

ANNUAL REPORT AND ACCOUNTS

2003

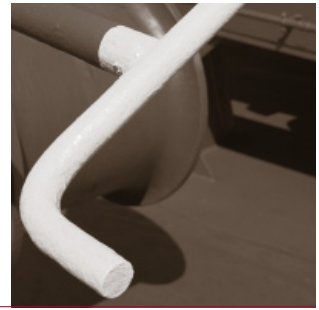


MARINE SHIPPING MUTUAL INSURANCE COMPANY



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NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the THIRTY-FIRST ANNUAL GENERAL MEETING of the Members of the Company will be held at the Royal Automobile Club, 89 Pall Mall, LONDON, SW1Y 5HS, on Thursday 6 November 2003, at 10:30 hours when the following ordinary business will be transacted:

1. To receive and consider the reports of the Directors and the Auditors together with the Financial Statements for the year ended 30 June 2003.
2. To elect Directors.
3. To fix the Directors' remuneration.
4. To re-appoint Deloitte & Touche LLP as Auditors and to authorise the Directors to fix their remuneration.
5. Any other business which may be transacted at the Annual General Meeting.

Form of proxy is enclosed.

By order of the Board

AA WILSON

Company Secretary

7 October 2003

DIRECTORS AND OFFICERS

DIRECTORS

M-K Reith (Chairman) ◇
IAJ Clark (Vice-Chairman) ◇
MJ Bibby (appointed 9 May 2003)
JAF Cowderoy*
JP Crichton (Joint Managing Director) ◇
RC Eccleston (Joint Managing Director) ◇
D Ellis*
SB Goodacre
PJF Henderson
AM Lynch* (appointed 7 November 2002)
G Mouskas (appointed 28 February 2003)
MG Parker*
I Sigurpálsson
J Wilkinson (appointed 28 February 2003)

* Member of the Audit Committee

◇ Member of the Executive Committee

Orion Schiffahrtsgesellschaft Reith & Co
Grindrod Limited
Bibby Harrison Management Services Limited
Harrisons (Clyde) Limited

Graig Ship Management Limited
Time & Tide Shipping Limited
The Denholm Shipping Company Limited
Caledonian MacBrayne Limited
Zela Shipping Company Limited
Andrew Weir Shipping Limited
Eimskip
RMC Marine Limited

MANAGEMENT

North Insurance Management Limited

COMPANY SECRETARY

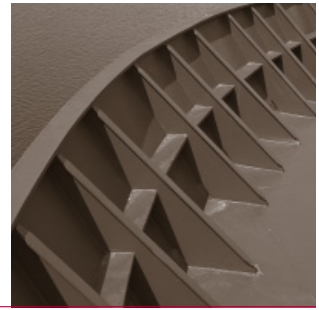
AA Wilson

AUDITORS

Deloitte & Touche LLP
Gainsborough House
34-40 Grey Street
Newcastle upon Tyne NE1 6AE

BANKERS

Barclays Bank Plc
71 Grey Street
Newcastle upon Tyne NE99 1JP



REPORT OF THE DIRECTORS

The Directors present their Report in respect of the financial year ended 30 June 2003 and submit to the Members the audited financial statements covering that period.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the Directors to prepare financial statements for each financial year which show a true and fair view of the state of affairs of the Company and of the surplus or deficit 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 company law and 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 maintaining 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 safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

ACTIVITIES

The Company's activities and operations continue to be the provision of marine insurance facilities for its Members' vessels on the mutual principle. Handling of claims and the enforcement of Members' rights against

the owners of other ships or property are part of the Company's day to day service to Members.

MEMBERSHIP

At the 1 July 2003 renewal, the entered tonnage stood at 4.7 million GT.

REINSURANCE

The Company renewed its existing reinsurance arrangements largely in the European and Bermudian professional reinsurance markets with a small placing in the London market.

The Quota Share reinsurance programme led by Partner Re remains in place and the Company's 20% retention is reinsured on an excess of loss basis with the Munich Re.

The Directors believe the reinsurance programme is comprehensive, secure and efficient in operation.

