

*If P&C Insurance AS*

**Consolidated Interim Report**

**2nd Quarter 2011**

**Contacts and signatures**

If P&C Insurance AS main field of activity is non-life insurance services.

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Beginning of reporting period: *1 January 2011*  
End of reporting period: *30 June 2011*  
CEO: *Andris Morozovs*  
Auditor: *Ernst & Young Baltic AS*

If P&C Insurance AS management board have compiled 2nd quarter 2011 consolidated interim report which is presented on pages 7-20.

Member of the Management Board	Heinar Olak	_____	31.08.2011
Member of the Management Board	Artur Praun	_____	31.08.2011
Member of the Management Board	Mihkel Uibopuu	_____	31.08.2011

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## EXPLANATORY NOTE

If P&C Insurance AS (hereinafter: Company or If Insurance) is 100% owned by the If P&C Insurance Holding Ltd, a leading Nordic non-life insurance provider, which is in turn owned by Sampo Plc.

The company is registered in Estonia and also operates branches in Latvia and Lithuania. The current corporate structure contributes to making operations more efficient and improving claims adjustment processes even further in the Baltic region. The company's business divisions cover all of the Baltic States together, but each country has its own sales and customer service division to allow the company better adapt to its customers' needs and practices.

The company is headed by the Baltic management – BMT (Baltic Management Team) – consisting of the management board members.

The Estonian unit of the company has been the Estonian leader in non-life insurance since 2000 with a market share of 29.4% (QI-II 2010: 27.1%). The Latvian branch of If Insurance is the fourth largest non-life insurance company operating on the Latvian market in terms of market share – 11.8% in the second quarter (QI-II 2010: 10.9%). The Lithuanian branch of If Insurance is fifth in terms of market share on the Lithuanian non-life insurance market – market share in the reporting period was 9.2% (QI-II 2010: 9.6%).

This consolidated interim report includes the financial indicators of the Estonian unit operated by If P&C Insurance AS and the Latvian and Lithuanian branches as well as the subsidiary AS If Kinnisvarahaldus.

### **Results for the first six months of 2011**

The economic situation in the Baltic States has begun to stabilize compared to last year. Estonia's gross domestic product (GDP) grew 8.4% in the second quarter of 2011 while in Lithuania, GDP grew 6.1% in the first quarter. Stabilization of the Latvian economy was slowest with GDP growth of 5.3%. Economic recovery has primarily been fuelled by export and brisker consumer spending, and also by a continuing increase in industrial output. Consumer confidence has also grown. On the other hand unemployment remains very high and only mild improvement is expected in the years ahead.

The improvement in the economy has had a positive impact on the development of the insurance market. The Estonian non-life insurance market contracted by 1.1% in the first half of 2011, and the three-month figure for Latvia was -0.1% (the data for Latvia is published at a staggered interval and the half-year figures were not yet available as of this writing). In the first half of the year, the insurance market in Lithuania on the other hand showed strong growth – 11.7%. The moderate drop seen on the Estonian non-life insurance market is due to the motor vehicle insurance types (Third Party Liability (TPL) and Own Damage) – the average insurance premium has decreased due to tough competition and the increasing age of vehicles. The Lithuanian non-life insurance market is showing positive results in all insurance categories, with especially strong growth in the corporate client sector.

In the first 6 months of 2011, If Insurance received insurance payments of 59.9 million euros, growing by 6.9 per cent year-over-year. The economic situation contributed to the increase in sales revenue, as did the moderate improvement in the market competition situation. The Estonian unit garnered 7.2 per cent more in insurance premiums in the first half of 2011 than it did in the same period last year. The highest growth compared to last year came in TPL and Own Damage insurance, which was related to a stronger price and competition position. Insurance payments in Latvia and Lithuania also grew year-over-year, by 7.8% and 5.9%, respectively. Latvia saw strong sales figures in health insurance and

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Own Damage insurance, while Lithuania saw a strong corporate property insurance and liability insurance market.

The consolidated operating results of If Insurance for the first half of 2011 were impacted by the extreme winter conditions seen this year, which resulted in increased frequency of claims and disbursement levels. The results were also impacted by a drop in the average insurance premium. The consolidated net profit of IF Insurance was 8.1 million euros in the reporting period (QI-II 2010: 9.6 million euros), where profit from insurance activity made up 7.5 million euros (QI-II 2010: 8.3 million euros), and profit from financial investments was 769 thousand euros (QI-II 2010: 1,226 thousand euros).

