
FINANCIAL STATEMENTS 2016

GARD MARINE & ENERGY INSURANCE (EUROPE) AS

for the year to 20 February 2016



Gard Marine & Energy Insurance (Europe) AS

Board of Directors' Report

INTRODUCTION

The Board of Directors hereby submits the report and accounts of Gard Marine & Energy Insurance (Europe) AS for the 2016 financial year, covering the 12 month period to 20 February 2016. This is Gard Marine & Energy Insurance (Europe) AS (the "Company") second year of operation.

In the opinion of the Board of Directors the report and accounts for the year to 20 February 2016 gives a true and fair picture of the Company and its activities and result.

Statutory minimum requirements with regard to technical reserves and solvency margins, are complied with.

Beyond what has been dealt with in this report, and the risks and uncertainties the marine insurance industry in general is faced with, the Board of Directors does not consider there to be any special risks or uncertainties connected to the business activities of the Company.

The Company is a wholly owned subsidiary of Gard Marine & Energy Limited.

CHANGES IN EXTERNAL CONDITIONS

Preparations for the Solvency II legislation has been prioritised in the accounts for the year 2016. Solvency II means new rules for calculating capital requirements and eligible capital, requirements for risk management and reporting requirements for risk- and capital situation. The regulations came into force from 1 January 2016.

THE OPERATION IN GENERAL

Marine & Energy insurance

The Company is a joint stock company established in Arendal on 26 June 2014. As from 1 January 2015, the Company has offered marine and energy insurance to its customers in countries where there is a requirement that the insurer is domiciled within the European Union/European Economic Area. The customers are shipowners, shipyards, contractors and oil companies.

Gard AS

Gard AS is the general agent for the Company. All insurance products are offered through Gard AS on basis of delegation of authority. Gard AS is registered as insurance agent for Gard P. & I. (Bermuda) Ltd, Assuranceforeningen Gard - gjensidig -, Gard Marine & Energy Limited (the Norwegian branch of the parent company), and the Company in accordance with the Norwegian legislation on insurance intermediary activities based on the EU insurance mediation directive.

Gard AS has offices in Arendal, Bergen and Oslo. Further, Gard AS has wholly owned subsidiaries in London (Gard (UK) Limited), New York (Gard (North America) Inc.), Hong Kong (Gard (HK) Ltd), Gothenburg (Gard (Sweden) AB), Helsinki (Oy Gard (Baltic) Ab), Piraeus (Gard (Greece) Ltd), Tokyo (Gard (Japan) K.K.) and Singapore (Gard (Singapore) Pte. Ltd). The subsidiaries main function is to be the local representative of the holding company.

Personnel and organisation

As a result of the appointment of Gard AS as the agent of the Company there are at the end of the year only 12 persons employed in the Company. These persons include, *inter alia*, the Managing Director, the Legal Director (Company Secretary) and the Accounting Manager.

In the period to 20 February 2016 the level of absence due to sickness has been slightly below the corresponding average in the insurance industry. The organization is focusing on preventing occupational injuries as a result of long time use of PCs and other office equipment. There have been no injuries or accidents in connection with the operations.

The Company's objective is to promote gender equality, ensure equal opportunities and rights, and to prevent discrimination due to ethnicity, national origin, descent, skin colour, language, religion and faith.

The working environment in the Company has in the period to 20 February 2016 been good.

Environmental damage

The Company is an insurance provider and the environmental footprint is therefore limited as the products, in the form of insurance cover, do not have an environmental impact. The Company's impact on climate and the environment is therefore primarily connected to business travel made by the limited number of staff.

The Company fully supports the UN Principles of Responsible Investment and actively encourage the 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.

Research and development

The Company does not carry out research and development activities.

FUND MANAGEMENT

A major part of the Company's investment portfolio is invested through a "Common Contractual Fund" structure. The investment structure represents a common legal framework for the management of the funds belonging to all risk carriers in the Gard group consisting of Assuranceforeningen Gard - gjensidig -, Gard P. & .I (Bermuda) Ltd, Gard Marine & Energy Limited, Gard Marine & Energy Insurance (Europe) AS, Gard Reinsurance Co Ltd and Safeguard Guarantee Company Ltd. The objective of the investment structure is saving of management costs and optimizing the total returns within the investment guidelines. The portfolio managers in the Common Contractual Fund structure are all specialists within the class of assets the individual manager has been given a mandate to manage.

The general investment guidelines for the management of the funds of the Company are determined by the Board of Directors. The general guidelines determined by the Board of Directors contain, *inter alia*, provisions as to the currency composition of the investments and the types of financial instruments that can be used. The percentage of the investment held in US dollar must be in the range between 30 per cent and 75 per cent. Each portfolio manager employed shall not manage more than 30 per cent of the total fund. The guidelines permit also investments in real estate funds, futures, options and other derivatives for the purpose of improving risk management, efficiency and liquidity of the portfolio. The individual portfolio manager's mandate is composed on the basis of an index enabling the Company to measure the individual manager's performance against a benchmark.

The Administration reports on the performance and composition of the portfolio at each Board of Directors meeting. For each meeting, a compliance report is produced showing whether there are non-conformities in relation to the investment guidelines.

In the view of the Board of Directors the Company's investments can be described as having a medium risk profile.

INSURANCE BUSINESS

Market share

At the inception of the accounts for the year 2016, the global market share was 4 per cent for the business area Marine and 4 per cent for the business area Energy. The market shares were unchanged at the end of the year.

Reinsurance

The insurance activities of the Company is reinsured in the commercial reinsurance market. The retention for any one event any one vessel was in accounts for the year 2016 USD 40 million.

The Company has entered into a separate reinsurance treaty with its parent company. The reinsurance treaty covers a proportion of the risks retained under the above market reinsurance arrangements. Pursuant to this separate reinsurance treaty 90 per cent of the insurance liabilities of the Company not covered by the market reinsurance arrangements was ceded to the parent company as reinsurance in the accounts for the year 2016.

FINANCIAL RISK

Insurance risk

The Company has the benefit of Gard Group's external reinsurance programs in addition to the internal reinsurance contracts.

A set of extreme events for insurance risk have been identified and the realistic possible loss to the Company has been calculated.

Market risk

The currency composition of the Company's portfolio of assets covering the technical reserves matches the currency exposure with regard to payments of claims to the extent possible. Thus, the exposure as to changes in the currency exchange rates is minimized. Otherwise the assets of the Company are managed in accordance with governing rules and regulations determined by Norwegian authorities with regard to management of assets covering the technical provisions. Any mismatch between assets and liabilities in currency exposure is managed through a rolling forward program.

The Company has a diversified investment portfolio invested through a Common Contractual Fund.

With the increase in the assets held by the Company, the market risk profile will likely be changed during the next 12 months to be more in line with the market risk profile of Gard Group overall.

Counterparty default risk

The main sources of counterparty default risk are the parent company Gard Marine & Energy Limited, reinsurers, cash deposits at banks, and receivables from policyholders. In addition, the company is exposed to counterparty default risk on claims recoveries, claims paid for co-insurers and fronting for direct insurers. Counterparty default risk on securities is included in market risk.

The main reinsurer of the Company is Gard Marine & Energy Limited, which covers 90 percent of all risks undertaken.

Gard Marine & Energy Limited has issued a parent company guarantee covering Gard Marine & Energy Insurance (Europe) AS's obligations arising out of or in connection with any policy of insurance, contract of reinsurance or surety bond issued by the Company

Liquidity risk

Given the pay-out profile of liabilities and the liquidity of assets, the liquidity risk is deemed low.

Operational risk

The operational risk of the Gard group is assessed annually through the internal self-assessment. Results of the self-assessment are used to quantify the operational risk of the group. Based on the business volume, a share of the group wide operational risk has been attributed to Gard Marine & Energy Europe (Insurance) AS.

Capital and solvency position

The Company is complying with all statutory solvency and capital requirements.

The parent company, Gard Marine & Energy Limited, is well capitalized and is expected to be in a position to inject capital in the Gard Marine & Energy Europe (Insurance) AS in the event this would be required to meet the strategic goals of Company.

Increase in share capital

At the end of the second quarter the Company did not meet its solvency requirements. The Board of Directors of the Company as well as the Board of Directors of Gard Marine & Energy Ltd. and the Norwegian FSA (Finanstilsynet) were informed.

As a measure to rectify the non-compliance the management recommended a USD 20 million increase of the equity capital and that the contribution was made by the parent company, Gard Marine & Energy Limited.

The Board of Gard Marine & Energy Limited resolved 24 September 2015 to increase the share capital in Gard Marine & Energy Insurance (Europe) AS by NOK 164.0 million equal to USD 19.5 million at the date of the transaction.

The transaction took place 25 September 2015. The Register of Business Enterprises was informed 28 September 2015 and confirmed the transaction the same day. The Norwegian FSA was informed 28 September 2015.

ACCOUNTS FOR THE YEAR 2016

The Company has been granted dispensation by the Norwegian Financial Supervisory Authority and the Tax Authority of the requirements to present the annual accounts in Norwegian currency and in the Norwegian language. In accordance with this the annual accounts are presented in United States dollar (USD) and in the English language. Comparing figures as per 20 February 2015 are included in brackets (50 days of operation only).

Result

The contingency reserve has decreased by USD 5.0 million (decrease of USD 1.2 million).

Technical result before change in contingency reserve was a deficit of USD 4.1 million (deficit of USD 0.2 million).

A softer market has resulted in falling rate levels and corresponding decrease in expected profitability, increasing share of business not being renewed and lower new acquisition ratio. The claims development has been above plan including increased claims handling expenses.

Premiums

The gross written premium in the year ending 20 February 2016 was USD 89.5 million (USD 14.8 million). Earned premium for own account was USD 5.8 million (USD 0.6 million) and somewhat below plan.

Claims

Gross claims paid during the period was USD 30.3 million (USD 2.4 million). Gross claims cost incurred during the period amounted to USD 57.1 million (USD 4.5 million). Net claims incurred for own account was USD 7.9 million (USD 0.6 million) and above plan.

