DIRECTORS' REPORT AND FINANCIAL STATEMENTS 2014

for the year to 20 February 2014

HIGHLIGHTS

As at 20 February 2014

GROSS WRITTEN PREMIUM USD MILLIONS, ETC BASIS	**959**
RESULT AFTER TAX USD MILLIONS, ETC BASIS	**89**
COMBINED RATIO PER CENT, ETC BASIS	**97**
CONTINGENCY RESERVE USD MILLIONS	**944**
ASSETS USD BILLIONS	**2.7**

GARD AT A GLANCE

5 consecutive years of reducing the deferred call

A+ financial strength rating from Standard & Poor's

Singapore, 14th office in the Gard network

$35m returned to mutual members by reducing the deferred call

17% market share of the International Group by tonnage

Policy launched to cover ship managers' liabilities

2nd lowest general premium increase over 10 years

3rd largest marine insurer

10,750 vessels above 1,000 gt covered by Gard

460 staff covering 22 nationalities

40 years of supporting the offshore market

42% of the world's fleet by tonnage has an insurance cover with Gard

FIVE YEAR COMPARISON

	2010	2011	2012	2013	2014
Gross written premium USD millions, ETC basis	812	792	855	884	959
Result after tax USD millions, ETC basis	240	175	51	99	89
Combined ratio Per cent, ETC basis	92	94	98	101	97
Contingency reserve USD millions	638	790	826	895	944
Assets USD billions	1.9	2.4	2.5	2.6	2.7

CHAIRMAN'S STATEMENT

Bengt Hermelin,
Chairman

The Gard group has seen significant change in its key personnel in the last financial year. So, in this my first Chairman's Statement, I would like to pay tribute to those who have gone before as well as to welcome those who will lead us into the future.

In July 2013, the Board was saddened to announce the death of Claes Isacson, CEO since 2001. Much has been written about his tenure and his personality, but there is no doubt that his leadership and vision made Gard the organisation it is today – the largest P&I club in the world and the third largest marine insurer. He also became the first representative from a club outside of the UK to chair the International Group of P&I Clubs. However, Claes' contribution was much wider than those facts would suggest. His energy, focus on continous improvement, humour and zest for life will be much missed by his many friends and colleagues across the industry.

Our thanks must also go to Svein Buvik, who stepped in as Acting CEO in difficult circumstances and led the group through a tough period of transition.

2013 also saw the retirement of Stephen Pan as Chairman of Gard P. & I. (Bermuda) Ltd. Mutual organisations – by their very nature – are built on debate and discussion and one of Stephen's great strengths was helping us to get the best out of that process. His leadership enabled us to take daring decisions – grounded in a thorough process and rigorous thinking. One of his last acts as Chairman was to lead the establishment of a scholarship in memory of Claes Isacson focusing on subjects related to the shipping industry and/or the marine insurance business. Gard is undoubtedly stronger for his guidance and wisdom and he can be proud of the crucial role he has played in the group's development over the last decade. Stephen's breadth of knowledge is formidable and he always shared it generously. He will be a challenging act to follow.

The last two months of the financial year saw the start of Rolf Thore Roppestad's tenure as CEO. The Board, after an extensive search process, was delighted to appoint Rolf Thore whose track record and experience at Gard offered both continuity and a fresh energy and vision to develop the group further.

The world around us

2013 is likely to be seen as the year in which the overall economy, and shipping in particular, started moving into more positive territory. By the year end, the US led the economic recovery, while green shoots in Europe and robust Chinese imports increased the demand for tonnage. In addition, slow steaming and fewer deliveries of newbuildings meant that fleet growth slowed and capacity utilisation improved. 2014, however, has got off to a more turbulent start, with emerging market economies reacting badly to the tapering of economic stimulus. There is also considerable ongoing uncertainty about demand from China. In addition, newbuilding orders have increased – often driven by private equity, and while they are certainly nowhere near the heights of 2007/2008, the increase is significant.

The winds of change

Across a range of issues, greater political pressure from governments is having a significant impact on the marine insurance markets. From a liability perspective, recent developments in wreck removal and sanctions activity were particularly significant in 2013. The growth in this part of the claims picture imposes a burden on clubs not only in terms of the financial impact, but also in developing the skills and expertise that increasingly complex wreck removals require.

Sanctions activity remained high in 2013 as the marine insurance industry continued to be targeted by national, supranational and regional regulators as part of wider sanctions and prohibition policies. The club has risen to the challenge of interpreting and applying ambiguous legislation, but the six month suspension of insurance prohibitions announced in January 2014 (as a result of the Joint Plan of Action agreed in Geneva in November 2013) did little to add clarity to the issue. At the time of writing, the US Office of Foreign Assets Control has advised that it is not able to confirm whether insurance cover provided during the suspension period can respond once it is completed.

CHAIRMAN'S STATEMENT
continued

The issue with this ambiguity is that shipowners are forced to seek alternative insurance cover. In the event of a catastrophic casualty, it is highly likely that the third-party victims of such accidents – rather than the sanctions targets – will be those to suffer most, since the alternative arrangements have lower limits and a narrower scope than would have been enjoyed under the International Group umbrella. Sanctions undermine internationally agreed compensation regimes, resulting in uncertainty around the protection available for victims. They also pose a direct challenge to the operation of the international maritime convention system, the financial security and certification requirements of the conventions and the voluntary oil pollution compensation mechanisms under the STOPIA 2006 and TOPIA 2006 agreements between shipowners and the International Oil Pollution Compensation Funds.

Mutual support

The mutual concept of P&I has served the shipping industry well since its inception over 150 years ago. This system not only benefits shipowners, but also the society at large, because it ensures that victims of maritime incidents are properly compensated. The global shipping industry continues to face increased exposure under both international maritime conventions and regional liability regimes. A comprehensive, robust and responsive insurance system – covering the obligations of shipowners and other parties, including cargo interests – is of greater importance than ever today to secure predictable compensation for victims of casualties. This is an essential component in facilitating the flow of world trade.

However, the mutual system managed under the umbrella of the International Group of P&I Clubs requires ongoing care and attention. An issue has arisen in relation to the 20-year old policy within the International Group that the Group clubs shall not issue the Certificates of Financial Responsibility (COFR) guarantees required under two pieces of US legislation; the Oil Pollution Act of 1990 and the Comprehensive Environmental Response, Compensation and Liability Act 1980 . Despite this policy, the last year has seen one Group club considering a direct guarantee of US COFRs.

This raises two issues. The first is the uncertainties connected to the exposure of a guarantor and the extent to which it can limit its liability under a COFR guarantee. The second is the crucial importance of an agreed policy of the International Group to support international liability and compensation regimes under the auspices of the International Maritime Organization (IMO), rather than domestic and regional legislation. International regimes create a unity of law and more cost efficient solutions in the long run for the benefit of shipowners, insurers and the society at large.

The International Group's ability to influence legislation going forward is dependent on the unity of the Group clubs. Deviations from the agreed policy may, in the long term, give rise to a fragmentation of the maritime liability legislation, with regional solutions rather than international liability and compensation regimes developed by the IMO. Shipowners are more able to be heard around the latter, while in the case of the former other interests may have a stronger voice. Of course, there should be debate within the International Group, but hopefully one that will result in a single, unified position which is then followed until it is agreed to change.

In October 2013, the Administrative Council of the 1971 IOPC Fund resolved to wind up its affairs. It is understood that it intends completing this process during the course of 2014. However, Gard – along with the rest of the International Group of P&I Clubs – believes that this action is premature pending a satisfactory resolution of a number of outstanding compensation cases, one of which relate to the NISSOS AMORGOS and the oil pollution in Venezuela in 1997. At the time of the incident the vessel was insured for owners P&I risk in Assuranceforeningen Gard.

From the perspective of the P&I clubs, the 1971 IOPC Fund is turning its back on its obligations. If it is successful in its attempts, it may mean an added cost for both the shipowners and their insurers, and will undermine the future cooperation between the Fund and the clubs, eroding both the efficiency of the CLC/Fund regime and the effective handling and settlement of large oil pollution cases. For these reasons, in March 2014, Assuranceforeningen Gard was forced to file proceedings in the English High Court of Justice against the 1971 IOPC Fund to secure its rights.

Looking to the future

The real test of any organisation is how it deals with change – both when it expects it and when it comes out of the blue. On this basis, Gard performed very well in 2013. Not only has it delivered another set of strong results but it has done so whilst dealing with significant organisational change. This is a real testament to the strength and depth of the leadership team as well as the skills and expertise of their many colleagues across the group's network of offices.

At its meeting last October, the Board of Directors decided to strengthen the governance structure to meet the new Solvency II guidelines by establishing an Audit Committee and a Remuneration Committee. The former is to oversee Gard's financial reporting process, to monitor the integrity and appropriateness of the financial statements and the way in which Gard's management creates and manages adequate processes to manage significant risk exposures. The latter is to ensure transparency in the review and determination of the remuneration of directors and the Chief Executive Officer, and to review Gard's remuneration policy in general, including the operation of any employee incentive scheme.

I would like to thank everyone who has worked on our Boards and Committees for their time and commitment, as well as the energy and enthusiasm of everyone working at Gard who contribute to its progress and success. It has been a pleasure to get to know you all better and I look forward to continuing to do so in the coming years.

Bengt Hermelin
Chairman

CEO'S OPERATIONAL REVIEW

Rolf Thore Roppestad,
Chief Executive Officer

In this my first Operational Review as CEO, I am delighted to report strong results for the financial year ending 20 February 2014. We recorded a surplus after tax of USD 89 million on an estimated total call basis, achieved a combined ratio of 97 per cent across the group and a return on our investments of 4.3 per cent. Gross written premium grew by 8.4 per cent to USD 959 million on an estimated total call basis. Gard is well capitalised with a contingency reserve of USD 944 million, after the reduction in deferred call for the 2013 policy year.

Structured to deliver

The accounting results we are reporting this year reflect the USD 35 million reduction in the deferred call agreed by the Board of Directors for the 2013 policy year. This cut – 15 per cent compared to an original estimate of 25 per cent, represents an eight per cent reduction of paid premium compared to the agreed renewal terms (ETC). As well as returning money to our Members when the capital position of the group allows, our overall strategy for our mutual P&I book is to plan for a combined ratio net that is slightly below cost. In the decade since Gard Marine & Energy (M&E) was created to enable us to provide a broad range of marine insurance products, we have been able to subsidise the mutual business with profits from our fixed premium and M&E business, and at the same time provided stable, quality products at reasonable prices to the M&E clients.

This was the fifth consecutive year in which we reduced the deferred call – a record that demonstrates the value we deliver, year on year, to our Members and clients.

P&I

For P&I, gross written premium for the year was USD 620 million, following a competitive – but satisfactory – renewal season in which we made tonnage gains and attracted new Members. Over the last 12 months, the gross tonnage increased by seven per cent to 187 million GT.

In a year notable for its lack of major losses, gross claims to 20 February 2014 totalled USD 445 million, with no new P&I claim above USD 10 million - compared to six in the previous year.

The larger claims from previous years have provided clear evidence that combining the skills and expertise of our marine and P&I claims handlers has enabled us to meet the challenge presented by complex losses, as well as providing the opportunity for us to enhance our knowledge and experience in handling casualties of this scale. The value of these capabilities is demonstrated by delivering the best outcomes possible for shipowners, third parties, Members and clients.

Marine & Energy

Last year was a good one for our M&E business. As with P&I, the results were driven by a lack of major collisions and large casualties. Despite this, 2013 saw an increase in the actual number of marine claims notified - although for the most part these were in the lower value range.

The marine market is highly competitive, with any departing capital quickly replaced by new underwriters. This has outweighed the impact of last year's very large claims. There is no doubt that the tough climate underlines the need to achieve positive technical underwriting results through prudent risk selection and correct pricing of our insurance portfolios.

It also reinforces the fact that service is of paramount importance. In a world of surplus capacity, Gard's commitment to a global presence and hands-on claims management makes the world of difference when disaster strikes. Our expansion in Asia – probably the centre for future growth in the marine industries – is a perfect example of this commitment, and where we are seen as a real alternative provider.

In 2013, we celebrated four decades serving the offshore market. There is no doubt that our commitment to this sector means that we are seen as a partner who delivers value for money over the long-term, where and when our Members and clients need us. The claims picture for 2013 was mixed, with our teams in Oslo and Arendal kept busy by a steady flow of activity.

CEO'S OPERATIONAL REVIEW
continued

Regulatory changes
We are engaging in a programme of work to ensure that we will meet new regulatory requirements in Bermuda, as well as of the forthcoming Solvency II regime for our European entities, which is expected to come into force on 1 January, 2016. At its core, Solvency II is about good management and proper corporate governance of insurance companies. We have the levels of capital required, the governance and management processes, and are building efficient reporting capabilities.

Building relationships in local markets
With the axis of commerce shifting to emerging markets, we are extending our global footprint to make sure we have the right resources in the right places. In early September 2013, Gard was granted a license to write reinsurance business in Brazil and we have now opened an office in Rio de Janeiro. In addition, Gard applied for insurer licences in Singapore in November 2013 and opened an office in May 2014.

South East Asia is a major region for the maritime industries – encompassing around seven per cent of the world's shipping fleet. As the leading P&I club in the region, opening an office in Singapore is a logical next step in the development of our Asian strategy, and reflects our commitment to the region represented by our offices in Hong Kong and Japan. The Singapore office provides underwriting and claims handling and covers a wide geographical area including South East Asia and Oceania.

Knowledge and expertise
We invest considerable resource in sharing information and intelligence with our Members, through training events organised by Gard Academy - such as our Summer Seminar - and articles, cases and regulatory changes, which are published on www.gard.no. 2013 saw Gard publish and distribute all of our materials electronically in order to ensure that information reaches our audiences in the most timely fashion possible. Our Loss Prevention team also issues their bulletins electronically to share best practice and enable collaboration.

Our commitment to this type of collaborative action was illustrated by the conference run in May 2013 to raise awareness of the safety issues around watertight doors on board ships and offshore units, and to suggest improvements in design and maintenance that will reduce the risks. Over 50 participants from leading door manufacturers and selected representatives of flag states, class societies, ship and offshore owners gathered in Arendal. Prior to the meeting, the leading European door manufacturers agreed to form an international association to work on safety issues.

Last year saw the launch of the latest publication in the "Gard Guidance" series – the Guidance on Maritime Claims and Insurance. Written with the claims' manager in mind, it offers practical assistance in the event of a maritime incident – whether large or small. It looks at the types of claims they might face, common issues that arise, which policies would respond, and management issues that they should bear in mind.

Managing risk and its consequences
Gard has a long standing reputation for innovation and for the breadth of coverage it offers. 2013 saw the addition of two new products to the portfolio: a property policy to cover damage to or loss of containers – on and off the ship, and a ship manager liability policy responding to liabilities arising from negligence in performing contracted duties.

Gard provides P&I and/or marine insurance to more than half the world's container fleet, so extending our portfolio to cover the containers themselves was a natural next step. Since we handle a significant number of claims for this sector, we are confident that we have the experience and procedures in place to handle both the simpler and the more complex cases.

The ship manager liability policy is in response to a market need for comprehensive and transparent cover, offering the fullest possible protection. Gard's objective is always to help our Members and clients manage their exposures to existing and developing risks. These policies are yet another example of how we respond to the special needs and requirements of different parts of the marine industry.

