



# Half Year Report 2004

FINANCIAL SUMMARY

<b>CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT (MUSD)</b>	<b>As of 20.08.04</b>	<b>As of 20.08.03</b>
<b>TECHNICAL ACCOUNT</b>		
Premiums and calls	68.1	58.6
Reinsurance premiums	-10.1	-10.1
<b>Premiums for own account</b>	<b>58.0</b>	<b>48.5</b>
Gross claims incurred	-38.7	-24.2
Reinsurers' share	0.0	-17.2
<b>Claims incurred for own account</b>	<b>-38.7</b>	<b>-41.5</b>
Acquisition costs	-5.6	-5.3
Administrative expenses	-6.5	-7.6
<b>Net operating expenses</b>	<b>-12.1</b>	<b>-12.9</b>
<b>Balance carried to non-technical account</b>	<b>7.1</b>	<b>-5.8</b>
<b>NON TECHNICAL ACCOUNT</b>		
Balance from technical account	7.1	-5.8
Net investment income	-2.0	13.1
<b>Balance before tax on ordinary activities</b>	<b>5.2</b>	<b>7.3</b>
Taxes	-0.1	-0.1
<b>Balance carried to contingency reserves</b>	<b>5.1</b>	<b>7.2</b>

<b>BALANCE SHEET (MUSD)</b>	<b>As of 20.08.04</b>	<b>As of 20.08.03</b>
<b>ASSETS</b>		
Financial investments	314.8	308.6
Debtors	14.7	10.7
Other assets	39.6	37.7
Prepayment and accrued income	1.2	3.7
<b>Total assets</b>	<b>370.3</b>	<b>360.7</b>
<b>LIABILITIES</b>		
Provisions for outstanding claims for own account	-253.5	275.3
Contingency reserve	-86.7	57.4
Technical provision for own account	-340.2	332.7
Provisions for other liabilities	-4.5	4.3
Creditors	2.7	-0.5
Accruals and deferred income	-28.3	24.3
<b>Total liabilities</b>	<b>-370.3</b>	<b>360.7</b>

## Positive trend continues

Skuld is pleased to present the half year results for 2004 which show a profit of USD 5.1 mill, compared to a profit of USD 7.2 mill for the first half of 2003.

As seen from the income and expenditure accounts, the half year result is positive despite the USD 2.0 mill investment loss in the first six months. This again highlights the very positive development of Skuld's technical result, standing at USD 7.1 mill compared to a negative result of USD 5.8 mill one year ago. This improvement is a combined result of increased premiums and reduced claims compared to the first half of last year.

For 2003 as a whole, Skuld posted a positive technical result of USD 3 mill and the recent half year result proves that this positive trend continues. We are happy to note that our increased focus on the technical result has been fruitful.

US interest rates have remained historically low, but the actively managed bond portfolios posted an acceptable 1.04% return. The 2003 recovery in equities flattened out as a new year commenced, with several periods of negative returns. At the close of the first six months, Skuld's global index-based equity portfolio had generated a 2.94% loss, offsetting all other positive investment returns.

With USD 5.1 mill added to contingency reserves, the reserves now stand at USD 86.5 mill or USD 3.2 per GT,

As always, it is important to bear in mind that P&I business and financial markets are volatile. Skuld has taken several conservative measures, but the uncertainty for the entire year is of course still significant.



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