





HIGHLIGHTS

- Mutual members' premium credit of 2.5% approved by Skuld's AGM
- Positive six-month result of USD 29 million
- Strong investment result

POSITIVE SIX-MONTH RESULT

The first half year of 2016 ended with a positive bottom-line result of USD 29 million compared with USD 9 million at the half year in 2015

This first half year has been challenging for some of our members who have experienced major incidents. It is when casualties happen that we really get the opportunity to show our strength and competence, and I am proud to report that our professional and experienced claims team delivers when it matters. The positive feedback received from members and clients around the globe on our service and responsiveness confirms the strength of the Skuld team. Some of these cases have been handled around the clock with co-ordination between our offices in Asia, Europe and the US.

A strong bottom-line result of USD 29 million (compared with USD 9 million at the half year in 2015) contributes to a record high contingency reserve of USD 379 million. The main contributor is our investment portfolio with net investment income of USD 34 million driven by strong equity markets and declining interest rates. Our technical result stands at negative USD 5 million and a corresponding combined ratio of 103% at the half year, highly affected by two large claims, shared among the members of the International Group.

Skuld continues its focus on sustainable growth for both our P&I business and our commercial operations. We continue to add volume from our existing members while attracting new and high-quality members and clients. The mutual gross tonnage covered by Skuld stands at 85 million. The selection of risks and preserving a high-quality members and clients base is of high importance to Skuld and will remain our main focus when we enter the renewal process this autumn.

Skuld's diversification strategy stays firm and has been an important contributor to our success. For our mutual members

we will, as announced in 2015, show our commitment to them by offering a mutual premium credit of 2.5 % on the individual members' premium for the policy year 2015/2016. The credit, now approved by Skuld's Annual General Meeting (AGM), will be deducted on the November premium instalment. We are pleased to give something back to our mutual membership based on a strong financial performance on our commercial activities last year. Skuld remains in good health as reaffirmed with our 'A' (stable outlook) by Standard and Poor's.

We continue to strengthen the Skuld team with further competence. As previously announced, we have appointed Paul Fry as our deputy active underwriter and class underwriter for hull at our Lloyd's syndicate Skuld 1897 and John Howe in a business development role with responsibility for further developing Skuld's P&I portfolio in London. The acquisition of SMA/Gerling Norway headed by Tron Nummedal is moving forward as planned and will commence underwriting on Skuld paper from 1 January 2017.

I remain excited about a future where we continue to work with and for our members and clients, offering service and competence they can rely on.

STÅLE HANSEN
President and CEO

KEY FIGURES

CONSOLIDATED INCOME STATEMENT AS AT 20 AUGUST

MUSD	2016 (6 MONTHS)	2015 (6 MONTHS)
TECHNICAL ACCOUNT		
Premiums and calls	195.6	207.2
Reinsurance premiums	-29.8	-31.8
Premiums for own account	165.8	175.4
Claims incurred for own account	-124.4	-121.0
Acquisition costs	-36.7	-35.8
Administrative expenses	-10.1	-8.7
Net operating expenses	-46.8	-44.5
Balance carried to non-technical account	-5.4	9.9
NON TECHNICAL ACCOUNT		
Balance from technical account	-5.4	9.9
Net investment income	34.8	-0.8
Taxes	0.0	-0.1
Balance carried to contingency reserve	29.4	9.0

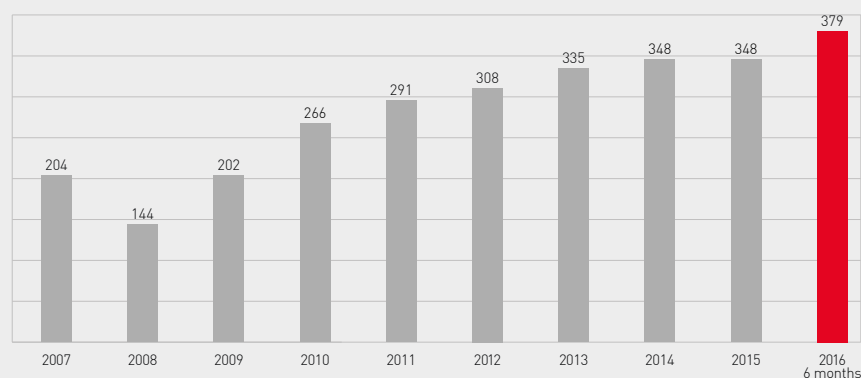
BALANCE SHEET AS AT 20 AUGUST

MUSD	2016 (6 MONTHS)	2015 (6 MONTHS)
ASSETS		
Financial investments	747.6	709.6
Debtors	128.1	104.9
Other assets	196.1	191.7
Prepayment and accrued income	46.8	27.4
Total assets	1,118.6	1,033.5
LIABILITIES		
Provision for outstanding claims for own account	527.7	502.6
Contingency reserve	378.8	342.8
Technical provisions for own account	906.6	845.3
Provisions for other liabilities	16.0	15.5
Creditors	21.0	18.0
Accruals and deferred income	175.1	154.6
Total liabilities	1,118.6	1,033.5

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

CONTINGENCY RESERVE

USD mill.



* Contingency reserves for 2014 have been restated to recognise an actuarial loss of USD 12 mill.