Looking ahead
2013 was a year of considerable change for Gard, but a combination of solid team work and a strong business performance has meant that, despite this, continuity of service has been delivered. We remain, however, alive to the shifts that are taking place within the maritime industries; technological development, increased specialisation, changing business models and increasing internationalisation.

These will require us to develop different models and solutions to move forward with our Members and clients, retaining our deep foundations of mutuality and service, and always basing our actions on their needs. Consequently, looking ahead, our areas of focus are financial strength, relationships, product and market development and the continuing development of our global organisation.

Rolf Thore Roppestad
CEO

CORPORATE SOCIAL RESPONSIBILITY

Gard's core purpose is to help manage risk and its consequences for our Members and clients in the marine industries, and we base our activities on these industries' needs. We believe that our risk management insight and competence, along with our superior claims handling abilities, enhance sustainable value creation for all of our stakeholders. Corporate responsibility is about how we conduct our core business and is an integral part of our management processes and business culture. Our strategy and daily operations are focused on activities that create value while at the same time positively affecting the environment, our Members and clients, employees and society overall.

We manage our business processes based on our core values - Friendliness, Adaptability, Integrity, and Result-oriented (FAIR) - and our ethical guidelines and whistle-blowing programme ensure all employees in our global organisation act in accordance with our agreed standards.

Our company's employee retention and motivation is very high as a result of the company's corporate responsibility activities and we continuously work on improving core business practices to strengthen our reputation for sustainable operations.

Sustainability as part of our foundations

Gard's core purpose is delivered through three pillars of excellence - knowledge and expertise, financial strength and long-term relationships – with corporate responsibility being a key part of each one.

Our Loss Prevention team captures and uses sustainability-related customer insights, as well as their unrivalled knowledge and expertise to share intelligence and information with the shipping and insurance communities to continuously raise standards and improve learning. Our claims handling teams have a unique ability to make a tangible, positive impact. Every day we ensure that claims are handled with the utmost care, using high quality core business processes to ensure a positive outcome for both the insured and society at large.

Many of our employees contribute on a voluntary basis to sharing their knowledge and expertise through papers and articles. For example, in 2013 Gard hosted an international conference in Arendal for a wide range of industry participants to raise awareness of the safety issues around watertight doors on board ships and offshore units, and to suggest improvements to reduce the risks. Unauthorised use of power operated watertight doors has contributed to a number of high profile casualties, where crew have suffered serious injury, or even death. This initiative – the first of its kind – was warmly welcomed by those attending and the industry in general.

In sharing our knowledge and expertise, we have adopted a paperless communication policy with our external stakeholders. Last year, Gard News – a printed magazine – was replaced by Gard Insight – an electronic publication. This allows information to be communicated on a more timely basis and shared more widely. We have also instigated other digital initiatives to improve collaboration and knowledge sharing across the organisation and reduce the company's operational footprint.

We build long term relationships with external stakeholders and maintain a network of partners to enhance knowledge sharing on corporate responsibility issues. We develop strong relationships with local communities, regulators and partners to drive sustainability. We form strategic alliances with learning institutions to build competence and sustainability-related capabilities internally and externally. At the heart of this is the Gard Academy, which was set up in September 2002 as a centre of learning, offering tailor-made courses, workshops and seminars for both employees and external parties to improve their knowledge and skills.

Gard's ability to help manage and mitigate risk is built on our financial strength,delivering a consistent andpredictable performance with a balanced risk profile. The consequences to society of marine accidents can often last well into the future so we need to be there over the long term to make good any damage done. Changes in the operations of the maritime industries, and the technologies they deploy, bring new risks and the need for fresh solutions. Our focus on financial strength means that we have the ability to deliver cutting edge solutions and the balance sheet strength to transfer these risks.

Our financial strength also allows us to support a number of regional and local initiatives related to the education of young people because we believe that investing in knowledge and education is a proven strategy for delivering growth and economic prosperity.

In 2013, Gard established the Claes Isacson Scholarship for maritime education. Claes Isacson's entire working life was committed to the shipping and marine insurance industries, and his special focus on internal education and training was demonstrated by the establishment of Gard Academy. This scholarship, which will be awarded annually, helps young people to finance an education at university level with a view to finding work within the shipping and marine insurance sectors.

We remain committed to the local community in Arendal. For a number of years, Gard has supported the Arendal International School (AIS) and the AIS Foundation, where our Head of Administration is Chairman. When the school was faced with the prospect of being shut down, our support – along with other local businesses – ensured that the school was able to be made private and therefore continue to run.

The Red Cross is an international humanitarian organisation impartial to nationality, race, religion and politics, whose sole purpose is to provide relief to those who suffer from war and catastrophes. In the last 12 months we have worked with the Norwegian Red Cross to mitigate suffering for those who were affected by Typhoon Hayan in the Philippines.

GARD P. & I. (BERMUDA) LTD.

Income statement

Amounts in USD 000's	Notes	Parent company 21.02.13 to 20.02.14	Parent company 21.02.12 to 20.02.13	Consolidated accounts 21.02.13 to 20.02.14	Consolidated accounts 21.02.12 to 20.02.13
Technical account					
Gross written premium	4,5	480,796	452,457	923,863	853,494
Ceded reinsurance		(302,986)	(279,622)	(185,179)	(175,231)
Change in gross premium reserve		0	0	(11,372)	(1,151)
Change in reinsurers' share of premium reserve		0	0	1,956	4,420
Earned premium for own account	**3**	**177,810**	**172,835**	**729,268**	**681,532**
Other insurance related income		0	0	1,690	929
Gross settled claims		388,791	440,710	658,481	829,846
Reinsurers' share of gross settled claims		(176,550)	(211,937)	(118,161)	(179,462)
Change in gross claims reserve		(8,512)	115,941	31,024	(24,617)
Reinsurers' share of change in claims reserve		674	(147,327)	71,659	(25,387)
Claims incurred for own account	**3,6**	**204,403**	**197,387**	**643,003**	**600,381**
Acquisition costs		25,468	27,637	49,734	52,777
Agents' commission		24,342	23,773	69,379	65,403
Commissions received		(54,411)	(43,142)	(19,080)	(18,276)
Insurance related expenses for own account	**3,8**	**(4,601)**	**8,267**	**100,034**	**99,903**
Other insurance related expenses	**8**	**5,329**	**7,676**	**(1,043)**	**22,598**
Technical result before change in contingency reserve	**7**	**(27,320)**	**(40,495)**	**(11,036)**	**(40,422)**
Change in contingency reserve	23	(61,239)	(51,877)	(49,332)	(69,176)
Technical result		**(88,559)**	**(92,371)**	**(60,368)**	**(109,598)**
Non-technical account					
Income from investments in group companies		60,000	58,600	0	0
Interest and similar income		7,269	4,233	43,907	33,596
Change in unrealised gain/loss on investments		13,584	27,448	16,834	70,298
Gains on realisation of investments		16,340	9,283	29,557	19,240
Investment management expenses		(4,533)	(2,941)	(14,598)	(9,623)
Non-technical result	**9**	**92,660**	**96,623**	**75,700**	**113,512**
Profit before tax		**4,102**	**4,252**	**15,332**	**3,914**
Taxation	10	4,102	4,252	10,918	5,309
Net result		**0**	**0**	**4,414**	**(1,395)**
Other comprehensive income					
Exchange differences on foreign subsidiaries		0	0	(4,414)	1,395
Total result		**0**	**0**	**0**	**0**

GARD P. & I. (BERMUDA) LTD.
Balance sheet

Amounts in USD 000's	Notes	Parent company As at 20.02.14	Parent company As at 20.02.13	Consolidated accounts As at 20.02.14	Consolidated accounts As at 20.02.13
Assets					
Intangible					
Other intangible assets	11	0	0	2,321	0
Total intangible assets		**0**	**0**	**2,321**	**0**
Investments					
Property and plant used in operation	12	0	0	35,343	41,430
Financial investments in subsidiaries					
Investments in subsidiaries	13	583,363	583,387	0	0
Loan to subsidiaries	3	25,825	38,311	0	0
Financial investments at fair value through profit or loss					
Equities and shares in funds	15,16,17	298,580	269,125	680,850	529,928
Bonds	15,16,17	271,120	248,891	1,228,948	1,271,269
Financial derivatives	15,16,17	4,693	12,459	8,485	30,639
Other financial investments	15,16	40,052	36,463	112,685	116,913
Total investments		**1,223,633**	**1,188,636**	**2,066,309**	**1,990,179**
Reinsurers' share of technical provisions					
Reinsurers' share of gross premium reserve		0	0	6,855	5,848
Reinsurers' share of gross claims reserve	3,6	433,887	434,561	159,404	230,982
Total reinsurers' share of technical provisions		**433,887**	**434,561**	**166,259**	**236,829**
Receivables					
Receivables from direct insurance operations					
Policyholders	18	45,127	42,010	190,407	163,718
Intermediaries	18	0	57	0	0
Receivables from reinsurance operations					
Receivables from reinsurance operations		3,406	11,055	6,938	8,908
Receivables from subsidiaries		18,821	62,603	0	0
Other receivables	17,19	0	0	41,806	46,972
Total receivables		**67,354**	**115,725**	**239,151**	**219,598**
Other assets					
Equipment	14	981	1,356	9,287	10,359
Cash and cash equivalents	20	27,972	0	163,027	96,156
Deferred tax asset	10	0	0	11,768	12,237
Other financial assets	15,16	10,401	5,413	25,381	15,461
Total other assets		**39,354**	**6,769**	**209,463**	**134,213**
Pre-payments and accrued income					
Accrued income and other pre-payments		3,154	3,711	38,797	29,269
Other pre-payments		0	0	0	0
Total pre-payments and accrued income		**3,154**	**3,711**	**38,797**	**29,269**
Total assets		**1,767,383**	**1,749,402**	**2,722,301**	**2,610,089**

GARD P. & I. (BERMUDA) LTD.
Balance sheet

Amounts in USD 000's	Notes	Parent company As at 20.02.14	Parent company As at 20.02.13	Consolidated accounts As at 20.02.14	Consolidated accounts As at 20.02.13
Equity and liabilities					
Paid in equity					
Statutory reserve	22	463	463	463	463
Total equity		**463**	**463**	**463**	**463**
Technical provisions					
Gross premium reserve		0	0	171,131	161,708
Gross claims reserve	6	869,007	877,519	1,375,264	1,344,151
Total technical provisions		**869,007**	**877,519**	**1,546,395**	**1,505,859**
Contingency reserve					
Contingency reserve	23	821,809	760,570	944,123	894,792
Total contingency reserve		**821,809**	**760,570**	**944,123**	**894,792**
Provision for other liabilities					
Pension obligations	21	1,770	1,291	47,457	48,398
Income tax payable	10	5,410	5,059	13,012	13,762
Other provisions for liabilities	8	0	0	140	0
Total provisions for other liabilities		**7,180**	**6,350**	**60,610**	**62,160**
Payables					
Payables arising out of direct insurance operations		4,716	588	6,042	1,183
Payables arising out of reinsurance operations		26,280	33,821	24,785	18,501
Liabilities to financial institutions		0	2,903	0	0
Payables group companies		5,000	32,688	0	0
Financial derivative liability	15,16,17	2,708	3,893	6,868	8,707
Other payables	15,17,19	14,522	13,655	102,763	87,009
Total payables		**53,226**	**87,549**	**140,458**	**115,401**
Accruals and deferred income					
Accruals and deferred income		15,697	16,952	30,253	31,414
Total accruals and deferred income		**15,697**	**16,952**	**30,253**	**31,414**
Total liabilities		**1,766,920**	**1,748,940**	**2,721,839**	**2,609,626**
Total equity and liabilities		**1,767,383**	**1,749,402**	**2,722,301**	**2,610,089**

GARD P. & I. (BERMUDA) LTD.

Cash flow analysis

Amounts in USD 000's	Notes	Parent company 21.02.13 to 20.02.14	Parent company 21.02.12 to 20.02.13	Consolidated accounts 21.02.13 to 20.02.14	Consolidated accounts 21.02.12 to 20.02.13
Cash flow from operating activities					
Profit from ordinary operations before tax		4,102	4,252	15,332	3,914
Tax paid	10	(3,751)	(5,299)	(11,668)	(11,369)
Change in unrealised gain/loss on investments	9	(13,584)	(27,448)	(16,834)	(70,298)
Income/loss from sales of equipment		0	0	847	(3)
Depreciation and amortisation expenses	12,14	375	0	3,737	22,460
Change in pension obligation	21	479	(126)	(941)	10,798
Change in receivables and payables		(80,166)	257	17,790	136,217
Change in technical provisions and other accruals		53,401	20,307	160,436	20,187
Net cash flow from operating activities		**(39,144)**	**(8,058)**	**168,700**	**111,906**
Cash flow from investment activities					
Financial investments		(48,582)	(33,114)	(96,730)	(127,204)
Dividends received from subsidiaries	3	118,600	70,790	0	0
Group contribution paid to subsidiary	3	0	(45,000)	0	0
Purchase of intangible assets	11	0	0	(2,340)	(2,593)
Purchase of equipment	14	0	0	(6,539)	(2,312)
Purchase of property and plant	12	0	0	0	(5,568)
Proceeds from disposal of equipment		0	0	3,781	386
Net cash flow from investment activities		**70,018**	**(7,324)**	**(101,828)**	**(137,291)**
Net change in cash and cash equivalents		30,875	(15,382)	66,871	(25,385)
Cash and cash equivalents at beginning of year		0	12,479	96,156	121,541
Bank overdraft at beginning of year		(2,903)	0	0	0
Cash and cash equivalents at end of year		**27,972**	**(2,903)**	**163,027**	**96,156**

GARD P. & I. (BERMUDA) LTD.

Policy year accounts

Amounts in USD 000's Policy year	2013	2012	2011
Premiums and calls			
Premiums	528,590	484,289	442,653
	528,590	**484,289**	**442,653**
Additional calls debited	1,155	48,104	59,656
Estimated deferred call	52,212	0	0
Total premiums and deferred calls	**581,957**	**532,393**	**502,309**
Reinsurance premiums	(140,651)	(124,832)	(92,250)
	441,306	**407,561**	**410,059**
Incurred claims net			
Claims paid	121,780	268,190	303,123
Estimates on outstanding claims	204,625	206,805	79,011
IBNRs	97,234	30,977	7,496
Unallocated Loss Adjustment Expenses	7,509	7,794	3,709
	431,147	**513,766**	**393,339**
Acquisition costs and net operating expenses	43,396	69,297	41,330
	474,543	**583,062**	**434,669**
Technical result	**(33,237)**	**(175,501)**	**(24,610)**

Notes to the policy year accounts

1 Premiums, supplementary calls, reinsurances and claims are credited/charged to the policy year to which they relate. Operating expenses are charged/credited to the same policy year as the financial year in which they are brought to account.

2 The annual accounts include the 15 per cent deferred call levied for the 2013 policy year. The original estimate for the year was set to 25 per cent.

