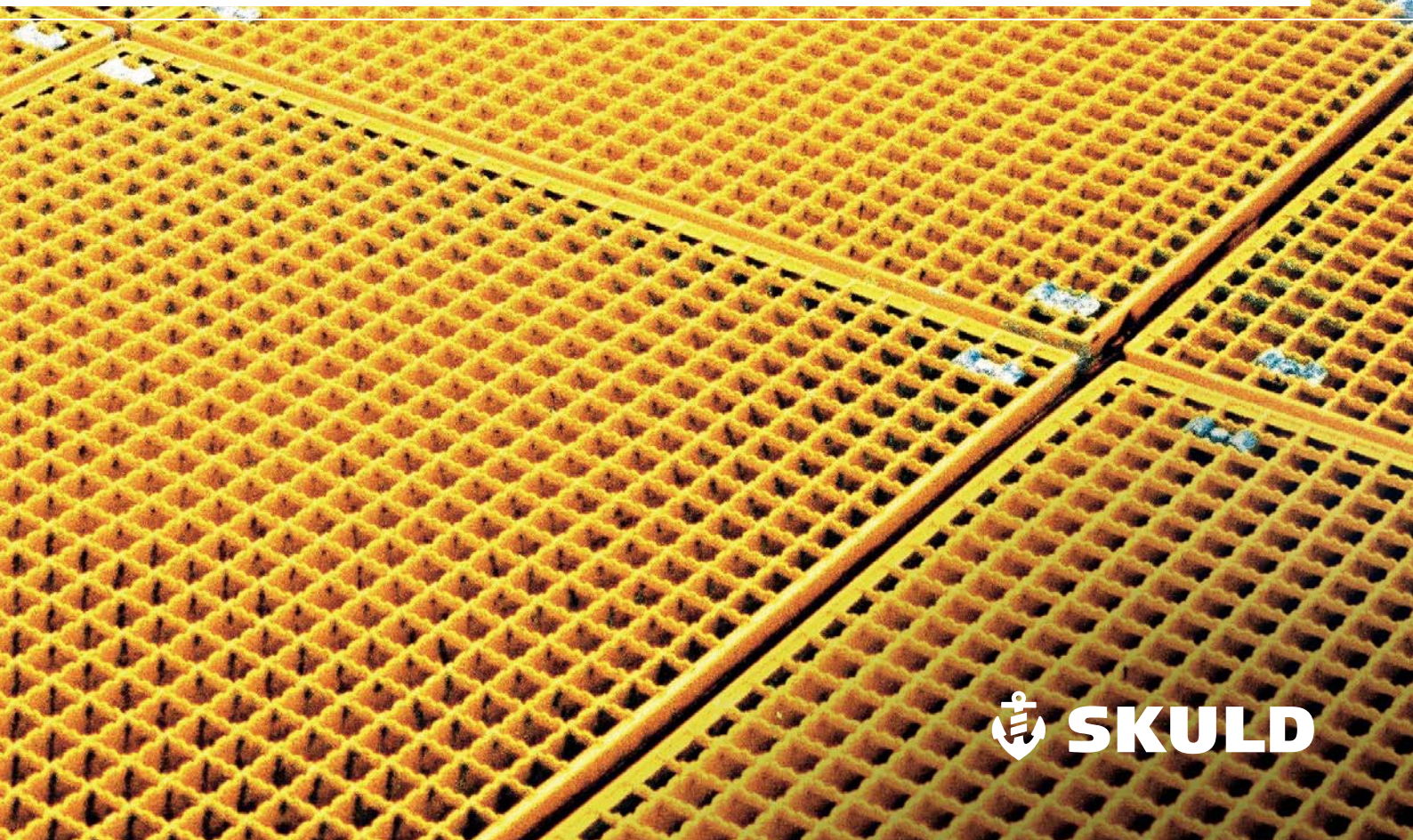


Skuld Half Year Report 2006





“We have again reduced reinsurance spending, despite growth in volume.”

GOING STRONG

Ever since the start of the new millennium, Skuld has emphasised the importance of achieving a balanced technical result to avoid too heavy reliance on volatile financial markets. It is therefore reassuring to again present strong second quarter results.

From our CEO

The technical result for the first half year is a very strong USD 11.3 million compared to a technical deficit of USD 4.6 million for the second quarter in 2005.

This improvement is a combination of several factors: prices were increased modestly at renewal, while administrative expenses were maintained at last year's level. Due to the increased strength of the club and our sophisticated risk assessment tools, we have again reduced reinsurance spending, despite growth in volume. The main driver, however, is significantly reduced claims in the period. This can easily be within normal claims fluctuations. Yet, to some extent we believe it is a result of our continuous work on improving internal claims handling and our increased loss prevention efforts.

Investment markets were very volatile during the first half of 2006. Despite this volatility, all asset classes contributed positively, with Commodities (+8.3%) and Hedge funds (+3.6%) as the star performers. Overall, the net financial income shows a profit of USD 8.4 million for the period.

With a contribution of USD 11.3 million from the technical account and USD 8.4 million from the non-technical account, free reserves increased by USD 19.7 million at the end of the second quarter. This takes free reserves to a record high USD 170.4 million, corresponding to approximately USD 5.1 per gross mutual tonnage. This reconfirms Skuld as one of the strongest clubs in the International Group.

During the third quarter, new offices will be opened in Singapore and Moscow. Skuld School will be held for the 12th time, with approximately 100 participants from more than 25 countries. In parallel, focus on the recently announced process of amalgamating Skuld with The Swedish Club will continue.

DOUGLAS JACOBSON
President and Chief Executive Officer

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT AS OF 20/8 (MUSD)	2006	2005
TECHNICAL ACCOUNT		
Premiums and calls	81.0	73.1
Reinsurance premiums	-9.3	-9.4
Premiums for own account	71.7	63.7
Claims incurred for own account	-48.4	-57.2
Acquisition costs	-8.2	-7.4
Administrative expenses	-3.8	-3.8
Net operating expenses	-12.0	-11.2
Technical result	11.3	-4.6
NON TECHNICAL ACCOUNT		
Balance from technical account	11.3	-4.6
Net investment income	8.4	9.9
Taxes	0.0	-0.1
Balance carried to contingency reserves	19.7	5.2

Financial summary

BALANCE SHEET AS OF 20/8 (MUSD)	2006	2005
ASSETS		
Financial investments	403.2	350.6
Debtors	14.5	14.1
Other assets	40.1	43.0
Prepayment and accrued income	0.5	0.4
Total assets	458.2	408.2
LIABILITIES		
Provision for outstanding claims for own account	244.3	252.8
Contingency reserve	170.4	118.3
Technical provision for own account	414.7	371.0
Provisions for other liabilities	9.0	4.1
Creditors	1.1	3.1
Accruals and deferred income	33.5	29.9
Total liabilities	458.2	408.2

In the P&L, direct claims cost and a relevant portion of overhead expenses are allocated to claims-, acquisition- and investment expenses respectively.

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