

INTERAMERICAN PROPERTY AND CASUALTY INSURANCE COMPANY S.A.

FINANCIAL STATEMENTS AS OF 31.12.2008

(In accordance with International Financial Reporting Standards)

THE CHAIRMAN -
CHIEF EXECUTIVE
OFFICER

THE GENERAL MANAGER

THE CHIEF ACCOUNTANT

THE CHIEF ACTUARY

G. KOTSALOS
No. of Pol. Identity
Π 575288

THOMAS BRINKMANN
No. of Passport.
9549289219

P. MANOLOUDIS
No. of Pol. Identity
X 722462

I. TOTOS
No. of Pol. Identity
P 523682

Athens, 30 April 2009

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Board of Directors' Report

The shareholders,

According to the requirements of article 136 of C.L. 2190/1920 we submit this Board of Directors' report for the final year 2008 and the Annual Financial Statements according to International Financial Reporting Standards (IFRS) as adopted by the European Union for your approval.

The Company is a subsidiary of INTERAMERICAN LIFE INSURANCE LIFE S.A. and operates in the insurance sector by offering a variety of products.

The most significant point was the increase of earned premiums by 8.6% compared to the market general growth of 5.9%. Furthermore, the Company holds the 2nd position in the market of general insurance with a market share of 6%.

Despite the global economic crisis, the Company presented a profit before tax of EUR 7,409,626.82 and profit after tax of EUR 3,294,532.50.

The Company's strategy was focused in quality sales and value creation, through higher productivity and products that fulfill customers' needs.

The improvement of the Company's product mix led to launching of new products, e.g. "STEGI" and "Mega insurance of loan holders" in Fire sector and the improvement of existing pool of products such as the Civil Liability of Yachts resulting in portfolio growth.

Following 2006 policy, the Company proceeded to an effective sales recovery schedule, enhanced the associates' network and developed a multichannel market approach.

The basic objective of the Business Plan is the gradual increase of the Return on Equity index which is already within satisfactory levels, taking into account the Company's equity which amounts to EUR 55,240,854.62, exceeding the required solvency margin for the year 2008.

The main goal of the Company is still profitability which is based on the shareholders stability, customers' reliability and human resources development.

The gross earned premiums and other income reached EUR 148,427,280.04, compared to EUR 134,089,819.06. The gross earned premiums including Road Assistance sector reach EUR 167,389,659.57 compared to EUR 153,953,517.64 in 2007. This is an increase of EUR 13,438,149.93 representing a percentage of 9% which is considered satisfactory.

The percentage of new production was significantly increased in the Motor sector through the implementation of e-sales. Moreover, the Company managed to acquire an additional portion of clients by entering in new distribution channels (internet, brokers). The Motor Sector portfolio increased by 10% compared to 2007.

The new production in Fire sector presented an increase of 18% which is the outcome of the improvement efforts for the product mix and sets new development standards for 2009.

The investment income reached EUR 3,094,207.36 compared to EUR 10,563,243.31 in 2007 and is mainly attributed to valuation losses of investment portfolio of EUR 6.3 million due to the negative conditions derived from the credit crunch.

The claims paid reached EUR 77,727,007.49 compared to EUR 67,726,401.43 in 2007.

The commissions on production (net of reinsurance commissions) reached EUR 21,242,571.35 compared to EUR 18,826,054.67 in 2007.

The change in insurance provisions reached EUR 3,505,092.04 compared to EUR 11,306,482.96 in 2007.

The administrative and distribution expenses reached EUR 23,546,303.93 compared to EUR 22,604,161.01 in 2007.

INTERAMERICAN P&C S.A.

31 December 2008

Other expenses reached EUR 4,044,057.62 compared to EUR 861,076.72 in 2007 and the increase is mainly due to additional provisions of doubtful receivable balances.

The strategic planning as set above is focused on the below initiatives and actions:

- Rationalization of services and products
- Improvement of Company's procedures
- New organizational structure (Retail, Underwriting, Key accounts, Business Support & Business Projects)
- Human resource development
- Intense efforts towards the IT integration of the 6 operating systems in one platform by launching and implementing the project in the Public Liability sector.

The above actions target on the development of the Company's operations and the improvement of the services rendered to customers, as long as the profitability growth through transparent and efficient procedures.

We propose that no dividend should be declared due to the current economic environment and the preservation of shareholders, personnel, agents and customers interests.

The Board would like to thank everybody who has contributed to the achievement of the Company goals and specifically the staff, the customers and the agents.

(Translated from the original in Greek)

Independent Auditors' Report

To the Shareholders of
INTERAMERICAN PROPERTY AND CASUALTY S.A.

Report on the Financial Statements

We have audited the accompanying financial statements of INTERAMERICAN PROPERTY AND CASUALTY S.A. (the "Company") which comprise the balance sheet as of 31 December 2008, and the statements of income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and the fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. This responsibility includes: designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, these Financial Statements give a true and fair view of the financial position of the Company as of 31 December 2008, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

Report on other Legal and Regulatory Requirements

We verified that the contents of the Board of Directors' Report are consistent and correspond with the accompanying Financial Statements within the scope set by articles 37 and 43a of C.L. 2190/1920.

Athens, 30 April 2009
KPMG Certified Auditors AE

Ioannis Acheilas, Certified Auditor Accountant
AM SOEL 12831

INCOME STATEMENT
(Amounts in EURO)

	Note	2008	2007
Gross Earned premiums and other similar revenue	5	148,427,280.04	134,089,819.06
Less: Premiums ceded to reinsurers	6	<u>(18,736,236.79)</u>	<u>(16,097,958.85)</u>
Net Earned premiums and other similar revenue		<u>129,691,043.25</u>	<u>117,991,860.21</u>
Investment income	7	8,714,286.34	7,804,868.81
Profit from sale of investments	8	710,211.33	1,743,906.23
(Loss) / profit on valuation of investments	9	(6,330,290.31)	1,014,468.27
Other income	10	714,044.68	210,912.03
		<u>133,499,295.29</u>	<u>128,766,015.55</u>
Claims expenses	11	73,751,643.53	61,729,033.62
Commissions on premiums written	12	21,242,571.35	18,826,054.67
Insurance provisions expenses	13	3,505,092.04	11,306,482.96
Distribution expenses	14	17,064,191.32	16,348,654.28
Administrative expenses	15	6,482,112.61	6,255,506.73
Other expenses	16	4,044,057.62	861,076.72
		<u>126,089,668.47</u>	<u>115,326,808.98</u>
Profit before tax		<u>7,409,626.82</u>	<u>13,439,206.57</u>
Income tax expense	17	<u>(4,115,094.32)</u>	<u>(4,207,263.34)</u>
Profit after tax		<u>3,294,532.50</u>	<u>9,231,943.23</u>

The accompanying notes (pages 5 - 43) form an integral part of these Financial Statements.

BALANCE SHEET
(Amounts in EURO)

ASSETS	Note	2008	2007
INVESTMENTS			
Investment property	18	10,553,000.00	10,553,000.00
Investment securities - Available for sale	19	157,608,924.95	136,066,573.09
Investments in affiliated companies	20	16,450,287.55	16,090,287.55
Total Investments		184,612,212.50	162,709,860.64
RECEIVABLES			
Receivables from premiums	21	43,291,891.58	42,236,331.55
Receivables from reinsurers	22	25,276,023.90	24,517,569.36
Receivables from reinsurance activities		328,317.89	202,698.12
Receivables from loans	23	56,588.46	48,270.79
Other receivables	24	3,887,048.12	3,690,735.84
Total Receivables		72,839,869.95	70,695,605.66
OTHER ASSETS			
Property, plant and equipment Own-use	25	3,604,448.05	1,539,562.88
Deferred tax assets	26	1,762,563.84	1,863,835.34
Deferred acquisition costs	27	9,297,328.89	8,582,804.17
Cash and cash equivalents	28	52,749,653.65	68,934,067.49
Total Other Assets		67,413,994.43	80,920,269.88
Total Assets		324,866,076.88	314,325,736.18
LIABILITIES			
INSURANCE PROVISIONS			
Provisions for outstanding claims	29	164,594,689.12	159,326,802.59
Provisions for unearned premiums	29	59,703,265.42	55,194,075.77
Other insurance provisions	29	2,346,956.56	-
Total Insurance Provisions		226,644,911.10	214,520,878.36
LIABILITIES			
Liabilities from insurance activities	30	5,942,460.61	5,685,482.91
Liabilities due to reinsurers	22	12,551,529.16	13,028,662.92
Liabilities from reinsurance activities		190,460.76	253,738.50
Other liabilities	31	21,365,062.97	19,795,797.17
Employee benefits	32	1,506,274.63	1,291,794.84
Deferred tax liabilities	26	1,424,523.03	540,338.72
Total Liabilities		42,980,311.16	40,595,815.06
Total Insurance Provisions and Liabilities		269,625,222.26	255,116,693.42
EQUITY			
Share capital	33	4,019,070.00	4,019,070.00
Reserves	33	46,487,740.06	45,958,029.53
Retained earnings	33	4,734,044.56	9,231,943.23
Total Equity		55,240,854.62	59,209,042.76
Total Equity and Liabilities		324,866,076.88	314,325,736.18

The accompanying notes (pages 5 - 43) form an integral part of these Financial Statements.

INTERAMERICAN P&C S.A.
31 December 2008

Statement of Changes in Equity
(amounts in EURO)

	Share Capital	Fair Value Revaluation Reserves	Other Reserves	Retained Earnings	Total
Balance 1.1.2007	4,019,070.00	1,170,426.58	43,596,710.69	7,723,809.93	56,510,017.20
Transfers of Reserves	-	-	1,723,809.93	(1,723,809.93)	-
Movement of investment property reserve	-	76,686.19	-	-	76,686.19
Movement of available for sale securities reserve	-	(855,643.69)	-	-	(855,643.69)
Deferred Tax	-	246,039.83	-	-	246,039.83
Result recognized directly in Equity	-	(532,917.67)	-	-	(532,917.67)
Result for the period	-	-	-	9,231,943.23	9,231,943.23
Distributed dividends	-	-	-	(6,000,000.00)	(6,000,000.00)
Balance 31.12.2007	<u>4,019,070.00</u>	<u>637,508.91</u>	<u>45,320,520.62</u>	<u>9,231,943.23</u>	<u>59,209,042.76</u>
Balance 1.1.2008	4,019,070.00	637,508.91	45,320,520.62	9,231,943.23	59,209,042.76
Transfers of Reserves	-	-	1,792,431.17	(1,792,431.17)	-
Movement of available for sale securities reserve	-	(728,548.41)	-	-	(728,548.41)
Deferred Tax	-	(534,172.23)	-	-	(534,172.23)
Result recognized directly in Equity	-	(1,262,720.64)	-	-	(1,262,720.64)
Result for the period	-	-	-	3,294,532.50	3,294,532.50
Distributed dividends	-	-	-	(6,000,000.00)	(6,000,000.00)
Balance 31.12.2008	<u>4,019,070.00</u>	<u>(625,211.73)</u>	<u>47,112,951.79</u>	<u>4,734,044.56</u>	<u>55,240,854.62</u>

The accompanying notes (pages 5 - 43) form an integral part of these Financial Statements.