FINANCIAL STATEMENTS

Reserves increased by US\$2.7 million leaving overall reserves at US\$19.2 million. Funds under management produced a return of 8.61% compared to a benchmark performance of 8.24%. The benchmark is an amalgam calculated by applying the following weightings, all expressed in US Dollar terms:

- 53.5% SSB US Government Bond Market Performance index;
- 24.0% SSB UK Government Bond Market Performance index; and
- 22.5% MSCI World index.

This reflects the Company's investment strategy.

DIRECTORS

The Directors at the date of this report are as shown on page 3. Since the date of the last report, Mr MAW Hendry resigned on 9 May 2003 and Mr RH Samuel resigned on 7 November 2002.

In accordance with Article 7, M-K Reith retires by rotation, and in accordance with Article 6, Sir MJ Bibby and Messrs AM Lynch, G Mouskas and J Wilkinson, having been appointed during the year, also retire and, all being eligible, offer themselves for re-election.

DIRECTORS' MEETINGS

The Directors met on three occasions during the year and considered various reports from the Management regarding the Membership of the Company, the financial position and loss prevention issues and received reports from the Audit Committee.

AUDITORS

On 1 August 2003, Deloitte & Touche, the Company's auditors, transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003 under the provisions of section 26(5) of the Companies Act 1989. A resolution to re-appoint Deloitte & Touche LLP as the Company's auditor will be proposed at the forthcoming Annual General Meeting.

M-K REITH

Chairman

26 September 2003



INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MARINE SHIPPING MUTUAL INSURANCE COMPANY LIMITED

We have audited the financial statements of Marine Shipping Mutual Insurance Company Limited for the year ended 30 June 2003 which comprise the income and expenditure account, the balance sheet, the cash flow statement, and the related notes numbered 1 to 13. 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

The Directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' responsibilities. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom 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 to you 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 and the Policy Year Statement and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

BASIS OF 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 30 June 2003 and of its surplus for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

Newcastle Upon Tyne

26 September 2003

INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2003

	Notes	Continuing Operations and Total 2003		Continuing Operations and Total 2002 (as restated Note 1)	
		US\$ 000's	US\$ 000's	US\$ 000's	US\$ 000's
Technical account					
Earned premiums, net of reinsurance					
Gross premiums written			24,848		16,388
Outward reinsurance premiums			(17,639)		(12,114)
			<u>7,209</u>		<u>4,274</u>
Allocated investment return transferred from the non-technical account			1,258		(79)
Gains on exchange			640		666
Total technical income			<u>9,107</u>		<u>4,861</u>
Claims paid					
Gross amount		14,169		7,313	
Reinsurers' share		(11,147)		(5,476)	
			<u>3,022</u>	<u></u>	<u>1,837</u>
Change in the provision for claims					
Gross amount		3,210		3,866	
Reinsurers' share		(2,202)		(3,185)	
			<u>1,008</u>	<u></u>	<u>681</u>
Claims incurred, net of reinsurance			4,030		2,518
Net operating expenses	4		2,531		1,612
Total expenditure			<u>6,561</u>		<u>4,130</u>
Balance on the technical account for general business			<u>2,546</u>		<u>731</u>
Non-technical account					
Balance on the general business technical account			2,546		731
Investment income	6	1,361		(772)	
Unrealised gains on investments		6		782	
Investment expenses and charges		(109)		(89)	
			<u>1,258</u>	<u></u>	<u>(79)</u>
Allocated investment return transferred to the technical account			(1,258)		79
Surplus on ordinary activities before tax			2,546		731
Tax on ordinary activities	7		135		(608)
Surplus for the financial year			<u>2,681</u>		<u>123</u>
Reserves brought forward			16,567		16,444
Reserves carried forward			<u>19,248</u>		<u>16,567</u>

There were no gains or losses other than those shown in the Income and Expenditure account.
The notes on pages 10 to 15 form part of these financial statements.



