DIRECTORS' REPORT AND FINANCIAL STATEMENTS 2015

for the year to 20 February 2015

HIGHLIGHTS

As at 20 February 2015

GROSS WRITTEN PREMIUM USD MILLIONS, ETC BASIS	**991**
RESULT AFTER TAX USD MILLIONS, ETC BASIS	**87**
COMBINED RATIO PER CENT, ETC BASIS	**88**
CONTINGENCY RESERVE USD MILLIONS	**969**
ASSETS USD BILLIONS	**2.7**

GARD AT A GLANCE

USD 187m returned to mutual Members over the last six years

12,684 vessels above 1,000 gt covered by Gard

460 staff covering 20 nationalities

A+ financial strength rating from Standard & Poor's

2015 renewal saw highest net tonnage increase for P&I since 2007

9 out of 10 employees think Gard is a great place to work

13 offices around the world

2nd lowest P&I general premium increase over 10 years

Inaugural recipients awarded the Claes Isacson Scholarship

88% combined ratio net 88 per cent for the 2014 policy year

17% market share of the International Group

Won the YoungShip International Young Corporation Award 204

FIVE YEAR COMPARISON

	2011	2012	2013	2014	2015
Gross written premium USD millions, ETC basis	792	855	884	959	991
Result after tax USD millions, ETC basis	175	51	99	89	87
Combined ratio Per cent, ETC basis	94	98	101	97	88
Contingency reserve USD millions	790	826	895	944	969
Assets USD billions	2.4	2.5	2.6	2.7	2.7

CHAIRMAN'S REPORT

Bengt Hermelin,
Chairman

In this, my first Report after a full year of operation, I am pleased to report that the Gard group has performed strongly against both its financial and operational targets. Each year brings its own set of changes and challenges, but I know that I speak for the Board when I express my confidence in the organisation's ability to develop further and continue its success.

The world in which we operate

2014 failed to provide the economic recovery for which we had hoped. There were some significant differences in the fortunes of various shipping segments; for example long-haul LPG shipping enjoyed some very attractive rates, and tankers performed well in the second half of the year, while dry bulk, on the other hand, saw the slowest market since the financial crisis. In terms of wider issues, the particularly tragic loss of the MV SEWOL and the loss of MOL COMFORT raises questions about class performance. The current development of ports and terminals increasingly transferring risk and liabilities to shipowners, regardless of fault, is a concern that the industry needs to address since it is a development that is detrimental to safety.

While being alert to short term developments of our Members' business, Gard takes a long-term view on how it helps the marine industries to manage risk and its consequences. This means a focus on developing and structuring the insurance products needed, as well as having practical nautical experience combined with legal and financial knowhow. All of this enables claims to be handled effectively to minimise the consequences for the insured when a problem occurs.

Setting our course

Over the last year the Board and management have worked together to sharpen our strategy and ensure there is alignment in our aspirations and goals. As a marine insurer, our objective is to take a long-term view on our business of assuming and managing risk. Our strategy focusses on three key strands of activity; maintaining financial strength, developing our market position and building an efficient global organisation. The Board has endorsed specific targets in each category, as well as overall financial goals.

Mutual insurance associations are not only of concern to their Members. The clubs are also financial institutions playing an important role in society. As a result, society places an increasing reliance on their ability to cope with claims, particularly personal and environmental claims. Solvency II, which comes into force for insurance companies in Europe at the beginning of 2016, will subject mutuals to a much tighter financial regulatory regime than in the past. Bermuda is also seeking to introduce an equivalent capital regime. Both of these include new governance and capital requirements designed to enhance the quality and transparency of the decision making processes, and ensure a sound risk and solvency management.

The result is that, over the last several years, we have reviewed and amended our governance structure – building on existing strong foundations. 2014 saw the first full year of the newly created Audit and Remunerations Committees. The former has oversight of Gard's financial reporting process, while the latter ensures transparency in the review and determination of the overall remuneration policy of the group. This year we have also created the role of Compliance Officer. Gard is well prepared to meet the expected capital requirements.

Delivering on our promises

The P&I clubs are recognised by the International Maritime Organization, national legislators and authorities for making the international maritime liability regimes work in practice. The shipping industry, together with cargo interests and the regulators, have created a liability regime which pays compensation promptly and efficiently for the benefit of society at large as well as the shipowners. However, for the system to function each party must play its part in a predictable and agreed manner.

It was therefore very unfortunate that, at the end of last year, the IOPC 1971 Fund decided to wind itself up – despite there being

CHAIRMAN'S REPORT
continued

outstanding claims against it. The fact that the IOPC 1971 Fund has now legally ceased to exist means that the established sharing of oil pollution costs between the ship and the cargo, as set out in the CLC/Fund regime, no longer applies for the outstanding claims.

This decision raises a number of grave concerns. Historically, for large pollution claims, P&I clubs have made interim payments to victims and then subsequently settled with the relevant Fund. Now it seems it can no longer be relied on that a Fund will contribute its share. Secondly, the IOPC 1992 Fund now appears to wish to claim immunity. This creates even further (and unacceptable) uncertainty as to whether the IOPC Fund can be trusted to pay its share of liability settlements. And finally, in its decision to close the 1971 Fund, the IOPC argued that there were no valid outstanding claims, thus rejecting a national court judgment. The result creates an urgent need to find a mutually acceptable solution to give greater certainty around timely claim settlements.

The role of the International Group (IG) of P&I Clubs is a key component to our being able to deliver on our promises. The strength of the Group system lies not only in the unparalleled limits and range of cover which it allows the clubs to deliver for shipowners and for the benefit of third party victims, but also in delivering a competitive P&I product that enables the clubs to provide value to their Members. Any organisation that both co-operates and competes with each other will inevitably suffer from occasional tensions. However, it is critical that the value of the IG pooling system, which has served shipowners and society so well, continues to be supported by all clubs.

Increasing government intervention
Increasing government intervention has been something of a perennial theme in the last several decades, and this year has seen the introduction of some key pieces of legislation. The Nairobi Convention came into force in April 2015 and provides a strict liability regime for the removal of hazardous wrecks in Exclusive Economic Zones. While the immediate impact of the Convention is likely to be limited, it nonetheless represents a step towards global uniformity in what has been an inconsistent area of law and practice.

Wreck removal has grown in importance in recent years with a number of high profile casualties whose removal costs have escalated dramatically. The increasing environmental concerns, and more demanding intervention by local authorities, means that the whole issue is becoming a major concern for the industry. Significant questions about the way in which wreck removals are handled, and whether the rarity of these events means that a collective rather than individual response would deliver better results and an effective counterpart for the authorities are worthy of serious consideration.

In August 2013, the Maritime Labour Convention came into force, as did the 2002 Protocol to the Athens Convention, while in June 2015, the limitation amounts of the 1996 Protocol to the Convention on Limitation of Liability for Maritime Claims (LLMC) will substantially increase. These are just the most recent examples of legislative changes that offer greater clarity, but will also impact on claims costs. In the case of the LLMC, it is important that shipowners (as well as charterers, managers and operators of vessels) and their respective insurers should be aware of the consequence of these changes and review their contractual and insurance arrangements to ensure that they are adequate in the context of the new increased limits.

Looking forward
Being able to report on the continued success and positive developments at Gard, both financially and operationally gives me a great sense of pride. The group has had a sustained focus on financial strength, a service second to none for our Members and customers, continuous risk assessment, and first class people – all of which are vital in dealing with a world of increasing complexity and challenge. There can be no doubt that, by focussing on the principles of mutuality, there is a genuine alignment of interests across the membership, clients, management and staff which forms a strong foundation for the business. In closing I wish thank management and staff for their dedication and commitment in making Gard what it is today. I would also like to thank the Boards and committees, for their important contributions during the year. I very much look forward to continuing my work with all of you in the coming year.

Bengt Hermelin
Chairman

CEO'S OPERATIONAL REVIEW

Rolf Thore Roppestad,
Chief Executive Officer

Gard performed strongly for the financial year ending 20 February 2015, recording a surplus after tax of USD 87 million on an Estimated Total Call (ETC) basis, a Combined Ratio Net (CRN) of 88 per cent and a return on our investments of 1.8 per cent. Gross written premium grew by three per cent to USD 991 million on an ETC basis.

A service that delivers

Our model is to take a long term perspective on the business of assuming and pooling risk. By dedicating ourselves to our chosen customer segments, our aim is to help the marine industries to manage risk and its consequences.

We do that by:

- Handling claims to minimise total economic loss for the insured.
- Delivering a combination of practical nautical experience, broad academic skills and legal and financial knowledge.
- Structuring the right solutions.
- Pricing and selecting risk correctly.
- Focussing on the principles of mutuality.

But it is not just what we do, but how we do it that delivers the best value in the market. With over a century of experience in the marine insurance industry, and employees who have themselves witnessed the impact the sea can have, we have a breadth and depth of experience and expertise. We try to learn something new every day to better prepare our Members and clients for their next journey, and to match competence with an unrivalled commitment to find and deliver the right solution.

In order to deliver this model, our strategy focusses on three key strands of activity; maintaining our financial strength, developing our market position and building an efficient global organisation. This year's report will examine our activities and achievements for each of these.

Financial strength

Our Members and clients rely on our financial strength to keep them in business when an accident happens. Our Board sets clear financial strength targets but, having achieved these, we will return money to our Members when the capital position of the group allows. These accounting results reflect a 10 percentage point reduction (USD 37 million) in the deferred call agreed by the Board of Directors for the 2014 policy year. This represents an eight per cent reduction of paid premium compared to the agreed renewal terms.

The 2014 policy year saw one of the strongest underwriting performances the group has ever delivered with a CRN for P&I of 91 per cent and 83 per cent for Marine & Energy. Our insurance performance demonstrates that offering properly priced products is vital, irrespective of the claims environment.

Overall, 2014 showed a more benign claims development than we expected. However, the last quarter again illustrated the volatility of large claims and demonstrated the importance of having both financial strength and the ability to provide our Members and clients with first class casualty response and subsequent claims handling services. The key cost drivers include larger and more complex ships with the corresponding technical challenges concerning salvage and wreck removal, more onerous liability regimes and higher limitation values. Additionally, we continue to see cases that indicate some deficiencies in basic seafaring standards. All of this means that we must remain a multi-skilled and high capacity service provider for large and complex claims, as well as running an efficient and cost-effective operation.

There will always be external factors, some of which are outside our control, that affect our results:

- Claims – our second half results were impacted by some expensive casualties.
- Interest rates – the current low rates were reflected in our investment return. In addition, the rate on Norwegian government bonds fell from 2.6 per cent to 1.3 per cent with a corresponding reduction in the discount rate for liabilities in NOK. This resulted in an increase in our pension liabilities of USD 26 million.
- Accounting principles for pensions – this changed from NRS6 to IAS19. Accounts for previous years have been re-stated and the contingency reserve reduced by USD 25 million.
- Reinsurance spend – this reduced as a result of softening rates in the reinsurance market and increased retention in our reinsurance programme.

Market position

We believe that long term growth is a vital part of being a successful company. This is not about being large for the sake of being large – but having the scale to deliver the products the market needs, as well as the stability, economies and capabilities that Members and clients value. It enables us to respond to a changing business environment, set the standard for the industry for both products and pricing and attract the expertise and talents that we need. It is our goal therefore to continue to grow our market share in existing and new markets relative to our competitors, and to strengthen our long term market share for all main product lines. Achieving this goal will be a vote of confidence from our Members and clients in our value proposition.

P&I

For P&I, gross written premium for the year was USD 666 million and gross claims to 20 February 2015 totalled USD 424 million. The most recent renewal on 20 February 2015 saw the highest net tonnage increase since 2007. Over 2014, we saw a net inflow of tonnage of 19 million GT, and owners' tonnage increased by 11 per cent to 189 million GT.

