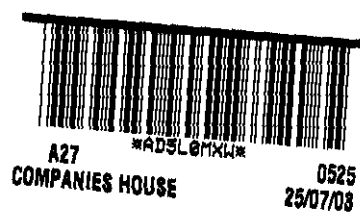


**TRYG-BALTICA INSURANCE
MANAGEMENT LIMITED**

Report and Financial Statements

31 December 2002



TRYG-BALTICA INSURANCE MANAGEMENT LIMITED

DIRECTORS' REPORT

The directors have pleasure in submitting their annual report together with the audited financial statements for the financial year ended 31 December 2002

ACTIVITIES

During the year the company underwrote general insurance, including marine, aviation and non-marine business, on behalf of Tryg-Baltica International (UK) Limited, its parent company. It also managed the UK branches of Colonia Versicherung Aktiengesellschaft, Abeille Assurances, Societa Reale Mutua di Assicurazioni and Nordstern Allgemeine Versicherungs-Aktiengesellschaft, which were all in run-off. Functions carried out on behalf of the managed companies include underwriting, reinsurance, claim and loss settlement, accounting and collection of premiums and the administration of these functions. Results of the underwriting carried out on behalf of the managed companies are subject to review by the Board of Directors of both this company and the managed companies.

FUTURE PROSPECTS

The company intends to continue trading for the foreseeable future.

DIRECTORS

The directors in office throughout the year were as follows:

P J Iversen	(Chairman and Managing Director)
S M Hextall	
K R Potter	(Resigned 28 February 2002)

None of the directors had any interests in the shares of the company or any other group company requiring disclosure under the Companies Act 1985.

RESULTS AND DIVIDENDS

The results for the year are as set out in the profit and loss account detailed on page 4. The directors do not recommend the payment of a dividend in respect of the year ended 31 December 2002 (2001 – £nil).

ELECTIVE RESOLUTIONS

The company has dispensed, for an indefinite period, with the holding of Annual General Meetings and, in addition, with the obligation to appoint auditors annually.

Approved by the Board of Directors and signed on behalf of the Board



SM Hextall
Secretary
1 April 2003

TRYG-BALTICA INSURANCE MANAGEMENT LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

TRYG-BALTICA INSURANCE MANAGEMENT LIMITED

INDEPENDENT AUDITORS' REPORT

To the members of Tryg-Baltica Insurance Management Limited

We have audited the financial statements of Tryg-Baltica Insurance Management Limited for the year ended 31 December 2002 which comprise the profit and loss account, the balance sheet and the related notes 1 to 9. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2002 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche
Chartered Accountants and Registered Auditors
London

1 April 2003

TRYG-BALTICA INSURANCE MANAGEMENT LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 December 2002

	Note	2002 £	2001 £
TURNOVER	1	3,195,237	2,806,718
Administrative Expenses	3	<u>(3,195,237)</u>	<u>(2,806,718)</u>
Result for the financial year	2	<u>-</u>	<u>-</u>

The company has no recognised gains or losses or movements in shareholders' funds other than those included in the profit and loss account above for the current and preceding year. Therefore, a statement of total recognised gains and losses and a reconciliation of movements in shareholders' funds has not been prepared. All the operations of the company are continuing.

TRYG-BALTICA INSURANCE MANAGEMENT LIMITED

BALANCE SHEET **31 December 2002**

	Note	2002 £	2001 £
CURRENT ASSETS			
Debtors – amounts falling due within one year	5	5,000	44,379
		<u>5,000</u>	<u>44,379</u>
 Creditors - amounts falling due within one year	 6	 -	 (39,379)
		<u>5,000</u>	<u>5,000</u>
NET CURRENT ASSETS			
		<u>5,000</u>	<u>5,000</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>5,000</u>	<u>5,000</u>
		<u><u>5,000</u></u>	<u><u>5,000</u></u>
 CAPITAL AND RESERVES			
Called up share capital	7	5,000	5,000
		<u>5,000</u>	<u>5,000</u>
EQUITY SHAREHOLDERS' FUNDS			
		<u>5,000</u>	<u>5,000</u>
		<u><u>5,000</u></u>	<u><u>5,000</u></u>

The financial statements on pages 4 to 8 were approved by the Board of Directors on 1 April 2003.

