

The background of the page is a light-colored map of Oman, showing its geographical features, coastlines, and internal boundaries. A prominent blue waveform, resembling a seismic or audio signal, is overlaid horizontally across the bottom third of the page. The text is centered in the upper half of the page.

EMANI 2005

Annual Report



Annual Report 2005
of the Board of Directors
and of the Statutory Auditor
to be presented at
The Annual General Meeting
on 9th June 2006

Company authorised by Royal Decrees of
20.10.1978 and 07.12.1999

To underwrite "Fire and Natural Hazards"
"Other Property Damage" and "Liability"

(Moniteur Belge 14.11.1978 - 29.12.1999 Code 0921)

Registered Office: Av. Jules Bordet, 166 - B 4

B 1140 Brussels

Belgium

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Fax. +32 (0)2 705 72 92

Financial Highlights

In euro

years ended december 31,

Statement of Earnings

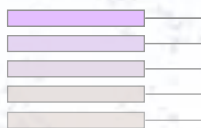
	2005	2004	2003
Net premium earned	11.980.471	16.653.614	13.350.124
Claims	-5.178.153	16.653.614	-6.124.763
Expenses	-1.746.769	-1.747.874	-1.825.545
Other income	5.912	6.337	6.725
Net investment result	5.048.264	2.567.484	2.173.423
Earnings before distribution to reserve for equalisation and catastrophies	10.109.725	-1.188.166	7.579.964

Balance Sheet

Assets	113.260.676	100.111.352	77.851.170
Liabilities	32.772.567	28.760.775	5.359.304
Guarantee fund (including reserve for equalisation and catastrophies)	80.488.109	71.350.577	72.491.866

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AGM Amsterdam 03/06/2005



Members

Advanced Nuclear Fuels Gmbh
AKEB
Belgoprocess NV
BKW FMB Energie
British Energy Plc
British Nuclear Fuels Plc
Bruce Power L.P.
CCR , Ispra
CNP
COGEMA
EDF
EPZ NV
EnBW Kraftwerke AG
E.ON Kernkraftwerk Gmbh
ESKOM Act
Eurodif Production
FBFC
FBFC International SA
Forsmarks Kraftgrupp AB
Fortum Power & Heat Oy
Gemeenschappelijk Centrum voor Onderzoek
Gemeenschappelijke Kernenergiecentrale Nederland NV
Gemeinschaftskernkraftwerk Grohnde GmbH
Gemeinschaftskraftwerk Neckar GmbH
GNS
Hamburgische Electricitäts-Werke AG
Institute for Transuranium Elements
Kernkraftwerk Gösgen-Däniken
Kernkraftwerk Leibstadt
Kernkraftwerk Lippe-Ems GmbH
Kernkraftwerk Obrigheim GmbH
Magnox Electric Ltd
NOK
OKG Aktiebolag
Paks Nuclear Power Plant Ltd
PURAM
Ringhals AB
RWE Power AG
SCK-CEN
SKB AB
Slovenske Elektrarne AS
Socatri
Studsvik AB
Sydkraft AB
Teollisuuden Voima Oy
ZWILAG



Member Representatives

Member

Representative

Substitute

Belgium

Belgoprocess NV
FBFC International SA
SCK-CEN

A. Boven
F. Goens
C. Legrain

G. Ferriot

Canada

Bruce Power L.P

D. Bishop

Finland

Fortum Power & Heat Oy
Teollisuuden Voima Oy

H. Raumolin
K. Luotonen

M. Kautonen
P. Hyvönen

France

COGEMA
EDF
Eurodif Production SA
FBFC
Socatri

Ph. Obert
J. L. Thébault
J.L. Carbonell
G. Ferriot
M. Saléra-Cordier

J.D Treillard
Y. Colleu
M. Saléra-Cordier
P.E. Michel
J.L. Carbonell

Germany

Advanced Nuclear Fuels GmbH
EnBW Kraftwerke AG
E.ON Kernkraftwerk GmbH
Gemeinschaftskernkraftwerk Grohnde GmbH
Gemeinschaftskernkraftwerk Neckar GmbH
GNS
Hamburgische Electricitäts-Werke AG
Institute for Transuranium Elements
Kernkraftwerk Lippe-Ems GmbH
Kernkraftwerk Obrigheim GmbH
RWE Power AG