The loss ratio improved by 0.2 percentage points year-over-year (QI-II 2011: 57.5%; QI-II 2010: 57.7%). The expense ratio was 1.3 percentage points higher than it was in the same period last year (QI-II 2011: 28.2%; QI-II 2010: 26.9%).

### **Investments**

The assets of the company have grown from 224.6 million euros as of the beginning of the year to 232.5 million euros as at 30 June 2011. The amount of financial assets (185.4 million euros as at 30 June 2011) exceeds by 72.1 million euros the obligations under insurance contracts net of reinsurance assets, which gives the company a strong liquidity reserve.

In the second quarter, some changes were introduced in the asset structure. The share of money market instruments was reduced from 63% (as of 31 March 2011) to 50%. The share of government bonds was also reduced from 34% to 21%. High-risk Cyprus bonds were sold off, and the proceeds were used to increase the share of corporate bonds as planned. The share of corporate bonds rose to 26% by the end of June (31 March 2011: 3%). Also in the second quarter, floating rate notes issued by large older banks and the bonds of some large corporations were acquired.

The overall duration of the portfolio was 0.5 years as of the end of June; current yield was 1.64%. Yield in the second quarter was + 0.4%, which is equal to the 6-month yield.

The outlook is as follows: to preserve capital, we prefer to maintain low duration and focus on increasing the share of floating rate notes. The government bond market is currently extremely chaotic and thus we plan to eschew this market for some time.

### **Number of employees and workforce expenses**

As of 30 June 2011, If P&C Insurance AS group employed 553 full-time employees (30.06.2010: 547 full-time employees) and the workforce expenses totalled 7.35 million euros (QI-II 2010: 7.33 million euros).

### **Key activities of If P&C Insurance AS and its branches**

The company's business activity includes direct sales of insurance products to corporate and private customers and sales via brokers and partners. The company has 36 sales outlets and customer service offices Estonia-wide, with the largest ones located in Tallinn, Tartu and Pärnu. There are four offices in Latvian and ten in Lithuania, located in the primary county seats. The number of clients in the Baltics is about 310,000, which includes individuals and companies.

The focus continues to be on the strict risk assessment and selection of insurance portfolio and with the goal of avoiding major fluctuations of indemnities and the related need for price corrections. We will also continue simplifying insurance products this year, which should ensure that the covered risks are understood unequivocally and avoid excessive expenditure of time and paper in entering into insurance contracts. With regard to claims handling, our focus will be on customer centeredness and

we will put more efforts into simplifying administrative procedure and speeding up the claims handling process. This year we will undertake a number of key activities and changes in achieving these goals.

Looking at the future and hoping to retain its reputation as an innovative market leader and shaper, the company is putting more effort into e-channels.

## CONSOLIDATED INCOME STATEMENT Q II

in euros

	Note	QII 2011	QII 2010
<b>REVENUE</b>			
<b>PREMIUMS EARNED, NET OF REINSURANCE</b>			
Premiums earned		28 244 661	28 159 630
Premiums ceded		-807 552	-855 100
<b>TOTAL</b>		<b>27 437 109</b>	<b>27 304 530</b>
<b>OTHER INCOME</b>			
Reinsurance commissions		43 110	55 316
Return on investments		742 854	622 976
Other income		26 890	26 725
<b>TOTAL</b>		<b>812 854</b>	<b>705 017</b>
<b>TOTAL REVENUE</b>		<b>28 249 964</b>	<b>28 009 547</b>
<b>EXPENSES</b>			
<b>CLAIMS INCURRED, NET OF REINSURANCE</b>			
Claims incurred, gross		-12 611 433	-13 780 572
Reinsurer's share in claims paid		-662 191	604 578
<b>TOTAL</b>		<b>-13 273 624</b>	<b>-13 175 994</b>
<b>EXPENSES</b>			
Insurance contract acquisition costs		-4 983 255	-5 383 712
Administrative expenses		-3 009 576	-1 975 748
<b>TOTAL</b>		<b>-7 992 830</b>	<b>-7 359 461</b>
<b>TOTAL EXPENSES</b>		<b>-21 266 454</b>	<b>-20 535 455</b>
<b>NET RESULT BEFORE TAXES</b>		<b>6 983 510</b>	<b>7 474 092</b>
INCOME TAX		-205 532	-280 372
<b>NET PROFIT FOR THE FINANCIAL PERIOD</b>		<b>6 777 977</b>	<b>7 193 720</b>