Signed on behalf of the Board of Directors



PJ Iversen
Director

TRYG-BALTICA INSURANCE MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2002

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements are prepared in accordance with applicable United Kingdom accounting standards and under the historical cost convention.

The company acts as agent for the company and branches it manages and carries out insurance underwriting functions on their behalf. As part of these services, the company collects premiums, pays claims and expenses and also holds cash on behalf of its managed companies. The resulting transactions and assets and liabilities are not included in these accounts.

Turnover

Turnover represents the re-charge by the company of expenses incurred in the year to the company and branches under its management.

Deferred taxation

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current law and practice. Timing differences arise from the inclusion of items of income and expenditure in taxation computation periods different from those in which they are included in financial statements. Deferred taxation assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Related parties

Advantage has been taken of the exemption in Financial Reporting Standard 8 allowing non-disclosure of transactions between entities, 90% or more of whose voting rights are controlled within the Tryg-Baltica International (UK) Limited group of companies.

Pension costs

The company operates retirement benefit arrangements covering certain employees who are eligible and have opted for membership. The schemes are money purchase arrangements funded externally with appropriate contributions paid to the appropriate pension fund managers. The charge for pensions is as shown in note 3 and there were no outstanding contributions at the balance sheet date.

2. RESULT OF ORDINARY ACTIVITIES

Auditors' remuneration is borne by the parent company.

TRYG-BALTICA INSURANCE MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

3. STAFF COSTS

The average number of persons employed by the company, including executive directors, is as follows:

	2002	2001
	No.	No.
Management	2	3
Underwriting	25	23
Claims	11	8
Administration	25	21
	<u>63</u>	<u>55</u>

The aggregate staff costs of these persons were:

	2002	2001
	£	£
Salaries	2,544,000	2,306,000
Social security costs	343,000	265,655
Other pension costs	272,000	235,063
	<u>3,159,000</u>	<u>2,806,718</u>

4. DIRECTORS' REMUNERATION

	2002	2001
	£	£
Emoluments	216,000	264,000
Compensation for loss of office	154,000	-
Aggregate value of money purchase pension scheme contributions	65,000	49,000
	<u>435,000</u>	<u>313,000</u>
Number of directors who:	No.	No.
Are members of a money purchase pension scheme	2	2
	<u>2</u>	<u>2</u>
	2002	2001
	£	£
Highest paid director's remuneration:		
Emoluments	139,000	135,000
Aggregate value of money purchase pension scheme contributions	26,000	25,000
	<u>165,000</u>	<u>160,000</u>

TRYG-BALTICA INSURANCE MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS **Year ended 31 December 2002**

5. DEBTORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002 £	2001 £
Amounts owed by managed companies	-	36,239
Other debtors	5,000	7,853
Corporation tax recoverable	-	287
	<u>5,000</u>	<u>44,379</u>

6. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002 £	2001 £
Amounts owed to managed companies	-	39,379
	<u>-</u>	<u>39,379</u>

7. CALLED UP SHARE CAPITAL

	2002 £	2001 £
Authorised, called up, allotted and fully paid:		
5,000 ordinary shares of £1 each	5,000	5,000
	<u>5,000</u>	<u>5,000</u>

8. TAXATION

There is no taxation charge in the current or preceding financial year.

9. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The ultimate parent undertaking of the company and the largest group in which the results of the company are included and for which group accounts are prepared is Tryg-Vesta Group, a company incorporated in Denmark. Copies of its accounts can be obtained from Klausdalsbrovej 601, DK-2750 Ballerup, Denmark.

The company is wholly owned and controlled by its immediate parent undertaking, Tryg-Baltica International (UK) Limited which is the parent of the smallest group for which group accounts are prepared of which the company is a member and is incorporated in Great Britain. Copies of its accounts can be obtained from 69-70 Mark Lane, London EC3R 7HJ.

Tryg-Baltica International (UK) Limited is a 100% subsidiary of Tryg-Baltica Forsikring, Internationalt Forsikringsselskab A/S which is incorporated in Denmark. Copies of their accounts can be obtained from Klausdalsbrovej 601, DK-2750 Ballerup, Denmark.