BALANCE SHEET

AT 30 JUNE 2003

	Notes	2003		2002	
		US\$ 000's	US\$ 000's	US\$ 000's	US\$ 000's
Assets					
Investments					
Financial investments	8		25,663		24,452
Reinsurers' share of technical provisions					
Claims outstanding			19,849		17,647
Debtors					
Debtors arising out of direct insurance operations		63		15	
Debtors arising out of reinsurance operations		1,806		1,204	
Other debtors		24		162	
			1,893		1,381
Other assets					
Cash at bank and in hand			2,695		728
Prepayments and accrued income	9		342		282
Total assets			50,442		44,490
Liabilities					
Reserves					
Income and Expenditure account			19,248		16,567
Technical provisions					
Claims outstanding			26,747		23,537
Creditors					
Creditors arising out of direct insurance operations		170		52	
Creditors arising out of reinsurance operations		3,800		3,682	
Provision for taxation	7	341		445	
Other creditors	10	18		117	
			4,329		4,296
Accruals and deferred income			118		90
Total liabilities			50,442		44,490

These financial statements were approved by the Board on 26 September 2003.

M-K Reith
Chairman

RC Eccleston
Joint Managing Director

AA Wilson
Company Secretary

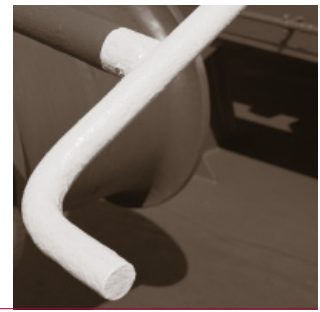
The notes on pages 10 to 15 form part of these financial statements

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2003

	Notes	2003 US\$ 000's	2002 US\$ 000's
Net cash inflow from operating activities	13	2,334	3,946
Corporation tax paid		<u>-</u>	<u>(617)</u>
		<u>2,334</u>	<u>3,329</u>
Cash flows were invested as follows:			
Increase/(Decrease) in cash holding		2,072	(269)
Net portfolio investment			
Cash placed on deposit		70	334
Bonds and securities		(1,098)	1,400
Equities		<u>1,290</u>	<u>1,864</u>
Net investment of cash flows		<u>2,334</u>	<u>3,329</u>

The notes on pages 10 to 15 form part of these financial statements.



NOTES ON THE ACCOUNTS

1. ACCOUNTING POLICIES

Preparation of accounts

These accounts have been prepared in accordance with Section 255 and Schedule 9A to the Companies Act 1985.

The Company has adopted all material recommendations of the Statement of Recommended Practice on Accounting for Insurance Business issued in December 1998 by the Association of British Insurers.

The accounts have also been prepared in accordance with applicable accounting standards and under the historical cost accounting rules, modified to include the revaluation of investments.

Change in accounting policy

The company has reviewed its accounting policies following the issue of FRS 18 "Accounting Policies". Indirect claims handling costs settled in the year are now included within claims paid. Previously, indirect claim handling costs settled in the year were included in operating expenses within the management charge payable to The North of England Protecting and Indemnity Association Limited. Comparative amounts have been restated. The effect of this change in accounting policy is to increase claims incurred and reduce operating expenses by \$750,000 (2002 - \$641,000) with no net change to total expenditure or surplus for the year.

Gross premiums written

Calls, net of laid up returns, are credited to the income and expenditure account in the year to which they relate.

Reinsurance premiums

Reinsurance premiums, less returns, are debited to the income and expenditure account in the financial year to which they relate, together with a provision for the future costs of existing reinsurance policies.

Claims and related expenses

Claims are charged to the income and expenditure account on an incurred basis and include claim payments and direct and indirect claims handling costs net of salvage and subrogation recoveries.

Provision is made for outstanding claims based on the Company's best estimate of the ultimate likely cost of claims notified but not paid at the balance sheet date. Provision is also made for claims incurred but not reported (IBNRs) based on statistical methods. Both the individual estimates and the IBNR methodology are reviewed on a regular basis. Although based on information currently available, the ultimate liability of the claims provisions may, as a result of subsequent information and events, prove to be less than or in excess of the amount provided.

Provision for the cost of claims handling is included within the IBNRs.