## CONSOLIDATED INCOME STATEMENT Q I-II

in euros

	Note	Q1-II 2011	QI-II 2010
<b>REVENUE</b>			
<b>PREMIUMS EARNED, NET OF REINSURANCE</b>			
Premiums earned	2	55 719 064	57 057 697
Premiums ceded	2	-1 688 572	-2 079 226
<b>TOTAL</b>		<b>54 030 492</b>	<b>54 978 471</b>
<b>OTHER INCOME</b>			
Reinsurance commissions		173 705	187 400
Return on investments	3	768 987	1 405 650
Other income		48 647	53 474
<b>TOTAL</b>		<b>991 339</b>	<b>1 646 524</b>
<b>TOTAL REVENUE</b>		<b>55 021 831</b>	<b>56 624 995</b>
<b>EXPENSES</b>			
<b>CLAIMS INCURRED, NET OF REINSURANCE</b>			
Claims incurred, gross	4	-30 013 309	-32 691 639
Reinsurer's share in claims paid	4	-1 036 470	949 408
<b>TOTAL</b>		<b>-31 049 779</b>	<b>-31 742 231</b>
<b>EXPENSES</b>			
Insurance contract acquisition costs	5	-10 033 203	-11 100 096
Administrative expenses	5	-5 643 263	-4 031 460
<b>TOTAL</b>		<b>-15 676 467</b>	<b>-15 131 556</b>
<b>TOTAL EXPENSES</b>		<b>-46 726 246</b>	<b>-46 873 787</b>
<b>NET RESULT BEFORE TAXES</b>		<b>8 295 586</b>	<b>9 751 208</b>
INCOME TAX		-199 988	-179 626
<b>NET PROFIT FOR THE FINANCIAL PERIOD</b>		<b>8 095 598</b>	<b>9 571 582</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

in euros

	Note	30.06.2011	31.12.2010
<b>ASSETS</b>			
Cash and cash equivalents		6 789 816	4 905 644
Financial assets	6	185 352 729	180 275 067
Receivables related to insurance activities		15 590 433	15 205 428
Accrued income and prepaid expenses		4 760 191	4 255 198
Reinsurance assets	9	10 176 261	10 990 275
Intangible assets	7	3 890 581	2 974 475
Property, plant and equipment	8	5 911 908	5 959 746
<b>TOTAL ASSETS</b>		<b>232 471 919</b>	<b>224 565 833</b>
<b>LIABILITIES AND OWNER'S EQUITY</b>			
Liabilities related to insurance activities		6 637 371	5 811 590
Accrued expenses and prepaid revenues		4 801 564	4 101 441
Liabilities arising from insurance contracts	9	123 411 502	125 129 095
<b>Total liabilities</b>		<b>134 850 437</b>	<b>135 042 126</b>
Share capital		6 391 165	6 391 165
Share premium		3 678 730	3 678 730
Mandatory reserve		2 362 314	2 362 314
Profit carried forward		77 093 675	60 904 016
Net profit for the year		8 095 598	16 187 482
<b>Total owner's equity</b>		<b>97 621 482</b>	<b>89 523 707</b>
<b>TOTAL LIABILITIES AND OWNER'S EQUITY</b>		<b>232 471 919</b>	<b>224 565 834</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

in euros	Note	QI-II 2011	QI-II 2010
<b>Cash flow from operating activities</b>			
Premiums received	2	59 314 295	57 049 800
Premiums ceded	2	-1 441 874	-1 743 404
Claims paid, incl. Claims handling expenses	4,5	-35 772 069	-31 975 817
Cash flow from reinsurance		489 456	1 365 125
Employee-related and service-related expenses		-14 997 152	-16 422 484
Investments in fixed income securities		-113 392 606	-22 028 303
Proceeds from disposals of fixed income securities		69 171 949	32 446 224
Investments in term deposits		-174 418 546	-1 291 376 405
Return on term deposits		213 168 263	1 273 246 922
Interest received		1 162 300	1 453 070
<b>Cash flow operating activities, net</b>		<b>3 284 015</b>	<b>2 014 727</b>
<b>Total cash flow from investing activities</b>			
Purchase of property, plant and equipment, and intangible assets	7,8	-1 400 597	-775 265
Proceeds from disposal of property, plant and equipment, and intangible assets		688	2 690
<b>Cash flow from investing activities, net</b>		<b>-1 399 909</b>	<b>-772 575</b>
<b>Change in cash flow, net</b>		<b>1 884 105</b>	<b>1 242 152</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>4 905 644</b>	<b>5 935 342</b>
<b>Effects of exchange rate changes on cash and cash equivalents</b>		<b>67</b>	<b>-1</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>6 789 816</b>	<b>7 177 492</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in euros