R. Heskamp
C.D. Bölle
K. Greimel
K. Greimel
W. Heni
H. Näser
H.H. Fahrenkamp
J.P. Michel
J. Haaf
E. Ehrmann
J. Haaf

A. Stoll
H. Watermann
H. Watermann
C.D. Bölle
J. Böning
R. Lüdascher
J. Böning

Member Representatives

Member

Representative

Substitute

Great Britain

British Energy Plc
British Nuclear Fuels Plc
Magnox Electric Ltd

J. Jackson (30/11)
A.J. Shuttleworth
D.C. Rodliffe

K.Sinclair
D.C. Rodliffe
A.J. Shuttleworth

Hungary

Paks Nuclear Power Plant Ltd
PURAM

L. Molnar
I. Barnabas

G. Buday

Italy

CCR , Ispra

G. Carnielli

The Netherlands

EPZ NV
Gemeenschappelijke Kernenergiecentrale
Nederland NV
Gemeenschappelijke Centrum
voor Onderzoek

S.C. Ridder
J.J. Post
P. Lemaître

G.J. Mensink

Slovak Republic

Slovenske Elektrarne AS

S. Haring

South Africa

ESKOM Act

K.Darbourn

Sweden

Forsmarks Kraftgrupp AB
OKG Aktiebolag
Ringhals AB
Svensk Kärnbränslehantering AB
Studsvik AB
Sydkraft AB

B. Kockum
R. Danielsson
M.P. Ekman
B. Sundman
R. Atmer
B. Svensson

S. Ordéus
O. Fröberg
P.O. Lindberg
J. Ericsson
T. Andersson

Switzerland

AKEB
BKW FMB Energie
CNP
Kernkraftwerk Gösgen Däniken
Kernkraftwerk Leibstadt
NOK
ZWILAG

J. Marti
U. Bircher
P. Schaer
K. Rahm
T. Erb
T. Erb
T. Erb

N.Spahr
P. Enderli
P. Enderli



Board of Directors

Berndt Kockum
Chairman

Alvin J. Shuttleworth
Vice-Chairman

Claus- Dieter Bölle

Alisdair Currie
Management Committee

Nick Feldman
External Director

Klaus Greimel

John Jackson *

Danny Van Welkenhuyzen
Management Committee

Léon Vigneron
External Director

Philippe Obert

* until 11/05

Management

Danny Van Welkenhuyzen
General Manager

Alisdair Currie
Office Manager

Eric Dessey
Loss Control Manager

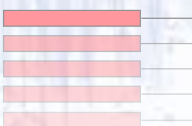
Christine Gouennou
Executive Secretary

Marleen Vercammen
Accountant

Auditors

Deloitte & Partners
Berkenlaan 8b
B 1831 Diegem

Represented by
Mr. Rik Neckebroeck
Réviseur d'Entreprise





Letter from the Chairman

Dear EMANI members,

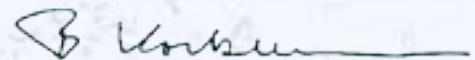
It all boils down to people helping each other. Volunteerism represents untold hours of time that are given without payment. And that brings me to EMANI , its Board Members and Members Representatives. We truly owe a great debt to those representatives of our Insured Members for their ongoing contributions to the work of the standing committees and the Board.

Last year, I drew attention to the modified reinsurance structure and the aim of the increasing our Guarantee Fund in order to become “ *Stronger for longer*”. It is, therefore, with great pleasure that I can announce the good results for 2005 as well as good prospects for new membership in the near future.

In comparing the Administrative Expense to the Gross Earned Premium, we continue to operate at what we believe is an extremely efficient factor.

Continuous learning is part of our culture and development. Our staff are continuously learning and growing in expertise and are also developing further as a dedicated service team for the Members.

I would like to thank our Staff and our Members for their continued loyalty to EMANI during 2005.