Non-technical result

The net income derived from assets was a profit of USD 0.1 million in the year ending 20 February 2016 (deficit of USD 1.3 million).

Technical provisions

As at 20 February 2016 the Company's net premium reserve was USD 4.2 million (USD 2.4 million) as provision for the part of agreed premium written that exceeds the end of the financial year.

As at 20 February 2016 the Company's net provision to cover reported and unreported claims amounted to USD 5.7 million (USD 3.1 million).

The Board of Directors are of the opinion that the technical provisions are sufficient to cover all technical liabilities for the 2016 financial year and earlier.

Balance sheet

In the balance sheet the contingency reserve is down to a negative USD 1.1 million from a positive USD 3.8 million at the end of last year. Total equity is USD 33.3 million. Together, contingency reserves and total equity make up USD 32.2 million.

Cash Flow Analysis

The Company's bank deposit as of 20 February 2016 amounted to USD 22.8 million (USD 14.4 million). Net cash flows from operating activities consist primarily of incoming payments in the form of premiums and outgoing payments in the form of claims and operating expenses. Operating liquidity (cash) is balanced by transfers to and from the investment portfolio.

CONTINUED OPERATION AND THE FUTURE DEVELOPMENT

The Board of Directors expects a moderate and stable premium growth over the next three years. A stable combined ratio net around 100 per cent is expected and a positive return from the investment portfolio of around four to five per cent per year.

Against this background and pursuant to the Norwegian Accounting Act of 1998, section 3-3a, the Board of Directors is of the opinion that it is basis for continued operation. The year-end accounts are based on these premises.

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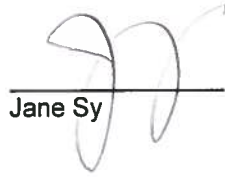
The Board of Directors wishes to express its gratitude to customers, business associates and correspondents for their participation and support to the Company, and thanks all employees of Gard AS for their loyalty and interest throughout the year.

Arendal, 25 April 2016

Board of Directors
Gard Marine & Energy Insurance (Europe) AS



Trond Eilertsen
Chairman



Jane Sy



Ian Beveridge



Morten W. Høegh



Yngvil Åsheim

GARD M&E INSURANCE (EUROPE) AS

Statement of comprehensive income

Amounts in USD 000's	Notes	21.02.15 to 20.02.16	26.06.14 to 20.02.15
Technical account			
Gross written premium	4, 5	89,528	14,810
Ceded reinsurance		(81,955)	(13,340)
Change in gross premium reserve		(19,975)	(8,222)
Change in reinsurers' share of premium reserve		18,218	7,381
Earned premium for own account		5,816	630
Gross settled claims		30,301	2,400
Reinsurers' share of gross settled claims		(24,949)	(2,117)
Change in gross claims reserve		26,791	2,071
Reinsurers' share of change in claims reserve		(24,204)	(1,741)
Claims incurred for own account	3, 5	7,940	613
Acquisition costs		3,766	634
Agents' commission		7,727	685
Commission received		(9,569)	(1,537)
Insurance related expenses for own account	3, 6	1,925	(218)
Other insurance related expenses	6	86	405
Technical result before change in contingency reserve	5	(4,135)	(170)
Change in contingency reserve	14	(4,973)	(1,154)
Technical result		838	984
Non-technical account			
Interest and similar income	7	396	(1,282)
Change in unrealised gain/(loss) on investments		(210)	(27)
Gain/(loss) on realisation of investments		(49)	24
Investment management expenses		(28)	(2)
Non-technical result		110	(1,286)
Profit before tax		948	(303)
Taxation	8	948	(303)
Net result		0	0

GARD M&E INSURANCE (EUROPE) AS

Balance sheet

Amounts in USD 000's	Notes	As at 20.02.16	As at 20.02.15
Assets			
Investments			
<i>Financial investments at fair value through profit or loss</i>			
Equities and investment funds	9, 10	1,512	0
Bonds	9, 10	16,956	8,553
Other financial investments	9, 10	191	94
Total investments		18,659	8,647
Reinsurers' share of technical provisions			
Reinsurers' share of gross premium reserve		40,071	21,853
Reinsurers' share of gross claims reserve	3, 5	43,896	19,693
Total reinsurers' share of technical provisions		83,968	41,546
Receivables			
<i>Receivables from direct insurance operations</i>			
Policyholders	11	76	235
Intermediaries	11	40,056	22,159
<i>Receivables from reinsurance operations</i>			
Receivables from group companies		3,772	1,713
Other receivables	12	9	0
Total receivables	10	43,913	24,107
Other assets			
Cash and cash equivalents	13	22,825	14,422
Deferred tax asset	8	0	303
Total other assets		22,825	14,725
Prepayments and accrued income			
Accrued income and other prepayments		5,302	2,747
Total prepayments and accrued income		5,302	2,747
Total assets		174,666	91,772

GARD M&E INSURANCE (EUROPE) AS

Balance sheet

Amounts in USD 000's	Notes	As at 20.02.16	As at 20.02.15
Equity and liabilities			
Paid in equity			
Statutory reserve		33,268	13,833
Total equity		33,268	13,833
Technical provisions			
Gross premium reserve		44,255	24,281
Gross claims reserve	5	49,582	22,792
Total technical provisions		93,838	47,072
Contingency reserve			
Contingency reserve	15	(1,130)	3,843
Total contingency reserve		(1,130)	3,843
Provision for other liabilities			
Income tax payable	8	645	732
Total provisions for other liabilities		645	732
Payables			
Payables arising out of direct insurance operations		706	100
Payables arising out of reinsurance operations		38,391	23,698
Payables to group companies		0	472
Other payables	9, 10, 12	108	221
Total payables		39,205	24,491
Accruals and deferred income			
Accruals and deferred income		8,839	1,801
Total accruals and deferred income		8,839	1,801
Total liabilities		141,397	77,938
Total equity and liabilities		174,666	91,772

GARD M&E INSURANCE (EUROPE) AS

Cash flow analysis

Amounts in USD 000's	Notes	21.02.15 to 20.02.16	26.06.14 to 20.02.15
Cash flow from operating activities			
Profit from ordinary operations before tax		948	(303)
Tax paid	8	(732)	0
Change in unrealised gain/(loss) on investments		210	27
Change in receivables and payables		(5,092)	813
Change in technical provisions and other accruals		3,856	8,662
Financial investments		(10,222)	(8,610)
Net cash flow from operating activities		(11,032)	589
Cash flow from investment activities			
Cash and cash equivalents acquired from merger		0	13,833
Net cash flow from investment activities		0	13,833
Cash flow from financial activities			
Increase of share capital		19,435	0
Net cash flow from financial activities		19,435	0
Net change in cash and cash equivalents		8,403	14,422
Cash and cash equivalents at beginning of year		14,422	0
Cash and cash equivalents at end of year		22,825	14,422

GARD M&E INSURANCE (EUROPE) AS

Notes to the accounts

Note 1 – Corporate information

Gard Marine & Energy Insurance (Europe) AS (“the Company”) is a wholly owned subsidiary of Gard Marine & Energy Ltd (“Gard M&E”). The Company is registered and domiciled in Norway and licensed by the Norwegian Ministry of Finance to carry out direct insurance of Marine and Energy risks. The Company 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.

Note 2 - Accounting policies

2.1 Basis of preparation of the Accounts

This year's accounts include the activity from 21 February 2015 to 20 February 2016.

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. 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.

Deviations from Regulations for annual accounts for insurance companies:

1. A part of the financial income is not allocated to the technical result.

The financial statements of insurance companies with operation in Norway are subject to regulations established by the Norwegian Ministry of Finance. According to a resolution from the Financial Supervisory Authority of Norway (FSA) the Company has been given dispensation to present the financial statements in the English language and in USD currency.

2.2 Changes to presentation and classification

The Company has changed its presentation of financial instruments in the balance sheet by changing from a net to a gross presentation of the derivative overlay programme. Short equity index future contracts are no longer presented net of equities, and accordingly the futures offset is no longer presented as bonds. The main effect is a reclassification from 'Bonds' into 'Equities and investment funds', and a simultaneous adjustment of invested cash from 'Bonds' to 'Other financial investments'. In addition the presentation of accrued income has changed from 'Prepayments and accrued income' to 'Other financial investments'. Comparative information has been changed accordingly (see note 10). The change does not affect the total comprehensive income reported in prior periods.

2.3 Use of accounting estimates when preparing the accounts

The preparation of the accounts requires management to make estimates and assumptions

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

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.

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

2.5 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 over the insurance policy period. 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.

GARD M&E INSURANCE (EUROPE) AS

Notes to the accounts

Note 2 - Accounting policies continued

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.

2.6 Income tax

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

Deferred tax/tax asset 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.

2.7 Financial instruments

Classification

The Company 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 instrument 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.

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 and receivables 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 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.

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.

2.8 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.

2.9 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 accounts relates to 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

GARD M&E INSURANCE (EUROPE) AS

Notes to the accounts

Note 2 - Accounting policies continued

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 Company's liabilities.

2.10 Provisions, contingent liabilities and assets

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

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

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

2.11 Events after the reporting period

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

GARD M&E INSURANCE (EUROPE) AS

Notes to the accounts

Note 3 - Intra-group transactions

Reinsurance agreement with Gard M&E Ltd.

The Company cedes to Gard M&E Ltd. by way of reinsurance 90 per cent of the Company's Marine & Energy risk underwritten by the Company that is not reinsured elsewhere.

Amounts in USD 000's	Ceded to Gard M&E Ltd.	
	21.02.15 to 20.02.16	26.06.14 to 20.02.15
Reinsurance	52,189	5,670
Reinsurers' share of gross settled claims	22,914	2,117
Net commission paid	8,621	1,494

Insurance agency agreement

The operations and insurance activities of the Company are carried out by the insurance intermediaries Gard AS, Gard (Sweden) AB, Gard (UK) Ltd. and Oy Gard Baltic Ab. All mentioned companies are fully owned by Gard AS. Gard AS is a fully owned daughter company of Gard P. & I. (Bermuda) Ltd.

