

Allianz Europe Limited

Directors' report and financial  
statements

Registered number 1571671

Year End Date 31 December 2008

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## **Directors' report and financial statements**

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## Directors' report

The directors have pleasure in presenting their report together with the audited financial statements of the company for the year ended 31 December 2008. The accounts have been presented in Euros.

### Activities

The company is and will continue to be a holding company. The principal activity of its subsidiary undertakings is the provision of financial services, including the transaction of insurance and reinsurance business of all classes.

### General

#### *Shares in Group companies*

On 30 January 2008, the Company made a capital contribution in the capital of Allianz Re Dublin.

On 15 May 2008 the Company incorporated Allianz Finance UK, London, Great Britain. The company acquired 100,000 shares.

On 30 May 2008 the Company made a capital contribution in the capital of Allianz Finance UK through a deed of assignment on a loan receivable towards Allianz SE.

On 23 July 2008, Allianz Finance UK, issued an additional 16,210 shares to AZL AI Nr. 2 S.à r.l. The interest of Allianz Europe Ltd in Allianz Finance UK decreased to 86.1%.

On 8 October 2008, the Company purchased 85.0% of Allianz Insurance Company, Cairo, Egypt. On the same date the Company also acquired 87.7% of the shares of Allianz Life Assurance Company, Cairo, Egypt.

On 5 December 2008, the Company acquired 100.0% of Allianz Takaful B.S.C., Bahrain.

On 23 December 2008, Allianz Finance UK repaid the capital contribution given by the Company on 30 May 2008.

During the financial year 2008 the investment in Allianz Compagnia Italiana Finanziamenti S.p.A. ("ACIF") was impaired. This is due to a dividend distribution resulting in a decline of its shareholders' equity and a valuation adjustment.

#### *Loans to group companies*

On 11 March 2008 a profit participation loan was granted to Allianz Holding Eins GmbH.

### *Securities*

On 16 June 2008 the Company bought 12.237.328 shares of Banco BPI S.A., Portugal, increasing its investment to 8.7%.

#### *Shareholders capital*

On 30 November 2008, the amount of share premium was transferred to the other reserves by way of a written share premium cancellation resolution.

On 23 December 2008, the shares of the Company were transferred to Allianz Europe B.V., being the sole new shareholder of the company.

### **Dividend**

During the financial year the company received a total dividend from its subsidiaries of EUR 2.701.0 million. (2007: 7,007.9 million) and EUR 12.3 million on its securities (2007: nil).

The company declared no dividend during the year 2008 (2007: EUR 74.0 million)

### **Results**

The result for the financial year 2008 amounts to a loss of EUR 3,273.2 million (2007: profit : EUR 2,585.7 million). The decrease in result is mainly due to the impairment booked on the Italian subsidiary.

The results for the year are given in the profit and loss account on page 5.

### **Risk Management**

The Company is exposed to risks inherent to the Company's activities described above. The most important types of financial risk to which the Company is exposed are currency risk and operational risk.

#### **Currency risk**

Currency risk is the risk that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse effect on the value of assets and liabilities denominated in currencies other than the euro.

Currency risks are limited as dividend receivables (in other currency than the euro) are hedged on the same day they are declared.

#### **Operational risk**

Operational risk related mainly to issues like fraud, IT matters and legal matters. The Company considers it has set up adequate internal controls to mitigate operational risks.

### **Directors**

The directors who served from 1 January 2008 to date were:

Dr. P. Achleitner	Chairman,
H.J.J. Schoon	Managing Director
S. J.Theissing	Managing Director
H.D.A. Wentzel	Managing Director

Dr P. Achleitner has Austrian nationality, H.D.A. Wentzel and H.J.J. Schoon have Dutch nationality, and S. Theissing has German nationality.