Berndt Kockum
Chairman of the Board



Description of activities

EMANI is a mutual insurance association which offers cover for certain insurance risks relating to nuclear power stations and other companies in the nuclear industry. The present members of EMANI include nuclear facilities in Belgium, Canada, Finland, France, Germany, Hungary, Italy, The Netherlands, The Slovak Republic, South Africa, Sweden, Switzerland and United Kingdom.

The capacity provided by EMANI is independent of that provided by the various nuclear pools.

The main benefits to members of EMANI include:

Additional or alternative insurance capacity for material damage, business interruption, and nuclear liability risks.

Potential for contribution savings.

Potential for distribution of guarantee fund.

Loss control and engineering evaluations.

Information exchange and data centre for nuclear insurance matters.

Underwriting & Claims Handling

EMANI's current portfolio is principally based on property damage cover and the proportion of nuclear liability risks insured by the Association continues to decrease following the creation of ELINI.

Whether EMANI is acting as leading underwriter or as coinsurer, the Member is entitled to a rebate on his contribution as determined by the Board of Directors. Increasingly, Members are electing to take advantage of the comprehensive cover embraced by the EMANI wording and the EMANI rating structure.

In the event of a claim, EMANI will generally follow the recommendations and assessment made by the loss adjustor appointed by the Nuclear Pool, however in certain cases, the Management will decide whether EMANI should appoint independent adjustors. Additionally, where EMANI acts as leading underwriter, the loss settlement is done in cooperation with an international independent loss adjustor.

Article 26 of the Articles of Association provides for additional contributions from Members if required to meet claims.

Reinsurance

EMANI purchases reinsurance cover to supplement capacity and to spread risk as the Board deems appropriate.

Management Structure

EMANI is a mutual association constituted in Brussels under Belgian law and authorised by Royal Decree on 20th October 1978.(MB 14/11/1978)

The strategic management of the Association is the responsibility of the Board of Directors which, with the exception of those powers expressly reserved for the Annual General Meeting, has full managerial authority.

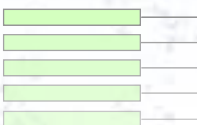
The administration , underwriting, claims handling and day to day management of the association is the responsibility of the General Manager together with the Executive Committee.

Membership

A member must be a company or authority in the public or private sector, operating nuclear installations.

Election of a new member shall be submitted to the Board of Directors and shall become effective upon approval by the General Meeting.

A new member shall underwrite at least one insurance policy with the Association and shall unconditionally accept the Articles of Association.



Report of the Board of Directors To be presented to the Annual General Meeting of 9th June 2006

Dear Member,

At the close of the 27th financial year, we are pleased to report to you on the business of your Mutual for the financial year and to set out below the balance sheet and the income statements for the year ended December 31st, 2005.

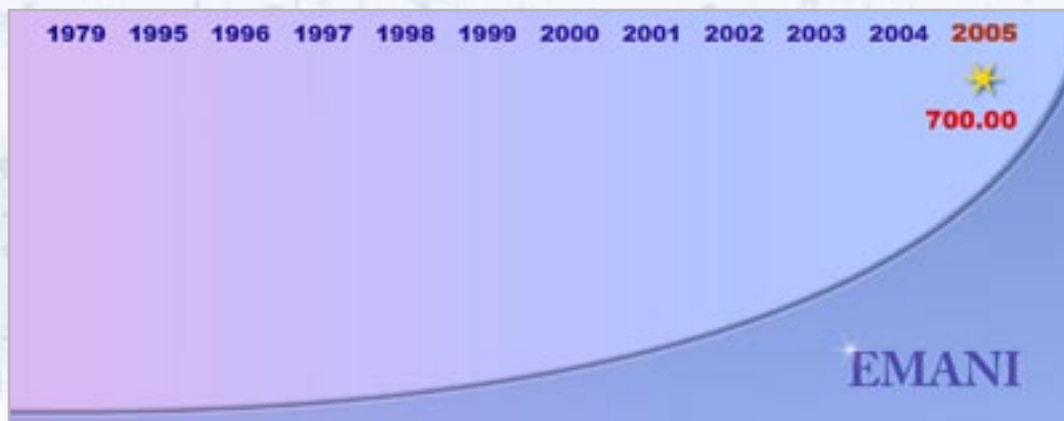
The Management of the Company is responsible for all information contained in the financial statements and other sections of the annual report. The Management considers that the financial statements and related information have been prepared in accordance with generally accepted accounting principles . These financial statements include amounts that are based on Management's judgement and best estimates.

