial statements of Euler Hermes is based on estimates for a part of assets & liabilities items. The management is susceptible to review these estimations in case of changes that can put into questions the circumstances on which they have been established or by the consideration of a new information or accrued experience.

The estimates concerning technical provisions are also detailed in the part Risk Management.

The table below summarizes the methods of assessment of estimates for the main aggregates of the balance sheet:

Estimates		Communicated Information
Note 1	Impairment of goodwill	An impairment of goodwill is recognised when the higher of the Cash Generating Unit's value in use (present value of future cash flows) and fair value less any selling costs is less than its carrying amount (share of net assets and goodwill). The fair value of the Cash Generating Unit's is based on assumptions of capital costs, growth rate to infinity and loss ratio & standard retention rates used in the calculation of the final values.
Note 2	Fair value of real estate held for investments & for use	The fair value of buildings is estimated based on market prices, adjusted, where applicable, to take into account the nature, location or other specific features of the building concerned.
Note 6	Earned but not recorded premiums reserves	This reserve is established based on the estimate of the amount of premiums expected on the period less the amount of premiums recorded on the period.
Note 6	Provisions for salvages & recoveries	This reserve represents the estimate of potential recoveries on settled claims by a statistical calculation based on the evolution of salvages & recoveries by year of attachment on previous exercises. They take into consideration a provision for administration charges determined in accordance with actual observed expenses.
Note 6	Bonus & profit commission reserve	This reserve is intended to cover the future cost corresponding to premium rebates to be granted to policyholders under the terms of policies giving policyholders a share in their technical positive results.
Note 6	Reserves for claims payable	This reserve corresponds to a statistical estimate of the cost of all outstanding claims, that is to say claims reported but not yet settled.
Note 6	IBNR reserve	In credit-insurance, the IBNR are calculated to cover: - The claims which occurred before the closing and will be known only on the next period. - The claims related to commercial receivables accounted before the closing and covered by a warranty which will occur and be known only on the next period They are determined based on statistical models integrating historical data as well as future developments based on estimates. Considering the current economic crisis and the methods of assessment of credit-insurance, the IBNR might be different from the ones calculated on statistical basis. Indeed, non anticipated assessments might occur and modify the assumptions previously retained for the determination of IBNR.
No publication for 1H 2009	Employee benefits	The related commitments are measured in accordance with IAS 19, by independent actuaries. The commitment is recognised in the balance sheet using the projected unit credit method, based on the group actuarial assumptions, which are reviewed each year
No publication for 1H 2009	Stock options plans	The fair value of the liabilities resulting from the SAR (Stock Appreciation Rights) and RSU (Restricted Stocks Units) plans is reassessed at each balance sheet date based on the Allianz share price, until expiry of the obligation, and is calculated using the Cox-Ross-Rubinstein binomial valuation model.

3 Notes to the financial statements

Note 1 Goodwill

In accordance with IFRS 3, goodwill is not amortized but instead is subject to annual impairment testing or to an impairment testing when an indicator of a decrease in value appears.

<i>(in thousands of euros)</i>							2009.06	2008.12
	France	Italy	United Kingdom	United States	Benelux countries	Other	Total	Total
Opening balance								
Gross value	393	6 229	57 735	30 466	8 242	7 544	110 609	125 756
Impairment losses	-	(409)	(7 522)	-	-	-	(7 931)	(10 179)
Net carrying amount	393	5 820	50 213	30 466	8 242	7 544	102 678	-
Change during the year								
Opening net carrying amount	393	5 820	50 213	30 466	8 242	7 544	102 678	115 577
Changes in gross value	-	-	-	-	-	-	-	327
Outgoing entities & Held for sale transfer	-	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-	139
Reclassifications	-	-	-	-	-	-	-	-
Changes in foreign currency translation adjustments	-	-	5 917	(467)	-	367	5 817	(13 365)
Impairment losses	-	-	-	-	-	-	-	-
Closing net carrying amount	393	5 820	56 130	29 999	8 242	7 911	108 495	102 678
Closing Balance								
Gross value	391	6 229	64 539	29 999	8 242	7 911	117 311	110 609
Impairment losses	-	(409)	(8 409)	-	-	-	(8 818)	(7 931)
Net carrying amount	391	5 820	56 130	29 999	8 242	7 911	108 493	102 678

Note 2 Investment and operating property

<i>(in thousands of euros)</i>	2009.06		2008.12	
	Investment property	Operating property	Investment property	Operating property
Balance as opening period				
Gross value	91 071	195 192	105 915	194 273
Depreciation	(19 237)	(61 878)	(19 668)	(56 771)
Impairment losses	-	(554)	-	(10 014)
Net carrying amount	71 834	132 760	86 247	127 488
Change during the year				
Net carrying amount as opening period	71 834	132 760	86 247	127 488
Acquisitions	-	413	-	922
Change in consolidation scope	-	-	-	-
Disposals	(23 537)	(16)	(15 276)	-
Reclassifications	-	(7)	(80)	80
Changes in foreign currency translation adjustments	-	(24)	-	87
Net depreciation	(900)	(1 928)	943	(5 277)
Net provisions for impairment	-	-	-	9 460
Other changes	-	-	-	-
Net carrying amount at the end of the period	47 397	131 198	71 834	132 760
Balance at the end of the period				
Gross value	62 534	185 295	91 071	195 192
Depreciation	(15 137)	(47 300)	(19 237)	(61 878)
Impairment losses	-	(6 797)	-	(554)
Net carrying amount	47 397	131 198	71 834	132 760
Fair value	96 103	230 448	134 139	231 460

A wrong booking of the opening value concerning the accounting of German impairment losses leads to a modification of the amounts constituting the net carrying amount:

- The gross value decreases by €(10,267) thousand ;
- The cumulated depreciation decreases by €16,510 thousand ;
- The impairment losses increases by €(6,243) thousand.