CASH FLOW STATEMENT
(Amounts in EURO)

	2008	2007
Operating activities before changes in operating assets		
Profit before taxes	7,409,626.82	13,439,206.57
Adjustments for:		
Depreciation	223,635.27	347,306.82
Bad debt provision	3,100,000.00	47,000.00
(Loss) on sale and valuation of investments	<u>(3,096,492.36)</u>	<u>(10,564,393.23)</u>
Net cash flows from operating activities before changes in operating assets	7,636,769.73	3,269,120.16
Changes in operating assets:		
Change in receivables	(5,958,789.01)	(19,098,734.39)
Change in liabilities	1,301,777.72	9,722,069.29
Change in provision and employee benefits	214,479.79	(1,657,244.05)
Change in insurance provisions	12,124,032.74	15,582,254.79
Income tax paid	<u>(3,679,756.46)</u>	<u>(6,316,797.37)</u>
Net cash flows from changes in operating assets	11,638,514.51	(1,768,451.73)
Net cash flows from operating activities	19,275,284.24	1,500,668.43
Cash flows from investing activities:		
Purchases of intangible and tangible fixed assets	(2,334,095.44)	(645,626.15)
Proceeds from sale of intangible and tangible fixed assets	47,860.00	381,920.06
Proceeds from disposal of subsidiaries	(360,000.00)	3,549,585.00
(Purchases) / disposals of securities available for sale	(27,890,979.25)	1,419,975.94
Investment income	<u>8,714,286.34</u>	<u>7,804,868.81</u>
Net cash flows from investment activities	(21,822,928.35)	12,510,723.66
Cash flows from financing activities:		
Dividends paid	<u>(6,000,000.00)</u>	<u>(6,000,000.00)</u>
Net cash flows from financing activities:	(6,000,000.00)	(6,000,000.00)
Net (decrease) / increase in cash and cash equivalents	(16,184,413.84)	8,011,392.09
Cash and cash equivalents at the beginning of the year	<u>68,934,067.49</u>	<u>60,922,675.40</u>
Cash and cash equivalents at the end of the year	52,749,653.65	68,934,067.49

The accompanying notes (pages 5 – 43) form an integral part of these Financial Statements.

FINANCIAL STATEMENTS NOTES

1. REPORTING ENTITY

The Company was established on 29 May 1974 under the initial name «INTERTRUST HELLENIC INSURANCE S.A.» with the No 31754/29.05.1974 decision of the Minister of Commerce (SA issue No. 1393/24.06.1974), while the Latin display is «INTERAMERICAN PROPERTY AND CASUALTY INSURANCE COMPANY» (the «Company», or «Interamerican P&C»).

The Company's duration has been set to be 100 years from the year of publication, i.e. until the year 2074.

The Company is located in Athens, at 124-126 Syggrou Avenue 17680, with Registration Number 12865/05/B/86/45.

In accordance with article 4 of the Company's Articles of Incorporation, the Company's objects are as follows:

- a) The provision of general insurance services of every nature listed below number 1 and the heading «P&C INSURANCES» in Article 13 of the D.L. 400/1970 as replaced by the P.D. 118/1985 and as such insurance services are determined by the applicable laws.
- b) The provision of reinsurance services of every nature.
- c) The representation of foreign insurance and reinsurance companies, and carrying out management or liquidation of portfolios of domestic and foreign insurance and reinsurance companies.
- d) Any other profitable work related to private insurance.

The Financial Statements of 31 December 2008 have been approved by the Company's Board of Directors on 30 April 2009 and are subject to final approval by the Annual General Assembly of Shareholders.

2. BASIS OF PREPARATION

The accompanying financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), as well as the interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC) of IASB, as adopted by the European Union with Regulation 1606/2002 of the European Union, and are in place as at 31 December 2008. The first time adoption of IFRS by the Company occurred in 2005.

The Company has implemented the IFRS in full. The Financial Statements have been prepared on the historical cost basis, with the exception of securities available for sale and investments on behalf of policy holders that bear the investment risk which are stated at fair value.

Preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts included in the Financial Statements. Areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.19. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Outstanding claims is the most important area that demands the use of estimates on behalf of the management. More information about the areas characterized by increased complexity and subjectivity in applying the accounting policies is specified in the relevant chapter 3 (u).

Due to the fact that both the Company and its affiliated companies are consolidated by «Interamerican Life Insurance S.A.» and since the Company is not traded in a regulated market, it is exempted from the obligation to prepare Consolidated Financial Statements.

Amounts included in the financial statements are presented in EUR which is the functional currency of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted consistently and applied for the preparation of the Financial Statements of 2008 are as follows:

a) Property Plant and Equipment (Own-use)

This caption includes land, buildings, additions and improvement cost of leased property, vehicles and mobile equipment, which are used by the Company either for operating or administrative purposes.

Land and buildings are valued at current market values based on periodic, but at least every three years, estimates by independent approved valuers, less accumulated depreciation on buildings and impairment losses.

Depreciation of buildings is charged at fair value less the residual values (that correspond to 10% of fair value) on a straight-line basis over the estimated useful lives of buildings that has been determined to 40 years.

Costs related to additions and improvements on third parties' buildings are valued at historical cost less accumulated depreciation and any provisions for impairment, and are depreciated over the term of the lease contract.

Cars and vehicles, furniture, and other equipment are shown at historical cost less accumulated depreciation and any impairment losses.

Subsequent expenditure is capitalized or recognized as a separate asset only when it increases future economic benefits and the cost can be reliably measured.

Repairs and maintenance are recognized in the income statement as incurred. Significant improvements are capitalized under the condition that they increase useful life, increase capacity or improve efficiency of the respective assets.

Depreciation of cars and vehicles, furniture and other equipment is charged on a straight-line basis. The estimated useful lives in these categories of assets range from 1 to 5 years.

Land is not depreciated, however, it is reviewed periodically for impairment.

Property, plan and equipment that are considered impaired are carried at their recoverable amount. Gains and losses arising from the sale of property, plan and equipment are recognized in the income statement.

b) Investment Property

The Company includes in this category buildings or portions of buildings, together with the respective portion of the land, that are leased under operating leases.

Investment property is initially recognized at cost, which includes all related costs of acquisition. Subsequent to initial recognition, investment property is valued at fair value.

Fair value is based on market values. Fair value is estimated by independent valuers. Changes in fair value of investments under this category are transferred to the Income Statement.

All costs for repairs and maintenance are recognized in the income statement as incurred.

No depreciation is charged for Investment property. Fair value is estimated periodically, and definitely when there are indications of impairment or of changes in market conditions.

c) Impairment of Assets

The Company's assets are tested for impairment when there are indications that carrying amounts are not recoverable. As evidences of impairment are considered, among others, the modification of terms or the cancellation of third party contracts, the inability of debtors to fulfill their contractual terms, court decisions etc. In such cases, the recoverable amount of assets is determined, and if the carrying amount exceeds the estimated recoverable amount then impairment loss is recognized directly in the Income Statement. The recoverable amount of assets is the highest value between fair value less acquisition costs and the value of use of these assets.

To estimate value of use, the estimated future cash flows are discounted to their present value using a pre-tax rate that reflects current market assessments over the time value of money and the risks associated with these assets.

For an asset that does not produce significant independent cash inflows, the recoverable amount is determined for the cash-generating unit, in which the asset belongs.

After recognizing impairment loss for an asset, it is reviewed at each Balance Sheet date whether the circumstances that led to the impairment loss continue to exist. In this case, the recoverable amount of the asset is redefined and the impairment loss is reversed restoring the asset's carrying amount to the recoverable amount in the extent that it does not exceed asset's carrying amount that would have been determined (net of depreciation or amortization) had no impairment loss been recognized for the asset in prior years.

d) Investments in Investment Portfolio Securities

Investments in financial instruments are classified as securities available for sale. The classification is made upon acquisition.

Investments are recorded on the settlement date and are carried at cost being the fair value of the purchase price inclusive of acquisition costs, as long as they relate to investments available for sale.

Investments available for sale are investments either held to maturity or for sale in order to satisfy cash flow needs or profit making through the change of interest rates or foreign currency prices. After initial classification, investments available for sale are carried at fair value. Profits or losses arising from the valuation of investments available for sale are recognized in a separate account under equity until they are sold or liquidated or until impairment is identified, in which case they are transferred to the income statement.

Investments traded in organized stock exchange markets are carried at fair value, which is based on the current stock exchange value at the balance sheet date. Investments in non-listed entities are carried at fair value which is determined by an acceptable method of valuation except in cases where it is impossible to identify reliably the fair value so investments are valued at cost less impairment.

All purchases and sales of investment in financial instruments are recorded on the trade date, which represents the date that the Company commits to the purchase or sell of the financial asset.

e) Foreign Currency Transactions

Transactions in foreign currencies are translated at the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to EUR at the closing exchange rate of that date. Foreign exchange differences arising on translation are recognized in the income statement.

Non-monetary assets and liabilities in foreign currency that are stated at historical cost are translated to EUR at the exchange rates prevailing at the date of the transaction. Non-monetary assets and liabilities in foreign currency stated at fair value are translated to EUR based on the exchange rates prevailing at the time that the fair value was determined.

f) Cash and Cash Equivalents

Cash and Cash Equivalents consist of cash on hand, bank deposits and short-term zero risk liquid investments with maturities up to three months, from the balance sheet date.

g) Segment reporting

IAS 14 "Segment Reporting", sets criteria for the identification of discrete segments of activity by companies.

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments.

The business segments in which the Company operates are analyzed as follows:

i) Motor Third Party Liability Insurance, covering all kinds of liabilities for accidents caused by the use of vehicles including the liability of the carrier

ii) Other Insurance Sector, which covers accident insurance, land vehicles, aircraft, ships, freight, fire, general civil liability, pecuniary loss, guarantees etc.

h) Interest Bearing Loans

Interest bearing loans towards third parties are originally recorded on the disbursement date at the transaction cost plus direct transaction related costs. Interest bearing loans are subsequently stated at unamortized cost and the respective accrued interest is recognized in the income statement.

i) Leases

The Company only enters into operating leases of property either as a lessee or as lessor.

-For operating leases, in which the Company operates as a lessee, it does not recognize the leased asset but charges the lease payments in expenses on an accrual basis.

-When the Company acts as lessor of assets under operating leases, the leased asset is included in fixed assets and no depreciation is charged over its estimated useful life. Income arising from the leased asset is recognized in investment income on an accrual basis.

j) Income Taxes

Income tax comprises of current and deferred taxes. Current income tax is the expected tax payable on the taxable income for the year based on enacted or substantially enacted tax rates on the date of the balance sheet, as well as any adjustment of prior year taxes payable.

Deferred taxation is the tax that will be paid or deducted in the future and relates to accounting transactions performed during the current year, which are considered taxable income or deductible expenses of future period. Deferred tax is calculated on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets and liabilities are calculated based on the expected tax rates which will apply in the period that the asset will be realized or the liability will be settled taking into account tax rates (and laws) enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which temporary differences can be offset. Deferred tax assets are reduced when it is most probable that the related tax benefit will be realized.

Current and deferred tax is recognized in the income statement except to the extent that it relates to items recognized directly to equity, in which case it is recognized in equity.

k) Employee benefits

The Company participates in several post-retirement benefit plans. These plans concern defined benefit plans and defined contribution plans.

i) Defined Benefit plans

A defined benefit plan is defined as the pension plan to which the Company bears the actuarial risk based on various parameters such as age, years of service, salary, and therefore, the obligation to pay the prescribed legal or presumed benefits on leaving staff.

Legal benefits are those imposed by law such as the compensation under C.L. 2112/20 in Greece while presumed benefits are those given voluntarily by the Company, such payment of a higher compensation than the one required under C.L. 2112/20 to leaving staff.

The present value of the liability is determined by discounting the estimated future cash outflows using interest rates of government bonds that have terms of maturity approximating the terms of the related liability. The change in value of liability is recorded accordingly in the income statement.

The calculation is performed periodically and at least annually and is based on actuarial valuation performed by qualified actuaries using the projected unit credit method.

The Company applies the «margin method» of IAS 19 (Employee Benefits) according to which part of the actuarial gains or losses may not be recognized.

ii) Defined Contribution plans

A defined contribution plan is one where the Company pays fixed contributions into a separate fund. The Company has no legal or constructive obligation to pay further contributions if the fund does not have sufficient funds to pay those insured all the benefits relating to their service in current or prior years.

l) Provisions

A provision is recognized when the Company has a constructive or legal obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and the amount can be reliably estimated. Provisions raised for doubtful debts and litigated cases are reassessed and revised at each balance sheet date. Cash payments are recorded against provisions to the extent that they relate to the specific provision.

Provisions are not recognized for future operating losses. Future events that may affect the amount required to settle the obligation for which a provision has been formed, are taken into consideration only when there is sufficient objective evidence that they will occur and the relative provision can be reliably estimated.