This is a continuation of a trend over the last several years with major Members consolidating their tonnage in the Club, and the majority of the additional tonnage entered with us during

CEO'S OPERATIONAL REVIEW

continued

renewal comes from existing Members. The trust they place in us underpins our motivation to deliver the very best we can, and to leave nothing to chance.

Marine & Energy

For Marine & Energy, gross written premium for the year was USD 338 million, above our plan for the year. Last year was a good one for our M&E business. As with P&I, the results were driven by relatively few major collisions and large casualties.

In terms of numbers of vessels insured, this has risen by around 3 per cent to 8,983 and, on 54 per cent of those, we have the claims lead. Our reputation as a quality claims lead has proved to be a strong proposition in the marine market – as is our ability to offer a combined P&I and marine claims service should the need arise.

It is this differentiation around service and specialism that has helped us to continue to grow our position in what is a very competitive marketplace – where soft market conditions continue in the presence of an overall benign claims environment.

The energy market has been softening as a result of excess capacity and few large claims. Toward the end of 2014, it was further affected by the dramatic fall in oil prices. This sharp reduction in income will undoubtedly create challenges for the industry in terms of reduced offshore exploration activities, the postponement of development projects and a further emphasis on cost reduction.

A global organisation

The development of an adaptable and responsive global organisation is an important strategic focus for Gard – especially given the changing nature of the marine industries we serve. Our global organisation is today made up by 13 offices with more than 460 employees across 20 nationalities serving Members and clients in 89 countries. We have established some clear principles for building an organisation that is fit for the future. This centres around a global head office that supplies specialists, services and work procedures to the organisation, and a regional office network that provides claims and sales resources to local markets where Members and clients are located and casualties occur.

2014 saw a successful first year for our Singapore operations to demonstrate this principle. We also reviewed how functions and activities are distributed across our network to ensure that we are delivering the best and most efficient service. A decision was made to close our office in Gothenburg, responding to changes in the Swedish marine market since office was established nearly 20 years ago. Staff and activities will be re-located from Sweden to Norway by the summer of 2015.

We established Gard Marine & Energy Insurance (Europe) AS in Norway into which we transferred the operations of Gard M&E Försäkring AB in Sweden. This has now become the platform for all our marine and energy business in the EU and has resulted in a more streamlined corporate structure.

Knowledge and expertise

One of our three pillars of excellence focuses on knowledge and expertise – both within our own organisation and across the industries with whom we work. Knowledge grows when shared, and a key aspect of this philosophy is turning the difficult loss experience of the few into a valuable lesson for the many.

Our future depends on our ability to recruit, develop and retain the best talent – we need to attract them to the marine industries, then nurture and support their career development. An important benefit of being a significant organisation within our sector is our ability to deploy both a breadth and depth of knowledge and expertise. Whether that is experience in the maritime industries, expertise in marine law and finance or an academic knowledge of biology, engineering or energy, our ability to understand the increasing complexity of handling maritime accidents and assessing risk is crucial.

We were pleased to receive a strong external endorsement in this area when we won the YoungShip International Young Corporation Award 2014. The award recognised a wide range of initiatives in which Gard promotes and supports young people, both in our own organisation and across the maritime industries as a whole. It was especially pleasing that Gard was nominated by young professionals within our own organisation.

The Claes Isacson Scholarship for maritime education was established in 2013. In June 2014, we announced the inaugural recipients of this scholarship; Wang Wenhao from Singapore and Daniela Gladun from Sweden. The Scholarship Committee received 54 applications from 13 countries, with each applicant required to present a plan for the completion of their studies and how they would make use of the scholarship.

In the course of 2014, our Loss Prevention team published at least one bulletin a week on average, each of which highlighted ways to minimise the risk of losses and operational interruptions. We will continue our efforts to share reliable information about relevant topics in a timely manner.

We also use targeted claims and loss prevention seminars, exercises and crisis response drills as ways of sharing knowledge and strengthening our relationships with our Members and clients. Each of these activities is a new learning opportunity for everyone concerned. Moving forward we will aim to widen our global reach for these activities across our growing network.

Looking ahead

2014 saw a strong performance across the organisation on our underwriting and service goals. This was demonstrated by a historically low combined ratio and the strongest renewal on 20 February 2015 in seven years. We are confident that we have the business model in place that will continue to deliver for our Members and clients, always basing our actions on their needs and building on our deep foundations of mutuality and service.

The outside world will always pose challenges and these will impact on our results, whether those are regulatory and legislative changes, severe casualties or the insurance cycle. However, our global team is here to help our Members and clients around the world manage marine risks and their consequences, to the benefit of shipowners and global society. Our job is to ensure that we have the risk management, management and governance practices in place to continue to deliver on that promise.

Rolf Thore Roppestad

Chief Executive Officer

CORPORATE SOCIAL RESPONSIBILITY

Gard's core purpose is delivered through three pillars of excellence – knowledge and expertise, financial strength and long term relationships, with corporate social responsibility being a key part of each one. Our strategy and daily operations are focussed on activities that create value while at the same time positively affect the environment, our Members and clients, employees and society overall. By applying strategic objectives and a framework that guides our core business activities we can identify areas where we can both create business value and work on social issues at the same time.

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

Our employee retention and motivation is very high, reflecting the practical application of these core values into our daily operations. We continuously work on improving business practices to strengthen our reputation for sustainable operations, creating a work environment where employees focus on doing the right thing.

Corporate responsibility is an integral part of our management processes and business culture. Gard fully supports the UN Principles of Responsible Investment and will actively encourage fund managers to sign up to them. These Principles recognise that long term sustainable returns are dependent on stable, well-functioning and well governed social, environmental and economic systems.

Minimising impact on the environment
Part of Gard's role in the international maritime industry is to prevent accidents and crises. Our service provides our stakeholders with added value through loss prevention, loss control and loss mitigation activities. Our aim is to prevent casualties occurring in the first place, and minimise the inevitable business disruption that may follow if they do. We also aim to 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.

Knowledge sharing is a key foundation
Our core purpose reminds us that we can make a contribution not only to each Member and client but to the industries we serve by offering dedicated resources for knowledge sharing and participation.

For example, members of the Gard team make a strong contribution to the work of the International Group (IG). By providing a wide range of expertise in legal, insurance and technical matters to the IG's established subcommittees and working groups they help both the industry and society at large.

We are actively involved in various global industry initiatives together with other maritime organisations, and Gard Updates are widely distributed and shared across the industry. We believe that by sharing our insight we can help to improve industry standards and promote collaboration among industry participants for mutual value creation. We have also instigated other digital initiatives to improve collaboration and knowledge sharing across the organisation, and to help reduce the group's environmental footprint.

We look to 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.

Educating for the future
We support 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 for the industries we serve.

Recent examples of our educational support programme include the establishment of the Claes Isacson Scholarship for maritime education. This scholarship, launched in 2013, helps young people to finance a university level education with a view to finding work within the shipping and marine insurance sectors. In 2014 the scholarship was awarded to two students; Daniela Gladun who is currently studying Maritime Management at the Chalmers University of Technology in Gothenburg, and Wang Wenhao who is a third year student at the Nanyang Technological University in Singapore.

For many years Gard has supported the World Maritime University (WMU), founded in 1983 by the International Maritime Organization (IMO), a specialised agency of the United Nations. The WMU is a centre of excellence for maritime post-graduate education and research, which aims to further enhance the objectives and goals of the IMO and its member states around the world through education, research and capacity building to ensure safe, secure, and efficient shipping on clean oceans. The WMU is an organisation created by, and for, the international maritime community and it offers M.Sc. and Ph.D. programmes, postgraduate diplomas and Professional Development Courses, with the highest standards in maritime affairs. Our Head of Administration serves on the Executive Board, and since 2011 we have sponsored a number of students at the university.

GARD P. & I. (BERMUDA) LTD.

Income statement

Amounts in USD 000's	Notes	Parent company 21.02.14 to 20.02.15	Parent company 21.02.13 to 20.02.14 Restated*	Consolidated accounts 21.02.14 to 20.02.15	Consolidated accounts 21.02.13 to 20.02.14 Restated*
Technical account					
Gross written premium	4,5	518,589	480,796	953,277	923,863
Ceded reinsurance		(329,526)	(313,207)	(156,251)	(185,179)
Change in gross premium reserve		0	0	13,295	(11,268)
Change in reinsurers' share of premium reserve		0	0	(5,651)	1,008
Earned premium for own account		**189,063**	**167,589**	**804,670**	**728,424**
Other insurance related income		**0**	**0**	**1,928**	**1,690**
Gross settled claims		352,841	388,791	609,932	658,481
Reinsurers' share of gross settled claims		(146,933)	(176,550)	(14,987)	(118,161)
Change in gross claims reserve		3,798	(8,512)	5,068	31,108
Reinsurers' share of change in claims reserve		(2,580)	674	30,880	71,747
Claims incurred for own account	**3,6**	**207,125**	**204,402**	**630,893**	**643,175**
Acquisition costs		19,124	25,468	47,429	49,734
Agents' commission		33,678	24,343	74,541	69,379
Commission received		(57,770)	(64,632)	(11,639)	(19,080)
Insurance related expenses for own account	**3,7**	**(4,969)**	**(14,822)**	**110,331**	**100,034**
Other insurance related expenses	**7**	**5,937**	**5,220**	**2,063**	**(8,007)**
Technical result before change in contingency reserve	**6**	**(19,030)**	**(27,211)**	**63,310**	**(5,088)**
Change in contingency reserve	**22**	**20,854**	**61,448**	**49,481**	**44,307**
Technical result		**(39,884)**	**(88,659)**	**13,829**	**(49,395)**
Non-technical account					
Income from investments in group companies		60,840	60,000	0	0
Interest and similar income	8	4,707	7,269	37,688	44,923
Change in unrealised gain/loss on investments		(77,080)	13,584	(59,795)	16,834
Gains on realisation of investments		59,208	16,340	54,679	29,557
Investment management expenses		(3,533)	(4,533)	(9,512)	(14,598)
Non-technical result		**44,143**	**92,660**	**23,060**	**76,716**
Profit before tax		**4,259**	**4,001**	**36,889**	**27,321**
Taxation	9	4,341	4,102	6,120	12,937
Net result		**(82)**	**(100)**	**30,769**	**14,384**
Other comprehensive income/loss					
Exchange differences on subsidiaries		0	0	(4,902)	(4,414)
Remeasurement due to change in pension assumptions		82	100	(25,868)	(9,970)
Total result		**0**	**0**	**0**	**0**

* See note 2.3

GARD P. & I. (BERMUDA) LTD.