Amounts in USD 000's	Insurance services invoiced	
	21.02.15 to 20.02.16	26.06.14 to 20.02.15
Gard AS	5,919	365
Gard (Sweden) AB.	259	442
Gard (UK) Ltd.	717	54
Oy Gard Baltic Ab	465	73

Note 4 - Gross written premium by geographical areas

Amounts in USD 000's	21.02.15	26.06.14
	to 20.02.16	to 20.02.15
EEA	81,570	12,223
Norway	(1,144)	1,971
Other areas	9,103	616
Total gross written premium	89,528	14,810

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

GARD M&E INSURANCE (EUROPE) AS

Notes to the accounts

Note 5 - Technical result and technical provisions

Amounts in USD 000's	Marine	Energy	21.02.15 to 20.02.16 Total
Technical result			
Gross premiums			
Gross written premiums	82,886	6,642	89,528
Change in gross provision for unearned premiums	(19,409)	(566)	(19,975)
Earned premiums, gross	63,477	6,076	69,553
Claims incurred, gross			
Incurred this year	(42,452)	(860)	(43,313)
Incurred previous years	(14,254)	474	(13,779)
Total claims incurred, gross	(56,706)	(386)	(57,092)
Insurance related operating expenses, gross	(10,922)	(658)	(11,580)
Technical result, gross	(4,151)	5,032	881
Reinsurers' share of technical result			
Premiums earned	(58,033)	(5,704)	(63,737)
Claims incurred	49,165	(13)	49,152
Commissions	8,784	785	9,569
Reinsurers' result	(83)	(4,932)	(5,016)
Technical result, net	(4,234)	99	(4,135)

GARD M&E INSURANCE (EUROPE) AS

Notes to the accounts

Note 5 - Technical result and technical provisions continued

Amounts in USD 000's	Marine	Energy	As at 20.02.16 Total
Technical provisions gross			
Provisions, at the beginning of the period	(22,234)	(558)	(22,792)
Claims paid	29,895	406	30,301
Claims incurred - gross this year	(42,452)	(860)	(43,313)
Claims incurred - gross previous years	(14,254)	474	(13,779)
Provisions, at the end of the period	(49,045)	(538)	(49,582)
Reinsurers' share of claims provision	43,427	469	43,896
Provisions net, at the end of the period	(5,618)	(68)	(5,686)
Provision for unearned premiums, gross	(39,855)	(4,401)	(44,255)
Reinsurers' share of premium provision	36,104	3,968	40,071
Provision for unearned premiums, net	(3,751)	(433)	(4,184)
Provision for outstanding claims			
Technical provision gross	(49,045)	(538)	(49,582)
Technical provision net	(5,618)	(68)	(5,686)

Gard undertook a review of its classification of gross claims reserves during the fiscal year in light of the upcoming changes due to Solvency II implementation. Without changing the underlying principles for reserving the equalisation reserve was removed. The net impact of these changes was a decrease in gross claims reserve in the balance sheet.

Sensitivity analysis has been performed in order to evaluate how sensitive gross claim 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 48.6 million to USD 50.6 million.

Preparation for the Solvency II legislation has been prioritised in 2015. Solvency II means new rules for calculating capital requirements and eligible capital, requirements for risk management and reporting requirements for risk- and capital situation. The regulations came into force 1 January 2016.

Following the implementation of Solvency II, the accounting regulations for insurance companies in Norway will change. This will affect the tax treatment of the capital buffer currently referred to as the contingency reserve for insurers that have been exempted from equity capital requirement. The principal difference is that under the new regulatory regime the capital buffer will no longer be recorded as a liability in the balance sheet and transfers to the capital buffer will no longer be treated as an expense. Going forward the capital buffer required must be built up on the basis of a taxable surplus.

GARD M&E INSURANCE (EUROPE) AS

Notes to the accounts

Note 6 - Other insurance related expenses and number of staff

Amounts in USD 000's	21.02.15 to 20.02.16	26.06.14 to 20.02.15
Acquisition costs and commissions		
Sales related salaries and wages	47	(107)
Other acquisition costs	3,719	(527)
Agents' commission	7,727	(685)
Commission received	(9,569)	1,537
Insurance related expenses for own account	1,925	(218)
Number of staff	12	12

Remuneration to Group Leadership Team, Board of Directors and Committees

The Top Management consists of the Group Directors.

Amounts in USD 000's	Salary incl. bonus	Board remuneration	Total remuneration
Group Leadership Team			
Rolf Thore Roppestad (CEO)	66		66
Svein A. Andersen (SVP)	21		21
Bjørnar Andresen (SVP)	36		36
Steinar Bye (SVP)	35		35
Kristian Dalene (SVP)	26		26
Kjetil Eivindstad (SVP)	29		29
Members of the Board of Directors of the Company			
Trond Eilertsen (Chairman)		10	10
Anders Myklebust (Member)		7	7
Members of the Supervisory Committee of the Company			
Stephen Knudtzon (Chairman)		7	7
Arne Falkanger Thorsen (Member)		5	5
Claus Theodor Mørch (Member)		5	5
Helge Aamodt (Member)		5	5
Total	214	38	252

Remuneration auditor

Amounts in USD 000's	21.02.15 to 20.02.16	26.06.14 to 20.02.15
Auditing fee	30	13
Non audit services	2	0
Total auditors' fee	32	13

Note 7 - Financial income and expenses

Amounts in USD 000's	21.02.15 to 20.02.16	26.06.14 to 20.02.15
Interest and similar income		
Interest income	16	3
Income from financial instruments held for trading (portfolio investments)	284	(10)
Foreign exchange gains/(losses)	96	(1,275)
Total interest and similar income	396	(1,282)

GARD M&E INSURANCE (EUROPE) AS

Notes to the accounts

Note 8 - Tax

Amounts in USD 000's	21.02.15 to 20.02.16	26.06.14 to 20.02.15
Basis for income tax expenses, changes in deferred tax and tax payable		
Total result as basis for tax calculation	0	0
Permanent differences	0	0
Basis for the tax expenses for the year	0	0
Change in temporary differences	1,456	(1,456)
Basis for payable taxes in the income statement	1,456	(1,456)
Taxable income (basis for payable taxes in the balance sheet)	1,456	(1,456)
Income tax expenses		
Change in deferred tax	303	(303)
Accrual for foreign withheld tax	645	0
Tax expenses ordinary result	948	(303)
Income tax payable		
Tax at beginning of the period	732	0
Tax payable from merger	0	790
Tax payable related to the period	645	0
Tax paid during the period	(732)	0
Exchange adjustments	0	(58)
Tax payable at end of the period	645	732
Deferred tax asset		
Specification of tax effect resulting from temporary differences		
Tax loss carried forward	0	(1,456)
Total temporary differences	0	(1,456)
Deferred tax asset, 25 per cent of total temporary differences	0	(303)
Deferred tax asset is not recorded in the balance sheet as it is not likely that the tax asset will be utilised in the future.		
Reconciliation of the tax expense		
Basis for calculation tax	1,456	(1,456)
Calculated tax 25%	364	(393)
Tax expense	948	(303)
Difference	(584)	(90)
The difference consist of:		
Changes in temporary differences not subject to deferred tax	61	0
Accrual for foreign withheld tax	(645)	(90)
Sum explained differences	(584)	(90)

GARD M&E INSURANCE (EUROPE) AS

Notes to the accounts

Note 9 - 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 Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique.

Financial instruments in Level 1

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

Financial instruments in Level 2

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

Amounts in USD 000's	As at 20.02.16				As at 20.02.15			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial investments								
Equities and investment funds	1,512	0	0	1,512	0	0	0	0
Bonds	13,429	3,217	310	16,956	4,902	3,478	173	8,553
Cash incl. in other financial investments	91	0	0	91	30	0	0	30
Other financial investments	100	0	0	100	64	0	0	64
Total financial investments	15,132	3,217	310	18,659	4,997	3,478	173	8,647
Financial liabilities								
Financial liabilities incl. in other payables	26	0	0	26	0	0	0	0
Total financial liabilities	26	0	0	26	0	0	0	0

GARD M&E INSURANCE (EUROPE) AS

Notes to the accounts

Note 9 - Financial instruments and fair values through profit or loss continued

The Company possesses only minority interests in quoted companies. The Company has an equity exposure of 8% of its total investments. Expected standard deviation (risk) in Global equities is estimated to be 20%.

Equities at market value

Amounts in USD	As at 20.02.16
AGL Energy Limited	833
AMP Limited	881
Amtcor Ltd.	729
Aurizon Holdings Limited	466
Australia and New Zealand Banking Group	3,335
BHP Billiton Limited	3,227
Bendigo and Adelaide Bank Limited	243
Brambles Limited	510
CSL Limited	866
CYBG PLC	126
Coca-Cola Amatil Limited	472
Commonwealth Bank of Australia	5,155
Insurance Australia Group Limited	563
Macquarie Group Limited	861
National Australia Bank Limited	3,507
Newcrest Mining Limited	755
Orica Limited	228
Origin Energy Limited	463
QBE Insurance Group Limited	947
Rio Tinto Limited	907
Santos Limited	438
Scentre Group Limited	899
South32 Limited	425
Suncorp Group Limited	1,164
Tatts Group Limited	399
Telstra Corporation Limited	1,239
Wesfarmers Limited	2,371
Westfield Corporation Limited	751
Westpac Banking Corporation	4,266
Woodside Petroleum Ltd.	1,235
Woolworths Ltd.	1,741
Australia Total	40,005
Erste Group Bank AG	1,140
OMV Aktiengesellschaft	495
Raiffeisen-Landesbanken-Holding GmbH	450
Voestalpine AG	471
Austria Total	2,556
Ageas N.V.	829
Anheuser-Busch InBev	2,794
Etat Belge	543
Gebroeders Delhaize En Cie De Leeuw	1,117
KBC Groep	922
Solvay	444
Umicore	300
Belgium Total	6,948
Agrium Inc.	490
Alimentation Couche-Tard Inc.	561
ARC Resources Ltd	182
BCE Inc.	768