### **Auditors**

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

### **Disclosure of information to auditors**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has

taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

By order of the board

  
H. D. A. Wentzel

*Managing Director and Secretary*

Amsterdam

29 October 2009

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



PO Box 695  
8 Salisbury Square  
London  
EC4Y 8BB

## **Independent auditors' report to the members of Allianz Europe Limited**

We have audited the financial statements of Allianz Europe Limited for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

## Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its profits for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

*KPMG LLP*

**KPMG LLP**  
Chartered Accountants  
Registered Auditor

29 October 2009



**Profit and loss account**  
*for the year ended 31 December 2008*

	Note	2008 EUR'000	2007 EUR'000
<b>Income from shares in group undertakings</b>			
Dividends from shares		2,713,246	7,007,912
Other interest receivable and similar income	2	425,373	159,304
Other operating income	3	14	24
Gain on sale of fixed assets		-	2
		<hr/>	<hr/>
Administrative expenses	4	3,138,633 (359)	7,167,242 (590)
		<hr/>	<hr/>
<b>Operating profit on continuing activities</b>		<b>3,138,274</b>	<b>7,166,652</b>
Impairment of fixed assets investments	5	(6,127,000)	(4,500,000)
Depreciation of securities	6	(246,221)	(48,588)
Withholding taxes	7	(17,288)	-
Interest payable and similar charges	8	(9,496)	(7,973)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		(3,261,731)	2,610,091
Tax on profit on ordinary activities	9	(11,456)	(24,347)
		<hr/>	<hr/>
<b>Profit for the financial year</b>		<b>(3,273,187)</b>	<b>2,585,744</b>
		<hr/>	<hr/>

The notes on pages 7 to 19 form part of these financial statements.

The company had no recognised gains or losses other than the profit for the year.

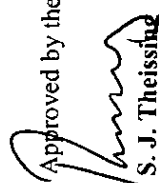
All income and expenditure relates to continuing operations.

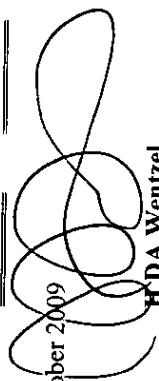
# Balance sheet

As at 31 December 2008

	Note	2008	2007	Note	2008	2007
		EUR '000	EUR '000		EUR '000	EUR '000
<b>Fixed assets</b>						
Tangible assets						
Investments	11	-	10			
Profit participation loans	12	11,321,225	17,352,388	17	14,773,243	14,773,243
	13	5,125,000	4,465,000	18	-	7,125,410
				19	6,414,961	2,562,738
		16,446,225	21,817,398	20	21,188,204	24,461,391
					21,188,204	24,461,391
<b>Current assets</b>						
Loans to group companies	14	4,344,953	2,634,237			
Debtors	15	259,180	60,638			
Securities	16	136,319	351,933			
Cash at bank and in hand		47,497	28,039			
		4,787,949	3,074,847		45,970	430,854
<b>Total assets</b>		21,234,174	24,892,245		21,234,174	24,892,245

Approved by the directors on 29 October 2009

 S. J. Theissing  
Director

 H. DA Wentzel  
Director

The notes on pages 7 to 19 form part of these financial statements.

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

#### *Basis of preparation*

The financial statements are presented in Euros because the company operates in the Netherlands and accounts for its transactions in Euros.

The company does not have more than one business or geographical segment.

The financial statements are prepared in accordance with Schedule 4 of the Companies Act 1985 and with applicable accounting standards.

The financial statements present information about the undertaking as an individual undertaking and not about its group. The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

#### *Exemption from requirement to prepare group financial statements*

The company is exempt under Section 228 of the Companies Act 1985 from the requirement to prepare group financial statements because its ultimate parent undertaking in the EU, Allianz SE, incorporated in Germany, holds more than 50 per cent of the shares of the company, and no notice had been given by the holder of the other shares requesting the preparation of consolidated financial statements. The company's financial statements are included in the consolidated financial statements of Allianz SE which are drawn up according to German law in accordance with the EU Seventh Directive, and have been audited. Copies of Allianz SE's Annual Report for 2008, in English, including the consolidated financial statements and the auditors' report on them, will be filed with the UK Registrar of Companies, Companies House, Cardiff, CF4 3UZ.

#### *Exemption from requirement to prepare a cash flow statement*

Due to the existence of certain control agreements with the other shareholder, more than 90% of the voting rights of the company are controlled within the Allianz SE Group and the company is included within the published consolidated financial statements of Allianz SE Group. Advantage has therefore been taken of the exemption in FRS 1 from the requirement to prepare a cash flow statement.