Balance sheet

Amounts in USD 000's	Notes	As at 20.02.15	As at 20.02.14 Restated*	Parent company As at 20.02.13 Restated*
Assets				
Investments				
Financial investments in subsidiaries				
Investments in subsidiaries	13	623,363	583,363	583,387
Loan to subsidiaries	3	21,397	25,825	38,311
Financial investments at fair value through profit or loss				
Equities and investment funds	14,15,16	154,598	298,580	269,125
Bonds	14,15,16	387,187	271,120	248,891
Financial derivative assets	14,15,16	12,971	4,693	12,459
Other financial investments	14,15	40,227	40,052	36,463
Total investments		**1,239,743**	**1,223,633**	**1,188,636**
Reinsurers' share of technical provisions				
Reinsurers' share of gross claims reserve	3,6	436,467	433,887	434,561
Total reinsurers' share of technical provisions		**436,467**	**433,887**	**434,561**
Receivables				
Receivables from direct insurance operations				
Policyholders	17	67,739	45,127	42,010
Intermediaries	17	0	0	57
Receivables from reinsurance operations				
Receivables from reinsurance operations		2,334	3,406	11,055
Receivables from subsidiaries		14,857	18,821	62,603
Total receivables	**15**	**84,929**	**67,354**	**115,725**
Other assets				
Equipment	12	731	981	1,356
Cash and cash equivalents	19	15,846	27,972	0
Other financial assets	15	5,402	10,401	5,413
Total other assets		**21,979**	**39,354**	**6,769**
Prepayments and accrued income				
Accrued income and other prepayments		5,822	3,154	3,711
Total prepayments and accrued income		**5,822**	**3,154**	**3,711**
Total assets		**1,788,940**	**1,767,383**	**1,749,402**

* See note 2.3

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

Amounts in USD 000's	Notes	As at 20.02.15	As at 20.02.14 Restated*	Parent company As at 20.02.13 Restated*
Equity and liabilities				
Paid-in equity				
Statutory reserve	21	463	463	463
Total equity		**463**	**463**	**463**
Technical provisions				
Gross claims reserve	6	872,805	869,007	877,519
Total technical provisions		**872,805**	**869,007**	**877,519**
Contingency reserve				
Contingency reserve	22	842,768	821,914	760,466
Total contingency reserve		**842,768**	**821,914**	**760,466**
Provision for other liabilities				
Pension obligations	20	1,346	1,665	1,395
Income tax payable	9	5,267	5,410	5,059
Total provisions for other liabilities		**6,613**	**7,075**	**6,454**
Payables				
Payables arising out of direct insurance operations		13,540	4,716	588
Payables arising out of reinsurance operations		8,598	26,280	33,821
Liabilities to financial institutions		0	0	2,903
Payables to group companies		1,129	5,000	32,688
Financial derivative liabilities	14,15,16	7,874	2,708	3,893
Other payables	14,16,18	24,569	14,522	13,655
Total payables		**55,710**	**53,226**	**87,549**
Accruals and deferred income				
Accruals and deferred income		10,582	15,697	16,952
Total accruals and deferred income		**10,582**	**15,697**	**16,952**
Total liabilities		**1,788,478**	**1,766,920**	**1,748,940**
Total equity and liabilities		**1,788,940**	**1,767,383**	**1,749,402**

* See note 2.3

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

Amounts in USD 000's	Notes	As at 20.02.15	Consolidated accounts As at 20.02.14 Restated*	As at 20.02.13 Restated*
Assets				
Intangible				
Intangible assets	10	2,338	2,321	0
Total intangible assets		**2,338**	**2,321**	**0**
Investments				
Property and plant used in operation	11	29,047	35,343	41,430
Financial investments at fair value through profit or loss				
Equities and investment funds	14,15,16	744,036	680,850	529,928
Bonds	14,15,16	1,290,882	1,228,948	1,271,269
Financial derivative assets	14,15,16	25,478	8,485	30,639
Other financial investments	14,15	74,267	112,685	116,913
Total investments		**2,163,709**	**2,066,309**	**1,990,179**
Reinsurers' share of technical provisions				
Reinsurers' share of gross premium reserve		3,904	6,855	5,848
Reinsurers' share of gross claims reserve	3,6	128,425	159,404	230,982
Total reinsurers' share of technical provisions		**132,330**	**166,259**	**236,829**
Receivables				
Receivables from direct insurance operations				
Policyholders	17	216,897	190,407	163,718
Receivables from reinsurance operations				
Receivables from reinsurance operations		0	6,938	8,908
Other receivables	16,18	40,088	41,806	46,972
Total receivables	**15**	**256,985**	**239,151**	**219,598**
Other assets				
Equipment	12	7,618	9,287	10,359
Cash and cash equivalents	19	101,141	163,027	96,156
Deferred tax asset	9	23,993	20,844	19,528
Other financial assets	14,15	20,520	25,381	15,461
Total other assets		**153,271**	**218,540**	**141,504**
Prepayments and accrued income				
Accrued income and other prepayments		36,979	38,797	29,269
Total prepayments and accrued income		**36,979**	**38,797**	**29,269**
Total assets		**2,745,611**	**2,731,378**	**2,617,380**

* See note 2.3

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

Amounts in USD 000's	Notes	As at 20.02.15	Consolidated accounts As at 20.02.14 Restated*	As at 20.02.13 Restated*
Equity and liabilities				
Paid-in equity				
Statutory reserve	21	463	463	463
Total equity		**463**	**463**	**463**
Technical provisions				
Gross premium reserve		156,857	171,131	161,708
Gross claims reserve	6	1,379,308	1,375,264	1,344,151
Total technical provisions		**1,536,165**	**1,546,395**	**1,505,859**
Contingency reserve				
Contingency reserve	22	968,590	919,109	874,802
Total contingency reserve		**968,590**	**919,109**	**874,802**
Provision for other liabilities				
Pension obligations	20	92,315	81,548	75,679
Income tax payable	9	15,397	13,012	13,762
Other provisions for liabilities	7	0	140	0
Total provisions for other liabilities		**107,711**	**94,701**	**89,441**
Payables				
Payables arising out of direct insurance operations		17,604	6,042	1,183
Payables arising out of reinsurance operations		15,854	24,785	18,501
Financial derivative liabilities	14,15,16	11,492	6,868	8,707
Other payables	14,16,18	64,255	102,763	87,009
Total payables		**109,205**	**140,458**	**115,401**
Accruals and deferred income				
Accruals and deferred income		23,477	30,253	31,414
Total accruals and deferred income		**23,477**	**30,253**	**31,414**
Total liabilities		**2,745,148**	**2,730,916**	**2,616,917**
Total equity and liabilities		**2,745,611**	**2,731,378**	**2,617,380**

* See note 2.3

GARD P. & I. (BERMUDA) LTD.

Cash flow analysis

Amounts in USD 000's	Notes	Parent company 21.02.14 to 20.02.15	Parent company 21.02.13 to 20.02.14 Restated*	Consolidated accounts 21.02.14 to 20.02.15	Consolidated accounts 21.02.13 to 20.02.14 Restated*
Cash flow from operating activities					
Profit from ordinary operations before tax		4,259	4,102	36,889	15,332
Tax paid	9	(4,483)	(3,751)	(11,873)	(11,668)
Change in unrealised gain/loss on investments		66,700	(13,584)	48,297	(16,834)
Income/loss from sales of equipment		0	0	(548)	847
Depreciation, impairment and amortisation expenses	11,12	250	375	5,912	3,737
Change in pension obligations	20	(319)	585	10,767	33,150
Pension expense charged to other comprehensive income	20	82	0	(25,868)	0
Change in receivables and payables		(70,853)	(80,166)	(52,727)	8,714
Change in technical provisions and other accruals		22,166	53,295	75,431	135,421
Net cash flow from operating activities		**17,802**	**(39,144)**	**86,280**	**168,699**
Cash flow from investment activities					
Financial investments		(54,656)	(48,582)	(145,696)	(96,730)
Dividends received from subsidiaries	3	60,300	118,600	0	0
Group contribution paid to subsidiary	3	(40,000)	0	0	0
Purchase of intangible assets	10	0	0	(877)	(2,340)
Purchase of equipment	13	0	0	(1,352)	(6,539)
Purchase of property and plant	11	0	0	(1,217)	0
Proceeds from disposal of equipment		0	0	976	3,781
Net cash flow from investment activities		**(34,356)**	**70,018**	**(148,166)**	**(101,828)**
Cash flow from financial activities					
Repayment of borrowings		4,428	0	0	0
Net cash flow from financial activities		**4,428**	**0**	**0**	**0**
Net change in cash and cash equivalents		(12,126)	30,875	(61,886)	66,871
Cash and cash equivalents at beginning of year		27,972	0	163,027	96,156
Bank overdraft at beginning of year		0	(2,903)	0	0
Cash and cash equivalents at end of year		**15,846**	**27,972**	**101,141**	**163,027**

* See note 2.3

GARD P. & I. (BERMUDA) LTD.

Policy year accounts

Amounts in USD 000's	Consolidated accounts		
Policy year	2014	2013	2012
Premiums and calls			
Premiums	567,444	533,014	484,179
	567,444	**533,014**	**484,179**
Additional calls debited	1,006	53,944	48,420
Estimated deferred call	54,992	0	0
Total premiums and deferred calls	**623,442**	**586,958**	**532,599**
Reinsurance premiums	(134,856)	(139,730)	(124,832)
Net premium earned	**488,586**	**447,228**	**407,767**
Incurred claims net			
Claims paid	131,668	225,246	355,840
Estimates on outstanding claims	226,268	135,426	131,160
IBNRs	112,136	23,892	15,461
Unallocated Loss Adjustment Expenses	9,936	4,023	5,697
Incurred claims net	**480,008**	**388,587**	**508,158**
Acquisition cost and net operating expenses	53,034	43,396	69,297
Technical result	**(44,456)**	**15,246**	**(169,688)**

Notes to the consolidated 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 2014 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:
2012 policy year USD 30.7 million
2013 policy year USD 34.8 million
2014 policy year USD 37.3 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 (RBNS) 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 actuary.

Due to the characteristics of P&I claims, both RBNS and IBNR, 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 2012, USD 235.8 million, consists of estimated outstanding claims in the amount of USD 213 million and estimates for IBNR claims of USD 22.8 million.

GARD P. & I. (BERMUDA) LTD.

Notes to the accounts

Note 1 - Corporate information – the Gard group of companies

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 ("P&I"). There are no external capital owners.

The principal activities of the Company and its subsidiaries (the "Gard group") are; the insurance of marine P&I 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 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 Gard Norway is the insurance of marine P&I risk on behalf of its Members, including the reinsurance of a proportion of the P&I risk, underwritten by the Company as direct insurer.

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.

Gard Marine & Energy Insurance (Europe) AS ("Gard M&E Europe") is a wholly owned subsidiary of Gard M&E. Gard M&E Europe is registered and domiciled in Norway and licensed by the Norwegian Ministry of Finance to carry out direct insurance of marine and energy risks. Gard M&E Europe is the result of a merger between Gard Marine & Energy Försäkring AB in Sweden and a new Gard company Varmekrogen AS in Norway, both wholly owned subsidiaries of Gard M&E. The merger took place with effect as from 31 December 2014.

Hydra Gard Cell ("Hydra"). 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 has offered 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. Safeguard has stopped underwriting as of 20 February 2015.

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 companies in the Gard group.

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Note 2 - Accounting policies

2.1 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 2014 to 20 February 2015.

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.

GARD P. & I. (BERMUDA) LTD.

Notes to the accounts

Note 2 - Accounting policies continued

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.

2.2 Changes to presentation and classification

The Company has changed its presentation and classification of foreign exchange gains and losses in the income statement. The changes have been made primarily to provide more accurate information on the presentation of technical and non-technical results in the income statement. Comparative information has been changed accordingly. The change does not affect the total result reported in prior periods.

The Company has also changed its presentation of commissions regarding the group's reinsurance contracts, which are posted gross classified as agents' commission and commission received (earlier presented net). Comparative information has been changed accordingly. The change does not affect the total result reported in prior periods.

Neither of these changes are material to the financial statements.

2.3 Changes in accounting policies

IAS 19 'employee benefits' is mandatory for the Company for the financial year ending 20 February 2015. NRS 6 has been applied for earlier years. The changes to the accounting policies have been as follows: to immediately recognise all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). See Note 23 for the impact on the financial statements.

2.4 Basis for consolidation

The consolidated financial statements comprise Gard P. & I. (Bermuda) Ltd. and the companies over which the Company has a controlling interest. A controlling interest is normally obtained when ownership is more than 50 per cent of the shares in the company and can exercise control over the company. In as much as the Company has the right to exercise membership rights in Gard Norway, the Company controls more than two thirds 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.

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.

2.5 Use of accounting estimates when preparing the accounts

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

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.