GARD M&E INSURANCE (EUROPE) AS

Notes to the accounts

Note 9 - Financial instruments and fair values through profit or loss continued

Amounts in USD	As at 20.02.16
Bank of Montreal	3,118
Barrick Gold Corporation	1,198
Blackberry Limited	701
Bombardier Inc.	289
Brookfield Asset Management Inc	1,058
Canadian Imperial Bank of Commerce	2,355
Canadian National Railway Company	1,418
Canadian Natural Resources Limited	1,340
Canadian Pacific Railway Limited	251
Canadian Tire Corporation, Limited	563
Cenovus Energy Inc.	1,061
Crescent Point Energy Corp.	339
Enbridge Inc.	1,216
Encana Corporation	275
Enerplus Corporation	47
Exxon Mobil Corporation	307
Fairfax Financial Holdings Limited	1,119
FIRST QUANTUM MINERALS LTD	152
Fortis Inc.	304
George Weston Limited	1,305
Goldcorp Inc.	630
Husky Energy Inc.	173
Intact Financial Corporation	618
Magna International Inc.	647
Manulife Financial Corporation	1,700
Metro Inc.	420
National Bank of Canada	916
Pacific Exploration and Production Corpo	70
Pembina Pipeline Corporation	527
Pengrowth Energy Corporation	104
Penn West Petroleum Ltd.	289
Potash Corporation of Saskatchewan Inc.	526
Power Corporation of Canada	1,891
RioCan Real Estate Investment Trust	715
Rogers Communications Inc.	1,356
Royal Bank of Canada	4,946
Shaw Communications Inc.	187
Sun Life Financial Inc.	1,579
Suncor Energy Inc.	3,657
Teck Resources Ltd.	389
TELUS Corporation	285
The Bank of Nova Scotia	3,562
The Thomson Company Inc.	823
The Toronto-Dominion Bank	4,433
TransAlta Corporation	403
TransCanada Corporation	1,878
Valeant Pharmaceuticals International	169
Yamana Gold Inc.	204
Canada Total	53,513
A.P. Moller - Maersk A/S	1,223
Carlsberg A/S	721
Danske Bank A/S	1,358
Novo Nordisk A/S	1,619
TDC A/S	391
Vestas Wind Systems A/S	854
Denmark Total	6,166

GARD M&E INSURANCE (EUROPE) AS

Notes to the accounts

Note 9 - Financial instruments and fair values through profit or loss continued

Amounts in USD	As at 20.02.16
KONE Oyj	493
Nokia Oyj	1,937
Sampo Oyj	1,256
Stora Enso Oyj	469
Suomen Valtio	558
UPM-Kymmene Oyj	937
Wartsila Oyj	510
Finland Total	6,160
ACCOR	356
Air France - KLM	709
Airbus Group	1,780
ALSTOM	440
Arkema	533
AXA	5,868
BNP Paribas	6,119
Bouygues	1,268
BPCE	429
Cap Gemini	926
Carrefour	2,403
Casino Guichard-Perrachon	455
CGG	183
Compagnie De Saint-Gobain	2,434
Compagnie Generale des Etablissements Mi	1,705
Danone	2,011
Eiffage	414
Engie	4,749
Federation Nationale du Credit Agricole	1,298
Financiere Pinault	1,062
Groupe Arnault SAS	547
Lagardere SCA	444
L'Air Liquide societe anonyme pour l'Etu	2,008
Legrand SA	893
L'Oreal	1,546
LVMH Moet Hennessy Louis Vuitton	1,888
Nokia Oyj	727
Optics East, Inc.	607
Orange	5,311
Pernod Ricard	968
Peugeot SA	1,197
Publicis Groupe SA	382
Renault	1,678
Republique Francaise Residence	556
Rexel	376
Safran	599
Sanofi	5,782
Schneider Electric SE	1,919
SCOR SE	561
SES S.A.	358
STMicroelectronics N.V.	370
SUEZ Environnement Company	735
Societe Generale	3,515
Sodexo	497
Technip	523
Thales	367
Total SA	13,329
Unibail-Rodamco SE	767

GARD M&E INSURANCE (EUROPE) AS

Notes to the accounts

Note 9 - Financial instruments and fair values through profit or loss continued

Amounts in USD	As at 20.02.16
VINCI	3,073
Valeo	689
Vallourec	118
Veolia Environnement-VE	1,965
Vivendi	3,222
France Total	102,380
ACS Hochtief AG	477
Adidas AG	1,434
Allianz SE	7,891
Aurubis AG	318
BASF SE	4,935
Bayer Aktiengesellschaft	3,702
Bayerische Motoren Werke Aktiengesellschaft	2,378
Brenntag AG	436
COMMERZBANK Aktiengesellschaft	1,785
Continental Aktiengesellschaft	1,042
Daimler AG	5,842
Deutsche Bank Aktiengesellschaft	2,988
Deutsche Borse Aktiengesellschaft	908
Deutsche Lufthansa Aktiengesellschaft	861
Deutsche Post AG	1,966
Deutsche Telekom AG	6,142
E.ON SE	5,243
Fresenius Medical Care AG & Co. KGaA	852
Fresenius SE & Co. KGaA	1,261
HDI Haftpflichtverband der Deutschen Ind	716
HeidelbergCement AG	733
Henkel AG & Co. KGaA	1,241
Infineon Technologies AG	338
K+S Aktiengesellschaft	373
LANXESS Aktiengesellschaft	418
Linde Aktiengesellschaft	1,270
Metro Ag	978
Munchener Ruckversicherungs-Gesellschaft	3,697
Porsche Automobil Holding SE	2,571
ProSiebenSat.1 Media SE	860
RWE Aktiengesellschaft	1,749
Sap Se	2,473
Siemens Aktiengesellschaft	6,010
ThyssenKrupp AG	907
Germany Total	74,796
AIA Group Limited	1,802
Cheung Kong Property Holdings Limited	404
CK Hutchison Holdings Limited	836
CLP Holdings Limited	879
Hang Lung Group Limited	28
Henderson Land Development Company Limit	347
HSBC Holdings PLC	617
John Swire & Sons Limited	453
Las Vegas Sands Corp.	413
Li & Fung Limited	255
New World Development Company Limited	523
Power Assets Holdings Limited	675
Sun Hung Kai Properties Limited	1,082
The Central People's Government of the P	594

GARD M&E INSURANCE (EUROPE) AS

Notes to the accounts

Note 9 - Financial instruments and fair values through profit or loss continued

Amounts in USD	As at 20.02.16
The Link Real Estate Investment Trust	546
Wharf (Holdings) Limited, The	321
Hong Kong Total	9,454
Bank Hapoalim B.M.	492
Bezeq The Israel Telecommunication Corp.	691
Ofer Group	355
Teva Pharmaceutical Industries Limited	2,359
Israel Total	3,897
Assicurazioni Generali S.P.A.	2,146
Atlantia S.p.A.	660
Banca Monte dei Paschi di Siena S.p.A.	180
Banca popolare dell'Emilia Romagna, Soci	236
Banco Popolare Societa Cooperativa	298
CNH Industrial N.V.	910
ENEL - SPA	5,195
Eni S.p.A.	6,169
Ferrari N.V.	649
Fiat Chrysler Automobiles N.V.	1,100
Finmeccanica S.p.A.	672
Intesa Sanpaolo S.p.A.	3,035
Mediaset S.p.A.	323
Rocca & Partners Stichting Administratie	645
Saipem S.p.A.	515
Snam S.p.A.	998
Telecom Italia S.p.A.	2,792
Terna - Rete Elettrica Nazionale S.p.A.	577
UniCredit S.p.A.	2,708
Unione Di Banche Italiane Societa' Per A	362
Unipol Gruppo Finanziario S.p.A.	310
Italy Total	30,480
Aeon Co., Ltd.	2,139
Aisin Seiki Co., Ltd.	980
Ajinomoto Co., Inc.	1,169
Asahi Glass Co., Ltd.	763
Asahi Group Holdings, Ltd.	685
Chubu Electric Power Co., Inc.	987
Dai Nippon Printing Co., Ltd.	691
Daiichi Sankyo Company, LTD	1,344
Daikin Industries, Ltd.	749
Daito Trust Construction Co., Ltd.	665
Daiwa House Industry Co., Ltd.	1,627
Eisai Co., Ltd.	1,110
Electric Power Development Co., Ltd.	431
Fast Retailing Co., Ltd.	559
Fuji Heavy Industries, Ltd.	618
Fukuoka Financial Group, Inc.	408
Hankyu Hanshin Holdings, Inc.	593
Hitachi, Ltd.	2,519
Honda Motor Co., Ltd.	5,024
Idemitsu Kosan Co., Ltd.	439
J.Front Retailing Co., Ltd.	318
JFE Holdings, Inc.	766
JX Holdings, Inc.	1,534
Kawasaki Heavy Industries, Ltd.	214

GARD M&E INSURANCE (EUROPE) AS

Notes to the accounts

Note 9 - Financial instruments and fair values through profit or loss continued

Amounts in USD	As at 20.02.16
Asahi Kasei Corp.	557
Astellas Pharma Inc.	1,430
Bridgestone Corporation	1,356
Canon Inc.	2,696
Central Japan Railway Company	1,812
Daiwa Securities Group Inc.	748
DENSO Corporation	1,141
Dentsu Inc.	879
East Japan Railway Company	2,666
FANUC Corporation	740
FUJIFILM Holdings Corporation	1,479
Fujitsu Limited	855
Hoya Corporation	736
IHI Corporation	187
INPEX Corp.	868
Isetan Mitsukoshi Holdings Ltd.	498
Isuzu Motors Limited	394
ITOCHU Corporation	2,955
Japan Tobacco Inc.	2,146
Kajima Corporation	810
Kao Corporation	1,410
Kawasaki Kisen Kaisha, Ltd.	455
KDDI Corporation	2,982
Kintetsu Group Holdings Co., Ltd.	401
Kirin Holdings Company, Limited	1,479
Kobe Steel, Ltd.	344
Komatsu Ltd.	1,103
Konica Minolta Holdings, Inc.	447
Kubota Corporation	808
KYOCERA Corporation	1,087
Kyushu Electric Power Co Inc	917
LIXIL Group Corporation	592
Marubeni Corporation	1,999
Mazda Motor Corporation	673
Meiji Holdings Co., Ltd.	480
Mitsubishi Chemical Holdings Corporation	1,224
Mitsubishi Corporation	3,045
Mitsubishi Electric Corporation	1,408
Mitsubishi Estate Co., Ltd	900
Mitsubishi Heavy Industries, Ltd.	1,087
Mitsubishi Materials Corporation	560
Mitsubishi Motors Corporation	282
Mitsubishi UFJ Financial Group, Inc.	5,717
Mitsui & Co., Ltd.	2,948
Mitsui Chemicals, Inc.	945
Mitsui Fudosan Co., Ltd.	1,104
Mitsui O.S.K. Lines, Ltd.	321
Mizuho Financial Group, Inc.	3,952
MS&AD Insurance Group Holdings, Inc.	1,619
Murata Manufacturing Co., Ltd.	709
NEC Corp.	948
NH Foods Ltd.	354
Nidec Corporation	644
Nikon Corporation	1,027
Nintendo Co., Ltd.	1,137
Nippon Express Co., Ltd.	429
Nippon Steel & Sumitomo Metal Corporatio	1,472