Contingent assets or liabilities are not recognized in Financial Statements.

m) Insurance Contracts

Adoption of IFRS 4

The adoption of IFRS 4 took place on 1 January 2005, when the Company sectorified the insurance contracts and assessed the adequacy of existing insurance provisions.

Segregation of Insurance Contracts

In accordance with IFRS 4, contracts which do not include the coverage of significant insurance risk, are sectorified as service contracts, therefore their accounting treatment is covered by IAS 18 on revenue. Thus, service contracts which represent simple brokerage (e.g. road assistance) were separated from the insurance operations.

i) Insurance Contracts

Insurance contracts are the policies that transfer significant insurance risk from the policy holder to the insurance company and the insurance company agrees to compensate the policy holder in case the insured event occurs and negatively effects the policy holder. The insurance risk is significant only when the event would oblige the insurance company to pay significant additional benefits. These additional benefits refer to amounts exceeding the amounts that would have been paid if the insurance risk had not occurred.

The insurance contracts are classified in the following categories:

Property and casualty insurance contracts – Motor Third Party Liability

This category includes contracts issued by the Company to cover the risk of civil liability regarding vehicles.

Property and casualty insurance contracts – Other sector

This category includes contracts that cover the risk of fire, earthquake, land vehicles, theft, transportation, general civil liability, pecuniary loss, guarantees, aid, ships, crews and others.

There are no embedded derivatives in the existing policies.

Insurance premiums are recognized as revenue (gross premiums written less unearned premium provision) proportionately over the period of the coverage. On the balance sheet date the proportion of gross premiums written which is estimated to be earned in the following or subsequent financial years is reported as unearned premium provision. Premiums are shown before deduction of commission.

ii) Insurance Provisions

The insurance provisions represent estimates of the future cash flows from the insurance policies of general insurance sector. They are analyzed as follows:

1) Provisions for Unearned Premiums

These represent the proportion of net premiums written which is estimated to be earned in the periods from the balance sheet date to the end of the coverage period.

Especially for the sector «Transportable Goods» provision for unearned premiums is calculated equal to 20% of written premiums.

2) Unexpired Risk Reserve

Relates to the additional provision established at the balance sheet date where the expected value of claims and expenses attributable to the unexpired periods of policies in force at the balance sheet date exceeds the unearned premium provision in relation to such policies.

3) Provisions for Outstanding Claims

Relates to claims for claims incurred and reported, but not paid at the balance sheet date. They are assessed by reviewing individual claims ("file to file" method) following the calculation of the cost of each claim based on existing evidence (loss adjuster reports, medical reports, court decisions etc.) as at balance sheet date.

Provisions have also been established for claims that have been incurred but have not reported at the balance sheet date (IBNR) based on the estimated average claim cost (as specified in the relevant ministerial decisions).

Deferred Acquisition Costs

Commissions and other acquisition costs relating to existing contracts and renewals are amortized proportionately to the earned premiums.

n) Reinsurance Contracts

The part of the reserve related to the reinsurers share of insurance provisions is stated as "Receivables from Reinsurers". The liabilities to reinsurers mainly relate to reinsurance premiums due.

The Company assesses its reinsurance assets for impairment at each balance sheet date, reduces the carrying amount of the reinsurance asset to its recoverable amount and recognizes the impairment loss in the income statement.

A receivable from a reinsurance agent is impaired only when:

- (a) There is objective evidence, resulting from an event that occurred subsequent to the original recognition of the receivable, that the Company may not collect the entire amount due, in accordance with the terms of the policy; and

(b) this event has a reliably measurable effect on the amounts the Company will collect from the reinsurer.

o) Revenue recognition

Revenue is recognized to the extent that economic benefit flows into the Company and can be reliably measured.

Revenue from insurance contracts

Reference has been made in a previous section.

Interest income

Interest income is recognized on an accrual basis.

Dividends

Dividends are recognized when their distribution is approved by the Shareholders General Assembly.

Revenue from rents

Revenue from rents is recognized on an accrual basis based on the terms of the respective lease agreements.

p) Investments in affiliated companies

Investments in affiliated companies are recorded at acquisition cost less any impairment. Any change in value is recorded in the income statement.

q) Dividends

Dividends are recognized when their distribution is authorized by the General Assembly of Shareholders.

r) Restatements

For comparison purposes certain reclassifications were made to various amounts on the Financial Statements. These restatements relate to Note 21 figures of Postdated cheques, cheques in delay and provision for doubtful debts with their respective transfer from Note 24 "Other receivables".

s) New Standards and Interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2008, and have not been applied for the preparation of these financial statements:

- **IFRIC 13 – «Customer Loyalty Programs»** addresses the accounting by entities that operate, or otherwise participate in, customer loyalty programs under which the customer can redeem credits for awards such as free or discounted goods or services. IFRIC 13, which becomes mandatory for the Group's 2009 consolidated financial statements, is not expected to have any impact on the financial statements.
- **IFRIC 15 – «Agreements for the Construction of Real Estate»** This interpretation is effective for annual periods beginning on or after 1 January 2009 and applies to the accounting for revenues and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. Agreements in the scope of this interpretation are agreements for the construction of real estate. In addition to the construction of real estate, such agreements may include the delivery of other goods or services (such as sale of land or provision of property management services). This Interpretation has not been endorsed by the European Commission. IFRIC 15 is not expected to have any impact on the financial statements.
- **IFRIC 16 – «Hedges of a Net Investment in a Foreign Operation»** This interpretation is effective for annual periods beginning on or after 1 October 2008 and applies to an entity that hedges the foreign currency risk arising from its net investments in foreign operations and wishes to qualify for hedge accounting in accordance with IAS 39. This interpretation applies only to the hedges of net investments in foreign operations and should not be applied by analogy to other types of hedge accounting. This Interpretation has not been endorsed by the European Commission. IFRIC 16 is not expected to have any impact on the financial statements.

- **IFRIC 17 – «Distributions of Non-cash Assets to Owners»** This Interpretation applies to the non-reciprocal distributions of assets by an entity to its owners acting in their capacity as owners for (a) the distributions of non-cash assets (eg items of property, plant and equipment, businesses as defined in IFRS 3, ownership interests in another entity or disposal groups as defined in IFRS 5) and (b) distributions that give owners a choice of receiving either non-cash assets or a cash alternative. It applies only to distributions made by an entity in which all owners of the same sector of equity instruments are treated equally and does not apply to a distribution of a non-cash asset that is ultimately controlled by the same party or parties before and after the distribution and when an entity distributes some of its ownership interest in a subsidiary but retains control of the subsidiary. This interpretation is applicable prospectively for annual periods beginning on or after 1 July 2009. Retrospective application is not permitted. This Interpretation has not been endorsed by the European Commission. IFRIC 17 is not expected to have any impact on the financial statements.
- **IFRIC 18 – «Transfer of Assets from Customers»** This Interpretation applies to (a) the accounting for transfers of items of property, plant and equipment by entities that receive such transfers from their customers and (2) the accounting for cash received by an entity from a customer when that amount of cash must be used only to construct or acquire an item of property, plant and equipment which for both cases mentioned previously, the entity then uses the property, plant and equipment either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services, or to do both. It addresses whether the asset received or constructed meets the definition of an asset, the measurement of this asset and revenue recognition for services exchanged for the asset. This interpretation should be applied prospectively to transfers of assets from customers received on or after 1 July 2009. This Interpretation has not been endorsed by the European Commission. IFRIC 18 is not applicable for the Company.
- **Amendment to IFRS 2 «Share-based Payment – Vesting Conditions and Cancellations»** clarifies the definition of vesting conditions, introduces the concept of non-vesting conditions, requires non-vesting conditions to be reflected in grant-date fair value and provides the accounting treatment for non-vesting conditions and cancellations. The amendments to IFRS 2 will become mandatory for the Company's 2009 financial statements, with retrospective application. The amendment is not expected to have any impact on the financial statements.
- **IFRS 8 «Operating Segments»** introduces the "management approach" to segment reporting. IFRS 8, which becomes mandatory for the Group's 2009 consolidated financial statements, will require a change in the presentation and disclosure of segment information based on the internal reports regularly reviewed by the Group's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to them.
- **Revised IAS 1 «Presentation of Financial Statements (2007)»** introduces the term total comprehensive income, which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. Total comprehensive income may be presented in either a single statement of comprehensive income (effectively combining both the income statement and all non-owner changes in equity in a single statement), or in an income statement and a separate statement of comprehensive income. Revised IAS 1, which becomes mandatory for the Company's 2009 financial statements, is expected to have a significant impact on the presentation of the financial statements. The Company plans to provide total comprehensive income in a single statement of comprehensive income for its 2009 financial statements.
- **Amendments to IAS 32 «Financial Instruments: Presentation»** and IAS 1 «Presentation of Financial Statements» – Puttable Financial Instruments and Obligations Arising on Liquidation requires puttable instruments, and instruments that impose on the entity an obligation to deliver to another party a *pro rata* share of the net assets of the entity only on liquidation, to be classified as equity if certain conditions are met. The amendments, which become mandatory for the Company's 2009 financial statements, with retrospective application required, are not expected to have any impact on the consolidated financial statements.

- **Revised IAS 23 «Borrowing Costs»** removes the option to expense borrowing costs and requires that an entity capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The revised IAS 23 will become mandatory for the Company's 2009 financial statements and will constitute a change in accounting policy for the Company. In accordance with the transitional provisions, the Company will apply the revised IAS 23 to qualifying assets for which capitalization of borrowing costs commences on or after the effective date. Therefore there will be no impact on prior periods in the Company's 2009 financial statements.
- **The amendment to IAS 39 permits an entity to reclassify non-derivative financial assets** (other than those designated at fair value through profit or loss by the entity upon initial recognition) out of the fair value through profit or loss category in particular circumstances. The amendment also permits an entity to transfer from the available-for-sale category to the loans and receivables category a financial asset that would have met the definition of loans and receivables (if the financial asset had not been designated as available for sale), if the entity has the intention and ability to hold that financial asset for the foreseeable future. These amendments are applicable from 1 July 2008 prospectively. Furthermore, amendments have been made to IFRS 7 to ensure disclosure is made of the above reclassifications, which are also applicable from 1 July 2008. This amendment has been endorsed by the European Commission.

On May 2008 I.A.S.B. issued a series of IFRS revisions for consistency and illustrative purposes. These revisions are effective for annual periods beginning on or after 1 January 2009 and have not been endorsed by the European Commission yet.

- **Amendments to IFRS 7 "Financial instruments: Disclosures"** apply to annual accounting periods beginning on or after 1 January 2009. This amendment abolishes reference to "total interest income" as component of financial expenses.
- **Amendments to IAS 1 "Presentation of Financial Statements"** apply to annual accounting periods beginning on or after 1 January 2009. This amendment clarifies that the assets and liabilities classified as held for trading pursuant to IAS 39 "Financial instruments: Recognition and measurement" are not automatically classified as short-term items in the balance sheet. This amendment has retrospective effect with earlier application being encouraged.
- **Amendments to IAS 8 "Accounting policies, changes in accounting estimates and errors"** apply to annual accounting periods beginning on or after 1 January 2009. This amendment clarifies that only the instruction of application, which is considered integral part of an IFRS, is compulsory when choosing accounting policies.
- **Amendments to IAS 10 "Events after the Balance Sheet Date"** apply to annual accounting periods beginning on or after 1 January 2009. This amendment clarifies that any dividends approved after the balance sheet date are not considered liabilities.
- **Amendments to IAS 16 "Property, plant and equipment"** apply to annual accounting periods beginning on or after 1 January 2009.
 - It replaces the term "Net selling price" with the term "Fair value less the costs to sell" with respect to the recoverable amount so that consistency with IFRS 5 and IAS 36 is ensured.
 - Property, plant and equipment held for rental to others and intended for sale in the ordinary course of business after the expiry of rental period are transferred to Inventories upon expiry of such period and are classified as held-for-sale assets. Collections from subsequent sale are recognized as income. At the same time, IAS 7 "Statements of cash flows" is amended and requires that payments of cash for the construction or acquisition of the relevant fixed assets are classified as Operating Activities. In addition, collections of rental fees and subsequent sales of the relevant fixed assets are recognized in the category of Operating Activities.
- **Amendments to IAS 18 "Revenue"** apply to annual accounting periods beginning on or after 1 January 2009. This amendment replaces the term "Direct costs" with the term "Cost of transactions" as specified in IAS 39.