2.6 Foreign currency

Functional currency and presentation currency

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

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 translated 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. Foreign exchange gains and losses that relate to borrowings, cash and cash equivalents and financial investments are presented as part of the non-technical result as 'Interest and similar income' and 'Change in unrealised gain/loss on investments' respectively. All foreign exchange gains and losses relating to technical operations are presented in the income statement as part of the technical result.

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'.

2.7 Revenue and expense recognition

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

GARD P. & I. (BERMUDA) LTD.

Notes to the accounts

Note 2 - Accounting policies continued

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 three last 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.

Reinsurance premiums

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

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.

Insurance related expenses for own account

Insurance related expenses for own account consist of sales and administrative expenses, less commission received on ceded reinsurance premiums. Sales expenses are recognised in the period in which they are incurred. The administrative expenses and commission received are expensed over the underlying policy period.

Other

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

2.8 Income tax

The tax expense consists of tax payable and changes in deferred tax. Deferred tax/tax assets 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 branches are liable to pay income tax based on gross earned premiums. Income tax is calculated as 27 per cent of three per cent of gross earned premiums irrespective of whether the branches created any profit or suffered any loss in the reporting period.

2.9 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.

2.10 Financial instruments

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.

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 instruments are also categorised as held for trading.

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.

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.

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 is 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, 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. Dividend from

GARD P. & I. (BERMUDA) LTD.

Notes to the accounts

Note 2 - Accounting policies continued

investments is recognised when the Company has an unconditional right to receive the dividend.

Dividend paid is recognised as a liability at the time when the General Meeting approves the payment of the dividend.

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

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.

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 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.

2.11 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.

2.12 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'.

2.13 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.

2.14 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 Marine & Energy ("M&E") business. The gross premium reserve for M&E business is amortised over the risk period and is 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.

GARD P. & I. (BERMUDA) LTD.

Notes to the accounts

Note 2 - Accounting policies continued

2.15 Employee benefits

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 group operates. The group has both defined benefit and defined contribution pension plans.

Pension obligations

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. The defined benefit obligation is calculated annually by independent actuaries using a straight-line earnings method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in 'Other comprehensive income' in the period in which they arise. Past-service costs are recognised immediately in income.

For defined contribution plans, the group pays contributions to privately administered pension insurance plans on a contractual 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. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

2.16 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 not remote or 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.

2.17 Changes to accounting principles

Changes in accounting principles and corrections of errors in previous year's accounts are presented in accordance with IAS 8, see Note 2.3.

2.18 Events after the reporting period

New information on the group'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 group's financial position at the end of the reporting period, but which will affect the financial position in the future, are disclosed if significant.

GARD P. & I. (BERMUDA) LTD.

Notes to the accounts

Note 3 - Intra-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 insurance portifolio after taking the external reinsurance into account (85 per cent of policy years up to and including 2009). The Company cedes to Gard Norway by way of reinsurance two per cent of the Company's insurance portion after taking the external reinsurance into account (15 per cent for policy years up to and including 2009).

	Received from Gard Norway		Ceded to Gard Norway	
Amounts in USD 000's	21.02.14 to 20.02.15	21.02.13 to 20.02.14	21.02.14 to 20.02.15	21.02.13 to 20.02.14
Reinsurance	19,960	20,350	7,310	6,517
Reinsurers' share of gross settled claims	43,274	63,281	4,850	4,031
Net commission paid	6,316	3,834	1,948	0

	Received from Gard Norway		Ceded to Gard Norway	
Amounts in USD 000's	As at 20.02.15	As at 20.02.14	As at 20.02.15	As at 20.02.14
Reinsurers' share of gross claims reserve	120,005	148,710	12,877	9,009

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 insurance portfolio after taking the external reinsurance into account with effect from 20 February 2010.

	Received from Gard Re		Ceded to Gard Re	
Amounts in USD 000's	21.02.14 to 20.02.15	21.02.13 to 20.02.14	21.02.14 to 20.02.15	21.02.13 to 20.02.14
Reinsurance	0	0	189,101	156,608
Reinsurers' share of gross settled claims	114,294	102,515	0	0
Reinsurance commission	50,191	44,307	0	0

	Received from Gard Re	
Amounts in USD 000's	As at 20.02.15	As at 20.02.14
Reinsurers' share of claims reserve	315,756	290,319

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 retention in the 1st market excess layer.

	Ceded to Hydra	
Amounts in USD million	21.02.14 to 20.02.15	21.02.13 to 20.02.14
Ceded reinsurance	43,825	31,031

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

Note 3 - Intra-group transactions continued

Insurance management agreement

The Company, Gard M&E, Gard Re and Safeguard Guarantee Company Ltd. have appointed Lingard as their insurance manager and principal representative in Bermuda. The services provided by Lingard are governed by individual insurance management agreements entered into between each of the above four companies and Lingard. The Company and Gard M&E have entered into an insurance services agreement with Gard (Singapore) PTE. LTD. where Gard (Singapore) PTE. LTD. is performing certain day-to-day operational functions for companies' branches in Singapore.

	Insurance services invoiced	
Amounts in USD 000's	21.02.14 to 20.02.15	21.02.13 to 20.02.14
Lingard	69,346	70,715
Gard (Singapore) PTE. LTD.	1,668	0

Insurance agency agreements

Lingard 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 and each of the subsidiaries of Gard AS for the purpose of sub-delegating certain insurance intermediary functions to regional offices in Finland, Greece, Hong Kong, Singapore, 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.

	Loan balance	
Amounts in USD 000's	As at 20.02.15	As at 20.02.14
AS Assuransegården	18,965	23,369
Gard AS	2,432	2,456

	Interest received	
Amounts in USD 000's	21.02.14 to 20.02.15	21.02.13 to 20.02.14
AS Assuransegården	486	536
Gard AS	53	176

	Dividends received	
Amounts in USD 000's	21.02.14 to 20.02.15	21.02.13 to 20.02.14
Gard M&E	50,000	60,000
Lingard	10,300	0

	Capital contribution paid	
Amounts in USD 000's	21.02.14 to 20.02.15	21.02.13 to 20.02.14
Gard Re	40,000	0

GARD P. & I. (BERMUDA) LTD.

Notes to the accounts

Note 4 - Gross written premium by geographical areas

Amounts in USD 000's	Parent company 21.02.14 to 20.02.15	Parent company 21.02.13 to 20.02.14	Consolidated accounts 21.02.14 to 20.02.15	Consolidated accounts 21.02.13 to 20.02.14
EEA	256,324	264,769	486,221	447,614
Norway	86,439	82,981	167,927	174,991
Other areas	175,826	133,046	299,129	301,258
Total gross written premium	518,589	480,796	953,277	923,863

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 2014 policy year (financial year ending 20 February 2015), payable in 2015. The original estimated deferred call was 25 per cent. The deferred call for the 2013 policy year (financial year ending 20 February 2014) was also reduced to 15 per cent from 25 per cent.

The reduction in deferred call amounts to USD 37.3 million (financial year ending 20 February 2014 USD 34.8 million).

On estimated total call (ETC) basis the gross written premium for the financial year ending 20 February 2015 is USD 990.6 million (financial year ending 20 February 2014 USD 958.7 million).

Note 6 - Technical result and technical provisions

Amounts in USD 000's	Parent company 21.02.14-20.02.15 P&I	M&E	Total	Consolidated accounts 21.02.14-20.02.15 P&I	M&E	Total
Technical result						
Gross premiums						
Gross written premiums	518,589	0	518,589	628,672	324,605	953,277
Change in gross provision for unearned premiums	0	0	0	0	13,295	13,295
Earned premiums, gross	**518,589**	**0**	**518,589**	**628,672**	**337,900**	**966,572**
Claims incurred, gross						
Incurred this year	(488,749)	0	(488,749)	(534,232)	(154,404)	(688,636)
Incurred previous years	132,111	0	132,111	110,259	(36,624)	73,636
Total claims incurred, gross	**(356,639)**	**0**	**(356,639)**	**(423,973)**	**(191,028)**	**(615,000)**
Insurance related operating expenses, gross	**(58,739)**	**0**	**(58,739)**	**(52,613)**	**52,612**	**(0)**
Technical result, gross	**103,213**	**0**	**103,213**	**152,087**	**199,484**	**351,571**
Reinsurers' share of technical result						
Premiums earned	(329,526)	0	(329,526)	(132,615)	(29,287)	(161,902)
Claims incurred	149,513	0	149,513	(1,997)	(13,896)	(15,893)
Commissions	57,770	0	57,770	(7,110)	18,750	11,639
Reinsurers' result	**(122,243)**	**0**	**(122,243)**	**(141,723)**	**(24,433)**	**(166,156)**
Technical result, net	**(19,030)**	**0**	**(19,030)**	**10,364**	**175,051**	**185,415**

GARD P. & I. (BERMUDA) LTD.

Notes to the accounts

Note 6 - Technical result and technical provisions continued

Amounts in USD 000's	P&I	M&E	Total	P&I	M&E	Total
	Parent company As at 20.02.15			Consolidated accounts As at 20.02.15		
Technical provisions gross						
Provisions, at the beginning of the period	(869,007)	0	(869,007)	(1,072,988)	(302,276)	(1,375,264)
Claims paid	352,841	0	352,841	422,066	187,865	609,932
Claims incurred - gross this year	(488,749)	0	(488,749)	(534,232)	(154,404)	(688,636)
Claims incurred - gross previous years	132,111	0	132,111	111,512	(37,877)	73,636
Foreign currency adjustment	0	0	0	0	1,024	1,024
Provisions, at the end of the period	**(872,805)**	**0**	**(872,805)**	**(1,073,641)**	**(305,667)**	**(1,379,308)**
Reinsurers' share of claims provision	436,467	0	436,467	112,329	16,096	128,425
Provisions net, at the end of the period	**(436,338)**	**0**	**(436,338)**	**(961,312)**	**(289,571)**	**(1,250,883)**
Provision for unearned premiums, gross	0	0	0	0	156,857	156,857
Reinsurers' share of premium provision	0	0	0	0	3,904	3,904
Provision for unearned premiums, net	**0**	**0**	**0**	**0**	**160,761**	**160,761**
The Company is a member of the International Group of P&I Clubs.						
Technical provision regarding Pooling Agreement	82,802	0	82,802	184,465	0	184,465
Provision for outstanding claims						
Technical provision gross	(872,805)	0	(872,805)	(1,073,641)	(305,667)	(1,379,308)
Technical provision net	(436,338)	0	(436,338)	(961,312)	(289,571)	(1,250,883)

Provided guarantees outside cover, not recognised in the balance sheet, amounts to USD 4.2 million as at 20 February 2015.

Sensitivity analysis has been performed in order to evaluate how sensitive gross claims reserve is dependent on the actuarial methods applied. The Company applied the following methods: Development factor method, Bornhuetter Ferguson, a priori reduced method and Benktander. Based on these methodologies the gross claim reserve range between USD 1,356 million and USD 1,440 million.

Note 7 - Insurance related expenses and number of staff

Amounts in USD 000's	Parent company 21.02.14 to 20.02.15	Parent company 21.02.13 to 20.02.14	Consolidated accounts 21.02.14 to 20.02.15	Consolidated accounts 21.02.13 to 20.02.14
Acquisition costs and commissions				
Sales related salaries and wages	0	0	25,160	28,293
Other acquisition costs	0	0	22,270	21,441
Insurance intermediary	19,124	25,468	0	0
Agents' commission	33,678	24,343	74,541	69,379
Commission received	(57,770)	(64,632)	(11,639)	(19,079)
Insurance related expenses for own account	**(4,969)**	**(14,822)**	**110,331**	**100,034**
Number of staff	**0**	**0**	**449**	**443**

GARD P. & I. (BERMUDA) LTD.

Notes to the accounts

Note 7 - Insurance related expenses and number of staff continued

Remuneration to Top Group Management, Group Committees and Auditor
The Top Management consists of the Group Directors.

