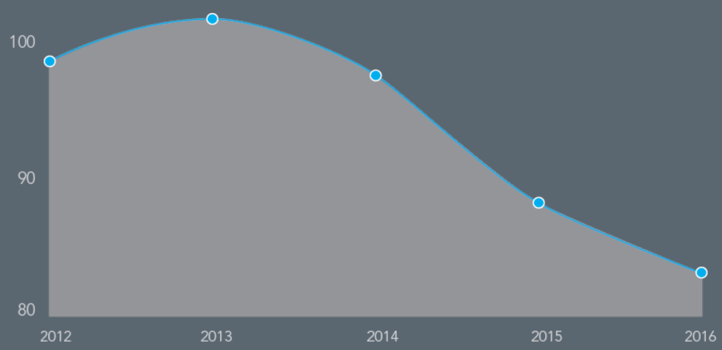
DIRECTORS' REPORT AND FINANCIAL STATEMENTS

for the year to 20 February

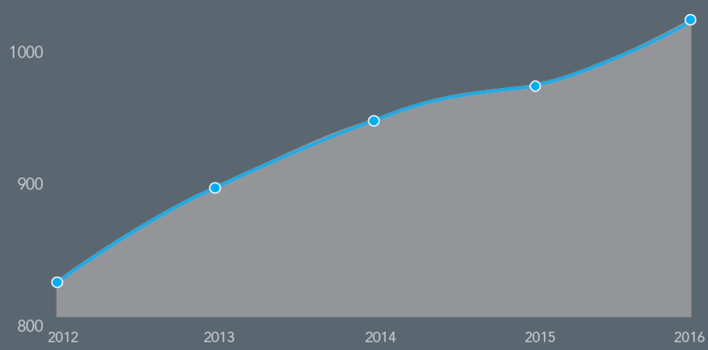
2016

Highlights

83 **Combined ratio** PER CENT, ETC BASIS



1017 **Contingency reserves** USD MILLIONS



911 **Gross written premium** USD MILLIONS, ETC BASIS

85 **Result after tax** USD MILLIONS, ETC BASIS

3.0 **Assets** USD BILLIONS

FIVE YEAR COMPARISON

	2012	2013	2014	2015	2016
Gross written premium USD millions, ETC basis	855	884	959	991	911
Result after tax USD millions, ETC basis	51	98	89	87	85
Combined ratio Per cent, ETC basis	98	101	97	88	83
Contingency reserve USD millions	826	895	944	969	1,017
Assets USD billions	2.5	2.6	2.7	2.7	3.0

CHAIRMAN'S STATEMENT

There is no year without challenges, but the political and economic situation in which we all operate is becoming increasingly complex. Against this background, I am pleased to report that Gard has continued to deliver good results as it pursues a strategy of long term stability and continuity for Members and clients. I am sure I speak for all of my fellow Board members when I express my confidence that the business will continue to prosper on these solid foundations.

The world around us

Market conditions remain very challenging across most sectors of the marine industries – with dry bulk and offshore being particularly hard hit by excess supply combined with lower demand for coal and iron imports to China and depressed oil prices respectively. The outlook for 2016 is not promising. According to the IMF forecast in January 2016, any pickup in activity is likely to be more gradual than previously forecast. In advanced economies, a modest and uneven recovery is expected to continue, while the picture for emerging markets and developing economies is varied.

Gard is alert to the challenges that this difficult trading environment has on its Members and clients. The shipowners represented on the Board, and the management who are in day to day contact with the businesses they serve, understand the need both for cost containment and for prompt financial assistance in the case of a casualty. However, we can only do this if the organisation remains financially strong in both good times and bad.

There has been considerable debate on whether clubs should adjust premiums and reserves to take into account the fortunes of their Members. I frankly think that is a very odd notion. The membership is a diverse group of owners active in a variety of market segments going through their individual ups and downs at different times. I think the Gard Board should be concerned solely with the health of Gard. Its job is to ensure that premiums are fair and sustainable, while maintaining reserves capable of coping with the occasional shock to the system and avoiding the necessity of any unwelcome supplementary calls.

IOPC and sanctions

The unfortunate decision, at the end of 2014, by the IOPC 1971 Fund to wind itself up – despite there being outstanding claims against it – has created considerable uncertainty and concerns around the settlement of claims in favour of victims of maritime casualties. Discussions between the International Group of P&I Clubs (IG) and the IOPC Fund have failed to find a solution so far.