The company maintains a system of internal accounting controls to provide reasonable assurance that assets are safeguarded against loss from unauthorised use of disposal and that the accounting records provide a reliable basis for the preparation of financial statements.

Deloitte. has been engaged, with the approval of members, as the independent auditors to audit the financial statements and to express their opinion thereon. Their opinion is based on procedures considered by them to be sufficient to provide reasonable assurance that the financial statements present fairly, in all material respects, the financial position, cash flows and results of operations. Their report is set forth on page 21.

Capacity

The insurance capacity in the first year of operation amounted to € 8.924.167.
In 2005 the capacity was € 700.000.000 and is exactly the same as last year.



Contributions

Contributions written and reinsurance premiums ceded are reflected in earnings on a pro-rata basis over the term of each policy. Unearned contributions represent the portion of contributions written which are applicable to the non-expired terms of the policies in force.

Net contributions decreased from € 33.410.992 in 2004 to € 25.566.481 in 2005 due to reduced lines in certain countries and the distribution of Members rebate due to low claims of € 3.957.119 of which 1/3 is released at 31/12/05 and 2/3 is withheld in a technical reserve within the company.

Reinsurance cost has decreased from € 16.757.378 in 2004 to € 13.586.010 in 2005 due to the fact that EMANI's excess retention has been increased and that EMANI bought less facultative reinsurance and due to the impact of the members rebate.

For the purpose of the calculations, contribution is defined as original contribution less rebate.

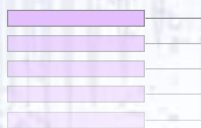
General expenses

General expenses decreased slightly from € 1.747.874 to € 1.746.769 mainly due to lower acquisition commissions to insurance brokers which compensated the increase in fire brigade insurance taxes for charge to the company and the increase in professional fees.

Claims

Provisions are made for the estimated cost of incurred losses on the basis of management estimates, based where appropriate on information from the members, their brokers, nuclear pools, claims adjusters, independent consultants and other relevant sources.

The total claim charges net of reinsurance for 2005 are € 5.178.153 and include corrections for outstanding claims on previous years of € 6.722.365 which results in an amount of € 11.900.518 for new claims in 2005 .



Investments

Book value and estimated fair market value of investments as of December 31, 2005

Euro	Book value	Unrealized capital gains/(losses)	Market value
Shares	0	0	0
Foreign government bonds	32.252.467	558.492	32.810.959
Foreign companies bonds	24.596.020	456.787	25.052.807
International organisms bonds	1.261.981	53.624	1.315.605
Cash investment funds	23.785.644	739	23.786.383
Convertible bond investment fund	1.119.233	208.539	1.327.772
Deposits	16.333.680	0	16.333.680
	99.349.025	1.278.181	100.627.206

Book value and estimated fair market value of investments classified by maturity as of December 31, 2005.

Euro	Book value	Market value
Due in one year or less	44.969.261	45.216.669
Due after 2 years through 3 years	29.944.007	25.105.771
Due after 3 years through 5 years	7.465.556	7.813.844
Due after 5 years through 10 years	14.361.149	14.478.316
Due after 10 years	7.609.052	8.012.605
	99.349.025	100.627.206

Net Investment Income

Euro	2005	2004
Gains/(losses)	2.439.411	967.732
Interests and dividend securities	2.022.290	1.827.794
Interests term deposits	89.620	119.203
Interests cash and cash equivalents	320.400	110.990
Adjustements to investement values	670.496	-25.421
Banking expenses	-118	-92
Withholding taxes	-364.245	-315.534
Investment management fee	-129.590	-117.188
Net investment income	5.048.264	2.567.484

Result

The € 10.109.725 surplus for 2005 compares with € 1.188.166 loss in 2004 (before allocation to reserve for equalization and catastrophes) as a result of the improved loss ratio and higher investment income this year.