GARD M&E INSURANCE (EUROPE) AS

Notes to the accounts

Note 9 - Financial instruments and fair values through profit or loss continued

Amounts in USD	As at 20.02.16
Nippon Telegraph and Telephone Corporati	7,685
Nippon Yusen Kabushiki Kaisha	524
Nissan Motor Co., Ltd.	2,680
Nitto Denko Corporation	422
Nomura Holdings, Inc.	1,240
Nuclear Damage Liability Facilitation Fu	3,407
Obayashi Corporation	681
Oji Holdings Corporation	358
Olympus Corporation	363
OMRON Corporation	222
ORIX Corporation	985
Osaka Gas Co., Ltd.	919
Otsuka Holdings Co.,Ltd.	1,073
Panasonic Corporation	1,867
Resona Holdings, Inc.	831
Ricoh Company, Ltd.	955
SECOM Co., Ltd.	1,272
Sekisui Chemical Co., Ltd.	700
Sekisui House, Ltd.	740
Seven & I Holdings Co Ltd	2,525
Sharp Corporation	606
Shimizu Corporation	599
Shin-Etsu Chemical Co., Ltd.	956
Shiseido Company, Limited	695
Showa Denko K.K.	286
Showa Shell Sekiyu K.K.	277
SMC Corporation	488
Softbank Group Corp.	1,940
Sojitz Corporation	943
Sompo Japan Nipponkoa Holdings, Inc.	1,233
Sony Corporation	2,486
Sumitomo Chemical Co., Ltd.	914
Sumitomo Corporation	1,829
Sumitomo Electric Industries Ltd.	1,151
Sumitomo Metal Mining Co., Ltd.	310
Sumitomo Mitsui Financial Group, Inc.	3,988
Sumitomo Mitsui Trust Holdings, Inc.	816
Sumitomo Realty & Development Co., Ltd.	436
Suzuki Motor Corporation	890
T&D Holdings, Inc.	716
Taisei Corporation	483
Takeda Pharmaceutical Co Ltd	2,624
TDK Corporation	407
Teijin Limited	632
Terumo Corporation	649
The Bank of Yokohama, Ltd.	280
The Dai-ichi Life Insurance Company, Lim	1,649
The Kansai Electric Power Company, Incor	1,587
The Shizuoka Bank, Ltd.	349
Tohoku Electric Power Co., Inc.	635
Tokio Marine Holdings, Inc.	2,111
Tokyo Electron Limited	307
Tokyo Gas Co., Ltd.	828
Tokyu Corporation	651
Tonengeneral Sekiyu K.K.	382
Toppan Printing Co., Ltd.	541
Toray Industries, Inc.	1,013

GARD M&E INSURANCE (EUROPE) AS

Notes to the accounts

Note 9 - Financial instruments and fair values through profit or loss continued

Amounts in USD	As at 20.02.16
Toshiba Corporation	1,082
Toyota Industries Corporation	420
Toyota Motor Corporation	9,056
Toyota Tsusho Corp	559
West Japan Railway Company	935
Yamada Denki Co., Ltd.	661
Yamaha Motor Co., Ltd.	323
Yamato Holdings Co., Ltd.	520
Japan Total	129,020
Hana Financial Group Inc.	379
Hyundai Heavy Industries Co., Ltd.	936
Hyundai Mobis Co., Ltd.	1,049
Hyundai Motor Company	2,655
Hyundai Steel Company	475
KB Financial Group Inc.	712
KIA Motors Corporation	992
Korea Electric Power Corp.	1,040
KT Corporation	463
KT&G Corporation	703
LG Chem, Ltd.	1,229
LG Corp.	789
LG Display Co., Ltd.	410
LG Electronics Inc.	788
POSCO	1,429
Samsung Electronics Co., Ltd.	6,748
Samsung Fire & Marine Insurance Co., Ltd	476
Samsung Heavy Industries Co., Ltd.	99
Samsung Life Insurance Co., Ltd.	352
Shinhan Financial Group Co Ltd	1,095
SK Hynix Inc.	528
SK Innovation Co., Ltd.	1,756
Sk Telecom Co Ltd	182
The Republic of Korea, Government of	326
Woori Bank	266
Korea (South) Total	25,876
Aegon N.V.	1,496
Akzo Nobel N.V.	1,182
ArcelorMittal	925
Asml Holding N.V.	526
Delta Lloyd N.V.	178
Koninklijke Ahold N.V	2,248
Koninklijke DSM N.V.	579
Koninklijke KPN N.V.	1,888
Koninklijke Philips N.V.	1,890
L'Arche Green N.V.	1,161
RANDSTAD HOLDING nv	363
Relx N.V	810
Staat der Nederlanden	106
Stichting Administratiekantoor Unilever	2,983
Stichting ING Aandelen	4,814
Wolters Kluwer N.V.	655
Netherlands Total	21,804

GARD M&E INSURANCE (EUROPE) AS

Notes to the accounts

Note 9 - Financial instruments and fair values through profit or loss continued

Amounts in USD	As at 20.02.16
Spark New Zealand Limited	384
New Zealand Total	384
DNB ASA	943
Norsk Hydro ASA	316
Orkla ASA	696
Seadrill Limited	143
Statoil ASA	2,668
Telenor ASA	708
Yara International ASA	541
Norway Total	6,015
EDP- Energias de Portugal, S.A.	1,134
Galp Energia Sgps	517
Portugal Total	1,651
CapitalLand Limited	320
DBS Group Holdings Ltd	962
Jardine Matheson Holdings Limited	340
Keppel Corporation Limited	709
Noble Group Limited	133
Oversea-Chinese Banking Corporation Limi	760
Singapore, Government of	1,893
United Overseas Bank Limited	796
Wilmar International Limited	177
Singapore Total	6,090
ACS, Actividades de Construccion y Servi	399
Abertis Infraestructuras, S.A.	411
Amadeus IT Holding, S.A.	395
Banco Bilbao Vizcaya Argentaria, S.A.	3,833
Banco Popular Espanol, S.A.	510
Banco Santander, S.A.	8,297
Banco de Sabadell, S.A.	414
Ferrovial, S.A.	694
Gas Natural SDG, S.A.	662
Iberdrola, S.A.	3,586
Industria de Diseno Textil, S.A.	753
Red Electrica Corporacion, S.A.	478
Repsol, S.A.	2,113
Caja de Ahorros y Pensiones de Barcelona	640
Distribuidora Internacional De Alimentac	322
ENEL - SPA	968
Fondo de Reestructuracion Ordenada Banca	463
Fundacion Mapfre	374
Telefonica S A	6,919
Spain Total	32,231
AB SKF	394
Ab Volvo	1,285
Aktiebolaget Electrolux	504
Aktiebolaget Industrivarden	385
ASSA ABLOY AB	485
Atlas Copco Aktiebolag	716
Boliden AB	325
Ericsson	1,668
H & M Hennes & Mauritz AB	1,040

GARD M&E INSURANCE (EUROPE) AS

Notes to the accounts

Note 9 - Financial instruments and fair values through profit or loss continued

Amounts in USD	As at 20.02.16
Nordea Bank AB	2,338
Sandvik AB	871
Skandinaviska Enskilda Banken AB	1,028
Skanska AB	915
Svenska Cellulosa Aktiebolaget SCA	1,297
Svenska Handelsbanken AB	1,112
Swedbank AB	1,153
Tele2 AB	217
TeliaSonera AB	1,092
Sweden Total	16,825
ABB Ltd.	2,700
Adecco S.A.	765
Baloise-Holding AG	491
Compagnie Financiere Richemont SA	787
Credit Suisse Group AG	2,550
Lafargeholcim Ltd	805
Nestle S.A.	10,433
Novartis AG	6,202
Roche Holding Ag	6,447
Schweizerische Eidgenossenschaft	974
Swiss Life Holding AG	720
Swiss Re AG	3,328
Syngenta AG	2,028
The Swatch Group AG	615
Transocean Ltd.	709
UBS Group AG	2,685
Zurich Insurance Group AG	3,434
Switzerland Total	45,673
Anglo American PLC	1,022
AstraZeneca PLC	5,114
Aviva PLC	2,306
BAE Systems PLC	1,774
Balfour Beatty PLC	655
Barclays PLC	4,141
BHP Billiton PLC	1,912
BP p.l.c.	14,554
British American Tobacco p.l.c.	4,754
BT Group PLC	2,685
Bunzl Public Limited Company	353
Capita PLC	349
Centrica PLC	2,016
Compass Group PLC	1,333
CRH public limited company	1,354
Diageo PLC	2,322
Direct Line Insurance Group PLC	551
E. Abaroa Foundation	391
Experian PLC	464
G4S PLC	270
Garfield Weston Foundation	604
GKN PLC	339
GlaxoSmithKline PLC	6,158
Glencore PLC	2,051
Hammerson PLC	265
HM Treasury	842
Home Retail Group PLC	480