- **Amendments to IAS 19 "Employee benefits"** apply to annual accounting periods beginning on or after 1 January 2009.
 - It revises the definition of "Past service cost" so as to include reduced benefits for employee service in prior periods ("negative past service cost") and exclude any decrease in benefits for employee service in future periods arising as a result of changes to benefit plan. Amendments to benefit plans entailing a reduction in benefits for employee service in future periods are considered plan curtailments. The amendment shall take effect in the future for changes in benefits taking place on or after 1 January 2009. Earlier application is encouraged.
 - It revises the definition of the "Return on plan assets" less any costs of administering the plan unless they have already been included in the actuarial assumptions used to measure the defined benefit obligations. This amendment has retrospective effect with earlier application being encouraged.
 - It revises the definition of "short-term" and "other long-term" benefits to employees so as to
 - focus on the point when the liability will be settled. This amendment has retrospective effect with earlier application being encouraged.
 - It abolishes reference to contingent liabilities so as to be in line with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets". IAS 37 does not allow recognition of contingent liabilities. This amendment has retrospective effect with earlier application being encouraged.
- **Amendments to IAS 20 "Accounting for government grants and Disclosure of Government Assistance"** apply to annual accounting periods beginning on or after 1 January 2009. Loans granted at a nil or below-market rate of interest is treated will not be exempted from the requirement to present imputed rate. The imputed rate of subsidized loans will be lower than market rate and will thus be harmonized with IAS 39. The difference between the amount collected and the discounted amount is accounted for as government grant. The amendment shall apply in the future to government grants collected on or after 1 January 2009. Earlier application is encouraged. However, IFRS 1 "First-time application of IFRS" has not been revised for the new users of standards and thus imputed rate must be recognized in all the relevant loans that were outstanding on transition date.
- **Amendments to IAS 23 "Borrowing costs"** apply to annual periods beginning on or after 1 January 2009. The amendment revises the definition of "borrowing costs" so as to bring together all components of borrowing costs into one; interest expense is calculated pursuant to the effective rate method as described in IAS 39. This amendment has retrospective effect with earlier application being encouraged.
- **Amendments to IAS 27 "Consolidated and Separate Financial Statements"** apply to annual accounting periods beginning on or after 1 January 2009. In case a parent company assesses its subsidiary at fair value pursuant to IAS 39 in its separate financial statements, this treatment shall survive even in case the subsidiary is subsequently classified as held for sale. This amendment shall apply in the future as of the first-application date of IFRS 5. Therefore any subsidiaries classified as held for sale as of the application date of IFRS 5 will have to be re-assessed. Earlier application is encouraged.
- **Amendments to IAS 28 "Investments in associates"** apply to annual accounting periods beginning on or after 1 January 2009.
 - In case an associate is measured at fair value pursuant to IAS 39 (insofar as it has been exempted from the requirements of IAS 28), only the requirements of IAS 28 on the disclosure of the nature and extent of significant restrictions on the capacity of the associate to transfer funds to the company in the form of cash or loan repayment shall apply. This amendment has retrospective effect although future application is also permitted. Earlier application is encouraged. In the case of earlier application, the company should also adopt the following amendment and the amendment of paragraph 3 of IFRS 7 "Financial instruments: Disclosures", paragraph 1 of IAS 31 "Interests in Joint Ventures" and paragraph 4 of IAS 32 "Financial instruments: Presentation". In order to test impairment, investment in an associate is considered unique asset including any reversal of impairment loss. Therefore, in case of impairment no separate allocation of impairment to the goodwill included in the remainder of investment is required.

- The loss of impairment is reversed in case the recoverable value of the investment in the associate is increased. In the case of earlier application, the company should also adopt the following amendment and the amendment of paragraph 3 of IFRS 7 "Financial instruments: Disclosures", paragraph 1 of IAS 31 "Interests in Joint Ventures" and paragraph 4 of IAS 32 "Financial instruments: Presentation".
- **Amendments to IAS 29 "Financial Reporting in Hyperinflationary economies"** apply to annual accounting periods beginning on or after 1 January 2009. This amendment revises the restrictive list of exemptions regarding the asset and liability items measured at historic cost, e.g. property, plant and equipment. No special requirements of transition are indicated given that the amendment is rather a clarification than a change.
- **Amendments to IAS 31 "Interests in Joint Ventures"** apply to annual accounting periods beginning on or after 1 January 2009. This amendment specifies that if a joint venture is measured at fair value pursuant to IAS 39 (insofar as it has been exempted from the requirements of IAS 31), only the requirements of IAS 31 on the disclosure of obligations of both venturer and joint venture as well as on the summary of financial information about balance sheet items and results shall apply. Earlier application is encouraged. In the case of earlier application, the company should also adopt the amendment of paragraph 3 of IFRS 7 "Financial instruments: Disclosures", IAS 28 "Investments in Associates" and paragraph 4 of IAS 32 "Financial instruments: Presentation".
- **Amendments to IAS 34 "Interim Financial Reporting"** apply to annual accounting periods beginning on or after 1 January 2009. This amendment clarifies that earnings per share are disclosed in interim financial reporting in case the company falls under the scope of IAS 33.
- **Amendments to IAS 36 "Impairment of Assets"** apply to annual accounting periods beginning on or after 1 January 2009. This amendment clarifies that when the method of discounted cash flows is used in order to calculate the "fair value less the costs to sell", the same disclosures shall apply as for the use of discounted cash flows in order to calculate the value in use. This amendment has retrospective effect with earlier application being encouraged.
- **Amendments to IAS 38 "Intangible assets"** apply to annual accounting periods beginning on or after 1 January 2009.
 - Advertising and promotional activities expenses are recognized as expenses when the company gains access to the goods or receives the services. This amendment has retrospective effect with earlier application being encouraged.
 - It abolishes reference to the rare occasions that persuasive evidence exists to support an amortization method for intangible assets with finite useful lives that results in a lower amount of accumulated amortization than under the straight-line method, thus allowing the use of the unit of production method. This amendment has retrospective effect with earlier application being encouraged. An advance payment may be recognized only if the payment has been made prior to acquiring access to the goods or reception of services.
- **Amendments to IAS 39 "Financial instruments: Recognition and measurement"** apply to annual accounting periods beginning on or after 1 January 2009.
 - It specifies that changes in circumstances relating to derivatives --in particular derivatives recognized or derecognized as hedge accounting instruments following their initial recognition--are not considered reclassifications. Thus, a derivative may be reclassified or included in the category of fair value through profit or loss following initial recognition. Likewise, when financial assets have been reclassified due to changes in the accounting policy of an insurance company pursuant to paragraph 45 of IFRS 4 "Insurance contracts", this is a change in circumstances rather than reclassification. This amendment has retrospective effect with earlier application being encouraged.
 - It abolishes the reference of IAS 39 to the term "segment" when recognizing an instrument as hedge accounting item. This amendment has retrospective effect with earlier application being encouraged.
 - It requires the use of revised effective rate (as opposed to the initial effective rate) when redetermining a debt security once the fair value hedge accounting ceases. This amendment has retrospective effect with earlier application being encouraged.

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- **Amendments to IAS 40 "Investment property"** apply to annual accounting periods beginning on or after 1 January 2009.
 - It revises its scope (and the scope of IAS 16) as regards the property under construction or development for future use as an investment property and includes it in the category of investment property. In case the company is not able to determine the fair value of the investment property under construction but expects to determine it upon completion, the said property under construction will be measured at cost until the time it will be possible to determine fair value or construction will be completed. This amendment has retrospective effect with earlier application being encouraged. An entity may apply the relevant amendment at any date prior to 1 January 2009 if the fair values of the investment properties under construction can be determined on the specific application date.
 - It revises the conditions of voluntary change in accounting policy so as to be consistent with IAS 8.
 - It specifies that the book value of an investment property that is leased is equal to its latest valuation increased by any recognized obligation

4. Risk Management

IFRS 7 «Financial Instruments: Disclosures» introduces additional disclosures to improve information as evaluating the nature and extend of risks arising from financial instruments to which the entity is exposed at the reporting date in order to assess Company's financial position.

The Company is exposed to the following risks:

- A) Insurance risk
- B) Interest rate risk
- C) Credit risk
- D) Market risk
- E) Liquidity risk

This Note contains analysis on the Company's exposure on each of the above risks and the policies and procedures that it applies for measuring and managing those risks. Risk management policies are examined periodically to incorporate changes in market conditions and in Company's activities. The Board of Directors has the final responsibility to manage the above risks with the assistance of the Audit Committee, the internal audit department, the Investment Committee and the actuarial department which periodically report to the Board of Directors.

The financial assets and liabilities which are significantly exposed to the above risks are stated as follows:

Financial Assets and Liabilities (Amounts in thousands of EURO)		
	<u>2008</u>	<u>2007</u>
Financial Assets		
Investment securities-Available for sale	157,609	136,067
Total Receivables	72,840	70,696
Cash and cash equivalents	52,750	68,934
TOTAL	283,199	275,696
Financial Liabilities		
Total Insurance provisions	226,645	214,521
Liabilities from insurance activities	5,942	5,685
Liabilities due to reinsurers	12,552	13,029
Liabilities from reinsurance activities	190	254
Other liabilities	21,365	19,796
Liabilities from employee benefits	1,506	1,292
TOTAL	268,200	254,577

Fair values against carrying values

The fair values of financial assets and liabilities do not significantly differ from their carrying amounts.

A) INSURANCE RISK

Insurance risk is any risk other than financial risk which is transferred from the contractor to the Company.

For an insurance contracts portfolio where the theory of probability is applied to pricing and provisioning, the principal risk that the Company faces under its insurance policies is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are higher than originally estimated.

Insurance events are random and the actual number and amount of claims and benefits can vary from year to year from the estimate established using statistical techniques.

Experience shows that the larger the portfolio of similar insurance policies, the smaller the relative variation of the expected outcome. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any sub-part of the portfolio. The Company has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome. Finally the Insurance risk is also mitigated through reinsurance.

The following tables analyze both the largest concentration of risk of the company, by geographical area (in relation to earthquake risk) and reinsurance contracts regarding reinsurance capital ceding and type of contract, which reduce the Company's insurance risk.

**Analysis of the most significant insurance risks
(Amounts in thousand of EURO)**

Accumulation of funds for earthquake

Risk Zone	2008	
	Number of contracts	Insured Capital
Central Greece (Athens and Piraeus excluded)	2,450	574,892
Athens and Piraeus	20,703	2,935,597
Other areas of Greece	15,117	2,233,278
Total	38,270	5,743,767

Given the fact that the risk of earthquake is not covered by proportional reinsurance contracts but by excess of loss contracts under which the reinsurers participate up to the amount of EURO 155 million to the incurred claim, the insured capital is not ceded.

***Analysis of Reinsurance contracts to insured capital and type of contract
(Amounts in thousands of EURO)***

	OWN RETENTION		REINSURERS		TOTAL	
	2008	2007	2008	2007	2008	2007
Sector						
Fire						
Proportional	225	210	15,075	15,090	15,300	15,300
Catastrophe Excess of loss	1,500	1,500	153,500	153,500	155,000	155,000
Technical insurance (Proportional)	225	180	14,775	11,820	15,000	12,000
Transportation (Excess of Loss)	75	75	2,925	2,925	3,000	3,000
	600		2,400		3,000	
Civil liability (Proportional)	100	100	4,000	4,000	4,100	4,100
Yachts (Excess of Loss)	30	30	1,200	1,200	1,230	1,230
General Accidents						
Excess of Loss	50	50	450	245	500	295
Proportional (CMR)	50	50	450	450	500	500
Proportional	30	30	120	120	150	150
Crew (Excess of Loss)	250	250	750	750	1,000	1,000
Group (Excess of Loss)	250	250	750	750	1,000	1,000

Property and Casualty Insurance contracts

The Company offers a variety of products which cover all property and casualty risks except credit risk. The Company has established appropriate processes to deal with risks relating to insurance contracts such as underwriting, claims management, reinsurance policy as well as forming an adequate outstanding claims provision which is included in the annual Financial Statements.