Reinsurance recoveries

Reinsurance recoveries are accrued to match relevant claims.

Investment income

Investment income is recognised on a receivable basis. Variances in unrealised gains and losses are included in the income and expenditure account in the period in which they arise. Investment income is allocated in full to the technical account to reflect the mutual status of the Company.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

NOTES ON THE ACCOUNTS

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Investments

Investments are stated at the current value in the balance sheet, this being the mid-market value on the balance sheet date.

Foreign Currencies

Foreign currency assets and liabilities are translated into US Dollars at the rates of exchange ruling at the balance sheet date. Income and expenditure items are translated at a monthly average rate of exchange.

The rates of exchange ruling at the balance sheet date and used within these accounts were as follows:

	2003	2002
United Kingdom	£ 0.6060=US\$1	(£ 0.6560)
Euros	€0.8709=US\$1	(€1.0126)

2. ANALYSIS OF PREMIUMS, SURPLUS BEFORE TAXATION AND NET ASSETS

The Directors of the Company have taken advantage of the exemption from disclosure which is available within SSAP 25. Disclosure of the geographical analysis of gross premium income, surplus before taxation and net assets has therefore not been provided. The Directors consider that disclosure of this information would be prejudicial to the interests of the Company.

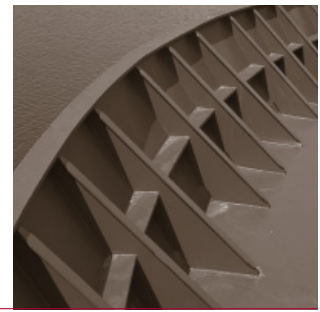
All gross premiums result from contracts concluded by the Company within the United Kingdom and arise from direct marine business.

3. PRIOR YEARS' CLAIMS PROVISIONS

Over provisions for claims at the beginning of the year compared to payments and provisions at the end of the year in respect of prior years' claims are as follows:

	2003	2002
	US\$	US\$
	000's	000's
Over-provision for direct business	535	1,123

Claims are subject to prolonged delay both as to notification and settlement. Accordingly, quantification of outstanding claims is based on experience and judgement and the ultimate cost thereof cannot be ascertained with any degree of certainty at the date of the Balance Sheet. Full account is made in the financial statements of the estimated cost of all claims notified, together with a projection of the cost of claims incurred but not reported at the balance sheet date.



NOTES ON THE ACCOUNTS

4. NET OPERATING EXPENSES

	2003 US\$ 000's	2002 US\$ (as restated Note 1) 000's
Brokerage	<u>1,623</u>	<u>882</u>
Acquisition costs	<u>375</u>	<u>321</u>
Administrative expenses		
Gross management charge	1,251	1,069
Less claims handling costs	(750)	(641)
Less acquisition costs	<u>(375)</u>	<u>(321)</u>
Net management charge	126	107
Directors' remuneration (see Note 5)	46	40
Auditors' remuneration	38	27
General expenses	<u>323</u>	<u>235</u>
	<u>533</u>	<u>409</u>
Net operating expenses	<u>2,531</u>	<u>1,612</u>

The management charge is payable to North Insurance Management Limited in respect of the provision of management services.

Amounts paid to Deloitte & Touche in respect of non-audit services were US\$5,073 (2002-US\$nil). Amounts paid to Arthur Andersen by the Company, while they were auditors of the Company, in respect of non-audit services were US\$nil (2002 - US\$8,769).

The Company does not have any employees.

5. DIRECTORS' EMOLUMENTS

The remuneration of the Directors was as follows:

	2003 US\$ 000's	2002 US\$ 000's
Fees paid	<u>46</u>	<u>40</u>

6. INVESTMENT INCOME

	2003 US\$ 000's	2002 US\$ 000's
Income from listed investments	1,076	1,071
Bank and other interest receivable	33	59
Realised gains	<u>252</u>	<u>(1,902)</u>
	<u>1,361</u>	<u>(772)</u>

NOTES ON THE ACCOUNTS

7. TAXATION

	2003 US\$ 000's	2002 US\$ 000's
Income & Expenditure Account		
Current tax on investment income at 30%	328	420
Adjustment in respect of prior year Corporation Tax	(463)	(251)
Total current tax	(135)	169
Deferred taxation	-	439
	<u>(135)</u>	<u>608</u>
Balance Sheet		
Corporation Tax liability	<u>341</u>	<u>445</u>

Corporation tax is charged on investment income. The mutual activities of the Company are not subject to corporation tax.