Amounts in USD 000's	Salary incl. bonus	Benefits in kind	Pension cost	Total remuneration	Loan balance
Top Management					
Rolf Thore Roppestad (CEO)	972	140	27	1,139	213
Svein Buvik	508	62	38	608	0
Svein A. Andersen	456	62	32	550	140
Bjørnar Andresen	545	67	35	647	456
Steinar Bye	521	41	27	589	0
Kristian Dalene	348	24	12	384	135
Kjetil Eivindstad	422	47	28	497	178
Christen Guddal	378	33	25	436	0
Total	**4,150**	**476**	**224**	**4,850**	**1,122**

The table below provides information regarding payments made in the financial year 2015 to members of the Board of Directors within the group.

Remuneration relating to the financial year 2015, but not yet paid, is accrued for in the accounts.

Amounts in USD 000's	Board remuneration	Executive Committee	Audit Committee fee	Total remuneration
Members of the Board of Directors				
Bengt Hermelin (Chairman)	25			25
Kenneth Hvid (Deputy Chairman)	20			20
Salah M. Al-Hareky (Member)	15			15
Ian Beveridge (Member)	15	5	15	35
K. C. Chang (Member)	15			15
Trond Eilertsen	53	30		83
Herbjørn Hansson (Member)	15			15
Morten W. Høegh (Member)	35	5		40
Hans Peter Jebsen (Member)	15			15
Robert E. Johnston (Member)	15			15
Timothy C. Faries	15			15
Carl-Johan Hagman (Member)	15			15
Tadeusz Niszczota (Member)	50	5		55
Halvor Ribe (Member)	15			15
Jane Sy (Member)	50	5		55
Kazuya Uchida (Member)	15			15
Jan-Eyvin Wang (Member)	15			15
Konstaninos Gerapetritis (Member)	15			15
Weng Yew Hor (Member)	15		10	25
Andreas Brachel (Employee representative)	15			15
Anne Glestad Lech (Employee representative)	15			15
Erika Markussen (Employee representative)	15			15
Member of Audit Committee only				
Stephen Knudtzon			10	10
Total	**476**	**50**	**35**	**561**

GARD P. & I. (BERMUDA) LTD.

Notes to the accounts

Note 7 - Insurance related expenses and number of staff continued

All employees (minimum 50 per cent position) are granted mortgage loans, secured by real estate. The loans have a rate of interest according to the interest set by the Tax Ministry in Norway and the repayment period is within retirement age.

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 full pension requires a thirty year accrual period in Gard, or it 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 20 per cent of gross salary is expected to be paid for the year to 20.02.15.

Remuneration auditor

	Parent company		Consolidated accounts	
Amounts in USD 000's	21.02.14 to 20.02.15	21.02.13 to 20.02.14	21.02.14 to 20.02.15	21.02.13 to 20.02.14
Auditing fee	269	129	994	634
Tax advising	163	0	229	130
Non audit services	0	34	17	109
Total auditors' fee	**432**	**163**	**1,240**	**872**

Net operating expenses

	Parent company		Consolidated accounts	
Amounts in USD 000's	21.02.14 to 20.02.15	21.02.13 to 20.02.14 Restated	21.02.14 to 20.02.15	21.02.13 to 20.02.14 Restated
Bad debt	237	(181)	50	(2,461)
Service cost	74,247	71,276	0	0
Allocated to claims handling and acquisition costs	(71,015)	(67,347)	0	0
Other operating expenses	2,468	1,580	2,013	1,418
Pension cost, effect of change in assumptions	0	(109)	0	(6,964)
Other insurance related expenses	**5,937**	**5,220**	**2,063**	**(8,007)**

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 2015. The ratio of 11.4 per cent (11.3 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.

GARD P. & I. (BERMUDA) LTD.

Notes to the accounts

Note 8 - Financial income and expenses

Amounts in USD 000's	21.02.14 to 20.02.15	Parent company 21.02.13 to 20.02.14	21.02.14 to 20.02.15	Consolidated accounts 21.02.13 to 20.02.14
Interest and similar income				
Interest income	191	874	1,700	(81)
Income from financial instruments held for trading (portfolio investments)	13,845	10,727	52,400	47,549
Foreign exchange gains/losses	(9,329)	(4,331)	(16,412)	(2,545)
Total interest and similar income	**4,707**	**7,269**	**37,688**	**44,923**

Note 9 - Tax

Amounts in USD 000's	21.02.14 to 20.02.15	Parent company 21.02.13 to 20.02.14 Restated	21.02.14 to 20.02.15	Consolidated accounts 21.02.13 to 20.02.14 Restated
Income tax expenses				
Tax payable	3,676	3,534	12,210	9,935
Change in deferred tax	0	0	(8,137)	1,357
Paid foreign withheld tax	665	567	1,953	1,645
Tax expenses ordinary result	**4,341**	**4,102**	**6,025**	**12,937**
Income tax payable				
Tax at beginning of the period	5,410	5,059	13,012	13,762
Tax payable related to the period	4,341	3,534	12,210	9,935
Tax paid during the period	(4,483)	(2,773)	(11,873)	(9,730)
Exchange adjustments	(1)	(410)	1,953	(955)
Tax payable at end of the period	**5,267**	**5,410**	**15,302**	**13,012**
Deferred tax asset				
Specification of tax effect resulting from temporary differences				
Pension obligations	0	0	87,111	78,443
Equipment	0	0	1,158	(1,490)
Tax loss carried forward	0	0	0	0
Other temporary differences	0	0	593	246
Total temporary differences	**0**	**0**	**88,862**	**77,199**
Deferred tax asset, 27 per cent of total temporary differences	**0**	**0**	**23,993**	**20,844**

A deferred tax asset regarding Norwegian companies has in the consolidated accounts 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 20.02.15 amounting to USD 21.8 million (20.02.14 USD 23.9 million) that is not included in the recorded amount above as it is not likely to be utilised in the future.

GARD P. & I. (BERMUDA) LTD.

Notes to the accounts

Note 10 - Intangible assets

Amounts in USD 000's	Consolidated accounts 21.02.14 to 20.02.15	21.02.13 to 20.02.14
Developed software at cost		
Cost at beginning of year	9,509	7,169
Net additions/disposals	877	2,340
Exchange adjustments	(1,964)	0
Cost at end of year	**8,422**	**9,509**
Depreciation and impairment at beginning of year	7,188	7,169
Depreciation	348	18
Exchange adjustments	(1,452)	1
Depreciation at end of year	**6,084**	**7,188**
Net book value at end of year	**2,338**	**2,321**
Amortisation period		3-5 years
Amortisation type		linear

Note 11 - Property and plant used in operation

Amounts in USD 000's	Real estate As at 20.02.15	Property, plant As at 20.02.15	Consolidated accounts Total As at 20.02.15
Cost at beginning of year	26,017	18,324	44,341
Reclassification	1,026	(1,172)	(146)
Net additions/disposals	366	851	1,217
Exchange adjustments	(4,902)	(1,894)	(6,796)
Cost at end of year	**22,507**	**16,109**	**38,616**
Depreciation at beginning of year	7,052	1,946	8,998
Reclassification	(29)	427	398
Depreciation charge for the year	464	434	898
Impairment	0	1,240	1,240
Exchange adjustments	(1,370)	(595)	(1,964)
Depreciation at end of year	**6,117**	**3,452**	**9,569**
Net book value at end of year	**16,389**	**12,657**	**29,047**

GARD P. & I. (BERMUDA) LTD.

Notes to the accounts

Note 11 - Property and plant used in operation continued

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**	**44,341**
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**	**8,998**
Net book value at end of year	**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. Rental liabilities amount to USD 10.8 million as at balance sheet date. Total costs regarding rent in the consolidated account amounts to USD 4.6 million (USD 4.6 million last year).

Note 12 - Equipment

Amounts in USD 000's	Parent company Art As at 20.02.15	Art	Equipment	Consolidated accounts Total As at 20.02.15
Acquisition costs at beginning of year	1,356	4,392	19,549	23,941
Reclassification	0	(9)	(3,837)	(3,846)
Net additions/disposals	0	0	1,352	1,352
Exchange adjustments	0	0	(2,716)	(2,716)
Cost at end of year	**1,356**	**4,383**	**14,348**	**18,731**
Depreciation at beginning of year	375	375	14,279	14,654
Reclassification	0	0	(4,390)	(4,390)
Depreciation charge for the year	0	0	1,677	1,677
Impairment	250	995	0	995
Exchange adjustments	0	0	(1,823)	(1,823)
Depreciation at end of year	**625**	**1,370**	**9,743**	**11,113**
Net book value at end of year	**731**	**3,013**	**4,605**	**7,618**

GARD P. & I. (BERMUDA) LTD.

Notes to the accounts

Note 12 - Equipment continued

Amounts in USD 000's	Parent company Art As at 20.02.14	Art	Consolidated accounts Equipment	Total As at 20.02.14
Acquisition cost 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**
Amortisation period			3-5 years	
Amortisation type			linear	

Note 13 - Investments in subsidiaries

Amounts in USD 000's	Ownership	Voting share	Place of office		Share capital	Cost price USD As at 20.02.15
AS Assuransegården	100%	100%	Norway	NOK	22,220	21,095
Gard AS	100%	100%	Norway	NOK	30,000	70,932
Gard Marine & Energy Limited	100%	100%	Bermuda	USD	190,000	197,737
Gard Reinsurance Co Ltd	100%	100%	Bermuda	USD	150,000	295,000
Hydra Insurance Company Ltd. (Gard's cell)	100%	100%	Bermuda	USD	7,698	7,698
Lingard Limited	100%	100%	Bermuda	USD	900	900
Safeguard Guarantee Company Ltd.	100%	100%	Bermuda	USD	300	30,000
Total						**623,363**

Note 14 - 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.

GARD P. & I. (BERMUDA) LTD.

Notes to the accounts

Note 14 - Financial instruments and fair values through profit or loss continued

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 of 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				Parent company
				As at 20.02.15				As at 20.02.14
Amounts in USD 000's	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial investments								
Equities and investment funds	92,573	43,236	18,790	154,598	75,767	194,280	28,533	298,580
Bonds	279,976	98,617	8,594	387,187	242,045	25,485	3,590	271,120
Financial derivative assets	0	12,971	0	12,971	0	4,693	0	4,693
Cash incl. in other financial investments	37,582	0	0	37,582	31,062	0	0	31,062
Pending transactions for settlement	2,645	0	0	2,645	8,990	0	0	8,990
Total financial investments	**412,776**	**154,823**	**27,383**	**594,983**	**357,865**	**224,458**	**32,123**	**614,445**
Financial liabilities								
Financial derivative liabilities	0	7,874	0	7,874	0	2,708	0	2,708
Other payables	11,607	0	0	11,607	13,342	0	0	13,342
Total financial liabilities	**11,607**	**7,874**	**0**	**19,481**	**13,342**	**2,708**	**0**	**16,050**

				Consolidated accounts				Consolidated accounts
				As at 20.02.15				As at 20.02.14
Amounts in USD 000's	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial investments								
Equities and investment funds	332,021	368,515	43,500	744,035	293,085	359,232	28,533	680,849
Bonds	825,439	430,759	34,684	1,290,882	766,841	415,857	46,250	1,228,947
Financial derivative assets	0	25,478	0	25,478	0	8,485	0	8,485
Cash incl. in other financial investments	63,065	0	0	63,065	67,683	0	0	67,683
Pending transactions for settlement	11,203	0	0	11,203	45,002	0	0	45,002
Total financial investments	**1,231,727**	**824,752**	**78,184**	**2,134,662**	**1,172,610**	**783,573**	**74,783**	**2,030,966**
Financial liabilities								
Financial derivative liabilities	0	11,492	0	11,492	0	6,868	0	6,868
Other payables	38,042			38,042	93,812	0	0	93,812
Total financial liabilities	**38,042**	**11,492**	**0**	**49,534**	**93,812**	**6,868**	**0**	**100,680**

GARD P. & I. (BERMUDA) LTD.