The lack of firm assurance on whether or not the IOPC will step up and meet its share of any liabilities arising from casualties under internationally agreed liability regimes is a matter of grave concern for the clubs. I find it remarkable that the IOPC is unwilling to provide certainty for timely claims settlement for the benefit of victims. It is putting at risk a system that has worked well for many years. I do hope that current discussions will soon come to a mutually satisfactory conclusion

Sanctions activity remained a constant throughout 2015 – albeit with the removal of Iranian sanctions moving slowly towards fruition. A problem with all sanctions regimes is that they create ambiguity in their interpretation and application. In the event of a catastrophic casualty involving sanctioned entities, it is highly likely that the third-party victims of such accidents – rather than the sanctions targets – will be those to suffer most.

It is good news that the Joint Comprehensive Plan of Action Implementation Day in January 2016 is a first step in permitting the resumption of trade by and with Iran. However, US primary sanctions are still in force against Iran and other countries, the consequence being that US based reinsurers are not able to make any payments in respect of their share of claims with an Iran nexus. Furthermore, transactions in US dollars for Iran related activities continue to be prohibited. Most banks are still refusing to handle transactions involving Iran which is a further impediment to normal trading with Iran.

An evolving industry

The recent announcement of a possible merger within the IG is to be welcomed and it may trigger further consolidation. Such a development could be a positive for the strength of the IG in the future. From a Gard perspective, we are of a size with which we are comfortable, and which allows us to realise benefits of scale – particularly compared to other members of the IG. We are, however, small compared to other commercial insurers and we should keep an open mind on how we can achieve further growth if the benefits are evident.

The IG is a unique body made up of members pooling risk and jointly buying reinsurance, while competing fiercely in the market place. Any organisation having a membership that both co-operates and competes with each other will inevitably suffer from occasional

CHAIRMAN'S STATEMENT
continued

tensions, and an increasing divergence in size between the clubs may exacerbate those tensions in terms of each club's changing needs. Diversification is another area where the development of a wider product offering by individual clubs may be beneficial for their Members. I believe, however, that it is vital that the value of the IG pooling system, which has served shipowners and society so well, is not undermined by Members excluding poolable risk from the agreed IG poolable reinsurance programme.

Regulatory compliance
Solvency II came into force for insurance companies in Europe on 1 January 2016. It subjects insurers to a tighter regulatory regime than in the past, including new governance and capital requirements designed to enhance the quality and transparency of the decision making processes and ensures a sound risk and solvency management. Gard has invested considerable time and effort to ensure that it is wholly prepared for the new regulations.

A key objective behind Solvency II is to harmonise EU insurance regulation. As a business with an international membership and network, Gard needs to operate in jurisdictions that offer just such a level playing field in order to compete effectively in the global market.

Ensuring strong governance
During the 2015 financial year, a working group of the Board reviewed the current Gard governance framework structure. It concluded that, while the current structure and governance procedures are good and have stood the test of time, the clarity of responsibility could be improved with some minor changes.

It was determined that the two-tier Board structure should be retained. This consists of a Board of between 20 to 25 directors which reflects the composition of the membership by categories of tonnage and geographical spread, and which is responsible for the management of the group. As well as making decisions on matters of crucial importance for the group, such as premium policy, levy of calls, risk appetite and investment guidelines, the Board sets the overall objectives, strategies and policies. In addition to the Executive Committee, an Audit Committee and a Remuneration Committee have been established to assist the Board in the performance of its functions within defined areas.

The Executive Committee acts as a sub-committee of the Board and is responsible for keeping in close contact with management and providing oversight of execution, compliance and performance. It makes decisions as delegated by the Board and updates the Board outside regular meetings as needed. The CEO and his team manage the business and report to both the Board and the Executive Committee.

I would also like to thank all our Board members who have given their time and commitment to work on our Board and committees over the last year, and a special thanks to Robert (Bob) Johnston, Kazua (Kaz) Uchida and Hor Weng Yew, who are retiring from our Board this year, for their time, counsel and contribution through the years. Most important many thanks to the staff and management at Gard who with their energy and enthusiasm are ensuring that Gard continues to be the attractive club that it is.