The disposals of investment property concerned Euler Hermes SFAC for the whole amount. The realized gains accounted are €14,517 thousand.

Amounts recorded in the income statement	Investment property	Investment property
Rental revenues from investment property	3 815	7 159
Direct operating expenses relating to property	(724)	(2 506)

Note 3 Financial investments

Classification by accounting method

For an instrument that is listed on an active market, the fair value is the bid price on the valuation date for an asset held or a liability to be issued and the offer price for an asset intended to be purchased or a liability intended to be held. If such prices are not available, the fair value is estimated based on the most recent transaction price.

If there is no active market for a given financial instrument, the group estimates the fair value using a valuation technique. Valuation techniques include the use of recent transactions under normal competitive conditions between informed and consenting parties, where available, reference to the current fair value of another instrument that is identical in substance, the analysis of discounted cash flows and option valuation models.

(in thousands of euros)	2009.06						2008.12					
	Amortized cost	Revaluation reserve	Net carrying amount	Fair value	Listed	Non listed	Amortized cost	Revaluation reserve	Net carrying amount	Fair value	Listed	Non listed
Held-to-maturity assets												
Bonds	4 278	-	4 278	4 278	1 807	2 471	6 941	-	6 941	6 995	2 863	4 132
Total held-to-maturity assets	4 278	-	4 278	4 278	1 807	2 471	6 941	-	6 941	6 995	2 863	4 132
Available-for-sale assets												
Equities	123 754	573	124 560	124 560	1 949 863	60 775	136 083	16 064	152 147	152 147	1 911 193	108 862
Bonds	1 849 442	36 651	1 886 094	1 886 094	-	-	1 805 324	62 584	1 867 908	1 867 908	-	-
Total Available-for-sale assets	1 973 196	37 224	2 010 654	2 010 654	1 949 863	60 775	1 941 407	78 648	2 020 055	2 020 055	1 911 193	108 862
Loans, deposits and other financial investments												
	530 476	-	530 476	530 476	-	-	563 990	-	563 990	563 990	-	-
Total loans, deposits and other financial investments	530 476	-	530 476	530 476	-	-	563 990	-	563 990	563 990	-	-
Total Financial investments (excluded investments in consolidated enterprise)	2 507 950	37 224	2 545 408	2 545 408	1 951 670	63 246	2 512 338	78 648	2 590 986	2 591 040	1 914 056	112 984

Concerning the non listed investments, the group estimates the fair value using a valuation technique. Valuation techniques include the use of recent transactions under normal competitive conditions between informed and consenting parties, where available, reference to the current fair value of another instrument that is identical in substance, the analysis of discounted cash flows and option valuation models. The non listed investments are mainly German States bonds.

(in thousands of euros)	2009.06				2008.12			
	Amortized cost	Revaluation reserve	Net carrying amount	Fair value	Amortized cost	Revaluation reserve	Net carrying amount	Fair value
- Equities:	123 754	573	124 560	124 562	136 083	16 064	152 147	152 147
- Bonds:	1 853 720	36 651	1 890 373	1 890 370	1 812 265	62 584	1 874 849	1 874 903
- Loans and other investments	530 476	-	530 476	530 476	563 990	-	563 990	563 990
Total Financial investments	2 507 950	37 224	2 545 409	2 545 408	2 512 338	78 648	2 590 986	2 591 040

EH Group didn't account any impairment as of June 30, 2009. EH Group hadn't any financial assets such as "dynamic treasury mutual funds" or "subprime investments".

The loans and other investments are mainly composed of cash at hand waiting for investments.

Classification by investment category

<i>(in thousands of euros)</i>	2009.06				2008.12
	Held-to-maturity investments	Available-for-sale investments	Loans, deposits and other financial investments	Total	Total
Net carrying amount as opening period	6 941	2 020 055	563 990	2 590 986	2 956 590
Increase in gross value	-	933 755	117 116	1 050 871	1 446 873
Decrease in gross value	(2 656)	(920 322)	(161 605)	(1 084 583)	(1 693 922)
Revaluation	-	(35 101)	-	(35 101)	(55 599)
Impairment	(3)	(901)	-	(904)	(23 283)
Changes in foreign currency translation adjustments	-	13 628	1 466	15 094	(48 707)
Reclassifications	-	25	1 076	1 101	2 984
Other changes	(4)	(485)	8 433	7 944	6 050
Net carrying amount as closing period	4 278	2 010 654	530 476	2 545 408	2 590 986

The other movements in loans, deposits and other financial investments correspond to the reclassification of demand deposits under cash and cash equivalents on the balance sheet.

Note 4 Investments accounted for by the equity method

Information on equity-accounted investments

<i>(in thousands of euros)</i>	Company	Country	2009.06				
			Assets ⁽¹⁾	Shareholders' equity ⁽²⁾	Turnover	Net income	% of capital held
	Prisma Kreditversicherungs A.G.	Austria	-	-	-	-	49,00%
	OeKB Beteiligungs- und Management A.G.	Austria	210 567	110 084	30 835	(3 194)	49,00%
	Lietuvos Draudimo Kreditu Draudimas	Lithuania	-	-	-	-	0,00%
	Graydon Holding N.V.	Netherlands	62 827	11 451	37 716	8 676	27,50%
	Companhia de Seguro de Creditos SA (COSEC)	Portugal	96 006	39 704	17 788	(186)	50,00%
	Israel Credit Insurance Company Ltd	Israel	52 502	28 263	8 395	2 307	33,33%
			421 902	189 501	94 733	7 604	

(1) Assets based on company financial statements as at March 31, 2008.