GARD M&E INSURANCE (EUROPE) AS

Notes to the accounts

Note 9 - Financial instruments and fair values through profit or loss continued

Amounts in USD	As at 20.02.16
HSBC Holdings PLC	12,470
Imperial Brands PLC	3,035
International Consolidated Airlines Group	490
J Sainsbury PLC	987
Johnson Matthey PLC	459
Kingfisher PLC	1,030
Land Securities Group PLC	650
Legal & General Group PLC	1,447
Lloyds Banking Group PLC	4,288
Man Group PLC	543
Marks and Spencer Group P.L.C.	827
Mondi plc	302
National Grid PLC	3,963
NEXT PLC	400
Old Mutual Public Limited Company	1,088
Pearson PLC	476
Prudential Public Limited Company	2,193
Reckitt Benckiser Group PLC	2,151
Relx PLC	729
Rexam PLC	570
Rio Tinto PLC	2,591
Rolls-Royce Holdings plc	888
Royal Dutch Shell PLC	20,948
RSA Insurance Group PLC	648
SABMiller plc	1,728
Severn Trent PLC	551
Shire PLC	272
Sky PLC	639
Smith & Nephew PLC	592
Smiths Group PLC	250
Smurfit Kappa Group Public Limited Compa	373
SSE PLC	2,327
Standard Chartered PLC	1,828
Standard Life PLC	831
Tesco PLC	3,520
The British Land Company Public Limited	553
The Governor and Company of the Bank of	695
Thomas Cook Group PLC	253
TUI AG	287
Unilever PLC	2,164
United Utilities Group PLC	625
Vodafone Group Public Limited Company	9,227
WM Morrison Supermarkets P L C	1,187
Wolseley Limited	822
WPP PLC	1,278
United Kingdom Total	152,234
Activision Blizzard, Inc.	664
Air Products and Chemicals, Inc.	1,052
Altria Group, Inc.	4,058
Amazon.com, Inc.	2,675
American Electric Power Company, Inc.	2,043
American International Group, Inc.	6,338
American Water Works Company, Inc.	921
Ameriprise Financial, Inc.	744
Analog Devices, Inc.	573

GARD M&E INSURANCE (EUROPE) AS

Notes to the accounts

Note 9 - Financial instruments and fair values through profit or loss continued

Amounts in USD	As at 20.02.16
3M Company	3,442
Abbott Laboratories	2,119
AbbVie Inc.	1,466
Accenture Public Limited Company	1,880
Adobe Systems Incorporated	485
ADT Corp.	520
Aetna Inc.	1,862
AFLAC Incorporated	1,483
AGCO Corporation	278
Alcoa Inc.	519
Allergan Public Limited Company	827
Alliant Energy Corporation	537
Ally Financial Inc.	1,318
Alphabet Inc.	7,115
Ameren Corporation	1,003
American Capital Agency Corp.	630
American Express Company	1,915
American Tower Corporation	349
AmerisourceBergen Corporation	1,563
Amgen Inc.	2,402
Anadarko Petroleum Corporation	778
Annaly Capital Management, Inc.	952
Anthem, Inc.	2,672
Aon PLC	749
Apache Corporation	1,381
Apple Inc.	9,220
Applied Materials, Inc.	809
Arch Capital Group Ltd.	412
Archer-Daniels-Midland Company	2,057
Armstrong World Industries, Inc.	568
Arrow Electronics, Inc.	797
Ashland Inc.	556
Assurant, Inc.	774
AT&T Inc.	19,419
Autoliv, Inc.	544
Automatic Data Processing, Inc.	1,112
AutoZone, Inc.	1,520
AvalonBay Communities, Inc.	851
Avis Budget Group, Inc.	291
Avnet, Inc.	578
Avon Products, Inc.	271
Baker Hughes Incorporated	843
Bank of America Corporation	10,250
Baxalta Incorporated	1,064
Baxter International Inc.	1,017
BB&T Corporation	1,425
Becton, Dickinson and Company	869
Bed Bath & Beyond Inc.	465
Berkshire Hathaway Inc.	6,028
Best Buy Co., Inc.	988
Biogen Inc.	523
BlackRock, Inc.	1,571
Boston Properties, Inc.	674
Boston Scientific Corporation	309
Bristol-Myers Squibb Company	3,445
Bunge Limited	976
C.H. Robinson Worldwide, Inc.	352

GARD M&E INSURANCE (EUROPE) AS

Notes to the accounts

Note 9 - Financial instruments and fair values through profit or loss continued

Amounts in USD	As at 20.02.16
CA, Inc.	390
Calpine Corporation	342
Cameron International Corporation	663
Capital One Financial Corporation	2,169
Cardinal Health, Inc.	2,425
Care Capital Properties, Inc.	77
CarMax, Inc.	499
Carnival Corporation	1,160
Caterpillar Inc.	2,878
Celgene Corporation	616
CenterPoint Energy, Inc.	701
CenturyLink, Inc.	2,081
CF Industries Holdings, Inc.	264
Charter Communications, Inc.	347
Chesapeake Energy Corporation	98
Chevron Corporation	15,051
Chubb Limited	2,082
Cigna Corporation	1,072
Cincinnati Financial Corporation	876
Cisco Systems, Inc.	4,381
CIT Group Inc.	282
Citigroup Inc.	9,085
Cliffs Natural Resources Inc.	190
CME Group Inc.	1,493
CMS Energy Corporation	709
Coach, Inc.	573
Coca-Cola Enterprises, Inc.	881
Cognizant Technology Solutions Corporati	559
Colgate-Palmolive Company	1,687
Columbia Pipeline Group, Inc.	222
Comcast Corporation	6,642
Comerica Incorporated	378
Communications Sales & Leasing, Inc.	436
Community Health Systems, Inc.	146
Computer Sciences Corporation	220
ConAgra Foods, Inc.	962
ConocoPhillips	3,780
CONSOL Energy Inc.	87
Consolidated Edison, Inc.	1,772
Corning Incorporated	853
Costco Wholesale Corporation	3,271
Crown Castle International Corp.	342
Crown Holdings, Inc.	137
CSRA Inc.	209
CSX Corporation	1,054
Cummins Inc.	966
CVS Health Corporation	4,880
Danaher Corporation	1,386
Darden Restaurants, Inc.	367
DaVita HealthCare Partners Inc.	638
Deere & Company	1,540
Delphi Automotive PLC	521
Denbury Resources Inc.	49
Devon Energy Corporation	429
Discover Financial Services	923
Discovery Communications, Inc.	451
Dish Network Corporation	133

GARD M&E INSURANCE (EUROPE) AS

Notes to the accounts

Note 9 - Financial instruments and fair values through profit or loss continued

Amounts in USD	As at 20.02.16
Dollar General Corporation	936
Dominion Resources, Inc.	1,737
Dover Corporation	364
Dr Pepper Snapple Group, Inc.	996
DTE Energy Company	932
Duke Energy Corporation	3,280
E. I. du Pont de Nemours and Company	2,219
Eastman Chemical Company	562
Eaton Corporation Public Limited Company	952
eBay Inc.	667
Ecolab Inc.	862
Edison International	1,446
Eli Lilly and Company	3,122
EMC Corporation	1,352
Emerson Electric Co.	1,874
Enesco PLC	255
Entergy Corporation	1,387
EOG Resources, Inc.	906
Equity Residential	804
Everest Re Group Ltd	933
Eversource Energy	711
Exelon Corporation	3,093
Express Scripts Holding Company	2,516
Exxon Mobil Corporation	25,988
Facebook, Inc.	1,150
Fedex Corporation	1,427
Fidelity National Financial, Inc.	362
Fidelity National Information Services,	836
Fifth Third Bancorp	932
FirstEnergy Corp.	1,649
Fiserv, Inc.	967
Flextronics International Ltd.	1,027
Fluor Corporation	908
Ford Motor Company	3,920
Four Corners Property Trust, Inc.	33
Franklin Resources, Inc.	341
Freeport-McMoRan Inc.	996
Frontier Communications Corporation	351
Gannett Co., Inc.	42
General Dynamics Corporation	2,164
General Electric Company	17,702
General Growth Properties, Inc.	262
General Mills, Inc.	1,762
General Motors Company	3,454
Genuine Parts Company	921
Genworth Financial, Inc.	234
Gilead Sciences, Inc.	1,137
Halliburton Company	1,380
Harley-Davidson, Inc.	420
HCA Holdings, Inc.	2,231
HCP, Inc.	767
Health Net, Inc.	366
Henry Schein, Inc.	499
Hertz Global Holdings, Inc.	291
Hess Corporation	1,142
Hewlett Packard Enterprise Company	1,886
HollyFrontier Corporation	492

GARD M&E INSURANCE (EUROPE) AS

Notes to the accounts

Note 9 - Financial instruments and fair values through profit or loss continued

Amounts in USD	As at 20.02.16
Honeywell International Inc.	2,682
Host Hotels & Resorts, Inc.	331
HP Inc.	1,424
Humana Inc.	1,323
Huntington Bancshares Incorporated	520
Illinois Tool Works Inc.	1,725
Ingersoll-Rand Public Limited Company	416
Ingram Micro Inc.	799
Intel Corporation	6,948
Intercontinental Exchange, Inc.	496
International Business Machines Corporat	6,920
International Paper Company	748
Invesco Ltd.	500
J. C. Penney Company, Inc.	447
Jabil Circuit, Inc.	373
Jacobs Engineering Group Inc.	304
Johnson & Johnson	11,458
Johnson Controls, Inc.	1,186
JPMorgan Chase & Co.	15,669
Juniper Networks, Inc.	565
Kellogg Company	755
KeyCorp	353
Kimberly-Clark Corporation	2,087
Kinder Morgan, Inc.	730
Kohl's Corporation	577
L Brands, Inc.	588
L-3 Communications Holdings, Inc.	705
Laboratory Corporation of America Holdin	326
Las Vegas Sands Corp.	459
Leucadia National Corporation	266
Liberty Global PLC	1,124
Liberty Interactive Corporation	734
Liberty Media Corporation	833
Lincoln National Corporation	396
Lockheed Martin Corporation	2,777
Loews Corporation	1,463
Lowe's Companies, Inc.	2,398
LyondellBasell Industries N.V.	1,954
M&T Bank Corporation	856
Macy's, Inc.	805
Manpowergroup Inc.	539
Marathon Oil Corporation	552
Marathon Petroleum Corporation	1,295
Marsh & McLennan Companies, Inc.	1,089
MasterCard Incorporated	868
Mattel, Inc.	858
Maxim Integrated Products, Inc.	660
McDonald's Corporation	5,127
McGraw Hill Financial, Inc.	528
McKesson Corporation	2,160
Medtronic Public Limited Company	2,412
Merck Sharp & Dohme Corp.	6,315
MetLife, Inc.	2,699
MGM Resorts International	289
Micron Technology, Inc.	413
Microsoft Corporation	13,007
Molson Coors Brewing International, Llc,	513