3 The approximate yield of a 10 per cent supplementary call on the open policy years would be:
2011 policy year USD 28.9 million
2012 policy year USD 30.7 million
2013 policy year USD 34.8 million

4 Incurred claims net comprises claims paid net of reinsurance recoveries, together with contributions to other P&I associations under the Group Pooling arrangement and net estimates for outstanding and unreported claims. Estimates on outstanding claims refer to those incidents which have been notified to the Association and on which estimates of the expected exposure have been placed. Incurred but not reported claims (IBNRs) have been calculated on a basis approved by the Company's consulting actuaries.

Due to the characteristics of P&I claims, both sets of estimates, in particular in respect of the more recent years, may change substantially.

5 Provision for outstanding and unreported claims for closed years before policy year 2011, USD 228.9 million, consists of estimated outstanding claims in the amount of USD 202.4 million and estimates for IBNR claims of USD 26.5 million.

GARD P. & I. (BERMUDA) LTD.

Notes to the accounts

Note 1 - Corporate information

Gard P. & I. (Bermuda) Ltd. (the "Company") is a mutual insurance association registered and domiciled in Bermuda. The Company is incorporated as an exempted company and licensed by the Bermuda Monetary Authority as a Class 2 insurer. As a mutual insurance association the Company is owned by its Members being the owners and charterers of the ships from time to time insured by the Company for Protection and Indemnity risks. There are no external capital owners.

The principal activities of the Company are; the insurance of marine Protection and Indemnity risk on behalf of its Members; the insurance of Marine and Energy risks through its wholly owned subsidiary Gard Marine & Energy Limited; and management of assets covering the technical provisions.

The Members of the Company are also Members of Assuranceforeningen Gard - gjensidig- and vice versa. The major part of the two associations' combined portfolio of direct business (currently about 80 per cent) is underwritten by the Company through its Norwegian branch as direct insurer. Assuranceforeningen Gard - gjensidig - is primarily used as a vehicle for a smaller proportion of the combined P&I portfolio being primarily direct P&I business in certain countries within the EU/EEA area where an EU/EEA based insurer is required in order to comply with the governing EU regulations with regard to cross border activities.

Assuranceforeningen Gard - gjensidig - ("Gard Norway") is a mutual insurance association registered and domiciled in Norway and licensed by the Norwegian Ministry of Finance to carry out marine liability and legal costs insurances.The principal activity of the association is the insurance of marine Protection and Indemnity risk on behalf of its Members, including the reinsurance of a proportion of the Protection and Indemnity risk, underwritten by the Company as direct insurer. In as much as the Company has got the right to exercise membership rights in the reinsured portfolio, the Company controls more than 2/3rds of the voting rights in Gard Norway being the legal basis for consolidating the two associations' accounts pursuant to the International Accounting Standard 27 Consolidated and Separate Financial Statements.

Gard Marine & Energy Limited ("Gard M&E") is a wholly owned subsidiary of the Company. Gard M&E is registered and domiciled in Bermuda and licensed by the Bermuda Monetary Authority as a Class 3B insurer covering, inter alia, Marine and Energy risks. The principal activity of Gard M&E is direct insurance of Marine and Energy risks.

Hydra Gard Cell. Hydra Insurance Company Limited is a reinsurance company established by the parties to the International Group of P&I Clubs' Pooling Agreement pursuant to the Bermuda Segregated Accounts Companies Act 2000 as amended for the purpose of reinsuring certain layers of risks retained by the insurers being parties to the said Pooling Agreement. The Hydra Gard Cell is owned 100 per cent by the Company. The assets and liabilities of the segregated account of the Company, the Hydra Gard Cell, are separated from the general accounts of Hydra Insurance Company and from any other cells.

Safeguard Guarantee Company Ltd. ("Safeguard") is a wholly owned subsidiary of the Company and is registered and domiciled in Bermuda. Safeguard is licensed by the Bermuda Monetary Authority as a Class 3A insurer. It offers insurance of special risks falling outside the scope of the traditional marine liability cover and financial security required under the International Convention on Civil Liability for Bunker Oil Pollution Damage, 2001, for vessels reinsured outside the reinsurance arrangements organised by the International Group of P&I Clubs.

Gard Reinsurance Co Ltd. ("Gard Re") is a wholly owned subsidiary of the Company registered and domiciled in Bermuda. Gard Re is licensed by the Bermuda Monetary Authority as a Class 3A insurer. Its principal activity is the reinsurance of an agreed proportion of the risks retained by the Company, Gard M&E and Gard Norway.

Lingard Limited ("Lingard") is an insurance management company registered and domiciled in Bermuda and a wholly owned subsidiary of the Company. Lingard offers insurance management and insurance intermediary services to the Company and its Bermuda based subsidiaries Gard M&E, Gard Re and Safeguard.

Gard AS is a wholly owned subsidiary of the Company. Gard AS is registered and domiciled in Norway. Its principal activity is to provide insurance agent and intermediary services to Lingard and Gard Norway.

AS Assuransegården is a wholly owned subsidiary of the Company. AS Assuransegården is a Norwegian registered and domiciled company and the owner of various fixed properties in Norway used by the Gard group of companies.

Note 2 - Accounting policies

Basis of preparation of the accounts

Gard P. & I. (Bermuda) Ltd. is incorporated under Bermudian Law. The operations and insurance activities of the Company are carried out by Lingard. This year's accounts include the activity from 21 February 2013 to 20 February 2014.

The financial statements have been prepared in accordance with Regulations for annual accounts for insurance companies approved by the Norwegian Ministry of Finance, except for the departures from these regulations listed below. The Company fulfils the exemption criteria in paragraphs 1-5 and 1-6 of Regulations for annual accounts for insurance companies which require limited use of International Financial Reporting Standards (IFRS). Paragraph 7-3 of the Regulations for annual accounts for insurance companies which allows late adoption of IFRS 13 and certain paragraphs in IFRS 7 have been applied.

Departures from Regulations for annual accounts for insurance companies:

1. A part of the financial income is not allocated to the technical result.
2. Solvency margin and solvency capital are not calculated for the Company as such, as those Norwegian requirements only relate to the Norwegian branch.
3. Detailed portfolio of equities at fair value through profit or loss is not disclosed in note.

GARD P. & I. (BERMUDA) LTD.

Notes to the accounts

Note 2 - Accounting policies continued

Changes to presentation and classification

The Company has changed its presentation and classification of certain items in the income statement and balance sheet. The changes have been made primarily to provide more detailed information on investments on the face of the balance sheet. Further, some reclassifications have been made between categories of investments as well as to levelling of investments disclosed in the notes. Finally, all reserves other than paid in capital are considered by the Company to be liabilities. As a result, the net result for the year is presented as change in contingency reserve in the income statement. Comparative information has been changed accordingly.

Basis for consolidation

The consolidated financial statements comprise Gard P. & I. (Bermuda) Ltd. and the companies over which the Company has a controlling interest (Gard group). A controlling interest is normally obtained when ownership is more than 50per cent of the shares in the company and can exercise control over the Company. In as much as the Company has got the right to exercise membership rights in Gard Norway, the Company controls more than 2/3rds of the voting rights in Gard Norway, being the legal basis for consolidating the two associations' accounts.

Transactions between consolidated companies have been eliminated in the consolidated financial statements. The consolidated financial statements have been prepared in accordance with the same accounting principles for both parent and subsidiaries.

The acquisition method is applied when accounting for business combinations.

Use of accounting estimates when preparing the accounts

The preparation of the accounts requires management to make estimates and assumptions that affect assets, liabilities, revenues, expenses and contingent liabilities. Due to circumstances in the future these estimates can change. Estimates and their assumptions are considered continuously and accounts adjusted accordingly.

(a) Insurance contract liabilities

Insurance contract liabilities are the main items in the balance sheet based upon judgements and estimates. Estimates have to be made both for the expected total cost of claims reported and for the expected total cost of claims incurred but not reported at the balance sheet date. Standard actuarial methods are used in estimating the total cost of outstanding claims. The actuarial method uses historical data as one of the elements in the model to estimate the future claims costs. It can take a significant period of time before the ultimate claims cost can be established with certainty.

(b) Pension liabilities

The cost of defined benefit pension plans and the present value of the pension obligation are determined using actuarial valuations according to NRS 6. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future public pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Details of the key assumptions used in the estimates are contained in Note 21.

Foreign currency

(c) Functional currency and presentation currency

The accounts are prepared in USD, which is both the functional currency and presentation currency of the Company.

(d) Transactions in foreign currency

Transactions in foreign currencies are translated at the rate applicable on the transaction date. Monetary items in a foreign currency are retranslated into USD using the exchange rate applicable on the balance sheet date. The currency exposure of the provision for claims is assessed to be equivalent to the same currency exposure as claims paid. The opening and closing balances of the provision for claims in foreign currency are translated into USD based on the same method as for monetary items. Non-monetary items that are measured at fair value expressed in foreign currency are translated into USD using the exchange rate applicable on the transaction date. Translation differences are recognised in the income statement as they occur during the accounting period. The foreign translation effects are presented within interest and similar income in the income statement.

The assets and liabilities of group companies that have a functional currency different from USD are translated to USD at the rate of exchange at the closing date. Income and expenses are translated at an average rate of exchange. All resulting exchange differences are recognised in other comprehensive income.

Revenue and expense recognition

(e) Premiums

Premiums are based on the insurance contracts where one party (the insurer) has accepted a significant risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. Premiums are recognised over the insurance policy period. A deferred call for P&I business for the accounting year is subject to approval from the Board of Directors in the following year but is included as revenue in the accounts for the current year. Supplementary calls for P&I business may be charged to members for previous policy years.

Unearned premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. Unearned premiums are calculated on a daily pro rata basis. The proportion attributable to subsequent periods is deferred as gross premium reserve.

(f) Reinsurance premiums

Reinsurance premiums are recognised as an expense over the underlying policy period.

(g) Claims expenses

Expenses regarding incurred claims and other administrative expenses are recognised in the period in which they are incurred. Paid claims include an allocated portion of both direct and indirect claims handling cost.

GARD P. & I. (BERMUDA) LTD.

Notes to the accounts

Note 2 - Accounting policies continued

(h) Other

Other income and expenses are accounted for in the period they are incurred.

Income tax

The tax expense consists of tax payable and changes in deferred tax.

Deferred tax/tax asset of the subsidiaries is calculated on all differences between the book value and the tax value of assets and liabilities. Deferred tax is calculated at the nominal tax rate of temporary differences and the tax effect of tax losses carried forward at the tax rate at the end of the accounting year. Changes in tax rates are accounted for when the new rate has been approved and changes are presented as part of the tax expense in the period the change has been made. A deferred tax asset is recorded in the balance sheet, when it is more likely than not that the tax asset will be utilised.

The Norwegian branch is liable to pay income tax based on gross earned premiums. Income tax is calculated as 28 per cent of 3 per cent of gross earned premiums irrespective of whether the branch created any profit or suffered any loss in the reporting period.

Shares in subsidiaries

Investments in the subsidiaries are valued at the lower of cost and fair value in the parent company accounts. The investments are valued as cost of the shares in the subsidiary, less any impairment losses. An impairment loss is recognised if the impairment is not considered temporary. Impairment losses are reversed if the reason for the impairment loss disappears in a later period.

Financial instruments

(i) Classification

The group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables and held to maturity investments. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivative financial instrument are also categorised as held for trading.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as receivables and payables in the balance sheet.

(iii) Held-to-maturity financial assets

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the group's management has the positive intention and ability to hold to maturity, other than:

- those that the group upon initial recognition designates as at fair value through profit or loss;
- those that meet the definition of loans and receivables.

(j) Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date – the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Loans and receivables and held to maturity investments are initially recognised at fair value including direct and incremental transaction costs and measured subsequently at amortised cost, using the effective interest method.

Unrealised gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within change in unrealised gain (loss) on investments in the period in which they arise. Realised gains or losses are presented within gains on realisation of investments. Dividends and interest income from financial assets at fair value through profit or loss is recognised in the income statement as part of interest and similar income when the right to receive payments is established. Dividends received from subsidiaries are included within income from investments in group companies.

Interest on held-to-maturity investments is included in the consolidated income statement and reported as interest and similar income. In the case of an impairment, the impairment loss is been reported as a deduction from the carrying value of the investment and recognised in the consolidated income statement.

(k) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(l) Impairment of financial assets

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable

GARD P. & I. (BERMUDA) LTD.

Notes to the accounts

Note 2 - Accounting policies continued

data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For the loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Company may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the income statement.

Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The Company does not practice hedge accounting.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks, brokers and fund managers. In the balance sheet, cash and cash equivalents that relate to investment management is presented as other financial investments. All other cash is presented as cash and cash equivalents. In the cash flow statement, cash and cash equivalents do not include cash and cash equivalents presented as other financial investments.

Property and plant used in operation and equipment

Property, plant and equipment is capitalised and depreciated linearly over its estimated useful life. Costs for maintenance are expensed as incurred, whereas costs for improving and upgrading property plant and equipment are added to the acquisition cost and are depreciated with the related asset. If the carrying value of a non-current asset exceeds the estimated recoverable amount, the asset is written down to the recoverable amount.

Technical provisions

Technical provisions are calculated in accordance with the Regulations for annual accounts for insurance companies.

Gross premium reserve

The gross premium reserve at the year-end in the consolidated accounts relates to M&E business. The gross premium reserve for M&E business is amortised over the risk period and are calculated and accounted for in the balance sheet as a provision for the part of premium written that exceeds the end of the financial year. Changes in the provision are charged to the income statement.

Gross claims reserve

The gross claims reserve comprises estimates of the expected remaining exposure from claims that have been reported to the Company (RBNS), and from claims that have been incurred but which have not yet been reported (IBNR).

Provisions for reported claims are made by assessing the liability of each claim. Actuarial methods are used in estimating the total cost of outstanding claims. The claim provisions have not been discounted.

In accordance with the Norwegian regulations for insurance companies a provision for internal claims handling expenses (Unallocated Loss Adjustment Expenses, or ULAE) is included in the gross claims reserve.

Contingency reserve

The contingency reserve is retained to meet unforeseen fluctuations in claims exposure, possible catastrophes and extraordinary claims patterns that fall within the Gard group's liabilities.

Designated reserves

Given the level of Pool retentions and the participation of the International Group in the general excess loss reinsurance contract, all parties to the Pooling Agreement have entered into arrangements, under an agreement dated 20 February 1996, to provide security by way of letters of credit or security bonds to other Pooling members to cover a significant proportion of their potential liabilities under the Pooling Agreement. Such letters of credit/security bonds can only be drawn upon in the event that an Association fails to meet a call upon it in relation to its obligations under the Pooling Agreement. At end of the year, the Company currently had a contingent liability under a bank guarantee in the amount of USD 40.2 million relating to its participation in this arrangement. The bank guarantee does not constitute a formal charge on the assets of the Company as no counter security has been required. All parties to the pooling Agreement have agreed to terminate this agreement. The bank guarantee was terminated 21 February 2014.

Pensions

Group companies operate various pension schemes and employees are covered by pension plans which comply with local laws and regulations in each country in which the Company operates. The schemes are generally funded through payments to insurance companies, determined by periodic actuarial calculations. The Company has both defined benefit and defined contribution plans.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using a straight-line earnings method.

GARD P. & I. (BERMUDA) LTD.