The difference between the current tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to investment income is as follows:

	2003 US\$ 000's	2002 US\$ 000's
Allocated investment return transferred to the technical account	1,258	(79)
Tax on the above at standard UK corporation tax rate of 30%	377	(24)
Non-taxable items	(3)	(5)
Double taxation relief	(16)	(10)
Equity losses not utilised	-	638
Unrealised gains not subjected to tax	-	(155)
Adjustment in respect of prior year	(463)	(251)
Marginal relief differences	(32)	-
Foreign exchange and other items	2	(24)
	<u>(135)</u>	<u>169</u>

The following is a summary of the Company's deferred tax assets:

	Provided		Unprovided	
	2003 US\$ 000's	2002 US\$ 000's	2003 US\$ 000's	2002 US\$ 000's
Realised equity losses	-	-	456	678
Unrealised equity (gains)/losses	-	-	(4)	322
	<u>-</u>	<u>-</u>	<u>452</u>	<u>1,000</u>

In 2002 and 2003 the deferred tax asset had not been provided by the Directors due to continued uncertainty in the equity markets.



NOTES ON THE ACCOUNTS

8. FINANCIAL INVESTMENTS

A policy of holding high quality, low risk marketable investments which provide a necessary spread of currencies has been adopted in consultation with the merchant bank Joh. Berenberg, Gossler & Co, who were appointed as the Company's investment managers on 1 June 2000. The investments principally consist of listed fixed interest and government securities and equities.

	2003 US\$ 000's	2002 US\$ 000's
Market value		
Shares and other variable-yield securities	6,061	5,081
Fixed income securities	18,342	18,176
Unrealised gain on forward exchange contracts	-	5
Deposits with credit institutions	1,260	1,190
	<u>25,663</u>	<u>24,452</u>
Cost		
Shares and other variable-yield securities	6,303	5,995
Fixed income securities	18,050	17,223
Deposits with credit institutions	1,260	1,190
	<u>25,613</u>	<u>24,408</u>

9. PREPAYMENTS AND ACCRUED INCOME

	2003 US\$ 000's	2002 US\$ 000's
Accrued interest	340	279
Other prepayments and accrued income	2	3
	<u>342</u>	<u>282</u>

10. OTHER CREDITORS

	2003 US\$ 000's	2002 US\$ 000's
Bank overdraft	12	117
Other creditors	6	-
	<u>18</u>	<u>117</u>

11. RELATED PARTY DISCLOSURE

Financial Reporting Standard 8 requires disclosure of material transactions with related parties. As all mutual members of the Company act as insurer whilst also being an insured, they are, in effect, related parties. No single transaction is of such materiality to require separate disclosure.

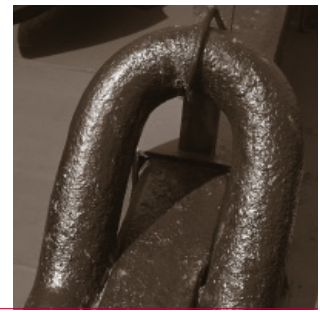
NOTES ON THE ACCOUNTS

12. STATUS

The Company is a non profit making mutual organisation limited by guarantee, and has no share capital.