Notes to the accounts

Note 15 - Financial risk

Risk management framework

The purpose of risk management is to enable the Company and its entities to meet its obligations to policyholders 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 meet 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.

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 20.02.2015, 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 approach.

	Parent company		Consolidated accounts	
Amounts in USD 000's	As at 20.02.15	As at 20.02.14	As at 20.02.15	As at 20.02.14
Bonds				
AAA	260,824	245,296	704,147	808,128
AA	13,959	5,172	52,333	66,032
A	37,280	10,342	162,121	156,201
BBB	63,192	7,948	306,847	158,206
BB	7,775	1,469	42,654	28,109
B	3,213	636	13,886	9,104
CCC/lower	713	255	2,589	2,817
Not rated	230	3	6,304	351
Total bonds	**387,187**	**271,120**	**1,290,882**	**1,228,948**
Financial derivative assets				
A	12,971	4,693	25,478	8,485
Total financial derivative assets	**12,971**	**4,693**	**25,478**	**8,485**
Cash included in other financial investments				
A	37,582	31,062	63,065	67,683
Total cash included in other financial investments	**37,582**	**31,062**	**63,065**	**67,683**
Reinsurers' share of gross claim reserve				
AA	0	0	0	761
A	423,257	428,944	97,498	146,443
BBB	13,211	4,943	30,928	12,201
Total reinsurers' share of gross claim reserve	**436,467**	**433,887**	**128,425**	**159,404**

GARD P. & I. (BERMUDA) LTD.

Notes to the accounts

Note 15 - Financial risk continued

Amounts in USD 000's	Parent company As at 20.02.15	Parent company As at 20.02.14	Consolidated accounts As at 20.02.15	Consolidated accounts As at 20.02.14
Receivables				
A	27,601	25,600	25,323	60,361
BBB	5,793	1,999	13,712	0
Not rated	51,535	39,755	217,949	178,790
Total receivables	**84,929**	**67,354**	**256,985**	**239,151**
Cash and cash equivalents				
AA	12,648	25,683	79,973	137,653
A	0	0	16,111	25,279
BBB	23	24	1,212	95
CCC	0	0	76	0
Not rated	3,175	2,265	3,769	0
Total cash and cash equivalents	**15,846**	**27,972**	**101,141**	**163,027**
Other financial assets presented in balance sheet*				
AAA	5,402	10,401	19,604	25,381
A	2,645	8,990	11,202	45,002
Not rated	21,397	25,825	0	0
Total other financial assets presented in balance sheet	**29,444**	**45,216**	**30,806**	**70,383**

*Includes pending transactions for settlement, loan to subsidiaries and other financial assets

Age analysis of receivables after provision for bad debt

Amounts in USD 000's	Parent company As at 20.02.15	Parent company As at 20.02.14	Consolidated accounts As at 20.02.15	Consolidated accounts As at 20.02.14
Not due	78,640	62,172	237,179	207,825
0-60 days	106	577	9,515	17,233
61-90 days	3,326	2,115	4,499	4,973
Above 90 days	2,857	2,490	5,791	9,120
Total	**84,929**	**67,354**	**256,985**	**239,151**

Impaired receivables

As at 20.02.15 there are impaired receivables in the parent company of USD 1.7 million (20.02.14 USD 1.9 million) and there are impaired receivables in the consolidated accounts of USD 6.8 million (20.02.14 USD 7.3 million), related to past due. 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.

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

Note 15 - Financial risk continued

Analysis of provision for bad debt

Amounts in USD 000's	Parent company As at 20.02.15	Parent company As at 20.02.14	Consolidated accounts As at 20.02.15	Consolidated accounts As at 20.02.14
Balance as at the beginning of the period	1,888	1,981	7,250	9,750
Provision for receivables impairment	338	241	1,664	1,930
Receivables written off during the year as uncollectable	(474)	(81)	(1,316)	(2,089)
Unused amounts reversed	(49)	(255)	(761)	(2,342)
Exchange adjustment	0	2	0	1
Balance as at the end of the period	**1,703**	**1,888**	**6,837**	**7,250**

The creation and release of provision for impaired receivables has 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.

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

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.

Amounts in USD 000's	Within 1 year	1-5 years	More than 5 years	No maturity date	Parent company As at 20.02.15 Total
Income tax payable	5,539	0	0	0	5,539
Payables and accruals	33,848	0	0	0	33,848
Other payables	24,569	0	0	0	24,569

Amounts in USD 000's	Within 1 year	1-5 years	More than 5 years	No maturity date	Parent company As at 20.02.14 Total
Income tax payable	5,410	0	0	0	5,410
Payables and accruals	51,693	0	0	0	51,693
Other payables	14,522	0	0	0	14,522

Amounts in USD 000's	Within 1 year	1-5 years	More than 5 years	No maturity date	Consolidated accounts As at 20.02.15 Total
Income tax payable	15,397	0	0	0	15,397
Payables and accruals	56,935	0	0	0	56,935
Other payables	64,255	0	0	0	64,255

GARD P. & I. (BERMUDA) LTD.

Notes to the accounts

Note 15 - Financial risk continued

Amounts in USD 000's	Within 1 year	1-5 years	More than 5 years	No maturity date	Consolidated accounts As at 20.02.14 Total
Income tax payable	13,012	0	0	0	13,012
Payables and accruals	61,080	0	0	0	61,080
Other payables	102,763	0	0	0	102,763

Market risk

Market risk is the risk that market prices will fluctuate because of changes in future expected cash flows of a financial instrument. 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 expected cash flows of a financial instrument will fluctuate because of change 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.

	Parent company		Consolidated accounts	
Amounts in USD 000's	As at 20.02.15	As at 20.02.14	As at 20.02.15	As at 20.02.14
Assets				
USD	1,307,449	1,143,678	2,053,217	1,439,806
EUR	149,665	180,749	146,220	380,457
GBP	61,315	160,013	104,576	276,395
Other	270,511	282,944	441,588	634,720
Total assets	**1,788,940**	**1,767,383**	**2,745,600**	**2,731,378**
Equity and liabilities				
USD	1,376,491	1,342,640	1,913,890	1,922,980
EUR	164,793	167,899	289,658	308,128
GBP	98,841	99,496	174,972	148,230
Other	148,816	157,348	367,080	352,040
Total equity and liabilities	**1,788,940**	**1,767,383**	**2,745,600**	**2,731,378**
Net asset exposure				
USD	(69,043)	(198,962)	139,327	(483,173)
EUR	(15,127)	12,850	(143,438)	72,329
GBP	(37,525)	60,517	(70,396)	128,165
Other	121,695	125,596	74,507	282,679
Net exposure in %				
USD	-4%	-11%	5%	-18%
EUR	-1%	1%	-5%	3%
GBP	-2%	3%	-3%	5%
Other	7%	7%	3%	10%

GARD P. & I. (BERMUDA) LTD.

Notes to the accounts

Note 15 - Financial risk continued

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.

Equity price risk

Equity price risk is the risk that the fair value in market prices will fluctuate because of changes in future expected cash flows of a financial instrument, 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.

Equities and investment funds includes equity stocks and investments 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 investment funds consist of the following

	Parent company		Consolidated accounts	
Amounts in USD 000's	As at 20.02.15	As at 20.02.14	As at 20.02.15	As at 20.02.14
Equity stocks	242,114	300,753	574,406	607,386
Equity index futures	(142,341)	(218,379)	(233,552)	(305,058)
Total equities	**99,773**	**82,374**	**340,853**	**302,327**
Investment funds, net	54,825	216,233	403,183	378,523
Equities and investment funds	**154,598**	**298,607**	**744,036**	**680,850**

Had the equity index futures presented net in the table above instead been presented gross, total liabilities presented in the balance sheet would have been USD 1.930.8 million (USD 1.985.3 last year) for the Company and USD 2,978.7 million (USD 3,035.9 million last year) for the Gard group. Total assets would have been USD 1.931.3 million (USD 1,985.8 million last year) for the Company and USD 2,979.2 million (USD 3,036.4 last year) for the Gard group.

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 20.02.15	As at 20.02.14	As at 20.02.15	As at 20.02.14
Impact on fixed income portfolio investments given an increase of 50 basis points	(6,265)	(6,264)	(22,360)	(20,510)
Impact on equity portfolio given a 10% drop in quoted market prices	(13,008)	(21,200)	(40,985)	(45,252)
Impact on total investment portfolio given a change of 10% in foreign exchange rates against USD	(28,449)	(30,950)	(73,475)	(83,026)

The sensitivity analysis assumes no correlation between equity price, 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 are not in line with the overall investment guidelines set by the Company's Board of Directors. Any impact from risk 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.

GARD P. & I. (BERMUDA) LTD.

Notes to the accounts

Note 16 - 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 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.

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 housein 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 16 - Financial derivatives at fair value through profit or loss continued

Amounts in USD 000's	Notional 20.02.15	Notional 20.02.14	Parent company Fair value 20.02.15	Fair value 20.02.14
Type of derivatives				
Interest rate related				
Futures	68,406	32,329	0	0
Options	8,050	8,847	(27)	(15)
Swaps	250,791	465,417	2,168	3,205
Net interest rate related	**327,247**	**506,594**	**2,141**	**3,190**
Equity related contracts				
Futures	143,385	218,991	0	0
Net equity related	**143,385**	**218,991**	**0**	**0**
Foreign currency related				
Forward foreign exchange contracts	447,174	413,948	2,955	(1,206)
USD receivables related to foreign currency contracts	0	0	0	0
Net foreign currency related	**447,174**	**413,948**	**2,955**	**(1,206)**
Net financial derivative assets/liabilities			**5,096**	**1,985**
Financial derivative assets			12,971	4,693
Financial derivative liabilities			(7,874)	(2,708)
Net financial derivative assets/liabilities			**5,096**	**1,985**

Amounts in USD 000's	Notional 20.02.15	Notional 20.02.14	Consolidated accounts Fair value 20.02.15	Fair value 20.02.14
Type of derivatives				
Interest rate related				
Futures	124,131	70,112	0	0
Options	29,368	99,385	(98)	(165)
Swaps	538,704	615,884	3,539	3,783
Net interest rate related	**692,202**	**785,381**	**3,442**	**3,617**
Equity related contracts				
Futures	235,848	307,919	0	0
Net equity related	**235,848**	**307,919**	**0**	**0**
Foreign currency related				
Forward foreign exchange contracts	933,546	806,877	10,545	(2,001)
USD receivables related to foreign currency contracts	0	0	0	0
Net foreign currency related	**933,546**	**806,877**	**10,545**	**(2,001)**
Net financial derivative assets/liabilities			**13,986**	**1,617**
Financial derivative assets			25,478	8,485
Financial derivative liabilities			(11,492)	(6,868)
Net financial derivative assets/liabilities			**13,986**	**1,617**

GARD P. & I. (BERMUDA) LTD.

Notes to the accounts

Note 17 - Receivables from direct insurance operations

Amounts in USD 000's	As at 20.02.15 (Parent company)	As at 20.02.14 (Parent company)	As at 20.02.15 (Consolidated accounts)	As at 20.02.14 (Consolidated accounts)
Direct and received premium	27,525	7,454	38,369	16,467
Direct and received premium through broker	0	0	88,651	98,244
Accrued deferred call	41,917	39,561	53,408	50,806
Not closed premium	0	0	24,070	22,882
Claims related debtors, co-insurers	0	0	19,236	9,257
Provision for bad debts	(1,703)	(1,888)	(6,837)	(7,250)
Receivables from direct insurance operations	**67,739**	**45,127**	**216,897**	**190,407**

Note 18 - Other receivables and other payables

Amounts in USD 000's		Parent company As at 20.02.15	Parent company As at 20.02.14	Consolidated accounts As at 20.02.15	Consolidated accounts As at 20.02.14
Other receivables					
Other receivables	0	0		1,789	805
Loan to employees	0	0		38,299	41,001
Total other receivables	**0**	**0**		**40,088**	**41,806**
Other payables					
Other payables	12,962	1,180		26,214	8,951
Investments transactions in progress*	11,607	13,342		38,042	93,812
Total other payables	**24,569**	**14,522**		**64,255**	**102,763**

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

Note 19 - Cash and cash equivalents

Cash and cash equivalents includes bank deposits and cash in hand, of which USD 13.3 million as at 20.02.15 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.