Notes to the accounts

Note 2 - Accounting policies continued

Actuarial gains and losses arising from new information or changes to actuarial assumptions in excess of the higher of 10 per cent of the value of the pension assets or 10 per cent of the pension obligations are recognised in the income statement over the lower of five years and the average expected time to retirement for each defined benefit plan.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

For defined contribution plans, the group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

Provisions, contingent liabilities and assets

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. For potential obligations whose likelihood is neither remote nor not probable (i.e. not 'more likely than not'), a contingent liability is disclosed.

There is no provision for contingent liabilities recognised in the balance sheet.

Contingent assets are not recognised in the financial statements but are disclosed if it is likely that resources embodying economic benefits will flow to the Company.

Changes to accounting principles

Changes in accounting principles and corrections of errors in previous year accounts are presented in accordance with IAS 8.

Events after the reporting period

New information on the Company's financial position at the end of the reporting period, which becomes known after the end of the reporting period, is recorded in the annual accounts. Events after the reporting period that do not affect the Company's financial position at the end of the reporting period but which will affect the financial position in the future are disclosed if significant.

Note 3 - Group transactions

Reinsurance agreements

Gard P. & I. (Bermuda) Ltd. and Gard Norway have entered into mutual reinsurance agreements. The Company reinsures a proportion amounting to 25 per cent of Gard Norway's Protection and Indemnity risk underwritten that is not reinsured elsewhere. The Company cedes to Gard Norway by way of reinsurance 2 per cent of the Company's Protection and Indemnity risk underwritten that is not reinsured elsewhere.

Received premium from Gard Norway amounts to USD 20.3 million (2012 USD 15.1 million). Ceded premium to Gard Norway amounts to USD 6.5 million (2012 USD 6.1 million). The Company has received from Gard Norway USD 4.0 million (2012 USD 4.5 million) as reinsurers' share of gross settled claims, and reinsurers' share of claims reserve amounts to USD 9.0 million (20.02.13 USD 8.1 million).

The Company has as reinsurer of Gard Norway paid a share of gross settled claims amounting to USD 63.3 million (2012 USD 83.5 million) and the share of gross claims reserve amounts to USD 148.7 million (20.02.13 USD 194.4 million). Net commission paid under the reinsurance agreements with Gard Norway amounts to USD 3.8 million (2012 USD 2.3 million).

Both the Company and Gard M&E have entered into reinsurance agreements with Gard Re whereby the two direct insurers are ceding 50 per cent of all risk underwritten that is not reinsured elsewhere to Gard Re. Ceded premium from the Company to Gard Re amounts to USD 156.6 million (2012 USD 155.5 million) and the Company has received a reinsurance commission amounting to USD 44.3 million (2012 USD 34.2 million). The Company has received USD 102.5 million (2012 USD 96.2 million) as reinsurers' share of gross settled claims and Gard Re's reinsurers' share of gross claims reserve amounts to USD 290.3 million (20.02.13 USD 245.7 million).

The Company and Gard Norway have entered into a reinsurance agreement with Hydra, which is a segregated accounts company. The Company's segregated account (cell) in Hydra is covering the former companies' liability to a layer of the International Group (IG) Pool and the former companies share of IG companies 25 per cent participation in the 1st market excess layer. Reinsurance premium amounts to USD 31.0 million (2012 USD 21.7 million).

Insurance management agreement

The Company, Gard M&E, Gard Re and Safeguard Guarantee Company Ltd. have appointed Lingard Limited as their insurance manager and principal representative in Bermuda. The services provided by Lingard Limited are governed by individual insurance management agreements entered into between each of the above four companies and Lingard Limited. Insurance services have been invoiced with USD 70.7 million (2012 USD 71.9 million).

Insurance agency agreements

Lingard Limited in its capacity as insurance manager of the Company and Gard M&E has entered into insurance agency agreements with Gard AS and its subsidiaries. Gard AS is the general agent of the Norwegian branches of the Company and Gard M&E, whereby Gard AS is delegated authority as an agent and insurance intermediary to perform claims handling and underwriting functions on behalf of the two Bermuda-based risk carriers. A similar agency agreement has been entered into between Gard Norway as the principal and Gard AS as the agent.

Insurance agency agreements have been concluded between Lingard Limited and each of the subsidiaries of Gard AS for the purpose of sub-delegating certain insurance intermediary functions to regional offices in

GARD P. & I. (BERMUDA) LTD.

Notes to the accounts

Note 3 - Group transactions continued

Finland, Greece, Hong Kong, Japan, Sweden, the United Kingdom and the United States of America.

Loan agreement

The Company has entered into loan agreements with AS Assuransegården and Gard AS. The loans amount to USD 25.8 million (20.02.13 USD 38.3 million). Loan interest amounts to USD 0.7 million (2012 USD 1.0 million).

Dividends and capital contributions

Gard M&E has paid a dividend to the Company of USD 60 million (2012 USD 53.2 million).

Lingard Limited has decided not to pay a dividend in 2013 (2012 USD 5.4 million).

Safeguard Ltd has decided not to pay a dividend this year (2012 no payment of dividend).

The Company will not pay capital contribution to Gard Re this year (2012 USD 30.0 million).

Note 4 - Gross written premium by geographical areas

	Parent company		Consolidated accounts	
Amounts in USD 000's	21.02.13 to 20.02.14	21.02.12 to 20.02.13	21.02.13 to 20.02.14	21.02.12 to 20.02.13
EEA	347,750	299,099	622,605	591,290
Other areas	133,046	153,358	301,258	262,204
Total gross written premium	480,796	452,457	923,863	853,494

The geographical split is made based on the location of the individual client.

Note 5 - Estimated deferred call

These accounts are prepared on the basis of a Board of Directors' resolution of a 15 per cent deferred call in respect of the 2013 policy year, payable in 2014. The original estimated deferred call was 25 per cent. The deferred call for the 2012 year was also reduced to 15 per cent from 25 per cent.

The reduction in deferred call amounts to USD 34.8 million (2012 USD 30.7 million).

On ETC basis the gross written premium for the year to 20.02.2014 is USD 958.7 million (2012 USD 884.2 million).

Note 6 - Technical provisions

	Parent company 21.02.13 - 20.02.14			Parent company 21.02.12 - 20.02.13		
Amounts in USD 000's	P&I	M&E	Total	P&I	M&E	Total
Gross claims						
Provisions, at the beginning of the period	(877,519)	0	(877,519)	(761,580)	0	(761,580)
Claims paid	388,790	0	388,790	440,710	0	440,710
Claims incurred, gross	(380,278)	0	(380,278)	(556,648)	0	(556,648)
Provisions gross, at the end of the period	(869,007)	0	(869,007)	(877,519)	0	(877,519)
Claims net of reinsurance						
Provisions, at the beginning of the period	(442,958)	0	(442,958)	(474,344)	0	(474,344)
Claims paid, net	212,241	0	212,241	228,773	0	228,773
Claims incurred, net	(204,403)	0	(204,403)	(197,387)	0	(197,387)
Provisions net, at the end of the period	(435,120)	0	(435,120)	(442,958)	0	(442,958)

GARD P. & I. (BERMUDA) LTD.

Notes to the accounts

Note 6 - Technical provisions continued

Amounts in USD 000's	P&I	Consolidated accounts 21.02.13 - 20.02.14 M&E	Total	P&I	Consolidated accounts 21.02.12 - 20.02.13 M&E	Total
Gross claims						
Provisions, at the beginning of the period	(1,053,359)	(290,792)	(1,344,151)	(974,901)	(395,341)	(1,370,242)
Claims paid	473,454	185,027	658,481	541,797	288,049	829,846
Claims incurred, gross	(493,083)	(196,422)	(689,505)	(620,257)	(184,973)	(805,230)
Currency exchange effect	0	(88)	(88)	0	1,475	1,475
Provisions gross, at the end of the period	**(1,072,988)**	**(302,276)**	**(1,375,264)**	**(1,053,361)**	**(290,790)**	**(1,344,151)**
Claims net of reinsurance						
Provisions net, at the beginning of the period	(861,221)	(251,949)	(1,113,169)	(854,386)	(309,578)	(1,163,964)
Claims paid, net	369,369	170,951	540,320	424,912	225,472	650,384
Claims incurred, net	(444,645)	(198,358)	(643,003)	(431,747)	(168,635)	(600,381)
Currency exchange effect	0	(8)	(8)	0	792	792
Provisions net, at the end of the period	**(936,497)**	**(279,363)**	**(1,215,860)**	**(861,221)**	**(251,949)**	**(1,113,169)**

Reinsurers' share of technical provisions

	Premium *	Parent company As at 20.02.14 Claim	Total	Premium *	Parent company As at 20.02.13 Claim	Total
Provisions, at the beginning of the period	0	434,561	434,561	0	287,236	287,236
Change in reinsurers' provisions	0	(674)	(674)	0	147,325	147,325
Provisions, at the end of the period	**0**	**433,887**	**433,887**	**0**	**434,561**	**434,561**

	Premium *	Consolidated accounts As at 20.02.14 Claim	Total	Premium *	Consolidated accounts As at 20.02.13 Claim	Total
Provisions, at the beginning of the period	5,848	230,982	236,829	3,664	206,278	209,942
Change in reinsurers' provisions	1,956	(71,659)	(69,704)	4,420	25,387	29,806
Currency exchange effect	(1,078)	212	(866)	(2,236)	(683)	(2,919)
Provisions, at the end of the period	**6,725**	**159,534**	**166,259**	**5,848**	**230,982**	**236,829**

* Premium reserves primarily relate to the M&E business

There is no information with regards to the reinsurers' taking part in the Company's reinsurance programme that could lead to a potential shortfall in the reinsurers' share of technical provisions.

The Company and Gard Norway are members of the International Group of P&I Clubs.
Technical provision regarding the Pooling Agreement is;

Amounts in USD 000's	Parent company As at 20.02.14	Parent company As at 20.02.13	Consolidated accounts As at 20.02.14	Consolidated accounts As at 20.02.13
Net provision for other clubs' pool claims	81,347	59,426	188,944	160,730

GARD P. & I. (BERMUDA) LTD.

Notes to the accounts

Note 7 - Technical results for gross operations and ceded reinsurance

	Parent company 21.02.13 to 20.02.14			Parent company 21.02.12 to 20.02.13		
Amounts in USD 000's	P&I	M&E	Total	P&I	M&E	Total
Gross						
Premiums written	480,796	0	480,796	452,457	0	452,457
Change in gross premium reserve	0	0	0	0	0	0
Premiums earned	480,796	0	480,796	452,457	0	452,457
Claims incurred	(380,279)	0	(380,279)	(556,650)	0	(556,650)
Operating costs and other insurance related income	(10,831)	0	(10,831)	(24,869)	0	(24,869)
Total result - gross	**89,687**	**0**	**89,687**	**(129,062)**	**0**	**(129,062)**
Ceded reinsurance						
Reinsurance premiums	(302,987)	0	(302,987)	(279,622)	0	(279,622)
Reinsurers' share of claims incurred	175,876	0	175,876	359,264	0	359,264
Reinsurance commission	10,104	0	10,104	8,927	0	8,927
Total result - ceded reinsurance	**(117,007)**	**0**	**(117,007)**	**88,568**	**0**	**88,568**
Technical result before change in contingency reserve	**(27,320)**	**0**	**(27,320)**	**(40,495)**	**0**	**(40,495)**

	Consolidated accounts 21.02.13 to 20.02.14			Consolidated accounts 21.02.12 to 20.02.13		
Amounts in USD 000's	P&I	M&E	Total	P&I	M&E	Total
Gross						
Premiums written	585,606	338,257	923,863	529,973	323,521	853,494
Change in gross premium reserve	0	(11,372)	(11,372)	0	(1,151)	(1,151)
Premiums earned	585,606	326,885	912,491	529,973	322,370	852,343
Claims incurred	(493,083)	(196,422)	(689,505)	(620,257)	(184,973)	(805,230)
Operating costs and other insurance related income	(55,814)	(60,566)	(116,380)	(76,847)	(63,001)	(139,848)
Total result - gross	**(36,709)**	**69,897**	**106,606**	**(167,131)**	**74,397**	**(92,734)**
Ceded reinsurance						
Reinsurance premiums	(141,308)	(41,916)	(183,224)	(124,994)	(45,818)	(170,811)
Reinsurers' share of claims incurred	48,438	(1,936)	46,502	188,510	16,339	204,848
Reinsurance commission	12,418	6,662	19,080	10,771	7,505	18,276
Total result - ceded reinsurance	**(80,453)**	**(37,189)**	**(117,642)**	**74,287**	**(21,974)**	**52,313**
Technical result before change in contingency reserve	**(43,744)**	**32,708**	**(11,036)**	**(92,844)**	**52,423**	**(40,422)**

The technical result before change in contingency reserve for business area P&I on ETC basis for the group was (USD 8.935 million) (2012 USD 62.136 million).

GARD P. & I. (BERMUDA) LTD.

Notes to the accounts

Note 7 - Technical results for gross operations and ceded reinsurance continued

	Parent company 21.02.13 to 20.02.14			Parent company 21.02.12 to 20.02.13		
	P&I	M&E	Total	P&I	M&E	Total
Claims incurred gross						
Current year	370,837	0	370,837	589,660	0	589,660
Earlier years	9,442	0	9,442	(33,010)	0	(33,010)
Claims incurred gross	**380,279**	**0**	**380,279**	**556,650**	**0**	**556,650**

	Consolidated accounts 21.02.13 to 20.02.14			Consolidated accounts 21.02.12 to 20.02.13		
	P&I	M&E	Total	P&I	M&E	Total
Claims incurred gross						
Current year	431,147	92,117	523,264	666,897	112,671	779,568
Earlier years	61,936	104,305	166,241	(46,640)	72,302	25,662
Claims incurred gross	**493,083**	**196,422**	**689,505**	**620,257**	**184,973**	**805,230**

	Parent company 21.02.13 to 20.02.14			Parent company 21.02.12 to 20.02.13		
	P&I	M&E	Total	P&I	M&E	Total
Received reinsurance						
Premiums earned	20,551	0	20,551	15,372	0	15,372
Claims incurred current year	(17,406)	0	(17,406)	(18,132)	0	(18,132)
Claims incurred earlier years	(2,742)	0	(2,742)	38,548	0	38,548
Acquisition costs	(3,834)	0	(3,834)	(2,311)	0	(2,311)
Net result of received reinsurance	**(3,431)**	**0**	**(3,431)**	**33,477**	**0**	**33,477**

Note 8 - Acquisition costs, remuneration and number of staff

Amounts in USD 000's	Parent company 21.02.13 to 20.02.14	Parent company 21.02.12 to 20.02.13	Consolidated accounts 21.02.13 to 20.02.14	Consolidated accounts 21.02.12 to 20.02.13
Acquisition costs and commissions				
Sales related salaries and wages	0	0	28,293	29,949
Other acquisition costs	0	0	21,441	22,827
Insurance intermediary	25,468	27,637	0	0
Agents' commission	24,342	23,773	69,379	65,403
Commission received	(54,411)	(43,142)	(19,079)	(18,276)
Insurances related expenses for own account	**(4,601)**	**8,267**	**100,034**	**99,903**
Number of staff	**0**	**0**	**443**	**427**

GARD P. & I. (BERMUDA) LTD.

Notes to the accounts

Note 8 - Acquisition costs, remuneration and number of staff continued

Remuneration to Top Management, Committees and Auditor

The Top Management consists of the Group Directors. Group Directors are the CEO, and the Senor Vice Presidents ("SVP") that are employed by the parent company, except for two SVPs employed in the largest subsidiary.