#### *Depreciation*

Depreciation of tangible fixed assets is provided on cost at rates calculated by reference to the expected economic lives of the assets on a straight line basis. The rates are:

Office and computer equipment: 33%

#### *Fixed asset investments*

Investments in group undertakings are stated at cost less provisions for permanent diminution in value.

#### *Securities*

Securities are recorded at the lower of acquisition cost or fair value which is determined by reference to their quoted bid price at the reporting date.

***Foreign currencies***

Transactions in foreign currencies are translated using the rate of exchange ruling at the date of the transaction. Foreign currency balances at the year-end are translated at the rate ruling at the year-end. All exchange differences are dealt with through the profit and loss account. Share capital is translated at the rate ruling on the day it is called up.

***Deferred Taxation***

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered.

**Notes** *(continued)*

**2 Other interest receivable and similar income**

	2008 EUR'000	2007 EUR'000
Interest on bank deposits	1,380	2,919
Inter company interest	423,788	156,707
Gains on foreign exchange	-	(3)
Other income	205	(319)
	<u>425,373</u>	<u>159,304</u>

**3 Other operating income**

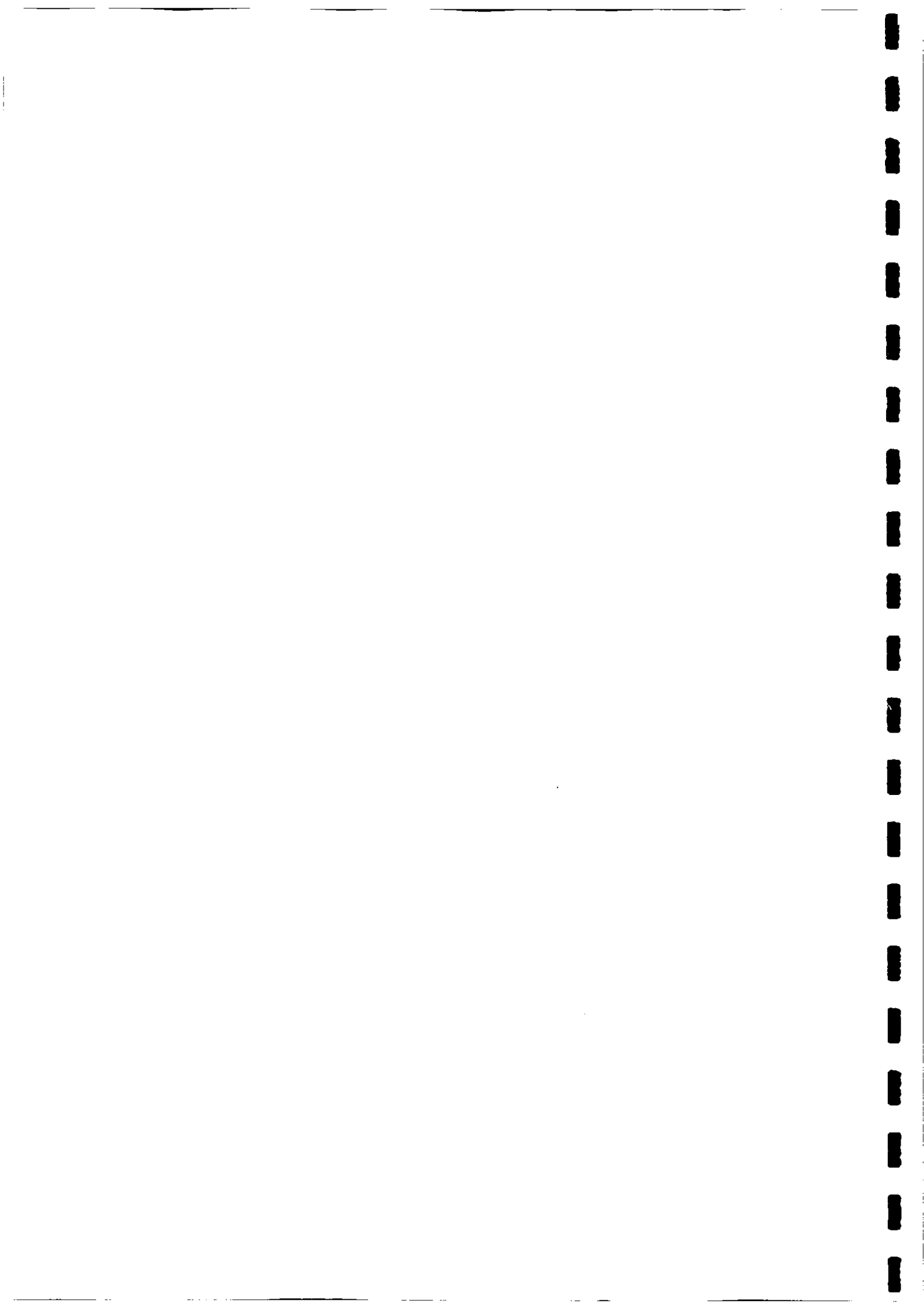
	2008 EUR'000	2007 EUR'000
Other income	14	24
	<u>14</u>	<u>24</u>