	Share capital	Share premium	Mandatory reserve	Profit brought forward	Net profit for the year	Total equity
<b>Equity 01.01.2009</b>	<b>6 391 165</b>	<b>3 678 730</b>	<b>2 362 314</b>	<b>35 855 635</b>	-	<b>48 287 844</b>
Net profit for the year	-	-	-	-14 771	25 066 767	<b>25 051 996</b>
<b>Equity 31.12.2009</b>	<b>6 391 165</b>	<b>3 678 730</b>	<b>2 362 314</b>	<b>35 840 864</b>	<b>25 066 767</b>	<b>73 339 840</b>
<b>Equity 01.01.2010</b>	<b>6 391 165</b>	<b>3 678 730</b>	<b>2 362 314</b>	<b>60 907 631</b>	-	<b>73 339 840</b>
Net profit for the year	-	-	-	-3 615	16 187 482	<b>16 183 867</b>
<b>Equity 31.12.2010</b>	<b>6 391 165</b>	<b>3 678 730</b>	<b>2 362 314</b>	<b>60 904 016</b>	<b>16 187 482</b>	<b>89 523 707</b>
<b>Equity 01.01.2011</b>	<b>6 391 165</b>	<b>3 678 730</b>	<b>2 362 314</b>	<b>77 091 498</b>	-	<b>89 523 707</b>
Net profit for the year	-	-	-	2 177	8 095 598	<b>8 097 775</b>
<b>Equity 30.06.2011</b>	<b>6 391 165</b>	<b>3 678 730</b>	<b>2 362 314</b>	<b>77 093 675</b>	<b>8 095 598</b>	<b>97 621 482</b>

As of 1 January 2011 the number of issued shares was 10 million and they have been paid for completely. The nominal value was 10 kroons. In accordance with the articles of association, the minimum number of shares is 5 million and the maximum is 20 million, and the parent company of If P&C Insurance AS is If P&C Insurance Holding Ltd, which is headquartered in Sweden.

On 30 June 2011, the sole shareholder decided to convert the share capital into euros and to increase it by 0.15 euros, following which the new amount of share capital is 6,391,165 euros. It was decided to increase share capital by way of a fund issue from retained earnings in previous periods. The sole shareholder decided to carry out a replacement of shares and decrease the number of shares so that the nominal value of a share would remain at 1 euro. All 10 million shares with a nominal value of 10 kroons will be replaced with new shares, a total of 6,391,165 (nominal value 1 euro). After the increase, the share capital of If Insurance stands at 6,391,165 euros and the sole shareholder owns 6,391,165 shares with a nominal value of 1 euro. According to the amended articles of association the minimum share capital of If Insurance is 3 million euros and the maximum share capital is 12 million euros.

The amendments to the articles of association are registered in the Commercial Register as of 29 August 2011.

## NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### Note 1. Accounting principles and basis of estimations used in the preparation of the consolidated financial statements

This consolidated interim report has been prepared in conformity with the IAS 34 “Interim Financial Reporting” requirements for condensed interim financial statements.

The AS If P&C Insurance annual report for the financial year ended 31 December 2010 was prepared in conformity with the IFRS and the interpretations issued by IFRIC, which have been approved by the EU. The same accounting policies were applied in preparing the 6-month interim report.

This consolidated interim report includes the consolidated reports of the consolidated group’s parent company If P&C Insurance AS and its subsidiary AS If Kinnisvarahaldus.

All figures in Estonian kroons as at 31 December 2010 were converted into euros at a rate of 15.6466.