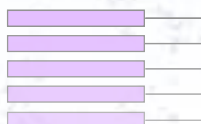
The technical surplus for 2005 of € 5.061.460 is allocated to the reserve for equalization and catastrophes.

The Board of Directors recommends to the Annual General Meeting that the financial surplus of € 5.048.264 be allocated to the guarantee fund.

Guarantee Fund

The Board of Directors recommends to the Annual General Meeting to refund an amount of € 982.192 of the guarantee fund to the members.

The guarantee fund plus the reserve for equalization and plus the reserve for withheld members rebates now available to the members to be used as insurance capacity amounts to € 83.135.322



Corporate Governance Report

To ensure the appropriate level of corporate governance, the Board has put in place arrangements which it believes are suitable for a mutual carrying on insurance business and enable the mutual to comply with the Royal Decree of 12 august 1994 and the communication D171 of 31 march 1999.

The relevant principles of governance are applied to the mutual in the following way :

The Board

There are currently nine board members, including the chairman and two vice-chairmen, seven of them are representing the nuclear members, two non executive directors and two members of the executive committee.

All of the board members are nominated by the Annual General Meeting for a three-year period and eligible for re-appointment.

The board meets four times a year and at other times as may be necessary.

Board committees

The board has a schedule of matters that it reserves for itself. These matters cover approval of accounts, significant changes to accounting policies, changes to the membership of the board and its committees, recommendations of the strategy to be applied to the members of the association, approval of the annual operating budget.

In addition the board has appointed four standing committees. These committees report to the board at each of their meetings. The terms of reference for the executive committee, audit committee, finance committee and underwriting committee, which are reviewed annually, have been agreed by the members and the board. The nomination of members within these committees must be approved by the board.

Board and committee papers

Appropriate and timely management information is circulated to directors in good time before the meetings.

Annual General Meeting

The sections of the Articles of Association relating to the Annual General Meeting have been complied with.

Internal control

The board is ultimately responsible for the mutual's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatements or loss.

Control procedures

The mutual have implemented control procedures designed to ensure complete and accurate accounting for financial transactions and to limit the potential exposure to loss of assets or fraud. Measures taken include reviews by management as well as internal and external audits.

Risk identification

The executive committee is responsible for the identification and evaluation of the risk underwritten. These risks are assessed on a continual basis and may be associated with a variety of internal and external sources including EMANIs' own loss control service and regulatory requirements and/or authorities.

Monitoring and corrective actions

The mutual has produced a Code of Business Conducts, which provides practical guidance for all staff.

The internal auditor reports to the internal audit committee on the effectiveness of the procedures.

Statutory Auditor's Report

EUROPEAN MUTUAL ASSOCIATION FOR NUCLEAR INSURANCE

To the Members of European Mutual Association for Nuclear Insurance (E.M.A.N.I.).

In accordance with the legal and statutory requirements, we are pleased to report to you on our audit assignment which you have entrusted to us.

We have examined the financial statements for the year ended December 31, 2005, which have been prepared under the responsibility of the Board of Directors and which shows a balance sheet total of € 113.260 (000) and an income statement resulting in a profit of the year of € 5.048(000).

Unqualified audit opinion on the financial statements

We conducted our audit in accordance with the standards of the "Institut des Reviseurs d'Entreprises/ Instituut der Bedrijfsrevisoren". Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement taking into account the legal and statutory requirements applicable to financial statements on insurance companies in Belgium.

In accordance with these standards we have taken into account the administrative and accounting organization of your association as well as the procedures of internal control. The responsible officers of the association have clearly replied to all our requests for information and explanations. We have examined, on a test basis, the evidence supporting the amounts included in the financial statements. We have assessed the accounting policies used, the significant estimates made by the association and the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, taking into account the applicable legal and regulatory requirements, the financial statements give a fair and true view of the association's assets, liabilities and financial position as of December 31, 2005, and the results of its operations for the year then ended, and the information given in the notes to the financial statements is adequate.