Providing first class support when catastrophes strikes is essential for our Members and we continuously invest in people and processes to ensure the group can meet the needs of today and tomorrow. Gard's deep roots in, and commitment to, mutuality drives its attitude and culture to the benefit of Members and clients. I am confident that we have the right talent and structure in place to meet future challenges.

Bengt Hermelin
Chairman

CEO'S OPERATIONAL REVIEW

I am pleased to report that, for the financial year ending 20 February 2016, Gard reported a strong operational performance, resulting in a profit after tax of USD 85 million on an Estimate Total Call (ETC) basis. With a Combined Ratio Net (CRN) of 83 per cent, this result is a combination of good risk selection, a better than expected claims environment and a favourable development on prior years.

The investment performance was weaker in 2015 than we have experienced over the past several years which resulted in a non-technical loss of USD 53 million, reflecting the fall in global financial markets.

Taking the long term view

The mutual model provides a strong platform for a long-term business albeit with potentially high earnings volatility. Taking a long term view is therefore a fundamental part of how we do business. Whether it is risk assessment, relationship building or developing our people, we look beyond the here and now and invest for the future. Long-term relationships are built on trust so, both as individuals and as an organisation, we bring integrity to everything we do. This is a strategy that has served our Members and clients well for over a century.

We believe that our strategy of focussing on three key activities; maintaining our financial strength, developing our market position and building an efficient global organisation, is fundamental to delivering the stability and consistency that protects the assets, incomes, and reputations of our Members and clients. First class financial strength

Free reserves now stand at USD 1,017 million. In what is undoubtedly a very difficult trading period for those in the maritime industries, it is unsurprising that shipowners and operators are looking carefully at their costs – and that there is considerable industry debate around the levels of premium required and the reserves held by clubs.

In this, as in everything we do, taking the long term perspective is critical. Mutual P&I is about sharing risk and reward. The model is simple and is built to weather the unpredictable, and the role of healthy free reserves is to absorb periodic shocks to the system. The size of those reserves depends on the risk appetite of the Members and the risk profile of the club.

When a club holds capital above what is required by its risk appetite and its capital management framework, that excess capital should be returned to its mutual Members. At Gard, our Board sets clear financial targets as to how much capital we want to hold, and that strategy is debated, discussed and ultimately signed off by the Directors who represent our shipowners.

Having achieved these targets, we will again return money to our Members when the capital position of the group allows. Based on this strategy, Gard has reduced its deferred call in eight out of the last 10 years. The last seven years Gard has returned USD 223 million to our mutual Members through reductions in the deferred call. This year's accounts reflect a 10 percentage point reduction (USD 37 million) in the deferred call agreed by the Board of Directors. This represents an eight per cent reduction of paid premium compared to the agreed renewal terms.

Getting the basics right

Our philosophy is grounded in doing the basic things well – being able to assess and price risk, doing it in a way that is fair and delivering a strong claims service, all of which are key ingredients in the mix. We achieved another strong underwriting performance, with a CRN for P&I of 79 per cent and 89 per cent for Marine & Energy. This is the result of selecting and pricing risk correctly and a good year from a claims perspective. Despite soft market conditions making pricing highly competitive, fewer large casualties and a reduction in the frequency of claims made for a very positive result.

Despite the overall reduction in net claims, the Club was exposed to some significant claims on a gross basis in the last year. The unpredictability and potential severity of claims illustrates the need for financial strength, a first class casualty response and strong subsequent claims handling services.

Collisions and other forms of contact damage accounted for over a third of large claims last year. Human error continues to be an issue, in spite of the availability of more sophisticated technical equipment to help navigation and ship operations. Some cases suggest that ships may have outgrown ports, berths or terminals – lowering the margin of error.

On a more positive note, we have seen fewer serious pollution cases – particularly among tankers, which suggests that the industry has benefitted from higher operational requirements and improved prevention. Claims for wreck removal continue to grow in both cost and complexity as many countries are increasingly sensitive to the issue of any debris being left on the seabed.

Preventing large claims and the efficient handling of major maritime casualties are, if we succeed, a marine insurer's largest single contribution to reducing the costs for our

CEO'S OPERATIONAL REVIEW
continued

Members. Gard is actively seeking to work with authorities and maritime organisations to improve efficiency in the handling of large maritime casualties. Our experience clearly shows that the final consequences of a casualty, both in respect of financial burden for the shipowners, as well as damage to the environment, third parties and the society at large, is heavily dependent on taking effective and timely decisions when an accident occurs. In many cases, the best decisions can only be made with close cooperation between authorities, shipowners and insurers.