### Note 2. Premiums earned, net of reinsurance

	QI-II 2011	QI-II 2010
Premiums written, gross	59 909 488	56 053 291
Incl. 100% of the reinsured portion	1 153 422	1 293 669
Change in the provision for unearned premiums	-4 190 424	1 004 406
<b>Premiums earned, gross of reinsurance</b>	<b>55 719 064</b>	<b>57 057 697</b>
Reinsurance premiums	-2 615 947	-2 324 678
Change in the provision for unearned premiums	927 375	245 452
<b>Premiums earned, ceded</b>	<b>-1 688 572</b>	<b>-2 079 226</b>
<b>TOTAL</b>	<b>54 030 492</b>	<b>54 978 471</b>

**Note 3. Return on investments**

	QI-II 2011	QI-II 2010
<u>Interest income/expense</u>		
<b>Financial assets at fair value through profit and loss</b>		
<i>Classified as held for trading</i>		
From bonds and other fixed income securities	674 613	682 842
<i>Designated at fair value through profit and loss at inceptions:</i>		
From deposits	0	164 670
<b>Loans and receivables</b>		
From deposits	617 227	393 274
From cash and cash equivalents	9 457	11 782
	<b>1 301 297</b>	<b>1 252 568</b>
<u>Profit from disposals</u>		
<b>Financial assets at fair value through profit and loss</b>		
<i>Classified as held for trading</i>		
From bonds and other fixed income securities	6 684	390 215
	<b>6 684</b>	<b>390 215</b>
<u>Loss from disposals</u>		
<b>Financial assets at fair value through profit and loss</b>		
<i>Classified as held for trading</i>		
From bonds and other fixed income securities	-133 419	0
	<b>-133 419</b>	<b>0</b>
<u>Profit/loss from change in fair value</u>		
<b>Financial assets at fair value through profit and loss</b>		
<i>Classified as held for trading</i>		
From bonds and other fixed income securities	-405 575	-261 044
From shares	0	1 254
From change in currency exchange rate	0	22 658
	<b>-405 575</b>	<b>-237 133</b>
<b>TOTAL RETURN ON INVESTMENTS</b>	<b>768 987</b>	<b>1 405 650</b>

**Note 4. Claims incurred, net of reinsurance**

	<b>QI-II 2011</b>	<b>QI-II 2010</b>
<b>Gross</b>		
Claims paid during the year related to that year	-21 281 382	-19 967 962
Claims paid related to previous years	-15 872 760	-12 435 143
Amounts recovered from salvage and recourses	2 763 713	2 363 671
Change in the provision for claims outstanding	5 913 526	-812 645
Claims handling costs	-1 536 408	-1 839 560
<b>TOTAL</b>	<b>-30 013 309</b>	<b>-32 691 639</b>
<b>Reinsurer's share</b>		
Claims paid during the year related to that year	1 283	134 702
Claims paid related to previous years	700 217	1 436 516
Change in the provision for claims outstanding	-1 737 970	-621 811
<b>TOTAL</b>	<b>-1 036 470</b>	<b>949 408</b>
<b>Net</b>		
Claims paid during the year related to that year	-18 516 385	-17 469 588
Claims paid related to previous years	-15 172 543	-10 998 626
Claims handling costs	-1 536 408	-1 839 560
Change in the provision for claims outstanding	4 175 557	-1 434 456
<b>TOTAL</b>	<b>-31 049 779</b>	<b>-31 742 231</b>

**Note 5. Operating expenses**

	<b>QI-II 2011</b>	<b>QI-II 2010</b>
Personnel expenses	-7 345 513	-7 331 991
Commissions to intermediaries	-4 661 218	-4 047 789
Data processing	-1 668 387	-1 607 699
Expenses on premises	-1 271 612	-1 196 104
Office expenses (incl. communication expenses)	-643 494	-715 764
Other operating expenses	-1 622 651	-2 071 769
<b>TOTAL</b>	<b>-17 212 874</b>	<b>-16 971 116</b>

***Division of costs on the basis of functions:***

Insurance contract acquisition costs	-10 033 203	-11 100 096,23
Administrative expenses	-5 643 263	-4 031 459,55
incl. investment expenses	-273 785	-157 136,21
Claims handling expenses	-1 536 408	-1 839 560
<b>TOTAL</b>	<b>-17 212 874</b>	<b>-16 971 116</b>

