

SKULD



**THE NEW
GENERATION**



P&I CLUB

Half Year Report 2007

STABILITY

Skuld has for several years focused on, and achieved, a positive technical result. The current unrest in the financial markets triggered by the collapse in parts of the US Sub Prime mortgage market has underlined the importance of a balanced technical result.

For the first half of 2007, we are proud to once again report a positive technical result as well as a positive bottom line. The technical result of USD 3.3 million is USD 8 million lower than compared to Q2 2006. The difference is mainly due to a larger number of medium sized claims. The overall result is a surplus of USD 5.5 million, lifting the contingency reserves to USD 197.7 million.

To date the claims from our pool partners in 2007 are in accordance with our expectations. The 2006 pool claims are, however, continuing to deteriorate. Based on previous experience, the ultimate cost will continue to grow for several years. We have therefore increased our estimate of Skuld's share by USD 2 million, corresponding

to a total net pool cost of USD 555 million for the International Group.

Compared to the second quarter of 2006, the association is happy to announce further membership growth. Total mutual Gross Tonnage now stands at 38.4 million GT and premium income is up by 14%. The more dynamic charterers' volume is exceeding 2006.

For many years the club has held a somewhat conservative investment portfolio. Although the risk appetite has increased with the growing financial solidity of the club, the portfolio is still among the less volatile in the International Group. Despite the market turmoil, the association's investments produced a USD 2.2 million net return during the first two quarters. It is below our expectations, but again proves the value of diversification. As can be seen from the graph below, equities have suffered the most, while all the other asset classes have produced positive results.



Douglas Jacobsohn
President and Chief Executive Officer

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNTS AS OF 20.08.07 (MUSD) 2007 2006

TECHNICAL ACCOUNT

Premium and calls	92.0	81.0
Reinsurance premiums	-8.8	-9.3
Premiums for own account	83.3	71.7
Claims incurred for own account	-67.0	-48.4
Acquisition costs	-8.9	-8.2
Administrative expenses	-4.1	-3.8
Net operating expenses	-13.0	-12.0
Technical result	3.3	11.3

NON TECHNICAL ACCOUNT

Balance from technical account	3.3	11.3
Net investment income	2.2	8.4
Taxes	0.0	0.0
Balance carried to contingency reserves	5.5	19.7

BALANCE SHEET AS OF 20.08.07 (MUSD)

2007 2006

ASSETS

Financial investments	447.2	403.2
Debtors	17.9	14.5
Other assets	53.9	40.1
Prepayment and accrued income	-1.8	0.5
Total assets	517.2	458.2

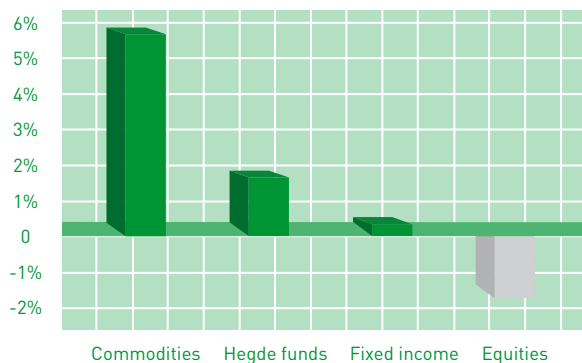
LIABILITIES

Provisions for outstanding claims for own account	277.2	244.3
Contingency reserve	197.7	170.4
Technical provisions for own account	474.9	414.7
Provisions for other liabilities	5.0	9.0
Creditors	1.7	1.1
Accruals and deferred income	35.6	33.5
Total liabilities	517.2	458.2

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

In the 2006 accounts, a seasonal adjustment of USD - 2,2 million was incorporated in the earned premium. In preparation for new accounting rules, this practice has been abandoned in 2007.

Return year-to-date (%)



Note: The Hedge funds have a cut off date at 30.07.07 and 15.08.07 respectively.

EMERGENCY PHONE: +47 952 92 200

HEAD OFFICE, OSLO:

Assuranceforeningen SKULD (Gjensidig)
Ruseløkkvn. 26, Oslo, Norway
Mailing address:
P.O. Box 1376 Vika, 0114 Oslo, Norway
Telephone: +47 22 00 22 00
Telefax: +47 22 42 42 22
E-mail: osl@skuld.com

SKULD BERGEN:

Skuld Bergen
Nedre Ole Bulls plass 3
Mailing address:
P.O. Box 75, 5803 Bergen, Norway
Telephone: +47 55 30 18 60
Telefax: +47 55 30 18 70
E-mail: bgo@skuld.com

SKULD COPENHAGEN:

Assuranceforeningen SKULD (Gjensidig)
ved Den Danske Afdeling
Frederiksborggade 15
DK-1360 Copenhagen K, Denmark
Telephone: +45 33 43 34 00
Telefax: +45 33 11 33 41
E-mail: cph@skuld.com

SKULD HAMBURG:

Skuld Germany GmbH
Neuer Wall 35
D-20354 Hamburg, Germany
Telephone: +49 40 309 9870
Telefax: +49 40 309 98716 / 98717
E-mail: germany@skuld.com

SKULD HONG KONG:

Skuld (Far East) Ltd.
Room 2909, China Resources Building
26 Harbour Road, Wanchai, Hong Kong
Telephone: +852 2836 3909
Telefax: +852 2836 3219
E-mail: hkg@skuld.com

SKULD MOSCOW:

ZAO Skuld Insurance Eastern Europe
(Skuld Russia)
Cernyshevskogo per.15
Moscow 127473, Russia
Telephone: +7 495 657 96 48
Telefax: +7 495 657 96 49
E-mail: moscow@skuld.com

SKULD PIRAEUS:

Skuld Hellas
Filellinon 1-3
GR-185 36 Piraeus, Hellas
Telephone: +30 210 459 4190-2
Telefax: +30 210 459 4194
E-mail: ath@skuld.com

SKULD SINGAPORE

Skuld Singapore Representative Office
5 Shenton Way
UIC Building #35-03
Singapore 068808
Telephone: +65 6491 1125
Telefax: +65 6323-2239
E-mail: sng@skuld.com

**EXCLUSIVE CORRESPONDENT IN
THE UNITED STATES**

Anchor Marine Claims Services Inc.
317 Madison Avenue, Suite 708
New York, N.Y. 10017, USA
Telephone: +1 212 758 9200 (24 hrs)
Telefax: +1 212 758 9935
E-mail: nyc@anchorclaims.com

www.skuld.com