Consequently, Gard will intensify our dialogue with authorities and maritime organisations, and support initiatives within the International Group, to be even better prepared when our Members are struck by calamity.

Developing our market position
It is our goal to continue to grow our market share in existing and new markets relative to our competitors, and to strengthen our long term market share in all main product lines. This is not growth for the sake of size alone. We believe that achieving the right scale will enable us to deliver a combination of products and service that meet the current and future needs of Members and clients. It also enables us to respond to a changing business environment and attract the expertise and talents that we need.

In a market where competition and excess capital are keeping prices low, gross premium written fell this year. The overall growth in the marine insurance sector is expected to be low also over the next coming years, so achieving our growth targets will be a vote of confidence from our Members and clients in our value proposition.

P&I
For P&I, gross written premium for the year was USD 644 million and net claims to 20 February 2015 totalled USD 352 million. The 2016 P&I renewal took place against a background of challenging macro-economic conditions for our Members, as well as a highly competitive insurance market. Nevertheless, this renewal was a positive one for Gard – new gross premium written was higher than previous years, sustainable premium levels were achieved and there was a good tonnage growth.

In the mutual market, Gard saw an increase of around 2.8 million GT at the renewal, bringing the total tonnage increase in the last 12 months to 10.7 million GT. This growth has come both from a number of high quality owners moving vessels to Gard for the first time, as well as existing Members moving over more of their fleet. The development was well spread geographically, reflecting our global presence and the close collaboration between Gard teams in offices around the world. We were particularly pleased that the investment we have made in Asia was reflected in an increase in business written in our Hong Kong and Singapore branches. The development in North America was also very positive across a range of different segments. We are pleased that, while the general increase was offset by lower reinsurance costs, we achieved the modest increase on retained premium essential to deal with the effects of claims inflation. Adjustments were distributed equitably depending on claims performance and individual risk profiles.

Marine & Energy
For Marine & Energy, gross written premium for the year was USD 267 million, and in terms of numbers of vessels insured, this now totals 8,768 and we have the claims lead on 47 per cent of these – which represents a welcome increase. In a highly competitive market, our reputation as a quality claims lead has proved to be a strong differentiator – as is our ability to offer a combined P&I and marine claims service and a global network should the need arise. The economic value of this is proven and is an important factor in our positive insurance results over the last few years.

A continuing soft market and the reduced value of insured assets have led to an overall reduction in premium in this business area, and market conditions are leading to marginal profitability. However, the picture is helped by offsetting reductions in values at risk and a benign claims environment. We take a long term view of our commitment to the market and will work with our clients on a competitive offering.

The challenges for the offshore oil industry are well documented and, over the last year, this has fed through to reduced exploration activities, the postponement of development projects and the mothballing of assets. This, combined with excess capacity in the insurance market, is leading to a market where pricing is marginal in the medium-term, especially when there have been some major claims.

An efficient global organisation
Two years ago, we set ourselves goals for 2020 and already the world is a very different place. The environment in which we are operating is increasingly complex; the shipping industry is more specialised, technological development is influencing our future markets and new financial and ownership structures are influencing insurance needs. At the same time, digitalisation offers both opportunities and challenges.

Equally important is the fact that our core markets will not grow significantly over the medium term. This will put more pressure on us to develop a more effective global organisation and make more efficient use of our resources.

Right people and structures
This means that we need the right structures and people across all levels of our business. Late in 2015, we appointed our first Chief Digital Officer, Ole Rikard Rønning, to sit on the Group Leadership Team (GLT). His role will be both to build on our existing resources and look for business transformation opportunities to take our operations to the next level.

Svein Andersen stepped down as Head of Claims on 20 February 2016, but I am delighted to say that he will be a Special Advisor on the GLT until he retires in October 2016. He conceived and delivered a tremendous team effort to build our first class claims service, and it is a result of his leadership and hard work that we have the processes, systems and expertise to handle casualties that range from the most complex to the everyday with utmost efficiency.