Other operating income consists of management fees charged to 2 companies.

**4 Administrative expenses**

	2008 EUR'000	2007 EUR'000
Personnel expenses;		
- wages and salaries	-	63
- social security costs	-	4
- other pension costs	-	44
- other staff costs	-	8
	<u>-</u>	<u>119</u>

Since October 2007 all employees moved to another entity within the Allianz Group. Therefore the company has no personnel expenses for the year 2008



## Notes (continued)

### 4 Administrative expenses (continued)

	2008 EUR'000	2007 EUR'000
Building rentals	-	43
Depreciation of fixed assets	10	18
Fees payable to the company's auditor for the audit of the company	74	28
Fees payable to the company's auditor for other services: - services relating to taxation	144	40
Total auditors' remuneration	218	68
Other expenses *	131	342
Total administrative expenses	359	590
Staff costs include:		
Directors' emoluments	-	31
Directors' pension contributions	-	23
Directors' other expenses	-	17

\* Other expenses consist of travel and car expenses, office expenses, bank charges, legal fees and others.

The average number of employees (including directors) during the year was four (2007:five). The directors did not receive any remuneration.

### 5 Impairment of fixed assets

During the financial year 2008 the investment in Allianz Compagnia Italiana Finanziamenti S.p.A. ("ACIF") was impaired by. This is due to a dividend distribution by ACIF resulting in a decline of it's shareholders' equity and a valuation adjustment

### 6 Depreciation securities

This item relates to a depreciation booked on the shares Banco Português de Investimento, Portugal on 31 December 2007.

### 7 Withholding tax

This item relates to withholding tax on interest received regarding profit participation loans.

### 8 Interest payable and similar charges

	2008 EUR'000	2007 EUR'000
Inter-company interest	9,496	7,973
	9,496	7,973

## Notes (continued)

### 9 Taxation

Analysis of the charge in period

	2008		2007	
	EUR'000	EUR'000	EUR'000	EUR'000
<i>Dutch corporation tax</i>				
Corporation tax current year				24,351
Corporation tax prior years				(4)
Tax on profit on ordinary activities		<u>11,456</u>		<u>24,347</u>
Current tax reconciliation				
	2008		2007	
	EUR'000	EUR'000	EUR'000	EUR'000
(Loss)/Profit on ordinary activities before taxation	(3,261,731)		2,610,091	
		(3,261,731)		2,610,091
Less:				
Dividends received	(2,713,246)		(7,007,912)	
Interest income from profit participation loans	(370,582)		(55,264)	
Gains on sale fixed assets	-		(2)	
		(3,083,828)		(7,063,178)
Add:				
Impairment of fixed assets investments	6,127,000		4,500,000	
Withholding tax	17,288		-	
Depreciation securities	246,221		48,588	
		<u>6,390,509</u>		<u>4,548,588</u>
Taxable income		<u>44,950</u>		<u>95,501</u>
<i>Corporation tax</i>				
Total corporation tax for the year		<u>11,456</u>		<u>24,351</u>



**Notes (continued)**

**10 Deferred tax**

There is no provision for deferred tax as there are no transactions on events that have occurred by the balance sheet date that give rise to an obligation to pay more tax in the future or a right to pay less tax in the future.