Liability Adequacy Test on Property and Casualty insurance contracts

IFRS 4 requires tests to be performed to ensure the adequacy of the insurance provisions (net of deferred acquisition costs and any related intangible assets), regarding insurance liability. Any deficiency is immediately charged to Income Statement.

To assess the adequacy of reserves for outstanding claims («file to file» and IBNR), appropriate actuarial models compatible with the Company's portfolio were applied.

The Company has performed an adequacy test in Motor and Fire insurance sector. Claims were sectorified in three basic categories: motor third party liability claims, other motor claims and fire claims.

Projection methods were applied to the total claims cost, using historical data of the last eight years, grouped by accident year and taking into account the biannually change of cost. The standard actuarial methodology used relates to claims projection via the use of development claim tables, which is based on the assumption that the recent ratio regarding the accumulated claim amounts (paid and outstanding) will be applicable in the future.

B) Interest Rate Risk

Interest rate risk relates to the changes on the financial assets future cash flows as a result of interest rates fluctuations.

The interest rate fluctuations have a material effect on the present value of the future cash flows from an investment or a liability. The Company monitors interest rate risks by reviewing the duration of the investment portfolio along with the respective liabilities and depending on money market status invests a significant part of its portfolio in fixed interest rate securities with a duration relevant to the related liabilities. It is the Company's policy to guarantee for interest rates lower or equal to the market interest rates.

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At the Balance Sheet date, the profile of the interest-bearing financial instruments is as follows:

Financial Assets - interest rate sensitivity analysis
(amounts in thousand EURO)

	2008		
	<u>Total Rate</u>	<u>Floating Rate</u>	<u>Fixed</u>
- Bonds	151,719	6,010	145,709
- Loan receivables	57	-	57
-Cash and cash equivalents	52,750	-	52,750
Total Assets	204,526	6,010	198,516

	2007		
	<u>Σύνολα</u>	<u>Κυμαινόμενου επιτοκίου</u>	<u>Σταθερού επιτοκίου</u>
- Bonds	121,803	6,034	115,769
- Loan receivables	48	-	48
-Cash and cash equivalents	68,934	-	68,934
Total Assets	190,785	6,034	184,751

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets at fair value through profit or loss other than time deposits, and the Company does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the reporting date would not affect profit or loss.

An increase of 100 basis points to interest rate would result in a decrease to Equity of amount EUR 3.09 million approximately (2007 EUR 2.96 approximately) and a decrease of 100 basis points to interest rate would result in an increase to Equity of amount EUR 3.38 million approximately (2007 EUR 3.14 approximately).

Fair value sensitivity analysis for floating rate instruments

An increase / decrease of 100 basis points to interest rate would result in a decrease / increase to Equity of amount EUR 0.03 million approximately (2007 EUR 0.03 approximately).

Financial Assets - Effective Interest Rate
(Amounts in thousands of EURO)

	2008			
	<u>Total</u>	<u>0-3,5%</u>	<u>3,51-6%</u>	<u>6,01-10 %</u>
- Bonds	151,719	63,232	85,317	3,170
- Cash and cash equivalents	52,750	-	52,750	-
- Loan receivables	57	-	57	-
Total Assets	204,525	63,232	138,123	3,170

	2007			
	<u>Total</u>	<u>0-3,5%</u>	<u>3,51-6%</u>	<u>6,01-10 %</u>
- Bonds	121,803	48,262	71,491	2,050
- Cash and cash equivalents	68,934	-	68,934	-
- Loan Receivables	48	-	48	-
Total Assets	190,785	48,262	140,473	2,050

C) Credit risk

The credit risk for the Company is the probability that a counterparty would cause economic loss through breach of financial commitments and it mainly relates to reinsurance balances, trade and other receivables and securities. Reinsurers may be unable to cover their share of insurance liabilities or claims already paid to beneficiaries and insurance policyholders may not be able to pay the premium amounts that are due. The Company evaluates periodically the credit limits of associates and contractors and takes relevant measures.

The Company uses reinsurance to manage the insurance risk. This does not discharge the liability towards the insurance policyholder as the reinsurer may fail to pay a claim for whatever reason. All assignments are given to reinsurers that meet the strict criteria established by Management.

The Company enters into transactions with third parties that meet high standards of credibility. The Collections Department maintains records of the payment history of major insurance policyholders with whom the Company deals with. The credit risk of individual associates is also mitigated by offsetting amounts, where associate are debtors and creditors simultaneously. The management of the Company receives detailed reports with respect to potential valuation allowance on receivables and write-offs. The internal audit reviews, on a regular basis, the compliance to company procedures regarding this matter.

Investments

Credit risk of investments is the failure of meeting future obligations set out by the investment due to financial weakness of the issuer of the financial product.

The Company structures the levels of credit risk relating to investments by placing limits on its exposure to a single counterparty, or groups of counterparty, and to geographical and industry segments. Such risks are subject to an annual or more frequent review. In the light of recent market events a thorough review of credit risks and the limits on counterparty exposures was carried out during the year. The review took into consideration the potential ripple effects of the failure of a significant market participant on the Company's exposure to credit risk. Limits on the level of credit risk by category are reviewed on a regular basis by the Investment Committee.

Cash and cash equivalents

The Company has current and time deposits mainly to greek banks. The Company structures the levels of credit risk relating to banks' inability to accomplish their obligations by placing limits on its exposure to a single counterpart and selecting financial institutions with high credit assessment.

Exposure to credit risk

The carrying amount of the financial assets represents the highest exposure to credit risk. The financial assets with the highest exposure to credit risk at the balance sheet date are as follows:

	Exposure to credit risk (amounts in thousands of EURO)	
	Book Values	
	2008	2007
Available for sale securities	157,609	136,067
Total Receivables	72,840	70,696
Cash and cash equivalents	52,750	68,934
TOTAL	283,199	275.697

Geographically there is no concentration of credit risk due to the fact that the Company operates mainly in Greece.

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Below is a further analysis of financial assets and their credit ratings:

Financial Assets - credit risk analysis
(amounts in thousands of EURO)

	<u>2008</u>				
	<u>Total</u>	<u>AAA</u>	<u>AA/A</u>	<u>BBB</u>	<u>Not Rated</u>
- Bonds	151,719	85,625	57,545	6,960	1,588
- Other securities (Stocks)	5,890	-	884	2,484	2,522
Total securities of investment portfolio - Available for sale	157,609	85,625	58,429	9,444	4,111
- Receivables from reinsurers	25,276	-	-	-	25,276
- Other Receivables	47,564	-	-	-	47,564
Total receivables	72,840	-	-	-	72,840
Cash and cash equivalents	52,750	-	51,510	1,199	41
Cash and cash equivalents	52,750	-	51,510	1,199	41

Fair value of Financial Assets
(amounts in thousands of EURO)

	<u>2007</u>				
	<u>Total</u>	<u>AAA</u>	<u>AA/A</u>	<u>BBB</u>	<u>Not Rated</u>
- Bonds	121,803	49,888	62,264	7,911	1,630
- Other securities (Stocks)	14,264	-	4,034	6,332	3,898
Total securities of investment portfolio - Available for sale	136,067	49,888	66,298	14,243	5,528
- Due from reinsurers	24,518	-	-	-	24,518
- Other Receivables	46,178	-	-	-	46,178
Total receivables	70,696	-	-	-	70,696
- Cash and cash equivalents	68,934	-	68,690	243	1
Cash and cash equivalents	68,934	-	68,690	243	1

	<u>2008</u>	<u>2007</u>
Financial assets that are not in delay and do not qualify for write-off	281,215	272,823
Financial assets that are in delay and do not qualify for write-off	569	429
Impaired financial assets (Notes 19 & 24)	6,557	3,997
Provisions for devaluation (Notes 19 & 24)	(5,142)	(1,553)
Total	283,199	275,696

Financial Assets per category of investment
(amounts in thousands of EURO)

	<u>2008</u>	<u>2007</u>
Financial institutions	7,733	13,768
Commercial and Industrial companies	2,993	4,507
Service providers	3,244	5,659
Government institutions	143,639	112,133
Total	157,609	136,067

D) MARKET RISK

a) Currency Risk: Arises from recognized assets and liabilities denominated in other currencies and net investments in foreign operations. Any change in exchange rates would not have any significant influence to equity and income statement.

b) Interest Rate Risk: Interest rate risk illustrates how changes in the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates at the reporting date (Note 2 "Interest risk").

c) Equity price: illustrates how changes in the fair value of equity securities will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual equity issuer, or factors affecting all similar equity securities traded in the market.

E) LIQUIDITY RISK

The monitoring of liquidity risk lies with the Company's ability to maintain cash resources in order to be able to cover its liabilities. This is done through the time management of cash inflows and outflows and the adequacy of available cash and liquid securities.

The following are the contractual maturities of financial assets and liabilities, including estimated interest payments and excluding the impact of netting agreements.

Financial Assets / Liabilities per average maturity (in thousands of EURO)

	2008				
	Total	0-1 year	1-2 years	2-5 years	Above 5 years
- Bonds	151,719	47,572	33,737	22,965	47,445
- Other Securities (Equity)	5,890	-	-	-	5,890
Total securities of investment portfolio – Available for sale	157,609	47,572	33,737	22,965	53,335
- Other loans	57	57	-	-	-
Total loans	57	57	-	-	-
	2007				
- Bonds	121,803	3,128	26,747	31,115	60,813
- Other Securities (Equity)	14,264	-	-	-	14,264
Total securities of investment portfolio – Available for sale	136,067	3,128	26,747	31,115	75,077
- Other loans	48	48	-	-	-
Total loans	48	48	-	-	-

The following is the estimated recoverability of the financial assets:

**Recoverability of Financial Assets
(amounts in thousands of EURO)**

	Short Term Assets	Long Term Assets	Total
31 December 2008			
Available for sale securities	47,572	110,037	157,609
Total claims	70,748	2,092	72,840
Cash and cash equivalents	52,750	-	52,750
TOTAL	171,070	112,129	283,199
31 December 2007			
Available for sale securities	3,128	132,939	136,067
Total claims	70,696	-	70,696
Cash and cash equivalents	68,934	-	68,934
TOTAL	142,758	132,939	275,697

**Contractual Cash flows from financing liabilities
(amounts in thousands of EURO)**

31 December 2008	<u>0-5 years</u>	<u>5-10 years</u>	<u>Above 10 years</u>	<u>Total</u>
Provisions for outstanding claims	164,595	-	-	164,595
Provisions of unearned premiums	59,703	-	-	59,703
Other insurance provisions	2,347	-	-	2,347
Liabilities from insurance activities	5,942	-	-	5,942
Liabilities to reinsurers	12,552	-	-	12,552
Liabilities from reinsurance activities	190	-	-	190
Other liabilities	21,365	-	-	21,365
Liabilities from benefits to employees	111	308	1,087	1,506
TOTAL	266,805	308	1,087	268,200

31 December 2007	<u>0-5 years</u>	<u>5-10 years</u>	<u>Above 10 years</u>	<u>Total</u>
Provisions for outstanding claims	159,327	-	-	159,327
Provisions of unearned premiums	55,194	-	-	55,194
Liabilities deriving from insurance activities	5,685	-	-	5,685
Liabilities towards reinsurers	13,029	-	-	13,029
Liabilities deriving from reinsurance activities	254	-	-	254
Other liabilities	19,796	-	-	19,796
Liabilities deriving from benefits to employees	30	151	1,111	1,292
TOTAL	253,315	151	1,111	254,577

5. Gross Earned premiums and related revenue

	2008	2007
Earned gross premiums and related revenue – Motor third party liability	76,996,837.29	71,736,229.12
Change in unearned premiums reserve – Motor third party liability	(2,279,517.51)	(4,306,202.02)
Earned premiums – Motor third party liability	74,717,319.78	67,430,027.10
Earned gross premiums and related revenue - Other Sectors	75,971,030.76	70,394,645.99
Change in unearned premiums reserve- Other Sectors	(2,261,070.50)	(3,734,854.03)
Earned premiums – other Sectors	73,709,960.26	66,659,791.96
Total earned premiums	148,427,280.04	134,089,819.06