CEO'S OPERATIONAL REVIEW

continued

As part of our focus on creating a well-planned succession process for key roles, we were able to fill this strategically important role from within Gard. Christen Guddal became Chief Claims Officer at the end of the 2015 financial year. The combination of his 15 years in claims (including three years as its head) and his management experience, means that Christen will be perfectly positioned to lead the claims organisation forward as the maritime industry becomes increasingly complex.

In the summer of 2015, we reviewed our underwriting organisation to ensure that we have the right structure in place to operate in what is a highly competitive underwriting environment. The result was the creation of three new roles; Chief Underwriting Officers (CUOs) for the Shipowners and Industry segments (Specialty) and for Asia, all reporting to the Group Chief Underwriting Officer. This gives Gard the resources to look at the developments and trends across all areas and empower the teams with strategic guidance, as well as having the underwriting teams focussing closely on the particular needs of Members and clients.

Sharing knowledge and expertise

One of our pillars of excellence is sharing knowledge and expertise to help our Members and clients to better understand various elements of marine risk. Container risks have become even more significant over the past two decades, with the growth in the size of containerships and the corresponding changes required in container terminal operations and in other parts of the logistics chain. In response to this, in early 2016, we launched the latest in our series of Gard Guidance books - Guidance on Freight Containers, written by industry expert Jerone de Haas, Managing Director of BMT Surveys (Rotterdam) and providing a comprehensive overview of containers, their safe transportation and the wider terminal logistics.

A growing number of anchor losses reported in recent years prompted the launch of a project in conjunction with DNV and the Swedish Club to address this issue. Based on an analysis of cases involving the loss of anchors and their chains, the project partners have issued a video and a presentation identifying the most frequent technical and operational causes, and steps crews and operators can take to address them.

We also continued our broader Loss Prevention activities, issuing 69 Updates covering important aspects of safety and risk mitigation across the globe – this represent a 40 per cent increase on previous years. As well as attending more than 45 training sessions in 2015, Gard hosted a two day seminar in Szczecin, Poland for senior ship officers located in Poland and Germany. 120 officers from 12 Members and clients attended.

Local knowledge and cultural awareness is key to tackling local challenges – which is why we appointed a Loss Prevention Executive to our Asian business in 2015. We have also continued our outreach programme to connect to government authorities and other casualty stakeholders in key jurisdictions around the world. By building relationships based on mutual understanding and communication, we are able to prepare for a more effective and co-ordinated response should serious incidents occur.

Looking forward

There is no doubt that we are operating in a 'new normal' – consolidation is happening in our own industry, technology is changing our lives and the way we work faster than ever before and economic uncertainty remains a constant. Our solid team ethic has delivered a strong business performance and I am confident that this will give us robust foundations for the future.

Rolf Thore Roppestad

Rolf Thore Roppestad
Chief Executive Officer

CORPORATE SOCIAL RESPONSIBILITY

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

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

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

Sustainability as part of our foundations

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

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

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

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

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

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

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

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

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

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

GARD P. & I. (BERMUDA) LTD

Statement of comprehensive income

Amounts in USD 000's	Notes	Parent company 21.02.15 to 20.02.16	Parent company 21.02.14 to 20.02.15	Consolidated accounts 21.02.15 to 20.02.16	Consolidated accounts 21.02.14 to 20.02.15
Technical account					
Gross written premium	4, 6	480,126	518,589	873,941	953,277
Ceded reinsurance		(309,799)	(329,526)	(171,051)	(156,251)
Change in gross premium reserve		0	0	23,346	13,295
Change in reinsurers' share of premium reserve		0	0	1,291	(5,651)
Earned premium for own account	3	**170,327**	**189,063**	**727,526**	**804,670**
Other insurance related income		**0**	**0**	**344**	**1,928**
Gross settled claims		317,260	352,841	597,994	609,932
Reinsurers' share of gross settled claims		(146,726)	(146,933)	(60,101)	(14,987)
Change in gross claims reserve		7,720	3,798	193,190	5,068
Reinsurers' share of change in claims reserve		(27,308)	(2,580)	(198,824)	30,880
Claims incurred for own account	3, 6	**150,946**	**207,125**	**532,259**	**630,893**
Acquisition costs		19,074	19,124	36,871	47,429
Agents' commission		31,886	33,678	67,542	74,541
Commission received		(50,995)	(57,770)	(11,522)	(11,639)
Insurance related expenses for own account	3, 7	**(36)**	**(4,969)**	**92,891**	**110,331**
Other insurance related expenses	7	**2,938**	**5,937**	**6,559**	**2,063**
Technical result before change in contingency reserve	6	**16,479**	**(19,030)**	**96,161**	**63,310**
Change in contingency reserve	22	**30,310**	**20,854**	**48,107**	**49,481**
Technical result		**(13,832)**	**(39,884)**	**48,054**	**13,829**
Non-technical account					
Income from investments in group companies		35,458	60,840	0	0
Interest and similar income	8	3,926	4,707	15,526	37,688
Change in unrealised gain/loss on investments		(91,133)	(77,080)	(170,917)	(59,795)
Gains on realisation of investments		70,085	59,208	103,854	54,679
Investment management expenses		(1,922)	(3,533)	(2,346)	(9,512)
Non-technical result		**16,414**	**44,143**	**(53,883)**	**23,060**
Profit before tax		**2,582**	**4,259**	**(5,829)**	**36,889**
Taxation	9	2,922	4,341	10,230	6,120
Net result		**(339)**	**(82)**	**(16,059)**	**30,769**
Other comprehensive income/(loss)					
Exchange differences on subsidiaries		0	0	(793)	(4,902)
Remeasurement due to change in pension assumptions	20	339	82	16,853	(25,868)
Total comprehensive income		**0**	**0**	**0**	**0**