**11 Tangible assets**

	<b>Office and Computer Equipment EUR'000</b>
<i>Cost</i>	
At 31 December 2007 and 31 December 2008	137
	<hr/>
<i>Depreciation</i>	
At 31 December 2007	127
Charge for year	10
	<hr/>
<b>At 31 December 2008</b>	<b>137</b>
	<hr/>
<i>Net book value</i>	
<b>31 December 2008</b>	<b>-</b>
	<hr/>
31 December 2007	10
	<hr/>

Notes (continued)

12 Investments

*Fixed asset investments*

	2008 EUR'000	2007 EUR'000
Shares in group undertakings	11,321,225	17,352,388
	<hr/>	<hr/>
As at 31 December	11,321,225	17,352,388
	<hr/>	<hr/>

The movement in investments held as fixed assets, may be analysed as follows:

*Shares in group undertakings*

	EUR'000
At 31 December 2007 at cost	17,352,388
Additions	4,114,925
Repayments	(4,019,088)
Impairment	(6,127,000)
	<hr/>
At 31 December 2008 at cost	11,321,225
	<hr/>

On 30 January 2008, the Company made a capital contribution in the capital of Allianz Re Dublin.

On 15 May 2008 the Company incorporated Allianz Finance UK, London, Great Britain. The company acquired 100,000 shares.

On 30 May 2008 the Company made a capital contribution in the capital of Allianz Finance UK through a deed of assignment on a loan receivable towards Allianz SE.

On 23 July 2008, Allianz Finance UK, issued an additional 16,210 shares to AZL AI Nr. 2 S.à r.l.. The interest of Allianz Europe Ltd in Allianz Finance UK decreased to 86.1%

On 8 October 2008, the Company purchased 85.0% of Allianz Insurance Company, Cairo, Egypt. On the same date the Company also acquired 87.7% of the shares of Allianz Life Assurance Company, Cairo, Egypt

On 22 October 2008, the Company incorporated AZ Jupiter 8 B.V. and AZ Jupiter 9 B.V.

On 5 December 2008, the Company acquired 100.0% of Allianz Takaful B.S.C., Bahrain

On 23 December 2008, Allianz Finance UK repaid the capital contribution given by the Company on 30 May 2008.

On 31 December 2008, the company booked an impairment loss on its share in Allianz Compagnia Italiana Finanziamenti S.p.A.

The Company utilizes the capitalized earnings method to derive the value in use for all for all Property-Casualty participations. The capitalized earnings value is calculated by discounting the future earnings using a discount rate varying from 7.6% to 9.3%.

For life participations the fair value is based on the Appraisal Value which is derived from the Market Consistent Embedded Value.

The principal subsidiary undertakings are shown in note 23. None of the above investments are listed.

## Notes (continued)

### 13 Profit participation loans

#### *Loan to ACIF*

The perpetual subordinated loan to ACIF for EUR 2,365,000,000 bears interest of 7.31 % per annum and is subject to an interest payment trigger condition (the obligation to pay interest is conditional upon the borrower's average net income after tax during the previous three business years as determined pursuant to local GAAP having been positive. If this condition is not fulfilled, no interest will be payable for the corresponding interest period. Any interest not payable under this condition will not accrue and will not become payable in future periods).

The loan may be prepaid, in whole or in part, at the sole option of the borrower, giving 5 years previous notice and subject to prior authorization of the Italian insurance supervisory authority (ISVAP). The loan can be converted into the ordinary shares of the borrower subject to the lender's agreement and subject to compliance with applicable corporation law and specific Italian regulations on insurance companies.

#### *Loan to Allianz Holding France SAS*

The perpetual subordinated loan to Allianz Holding France SAS for EUR 2,100,000,000 bears a minimum interest of 0.25 % per annum and maximum interest of 7.40 % per annum. The amount of interest shall be the maximum interest amount except:

- a) if the amount of interest calculated in respect of any interest period exceeds the borrower's statutory pretax net income for such interest period, the amount of interest due shall be capped at the borrower's statutory pre-tax net income for such interest period; provided, however, that if the borrower's simplified consolidated income for such interest period exceeds the borrower's statutory pre-tax net income for such interest period, the amount of interest shall then be capped at the borrower's simplified consolidated income for such interest period. However, the amount of interest can under no circumstances exceed the maximum interest amount.
- b) If the borrower's statutory pre-tax net income and the borrower's simplified consolidated income for any interest period are less than the minimum interest amount for such interest period, then the amount of interest due shall be equal to the minimum interest amount for such interest period.
- c) Any negative difference between the amount of interest and the maximum interest amount for a considered interest period will not accrue and will not become payable in future periods.