(2) Shareholders' equity based on company financial statements as at March 31, 2009 including goodwill.

<i>(in thousands of euros)</i>	Company	Country	2008.12		2008.06		
			Assets	Shareholders' equity	Turnover	Net income	% of capital held
	Prisma Kreditversicherungs A.G.	Austria	-	-	22 166	(204)	49,00%
	OeKB Beteiligungs- und Management A.G.	Austria	149 367	117 447	-	-	0,00%
	Lietuvos Draudimo Kreditu Draudimas	Lithuania	-	-	1	351	0,00%
	Graydon Holding N.V.	Netherlands	56 120	23 949	36 307	6 775	27,50%
	Companhia de Seguro de Creditos SA (COSEC)	Portugal	98 657	39 606	9 178	2 960	50,00%
	Israel Credit Insurance Company Ltd	Israel	52 467	28 839	7 211	2 106	33,33%
			356 611	209 841	74 863	11 988	-

Movements during the period

<i>(in thousands of euros)</i>	2009.06	2008.12
Balance as opening period	93 550	52 206
Increases	-	32 980
Decreases	(44)	(2 529)
Reclassification	44	-
Share of income for the period	1 497	7 875
Dividends paid	(7 045)	(6 970)
Impairment	-	-
Foreign exchange differences	(192)	226
Other changes	49	9 762
Net book value as closing period	87 859	93 550

Contribution to shareholders' equity (without equity method income of 2008)

<i>(in thousands of euros)</i>	2009.06	2008.12	
Prisma Kreditversicherungs A.G.	Austria	-	(488)
OeKB Beteiligungs- und Management A.G.	Austria	53 941	56 233
Lietuvos Draudimo Kreditu Draudimas	Lithuania	-	(179)
Graydon Holding N.V.	Netherlands	3 149	2 911
Companhia de Seguro de Creditos SA (COSEC)	Portugal	19 852	18 594
Israel Credit Insurance Company Ltd	Israel	9 420	8 605
Share of shareholders' equity	86 362	85 676	

Contribution to income

<i>(in thousands of euros)</i>	2009.06	2008.06	
Prisma Kreditversicherungs A.G.	Austria	-	(100)
OeKB Beteiligungs- und Management A.G.	Austria	(1 565)	-
Lietuvos Draudimo Kreditu Draudimas	Lithuania	-	179
Graydon Holding N.V.	The Netherlands	2 386	1 863
Companhia de Seguro de Creditos SA (COSEC)	Portugal	(93)	1 480
Israel Credit Insurance Company Ltd	Israel	769	702
Share of total income	1 497	4 124	

Note 5 Cash and cash equivalents

Balance Sheet

<i>(in thousands of euros)</i>	2009.06	2008.12
Cash in bank and at hand	569 367	494 859
Cash pooling	119 234	119 048
Total cash	688 601	613 907

Reconciliation with the cash flow statement

<i>(in thousands of euros)</i>	2009.06	2008.12
Total cash per balance sheet	688 601	613 907
Cash equivalents reflected in the cash flow statement	-	-
Cash pooling creditor with Allianz	(2 064)	(1 584)
Total cash and cash equivalents	686 537	612 323

Note 6 Technical reserves

<i>(in thousands of euros)</i>	2008.12	Net provisions	Foreign exchange differences	Other changes	2009.06
Reserve for unearned premiums	314 691	70 707	6 636	2 057	394 091
Reserve for claims	1 422 610	92 185	16 723	3 735	1 535 253
Reserve for no-claims bonuses and refunds	116 397	(9 962)	607	(85)	106 957
Gross technical reserves	1 853 698	152 930	23 966	5 707	2 036 301
Reserve for unearned premiums	47 853	43 474	59	3 510	94 896
Reserve for claims	353 186	52 099	1 545	3 381	410 211
Reserve for no-claims bonuses and refunds	16 939	(1 027)	566	11	16 489
Reinsurers' share of technical reserves	417 978	94 546	2 170	6 902	521 596
Net technical reserves	1 435 720	58 384	21 796	(1 195)	1 514 705

Cost of claims

<i>(in thousands of euros)</i>	2009.06			2008.06		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Cost of claims for the current period	804 953	(225 560)	579 393	609 640	(118 011)	491 629
of which, claims paid	120 354	(33 399)	86 955	68 735	(14 867)	53 868
of which, claims reserves	645 612	(189 945)	455 667	504 776	(103 130)	401 646
of which, claims handling expenses	38 987	(2 216)	36 771	36 129	(14)	36 115
Recoveries for the current period	(79 498)	19 219	(60 279)	(56 585)	9 365	(47 220)
Recoveries received	(1 213)	388	(825)	(8 568)	1 715	(6 853)
Change in reserves for recoveries	(78 285)	18 831	(59 454)	(48 017)	7 650	(40 367)
Cost of claims from prior periods	37 847	24 594	62 441	19 160	6 734	25 894
of which, claims paid	547 839	(100 043)	447 796	388 451	(80 047)	308 404
of which, claims reserves	(501 827)	125 989	(375 838)	(364 087)	91 242	(272 845)
of which, claims handling expenses	(8 165)	(1 352)	(9 517)	(5 204)	(4 461)	(9 665)
Recoveries from prior periods	(52 504)	4 329	(48 175)	(38 811)	(882)	(39 693)
Recoveries received	(83 407)	11 188	(72 219)	(71 597)	7 573	(64 024)
Change in reserves for recoveries	30 903	(6 859)	24 044	32 786	(8 455)	24 331
Cost of claims	710 798	(177 418)	533 380	533 404	(102 794)	430 610