GARD P. & I. (BERMUDA) LTD.

Balance sheet

Amounts in USD 000's	Notes	Parent company As at 20.02.16	Parent company As at 20.02.15	Consolidated accounts As at 20.02.16	Consolidated accounts As at 20.02.15
Assets					
Intangible					
Other intangible assets	10	0	0	2,231	2,338
Total intangible assets		**0**	**0**	**2,231**	**2,338**
Investments					
Property and plant used in operations	11	0	0	25,285	29,047
Financial investments in subsidiaries					
Investments in subsidiaries	13	597,289	623,363	0	0
Loan to subsidiaries	3	27,950	21,397	0	0
Financial investments at fair value through profit or loss					
Equities and investment funds	14, 15, 16	248,422	290,599	892,807	971,111
Bonds	14, 15, 16	331,933	210,410	1,101,671	992,949
Financial derivative assets	14, 15, 16	7,596	12,971	15,839	25,479
Other financial investments	14, 15	78,355	82,439	161,211	153,329
Total investments		**1,291,545**	**1,241,179**	**2,196,813**	**2,171,914**
Reinsurers' share of technical provisions					
Reinsurers' share of gross premium reserve		0	0	5,196	3,904
Reinsurers' share of gross claims reserve	3, 6	463,775	436,467	327,249	128,425
Total reinsurers' share of technical provisions		**463,775**	**436,467**	**332,446**	**132,330**
Receivables					
Receivables from direct insurance operations					
Policyholders	17	55,119	67,739	205,321	216,897
Receivables from reinsurance operations					
Receivables from reinsurance operations		2,681	2,334	0	0
Receivables from subsidiaries		5,423	14,857	0	0
Other receivables	18	0	0	29,850	40,088
Total receivables	**15**	**63,223**	**84,929**	**235,170**	**256,985**
Other assets					
Equipment	12	731	731	6,333	7,618
Cash and cash equivalents	19	68,665	15,846	174,572	101,141
Deferred tax asset	9	0	0	12,668	23,993
Other financial assets	15	6,005	5,402	20,084	20,520
Total other assets		**75,401**	**21,979**	**213,657**	**153,271**
Prepayments and accrued income					
Accrued income and other prepayments		3,767	4,611	32,619	30,448
Total prepayments and accrued income		**3,767**	**4,611**	**32,619**	**30,448**
Total assets		**1,897,710**	**1,789,165**	**3,012,936**	**2,747,286**