6. Premiums Ceded to reinsurers

	2008	2007
Premiums ceded to reinsurers - Motor third party liability	2,992,450.01	2,179,067.37
Change in unearned premiums reserve - Motor third party liability	-	-
Premiums Ceded- Motor third party liability	2,992,450.01	2,179,067.37
Premiums ceded to reinsurers – Other Sectors	16,651,649.43	15,197,553.83
Change in unearned premiums reserve – Other Sectors	(907,862.65)	(1,278,662.35)
Premiums ceded – Other Sectors	15,743,786.78	13,918,891.48
Total premiums ceded	18,736,236.79	16,097,958.85

Change In Unearned Premiums Reserve

	2008			2007		
	TOTAL CHANGE	REINSURERS PROPORTION	COMPANY PROPORTION	TOTAL CHANGE	REINSURERS PROPORTION	COMPANY PROPORTION
P&C Insurance – Motor third party liability	2,279,517.51	-	2,279,517.51	4,306,202.02	0.00	4,306,202.02
P&C Insurance – Other sector	2,261,070.50	907,862.65	1,353,207.85	3,734,854.03	1,278,662.35	2,456,191.68
	4,540,588.01	907,862.65	3,632,725.36	8,041,056.05	1,278,662.35	6,762,393.70

7. Investment income

	2008	2007
Securities available for sale		
Dividends	312,905.72	286,648.97
Interest on securities	5,388,992.23	4,515,671.69
Total	5,701,897.95	4,802,320.66
Other Investments		
Income from rents	840,124.94	801,326.93
Interest on deposit	2,159,356.61	2,192,363.73
Other	12,906.84	8,857.49
Total	3,012,388.39	3,002,548.15
Total Investment income	8,714,286.34	7,804,868.81

8. Profit from sale of investments

	2008	2007
Securities Available for sale		
Other Securities (Equities)	710,211.33	1,737,406.23
Total	710,211.33	1,737,406.23
Other Investments		
Plant, Property and Equipment	0.00	6,500.00
Total	0.00	6,500.00
Total profit from sale of investments	710,211.33	1,743,906.23

9. (Loss) / Profit on valuation of investments

	2008	2007
Securities available for sale		
Revaluation of non-listed shares	(6,330,290.31)	287,368.27
Other investments		
Profit from revaluation of investment property	-	727,100.00
Total profit from valuation of investment	(6,330,290.31)	1,014,468.27

10. Other income

	2008	2007
Profit on disposal of tangible fixed assets	2,285.00	1,149.92
Revenue from foreign exchange differences	97,208.57	953.00
Other	614,551.1	208,809.11
Total	714,044.68	210,912.03

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11. Claims expenses

	2008			2007		
	COMPANY PROPORTION	REINSURERS PROPORTION	TOTAL	COMPANY PROPORTION	REINSURERS PROPORTION	TOTAL
P&C Insurance – Motor third party liability	53,990,519.29	195,236.71	54,185,756.00	43,895,198.26	749,838.76	44,645,037.02
P&C Insurance – Other Sectors	19,761,124.24	3,780,127.25	23,541,251.49	17,833,835.36	5,247,529.05	23,081,364.41
Total	73,751,643.53	3,975,363.96	77,727,007.49	61,729,033.62	5,997,367.81	67,726,401.43

12. Commissions on premiums written

	2008			2007		
	EARNED COMMISSIONS	INCOME FROM REINSURERS COMMISSIONS	TOTAL	EARNED COMMISSIONS	INCOME FROM REINSURERS COMMISSIONS	TOTAL
P&C Insurance – Motor third party liability	11,797,193.87	0.00	11,797,193.87	10,054,531.64	-	10,054,531.64
P&C Insurance – Other Sectors	14,022,404.62	4,577,027.14	9,445,377.48	13,275,985.73	4,504,462.70	8,771,523.03
Total	25,819,598.49	4,577,027.14	21,242,571.35	23,330,517.37	4,504,462.70	18,826,054.67

13. Insurance provisions expenses

	2008			2007		
	COMPANY PROPORTION	REINSURERS PROPORTION	TOTAL CHANGE	COMPANY PROPORTION	REINSURERS PROPORTION	TOTAL CHANGE
P&C Insurance – Motor third party liability	(1,321,972.72)	(643,604.60)	(1,965,577.32)	8,192,994.22	(1,236,952.51)	6,956,041.71
P&C Insurance – Other sectors	4,827,064.76	4,671,528.21	9,498,592.97	3,113,488.74	(2,376,122.41)	737,366.33
Total	3,505,092.04	4,027,923.61	7,533,015.65	11,306,482.96	(3,613,074.92)	7,693,408.04

14. Distribution expenses

	2008	2007
Staff costs	11,381,748.55	10,793,201.53
Third party fees	3,096,134.48	2,964,852.09
Taxes and duties	22,219.03	25,190.73
Promotion and advertising expenses	1,351,578.93	1,279,840.91
Sundry expenses	1,066,658.45	1,057,869.16
Depreciation	145,851.88	227,699.86
Total	17,064,191.32	16,348,654.28

15. Administrative expenses

	2008	2007
Staff costs *	4,199,384.17	3,982,923.45
Third party fees	1,610,951.79	1,827,911.45
Taxes and duties	69,026.76	65,191.88
Sundry expenses	524,966.50	259,872.99
Depreciation **	77,783.39	119,606.96
Total	6,482,112.61	6,255,506.73

*** Analysis of Staff Costs**

	2008	2007
Wages and salaries	9,811,542.71	8,193,363.18
Social security contributions	4,344,930.08	3,768,739.94
Defined benefit plan costs	283,984.22	1,929,457.12
Compensations to dismissed staff	442,080.24	550,803.61
Other	698,595.47	333,761.13
Total	15,581,132.72	14,776,124.98

Defined benefit plan costs decreased in 2008 compared to 2007 due to the termination of the defined benefit plan of the staff and the launch of a new defined contribution plan (Note 32).

**** Depreciation Analysis**

	2008	2007
Property, plant and equipment	9,387.00	8,718.75
Other tangible assets	214,248.27	338,588.07
Total	223,635.27	347,306.82

16. Other Expenses

	2008	2007
Interest and other financial expenses	539,290.04	286,169.30
Interest from reinsurance activities	192,718.80	232,393.11
Exchange differences	31,092.00	124,996.93
Provisions for bad debts	3,100,000.00	47,000.00
Other	180,956.78	170,517.38
Total	4,044,057.62	861,076.72

17. Income Tax Expense

	2008	2007
Income tax is analyzed as follows:		
Current tax	3,663,810.74	4,601,400.46
Deferred Tax	451,283.58	(394,137.12)
Total Income Tax	4,115,094.32	4,207,263.34
Profit before tax	7,409,626.82	13,439,206.57
Income Tax Rate	25%	25%
Income Tax	1,852,406.71	3,359,801.64
Increase / (decrease) from:		
Non taxable income	(78,226.43)	(347,869.58)
Non deductible expenses	2,433,686.99	410,523.17
Prior years' tax	-	921,644.00
Profit attributable to non-taxable income	(151,118.63)	(39,229.49)
Other taxes	25,517.72	6,088.45
Other tax adjustments	32,827.96	(103,694.85)
Total Income Tax Expense	4,115,094.32	4,207,263.34

Greek tax law and related provisions are subject to interpretations by the tax authorities. The results reported to the tax authorities are provisional and subject to revision until such time as the books and records of the entity are examined by the tax authorities and the related tax returns are accepted as final. Tax losses are allowed to be carried forward and off set against taxable income for up to five years.

According to Greek Tax Law the applicable tax rate as at 31 December 2008 and 2007 was 25%. During 2008 a new law has been enacted (L. 3697/A194/25-09-2008) according to which the tax rate for the years 2010 up to 2014 is going to be 24%, 23%, 22%, 21%, 20% respectively.

The Company's tax books have been audited by the tax authorities up to the fiscal year of 2005. As a result, the Company remains contingently liable for the remaining years.

18. Investment property

	Land and Buildings	
	2008	2007
Acquisition cost or Fair Value	10,553,000.00	10,181,400.00
Disposals	-	(355,500.00)
Revaluation	-	727,100.0
Balance	10,553,000.00	10,553,000.00

According to management and professional valuers there is no significant change of the fair value of investment property as at 31 December 2008, thus no fluctuation occurred compared to prior year.

19. Investment Securities – Available for Sale

	2008	2007
Greek State Bonds	139,510,440.30	114,504,054.30
Corporate Bonds	9,718,498.00	5,649,370.00
Total	149,228,938.30	120,153,424.30
Accrued bond interest	2,489,808.24	1,649,329.51
Total Bonds	151,718,746.54	121,802,753.81
Shares traded on stock exchange	4,475,543.04	12,361,523.08
Shares not traded on stock exchange	1,414,635.37	1,902,296.20
Total shares	5,890,178.41	14,263,819.28
Total securities of investment portfolio	157,608,924.95	136,066,573.09

An impairment loss of EUR 1,076,941.86 was recognized in the income statement with respect to non-listed equities of cost value of EUR 2,491,577.63, while the corresponding figure for 2007 was EUR 589,281.45.

The movement of securities and investments in associates and affiliated companies is as follows:

	Bonds	Other Securities (Stocks)	Shares in Group Companies	TOTAL
Value on 1 January 2007	123,466,119.09	12,851,299.13	19,639,872.55	155,957,290.77
Purchases	21,069,420.00	5,488,939.19	60,000.00	26,618,359.19
Sales	(21,875,344.39)	(6,303,195.36)	(3,609,585.00)	(31,788,124.75)
Valuation at equity	(1,057,645.51)	202,001.82	-	(855,643.69)
Profit / loss from sale or valuation	-	2,024,774.50	-	2,024,774.50
Accrued interest	200,204.62	-	-	200,204.62
Value on 31 December 2007	121,802,753.81	14,263,819.28	16,090,287.55	152,156,860.64
Value 1 January 2008	121,802,753.81	14,263,819.28	16,090,287.55	152,156,860.64
Purchases	38,412,270.00	7,293,498.15	360,000.00	46,065,768.15
Sales	(11,488,782.19)	(7,166,485.44)	-	(18,655,267.63)
Valuation at equity	2,152,026.19	(2,880,574.60)	-	(728,548.41)
Profit / loss from sale or valuation	-	(5,620,078.98)	-	(5,620,078.98)
Accrued interest	840,478.73	-	-	840,478.73
Value 31 December 2008	151,718,746.54	5,890,178.41	16,450,287.55	174,059,212.50

20. Investments in affiliated companies

Company	Home Country	2008				2007			
		Participation %	Shares	Cost Value	Book Value	Participation %	Shares	Cost Value	Book Value
INTERAMERICAN ROAD ASSISTANCE S.A.	GREECE	100.00	260,000	15,407,962.54	15,407,962.54	100.00	260,000	15,407,962.54	15,407,962.54
INTERDATA S.A.	GREECE	30.00	19,500	572,325.01	572,325.01	30.00	19,500	572,325.01	572,325.01
MENTOR S.A.	GREECE	100.00	5,000	50,000.00	50,000.00	100.00	5,000	50,000.00	50,000.00
ANYRISK INSURANCE AND REINSURANCE SERVICES S,A	GREECE	90.00	41,400	414,000.00	414,000.00	90.00	5,400	54,000.00	54,000.00
INTERAMERICAN FINANCE S.A.	GREECE	10.00	600	6,000.00	6,000.00	10.00	600	6,000.00	6,000.00
				16,450,287.55	16,450,287.55			16,090,287.55	16,090,287.55

After the resolution of the extraordinary General Assembly meeting of ANYRISK INSURANCE AND REINSURANCE SERVICES S.A. a share capital increase occurred (EUR 400,000.00) and the Company participated with its percentage of 90%, i.e, 360,000.00. The amount was paid in 23 December 2008.