**Note 6. Financial assets**

	<b>30.06.2011</b>	<b>31.12.2010</b>
<b>Financial assets measured at fair value through profit and loss</b>		
<i>Classified as held for trading</i>		
Shares, equity funds and bond funds	64	64
- unlisted	64	64
Bonds and other fixed income securities	116 050 953	72 419 944
- listed	89 654 179	72 351 647
- unlisted	26 396 775	68 297
incl. with a floating interest rate	41 704 902	1 664 462
incl. with a fixed interest rate	74 346 051	70 755 482
<b>TOTAL</b>	<b>116 051 017</b>	<b>72 420 008</b>
<b>Loans and receivables</b>		
Term deposits	69 301 712	107 855 059
<b>TOTAL</b>	<b>69 301 712</b>	<b>107 855 059</b>
<b>FINANCIAL ASSETS TOTAL</b>	<b>185 352 729</b>	<b>180 275 067</b>
<b>Shares and participations</b>		
	<b>30.06.2011</b>	<b>31.12.2010</b>
Shares	64	64
<b>TOTAL</b>	<b>64</b>	<b>64</b>
<b>Division of bonds and other fixed income securities by issuers</b>		
	<b>30.06.2011</b>	<b>31.12.2010</b>
Issued by Estonian companies	42 425	68 297
Issued by foreign governments	39 952 914	68 377 232
Issued by foreign financial institutions	68 016 827	3 974 415
Issued by foreign companies	8 038 787	0
<b>TOTAL</b>	<b>116 050 953</b>	<b>72 419 944</b>
<b>Ratings of bond issuers (S&amp;P)</b>	<b>Percentage of fair value</b>	
	<b>30.06.2011</b>	<b>31.12.2010</b>
AAA	34%	60%
AA	30%	17%
A	22%	10%
BBB	7%	0%
BAA	1%	1%
No rating	7%	12%
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>

**Division of bonds and other fixed income securities by maturity terms**

	<b>30.06.2011</b>	<b>31.12.2010</b>
up to 1 year	27 044 684	26 709 294
1-2 years	45 989 507	23 404 007
2-5 years	43 016 762	22 306 644
<b>TOTAL</b>	<b>116 050 953</b>	<b>72 419 944</b>

**Note 7. Intangible assets****Computer software**

<b>Net book value 31.12.2009</b>	<b>2 171 053</b>
Acquisition (incl. prepayment)	1 855 055
Write-off	-1 200 143
Reclassification	0
Acquisition cost 31.12.2010	6 920 653
-incl. fully depreciated	3 429 852
Depreciation charge for the year	-577 134
Depreciation of written-off non-current assets	726 162
Accumulated depreciation 31.12.2010	-3 945 661
Translation differences	-518
<b>Net book value 31.12.2010</b>	<b>2 974 475</b>
Acquisition (incl. prepayment)	1 173 249
Acquisition cost 30.06.2011	8 093 398
-incl. fully depreciated	3 123 511
Depreciation charge for the year	-257 007
Accumulated depreciation 30.06.2011	-4 202 681
Translation differences	-136
<b>Net book value 30.06.2011</b>	<b>3 890 581</b>

**Note 8. Property, plant and equipment**

	<b>Land</b>	<b>Buildings</b>	<b>Other PPE</b>	<b>TOTAL</b>
<b>Net book value 31.12.2009</b>	<b>383 937</b>	<b>4 782 671</b>	<b>1 004 888</b>	<b>6 171 496</b>
Acquisition	0	43 665	348 017	391 682
Write-off	0	-75 069	-489 743	-564 813
Disposal	0	0	-26 178	-26 178
Acquisition cost 31.12.2010	383 937	6 863 153	4 515 181	11 762 271
-incl. fully depreciated	0	0	3 917 711	3 917 711
Depreciation charge for the year	0	-138 196	-387 804	-526 000
Depreciation charge of sales and disposals	0	10 057	503 469	513 526
Accumulated depreciation 31.12.2010	0	-2 240 025	-3 562 533	-5 802 558
Translation differences	0	0	33	33
<b>Net book value 31.12.2010</b>	<b>383 937</b>	<b>4 623 128</b>	<b>952 682</b>	<b>5 959 746</b>
Acquisition	0	0	227 348	227 348
Reclassification	0	-10 336	10 336	0
Write-off	0	0	-14 919	-14 919
Disposal	0	0	-28 380	-28 380
Acquisition cost 30.06.2011	383 937	6 852 817	4 709 567	11 946 321
-incl. fully depreciated	0	0	2 663 832	2 663 832
Depreciation charge for the year	0	-68 615	-205 709	-274 324
Depreciation charge of sales and disposals	0	0	42 445	42 445
Depreciation charge of reclassified assets	0	654	-654	0
Accumulated depreciation 30.06.2011	0	-2 307 986	-3 726 451	-6 034 437
Translation differences	0	0	24	24
<b>Net book value 30.06.2011</b>	<b>383 937</b>	<b>4 544 831</b>	<b>983 140</b>	<b>5 911 908</b>