GARD M&E INSURANCE (EUROPE) AS

Notes to the accounts

Note 9 - Financial instruments and fair values through profit or loss continued

Amounts in USD	As at 20.02.16
Mondelez International, Inc.	3,344
Monsanto Company	1,239
Morgan Stanley	1,584
Motorola Solutions, Inc.	528
Murphy Oil Corporation	394
Murphy USA Inc.	436
Mylan Group B.V.	363
Nabors Industries Ltd	131
National Amusements, Inc.	1,386
National Oilwell Varco, Inc.	645
New York Community Bancorp, Inc.	835
Newmont Mining Corporation	1,242
News Corporation	233
NextEra Energy, Inc.	2,180
Nielsen Holdings PLC	385
NIKE, Inc.	1,661
NiSource Inc.	284
Noble Corporation PLC	273
Noble Energy, Inc.	388
Nordstrom, Inc.	295
Norfolk Southern Corporation	975
Northern Trust Corporation	594
Northrop Grumman Corporation	1,716
NRG Energy, Inc.	220
Nucor Corporation	788
Occidental Petroleum Corporation	3,794
Office Depot, Inc.	222
OGE Energy Corp.	291
Omnicom Group Inc.	842
ONEOK, Inc.	331
Oracle Corporation	3,310
O'Reilly Automotive, Inc.	516
Owens-Illinois, Inc.	141
PACCAR Inc	967
Parker-Hannifin Corporation	599
PartnerRe Ltd.	701
Paychex, Inc.	564
PayPal Holdings Inc	1,001
Peabody Energy Corporation	8
Pentair Public Limited Company	288
Pepco Holdings, Inc.	423
PepsiCo, Inc.	5,975
Pfizer Inc.	9,466
PG&E Corporation	1,733
Philip Morris International Inc.	6,804
Phillips 66	4,405
Pinnacle West Capital Corporation	683
Pioneer Natural Resources Company	246
Pitney Bowes Inc.	106
Ppg Industries, Inc.	669
PPL Corporation	1,595
Praxair, Inc.	826
Principal Financial Group, Inc.	589
Prologis, Inc.	523
Prudential Financial, Inc.	2,353
Public Service Enterprise Group Incorpor	1,676
Public Storage	756

GARD M&E INSURANCE (EUROPE) AS

Notes to the accounts

Note 9 - Financial instruments and fair values through profit or loss continued

Amounts in USD	As at 20.02.16
QUALCOMM Incorporated	2,273
Quest Diagnostics Incorporated	530
R. R. Donnelley & Sons Company	547
Raytheon Company	1,977
Regions Financial Corporation	803
Reinsurance Group of America, Incorporated	539
Republic Services, Inc.	594
Reynolds American Inc.	1,287
Rite Aid Corporation	745
Rockwell Automation, Inc.	508
Rockwell Collins, Inc.	689
Ross Stores, Inc.	328
Royal Caribbean Cruises Ltd	354
SanDisk Corporation	689
SCANA Corporation	719
Schlumberger N.V.	3,789
Seagate Technology Public Limited Company	313
Sears Holdings Corporation	184
Sempra Energy	973
Simon Property Group, Inc.	1,516
SLM Corporation	450
Spectra Energy Corp.	1,117
St. Jude Medical, Inc.	588
Stanley Black & Decker, Inc.	460
Staples, Inc.	626
Starbucks Corporation	1,269
Starwood Hotels & Resorts Worldwide, Inc	398
State Street Corporation	899
Stryker Corporation	586
SunTrust Banks, Inc.	1,059
Supervalu Inc.	243
Symantec Corporation	538
Sysco Corporation	1,845
T. Rowe Price Group, Inc.	757
Talen Energy Corporation	42
Target Corporation	3,327
TE Connectivity Ltd.	1,037
Tech Data Corporation	995
Tegna Inc.	143
Tenet Healthcare Corporation	238
Tesoro Corporation	794
Texas Instruments Incorporated	1,636
Textron Inc.	466
The AES Corporation	828
The Allstate Corporation	1,600
The Bank of New York Mellon Corporation	2,131
The Boeing Company	2,534
The Charles Schwab Corporation	611
The Chemours Company LLC	29
The Clorox Company	643
The Coca-Cola Company	6,478
The Dow Chemical Company	3,249
The Gap, Inc.	525
The Goldman Sachs Group, Inc.	3,967
The Goodyear Tire & Rubber Company	533
The Hartford Financial Services Group, Inc.	2,047

GARD M&E INSURANCE (EUROPE) AS

Notes to the accounts

Note 9 - Financial instruments and fair values through profit or loss continued

Amounts in USD	As at 20.02.16
The Hershey Company	273
The Home Depot, Inc.	4,381
The J. M. Smucker Company	639
The Kraft Heinz Company	1,323
The Kroger Co.	2,723
The Mosaic Company	610
The PNC Financial Services Group, Inc.	2,567
The Priceline Group Inc.	1,284
The Procter & Gamble Company	10,224
The Progressive Corporation	1,308
The Sherwin-Williams Company	767
The Southern Company	2,817
The TJX Companies, Inc.	1,145
The Travelers Companies, Inc.	2,918
The Walt Disney Company	3,610
The Western Union Company	455
The Williams Companies, Inc.	326
Thermo Fisher Scientific Inc.	1,041
Time Warner Cable Inc.	4,343
Time Warner Inc.	2,845
Twenty-First Century Fox, Inc.	1,173
Tyco International Public Limited Compan	504
Tyson Foods, Inc.	1,700
U.S. Bancorp	2,999
UGI Corporation	471
Union Pacific Corporation	1,758
United Parcel Service, Inc.	2,629
United States Steel Corporation	162
United Technologies Corporation	3,176
UnitedHealth Group Incorporated	4,943
Unum Group	826
V.F. Corporation	351
Valero Energy Corporation	3,081
Ventas, Inc.	678
Verizon Communications, Inc.	12,715
Visa Inc.	1,645
Visteon Corporation	332
Vornado Realty Trust	510
Voya Financial, Inc.	521
W. W. Grainger, Inc.	435
Walgreens Boots Alliance, Inc.	2,637
Wal-Mart Stores, Inc.	7,630
Waste Management, Inc.	1,221
Weatherford International Ltd.	440
WEC Energy Group Inc.	1,244
Wells Fargo & Company	12,167
Welltower Inc.	474
Western Digital Corporation	221
Westrock Company	158
Weyerhaeuser Company	938
Whirlpool Corporation	715
Whole Foods Market, Inc.	439
Windstream Holdings, Inc.	139
World Fuel Services Corporation	714
Wynn Resorts, Limited	232
Xcel Energy Inc.	1,495
Xerox Corporation	842

GARD M&E INSURANCE (EUROPE) AS

Notes to the accounts

Note 9 - Financial instruments and fair values through profit or loss continued

	As at
Amounts in USD	20.02.16
XI Group Public Limited Company	686
Yahoo! Inc.	691
Yum! Brands, Inc.	987
Zimmer Biomet Holdings, Inc.	190
USA Total	697,640
Total equities at market value	1,471,799

GARD M&E INSURANCE (EUROPE) AS

Notes to the accounts

Note 10 - Financial risk

Risk management framework

The purpose of the Risk Management System is to ensure that material risks are managed in accordance with the company's corporate objectives and risk carrying capacity. The risk management system consists of the following components:

Risk appetite and limits: Overall Risk Appetite and Comfort Zone (target range for capitalization) are defined in accordance with risk carrying capacity and corporate objectives. This cascades into limits by risk type and legal entities. This forms the basis for all risk management, monitoring and reporting.

Risk policies: There are group policies describing the processes and procedures for managing material risk exposures. The purpose of the policies is to ensure consistent and adequate risk and capital management.

Risk management cycle: Material risks are identified, assessed regularly, managed proactively, monitored regularly and reported to relevant responsible body.

Main financial risks

Insurance risk

Insurance risk arises from the underwriting activities ("premium risk") and existing insurance liabilities ("reserve risk"). The Gard group is a high capacity provider of risk mitigation products and services to industrial customers. While parts of the Gard group's portfolio are high frequency and low severity, many of the covers provided by the Gard group are "catastrophic" in their nature: High exposures and therefore potentially very high severity. A small number of claims represent a large share of the claims cost in any year. The insurance risk profile is managed by having limits on the risks written and mitigated through reinsurance.

Market risk

Market risk consists of equity risk, interest rate risk, credit risk, foreign exchange risk, property risk, and active management risk.

Equity beta risk

The risk of economic losses resulting from deviations in the value of market indices from their expected values. The equity portfolio is broadly diversified. Compared to a global benchmark portfolio based on market capitalizations, the equity portfolio is skewed towards emerging markets and smaller companies, which is expected to have a higher volatility than the global market as a whole. Through a portable alpha program, parts of the equity market exposure are hedged into fixed income exposure through a rolling equity futures program.

Interest rate risk

The risk of economic losses resulting from deviations in actual interest rates from expected 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.

Credit risk

The risk of economic losses resulting from the default of third parties.

The following tables shows information regarding credit risk exposure as at 20.02.2016, 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.