21. Receivables from Premiums

	2008	2007
Receivables from agents	21,977,680.63	17,848,134.98
Receivables from policyholders	15,497,696.81	15,234,188.08
Post dated cheques	8,672,520.72	9,153,187.41
Cheques in delay	661,747.90	418,575.56
Provisions for doubtful receivables	(3,517,754.48)	(417,754.48)
Total	43,291,891.58	42,236,331.55

22. Receivables from Reinsurers

	2008	2007
Receivables from insurance provisions	25,137,837.49	20,204,772.21
Other receivables	138,186.41	4,312,797.15
Total	25,276,023.90	24,517,569.36

The amount relates to reinsurers' portion to Insurance Liabilities. Under Other Receivables is included the current account movement. The respective reinsurers' liabilities amount to EUR 12,551,529.16 (2007: EUR 13,028,662.92).

23. Receivables from loans

	2008	2007
Other loans	56,588.46	48,270.79
Total receivables from loans	56,588.46	48,270.79

24. Other Receivables

	2008	2007
Advance tax and other tax receivables	30,880.73	30,880.73
Expenses in subsequent years	212,859.12	214,572.08
Receivables from brokers, coordinators and other sales partners	470,585.97	464,313.51
Other legal claims	546,613.89	546,613.89
Receivable from affiliated companies	1,345,458.31	1,079,340.42
Guarantees	328,944.40	281,100.34
Receivables from claims settlement	1,309,888.60	909,726.39
Other receivables	188,430.99	710,802.37
Provisions for doubtful debts	(546,613.89)	(546,613.89)
Total other receivables	3,887,048.12	3,690,735.84

Provision for Doubtful Debts

	2008	2007
Balance on 1 January	964,368.37	917,368.37
Current Additions	3,100,000.00	47,000.00
Balance on 31 December	4,064,368.37	964,368.37

Maturity of Other Receivables (amounts in thousands of EURO)

	2008	2007
Unexpired and expired up to 1 year	72,271	70,267
Expired over 1 year	569	429
Total	72,840	70,696

Unexpired receivables relate to balances due for one year. Despite the fact that certain receivables exceed the credit limits provided to the Company's agents, the latter determines overdue balances the ones that the exceed the limit of one year.

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25. Property, Plant and Equipment (Own-use)

2007	Own-used land and buildings	Vehicles	Furniture and other equipment	Improvements on third party leased property	Total
Acquisition cost or valuation of property on 1 January					
Opening	625,000.00	60,879.73	6,632,036.46	125,531.12	7,443,447.31
Adjustments	76,686.19	-	-	-	76,686.19
Additions	-	37,170.00	596,965.91	11,490.24	645,626.15
Disposals	-	(31,957.26)	(1,284.77)	(112,043.77)	(145,285.80)
Transfer of depreciation due to revaluation	(28,686.19)	-	-	-	(28,686.19)
Balance on 31 December	673,000.00	66,092.47	7,227,717.60	24,977.59	7,991,787.66

Accumulated depreciation and impairment on 1 January					
Opening	19,967.44	25,442.12	6,181,877.26	32,832.99	6,260,119.81
Current depreciation	8,718.75	4,632.50	240,652.73	93,302.84	347,306.82
Depreciation on disposals	-	(13,187.18)	(1,284.72)	(112,043.76)	(126,515.66)
Transfer of depreciation due to revaluation	(28,686.19)	-	-	-	(28,686.19)
Balance on 31 December	0.00	16,887.44	6,421,245.27	14,092.07	6,452,224.78

Residual value of acquisition 31 December 2007	673,000.00	49,205.03	806,472.33	10,885.52	1,539,562.88
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2008	Own-used land and buildings	Vehicles	Furniture and other equipment	Improvements on third party leased property	Total
Acquisition cost or valuation of property on 1 January					
Opening	673,000.00	66,092.47	7,227,717.60	24,977.59	7,991,787.66
-Additions	-	12,000.00	2,297,499.78	24,595.66	2,334,095.44
Disposals	-	(46,000.00)	-	-	(46,000.00)
Balance on 31 December	673,000.00	32,092.47	9,525,217.38	49,573.25	10,279,883.10

Accumulated depreciation and impairment on 1 January					
Opening	9,387.00	16,887.44	6,421,245.27	14,092.07	6,452,224.78
Current depreciation	-	3,345.00	199,629.81	11,273.46	223,635.27
Depreciation of disposals	-	(425.00)	-	-	(425.00)
Balance on 31 December	9,387.00	19,807.44	6,620,875.08	25,365.53	6,675,435.05

Residual value of acquisition 31 December 2007	663,613.00	12,285.03	2,904,342.30	24,207.72	3,604,448.05
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26. Deferred Tax

	2008				2007			
	Balance 1,1,2008	Recognition in income statement	Recognition in equity	Balance 31,12,2008	Balance 1,1,2007	Recognition in income statement	Recognition in equity	Balance 31,12,2007
Deferred tax assets								
Revaluation of securities	746,049.34		(538,006.54)	208,042.80	480,837.96	-	265,211.38	746,049.34
Defined benefit liabilities to employees	320,366.41	(24,551.37)	-	295,815.04	293,004.49	27,361.92	-	320,366.41
Other liabilities	797,419.59	461,286.41	-	1,258,706.00	271,500.00	525,919.59	-	797,419.59
Total deferred tax assets	1,863,835.34	436,375.04	(538,006.54)	1,762,563.84	1,045,342.45	553,281.51	265,211.38	1,863,835.34
Deferred tax liabilities								
Revaluation of property, plant and equipment	540,338.72	(46,481.38)	(3,834.31)	490,023.03	286,136.84	235,030.33	19,171.55	540,338.72
Operational risks	-	1,000,000.00	-	1,000,000.00	-	-	-	-
Other receivables	-	65,500.00	-	65,500.00	75,885.94	(75,885.94)	-	-
Total deferred tax liabilities	540,338.72	888,018.62	(3,834.31)	1,424,523.03	362,022.78	159,144.39	19,171.55	540,338.72
Total deferred tax	1,323,496.62	(451,283.58)	(534,172.23)	338,040.81	683,319.67	394,137.12	246,039.83	1,323,496.62

27. Deferred acquisition costs

	2008	2007
P&C Insurance – Motor third party liability	3,473,971.99	3,136,563.19
P&C Insurance – Other Sectors	5,823,356.90	5,446,240.98
Total	9,297,328.89	8,582,804.17

28. Cash and cash equivalents

	2008	2007
Cash	41,336.31	711.41
Deposits	30,507,659.56	22,628,386.34
Time deposits	22,000,000.00	46,304,969.74
Total	52,548,995.87	68,934,067.49
Accrued interest on deposits	200,657.78	-
Total cash and cash equivalents	52,749,653.65	68,934,067.49

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29. Insurance provisions

	2008			2007		
	COMPANY PROPORTION	REINSURERS PROPORTION	TOTAL	COMPANY PROPORTION	REINSURERS PROPORTION	TOTAL
P&C Insurance reserves—Motor third party liability						
Unearned premiums	25,789,826.73	-	25,789,826.73	23,510,309.22	-	23,510,309.22
Outstanding claims	121,366,611.00	1,737,471.85	123,104,082.85	127,642,949.76	2,381,076.45	130,024,026.21
IBNR	3,973,018.57	-	3,973,018.57	1,365,609.09	-	1,365,609.09
Risk reserve in force	2,346,956.56	-	2,346,956.56	-	-	-
Subtotal	153,476,412.86	1,737,471.85	155,213,884.71	152,518,868.07	2,381,076.45	154,899,944.52
P&C Insurance reserves – Other sector						
Unearned premiums	24,573,939.46	9,339,499.23	33,913,438.69	23,249,408.99	8,434,357.56	31,683,766.55
Outstanding claims	22,349,986.91	13,835,186.36	36,185,173.27	17,197,711.39	9,064,447.63	26,262,159.02
IBNR	1,106,734.38	225,680.05	1,332,414.43	1,350,117.70	324,890.57	1,675,008.27
Subtotal	48,030,660.75	23,400,365.64	71,431,026.39	41,797,238.08	17,823,695.76	59,620,933.84
Total	201,507,073.61	25,137,837.49	226,644,911.10	194,316,106.15	20,204,772.21	214,520,878.36

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Reserves movement from outstanding claims (including IBNR)

	2008		2007	
	Motor Third Party Liability	Other Sectors	Motor Third Party Liability	Other Sectors
Total outstanding claims				
Outstanding claims on 1 January	131,389,635.30	27,937,167.29	124,433,593.59	27,348,881.16
Outstanding claims development of previous years	(17,516,803.90)	(3,449,004.76)	(9,957,067.56)	(7,283,948.27)
Reported of current year	61,461,095.99	35,165,779.53	58,152,017.96	29,264,297.78
Payments of current year	(23,823,758.58)	(17,080,596.26)	(20,852,543.71)	(17,733,907.72)
Payments of previous years	(28,406,085.97)	(6,388,172.52)	(21,751,974.07)	(5,333,163.93)
IBNR	3,973,018.57	1,332,414.43	1,365,609.09	1,675,008.27
Outstanding claims on 31 December	127,077,101.42	37,517,587.70	131,389,635.30	27,937,167.29
Reinsurers proportion in outstanding claims				
Outstanding claims on 1 January	2,381,076.45	9,389,338.20	3,618,028.96	11,765,460.61
Outstanding claims evolution of previous years	(450,174.99)	(584,800.51)	(487,339.19)	(2,610,385.66)
Reported of current year	-	8,810,775.92	-	5,156,247.71
Payments of current year	(193,429.62)	(3,780,127.25)	(749,613.32)	(5,246,941.78)
IBNR	-	225,680.05	-	324,957.32
Outstanding claims on 31 December	1,737,471.85	14,060,866.41	2,381,076.45	9,389,338.20
Company proportion in outstanding claims				
Outstanding claims on 1 January	129,008,558.85	18,547,829.09	120,815,564.63	15,583,420.55
Outstanding claims evolution of previous years	(17,066,628.92)	(2,864,204.25)	(9,469,728.37)	(4,673,562.61)
Reported of current year	61,461,095.99	26,355,003.61	58,152,017.96	24,108,050.07
Payments	(52,036,414.94)	(19,688,641.53)	(41,854,904.46)	(17,820,129.87)
IBNR	3,973,018.57	1,106,734.38	1,365,609.09	1,350,050.95
Outstanding claims on 31 December	125,339,629.56	23,456,721.30	129,008,558.85	18,547,829.09

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The estimated total cost of claims with respect to Motor Sector Third Party Liability according to the year of claim occurrence (including IBNR) is analyzed below:

Insurance Provisions for Motor Third Party Liability
(amounts in thousands of EURO)

Year	2002	2003	2004	2005	2006	2007	2008	Total
<u>Estimated final cost</u>								
- At the end of 2008	38,585	42,202	48,144	43,354	46,257	60,004	61,887	340,432
Total payments to date	33,833	35,087	37,063	30,676	28,749	32,333	23,393	221,134
Reserve in the balance sheet	4,752	7,115	11,081	12,678	17,508	27,671	38,493	119,298
Reserve related to prior years								7,779
<u>Total reserve in the balance sheet</u>								127,077

Year	2002	2003	2004	2005	2006	2007	Total
<u>Estimated final cost</u>							
- At the end of 2007	39,147	43,809	51,332	47,524	51,333	57,160	290,305
Total payments to date	32,506	33,036	33,114	26,215	24,386	20,840	170,098
Reserve in the balance sheet	6,641	10,773	18,218	21,309	26,947	36,320	120,207
Reserve related to prior years							11,182
<u>Total reserve in the balance sheet</u>							131,390

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The estimated final cost of all claims of other sectors, that was calculated based on the year of loss (including IBNR) at the end of the year, is analyzed as follows:

Insurance Provisions for Other Sectors
(amounts in thousands of EURO)

Year	2002	2003	2004	2005	2006	2007	2008	Total
<u>Estimated final cost</u>								
- At the end of 2008	19,695	22,692	16,831	26,362	22,801	27,587	33,782	169,749
Total payments to date	18,674	19,123	15,527	24,633	20,580	22,313	15,471	136,321
Reserve in the balance sheet	1,021	3,569	1,304	1,729	2,221	5,274	18,311	33,428
Reserve related to prior years								4,089
Total reserve in the balance sheet								37,518

Year	2002	2003	2004	2005	2006	2007	Total
<u>Estimated final cost</u>							
- At the end of 2007	20,068	21,571	17,333	26,786	24,025	28,092	137,876
Total payments to date	18,862	18,773	15,712	24,552	20,619	16,138	114,655
Reserve in the balance sheet	1,206	2,798	1,622	2,235	3,407	11,955	23,221
Reserve related to prior years							4,716
Total reserve in the balance sheet							27,937

30. Liabilities from insurance activities

	2008	2007
Production commission liabilities	5,004,324.93	4,704,412.42
Brokers, Coordinators and sales associates	938,135.68	981,070.49
Total	5,942,460.61	5,685,482.91

The above balances relate to short-term liabilities.