Claims reserves

	2009.06			2008.12		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
<i>(in thousands of euros)</i>						
Claims reserves gross of recoveries	1 823 370	(468 171)	1 355 199	1 216 617	(336 310)	880 307
Current period	686 842	(193 258)	493 584	690 928	(151 787)	539 141
Prior periods	1 136 528	(274 913)	861 615	525 689	(184 523)	341 166
Recoveries to be received	(288 118)	57 959	(230 159)	(171 053)	38 959	(132 094)
Current period	(80 815)	19 980	(60 835)	(62 851)	11 050	(51 801)
Prior periods	(207 303)	37 979	(169 324)	(108 202)	27 909	(80 293)
Claims reserves	1 535 252	(410 212)	1 125 040	1 045 564	(297 351)	748 213

Breakdown by type of reserve

	2009.06			2008.12		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
<i>(in thousands of euros)</i>						
Reserves for unearned premiums	394 091	(94 896)	299 195	314 691	(47 853)	266 838
Claims reserves	1 535 252	(410 212)	1 125 040	1 422 609	(353 186)	1 069 423
of which, reserves for known claims	1 319 728	(422 515)	897 213	1 108 704	(384 528)	724 176
of which, reserves for late claims	392 939	(38 841)	354 098	440 723	44	440 767
of which, reserves for claims handling expenses	109 813	(6 815)	102 998	100 368	(12 620)	87 748
of which, other technical reserves	890	-	890	899	(44)	855
of which, recoveries to be received	(288 118)	57 959	(230 159)	(228 085)	43 962	(184 123)
No-claims bonuses and rebates	106 958	(16 488)	90 470	116 398	(16 939)	99 459
Technical reserves	2 036 301	(521 596)	1 514 705	1 853 698	(417 978)	1 435 720

Note 7 Breakdown of income net of reinsurance

	2009.06			2008.06		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
<i>(in thousands of euros)</i>						
<i>Premiums and commissions</i>	<i>986 028</i>	<i>(333 092)</i>	<i>652 936</i>	<i>1 023 265</i>	<i>(251 050)</i>	<i>772 215</i>
<i>Premiums refunded</i>	<i>(32 241)</i>	<i>9 862</i>	<i>(22 379)</i>	<i>(36 160)</i>	<i>5 601</i>	<i>(30 559)</i>
Gross premiums written - credit insurance	953 787	(323 230)	630 557	987 105	(245 449)	741 656
Change in unearned premiums	(72 358)	45 155	(27 203)	(96 335)	30 274	(66 061)
Earned premiums	881 429	(278 075)	603 354	890 770	(215 175)	675 595
Premium-related revenues	203 072	-	203 072	192 850	-	192 850
Turnover	1 084 501	(278 075)	806 426	1 083 620	(215 175)	868 445
Net investment income	94 952	-	94 952	87 233	-	87 233
<i>Claims paid</i>	<i>(583 573)</i>	<i>121 866</i>	<i>(461 707)</i>	<i>(377 021)</i>	<i>85 626</i>	<i>(291 395)</i>
<i>Claims reserves expense</i>	<i>(96 403)</i>	<i>51 985</i>	<i>(44 418)</i>	<i>(125 458)</i>	<i>12 693</i>	<i>(112 765)</i>
<i>Claims handling expense</i>	<i>(30 822)</i>	<i>3 567</i>	<i>(27 255)</i>	<i>(30 925)</i>	<i>4 475</i>	<i>(26 450)</i>
Insurance services expense	(710 798)	177 418	(533 380)	(533 404)	102 794	(430 610)
<i>Brokerage commissions</i>	<i>(93 253)</i>	<i>-</i>	<i>(93 253)</i>	<i>(110 346)</i>	<i>-</i>	<i>(110 346)</i>
<i>Other acquisition costs</i>	<i>(80 555)</i>	<i>-</i>	<i>(80 555)</i>	<i>(72 542)</i>	<i>-</i>	<i>(72 542)</i>
<i>Change in acquisition costs capitalised</i>	<i>1 974</i>	<i>-</i>	<i>1 974</i>	<i>16 430</i>	<i>-</i>	<i>16 430</i>
Contract acquisition expense	(171 834)	-	(171 834)	(166 458)	-	(166 458)
Impairment of portfolio securities and similar	-	-	-	-	-	-
Administration expense	(88 886)	-	(88 886)	(80 443)	-	(80 443)
Commissions received from reinsurers	-	90 072	90 072	-	79 662	79 662
Other ordinary operating income and expense	(161 912)	-	(161 912)	(156 360)	-	(156 360)
Ordinary operating income	46 023	(10 585)	35 438	234 188	(32 719)	201 469

Note 8 Earnings per share and dividend per share

Earnings per share

	2009.06	2008.06
Distributable net income (<i>in thousands of euros</i>)	717	122 331
Weighted average number of ordinary shares before dilution	44 704 220	43 667 015
Earnings per share (€)	0,02	2,80

	2009.06	2008.06
Distributable net income (<i>in thousands of euros</i>)	717	122 331
Weighted average number of ordinary shares after dilution	44 709 652	43 731 624
Diluted earnings per share (€)	0,02	2,80

The dilution impact takes into account the exercise of options. The average number of shares resulting from dilution is 5,432 in 2009 (64,609 in 2008). The group share of net income is used as the basis for this calculation.

Dividend per share

A dividend of €1.5 per share (€65,278 thousand) was approved by the Ordinary General Meeting of 2009.

Note 9 Segment data

Segment assets are operating assets that can be directly attributed or reasonably allocated to a given segment. Segment liabilities are liabilities arising from operations that can be directly attributed or reasonably allocated to a given segment.