Note 20 - 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 contribution plan covers a total of 120 employees, and the defined benefit plan covers 217 employees and 84 retired or disabled employees. The pension plans satisfy the demands according to the Norwegian Pension Act.

GARD P. & I. (BERMUDA) LTD.

Notes to the accounts

Note 20 - Pensions continued

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 born 1944-1948 who could choose between the two AFP regimes, 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, is secured under an 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 and other comprehensive income.

Pension cost and pension liability has been accounted for in accordance with IAS19. The comparative figures have been restated in accordance with IAS19.

	Parent company		Consolidated accounts	
Amounts in USD 000's	As at 20.02.15	As at 20.02.14 Restated	As at 20.02.15	As at 20.02.14 Restated
Pension cost				
Defined benefit pension plans				
Pension benefits earned during the year	(34)	315	6,732	8,320
Interest expense on earned pension	43	41	4,424	4,825
Yield on pension funds	0	0	(2,053)	(2,119)
Settlement/curtailment	0	0	0	(5,042)
Net pension costs earning related plan	**10**	**356**	**9,104**	**5,984**
Defined contribution pension plan	**0**	**0**	**4,141**	**2,687**
Total pension cost charged to Income statement	**10**	**356**	**13,245**	**8,670**
Changes in pension assumptions charged to Other comprehensive income	**(82)**	**(100)**	**25,868**	**9,970**
Liabilities according to the actuarial calculations:				
Pension obligation gross	(2,006)	(2,351)	(157,963)	(154,083)
Pension funds at market value	660	687	65,648	72,535
Net pension obligation at end of year	**(1,346)**	**(1,665)**	**(92,315)**	**(81,548)**
Changes in pension funds at market value:				
Fair value of assets beginning of year	687	620	72,535	66,933
Exchange differences	(150)	0	(13,690)	(6,027)
Expected return on plan assets	23	22	2,075	1,652
Actuarial gains or losses	37	(22)	2,103	5,369
Employer contribution	66	69	4,040	6,196
Benefits paid	(2)	(2)	(1,415)	(1,589)
Fair value of assets at end of year	**660**	**687**	**65,648**	**72,535**
Financial assumptions	Per cent	Per cent	Per cent	Per cent
Discount rate	2.30	3.60	2.30	3.60
Assumed annual salary regulation	3.25	3.75	3.25	3.75
Assumed pension increase	1.50	2.00	1.50	2.00
Assumed regulations of public pensions	2.50	3.50	2.50	3.50
Assumed yield on funds	2.30	3.60	2.30	3.60
Actual yield on funds	5.39	3.80	5.39	3.80

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Notes to the accounts

Note 21 - 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 2015.

Note 22 - Changes in contingency reserve

	Parent company		Consolidated accounts	
Amounts in USD 000's	As at 20.02.15	As at 20.02.14 Restated	As at 20.02.15	As at 20.02.14 Restated
Contingency reserve as at beginning of year, as restated	**821,914**	**760,466**	**919,109**	**874,802**
Change in contingency reserve	20,854	61,448	49,481	44,307
Contingency reserve as at end of year	**842,768**	**821,914**	**968,590**	**919,109**

Note 23 - Changes in accounting policies

Adoption of IAS 19

The revised employee benefit standard introduces changes to the recognition, measurement, presentation and disclosure of post-employment benefits. The standard also requires net interest income/expense to be calculated as the product of the net defined benefit asset/liability and the discount rate as determined at the beginning of the year. The effect of this is to remove the previous concept of recognising an expectedreturn on plan assets. The effect of the changes to the accounting policies is shown in the following tables.

Impact of change in accounting policy on parent company balance sheet

Amounts in USD 000's	As at 20.02.14 as previously stated	Adopt IAS 19	As at 20.02.14 Restated	As at 21.02.13 as previously stated	Adopt IAS 19	As at 21.02.13 Restated
Assets						
Investments						
Financial investments in subsidiaries						
Investments in subsidiaries	583,363	0	583,363	583,387	0	583,387
Loan to subsidiaries	25,825	0	25,825	38,311	0	38,311
Financial investments at fair value through profit or loss						
Equities and investment funds	298,580	0	298,580	269,125	0	269,125
Bonds	271,120	0	271,120	248,891	0	248,891
Financial derivative assets	4,693	0	4,693	12,459	0	12,459
Other financial investments	40,052	0	40,052	36,463	0	36,463
Total investments	**1,223,633**	**0**	**1,223,633**	**1,188,636**	**0**	**1,188,636**
Reinsurers' share of technical provisions						
Reinsurers' share of gross claims reserve	433,887	0	433,887	434,561	0	434,561
Total reinsurers' share of technical provisions	**433,887**	**0**	**433,887**	**434,561**	**0**	**434,561**

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

Note 23 - Changes in accounting policies continued

Amounts in USD 000's	As at 20.02.14 as previously stated	Adopt IAS 19	As at 20.02.14 Restated	As at 21.02.13 as previously stated	Adopt IAS 19	As at 21.02.13 Restated
Receivables						
Receivables from direct insurance operations						
Policyholders	45,127	0	45,127	42,010	0	42,010
Intermediaries	0	0	0	57	0	57
Receivables from reinsurance operations						
Receivables from reinsurance operations	3,406	0	3,406	11,055	0	11,055
Receivables from subsidiaries	18,821		18,821	62,603		62,603
Total receivables	**67,354**	**0**	**67,354**	**115,725**	**0**	**115,725**
Other assets						
Equipment	981	0	981	1,356	0	1,356
Cash and cash equivalents	27,972	0	27,972	0	0	0
Other financial assets	10,401	0	10,401	5,413	0	5,413
Total other assets	**39,354**	**0**	**39,354**	**6,769**	**0**	**6,769**
Prepayments and accrued income						
Accrued income and other prepayments	3,154	0	3,154	3,711	0	3,711
Total prepayments and accrued income	**3,154**	**0**	**3,154**	**3,711**	**0**	**3,711**
Equity and liabilities						
Paid-in equity						
Statutory reserve	463	0	463	463	0	463
Total equity	**463**	**0**	**463**	**463**	**0**	**463**
Technical provisions						
Gross claims reserve	869,007	0	869,007	877,519	0	877,519
Total technical provisions	**869,007**	**0**	**869,007**	**877,519**	**0**	**877,519**
Contingency reserve						
Contingency reserve	821,809	106	821,914	760,570	(104)	760,466
Total contingency reserve	**821,809**	**106**	**821,914**	**760,570**	**(104)**	**760,466**
Provision for other liabilities						
Pension obligations	1,770	(106)	1,665	1,291	104	1,395
Income tax payable	5,410	0	5,410	5,059	0	5,059
Total provisions for other liabilities	**7,180**	**(106)**	**7,075**	**6,350**	**104**	**6,454**
Payables						
Payables arising out of direct insurance operations	4,716	0	4,716	588	0	588
Payables arising out of reinsurance operations	26,280	0	26,280	33,821	0	33,821
Liabilities to financial institutions	0	0	0	2,903	0	2,903
Payables group companies	5,000	0	5,000	32,688	0	32,688
Financial derivative liabilities	2,708	0	2,708	3,893	0	3,893
Other payables	14,522	0	14,522	13,655	0	13,655
Total payables	**53,226**	**0**	**53,226**	**87,549**	**0**	**87,549**

GARD P. & I. (BERMUDA) LTD.

Notes to the accounts

Note 23 - Changes in accounting policies continued

Amounts in USD 000's	As at 20.02.14 as previously stated	Adopt IAS 19	As at 20.02.14 Restated	As at 21.02.13 as previously stated	Adopt IAS 19	As at 21.02.13 Restated
Accruals and deferred income						
Accruals and deferred income	15,697	0	15,697	16,952	0	16,952
Total accruals and deferred income	**15,697**	**0**	**15,697**	**16,952**	**0**	**16,952**
Total liabilities	**1,766,920**	**0**	**1,766,920**	**1,748,940**	**0**	**1,748,940**
Total equity and liabilities	**1,767,383**	**0**	**1,767,383**	**1,749,402**	**0**	**1,749,402**

Impact of change in accounting policy on parent company income statement

Amounts in USD 000's	As at 20.02.14 as previously stated	Adopt IAS 19	As at 20.02.14 Restated
Technical account			
Gross written premium	480,796	0	480,796
Ceded reinsurance	(313,207)	0	(313,207)
Earned premium for own account	**167,589**	**0**	**167,589**
Other insurance related income	**0**	**0**	**0**
Gross settled claims	388,791	0	388,791
Reinsurers' share of gross settled claims	(176,550)	0	(176,550)
Change in gross claims reserve	(8,512)	0	(8,512)
Reinsurers' share of change in claims reserve	674	0	674
Claims incurred for own account	**204,402**	**0**	**204,402**
Acquisition costs	25,468	0	25,468
Agents' commission	9,525	0	9,525
Commission received	(49,814)	0	(49,814)
Insurance related expenses for own account	**(14,822)**	**0**	**(14,822)**
Other insurance related expenses	**5,329**	**(109)**	**5,220**
Technical result before change in contingency reserve	**(27,320)**	**109**	**(27,211)**
Change in contingency reserve	61,239	209	61,448
Technical result	**(88,559)**	**(100)**	**(88,659)**
Non-technical account			
Income from investments in group companies	60,000	0	60,000
Interest and similar income	7,269	0	7,269
Change in unrealised gain/loss on investments	13,584	0	13,584
Gains on realisation of investments	16,340	0	16,340
Investment management expenses	(4,533)	0	(4,533)
Non-technical result	**92,660**	**0**	**92,660**
Profit before tax	**4,102**	**(100)**	**4,002**
Taxation	4,102	0	4,102
Net result	**0**	**(100)**	**(100)**
Other comprehensive income			
Effect of change in pension assumptions*	0	100	100
Total result	**0**	**0**	**0**

GARD P. & I. (BERMUDA) LTD.