Amounts in USD 000's	Board remuneration	Salary incl. bonus	Benefits in kind	Pension cost	Total remuneration
Top Management					
Rolf Thore Roppestad (CEO from 01.01.2014)		477	50	24	551
Svein Buvik (CEO 12.07.2013-01.01.2014)		600	64	36	700
Claes Isacson (CEO to 12.07.2013)		1,466	176	0	1,642
Svein A. Andersen (SVP)		412	77	30	520
Bjørnar Andresen (SVP)		690	9	30	728
Sara Burgess (SVP)		639	0	0	639
Steinar Bye (SVP)		533	50	24	607
Kristian Dalene (SVP)		402	29	10	440
Kjetil Eivindstad (SVP)		504	52	26	581
Christen Guddal (SVP)		377	37	22	436
Members of the Board of Directors of Gard P&I (Bermuda) Limited					
Bengt Hermelin (Chairman)	15				15
Kenneth Hvid (Deputy Chairman)	15				15
Salah M. Al-Hareky (Member)	15				15
Ian Beveridge (Member)	15				15
K. C. Chang (Member)	15				15
Trond Eilertsen (Member)	85				85
Costas Gerapetritis (Member)	15				15
Herbjørn Hansson (Member)	15				15
Morten W. Høegh (Member)	40				40
Hans Peter Jebsen (Member)	15				15
Robert E. Johnston (Member)	15				15
Sergio Machado (Member)	15				15
Tadeusz Niszczota (Member)	57				57
Halvor Ribe (Member)	15				15
Jane Sy (Member)	40				40
Kazuya Uchida (Member)	15				15
Jan Eyvin Wang (Member)	15				15
Hor Weng Yew (Member)	15				15
Total	**432**	**6,100**	**543**	**202**	**7,276**

The CEO has a mortgage loan with a remaining balance of USD 0.162 mill. The loan has a rate of interest according to the interest set by the Tax Ministery in Norway and the repayment period is 4.2 years. The loan is secured by real estate. The CEO has a remuneration guarantee that comes into force if the Board should ask him to leave his position. The remuneration guarantee gives him 12 months' salary in addition to a contractual six months' notice period.

The majority of the Top Management Group and certain key personnel have a pension scheme that gives them the right to retire at 60 years of age and covers income included and above 12 times the base amount. The pension requires a thirty year accrual period in Gard, or will be reduced accordingly.

The Company has given a bonus promise to all employees within the group including the CEO. A bonus will be paid if predefined targets are met. The bonus will be paid through the companies where the employees work and refunded by the Company. A maximum possible bonus is 20 per cent of gross salary. A bonus of 19.5 per cent of gross salary is expected to be paid for the year to 20.02.2014.

	Parent company		Consolidated accounts	
Amounts in USD 000's	21.02.13 to 20.02.14	21.02.12 to 20.02.13	21.02.13 to 20.02.14	21.02.12 to 20.02.13
Auditing fee	129	173	634	844
Tax advising	0	0	130	35
Non audit services	34	51	109	102
Total auditors' fee	**163**	**223**	**872**	**981**

GARD P. & I. (BERMUDA) LTD.

Notes to the accounts

Note 8 - Acquisition costs, remuneration and number of staff continued

Net operating expenses

	Parent company		Consolidated accounts	
	21.02.13 to 20.02.14	21.02.12 to 20.02.13	21.02.13 to 20.02.14	21.02.12 to 20.02.13
Bad debt	(181)	930	(2,461)	859
Service cost (Lingard Limited)	71,276	73,484	0	0
Allocated to claims handling and acquisition costs	(67,347)	(55,277)	0	0
Other operating expenses *	1,580	(11,461)	1,418	21,740
Other insurance related expenses	5,329	7,676	(1,043)	22,598

* The group has had a project of developing a new software for insurance handling. Due to technical changes the project has been terminated and the total booked value has been impaired. The impairment effect on this project has been charged to the income statement with a total of USD 19.4 million in 2012.

Included in other operating expenses are also revenues related to non-insurance activities.

Average Expense Ratio (AER) - P&I

In accordance with Schedule 3 of the International Group Agreement 1999 the group is required to disclose the AER for the Group's P&I business for the five years ended 20 February 2014. The ratio of 11.3 per cent (14.1 per cent last year) has been calculated in accordance with the Schedule and the guidelines issued by the International Group and is consistent with the relevant financial statements.

The five year AER for the group's P&I business expresses the operating costs on a consolidated basis as a percentage of the relevant premiums and investment income earned. Operating costs of the P&I business exclude all claims handling costs. Investment income earned is stated after deducting all investment management costs. Internal claims handling and internal investment management costs include a reasonable allocation for general overhead expenses.

Note 9 - Financial income and expenses

	Parent company		Consolidated accounts	
Amounts in USD 000's	21.02.13 to 20.02.14	21.02.12 to 20.02.13	21.02.13 to 20.02.14	21.02.12 to 20.02.13
Investment income				
Interest income	874	1,244	816	2,646
Dividend from subsidiaries	60,000	58,600	0	0
Income from financial instruments held for trading (portfolio investments)	10,727	1,703	46,652	29,065
Foreign exchange gains/losses	(4,331)	1,286	(3,561)	1,885
	67,269	62,833	43,907	33,596
Change in unrealised gain/loss on investments				
Change in unrealised gain/loss on investments	**13,584**	**27,448**	**16,834**	**70,298**
Gain on realisation of investments				
Gain on financial instruments held for trading (portfolio investments)	**16,340**	**9,283**	**29,557**	**19,240**
Investment management expenses	(4,533)	(2,941)	(14,598)	(9,623)
Non-technical result	**92,660**	**96,623**	**75,700**	**113,512**

Net profits on realisation of investments reflect the difference between cost and sale price in the local currency of the investment.

GARD P. & I. (BERMUDA) LTD.

Notes to the accounts

Note 10 - Tax

Amounts in USD 000's	Parent company 21.02.13 to 20.02.14	Parent company 21.02.12 to 20.02.13	Consolidated accounts 21.02.13 to 20.02.14	Consolidated accounts 21.02.12 to 20.02.13
Income tax expenses				
Tax payable	3,534	3,590	9,935	6,932
Change in deferred tax	0	0	(662)	(3,318)
Paid foreign withheld tax	567	661	1,645	1,694
Tax expenses ordinary result	**4,102**	**4,252**	**10,918**	**5,309**

	Parent company 21.02.13 to 20.02.14	Parent company 21.02.12 to 20.02.13	Consolidated accounts 21.02.13 to 20.02.14	Consolidated accounts 21.02.12 to 20.02.13
Income tax payable				
Tax at beginning of the period	5,059	6,072	13,762	16,925
Tax payable related to the period	3,534	3,590	9,935	6,932
Tax paid during the period	(2,773)	(4,638)	(9,730)	(9,641)
Currency effects	(410)	35	(955)	(454)
Tax payable at end of the period	5,410	5,059	13,012	13,762

	Parent company As at 20.02.14	Parent company As at 20.02.13	Consolidated accounts As at 20.02.14	Consolidated accounts As at 20.02.13
Deferred tax asset				
Specification of tax effect resulting from temporary differences				
Pension obligations	0	0	44,828	42,333
Equipment	0	0	(1,490)	(1,598)
Other temporary differences	0	0	246	2,968
Total temporary differences	**0**	**0**	**43,584**	**43,703**
Deferred tax asset, 27 per cent of total temporary differences	**0**	**0**	**11,768**	**12,237**

A deferred tax asset regarding Norwegian companies in the consolidated accounts has been recorded in the balance sheet because it is likely to be used in the future. One subsidiary has a net deferred tax asset as at 20.02.14 amounting to USD 30.0 million (20.02.13 USD 31.3 million) that is not included in the recorded amount above as it is not likely to be utilised in the future.

Note 11 - Other intangible assets

Amounts in USD 000's	Consolidated accounts 21.02.13 to 20.02.14	Consolidated accounts 21.02.12 to 20.02.13
Cost at beginning of year	7,169	24,893
Net additions / disposals	2,340	3,024
Exchange adjustments	0	(1,203)
Cost at end of year	**9,509**	**26,714**
Depreciation and impairment at beginning of year	7,169	7,672
Depreciation	18	0
Impairment	0	19,431
Exchange adjustments	1	(389)
Depreciation at end of year	**7,188**	**26,714**
Net book value at end of year	**2,321**	**0**

The group has had a project of developing a new software for insurance handling. Due to technical changes the project has been terminated and the total booked value has been impaired. The impairment effect on this project has been charged to the income statement with a total of USD 19.4 million in 2012.

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Notes to the accounts

Note 12 - Property and plant used in operation

Amounts in USD 000's	Real estate As at 20.02.14	Property, plant As at 20.02.14	Consolidated accounts Total as at 20.02.14
Cost at beginning of year	28,008	13,422	41,430
Net additions / disposals	(2,060)	1,342	(718)
Exchange adjustments	68	3,560	3,628
Cost at end of year	**26,017**	**18,324**	**44,340**
Depreciation at beginning of year	6,723	1,589	8,312
Depreciation charge for the year	457	252	709
Exchange adjustments	(128)	105	(23)
Depreciation at end of year	**7,052**	**1,946**	**8,99**
Net book value as at 20.02.2014	**18,965**	**16,378**	**35,343**
Amortisation period	67 years	5-20 years	
Amortisation type	linear	linear	

Rent included in the consolidated accounts is charged to the income statement in the period the offices are used. Any remaining rental liabilities are not included in the balance sheet. Total costs regarding rent in the consolidated account amounts to USD 4.6 million (USD 4.7 million last year).

Note 13 - Investments in subsidiaries

Amounts in USD 000's	Ownership	Voting share	Place of office		Share capital	Cost price USD As at 20.02.14
AS Assuransegården	100.0%	100.0%	Norway	NOK	22,220	21,095
Gard AS	100.0%	100.0%	Norway	NOK	30,000	70,932
Gard Marine & Energy Ltd.	100.0%	100.0%	Bermuda	USD	190,000	197,737
Gard Reinsurance Co Ltd.	100.0%	100.0%	Bermuda	USD	150,000	255,000
Hydra Insurance Company Ltd. (Gard's cell)	100.0%	100.0%	Bermuda	USD	7,698	7,698
Lingard Limited	100.0%	100.0%	Bermuda	USD	900	900
Safeguard Guarantee Company Ltd.	100.0%	100.0%	Bermuda	USD	300	30,000
Total						**583,363**

Note 14 - Equipment

Amounts in USD 000's	Parent company As at 20.02.14 Art	Consolidated accounts As at 20.02.14 Art	Equipment	Total
Acquisition costs at beginning of year	1,356	4,413	19,680	24,093
Net additions / disposals	0	(21)	(1,679)	(1,700)
Exchange adjustments	0	0	1,548	1,548
Cost at end of year	**1,356**	**4,392**	**19,549**	**23,941**
Depreciation at beginning of year	0	0	13,734	13,734
Depreciation charge for the year	0	0	2,635	2,635
Impairment	375	375	0	375
Exchange adjustments	0	0	(2,090)	(2,090)
Depreciation at end of year	**375**	**375**	**14,279**	**14,654**
Net book value at end of year	**981**	**4,017**	**5,270**	**9,287**

GARD P. & I. (BERMUDA) LTD.

Notes to the accounts

Note 15 - Financial instruments and fair values through profit or loss

Determination of fair value

The following describes the methodologies and assumptions used to determine fair values:

Financial instruments at fair value through profit or loss

The fair value of financial assets classified as financial instruments at fair value through profit or loss and the fair value of bonds included is determined by reference to published price quotations in an active market. For unquoted financial assets the fair value has been estimated using a valuation technique based on assumptions that are supported by observable market prices.

Assets for which fair value approximates carrying value

For financial assets and liabilities that have a short-term maturity, it is assumed that the carrying amounts approximate to their fair value. This assumption is also applied to demand deposits, and savings accounts without a specific maturity.

Fair value hierarchy

The Gard group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique.

Financial instruments in Level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the last trade price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily listed equity common stocks, futures, US, UK and Germany listed government bonds.

Financial instruments in Level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.
Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments;
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value;
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

Note that all of the resulting fair value estimates are included in Level 2 except for financial investments explained below.

Financial instruments in Level 3

Level 3 includes securitised debt instruments and investments in less liquid fund structures.

				Parent company As at 20.02.14				Parent company As at 20.02.13
Amounts in USD 000's	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial investments								
Equities and shares in funds	75,767	194,280	28,533	298,580	48,610	196,941	23,666	269,217
Bonds	242,045	25,485	3,590	271,120	184,761	55,040	9,090	248,891
Financial derivatives	0	4,693	0	4,693	0	12,459	0	12,459
Cash	31,062	0	0	31,062	27,485	0	0	27,485
Pending transactions for settlement	8,990	0	0	8,990	8,979	0	0	8,979
Total financial investments	**357,865**	**224,458**	**32,123**	**614,445**	**269,835**	**264,439**	**32,756**	**567,031**
Financial liabilities								
Financial derivative liabilities	0	(2,708)	0	(2,708)	0	(3,893)	0	(3,893)
Other payables	(13,342)	0	0	(13,342)	(11,495)	0	0	(11,495)
Total financial liabilities	**(13,342)**	**(2,708)**	**0**	**(16,050)**	**(11,495)**	**(3,893)**	**0**	**(15,388)**

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Notes to the accounts

Note 15 - Financial instruments and fair values through profit or loss continued

				Consolidated accounts				Consolidated accounts
				As at 20.02.14				As at 20.02.13
Amounts in USD 000's	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial investments								
Equities and shares in funds	293,085	359,232	28,533	680,850	259,031	247,230	23,666	529,928
Bonds	766,841	415,857	46,250	1,228,948	685,078	481,671	104,520	1,271,269
Financial derivatives	0	8,485	0	8,485	0	30,639	0	30,639
Cash	67,683	0	0	67,683	47,733	0	0	47,733
Pending transactions for settlement	45,002	0	0	45,002	69,180	0	0	69,180
Total financial investments	**1,172,611**	**783,573**	**74,783**	**2,030,967**	**1,061,022**	**759,540**	**128,186**	**1,948,748**
Financial liabilities								
Financial derivative liabilities	0	(6,868)	0	(6,868)	0	(8,707)	0	(8,707)
Other payables	(93,812)	0	0	(93,812)	(73,444)	0	0	(73,444)
Total financial liabilities	**(93,812)**	**(6,868)**	**0**	**(100,680)**	**(73,444)**	**(8,707)**	**0**	**(82,151)**

Note 16 - Financial risk

Risk management framework

The purpose of risk management is to enable the Company and its entities to meet its obligations to policy holders and Members. Risk management must ensure that risk taking is consistent with the Company's risk appetite and that there is an appropriate risk reward balance in all risk taking activities. This risk management framework has been approved by the CEO. The Risk and Capital Committee is responsible for proposing changes to this framework to the CEO. The Risk and Capital Committee meets regularly to discuss any commercial, regulatory and organisational requirements. The mission is to improve the understanding of current and prospective risk exposures, as well as ensure sound, holistic and transparent decision making processes in relation to risk management.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. The credit exposure on the Gard group's reinsurance programme is in line with the guidelines of only accepting reinsurers with an A- or higher rating. The Gard group is, however, faced with BBB rating exposure through the IG Pooling agreement. Among the thirteen clubs, five have ratings of BBB or lower.