The loan may be prepaid, annually at the end of each calendar year, but at the earliest on 31 December 2017, in whole or in part, at the sole option of the borrower, by giving 6 months prior notice. Any repayment is yet subject to prior authorization of the Autorité de Contrôle des Assurances et des Mutuelles. The loan can be converted into the ordinary shares of the borrower, giving 60 days prior notice, subject to the lender and subject to compliance with applicable stock corporation law and specific French regulations on insurance companies.

## Notes (continued)

### Loan to Allianz Holding Eins GmbH

The offer for a perpetual subordinated loan to Allianz Holding Eins GmbH for EUR 660,000,000 bears an interest of 7.95 % per annum for the interest periods ending before or on December 31, 2013. Thereafter, the maximum interest rate for each interest period shall be determined annually as the 12-month-Euribor plus margin. The interest amount shall be the product of (I) the maximum interest rate, (II) the weighed average outstanding loan amount and (III) the no. of days in an interest period, on which any amount of the loan is outstanding, divided by the total no. of days in the interest period. However the interest amount shall be capped at the incremental value of the Allianz Holding Eins GmbH. If the incremental value is negative, the interest amount shall be zero.

a) if the amount of interest calculated in respect of any interest period exceeds the borrower's statutory pretax net income for such interest period, the amount of interest due shall be capped at the borrower's statutory pre-tax net income for such interest period; provided, however, that if the borrower's simplified consolidated income for such interest period exceeds the borrower's statutory pre-tax net income for such interest period, the amount of interest shall then be capped at the borrower's simplified consolidated income for such interest period. However, the amount of interest can under no circumstances exceed the maximum interest amount.

b) If the borrower's statutory pre-tax net income and the borrower's simplified consolidated income for any interest period are less than the minimum interest amount for such interest period, then the amount of interest due shall be equal to the minimum interest amount for such interest period.

c) Any amount exceeding the cap will not accrue and will not become payable in future periods. The incremental value shall be the equivalent to the increase of the equity increase of Allianz Holding Eins GmbH during the interest period. The loan may be repaid annually at the end of each calendar year, but at the earliest on 31 December 2013, in whole or in part, at the sole option of the borrower Allianz Holding Eins GmbH, by giving three months prior notice.

The loan can be converted Subject to (I) the Company giving 60 days prior notice of its decision to convert its receivable into a share of the Allianz Holding Eins GmbH, (II) compliance with applicable Austrian limited liability company law and insurance supervisory law as well as subject to (III) approval of the shareholder of Allianz Holding Eins GmbH, Allianz Holding eins GmbH will issue a new share to the Company.

In the event of liquidation, dissolution and insolvency of Allianz Holding Eins GmbH, its obligations will be subordinated to the claims of all other creditors.

### 14 Loans to group companies

	EUR '000
At 31 December 2007	2,634,237
Additions	6,437,804
Disposals	(4,727,088)
	<hr/>
At 31 December 2008	4,344,953
	<hr/>

**Notes (continued)**

**15 Debtors**

	2008 EUR'000	2007 EUR'000
Amounts owed by group undertakings	256,589	60,443
Receivable withholding tax	2,456	-
Other debtors	135	149
Prepayments and accrued income	-	46
	<u>259,180</u>	<u>60,638</u>

**16 Securities**

On 16 June the Company bought 12,237,328 shares of Banco BPI S.A., Portugal, increasing its investment to 8.7%. As at 31 December 2007 the market value amounted to EUR 136.3 million.