Segment profit and loss comprises income and expense resulting from operating activities that are directly attributable to a given segment and the relevant portion of income and expense that can reasonably be assigned to the segment, notably income and expense relating to sales to external customers and income and expense relating to transactions with other segments of the same company.

For the Euler Hermes group the primary segment is the geographic segment as it corresponds to the information presented to the group's management bodies.

The ten main geographic segments correspond to the geographic regions covering the majority of the activity and which are therefore monitored in detail. These segments are Germany, the European IDC of Germany, the Asian IDC of Germany, France & its IDC, Italy, the United Kingdom, North & South America, the Netherlands, Belgium and the Group reinsurance.

Primary segment data: geographic segments

Profit & loss by segment

	2009.06											GROUP	
	Germany	IDC Germany Europe	IDC Germany Asia	France & IDC	Italy	United Kingdom	North & South America	Belgium	Netherlands	Group Reinsurance	Group services		Inter-segment eliminations
Premiums written	333 368	78 548	21 047	194 059	101 400	97 756	92 295	32 543	22 445	383 750	-	(371 183)	986 028
Premiums refunded	(18 278)	(2 549)	(469)	(9 209)	3 304	(1 767)	-	(812)	(772)	(15 106)	-	13 417	(32 241)
Net premiums written	315 090	75 999	20 578	184 850	104 704	95 989	92 295	31 731	21 673	368 644	-	(357 766)	953 787
Change in unearned premiums	(24 682)	(12 736)	(891)	(7 743)	(13 539)	(6 831)	(3 781)	(1 357)	(1 295)	(10 403)	-	10 900	(72 358)
Earned premiums - non-group	290 408	63 263	19 687	177 107	91 165	89 158	88 514	30 374	20 378	358 241	-	(346 866)	881 429
Premium-related revenues - non-group	87 059	26 040	8 203	47 487	22 306	10 415	14 569	10 505	8 381	-	-	(31 893)	203 072
Turnover - Intra-sectoral	377 467	89 303	27 890	224 594	113 471	99 573	103 083	40 879	28 759	358 241	-	(378 759)	1 084 501
Investment income	29 740	1 142	(252)	51 763	9 111	7 063	6 943	2 637	1 005	(1 214)	175 150	(188 136)	94 952
Of which, dividends	-	-	-	917	-	-	-	-	-	382	173 693	(174 992)	-
Total ordinary income	407 207	90 445	27 638	276 357	122 582	106 636	110 026	43 516	29 764	357 027	175 150	(566 895)	1 179 453
Insurance services expense	(176 316)	(105 893)	(30 996)	(113 353)	(49 770)	(75 522)	(83 732)	(41 576)	(16 232)	(308 428)	-	291 020	(710 798)
Outwards reinsurance expense	(157 464)	(44 754)	(10 657)	(46 346)	(36 222)	(38 559)	(45 134)	(11 785)	(10 605)	(223 912)	-	347 363	(278 075)
Outwards reinsurance income	130 772	85 151	20 128	39 367	19 409	40 235	51 222	17 507	11 274	249 750	-	(397 325)	267 490
Other income and expense	(154 939)	(33 700)	(13 787)	(88 399)	(50 055)	(41 201)	(41 475)	(12 914)	(13 061)	(102 740)	(7 792)	137 431	(422 632)
Total other income and expense	(357 947)	(99 196)	(35 312)	(208 731)	(116 638)	(115 047)	(119 119)	(48 768)	(28 624)	(385 330)	(7 792)	378 489	(1 144 015)
Ordinary operating income	49 260	(8 751)	(7 674)	67 626	5 944	(8 411)	(9 093)	(5 252)	1 140	(28 303)	167 358	(188 406)	35 438
Other non ordinary operating income and expense	-	-	-	-	(7 507)	-	-	-	-	-	-	-	(7 507)
Operating income	49 260	(8 751)	(7 674)	67 626	(1 563)	(8 411)	(9 093)	(5 252)	1 140	(28 303)	167 358	(188 406)	27 931
Financing expense	(9)	(3)	(8)	(183)	(87)	-	(4)	(16)	-	(244)	(9 993)	4 522	(6 025)
Income from companies accounted for by the equity method	821	-	-	676	-	-	-	-	-	-	-	-	1 497
Corporation tax	(11 126)	(1 326)	647	(23 221)	(1 366)	2 658	1 816	2 374	(283)	5 514	3 417	-	(20 896)
Consolidated net income	38 946	(10 080)	(7 035)	44 898	(3 016)	(5 753)	(7 281)	(2 894)	857	(23 033)	160 782	(183 884)	2 507
<i>o/w</i>													
Net income, group share	37 640	(10 109)	(7 035)	44 443	(3 016)	(5 753)	(7 281)	(2 894)	857	(23 033)	160 782	(183 884)	717
Minority interests	1 306	29	-	455	-	-	-	-	-	-	-	-	1 790

In 2008, the follow up by the management didn't include the German branches split by geographical areas (Europe & Asia). This modification was done in the first quarter 2009.

To face the two income statements with a perfect comparison, the following income statement has the same geographical split like the one published in 2008.