This is mitigated by a designated reserve scheme, whereby high quality bank guarantees are provided as security for liabilities between the pooling participants. The Gard group also has counterparty risk towards counterparties through the financial derivative overlay programme used to manage market risk exposures. Common risk mitigation techniques are exercised in order to minimise the counterparty risk in relation to the holding of derivative contracts. The credit risk in respect of receivables is handled by group policies and by close follow up. Outstanding receivables can be netted off against outstanding claims payments to reduce the risk of doubtful debts.

The tables below provide information regarding credit risk exposure as at 20.02.2014, by classifying assets according to the median rating amongst the three market leading providers, Standard & Poor's, Moody's and Fitch. This principle is in line with new Solvency II requirements. AAA is the highest possible rating. The US long-term sovereign credit rating is considered to be AAA due to an applied median rating approach. Last year the corresponding rating used was according to the Standard & Poor's rating, which was AA+.

GARD P. & I. (BERMUDA) LTD.

Notes to the accounts

Note 16 - Financial risk continued

Amounts in USD 000's	AAA	AA	A	BBB	BB	B	CCC/lower	Not rated	Parent company As at 20.02.14 Total
Financial investments									
Equities and shares in funds	0	0	0	0	0	0	0	298,580	298,580
Bonds	245,296	5,172	10,342	7,948	1,469	636	255	3	271,120
Financial derivatives	0	0	4,693	0	0	0	0	0	4,693
Cash	0	0	31,062	0	0	0	0	0	31,062
Pending transactions for settlement	0	0	8,990	0	0	0	0	0	8,990
Investment in subsidiaries	0	0	0	0	0	0	0	583,363	583,363
Loan to subsidiaries	0	0	0	0	0	0	0	25,825	25,825
Other financial assets	10,401	0	0	0	0	0	0	0	10,401
Reinsurers' share of gross claim reserve	0	0	428,944	4,505	438	0	0	0	433,887
Receivables	0	0	65,161	1,999	0	0	0	194	67,354
Cash and cash equivalents	0	25,683	0	2,289	0	0	0	0	27,972
Total	**255,697**	**30,855**	**549,192**	**16,741**	**1,907**	**636**	**255**	**907,965**	**1,763,248**

	AAA	AA	A	BBB	BB	B	CCC/lower	Not rated	Parent company As at 20.02.13 Total
Financial investments									
Equities and shares in funds	0	0	0	0	0	0	0	269,125	269,125
Bonds	191,614	4,333	22,238	26,725	2,796	892	288	4	248,891
Financial derivatives	0	0	12,459	0	0	0	0	0	12,459
Cash	0	0	27,485	0	0	0	0	0	27,485
Pending transactions for settlement	0	0	8,978	0	0	0	0	0	8,978
Investment in subsidiaries	0	0	0	0	0	0	0	583,387	583,387
Loan to subsidiaries	0	0	0	0	0	0	0	38,311	38,311
Other financial assets	5,413	0	0	0	0	0	0	0	5,413
Reinsurers' share of gross claim reserve	0	0	421,906	12,655	0	0	0	0	434,561
Receivables	0	0	72,003	834	0	0	0	42,888	115,725
Cash and cash equivalents	0	0	0	0	0	0	0	0	0
Total	**197,027**	**4,333**	**565,070**	**40,214**	**2,796**	**892**	**288**	**933,715**	**1,744,335**

	AAA	AA	A	BBB	BB	B	CCC/lower	Not rated	Consolidated accounts As at 20.02.14 Total
Financial investments									
Equities and shares in funds	0	0	0	0	0	0	0	680,580	680,580
Bonds	808,128	66,032	156,201	158,206	28,109	9,104	2,817	351	1,228,948
Financial derivatives	0	0	8,485	0	0	0	0	0	8,485
Cash	0	0	67,683	0	0	0	0	0	67,683
Pending transactions for settlement	0	0	45,002	0	0	0	0	0	45,002
Other financial assets	25,381	0	0	0	0	0	0	0	25,381
Reinsurers' share of gross claim reserve	0	761	153,298	12,201	0	0	0	0	166,259
Receivables	0	0	190,407	0	0	0	0	6,938	197,345
Loan to employees	0	0	0	0	0	0	0	41,806	41,806
Cash and cash equivalents	0	137,653	25,279	95	0	0	0	0	163,027
Total	**833,509**	**204,445**	**646,355**	**170,502**	**28,109**	**9,104**	**2,817**	**729,675**	**2,624,516**

GARD P. & I. (BERMUDA) LTD.

Notes to the accounts

Note 16 - Financial risk continued

	AAA	AA	A	BBB	BB	B	CCC/lower	Not rated	Consolidated accounts As at 20.02.13 Total
Financial investments									
Equities and shares in funds	0	0	0	0	0	0	0	529,928	529,928
Bonds	772,232	43,089	178,233	215,087	47,689	10,686	3,467	786	1,271,269
Financial derivatives	0	0	30,639	0	0	0	0	0	30,639
Cash	0	0	47,830	0	0	0	0	0	47,830
Pending transactions for settlement	0	0	69,083	0	0	0	0	0	69,083
Other financial assets	15,461	0	0	0	0	0	0	0	15,461
Reinsurers' share of gross claim reserve	0	2,967	220,636	13,227	0	0	0	0	236,829
Receivables	0	0	163,718	0	0	0	0	8,908	172,626
Loan to employees	0	0	0	0	0	0	0	46,972	46,972
Cash and cash equivalents	0	96,156	0	0	0	0	0	0	96,156
Total	**787,693**	**142,212**	**710,138**	**228,314**	**47,689**	**10,686**	**3,467**	**586,594**	**2,516,793**

Collateral

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Credit risk is sometimes mitigated by entering into collateral agreements. Management monitors the market value of the collateral and requests additional collateral when needed. There is no collateral as at 20 February 2014.

As mentioned above, the Company actively manages its credit portfolio to ensure that there is no significant concentration of credit risk.

Age analysis of receivables after provision for bad debt:

Amounts in USD 000's	As at 20.02.14	Parent company As at 20.02.13	As at 20.02.14	Consolidated accounts As at 20.02.13
Not due	62,172	105,703	207,825	187,151
0-60 days	577	0	17,233	12,310
61-90 days	2,115	2,115	4,973	3,225
Above 90 days	2,490	7,907	9,120	16,912
Total	**67,354**	**115,725**	**239,151**	**219,598**

Impaired receivables

As at 20.02.14 there are impaired receivables in the parent company of USD 1.9 million (20.02.13 USD 2.0 million) and there are impaired receivables in the consolidated accounts of USD 7.3 million (20.02.13 USD 9.8 million). No collateral is held as security for the impaired receivables, but the receivables can be deducted from future claim payments if any. Impairment allowance is included in net operating expenses.

Analysis of provision for bad debt:

Amounts in USD 000's	As at 20.02.14	Parent company As at 20.02.13	As at 20.02.14	Consolidated accounts As at 20.02.13
Balance as at the beginning of the period	1,981	1,016	9,750	8,816
Provision for receivables impairment	241	1,505	1,930	2,408
Receivables written off during the year as uncollectable	(81)	(253)	(2,089)	(643)
Unused amounts reversed	(255)	(287)	(2,342)	(842)
Exchange adjustments	2	0	1	11
Balance as at the end of the period	**1,888**	**1,981**	**7,250**	**9,750**

The creation and release of provision for impaired receivables have been included in 'other insurance related expenses' in the income statement. Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash.

GARD P. & I. (BERMUDA) LTD.

Notes to the accounts

Note 16 - Financial risk continued

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial instruments. In respect of catastrophic events there is also a liquidity risk associated with the timing differences between gross cash outflows and expected reinsurance recoveries. Liquidity risk arises primarily due to the unpredictability of the timing of payment of insurance liabilities and the illiquidity of the assets held or when market depth is insufficient to absorb the required volumes of assets to be sold, resulting in asset sale at a discount. The risk is mitigated through a credit facility with Nordea Bank Norge ASA and a cash pool between the direct insurance entities in the Gard group improves access to liquidity across the legal entities.

Maturity profile

The tables below set out the maturity profile of assets and liabilities combining amounts expected to be recovered within one year, between one and five years and more than five years. Assets and liabilities not covered by IFRS 7 are classified as other assets and other liabilities in the table below.

The Gard group maintains highly marketable financial instruments and diverse assets that can be easily liquidated in the event of an unforeseen interruption of cash flow. This, combined with the credit facility and cash pool to meet liquidity needs, gives a presentation of how assets and liabilities have been matched.

						Parent company As at 20.02.14
Amounts in USD 000's	Carrying value	Within 1 year	1 - 5 years	More than 5 years	No maturity date	Total
Financial assets						
Investments in subsidiaries	583,363	0	0	0	583,363	583,363
Equities and shares in funds	298,580	0	0	0	298,580	298,580
Bonds	271,120	12,921	237,749	20,451	0	271,120
Financial derivatives	4,693	4,693	0	0	0	4,693
Other financial investments - cash	31,062	31,062	0	0	0	31,062
Other financial investments - pending transactions for settlement	8,990	8,990	0	0	0	8,990
Reinsurers' share of technical provisions	433,887	130,774	260,896	42,217	0	433,887
Receivables	93,179	67,354	0	0	25,825	93,179
Cash and cash equivalents	27,972	27,972	0	0	0	27,972
Other financial assets	10,401	0	0	0	10,401	10,401
Total financial assets	1,763,248	283,765	498,645	62,668	918,169	1,763,248
Accrued income and pre-payments	3,154	3,154	0	0	0	3,154
Other assets	981	0	0	0	981	981
Total assets	**1,767,383**	**286,920**	**498,645**	**62,668**	**919,150**	**1,767,383**

						Parent company As at 20.02.14
	Carrying value	Within 1 year	1 - 5 years	More than 5 years	No maturity date	Total
Financial liabilities						
Financial derivative liabilities	2,708	2,708	0	0	0	2,708
Technical provisions	1,691,470	274,259	518,619	76,783	821,809	1,691,470
Provision for other liabilities	7,180	0	5,410	1,770	0	7,180
Payables and accruals	51,040	51,040	0	0	0	51,040
Other payables	14,522	14,522	0	0	0	14,522
Total financial liabilities	1,766,920	342,529	524,029	78,553	821,809	1,766,920
Other liabilities	463	0	0	0	463	463
Total liabilities	**1,767,383**	**342,529**	**524,029**	**78,553**	**822,272**	**1,767,383**

GARD P. & I. (BERMUDA) LTD.

Notes to the accounts

Note 16 - Financial risk continued

Parent company
As at 20.02.13

Amounts in USD 000's	Carrying value	Within 1 year	1 - 5 years	More than 5 years	No maturity date	Total
Financial assets						
Investments in subsidiaries	583,387	0	0	0	583,387	583,387
Equities and shares in funds	269,125	0	0	0	269,125	269,125
Bonds	248,891	20,056	48,655	17,236	162,944	248,891
Financial derivatives	12,459	12,459	0	0	0	12,459
Other financial investments - cash	27,484	27,484	0	0	0	27,484
Other financial investments - pending transactions for settlement	8,979	8,979	0	0	0	8,979
Reinsurers' share of technical provisions	434,562	130,977	261,302	42,283	0	434,562
Receivables	154,035	115,725	0	0	38,311	154,035
Cash and cash equivalents	0	0	0	0	0	0
Other financial assets	5,413	5,413	0	0	0	5,413
Total financial assets	1,744,335	321,093	309,957	59,519	1,053,767	1,744,335
Accrued income and pre-payments	3,711	3,711	0	0	0	3,711
Other assets	1,356	0	0	0	1,356	1,356
Total assets	**1,749,402**	**324,804**	**309,957**	**59,519**	**1,055,123**	**1,749,402**

Parent company
As at 20.02.13

	Carrying value	Within 1 year	1 - 5 years	More than 5 years	No maturity date	Total
Financial liabilities						
Financial derivative liabilities	3,893	3,893	0	0	0	3,893
Technical provisions	1,638,089	264,484	527,652	85,383	760,570	1,638,089
Liabilities to financial institutions	2,903	2,903	0	0	0	2,903
Provision for other liabilities	6,350	0	5,059	1,291	0	6,350
Payables and accruals	84,049	84,049	0	0	0	84,049
Other payables	13,655	13,655	0	0	0	13,655
Total financial liabilities	1,748,939	368,985	532,711	86,674	760,570	1,748,939
Other liabilities	463	0	0	0	463	463
Total liabilities	**1,749,402**	**368,985**	**532,711**	**86,674**	**761,033**	**1,749,402**

Consolidated accounts
As at 20.02.14

	Carrying value	Within 1 year	1 - 5 years	More than 5 years	No maturity date	Total
Financial assets						
Equities and shares in funds	680,850	0	0	0	680,850	680,850
Bonds	1,228,948	293,931	668,255	266,762	0	1,228,948
Financial derivatives	8,485	8,485	0	0	0	8,485
Other financial investments - cash	67,683	67,683	0	0	0	67,683
Other financial investments - pending transactions for settlement	45,002	45,002	0	0	0	45,002
Reinsurers' share of technical provisions	166,259	56,382	95,929	13,948	0	166,259
Receivables	239,151	213,195	12,411	13,545	0	239,151
Cash and cash equivalents	163,027	163,027	0	0	0	163,027
Other financial assets	25,381	0	0	0	25,381	25,381
Total financial assets	2,624,785	847,705	776,596	294,254	706,230	2,624,785
Accrued income and pre-payments	38,797	38,797	0	0	0	38,797
Other assets	58,720	0	9,287	11,768	37,664	58,720
Total assets	**2,722,301**	**886,501**	**785,883**	**306,023**	**743,895**	**2,722,301**

GARD P. & I. (BERMUDA) LTD.
Notes to the accounts

Note 16 - Financial risk continued

Consolidated accounts
As at 20.02.14

Amounts in USD 000's	Carrying value	Within 1 year	1 - 5 years	More than 5 years	No maturity date	Total
Financial liabilities						
Financial derivative liabilities	6,868	6,868	0	0	0	6,868
Technical provisions	2,490,518	598,426	827,634	120,336	944,123	2,490,518
Provision for other liabilities	60,610	5,105	8,047	47,457	0	60,610
Payables and accruals	61,080	61,080	0	0	0	61,080
Other payables	102,763	102,763	0	0	0	102,763
Total financial liabilities	2,721,838	774,241	835,681	167,793	944,123	2,721,838
Other liabilities	463	0	0	0	463	463
Total liabilities	**2,722,301**	**774,241**	**835,681**	**167,793**	**944,586**	**2,722,301**

Consolidated accounts
As at 20.02.13

	Carrying value	Within 1 year	1 - 5 years	More than 5 years	No maturity date	Total
Financial assets						
Equities and shares in funds	529,928	0	0	0	529,928	529,928
Bonds	1,271,269	297,428	466,348	262,047	245,447	1,271,269
Financial derivatives	30,639	30,639	0	0	0	30,639
Other financial investments - cash	47,733	47,733	0	0	0	47,733
Other financial investments - pending transactions for settlement	69,180	69,180	0	0	0	69,180
Reinsurers' share of technical provisions	236,830	75,466	138,889	22,475	0	236,830
Receivables	219,598	219,598	0	0	0	219,598
Cash and cash equivalents	96,156	96,156	0	0	0	96,156
Other financial asset	15,461	0	0	0	15,461	15,461
Total financial assets	2,516,794	836,199	605,237	284,522	790,835	2,516,793
Accrued income and pre-payments	29,269	29,269	0	0	0	29,269
Other assets	64,026	0	10,359	12,237	41,430	64,026
Total assets	**2,610,089**	**865,468**	**615,596**	**296,759**	**832,265**	**2,610,089**
Financial liabilities						
Financial derivative liabilities	8,707	8,707	0	0	0	8,707
Technical provisions	2,400,651	566,835	808,238	130,786	894,792	2,400,651
Provision for other liabilities	62,160	6,837	6,925	48,398	0	62,160
Payables and accruals	138,107	138,107	0	0	0	138,107
Total financial liabilities	2,609,626	720,486	815,163	179,184	894,792	2,609,625
Other liabilities	463	0	0	0	463	463
Total liabilities	**2,610,089**	**720,486**	**815,163**	**179,184**	**895,255**	**2,610,089**

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk arises from investment activities and the sensitivity of liabilities to market prices. The most significant market risk types are: foreign exchange rates (currency risk), market interest rates (interest rate risk), and quoted price rates (price risk).

Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The currency exposure on the asset side in the Gard group is matched to the assumed currency exposure of liabilities. A significant share of the actual claims exposure is in another currency than the accounting currency. Based on accounting figures, there is a mismatch between assets and liabilities. The currency exposure is managed through a rolling forward programme.

GARD P. & I. (BERMUDA) LTD.

Notes to the accounts

Note 16 - Financial risk continued

Amounts in USD 000's	USD	EUR	GBP	Other	Parent company As at 20.02.14 Total
Assets					
Investments	816,969	86,984	108,183	211,497	1,223,633
Reinsurers' share of technical provisions	234,299	82,439	47,728	69,422	433,887
Receivables	66,491	432	315	115	67,353
Other assets	22,773	10,895	3,787	1,899	39,354
Pre-payments and accrued income	3,146	0	0	9	3,155
Total assets	**1,143,678**	**180,749**	**160,013**	**282,943**	**1,767,383**
Liabilities					
Statutory reserve	463	0	0	0	463
Technical provisions	469,264	165,111	95,591	139,041	869,007
Contingency reserve	821,809	0	0	0	821,809
Provisions for other liabilities	315	0	1,220	5,645	7,180
Payables	46,202	1,288	1,685	4,051	53,227
Accruals and deferred income	4,587	1,500	1,000	8,610	15,697
Total liabilities	**1,342,640**	**167,899**	**99,496**	**157,348**	**1,767,383**

	USD	EUR	GBP	Other	Parent company As at 20.02.13 Total
Assets					
Investments	822,027	66,440	47,032	253,150	1,188,649
Reinsurers' share of technical provisions	233,528	81,631	48,444	70,958	434,561
Receivables	115,056	491	1	177	115,725
Other assets	6,756	0	0	0	6,756
Pre-payments and accrued income	3,626	83	0	2	3,711
Total assets	**1,180,993**	**148,645**	**95,477**	**324,287**	**1,749,402**
Liabilities					
Statutory reserve	463	0	0	0	463
Technical provisions	471,568	164,839	97,825	143,286	877,519
Contingency reserve	760,570	0	0	0	760,570
Provisions for other liabilities	235	0	1,056	5,059	6,350
Payables	77,694	495	1,137	8,223	87,549
Accruals and deferred income	5,241	1,500	1,000	9,210	16,951
Total liabilities	**1,315,771**	**166,834**	**101,018**	**165,778**	**1,749,402**

GARD P. & I. (BERMUDA) LTD.

Notes to the accounts

Note 16 - Financial risk continued

Amounts in USD 000's	USD	EUR	GBP	Other	Consolidated accounts As at 20.02.14 Total
Assets					
Intangible assets	0	0	0	2,321	2,321
Investments	1,080,902	298,349	261,584	427,561	2,068,395
Reinsurers' share of technical provisions	90,175	34,169	4,973	36,942	166,259
Receivables	150,160	29,895	2,138	56,957	239,151
Other assets	92,709	14,017	7,385	93,267	207,378
Pre-payments and accrued income	25,861	4,027	315	8,595	38,797
Total assets	**1,439,806**	**380,457**	**276,395**	**625,643**	**2,722,301**
Liabilities					
Technical provisions	852,123	303,966	143,738	246,568	1,546,395
Contingency reserve	944,384	0	0	0	944,586
Provisions for other liabilities	455	40	293	59,823	60,610
Payables	118,405	1,725	3,546	16,781	140,457
Accruals and deferred income	7,613	2,397	235	20,009	30,253
Total liabilities	**1,922,980**	**308,128**	**147,811**	**343,181**	**2,722,301**

	USD	EUR	GBP	Other	Consolidated accounts As at 20.02.13 Total
Assets					
Investments	1,204,130	232,518	144,463	411,204	1,992,315
Reinsurers' share of technical provisions	130,151	47,995	18,500	40,183	236,829
Receivables	131,217	25,343	2,468	60,570	219,598
Other assets	24,200	16,503	11,472	79,902	132,077
Other pre-payments and accrued income	20,289	3,543	737	4,700	29,269
Total assets	**1,509,985**	**325,902**	**177,640**	**596,559**	**2,610,089**
Liabilities					
Technical provisions	814,246	289,374	139,221	263,018	1,505,859
Contingency reserve	895,255	0	0	0	895,255
Provisions for other liabilities	534	37	3,215	58,374	62,160
Payables	90,366	9,622	9,856	5,557	115,401
Accruals and deferred income	10,388	3,904	1,102	16,020	31,414
Total liabilities	**1,810,788**	**302,937**	**153,394**	**342,969**	**2,610,089**

Interest rate risk

Interest rate risk is the risk that the value of the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The term structure of interest bearing assets in the Gard group is matched to the expected duration of the liabilities. The sensitivity analysis of the bond assets of the Gard group has been modelled by reference to a reasonable approximation of the weighted average interest rate sensitivity of the investments held.

GARD P. & I. (BERMUDA) LTD.

Notes to the accounts

Note 16 - Financial risk continued

Equity price risk

Equity price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Gard group's equity price risk exposure relates to financial instruments whose values will fluctuate as a result of changes in market prices.

The equity portfolio is broadly diversified. However, compared to a global benchmark portfolio based on market capitalisation, the equity portfolio is skewed towards emerging markets and small caps, which is expected to have a higher volatility than the global market as a whole. Through an equity programme funds are invested with active equity managers and the equity market exposure is hedged into fixed income exposures through a rolling derivative programme.

Equities and shares in funds includes equity stocks and shares in mutual funds in asset classes such as real estate, corporate bonds and absolute return. The equity allocation reported is adjusted for a derivative overlay programme. Equity beta exposure is hedged out through equity index futures in order to maintain total equity market exposure within the allowed range, and simultaneously fixed income exposure is gained through interest rate swap contracts.

Equities and shares in funds consist of the following

	Consolidated accounts	
Amounts in USD 000's	As at 20.02.14	As at 20.02.13
Equity stocks	607,386	497,660
Equity index futures	(305,058)	(219,051)
Total equities	302,327	278,610
Shares in funds, net	378,523	251,318
Equities and shares in funds	680,850	529,928

Financial instruments - sensitivity analysis

The analysis below is performed for reasonably possible movements in key market variables with all other variables held constant.

	Parent company		Consolidated accounts	
Amounts in USD 000's	As at 20.02.14	As at 20.02.13	As at 20.02.14	As at 20.02.13
Impact on fixed income portfolio investments given an increase of 50 basis points	(6,264)	(4,359)	(20,510)	(17,892)
Impact on equity portfolio given a 10% drop in quoted market prices	(21,200)	(26,913)	(45,252)	(52,993)
Impact on total investment portfolio given a change of 10% in foreign exchange rates against USD	(30,950)	(22,966)	(83,026)	(73,509)

The sensitivity analysis assumes no correlation between equity price, interest rate, property market and foreign currency rate risk. It also assumes that all other receivables and payables remain unchanged and that no management action is taken. The Gard group has no significant risk concentrations which is not in line with the overall investment guidelines set by the Company's Board of Directors. Any impact from risks tested in the table above is not, due to tax regulations, assumed to have any taxable impact.

The methods used above for deriving sensitivity information and significant variables have not changed from the previous period.

Note 17 - Financial derivatives at fair value through profit or loss

Financial derivatives

Financial derivatives are integrated components in the investment philosophies and processes of the Gard group's fund management. They are used for risk management, liquidity improvement, cost reduction and to optimise return within the guidelines set for the Gard group's fund management. Financial derivatives contribute to reducing the risk of the assets not being able to cover the Gard group's liabilities. The Gard group has implemented a derivative overlay programme whereby regional equity specialists are employed with mandates which have historically provided value creation from active management. The market exposure is then hedged out through equity futures contracts in order to maintain total equity market exposure within the allowed range, and simultaneously fixed income exposure is gained through interest rate swap contracts.

GARD P. & I. (BERMUDA) LTD.

Notes to the accounts

Note 17 - Financial derivatives at fair value through profit or loss continued

Investment guidelines

The key features of the Gard group's derivative guidelines are as follows:

All options must be covered. The aggregate economic exposure of the fund may not exceed one hundred per cent of the total fund's market value, i.e. there must be no leverage or gearing of any nature whatsoever of the fund. Derivatives must not be used to effect economic exposures beyond the limits set out in the fund guidelines.

Any transactions in derivative instruments or of a partly paid nature, which might lead to a contingent liability undertaken for the Gard group will be subject to the restriction that sufficient cash or relevant securities must be retained to cover the full net exposure. In addition, there are minimum criteria for counterparties in derivative transactions.

Compliance monitoring

Compliance with the guidelines is monitored on an ongoing basis through the use of both internal and external resources. Even though the investment managers have internal risk analysis and compliance monitoring processes it is necessary to have independent verification based on alternative sources of data. The global custodian is therefore responsible for detailed compliance monitoring and reporting both at the overall fund level and the individual portfolio level. The investment managers are also subject to a bi-annual independent assessment of investment processes and skills to ensure that, inter alia, risk management and compliance monitoring routines are satisfactory.

Valuation and reporting

All derivative instruments are carried at independently sourced market values in accordance with principles described under Note 2. Underlying contract values represent the value of the underlying gross commitments of all open contracts.

Types of financial derivatives used during the financial year:

Forward exchange contracts

A forward exchange contract is a contract between two parties whereby one party contracts to sell and the other party contracts to buy one currency for another, at an agreed future date, at a rate of exchange which is fixed at the time the contract is entered into.

Interest rate options

An option is a contract in which the writer of the option grants the buyer of the option the right to purchase from or sell to the writer a designated instrument at a specific price within a specified period of time. An interest rate option can be written on cash instruments or futures, and is used to manage the interest rate and volatility exposure of the portfolio. Written options generate gains in stable rate environments, but may create obligations to buy or sell underlying securities under greater rate movements. Purchased options are used to generate gains based on interest rate forecasts.

Interest rate futures

An interest rate futures contract is a standardised agreement between a buyer (seller) and an established exchange or its clearing house in which the buyer (seller) agrees to take (make) delivery of a financial rate instrument at a specified price at the end of a designated period of time.

Interest rate swaps

An interest rate swap is an agreement between two parties to exchange periodic interest payments. In the most common type of swap, one party agrees to pay the other party fixed-interest payments at designated dates for the life of the contract. This instrument is used to change interest rate risk by changing the cash flow of fixed rate bonds to adjustable rate bonds or vice versa.

Equity index future

An equity index future contract is a standardised agreement between a buyer (seller) and an established exchange or its clearing house in which the buyer (seller) agrees to take (make) delivery of an amount based on an equity index at designated point in time.

GARD P. & I. (BERMUDA) LTD.

Notes to the accounts

Note 17 - Financial derivatives at fair value through profit or loss continued

				Parent company
	Notional	Notional	Fair value	Fair value
Amounts in USD 000's	20.02.14	20.02.13	20.02.14	20.02.13
Type of derivatives				
Interest rate related:				
Futures	32,329	67,049	0	0
Options	8,847	10,228	(15)	(36)
Swaps	465,417	486,122	3,205	5,852
Total interest rate related	**506,594**	**563,399**	**3,190**	**5,815**
Futures offset	0	0	0	0
Net interest rate related	**0**	**0**	**3,190**	**5,815**
Equity related contracts:				
Futures	218,991	161,974	0	0
Futures offset	0	0	0	0
Net equity related	**218,991**	**161,974**	**0**	**0**
Foreign currency related				
Forward foreign exchange contracts	413,948	301,682	(1,206)	2,750
USD receivables related to foreign currency contracts	0	0	0	0
Net foreign currency related	**413,948**	**301,682**	**(1,206)**	**2,750**
Net financial derivative assets			**1,985**	**8,566**
Financial derivative assets	0	0	4,693	12,459
Financial derivative liabilities	0	0	(2,708)	(3,893)
Net financial liabilities	**0**	**0**	**1,985**	**8,566**

				Consolidated accounts
	Notional	Notional	Fair value	Fair value
	20.02.14	20.02.13	20.02.14	20.02.13
Type of derivatives				
Interest rate related:				
Futures	70,112	194,500	0	0
Options	99,385	133,387	(165)	(472)
Swaps	615,884	678,949	3,783	7,255
Total interest rate related	**785,381**	**1,006,836**	**3,617**	**6,784**
Futures offset			0	0
Net interest rate related			**3,617**	**6,784**
Equity related contracts:				
Futures	307,919	222,442	0	0
Futures offset	0	0	0	0
Net equity related	**307,919**	**222,442**	**0**	**0**
Foreign currency related				
Forward foreign exchange contracts	806,877	675,330	(2,001)	15,148
USD receivables related to foreign currency contracts	0	0	0	0
Net foreign currency related	**806,877**	**675,330**	**(2,001)**	**15,148**
Net financial derivatives asset			**1,617**	**21,932**
Financial derivative assets	0	0	8,485	30,639
Financial derivative liabilities	0	0	(6,868)	(8,707)
Net financial liabilities	**0**	**0**	**1,617**	**21,932**

GARD P. & I. (BERMUDA) LTD.

Notes to the accounts

Note 18 - Receivables from direct insurance operations

	Parent company		Consolidated accounts	
Amounts in USD 000's	As at 20.02.14	As at 20.02.13	As at 20.02.14	As at 20.02.13
Direct and received premium	7,454	6,519	114,711	104,480
Direct and received premium through broker				
Accrued deferred call	39,561	37,528	50,806	46,062
Not closed premium	0	0	22,882	19,556
Claims related debtors, co-insurers	0	0	9,257	3,370
Provision for bad debts	(1,888)	(1,981)	(7,250)	(9,750)
Receivables from direct insurance operations	**45,127**	**42,067**	**190,407**	**163,718**

Note 19 - Other receivables and other payables

	Parent company		Consolidated accounts	
Amounts in USD 000's	As at 20.02.14	As at 20.02.13	As at 20.02.14	As at 20.02.13
Other receivables				
Other receivables	0	0	805	4,809
Loan to employees	0	0	41,001	42,126
Foreign currency related derivative	0	0	0	0
Investment transactions in progress	0	0	0	36
Total other receivables	**0**	**0**	**41,806**	**46,972**
Other payables				
Other payables	1,180	2,160	8,951	13,565
Investments transactions in progress	13,342	11,495	93,812	73,444
Total other payables	**14,522**	**13,655**	**102,763**	**87,009**

"Investment transactions in progress" refers to sales and purchases of investments at the balance sheet date, where settlements were executed after the balance sheet date.