31. Other Liabilities

	2008	2007
Suppliers (various creditors)	9,921,738.76	9,900,153.42
Income tax	3,663,810.74	3,679,756.46
Liabilities for other taxes and fees	4,802,816.11	2,527,828.22
Liabilities due to deductions and contributions to third parties	1,356,459.43	1,217,938.69
Deferred income	22,752.00	-
Accrued expenses	1,597,485.93	2,470,120.38
Total	21,365,062.97	19,795,797.17

The above balances relate short-term liabilities.

The income tax liability movement is presented below:

	2008	2007
Balance 1 January	3,679,756.46	5,395,153.37
Payments	(3,679,756.46)	(6,316,797.37)
Income tax for the period (Note 17)	3,663,810.74	4,601,400.46
Balance 31 December	3,663,810.74	3,679,756.46

32. Employee Benefits

The Balance sheet liabilities are analyzed as follows:	2008			2007		
	Retirement Bonus	Compensation L. 2112/1920	Total	Retirement Bonus	Compensation L. 2112/1920	Total
Present value of liabilities	-	2,474,946.85	2,474,946.85	-	1,726,761.43	1,726,761.43
Fair value of plan assets	-	-	-	-	-	-
Unrecognized actuarial loss	-	(968,672.22)	(968,672.22)	-	(434,966.59)	(434,966.59)
Balance sheet liability	-	1,506,274.63	1,506,274.63	-	1,291,794.84	1,291,794.84

The amounts recognized in the Income Statement are as follows:						
Current service cost	-	162,158.38	162,158.38	232,221.16	147,838.39	380,059.55
Interest cost	-	83,573.48	83,573.48	130,058.63	66,103.32	196,161.95
Expected return on plan assets	-	-	-	(27,579.98)	-	(27,579.98)
Amortization of unrecognized actuarial profit	-	38,252.36	38,252.36	1,370,286.41	10,529.19	1,380,815.60
Total (included in staff costs)	-	283,984.22	283,984.22	1,704,986.22	224,470.90	1,929,457.12

Balance at 1 January	-	1,291,794.84	1,291,794.84	1,777,020.93	1,172,017.96	2,949,038.89
Accrued expense	-	283,984.22	283,984.22	1,704,986.22	224,470.90	1,929,457.12
Contributions paid	-	-	-	(3,482,007.15)	-	(3,482,007.15)
Payment	-	(69,504.43)	(69,504.43)	-	(104,694.02)	(104,694.02)
Balance at 31 December	-	1,506,274.63	1,506,274.63	-	1,291,794.84	1,291,794.84

The principal actuarial assumptions used are as follows:

Discount rate
Future salary increases

	2008		2007	
	Retirement Bonus	Compensation L,2112/1920	Retirement Bonus	Compensation L,2112/1920
			Rate curve from 4.53% to 4.28% depending on the future service of members of the program	
	-	3.5%	3.0%	3.5%

Staff

Full-time employment
Part-time employment

	2008	2007
Full-time employment	318	293
Part-time employment	4	2
Total	322	295

In 2007 the Company terminated its defined benefit plan for its employees and launched a defined contribution plan. The Company's obligation is to pay the respective premiums on an annual basis. The C.L. 2112/1920 plan relates to compensation given to the staff during retirement, It has been calculated under the requirements of the respective Law.

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33. Equity

	2008	2007
Share Capital		
Paid up	4,019,070.00	4,019,070.00
Total Share Capital	4,019,070.00	4,019,070.00
Difference in share premium		
Reserves		
Statutory Reserve	17,053,145.52	15,206,756.87
Special Reserve	13,578,255.01	13,578,255.01
Revaluation reserve of property, plan and equipment	61,348.95	57,514.64
Reserve from revaluation of securities available for sale	(686,560.68)	579,994.27
Untaxed legal reserves	13,624,078.36	13,678,035.84
Other reserves	2,857,472.90	2,857,472.90
Total reserves	46,487,740.06	45,958,029.53
Retained earnings	4,734,044.56	9,231,943.23
Total Equity	55,240,854.62	59,209,042.76

SHARE CAPITAL

Share Capital

The sole shareholder is INTERAMERICAN Life Insurance Company S.A. holding 100%.

RESERVES

Statutory Reserve

In accordance with the provisions of C.L. 2190/1920 and Decree Law 400/1970 (art, 18), the Company is required to transfer at least one fifth of its annual net profit to a reserve until such reserve exceeds the share capital multiplied by four. The aforementioned reserve may not be distributed during the operation of the Company.

Special Reserves

The formed Special Reserves have been fully taxed and may be distributed or capitalized following a decision by the Shareholders General Assembly.

Special reserve from valuation of available for sale securities

This Reserve relates to valuation surplus of securities sectorified as available for sale under IAS 39.

Unrealized gains on valuation of securities available for sale are recognized in equity until they are sold, derecognized or impaired when they are transferred to the income statement of the period.

Untaxed Reserves under Special Laws and Regulations

These are untaxed or partially untaxed reserves formed under special tax provisions, which can be maintained until their distribution is decided, For untaxed reserves, no deferred tax has been recognized.

Retained Earnings

In accordance to Greek Law, as revised by Law 3604/2007, societe anonymes are obliged to an annual declaration of dividends. The Board of Directors of the Company has not proposed any dividends for fiscal year of 2008.

34. Segment Reporting

	31/12/2008			31/12/2007		
	PROPERTY AND CASUALTY INSURANCE – MOTOR THIRD PARTY LIABILITY	PROPERTY AND CASUALTY INSURANCE– OTHER SECTOR	TOTAL	PROPERTY AND CASUALTY INSURANCE – MOTOR THIRD PARTY LIABILITY	PROPERTY AND CASUALTY INSURANCE– OTHER SECTOR	TOTAL
Earned Insurance premiums (Gross) and other income	74,717,319.78	73,709,960.26	148,427,280.04	67,430,027.10	66,659,791.96	134,089,819.06
Minus: Premiums ceded	(2,992,450.01)	(15,743,786.78)	(18,736,236.79)	(2,179,067.37)	(13,918,891.48)	(16,097,958.85)
Net insurance premiums earned and other income	71,724,869.77	57,966,173.48	129,691,043.25	65,250,959.73	52,740,900.48	117,991,860.21
Investment Income	6,292,586.17	2,421,700.17	8,714,286.34	5,635,115.28	2,169,753.53	7,804,868.81
Profit from sales or maturity of Investments	512,843.60	197,367.73	710,211.33	1,259,100.30	484,805.93	1,743,906.23
Gains from valuation of Investments	(4,571,102.63)	(1,759,187.68)	(6,330,290.31)	732,446.09	282,022.18	1,014,468.27
Total Income	73,959,196.91	58,826,053.70	132,785,250.61	72,877,621.40	55,677,482.12	128,555,103.52
Policy holders Compensations	53,990,519.29	19,761,124.24	73,751,643.53	43,895,198.26	17,833,835.36	61,729,033.62
Commissions	11,797,193.87	9,445,377.48	21,242,571.35	10,054,531.64	8,771,523.03	18,826,054.67
Changes in Insurance Provisions	(1,321,972.72)	4,827,064.76	3,505,092.04	8,192,994.22	3,113,488.74	11,306,482.96
Total Expense	64,465,740.44	34,033,566.48	98,499,306.92	62,142,724.12	29,718,847.13	91,861,571.25
Profit by sector	9,493,456.47	24,792,487.22	34,285,943.69	10,734,897.28	25,958,634.99	36,693,532.27
Other income	340,170.89	373,873.79	714,044.68	97,673.36	113,238.67	210,912.03
Distribution expense	8,129,380.74	8,934,810.58	17,064,191.32	7,571,061.80	8,777,592.48	16,348,654.28
Administration expense	3,088,078.45	3,394,034.16	6,482,112.61	2,896,925.17	3,358,581.56	6,255,506.73
Other expense	3,386,676.97	657,380.65	4,044,057.62	291,143.38	569,933.34	861,076.72
Profit before taxes	(4,770,508.80)	12,180,135.62	7,409,626.82	73,440.29	13,365,766.28	13,439,206.57

Operational activities are classified in the insurance sector of Motor Third Party Liability and Other Sectors, based on which Management assesses its decisions and actions.

35. RELATED PARTY TRANSACTIONS

The Company's related parties are the members of EUREKO B.V. Group and the members of the Board of Directors ("BoD") as defined by IAS 24 «Related Party Disclosures».

The Company, being a member of the EUREKO B.V. Group, provides services within the normal activity to the companies forming the Group in terms of cooperation that does not differ substantially from normal conditions as applicable to non-affiliated companies.

The outstanding balances with affiliated companies and the related results of these transactions at 31 December 2008 are as follows:

RELATED PARTY	RECEIVABLES	LIABILITIES	INCOME	EXPENSE
PARENT (EUREKO B.V.)	1,178,612.35	6,400.00	349,322.22	1,543,111.47
SUBSIDIARIES	5,190,972.08	8,917,764.01	344,347.93	3,051,722.95
OTHERS (ASSOCIATES)	-	4,287.39	44,477.82	8,484.37
ΣΥΝΟΛΟ	6,369,584.43	8,928,451.40	738,147.97	4,603,318.79

The BoD's remuneration package amounts to EUR 130,086.00 and EUR 390,414.00 for years 2008 and 2007 respectively.

36. EVENTS AFTER THE BALANCE SHEET DATE

Except for the items mentioned above, there are no other post balance sheet events relating to the Company that should be referred to under IFRS.

37. CONTINGENT LIABILITIES AND COMMITMENTS

LEGAL ISSUES

The Company in the ordinary course of business is defendant in claims by clients and other legal actions. No provision has been recorded because after consultation with legal counsel, the ultimate disposition of these matters is not expected to have a material effect on the financial position or operations of the Company. As a result, no additional provision for contingent liabilities has been formed.

GUARANTEES

At the Balance Sheet date, the Company had issued guarantee letters of performance amounting to EURO 277,090.00 relating to participation in tenders for coverage of new policies in various companies, and EUR 809,982.75 relating to proper payments due to participation in the claims settlement system.

TAX ISSUES

The Company has been examined by the tax authorities for all years up to 2005. It is possible that for the years 2006, 2007 and 2008 the tax authorities will reject certain expenses as non-deductible and therefore additional taxes may be imposed. The Company has formed adequate provision with respect to this risk.

OPERATING LEASES

- The Company leases property for operating purposes Company's commitment is limited to a compensation payment of four (4) leases in the event of early termination of lease due to its own fault, with six months' notice. In case of no notice, the Company is obliged to pay six additional leases.
- The company leases cars, either for its operational needs, or as an additional benefit to certain employee categories. The attached contracts have a term of three (3) or four (4) years and they can be terminated if half of the remaining lease is paid to the lessor.

38. Capital adequacy

Capital Adequacy		
	2008	2007
Minimum guarantee capital	6,000,000.00	4,500,000.00
Solvency Margin	26,203,794.63	23,913,891.20

Solvency Margin and Insurance Placement

The Company has the appropriate Solvency Margin for the year 2008 and has covered its requirements with respect to Insurance liabilities under the provisions of D.L. 400/1970 on Private Insurance Enterprises.