**17 Called up share capital**

	At 31 December 2008		At 31 December 2007	
	£1	EUR'000	£1	EUR'000
Authorised £1 ordinary shares	11,000,000,000		11,000,000,000	
	<u>                    </u>		<u>                    </u>	
Allotted, called up and fully paid £1 A-ordinary shares	3,331,053,323		3,331,053,323	
Allotted, called up and fully paid £1 B-ordinary shares	6,865,013,076		6,865,013,076	
	<u>                    </u>		<u>                    </u>	
	10,196,066,399	14,773,243	10,196,066,399	14,773,243
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>

## Notes (continued)

### 18 Share Premium account

	2008	2007
	EUR'000	EUR'000
As at 1 January 2008	7,125,410	668,839
Issue of B-ordinary shares as at 31 July 2007	-	6,456,571
Transfer of share premium to other reserves	(7,125,410)	-
	<hr/>	<hr/>
As at 31 December 2008	-	7,125,410
	<hr/>	<hr/>

On 30 November 2008, the amount of share premium was transferred to the other reserves by way of a written share premium cancellation resolution.

### 19 Profit and loss account and reserves

	Profit and Loss account	Other Reserves	Total Reserves
	EUR'000	EUR'000	EUR'000
As at 31 December 2007	-	2,562,738	2,562,738
Result for the year	(3,273,187)	-	(3,273,187)
Transfer from share premium account	-	7,125,410	7,125,410
Transfer to other reserves	3,273,187	(3,273,187)	-
	<hr/>	<hr/>	<hr/>
As at 31 December 2008	-	6,414,961	6,414,961
	<hr/>	<hr/>	<hr/>

On 30 November 2008, the amount of share premium was transferred to the other reserves by way of a written share premium cancellation resolution.

### 20 Reconciliation of movements in shareholders' funds

	2008	2007
	EUR'000	EUR'000
Opening shareholders' funds	24,461,391	5,328,881
Issue of new shares	-	16,705,766
Profit for the financial year	(3,273,187)	2,585,744
Dividends paid	-	(159,000)
	<hr/>	<hr/>
Closing shareholders' funds	21,188,204	24,461,391
	<hr/>	<hr/>

**Notes (continued)**

**21 Creditors: amounts falling due within one year**

	2008 EUR'000	2007 EUR'000
Amounts owed to group undertakings	44,651	430,510
Other creditors including taxation and social security	1,274	313
Accruals and deferred income	45	31
	<u>45,970</u>	<u>430,854</u>
Other creditors including taxation and social security:		
Corporation tax	1,258	259
Value added tax	10	(1)
Insurance premium tax	6	4
Other creditors	-	51
	<u>1,274</u>	<u>313</u>

**22 Rental Commitments**

As at 31 December 2008, the company had the following annual rental commitments:

	2008 EUR'000	2007 EUR'000
Other leases which expire within one year	19	29
within 2 to 5 years	29	58
	<u>48</u>	<u>87</u>

**Notes (continued)**

**23 Principal subsidiary undertakings**

The principal companies in which the company's interest at the year end is more than 20% are as follows:

	<b>Country of Incorporation</b>	<b>Principal activity</b>	<b>Proportion of ordinary shares held directly</b>
Allianz UK	United Kingdom	Non-trading	66.7%
Allianz Compagnia Italiana Finanziamenti S.p.A.	Italy	Non-trading	100%
Tihama Investments B.V.	The Netherlands	Non-trading	94.4%
AZ Jupiter 8 B.V.	The Netherlands	Non-trading	100%
AZ Jupiter 9 B.V.	The Netherlands	Non-trading	100%
Allianz Insurance Company	Egypt	Insurance	85.0%
Allianz Life Assurance Company	Egypt	Insurance	87.7%
Allianz Finance UK	United Kingdom	Non-trading	86.1%
Allianz Takaful B.S.C.	Bahrain	Insurance	100%
Allianz Re Dublin	Ireland	Reinsurance	100%

In the opinion of the directors, the aggregate value of the assets of the company consisting of shares in, and amounts owing from, the company's group undertakings is not less than the aggregate of the amounts at which those assets are included in the company's balance sheet.



**Notes** *(continued)*

**24 Related party transactions**

Due to the existence of certain control agreements with the other shareholder, more than 90% of the voting rights of the company are controlled within the Allianz SE Group. Advantage has therefore been taken of the exemption from FRS 8 with respect to disclosure of transactions with other group undertakings and investees of the group qualifying as related parties.

**25 Ultimate holding company**

The ultimate holding company is Allianz SE, incorporated in Germany. Allianz SE is the parent company of the largest and smallest group of undertakings for which group accounts are drawn up and of which the company is a member. See note 1 for details of where copies of the group accounts can be obtained.