Note 20 - Cash and cash equivalents

Cash and cash equivalents includes bank deposits and cash in hand, of which USD 14.5 million as at 20.02.2014 is restricted cash. The Company has a group account agreement and participates in a cash pool agreement. Both agreements are made with the Company's main bank, Nordea Bank Norge ASA. The group account agreement implies that the Company can make overdrafts on individual bank accounts as long as the Company's total bank deposit is positive.

The Company has an overdraft facility with Nordea Bank Norge ASA for an amount of USD 40 million. Through the cash pool agreement all the participating companies can make use of this overdraft facility. The cash pool agreement secures efficient use of the operating bank deposits through the companies' opportunities to make use of the overdraft facility on individual bank accounts accumulating up to USD 40 million in aggregate for the companies participating in the agreement. Each company participating in the cash pool agreement is jointly liable for the overdraft facility through unsecured guarantees.

GARD P. & I. (BERMUDA) LTD.

Notes to the accounts

Note 21 - Pensions

The Company has entered into pension contracts with former employees. These contracts are financed directly through the Company's operations. The subsidiaries have entered into various pension plans with both former and present employees. The pension plans are both contribution plans and defined benefit plans. From 9 February 2009 all defined benefit related pension plans have been closed. New employees after this date become members of the defined contribution agreement. Payments to pension contribution agreements are charged to the accounts in the same period as the related salaries. The pension plans satisfy the requirements of the Norwegian Pension Act.

Defined benefit related pension plans entitle the employees to a defined level of future pension payments. Such future pension payments are mainly dependent on the number of contributory years and the salary level on retirement and are financed through an insurance scheme in a life insurance company. In addition all employees can apply for a tariff based early retirement pension (AFP) from the age of 62. As of 1 January 2011 the AFP is no longer an early retirement scheme that ends at age 67, but is a lifelong additional pension scheme you may apply for until the age of 70 years. For the employees who could choose between the two AFP regimes, born 1944-1948, Gard will maintain an offer of a contributory pension from 65 - 67 years equivalent of the AFP agreement ending in 2010. This is financed directly from the operations of the Company.

The top management pension scheme, which provides coverage for an amount over and above 12 times the base amount, was previously secured by a life insurance company which has been closed and paid-up policies have been issued. The Company's obligation regarding these policies has been renegotiated under a new agreement with Norsk Tillitsmann Pensjon. The obligation is secured through a pledge deposit on a bank account owned by Gard AS.

For defined benefit related pension plans actuarial calculations are made with regard to pension commitments and funds at the end of the year, and resulting changes in pension obligations are charged to the income statement. Any changes in the pension plan and deviations from estimates are amortised over five years.

	Parent company		Consolidated accounts	
Amounts in USD 000's	As at 20.02.14	As at 20.02.13	As at 20.02.14	As at 20.02.13
Pension cost				
Defined benefit pension plans				
Pension benefits earned during the year	315	(45)	8,320	9,045
Interest expense on earned pension	41	28	4,825	3,501
Yield on pension funds	0	0	(2,119)	(2,563)
Settlement/curtailment	0	0	(5,042)	1,945
Effect of estimation deviation	104	10	6,597	5,328
Net pension costs earning related plan	**460**	**(7)**	**12,581**	**17,256**
Defined contribution pension plan	**0**	**0**	**2,687**	**2,118**
Total pension cost	**460**	**(7)**	**15,267**	**19,374**
Liabilities according to the actuarial calculations				
Pension obligation gross	(1,664)	(1,386)	(154,083)	(143,790)
Pension funds at market value	0	0	72,535	66,314
Effects on estimation deviations not charged to the profit or loss	(106)	95	34,091	29,078
Net pension obligation at end of year	**(1,770)**	**(1,291)**	**(47,457)**	**(48,398)**
	Per cent	Per cent	Per cent	Per cent
Financial assumptions				
Discount rate	3.60	3.40	3.60	3.40
Assumed annual salary regulation	3.75	3.25	3.75	3.25
Assumed pension increase	2.00	1.75	1.75	1.75
Assumed regulations of public pensions	3.50	3.00	3.50	3.00
Assumed yield on funds	3.60	3.40	3.60	3.40
Actual yield on funds			3.8	5.8

GARD P. & I. (BERMUDA) LTD.

Notes to the accounts

Note 22 - Statutory reserve

Gard P. & I. (Bermuda) Ltd. is registered under and regulated by the Insurance Act 1978 and the regulations. Under these regulations the Company is required to maintain USD 462,500 in statutory capital and surplus. The Company is under the supervision of the Bermuda Monetary Authority (BMA) and has to be in compliance with a set of regulatory requirements. All regulatory requirements are complied with as at 20 February 2014.

Note 23 - Changes in contingency reserve

	Parent company		Consolidated accounts	
Amounts in USD 000's	As at 20.02.14	As at 20.02.13	As at 20.02.14	As at 20.02.13
Contingency reserve as at beginning of year	760,570	708,911	894,792	825,616
Change in contingency	61,239	51,659	49,332	69,176
Contingency reserve as at end of year	**821,809**	**760,570**	**944,124**	**894,792**

AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Gard P. & I. (Bermuda) Ltd.

We have audited the accompanying financial statements of Gard P.&I. (Bermuda) Ltd., which comprise the financial statements of the parent company and the financial statements of the group. The financial statements of the parent company and the financial statements of the group comprise the balance sheet as at 20 February 2014, and the income statement and cash flow analysis for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Board of Directors and the Chief Executive Officer's Responsibility for the Financial Statements
The Board of Directors and the Chief Executive Officer are responsible for the preparation of these financial statements in accordance with "Regulations for Annual Accounts for Insurance Companies" approved by the Norwegian Ministry of Finance, and for such internal control as the Board of Directors and the Chief Executive Officer determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements of the parent company and the group Gard P. & I. (Bermuda) Ltd. for the year ended 20 February 2014 are prepared, in all material respects, in accordance with "Regulations f or Annual Accounts for Insurance Companies" approved by the Norwegian Ministry of Finance.

PricewaterhouseCoopers Ltd.
Hamilton, Bermuda
May 26, 2014

NOTICE OF AGM

NOTICE IS HEREBY GIVEN that the 2014 Annual General Meeting of Gard P. & I. (Bermuda) Ltd. (the "Company") will be held on Wednesday, 10 September, 2014 at the offices of its Manager, Lingard Limited, Trott & Duncan Building, 17A Brunswick Street, Hamilton HM 10, Bermuda at 12:00 noon or as soon thereafter as possible, for the following purposes:

Agenda

1. To appoint a Chairman and a Secretary of the Meeting.
2. To read the Notice calling the Meeting and to confirm that a quorum is present.
3. To consider the Minutes of the 2013 Annual General Meeting of the Company held on 28 August, 2013.
4. To consider and approve amendments to the Company's Bye-Laws as recommended by the Board of Directors.
5. To receive the Auditor's report and Financial Statements for the year ended 20 February 2014.
6. a) To elect Directors and Alternate Directors;
   b) To authorise the Directors to fill any vacancies on the Board;
   c) To authorise the Directors to appoint Alternate Directors; and
   d) To determine the remuneration of the Directors and the Alternate Directors.
7. To elect members of the Election Committee.
8. To appoint Auditors for the financial year to 20 February, 2015.
9. To ratify and confirm the actions of the Directors and Officers of the company in relation to the Company duties.

By order of the Board of Directors
26 May, 2014

Graham W. Everard
Secretary

KEY FINANCIALS GARD GROUP
2005 - 2014

Amounts in USD millions, ETC basis	2005	2006	2007	2008	2009	2010	2011	2012	2013	20 February 2014
Gross written premium	531	558	647	721	796	812	792	855	884	959
Earned premium for own account	402	421	545	623	701	701	678	700	712	764
Claims incurred for own account	-344	-374	-518	-580	-436	-527	-533	-595	-600	-643
Operating expenses net	-64	-78	-88	-98	-108	-121	-101	-92	-122	-97
Result on technical account	**-6**	**-31**	**-61**	**-55**	**157**	**54**	**44**	**13**	**-10**	**24**
Result on non-technical account	**69**	**90**	**133**	**125**	**-293**	**195**	**141**	**49**	**113**	**76**
Net result before tax	63	59	73	71	-136	249	185	62	103	100
Tax	-2	2	10	-2	-14	-9	-9	-11	-5	-11
Net result after tax	**61**	**61**	**83**	**69**	**-150**	**240**	**175**	**51**	**99**	**89**
Changes in deferred call	-	-8	-9	-	-	-41	-28	-14	-31	-35
Combined ratio (ETC-basis)	101%	107%	111%	109%	78%	92%	94%	98%	101%	97%
Contingency reserve	388	438	512	580	430	638	790	826	895	944

MEETING DATES

The meeting dates for the Board and the Executive Committee of Gard P. & I. (Bermuda) Ltd. in the period from 20 February 2013 to 20 February 2014 were as follows:

The Annual General Meeting

Wednesday 28 August 2013, Bermuda

Board of Directors

Monday 27 May 2013, Hong Kong
Wednesday 28 August 2013, Bermuda
Monday 28 October 2013, Bermuda

Executive Committee

Thursday 18 April 2013, Copenhagen
Saturday 25 May 2013, Hong Kong
Thursday 4 July 2013, by telephone
Thursday 11 July 2013, by telephone
Thursday 26 September 2013, Copenhagen
Saturday 26 October 2013, Bermuda
Tuesday 21 January 2014, London

BOARD OF DIRECTORS AND COMMITTEES

The Board of Directors

Bengt Hermelin, Chairman	Samco Shipholding Pte. Ltd, Singapore
Kenneth Hvid, Deputy Chairman	Teekay Shipping (Canada) Ltd., Vancouver
Salah M. Al-Hareky	Saudi Arabian Oil Company, Dhahran
Ian Beveridge	Bernhard Schulte, Hamburg
K. C. Chang	Evergreen Marine Corp. (Taiwan) Ltd., Taipei
Trond Eilertsen	Oslo
Timothy C. Faries	Bermuda
Costas Gerapetritis	Navios Shipmanagement Inc., Piraeus
Carl Johan Hagman	Stena Rederi AB, Gothenburg
Herbjørn Hansson	Nordic American Tanker Shipping Limited, Bermuda
Morten W. Høegh	Leif Höegh (UK) Ltd., London
Hans Peter Jebsen	Kristian Gerhard Jebsen Skipsrederi AS, Oslo
Robert E. Johnston	Overseas Shipholding Group Inc., Tampa
Sergio Machado	Petroleo Brasileiro S.A. - Petrobras, Rio de Janeiro
Tadeusz Niszczota	Polish Steamship Co., Szczecin
Halvor Ribe	J.J. Ugland Companies, Grimstad
Jane Sy	Stolt Tankers B. V., Rotterdam
Kazuya Uchida	Meiji Shipping Co. Ltd., Tokyo
Jan Eyvin Wang	Wilh. Wilhelmsen ASA, Oslo
Hor Weng Yew	AET–Tankers PTE Limited, Kuala Lumpur
Rolf Thore Roppestad, President	Arendal

The Executive Committee

Trond Eilertsen, Chairman	Oslo
Ian Beveridge	Bernhard Schulte, Hamburg
Tadeusz Niszczota	Polish Steamship Co., Szczecin
Morten W. Høegh	Leif Höegh (UK) Ltd., London
Jane Sy	Stolt Tankers B. V., Rotterdam
Rolf Thore Roppestad, President	Arendal

The Audit Committee

Ian Beveridge, Chairman	Bernhard Schulte, Hamburg
Hor Weng Yew	AET–Tankers PTE Limited, Kuala Lumpur
Stephen Knudtzon	Oslo

The Remuneration Committee

Trond Eilertsen, Chairman	Oslo
Bengt Hermelin	Samco Shipholding Pte. Ltd., Singapore
Kenneth Hvid	Teekay Shipping (Canada) Ltd., Vancouver

The Election Committee

Bengt Hermelin, Chairman	Samco Shipholding Pte. Ltd, Singapore
Trond Eilertsen	Oslo
Herbjørn Hansson	Nordic American Tanker Shipping Limited, Bermuda
Kenneth Hvid	Teekay Shipping (Canada) Ltd., Vancouver

CONTACT DETAILS FOR GARD'S GLOBAL NETWORK

Lingard Limited
Trott & Duncan Building
17A Brunswick Street
Hamilton HM 10
Bermuda

Tel +1 441 292 6766
Email companymail@lingard.bm

Gard AS
P.O. Box 789 Stoa
NO-4809 Arendal
Norway

Tel +47 37 01 91 00
Email companymail@gard.no

Gard AS
Skipsbyggerhallen
Solheimsgaten 11
NO-5058 Bergen
Norway

Tel +47 37 01 91 00
Email companymail@gard.no

Gard AS
Støperigt 2, Aker Brygge
NO-0250 Oslo
Norway

Tel +47 37 01 91 00
Email companymail@gard.no

Oy Gard (Baltic) Ab
Bulevardi 46
FIN-00120 Helsinki
Finland

Tel +358 30 600 3400
Email gardbaltic@gard.no

Gard (Greece) Ltd
2, A. Papanastasiou Avenue
185 34 Kastella, Piraeus
Greece

Tel + 30 210 413 8752
Email gard.greece@gard.no

Gard (HK) Ltd
Room 3505, 35F
The Centrium, 60 Wyndham Street
Central
Hong Kong

Tel +852 2901 8688
Email gardhk@gard.no

Gard (Japan) K.K.
Kawade Building, 5F
1-5-8 Nishi-Shinbashi
Minato-ku, Tokyo 105-0003
Japan

Tel +81 (0)3 3503 9291
Email gardjapan@gard.no

Gard (Japan) K.K.
Vogue 406,
3-9-36 Higashimura, Imabari-City,
Ehime 799-1506,
Japan

Tel +81 898 35 3901
Email gardjapan@gard.no

Gard (North America) Inc.
40 Fulton Street
New York, NY 10038
USA

Tel +1 212 425 5100
Email gardna@gard.no

Gard (Singapore) Pte. Ltd.
72 Anson Rd
#13-02 Anson House
Singapore 079911
Singapore

Tel +65 3109 1800
Email gardsingapore@gard.no

Gard (Sweden) AB
Västra Hamngatan 5
SE-41117 Gothenburg
Sweden

Tel +46 (0)31 743 7130
Email gardsweden@gard.no

Gard (UK) Limited
85 Gracechurch Street
London EC3V 0AA
United Kingdom

Tel +44 (0)20 7444 7200
Email garduk@gard.no

Gard Marine & Energy- Escritório de Representação no Brasil Ltda
Rua Lauro Muller 116 – Suite 2405
Botafogo, 22290-160,
Rio de Janeiro, RJ,
Brazil

Tel +55 (21) 3544-0046
Email gardbrasil@gard.no

Emergency Telephone Number
+47 90 52 41 00

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