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

Amounts in USD 000's	Notes	Parent company As at 20.02.16	Parent company As at 20.02.15	Consolidated accounts As at 20.02.16	Consolidated accounts As at 20.02.15
Equity and liabilities					
Paid in equity					
Statutory reserve	21	463	463	463	463
Total equity		**463**	**463**	**463**	**463**
Technical provisions					
Gross premium reserve		0	0	133,512	156,857
Gross claims reserve	6	880,525	872,805	1,572,498	1,379,308
Total technical provisions		**880,525**	**872,805**	**1,706,010**	**1,536,165**
Contingency reserve					
Contingency reserve	22	873,079	842,768	1,016,697	968,590
Total contingency reserve		**873,079**	**842,768**	**1,016,697**	**968,590**
Provision for other liabilities					
Pension obligations, net	20	962	1,346	30,047	92,315
Income tax payable	9	4,853	5,267	10,034	15,397
Other provisions for liabilities	7	0	0	533	0
Total provisions for other liabilities		**5,815**	**6,613**	**40,614**	**107,711**
Payables					
Payables arising out of direct insurance operations		21,932	13,540	29,211	17,604
Payables arising out of reinsurance operations		1,314	8,598	9,741	15,854
Payables to group companies		30,236	1,129	0	0
Financial derivative liabilities	14, 15, 16	4,679	7,874	19,297	11,492
Other payables	14, 15, 18	68,469	24,793	168,590	65,931
Total payables		**126,631**	**55,934**	**226,839**	**110,881**
Accruals and deferred income					
Accruals and deferred income		11,199	10,582	22,313	23,477
Total accruals and deferred income		**11,199**	**10,582**	**22,313**	**23,477**
Total liabilities		**1,897,248**	**1,788,702**	**3,012,473**	**2,746,824**
Total equity and liabilities		**1,897,710**	**1,789,165**	**3,012,936**	**2,747,286**

GARD P. & I. (BERMUDA) LTD.

Cash flow analysis

Amounts in USD 000's	Notes	Parent company 21.02.15 to 20.02.16	Parent company 21.02.14 to 20.02.15	Consolidated accounts 21.02.15 to 20.02.16	Consolidated accounts 21.02.14 to 20.02.15
Cash flow from operating activities					
Profit from ordinary operations before tax		2,582	4,259	(5,829)	36,889
Tax paid	9	(3,082)	(4,483)	(9,892)	(11,873)
Change in unrealised gain/loss on investments		91,133	66,700	170,917	48,297
Income/loss from sales of equipment		0	0	(64)	(548)
Depreciation, impairment and amortisation expenses	11, 12	0	250	3,556	5,912
Change in pension obligations	20	(384)	(319)	(62,267)	10,767
Pension costs charged to statement of comprehensive income	20	108	82	56,574	(25,868)
Financial investments		(164,216)	(54,656)	(191,772)	(145,696)
Change in valuation due to change in exchange rates		(254)	0	(1,584)	0
Change in receivables and payables		89,046	(70,853)	129,967	(52,727)
Change in technical provisions and other accruals		(16,636)	22,166	(15,086)	75,431
Net cash flow from operating activities		**(1,702)**	**(36,854)**	**74,519**	**(59,416)**
Cash flow from investment activities					
Dividends received from subsidiaries	3	35,000	60,300	0	0
Group contribution paid to/received from subsidiary	3	26,074	(40,000)	0	0
Purchase of intangible assets	10	0	0	(611)	(877)
Purchase of equipment	12	0	0	(1,089)	(1,352)
Purchase of property and plant	11	0	0	(372)	(1,217)
Proceeds from disposal of equipment		0	0	984	976
Net cash flow from investment activities		**61,074**	**20,300**	**(1,088)**	**(2,470)**
Cash flow from financial activities					
Borrowings		9,524	0	0	0
Repayment of borrowings		(16,077)	4,428	0	0
Net cash flow from financial activities		**(6,553)**	**4,428**	**0**	**0**
Net change in cash and cash equivalents		52,819	(12,126)	73,431	(61,886)
Cash and cash equivalents at beginning of year		15,846	27,972	101,141	163,027
Bank overdraft at beginning of year		0	0	0	0
Cash and cash equivalents at end of year		**68,665**	**15,846**	**174,572**	**101,141**

GARD P. & I. (BERMUDA) LTD.