	2009.06 pro forma 2008.06											GROUP	
	Germany	IDC Germany Europe	IDC Germany Asia	France & IDC	Italy	United Kingdom	North & South America	Belgium	Netherlands	Group Reinsurance	Group services		Inter-segment eliminations
Premiums written	333 597	78 400	20 966	194 059	101 400	97 756	92 295	32 543	22 445	383 750	-	(371 183)	986 028
Premiums refunded	(18 278)	(2 549)	(469)	(9 209)	3 304	(1 767)	-	(812)	(772)	(15 106)	-	13 417	(32 241)
Net premiums written	315 319	75 851	20 497	184 850	104 704	95 989	92 295	31 731	21 673	368 644	-	(357 766)	953 787
Change in unearned premiums	(24 682)	(12 736)	(891)	(7 743)	(13 539)	(6 831)	(3 781)	(1 357)	(1 295)	(10 403)	-	10 900	(72 358)
Earned premiums - non-group	290 637	63 115	19 606	177 107	91 165	89 158	88 514	30 374	20 378	358 241	-	(346 866)	881 429
Premium-related revenues - non-group	87 060	26 039	8 203	47 487	22 306	10 415	14 569	10 505	8 381	-	-	(31 893)	203 072
Turnover - Intra-sectoral	377 697	89 154	27 809	224 594	113 471	99 573	103 083	40 879	28 759	358 241	-	(378 759)	1 084 501
Investment income	28 514	1 076	97	51 763	9 111	7 063	6 943	2 637	1 005	(1 214)	175 150	(187 193)	94 952
Of which, dividends	-	-	-	917	-	-	-	-	-	382	173 693	(174 992)	-
Total ordinary income	406 211	90 230	27 906	276 357	122 582	106 636	110 026	43 516	29 764	357 027	175 150	(565 952)	1 179 453
Insurance services expense	(245 322)	(87 883)	-	(113 353)	(49 770)	(75 522)	(83 732)	(41 576)	(16 232)	(308 428)	-	291 020	(710 798)
Outwards reinsurance expense	(177 175)	(35 700)	-	(48 346)	(36 222)	(38 559)	(45 134)	(11 785)	(10 605)	(223 912)	-	347 363	(278 075)
Outwards reinsurance income	164 211	85 350	3 924	39 367	19 409	40 235	51 222	17 507	11 274	249 750	-	(394 759)	267 490
Other income and expense	(158 949)	(32 897)	(10 146)	(88 399)	(50 055)	(41 201)	(41 475)	(12 914)	(13 061)	(102 740)	(7 792)	136 997	(422 632)
Total other income and expense	(417 235)	(71 130)	(6 222)	(208 731)	(116 638)	(115 047)	(119 119)	(48 768)	(28 624)	(385 330)	(7 792)	380 621	(1 144 015)
Ordinary operating income	(11 024)	19 100	21 684	67 626	5 944	(8 411)	(9 093)	(5 252)	1 140	(28 303)	167 358	(185 331)	35 438
Other non ordinary operating income and expense	-	-	-	-	(7 507)	-	-	-	-	-	-	-	(7 507)
Operating income	(11 024)	19 100	21 684	67 626	(1 563)	(8 411)	(9 093)	(5 252)	1 140	(28 303)	167 358	(185 331)	27 931
Financing expense	(9)	(3)	(8)	(183)	(87)	-	(4)	(16)	-	(244)	(9 993)	4 522	(6 025)
Income from companies accounted for by the equity method	821	-	-	676	-	-	-	-	-	-	-	-	1 497
Corporation tax	(10 474)	(1 116)	(215)	(23 221)	(1 366)	2 658	1 816	2 374	(283)	5 514	3 417	-	(20 896)
Consolidated net income	(20 686)	17 981	21 461	44 898	(3 016)	(5 753)	(7 281)	(2 894)	857	(23 033)	160 782	(180 809)	2 507
<i>o/w</i>													
Net income, group share	(21 992)	17 952	21 461	44 443	(3 016)	(5 753)	(7 281)	(2 894)	857	(23 033)	160 782	(180 809)	717
Minority interests	1 306	29	-	455	-	-	-	-	-	-	-	-	1 790

(in thousands of euros)												2008.06	
	Germany	IDC Germany Europe	IDC Germany Asia	France & IDC	Italy	United Kingdom	North & South America	Belgium	Netherlands	Group Reinsurance	Group services	Inter-segment eliminations	GROUP
Premiums written	373 938	54 395	-	204 285	121 608	116 866	87 530	38 679	21 251	282 128	-	(277 415)	1 023 265
Premiums refunded	(18 999)	(2 723)	-	(10 730)	29	(2 114)	-	(1 008)	(377)	(13 430)	-	13 192	(36 166)
Net premiums written	354 939	51 672	-	193 555	121 637	114 752	87 530	37 671	20 874	268 698	-	(264 223)	987 105
Change in unearned premiums	(30 821)	(2 475)	-	(9 127)	(15 942)	(18 186)	(8 355)	(4 585)	(422)	(17 695)	-	11 273	(96 335)
Earned premiums - non-group	324 118	49 197	-	184 428	105 695	96 566	79 175	33 086	20 452	251 003	-	(252 950)	890 770
Premium-related revenues - non-group	84 867	21 644	3 949	48 184	25 160	10 405	13 819	7 622	7 284	-	-	(30 084)	192 850
Turnover - Intra-sectoral	408 985	70 841	3 949	232 612	130 855	106 971	92 994	40 708	27 736	251 003	-	(283 034)	1 083 620
Investment income	31 664	1 695	-	55 831	5 791	4 827	3 479	2 135	850	(31)	237 227	(256 235)	87 233
	<i>Of which, dividends</i>	14 759	-	-	-	-	-	-	-	-	235 257	(250 116)	-
Total ordinary income	440 649	72 536	3 949	288 443	136 646	111 798	96 473	42 843	28 586	250 972	237 227	(539 269)	1 170 853
Insurance services expense	(159 470)	(29 531)	-	(105 605)	(98 614)	(51 686)	(62 841)	(22 985)	(9 016)	(156 865)	-	163 209	(533 404)
Outwards reinsurance expense	153 051	15 783	-	37 845	46 824	32 283	45 907	10 455	7 828	88 976	-	(256 496)	182 456
Outwards reinsurance income	(179 921)	(13 062)	-	(36 022)	(43 965)	(36 782)	(40 619)	(13 231)	(10 187)	(95 540)	-	254 154	(215 175)
Other income and expense	(150 248)	(29 364)	(3 570)	(83 702)	(54 677)	(41 632)	(34 416)	(12 918)	(12 815)	(92 554)	(6 110)	118 745	(403 261)
Total other income and expense	(336 588)	(56 174)	(3 570)	(187 484)	(150 432)	(97 817)	(91 969)	(38 679)	(24 190)	(255 983)	(6 110)	279 612	(969 384)
Ordinary operating income	104 061	16 362	379	100 959	(13 786)	13 981	4 504	4 164	4 396	(5 011)	231 117	(259 657)	201 469
Financing expense	(6)	(2)	-	(186)	(99)	-	(5)	(65)	-	-	(10 708)	3 441	(7 630)
Income from companies accounted for by the equity method	1 942	-	-	2 182	-	-	-	-	-	-	-	-	4 124
Corporation tax	(34 318)	(3 491)	(219)	(37 255)	2 652	(4 390)	(2 571)	(815)	(1 120)	3 880	4 892	-	(72 955)
Consolidated net income	71 679	12 869	160	65 700	(11 233)	9 591	1 928	3 284	3 276	(1 131)	225 101	(256 216)	125 008
<i>o/w</i>													
Net income, group share	70 147	12 487	160	64 937	(11 233)	9 591	1 928	3 284	3 276	(1 131)	225 101	(256 216)	122 331
Minority interests	1 532	382	-	763	-	-	-	-	-	-	-	-	2 677