13. CASH FLOW STATEMENT

Reconciliation of surplus for the financial year to net cash inflow from operating activities			2003	2002
			US\$	US\$
			000's	000's
Surplus on ordinary activities before tax			2,546	731
(Gain)/Loss on sale of investments			(252)	1,902
Unrealised gains on investments			(6)	(782)
Translation adjustment on investments			(660)	(413)
Increase in net outstanding claims			1,008	681
(Increase)/Decrease in debtors			(572)	497
Increase in creditors			270	1,330
Net cash inflow from operating activities			<u>2,334</u>	<u>3,946</u>
Portfolio investments				
Cash placed on deposit			(70)	(334)
Purchase of bonds and securities			(21,011)	(4,917)
Sale of bonds and securities			22,109	3,517
Purchase of equities			(6,259)	(7,745)
Sale of equities			4,969	5,881
			<u>(262)</u>	<u>(3,598)</u>
Movement in cash and portfolio investments				
	At 30 June	Cash	Changes to	At 30 June
	2002	flows	market value	2003
	US\$000's	US\$000's	and currencies	US\$000's
			US\$000's	
Cash at bank and in hand	728	1,967	-	2,695
Overdrafts	(117)	105	-	(12)
	<u>611</u>	<u>2,072</u>	<u>-</u>	<u>2,683</u>
Deposits	1,190	70	-	1,260
Bonds and securities	18,176	(1,098)	1,264	18,342
Equities	5,081	1,290	(310)	6,061
	<u>25,058</u>	<u>2,334</u>	<u>954</u>	<u>28,346</u>



POLICY YEAR STATEMENT

	Closed				Claims	Unrealised	Total
	years	2000/01	2001/02	2002/03	handling	gains	
	US\$	US\$	US\$	US\$	reserve	US\$	US\$
	000's	000's	000's	000's	US\$	000's	000's
					000's		
Premiums		12,971	15,502	23,273	-	-	51,746
Refund to members		(2,500)	-	-	-	-	(2,500)
Reinsurance premiums		(8,836)	(12,503)	(17,811)	-	-	(39,150)
		1,635	2,999	5,462	-	-	10,096
Investment income		1,448	(772)	1,361	-	50	2,087
Difference on translation		(639)	666	640	-	-	667
Expenses and taxation		(1,573)	(1,417)	(2,095)	-	-	(5,085)
Net claims paid		(744)	(1,827)	(910)	-	-	(3,481)
		127	(351)	4,458	-	50	4,284
Surplus available on 1999/2000 & prior, before equity losses	21,862	-	-	-	-	-	21,862
Realised equity losses	(1,942)	-	1,942	-	-	-	-
Balance available for outstanding claims (a)	19,920	127	1,591	4,458	-	50	26,146
Outstanding claims	978	2,541	5,100	15,728	2,400	-	26,747
Reinsurance recoveries	(814)	(2,035)	(4,177)	(12,823)	-	-	(19,849)
Net outstanding claims (b)	164	506	923	2,905	2,400	-	6,898
Surplus at 30 June 2003 (a-b)	19,756	(379)	668	1,553	(2,400)	50	19,248
Surplus at 30 June 2002	19,291	(669)	(99)	-	(2,000)	44	16,567

NOTES

- The additional information consisting of this Policy Year Statement has been prepared from the accounting records of the company. While it does not form part of the statutory financial statements, it should be read in conjunction with them and the responsibilities section of the auditors' report thereon.
- Premium income is net of brokerage.
- Outstanding claims include provision for claims incurred but not reported and for claims handling expenses.
- Expenses and taxation have been allocated as follows:

	2000/01	2001/02	2002/03
	US\$	US\$	US\$
	000's	000's	000's
General and administrative expenses	1,368	1,371	1,658
Investment expenses	75	89	109
Total tax charge	381	608	(135)
Taxation adjustment in respect of prior year	(251)	(212)	463
Adjustment in respect of deferred tax	-	(439)	-
	1,573	1,417	2,095

- Future investment income has not been included in the statement and outstanding claims have not been discounted.
- Investment income, gains and losses on the sale of investments, and exchange movements is allocated to the same policy year as the financial year in which they arise.

MARINE SHIPPING
MUTUAL INSURANCE
COMPANY LIMITED

A COMPANY LIMITED BY GUARANTEE

Registered in England
Number of Company 1065393
Vat Registration no 178 1133 65

The Quayside
Newcastle upon Tyne NE1 3DU UK
Tel: +44 191 232 1346
Telex: 53634/537316
Fax: +44 191 261 0540
Email: msmi@nepia.com