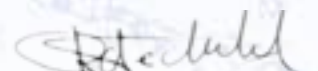
Additional attestations

We supplement our report with the following attestations which do not change the score of our audit opinion financial statements:

- Regardless of formal aspects of minor importance the books and records of the association are maintained and the financial statements are established in conformity with the applicable Belgian law and regulations on insurance companies.
- Our examinations did not make us aware of any transactions or decisions which would represent a violation of the association's bylaws.
- The proposed distribution of the results for the year ended December 31,2005 is in conformity with the association's bylaws and applicable law.

March 4, 2006

The Statutory Auditor,
Deloitte & Partners
Reviser d'entreprises
Rik Neckebroek



Balance sheet as of December 31, 2005 & 2004

(Currency – Euro)

A s s e t s	31/12/2005	31/12/2004
C. Investments		
III. Other financial investments		
1. Shares and other non-fixed income securities (= Parts in investment funds)	24.904.877	25.883.607
2. Bonds and other fixed income securities	58.110.468	56.468.547
6. Term deposits with financial institutions	5.228.334	3.704.008
	88.243.679	86.056.162
<hr/>		
D.bis Part of reinsurers in the technical reserves		
I. Reserve for non-earned premiums and current risks	1.238.206	973.101
III. Reserve for claims receivable	4.497.171	4.251.239
	5.735.377	5.224.340
<hr/>		
E. Receivables		
I. Receivables resulting from direct insurance		
1. Insureds	531.365	64.692
2. Intermediaries	620.607	1.041.907
II. Receivables resulting from reinsurance	5.854.080	4.232.499
III. Other receivables	57.400	456.637
	7.063.452	5.795.735
<hr/>		
F. Other assets		
I. Tangible assets	80.666	78.625
II. Liquidities	11.105.346	1.883.273
	11.186.012	1.961.898
<hr/>		
G. Transitory accounts		
I. Interests and rent	1.032.156	1.073.217
<hr/>		
TOTAL ASSETS	113.260.676	100.111.352

The accompanying notes are an integral part of these balance sheets

Balance sheet as at December 31, 2005 & 2004

(Currency – Euro)

Liabilities	31/12/2005	31/12/2004
A. Equity		
I. Subscribed capital or equivalent fund, net of uncalled capital		
1. Guarantee fund	62.259.424	58.183.352
V. Retained earnings		
1. Surplus/(deficit) of the period	0	0
	62.259.424	58.183.352
<hr/>		
C. Technical reserves		
I. Reserve for unearned premiums and for unexpired risks	4.808.371	2.130.925
III. Reserve for claims payable	24.374.914	23.041.944
V. Reserve for equalisation and catastrophies	18.228.685	13.167.225
	47.411.970	38.340.094
<hr/>		
G. Payables		
I. Payables resulting from direct insurance business	1.482.543	471.248
II. Payables resulting from reinsurance business	239.153	358.132
V. Other payables		
1. Fiscal and social payables		
a) Taxes	317.538	278.655
b) Social Payables	123.356	134.591
2. Other	1.003.229	1.947.856
	3.165.819	3.190.482
<hr/>		
H. Transitory accounts	423.463	397.424
<hr/>		
TOTAL LIABILITIES	113.260.676	100.111.352

The accompanying notes are an integral part of these balance sheets

Income statement for the years ended December 31, 2005 & 2004
(Currency – Euro)

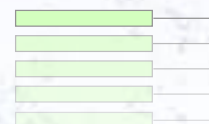
	2005	2004
1. Earned premiums net of reinsurance		
a) Gross premiums	28.243.927	33.837.150
- Premiums written	32.009.178	37.148.391
- Rebate to members	-3.765.251	-3.311.241
b) Reinsurance premiums	-13.851.116	-16.848.372
c) Variation of the reserve for unearned premiums and unexpired risks, gross of reinsurance (increase -, decrease +)	-2.677.446	-426.158
d) Variation of the reserve for unearned premiums and unexpired risks, reinsurers part (increase +, decrease-)	-265.106	90.994
	11.980.471	16.653.614
2. bis Investment income		
b) Income from other investments.	2.432.311	2.057.986
c) Write-back of adjustments on investments	785.919	166.732
d) Realised capital gains	3.198.381	2.359.557
	6.416.611	4.584.275
3. Other technical income net of reinsurance	5.912	6.337
4. Cost of claims, net of reinsurance (-)		
a) Net amount paid	-4.091.115	-93.763
aa) gross amount	-5.016.695	-114.932
bb) part of reinsurers	925.580	21.169
b) Variation of the claims services reserve, net of reinsurance (increase -, decrease +)	-1.087.038	-18.573.964
aa) variation of the reserve for claims gross of reinsurance (increase -, decrease +)	-1.332.970	-22.682.872
bb) variation of the reserve for claims part of reinsurance (increase +, decrease -)	245.932	4.108.908
	-5.178.153	-18.667.727