Notes to the accounts

Note 23 - Changes in accounting policies

Impact of change in accounting policy on the parent company statement of cash flows

Amounts in USD 000's	For period ended 20.02.14	Adopt IAS 19	For period ended 20.02.14 Restated
Cash flow from operating activities			
Profit from ordinary operations before tax	4,102	0	4,102
Tax paid	(3,751)	0	(3,751)
Change in unrealised gain/loss on investments	(13,584)	0	(13,584)
Depreciation and amortisation expenses	375	0	375
Change in pension obligation	479	106	585
Change in receivables and payables	(80,166)	0	(80,166)
Change in technical provisions and other accruals	53,401	(106)	53,295
Net cash flow from operating activities	**(39,144)**	**0**	**(39,144)**
Cash flow from investment activities			
Financial investments	(48,582)	0	(48,582)
Dividends received from subsidiaries	118,600	0	118,600
Net cash flow from investment activities	**70,018**	**0**	**70,018**
Net change in cash and cash equivalents	30,874	0	30,874
Cash and cash equivalents at beginning of year	0	0	0
Bank overdraft at beginning of year	(2,902)	0	(2,902)
Cash and cash equivalents at end of year	**27,972**	**0**	**27,972**

Impact of change in accounting policy on consolidated balance sheet

Amounts in USD 000's	As at 20.02.14 as previously stated	Adopt IAS 19	As at 20.02.14 Restated	As at 21.02.13 as previously stated	Adopt IAS 19	As at 21.02.13 Restated
Assets						
Intangible						
Other intangible assets	2,321	0	2,321	0	0	0
Total intangible assets	**2,321**	**0**	**2,321**	**0**	**0**	**0**
Investments						
Property and plant used in operation	35,343	0	35,343	41,430	0	41,430
Financial investments at fair value through profit or loss						
Equities and investment funds	680,850	0	680,850	529,928	0	529,928
Bonds	1,228,948	0	1,228,948	1,271,269	0	1,271,269
Financial derivative assets	8,485	0	8,485	30,639	0	30,639
Other financial investments	112,685	0	112,685	116,913	0	116,913
Total investments	**2,066,309**	**0**	**2,066,309**	**1,990,179**	**0**	**1,990,179**
Reinsurers' share of technical provisions						
Reinsurers' share of gross premium reserve	6,855	0	6,855	5,848	0	5,848
Reinsurers' share of gross claims reserve	159,404	0	159,404	230,982	0	230,982
Total reinsurers' share of technical provisions	**166,259**	**0**	**166,259**	**236,829**	**0**	**236,829**

GARD P. & I. (BERMUDA) LTD.

Notes to the accounts

Note 23 - Changes in accounting policies

Amounts in USD 000's	As at 20.02.14 as previously stated	Adopt IAS 19	As at 20.02.14 Restated	As at 21.02.13 as previously stated	Adopt IAS 19	As at 21.02.13 Restated
Receivables						
Receivables from direct insurance operations						
Policyholders	190,407	0	190,407	163,718	0	163,718
Receivables from reinsurance operations						
Receivables from reinsurance operations	6,938	0	6,938	8,908	0	8,908
Other receivables	41,806	0	41,806	46,972	0	46,972
Total receivables	**239,151**	**0**	**239,151**	**219,598**	**0**	**219,598**
Other assets						
Equipment	9,287	0	9,287	10,359	0	10,359
Cash and cash equivalents	163,027	0	163,027	96,156	0	96,156
Deferred tax asset	11,768	9,076	20,844	12,237	7,291	19,528
Other financial assets	25,381	0	25,381	15,461	0	15,461
Total other assets	**209,463**	**9,076**	**218,540**	**134,213**	**7,291**	**141,504**
Prepayments and accrued income						
Accrued income and other prepayments	38,797	0	38,797	29,269	0	29,269
Total prepayments and accrued income	**38,797**	**0**	**38,797**	**29,269**	**0**	**29,269**
Total assets	**2,722,301**	**9,076**	**2,731,378**	**2,610,088**	**7,291**	**2,617,380**

Equity and liabilities						
Paid-in equity						
Statutory reserve	463	0	463	463	0	463
Total equity	**463**	**0**	**463**	**463**	**0**	**463**
Technical provisions						
Gross premium reserve	171,131	0	171,131	161,708	0	161,708
Gross claims reserve	1,375,264	0	1,375,264	1,344,151	0	1,344,151
Total technical provisions	**1,546,395**	**0**	**1,546,395**	**1,505,859**	**0**	**1,505,859**
Contingency reserve						
Contingency reserve	944,123	(25,015)	919,109	894,792	(19,990)	874,802
Total contingency reserve	**944,123**	**(25,015)**	**919,109**	**894,792**	**(19,990)**	**874,802**
Provision for other liabilities						
Pension obligations	47,457	34,091	81,548	48,398	27,281	75,679
Income tax payable	13,012	0	13,012	13,762	0	13,762
Other provisions for liabilities	140	0	140	0	0	0
Total provisions for other liabilities	**60,610**	**34,091**	**94,701**	**62,160**	**27,281**	**89,441**
Payables						
Payables arising out of direct insurance operations	6,042	0	6,042	1,183	0	1,183
Payables arising out of reinsurance operations	24,785	0	24,785	18,501	0	18,501
Financial derivative liabilities	6,868	0	6,868	8,707	0	8,707
Other payables	102,763	0	102,763	87,009	0	87,009
Total payables	**140,458**	**0**	**140,458**	**115,400**	**0**	**115,400**

GARD P. & I. (BERMUDA) LTD.

Notes to the accounts

Note 23 - Changes in accounting policies continued

Amounts in USD 000's	As at 20.02.14 as previously stated	Adopt IAS 19	As at 20.02.14 Restated	As at 21.02.13 as previously stated	Adopt IAS 19	As at 21.02.13 Restated
Accruals and deferred income						
Accruals and deferred income	30,253	0	30,253	31,414	0	31,414
Total accruals and deferred income	**30,253**	**0**	**30,253**	**31,414**	**0**	**31,414**
Total liabilities	**2,721,839**	**0**	**2,730,916**	**2,609,626**	**0**	**2,616,917**
Total equity and liabilities	**2,722,301**	**9,076**	**2,731,378**	**2,610,088**	**7,291**	**2,617,380**

Impact of change in accounting policy on consolidated income statement

Amounts in USD 000's	As at 20.02.14 as previously stated	Adopt IAS 19	As at 20.02.14 Restated
Technical account			
Gross written premium	923,863	0	923,863
Ceded reinsurance	(185,179)	0	(185,179)
Change in gross premium reserve	(11,268)	0	(11,268)
Change in reinsurers' share of premium reserve	1,008	0	1,008
Earned premium for own account	**728,424**	**0**	**728,424**
Other insurance related income	**1,690**	**0**	**1,690**
Gross settled claims	658,481	0	658,481
Reinsurers' share of gross settled claims	(118,161)	0	(118,161)
Change in gross claims reserve	31,108	0	31,108
Reinsurers' share of change in claims reserve	71,747	0	71,747
Claims incurred for own account	**643,175**	**0**	**643,175**
Acquisition costs	49,734	0	49,734
Agents' commission	69,379	0	69,379
Commission received	(19,080)	0	(19,080)
Insurance related expenses for own account	**100,034**	**0**	**100,034**
Other insurance related expenses	**(1,043)**	**(6,964)**	**(8,007)**
Technical result before change in contingency reserve	**(12,052)**	**6,964**	**(5,088)**
Change in contingency reserve	49,332	(5,025)	44,307
Technical result	**(61,384)**	**11,989**	**(49,395)**
Non-technical account			
Interest and similar income	43,907	0	44,923
Change in unrealised gain/loss on investments	16,834	0	16,834
Gains on realisation of investments	29,557	0	29,557
Investment management expenses	(14,598)	0	(14,598)
Non-technical result	**75,700**	**0**	**76,716**
Profit before tax	**15,332**	**11,989**	**27,321**
Taxation	10,918	2,019	12,937
Net result	**4,414**	**9,970**	**14,384**
Other comprehensive income			
Exchange differences on foreign subsidiaries	(4,414)	0	(4,414)
Effect of change in accounting principle*	0	(9,970)	(9,970)
Total result	**0**	**0**	**0**

GARD P. & I. (BERMUDA) LTD.

Notes to the accounts

Note 23 - Changes in accounting policies continued

Impact of change in accounting policy on the consolidated statement of cash flows

Amounts in USD 000's	For period ended 20.02.14	Adopt IAS 19	For period ended 20.02.14 Restated
Cash flow from operating activities			
Profit from ordinary operations before tax	15,332	0	15,332
Tax paid	(11,668)	0	(11,668)
Change in unrealised gain/loss on investments	(16,834)	0	(16,834)
Income/loss from sales of equipment	847	0	847
Depreciation and amortisation expenses	3,737	0	3,737
Change in pension obligation	(941)	34,091	33,150
Change in receivables and payables	17,790	(9,076)	8,714
Change in technical provisions and other accruals	160,436	(25,015)	135,421
Net cash flow from operating activities	**168,699**	**0**	**168,699**
Cash flow from investment activities			
Financial investments	(96,730)	0	(96,730)
Purchase of intangible assets	(2,340)	0	(2,340)
Purchase of equipment	(6,539)	0	(6,539)
Proceeds from disposal of equipment	3,781	0	3,781
Net cash flow from investment activities	**(101,828)**	**0**	**(101,828)**
Net change in cash and cash equivalents	66,871	0	66,871
Cash and cash equivalents at beginning of year	96,156	0	96,156
Cash and cash equivalents at end of year	**163,027**	**0**	**163,027**

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 2015, 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 and fair presentation 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 and fair presentation 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 present fairly, in all material respects, the financial position of the parent company and the group Gard P. & I. (Bermuda) Ltd. as at February 20, 2015, and its financial performance and its cash flows for the year then ended in accordance with the "Regulations for Annual Accounts for Insurance Companies" approved by the Norwegian Ministry of Finance.

PricewaterhouseCoopers Ltd.
Hamilton, Bermuda
May 11, 2015

NOTICE OF AGM

NOTICE IS HEREBY GIVEN that the 2015 Annual General Meeting of Gard P. & I. (Bermuda) Ltd. (the "Company") will be held on Wednesday, 24 June, 2015 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 2014 Annual General Meeting of the Company held on 10 September, 2014.
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, 2015.
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, 2016.
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
11 May, 2015

Graham W. Everard
Secretary

KEY FINANCIALS GARD GROUP

2006 - 2015

Amounts in USD millions, ETC basis	2006	2007	2008	2009	2010	2011	2012	2013	2014	20 February 2015
Gross written premium	558	647	721	796	812	792	855	884	959	991
Earned premium for own account	421	545	623	701	701	678	700	712	764	842
Claims incurred for own account	-374	-518	-580	-436	-527	-533	-595	-600	-643	-631
Operating expenses net	-78	-88	-98	-108	-121	-101	-92	-122	-97	-110
Result on technical account	**-31**	**-61**	**-55**	**157**	**54**	**44**	**13**	**-10**	**24**	**101**
Result on non-technical account	**90**	**133**	**125**	**-293**	**195**	**141**	**49**	**113**	**76**	**23**
Net result before tax	59	73	71	-136	249	185	62	103	100	124
Tax	2	10	-2	-14	-9	-9	-11	-5	-11	-6
Net result after tax	**61**	**83**	**69**	**-150**	**240**	**175**	**51**	**99**	**89**	**87**
Changes in deferred call	-8	-9	-	-	-41	-28	-14	-31	-35	-37
Combined ratio (ETC-basis)	107%	111%	109%	78%	92%	94%	98%	101%	97%	88%
Contingency reserve	438	512	580	430	638	790	826	895	944	969

MEETING DATES

The meeting dates for the Board and the Executive Committee of Gard P. & I. (Bermuda) Ltd. in the period from 20 February 2014 to 20 February 2015 were as follows:

Annual General Meeting
Wednesday 10 September, 2014, Bermuda

Board of Directors
Monday 26 May, 2014, Hamburg
Wednesday 10 September, 2014, Bermuda
Monday 27 October, 2014, Lisbon

Executive Committee
Thursday 24 April, 2014, Copenhagen
Saturday 24 May, 2014, Hamburg
Thursday, 4 September, 2014, Arendal
Thursday 25 September,2014, Copenhagen
Saturday 25 October, 2014, Lisbon
Thursday 22 January, 2015, 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
Nils Aden	E.R. Schiffahrt GmbH & Cie. KG, Hamburg
Yngvil Åsheim	BW Maritime Pte. Ltd., Singapore
Ian Beveridge	Bernhard Schulte GmbH & Co. KG, 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
Weng Yew Hor	AET-Tankers PTE Limited, Kuala Lumpur
Hans Peter Jebsen	Kristian Gerhard Jebsen Skipsrederi AS, Oslo
Robert E. Johnston	Overseas Shipholding Group Inc., Tampa
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
Rolf Thore Roppestad, President	Arendal

The Executive Committee

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

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

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