

SKULD



**THE NEW
GENERATION**



P&I CLUB

Third Quarter Report 2007

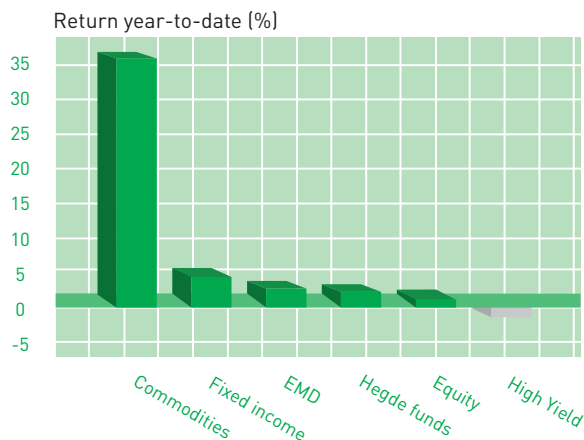
STEADY GROWTH

For the first time in over three years, the Club has produced a negative technical result. This comes as a consequence of an increase both in members' claims and a negative development of Pool claims from other clubs. With operating expenses mainly in Norwegian and Danish kroner, the weakening of the US Dollar has resulted in higher administrative expenses for the club as well. Nevertheless, the result is considered to be well within the expected fluctuations of the insurance result.

The business volume is increasing at a slow, but steady rate, and for the first time, the Association has in excess of 40 million Owners' tonnage insured (app. 3000 ships) in addition to a similar volume for Charterers.

The return on investments was USD 17.0 million or 3.8% year to date following a significant drop in November. During a period with meagre returns in the equity markets, some alternative asset classes have performed well, as illustrated by the graph on this page.

The overall result brings the Association's contingency reserves up to USD 205 million, representing over USD 5 per entered Owners' GT. This makes Skuld one of the strongest clubs in the International Group. A fact that was also supported in a recent European Solvency II exercise (QIS 3), where the result showed that although required capital increased significantly, Skuld was well within the necessary capitalisation.



Note: Some of the Hedge funds have a cut off date a few days before 20.11.07.

Douglas Jacobsohn
President and Chief Executive Officer

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNTS AS OF 20.11.07 (MUSD) **2007** **2006**

TECHNICAL ACCOUNT

Premium and calls	140.2	123.7
Reinsurance premiums	-14.8	-13.2
Premiums for own account	125.4	110.5
Claims incurred for own account	-109.2	-75.0
Acquisition costs	-14.4	-13.0
Administrative expenses	-6.6	-5.9
Net operating expenses	-21.0	-18.9
Technical result	-4.8	16.6

NON TECHNICAL ACCOUNT

Balance from technical account	-4.8	16.6
Net investment income	17.0	20.1
Taxes	0.0	0.0
Balance carried to contingency reserves	12.2	36.7

BALANCE SHEET AS OF 20.11.07 (MUSD) **2007** **2006**

ASSETS

Financial investments	460.4	358.9
Debtors	45.1	28.3
Other assets	36.0	95.2
Prepayment and accrued income	2.9	1.2
Total assets	544.4	483.7

LIABILITIES

Provisions for outstanding claims for own account	283.1	245.5
Contingency reserve	204.6	187.4
Technical provisions for own account	487.7	433.0
Provisions for other liabilities	5.5	8.9
Creditors	4.3	-0.8
Accruals and deferred income	46.8	42.5
Total liabilities	544.4	483.7

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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