**Note 9. Liabilities related to insurance contracts and reinsurance assets**

	<u>30.06.2011</u>	<u>31.12.2010</u>
<b>Gross</b>		
Provision for incurred and reported claims and claims handling expenses	46 707 704	54 091 085
Provision for incurred but not reported claims	35 237 780	33 767 364
Provision for unearned premiums	41 466 017	37 270 647
<b>TOTAL</b>	<b><u>123 411 502</u></b>	<b><u>125 129 095</u></b>
<b>Reinsurer's share</b>		
Provision for incurred and reported claims and claims handling expenses	8 065 159	9 818 815
Provision for incurred but not reported claims	373 559	358 911
Provision for unearned premiums	1 737 543	812 549
<b>TOTAL</b>	<b><u>10 176 261</u></b>	<b><u>10 990 275</u></b>
<b>Net</b>		
Provision for incurred and reported claims and claims handling expenses	38 642 545	44 272 270
Provision for incurred but not reported claims	34 864 221	33 408 452
Provision for unearned premiums	39 728 474	36 458 098
<b>TOTAL</b>	<b><u>113 235 240</u></b>	<b><u>114 138 820</u></b>

**Note 10. Related party transactions**Related parties

The company's shareholders, enterprises under the joint control of or enterprises controlled by the company, the company's staff, Management Board and Supervisory Board members, their close relatives and other individuals over whom the above persons have significant influence, are considered related parties.

Transactions with members of the Management Board, members of the Supervisory Board, and other management individual

Insurance contracts with total premiums of 2,847 euros were concluded with the management individuals in the financial period (QI-II 2010: 4,223 euros). The Management Board members received a total of 265,432 euros in remuneration, including social tax (QI-II 2010: 270,698 euros). Termination benefits were not paid to members of the Management Board during the reporting period. No remuneration was paid to members of the Supervisory Board.

Reinsurance transactions with group companies

The company has concluded reinsurance contracts with If P&C Insurance Ltd (Sweden) and If P&C Insurance Company Ltd (Finland), insurance companies incorporated under the parent company If PC Insurance Holding Ltd group.

	Calculated reinsurance premiums		Indemnifications and commissions received	
	QI-II 2011	QI-II 2010	QI-II 2011	QI-II 2010
If P&C Insurance Ltd (Sweden)	1 606 238	1 212 366	599 214	135 967
If P&C Insurance Ltd (Finland)	92 128	17 062	1 868	1 280

Receivables and payables related to the above transactions as of 30.06.2011 and 31.12.2010:

	30.06.2011	31.12.2010
<b>Receivables</b>		
If P&C Insurance Ltd (Sweden)	2 100 836	1 436 941
If P&C Insurance Ltd (Finland)	5 000	94 236
<b>Payables</b>		
If P&C Insurance Ltd (Sweden)	2 235 534	1 105 239
If P&C Insurance Ltd (Finland)	5 018	0

Other related party transactions, transactions with other group companies

	Services purchased		Services rendered	
	QI-II 2011	QI-II 2010	QI-II 2011	QI-II 2010
Mandatum Life Insurance Baltic SE	0	181	21 128	45 736
Nordea Group companies	54 433	45 107	288 326	307 038
Sampo PLC	122 000	0	0	0

Receivables and payables related to the above transactions as of 30.06.2011 and 31.12.2010:

	30.06.2011	31.12.2010
<b>Receivables</b>		
Mandatum Life Insurance Baltic SE	11 120	3 277
Nordea Grupi ettevõtted	48 707	33 789
If P&C Insurance Ltd (Rootsi)	410	410
If P&C Insurance Company Ltd (Soome)	0	345
If IT Services AS	11 828	0
<b>Payables</b>		
Mandatum Life Insurance Baltic SE	0	45
Nordea Group companies	30 047	17 617
Sampo PLC	92 000	0