The accompanying notes are an integral part of these income statement

Income statement for the years ended December 31, 2005 & 2004
(Currency – Euro)

	2005	2004
7. Net operating expenses (-)		
a) Acquisition expenses	-50.744	-167.190
b) Administrative expenses	-1.696.025	-1.580.684
	-1.746.769	-1.747.874
7.bis Expenses relating to investments (-)		
a) Expenses for managing Investments	-493.953	-432.814
b) Adjustments to investment values	-115.423	-192.152
c) Realised less values	-758.971	-1.391.825
	-1.368.347	-2.016.791
9. Variation in the reserve for equalisation and catastrophies, net of reinsurance	-5.061.460	3.755.650
Surplus of the period available for distribution	5.048.264	2.567.484

The accompanying notes are an integral part of these income statement



Notes to the financial statements as of December 31, 2005 & 2004 (Currency – Euro)

1. Activity of the association and summary of the main accounting principles

The purpose of the Mutual Association is to indemnify those of its insured members that have suffered property and/or business interruption damage to their nuclear installations and/or contents thereof. In certain cases, the Association also insures non-nuclear risks.

At December 31, 2005, the total insurance capacity of EMANI per installation was 700.000.000 of which :

- 18,45 % of 40.000.000 was reinsured by way of “quota shares” contracts.
- 100% of 46.750.000 in excess of 40.000.000 was reinsured by way of an “finite retention buy down contract” (in case of a claim in excess of 40.000.000, the reinsurer will pay the amount in excess of 40.000.000, with a maximum of 46.750.000, and this amount will be reimbursed by E.M.A.N.I to the reinsurer by way of increased insurance premiums in the following 5 years)
- 78,032 % of 322.283.600 was reinsured by way of “excess of loss” contracts.
- 100% of any amount in excess of 409.033.600 was reinsured by way of facultative reinsurance contracts.

The risk for EMANI is thus limited to 103.419.270 as of December 31, 2005.

EMANI also subscribes Nuclear Liability insurance. 100% is reinsured by way of “quota shares” contracts. EMANI received fronting fees for contracts subscribed.

At December 31, 2005, the total insurance capacity of E.M.A.N.I for terrorism was 100.000.000 of which:

- 18,45 % of 40.000.000 was reinsured by way of “quota shares” contracts.
- 100% of 46.750.000 in excess of 40.000.000 was reinsured by way of an “finite retention buy down contract” (in case of a claim in excess of 40.000.000, the reinsurer will pay the amount in excess of 40.000.000, with a maximum of 46.750.000, and this amount will be reimbursed by E.M.A.N.I to the reinsurer by way of increased insurance premiums in the following 5 years).
- 78,032 % of 13.250.000 was reinsured by way of “ excess of loss “ contracts.

The risk for E.M.A.N.I for terrorism is thus limited to 35.530.760 as of December 31, 2005.

The accounting principles of EMANI can be summarized as follows:

a) Overview of the amortization rates applied

Other assets - tangible fixed assets:

- Installations, electronic equipment and office tools: 33,33% per year
- Furniture: 10% per year
- Vehicles: 20% per year

(Currency – Euro)

b) Technical provisions

The association constitutes technical provisions based on contributions relating to the active, non-expired policies in force at the end of the accounting year, unreleased member's rebates relating to an expired policy, claims payable and the reserve for equalisation and catastrophies in accordance with articles 10 and 11 of the Royal Decree of February 22, 1991.

c) Fixed income securities

The fixed income securities (straight and convertible bonds) are valued at their acquisition cost. The incidental costs are expensed as incurred.