Depreciation, amortisation and provisions by segment

(in thousands of euros)												2008.06	
	Germany	IDC Germany Europe	IDC Germany Asia	France & IDC	Italy	United Kingdom	North & South America	Belgium	Netherlands	Group Reinsurance	Group services	Inter-segment eliminations	GROUP
Provisions for loans and receivables	(173)	-	-	(1 605)	(19)	1	-	(22)	-	-	(717)	-	(2 535)

(in thousands of euros)												2008.06	
	Germany	IDC Germany Europe	IDC Germany Asia	France & IDC	Italy	United Kingdom	North & South America	Belgium	Netherlands	Group Reinsurance	Group services	Inter-segment eliminations	GROUP
Provisions for loans and receivables	-	-	-	(663)	-	-	-	(11)	(5)	-	(369)	-	(1 048)

Amortisation and impairment charges on non-current assets are now analysed by function. Consequently, the breakdown is no longer directly visible in the income statement in the 2008 and 2009 financial statements.

Balance sheet by segment

(in thousands of euros)												2009.06	
	Germany	IDC Germany Europe	IDC Germany Asia	France & IDC	Italy	United Kingdom	North & South America	Belgium	Netherlands	Group Reinsurance	Group services	Inter-segment eliminations	GROUP
Goodwill	-	3 469	2 459	2 375	5 820	56 130	29 998	3 893	4 349	-	-	-	108 493
Other intangible assets	44 758	1 202	979	12 587	5 355	7 018	2 536	6 868	2 228	1 500	6 253	-	91 284
Investments - insurance businesses	412 027	37 025	3 281	585 731	137 521	3 872	82 488	17 921	27 271	133 016	1 459 284	(303 463)	2 595 974
Investments accounted for by the equity method	57 912	-	-	29 947	-	-	-	-	-	-	-	-	87 859
Share of assignees and reinsurers in the technical reserves and financial liabilities	226 555	100 397	31 558	85 312	162 202	72 852	56 161	33 609	15 725	279 598	110	(542 483)	521 596
Insurance and reinsurance receivables	72 043	76 387	26 716	107 259	90 285	86 191	62 919	114 757	6 870	109 705	(47)	(169 195)	583 890
Other assets	338 744	58 183	(14 794)	325 014	134 866	61 413	84 157	26 173	19 028	172 045	78 154	(95 881)	1 187 102
Total assets	1 152 039	276 663	50 199	1 148 225	536 049	287 476	318 259	203 221	75 471	695 864	1 543 754	(1 111 022)	5 176 198
Technical reserves	493 915	150 608	61 495	329 334	389 733	241 931	186 933	123 814	34 554	572 709	(42)	(548 883)	2 036 301
Liabilities related to inwards insurance and reinsurance transaction	37 870	3 120	5 667	88 176	24 175	21 537	4 559	5 398	862	111 875	(5)	(117 182)	186 052
Liabilities related to outwards reinsurance transactions	21 063	52 516	1 073	(1 131)	38 600	21 314	73 375	4 260	1 022	38 959	43	(147 237)	103 857
Other liabilities	330 007	29 472	7 147	246 419	89 838	34 883	22 650	21 856	14 738	58 273	458 236	(249 364)	1 064 155
Total liabilities	882 855	235 716	75 382	662 798	542 346	319 665	287 517	155 328	51 176	781 816	458 232	(1 062 466)	3 390 365