GARD M&E INSURANCE (EUROPE) AS

Notes to the accounts

Note 10 - Financial risk continued

Credit risk exposure in balance sheet

	As at 20.02.16	As at 20.02.15
Amounts in USD 000's		
Bonds		
AAA	13,491	4,902
AA	133	51
A	636	786
BBB	2,397	2,426
BB	239	277
B	60	110
Total bonds	16,956	8,553
Cash included in other financial investments		
A	91	30
Sum cash included in other financial investments	91	30
Other financial investments		
A	100	64
Total other financial investments	100	64
Reinsurers' share of gross premium reserve		
A	40,071	21,853
Total reinsurers' share of gross premium reserve	40,071	21,853
Reinsurers' share of gross claim reserve		
A	36,748	19,619
BBB	7,148	73
Total reinsurers' share of gross claim reserve	43,896	19,693
Receivables		
A	3,772	1,713
Not rated	40,141	22,394
Total receivables	43,913	24,107
Cash and cash equivalents		
AA	22,825	14,422
Total cash and cash equivalents	22,825	14,422

GARD M&E INSURANCE (EUROPE) AS

Notes to the accounts

Note 10 - Financial risk continued

Active management risk

The risk that the actual return of investments due to active management decisions by the asset managers will be lower than expected. Active asset managers, who are aiming to outperform a given benchmark, manage most of Gard's investment mandates. The ability to outperform also comes with the risk of significant underperformance versus the benchmark, which is referred to as active management risk. Through the portable alpha program, most of the active management risk is skewed towards active equity managers, but also include a global tactical allocation fund, which is exposed to different types of asset classes on a macro-based approach.

Real estate risk

The risk of economic losses resulting from deviations in the value of real estate investments from their expected values. The global property exposure includes own buildings and both indirect and direct investments in real estates. The indirect investment is through purchasing equities of listed real estate companies whereas through the direct exposure we own real estate properties through a pool together with other investors.

Foreign exchange risk

The risk of economic losses resulting from actual foreign exchange rates differing from expected foreign exchange rates. The currency exposure on the asset side is matched to the assumed currency exposure of liabilities. The assumed currency exposure to liabilities differs from the accounting exposure to currencies because the reserving currency is not always the actual currencies in which the future cash flow. There is an acceptable mismatch between the currency exposure on assets and on liabilities. The currency exposure is managed through a rolling forward program.

Currency split balance sheet

	As at 20.02.16	As at 20.02.15
Amounts in USD 000's		
Assets		
USD	107,523	47,075
EUR	31,760	22,310
GBP	1,947	4,216
Other	33,436	18,171
Total assets	174,666	91,772
Equity and liabilities		
USD	112,213	67,482
EUR	28,201	9,722
GBP	49	2,347
Other	34,204	12,221
Total equity and liabilities	174,666	91,772
Net asset exposure		
USD	4,690	(20,408)
EUR	(3,559)	12,587
GBP	(1,899)	1,869
Other	768	5,950
Net exposure in %		
USD	3 %	-22 %
EUR	-2 %	14 %
GBP	-1 %	2 %
Other	0 %	6 %

GARD M&E INSURANCE (EUROPE) AS

Notes to the accounts

Note 10 - Financial risk continued

Counterparty default risk

The risk that actual credit losses will be higher than expected due to the failure of counterparties to meet their contractual debt obligations. The main sources of counterparty default risk are reinsurers, cash deposits at banks, derivative counterparties, and receivables from policyholders.

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.

Banks and custodians are in line with the guidelines with a credit rating of at least A/stable.

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.

Operational risk

The risk that actual economic losses arising from inadequate or failed internal processes, personnel and systems, or external events exceed expected losses. The most important internal processes concerning operational risk are underwriting including pricing, claims handling, reserving, reinsurance, and investments.

Liquidity risk

The risk that cash resources are insufficient to meet financial obligations when they fall due. 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.

Age analysis of receivables after provision for bad debt

	As at 20.02.16	As at 20.02.15
Amounts in USD 000's		
Not due	33,071	20,055
0-60 days	6,529	2,935
61-90 days	794	290
Above 90 days	3,519	827
Total	43,913	24,107

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 table below.

The Company 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.

	Within 1 year	1-5 years	More than 5 years	No maturity date	Total
Amounts in USD 000's					
Income tax payable	645	0	0	0	645
Payables and accruals	39,097	0	0	0	39,097
Other payables	108	0	0	0	108

GARD M&E INSURANCE (EUROPE) AS

Notes to the accounts

Note 10 - Financial risk continued

Portfolio asset allocation

The table below sets out the portfolio allocation by exposure to asset classes and the balance sheet categories. Equities and investment funds are divided among the asset classes in the interest of two important assumptions; Investment funds include mutual funds in asset classes such as real estate, corporate bonds and absolute return. Equities includes common stocks and an adjustment for a derivative overlay programme. Equity market exposure is sold out through equity index future derivatives in order to maintain total equity market exposure within the desired range, and simultaneously bond exposure is gained through buying interest rate swap contracts.

Amounts in USD 000's	Fair value			As at
	20.02.16			20.02.16
Financial investments		Equity	Fixed income	Other
Equities and investment funds	1,512	1,512	0	0
Bonds	16,956	0	16,956	0
Other financial investments *	191	1	0	190
Total financial investments	18,659	1,513	16,956	190
Financial liabilities				
Financial liabilities incl. in other payables	26	0	0	26
Total financial liabilities	26	0	0	26
Net financial investments	18,633	1,513	16,956	164
Net %	100 %	8 %	91 %	1 %

Financial instruments - sensitivity analysis

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

Amounts in USD 000's	As at	As at
	20.02.16	20.02.15
Impact on fixed income portfolio investments given an increase of 50 basis points	134	91
Impact on equity portfolio given a 10% drop in quoted market prices	151	0
Impact on total investment portfolio given a change of 10% in foreign exchange rates against USD	256	181

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 Company 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.

* Other includes cash and cash equivalents, accrued income/expense.

GARD M&E INSURANCE (EUROPE) AS

Notes to the accounts

Note 10 - Financial risk continued

Impact of changes to presentation

The following table sets out changes to presentation of balance sheet as at 20.02.15, as described in note 2.2.

	Reported	Earlier reported
	As at	As at
Amounts in USD 000's	20.02.15	20.02.15
Financial investments		
Bonds	8,553	8,553
Other financial investments	94	30
Total financial investments	8,647	8,583
Prepayments and accrued income		
Accrued income and other prepayments	2,747	2,811
Total prepayments and accrued income	2,747	2,811

Note 11 - Receivables from direct insurance operations

	As at	As at
Amounts in USD 000's	20.02.16	20.02.15
Direct and received premium	912	1,015
Direct and received premium through broker	27,570	13,579
Not closed premium	9,119	7,381
Claims related debtors, co-insurers	2,530	419
Receivables from direct insurance operations	40,132	22,394

Note 12 - Other receivables and other payables

	As at	As at
Amounts in USD 000's	20.02.16	20.02.15
Other receivables		
Other receivables	9	0
Total other receivables	9	0
Other payables		
Other payables	82	221
Financial liabilities incl. in other payables*	26	0
Total other payables	108	221

*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 13 - Cash and cash equivalents

Cash and cash equivalents includes bank deposits and cash in hand, of which USD 0.021 million as at 20.02.2016 is restricted cash.

GARD M&E INSURANCE (EUROPE) AS

Notes to the accounts

Note 14 - Changes in contingency reserve

Amounts in USD 000's	As at 20.02.16	As at 20.02.15
Contingency reserve as at beginning of year	3,843	4,997
Change in contingency reserve	(4,973)	(1,154)
Contingency reserve as at end of year	(1,130)	3,843

Note 15 - Technical provisions and solvency margin

Amounts in USD 000's	As at 20.02.16		As at 20.02.15	
	Actual provisions	FSA's minimum requirements	Actual provisions	FSA's minimum requirements
Provision for claims net of reinsurance	5,686	2,533	3,099	3,099
General contingency reserves etc	32,441	10,290	17,676	4,941
Total technical provisions own account	38,127	12,823	20,775	8,040

Solvency margin	As at 20.02.16	As at 20.02.15
Required solvency margin	8,069	6,911
Solvency margin capital	22,543	12,956
Solvency margin capital in per cent of required solvency margin	279.4 %	187.5 %

GARD M&E INSURANCE (EUROPE) AS

Notes to the accounts

Arendal, 25 April 2016

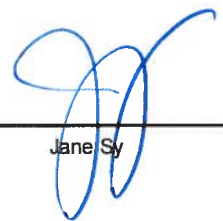
The Board of Directors
Gard Marine & Energy Insurance (Europe) AS



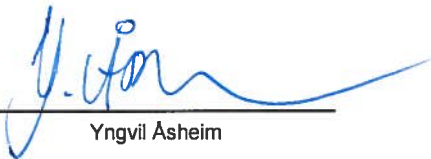
Trond Eilertsen
Chairman



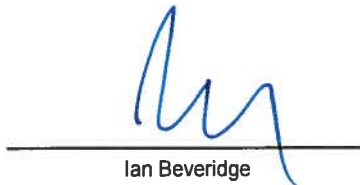
Morten W. Høegh



Jane Sy



Yngvil Asheim



Ian Beveridge



To the Annual Shareholders' Meeting of Gard Marine & Energy Insurance (Europe) AS

Independent auditor's report

Report on the Financial Statements

We have audited the accompanying financial statements of Gard Marine & Energy Insurance (Europe) AS, which comprise the balance sheet as at 20 February 2016, and the income statement, showing a net result of USD 0 and cash flow analysis, for the period then ended, and a summary of significant accounting policies and other explanatory information.

The Board of Directors' Responsibility for the Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as the Board of Directors determines 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 laws, regulations, and auditing standards and practices generally accepted in Norway, including 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 company'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 overall 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 are prepared in accordance with the law and regulations and give a true and fair view of the financial position of Gard Marine & Energy Insurance (Europe) AS as at 20 February 2016, and its financial performance and its cash flows for the period then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors report concerning the financial statements and the going concern assumption is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements ISAE 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information", it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 18 May 2016

PricewaterhouseCoopers AS

A handwritten signature in blue ink, appearing to read 'Magne Sem', written in a cursive style.

Magne Sem
State Authorised Public Accountant (Norway)