The differences, if material, between acquisition cost and redemption value of the securities are amortized pro rata to maturity of the securities.

At December 31, the investments denominated in foreign currencies are converted in euro using the year-end exchange rate. The exchange gains are deferred whereas the exchange losses are recorded in the income statement. Less value on fixed interest securities shall be recorded in the income statement when the reimbursement at redemption date is partly or fully uncertain or compromised.

d) Shares and other non-fixed income securities

As of December 31, the investments denominated in foreign currencies are converted into euro using the year-end exchange rate. The exchange gains are deferred whereas the exchange losses are recorded in the income statement.

Shares and other non-fixed interest securities are recorded at acquisition cost. The incidental costs are expensed as incurred. Unrealised losses are recorded if the Board of Directors evaluates that there is a permanent less value on those securities. Such less values are recorded in the income statement.

e) Foreign exchange rate contracts

The foreign exchange rate contracts are converted in Euro using the exchange rate as of the balance sheet date. The exchange gains are deferred whereas the exchange losses are recorded in the income statement

f) Accounts payable and receivable in foreign currency

The foreign currency denominated accounts are converted in euro using the exchange rate as of the balance sheet date.

The foreign currency denominated accounts of the income statement are converted into euro on a monthly basis using the exchange rate in force at the end of the previous month.

Except for the unrealized exchange gains on the shares and other non-fixed interest securities, the bonds and other fixed interest securities, and the foreign exchange rate contracts, as mentioned in point c), d) and e), the unrealized exchange gains and losses are recorded in the income statement under the caption "Investment income" and "Expenses relating to investments".

(Currency – Euro)

2. Guarantee fund

The Board of Directors proposes to the Annual General Meeting to distribute 982.192 to its Member and to allocate the rest of the surplus of the year 2005, 5.048.264, to the Guarantee Fund.

The evolution of the Guarantee Fund over 2005, is as follows:

Guarantee Fund at December 31, 2004	58.183.352
Transfer of the surplus of the year:	5.048.264
Distribution to Members	(982.192)
Additional Dotations from Members:	10.000
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Guarantee fund at December 31, 2005	62.259.454

3. Representative assets

The assets that represent the technical provisions have to be invested in accordance with the rules set out in Art. 10 of the Royal Decree of February 22, 1991.

As at December 31, 2005 and 2004, the Mutual had invested its assets as follows:

	31/12/2005	31/12/2004
International organism bonds	1.315.605	783.887
Foreign States Securities	17.762.850	10.949.917
Foreign Companies Bonds	1.866.725	0
Investment funds	23.786.383	24.765.967
Cash (cash and term deposits)	4.402.103	2.317.761
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	49.133.666	38.817.532

4. Reserve for equalisation and catastrophies

In application to Article 11, §1, 3° of the Royal Decree dated February 22, 1991 on the general rules on the control of insurance companies, the association started in 1996 to build a reserve for equalisation and catastrophies. The purpose thereof is to create a reserve that would iron out variations in claims or would cover exceptional risks. Based on the current regulation, the associations' equalisation and catastrophies reserve should reach 103.419.270. The yearly movement however depends on the income or loss of the association before (net) investment income. An income results in an addition to the reserve for the amount of the income, and a loss results in a usage of the reserve for the amount of the loss. The application of this rule resulted in an addition of 5.061.460 for the year 2005 and a usage of 3.755.650 for the year 2004.

(Currency – Euro)

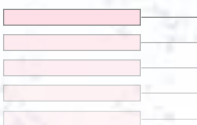
5. Management

The investment management of the Association have been outsourced.

The investment management fee is recorded under caption “Expenses relating to investments “ and amounts to 117.188 for the year 2004 and 129.590 for the year 2005.

The broker reinsurance handling fee amounts to 167.190 for the year 2004 and 223.999 for 2005.

Reinsurance commissions refunded to EMANI are 70.804 for 2004 and 11.814 for the year 2005 and are deducted from the reinsurance premium charges.



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ASSOCIATION
FOR NUCLEAR INSURANCE

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