(in thousands of euros)												2008.12	
	Germany	IDC Germany Europe	IDC Germany Asia	France & IDC	Italy	United Kingdom	North & South America	Belgium	Netherlands	Group Reinsurance	Group services	Inter-segment eliminations	GROUP
Goodwill	-	3 340	2 221	2 376	5 820	50 213	30 466	3 893	4 349	-	-	-	102 678
Other intangible assets	29 324	1 606	-	11 454	5 795	6 608	2 252	6 104	2 774	1 537	15 781	-	83 235
Investments - insurance businesses	464 765	14 913	(12 421)	685 547	144 064	(31 213)	56 774	37 244	27 487	143 371	1 401 061	(265 720)	2 665 872
Investments accounted for by the equity method	64 135	-	-	29 477	-	-	-	-	-	-	-	(62)	93 550
Share of assignees and reinsurers in the technical reserves and financial liabilities	253 674	56 030	-	87 001	176 396	62 972	46 352	28 020	11 991	169 566	-	(474 024)	417 978
Insurance and reinsurance receivables	93 345	37 798	-	133 605	80 912	76 349	52 734	104 566	3 041	111 201	-	(99 118)	594 433
Other assets	322 036	48 973	21 196	287 845	107 158	56 182	101 132	23 878	16 708	121 430	101 894	(109 083)	1 099 349
Total assets	1 227 279	162 660	10 996	1 237 305	520 145	221 111	289 710	203 785	66 350	547 105	1 518 736	(948 007)	5 057 095
Technical reserves	519 928	73 537	-	344 021	396 467	206 605	158 481	114 874	27 893	490 550	-	(478 658)	1 853 698
Liabilities related to inwards insurance and reinsurance transaction	53 092	82	-	90 199	26 456	17 972	3 445	2 385	383	29 289	-	(28 131)	195 172
Liabilities related to outwards reinsurance transactions	8 204	32 209	-	16 885	36 914	13 257	51 795	9 190	2 264	67 021	-	(141 042)	96 697
Other liabilities	316 039	20 334	15 475	258 569	62 996	24 131	26 916	26 067	12 188	129 798	527 541	(253 811)	1 056 243
Total liabilities	897 263	126 162	15 475	709 674	522 833	261 965	240 637	152 516	42 728	606 658	527 541	(901 642)	3 201 810

Note 10 Related parties

Euler Hermes is owned mainly by the AGF group, which in turn is 100%-owned by the Allianz group.

The breakdown of the Euler Hermes group is as follows:

	Number of shares	%
Assurances Générales de France	26 864 230	59,59%
AGF Vie	3 879 818	8,61%
Treasury shares	1 565 444	3,47%
Sub-total	32 309 492	71,67%
Public (bearer securities)	12 772 738	28,33%
Total	45 082 230	100,00%

As at June 17, 2009, the Extraordinary General Meeting of AGF SA & AGF Holding approved the merger of these two entities. 21,421,782 stocks of Euler Hermes group have been transferred from AGF Holding to AGF SA. At the same date, 4 stocks have been transferred from AGF-IART to AGF Vie.

Transactions

<i>(in thousand of euros)</i>	2009.06			2008.06		
	Allianz SE	AGF SA	Related companies and joint ventures	Allianz SE	AGF SA	Related companies and joint ventures
Operating income	19 297	-	25 616	11 953	-	19 279
Insurance services expense	(17 931)	-	(22 209)	-	-	(13 255)
Net income or expense on reinsurance	(3 501)	-	(2 626)	(7 285)	-	(125)
Financing expense	(608)	(5 300)	-	-	(7 392)	-
Other financial net incomes	(994)	-	(5 622)	(79)	548	(6 668)

Receivables and liabilities

<i>(in thousand of euros)</i>	2009.06			2008.12		
	Allianz SE	AGF SA	Related companies and joint ventures	Allianz SE	AGF SA	Related companies and joint ventures
Current accounts (accrued interests included)	26	-	800	74 314	-	1 825
Net operating receivables	1 718	-	3 645	5 565	-	12 195
Borrowings (accrued interests included)	135 037	157 093	-	-	292 321	-
Operating liabilities	602	-	(121)	15 576	-	2 099

The current account with Allianz SE corresponds to part of the group's cash position, which is centralised by Allianz SE under a cash pooling arrangement.

Borrowings correspond to three loans contracted with AGF SA and Allianz Belgium:

- 2004 loan of €90 million maturing in June 2010, at 6-month Euribor + 146.5 basis points
- 2005 loan of €135 million maturing in September 2010, at 6-month Euribor + 20 basis points
- 2006 loan of €67 million maturing in June 2010, at 6-month Euribor + 144.3 basis points

On May 11, 2009, the loan of €135 million has been transferred from AGF SA to Allianz Belgium.

The maturity of the repayment of the two loans to AGF SA has been delayed (without any modification of the interest rates) to June 19, 2010 (€90 million) and to June 22, 2010 (€67 million).

Note 11 Commitments received and given

<i>(in thousands of euros)</i>	2009.06	2008.12
Commitments received	15 105	15 913
* Deposits, sureties and other guarantees	15 105	15 913
Commitments given	20 936	22 753
* Deposits, sureties and other guarantees	20 936	22 753
<i>o/w</i> - Commitments associated with membership of an EIG	8 133	9 743
- Securities buyback agreement	657	798

Note 12 Subsequent events

On July, 21st 2009, the court of cassation of Roma has rejected the claims of our Italian subsidiary, Euler Hermes SIAC, related to an old case initiated against Euler Hermes SIAC in 1995 by the factoring group SAFIM (currently in liquidation).

The risks linked to this litigation are limited as it has been evaluated by Euler Hermes SIAC and its legal advisers. The reject of the court of cassation of the claims of our Italian subsidiary restarts the procedure in appeal of SAFIM after the success of the first instance decision of Euler Hermes SIAC.

Presently, the judge designed an expert who has to evaluate the financial loss potentially assumed by SAFIM factoring. A final judgement is not planned before the first half year of 2010, but Euler Hermes has initiated a detailed analysis of the case in order to reassess, with his legal advisers and before the year end 2009, the financial risks linked to this case.

It has to be reminded that a provision for litigation of €8 millions is booked in the financial statements of the company at the end of June 2009.