Policy year accounts

Amounts in USD 000's Policy year	2015	2014	2013
Premiums and calls			
Premiums	546,084	610,643	532,934
	546,084	610,643	532,934
Additional calls debited		18,396	54,210
Estimated deferred call	55,425		0
Total premiums and deferred calls	**601,509**	**629,039**	**587,144**
Reinsurance premiums	(128,522)	(139,139)	(144,201)
Net premium earned	**472,987**	**489,900**	**442,943**
Incurred claims net			
Claims paid	139,149	226,653	276,956
Estimates on outstanding claims	204,713	167,782	87,834
IBNRs	99,132	16,605	11,047
Unallocated Loss Adjustment Expenses	14,420	6,932	2,339
Incurred claims net	**457,414**	**417,972**	**378,176**
Acquisition cost and net operating expenses	50,494	53,034	43,396
Technical result	**(34,921)**	**18,894**	**21,372**

Notes to the policy year accounts

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

2 The annual accounts include the 15 per cent deferred call levied for the 2015 policy year. The original estimate for the year was set to 25 per cent.

3 The approximate yield of a 10 per cent supplementary call on the open policy years would be:
2013 policy year USD 34.8 million
2014 policy year USD 37.3 million
2015 policy year USD 36.9 million

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

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

5 Provision for outstanding and unreported claims for closed years before policy year 2013, USD 304.5 million, consists of estimated outstanding claims in the amount of USD 271.1 million and estimates for IBNR claims of USD 33.4 million.

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

Note 1 – Corporate information – the Gard group of companies

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

The principal activities of the Company and its subsidiaries (the "Gard group") are; the insurance of marine P&I risk on behalf of its Members; the insurance of marine and energy risks through its wholly owned subsidiary Gard Marine & Energy Limited; and management of assets covering the technical provisions.

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

Assuranceforeningen Gard – gjensidig - ("Gard Norway") is a mutual insurance association registered and domiciled in Norway and licensed by the Norwegian Ministry of Finance, to carry out marine liability and legal costs insurances. The principal activity of Gard Norway is the insurance of marine P&I risk on behalf of its Members, including the reinsurance of a proportion of the P&I risk, underwritten by the Company as direct insurer.

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

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

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

Safeguard Guarantee Company Ltd. ("Safeguard") is a wholly owned subsidiary of the Company and is registered and domiciled in Bermuda. Safeguard is licensed by the Bermuda Monetary Authority as a Class 3A insurer. It has offered insurance of special risks falling outside the scope of the traditional marine liability cover and financial security required under the International Convention on Civil Liability for Bunker Oil Pollution Damage, 2001, for vessels reinsured outside the reinsurance arrangements organised by the International Group of P&I Clubs. Safeguard has stopped underwriting as of 20 February 2015.

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

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

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

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

Note 2 - Accounting policies

2.1 Basis of preparation of the Accounts

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

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

Note 2 - Accounting policies continued

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

2.2 Changes to presentation and classification
The Company has changed its presentation 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 15). The change does not affect the total comprehensive income reported in prior periods.

2.3 Basis for consolidation
The consolidated financial statements comprise Gard P. & I. (Bermuda) Ltd. and the companies over which the Company has a controlling interest. A controlling interest is normally obtained when ownership is more than 50 per cent of the shares in the company and can exercise control over the company. In as much as the Company has got the right to exercise membership rights in Gard Norway, the Company controls more than two thirds of the voting rights in Gard Norway, being the legal basis for consolidating the two associations' accounts pursuant to the International Accounting Standard 27 Consolidated and Separate Financial Statements.

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

The acquisition method is applied when accounting for business combinations.

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

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

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

Transactions in foreign currency
Transactions in foreign currencies are translated at the rate applicable on the transaction date. Monetary items in a foreign currency are translated into USD using the exchange rate applicable on the balance sheet date. The currency exposure of the provision for claims is assessed to be equivalent to the same currency exposure as claims paid. The opening and closing balances of the provision for claims in foreign currency are translated into USD based on the same method as for monetary items. Non-monetary items that are measured at fair value expressed in foreign currency are translated into USD using the exchange rate applicable on the transaction date. Translation differences are recognised in the income statement as they occur during the accounting period. Foreign exchange gains and losses that relate to borrowings, cash and cash equivalents and financial investments are presented as part of the non-technical result as 'Interest and similar income' and 'Change in unrealised gain/loss on investments' respectively. All foreign exchange gains and losses relating to technical operations are presented in the income statement as part of the technical result.

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

2.6 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. A deferred call for P&I business for the accounting year is subject to approval from the Board of Directors in the following year, but is included as revenue in the accounts for the current year. Supplementary calls for P&I business may be charged to Members for three last policy years.

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

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

Note 2 - Accounting policies continued

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

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

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

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

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

The Norwegian branches are liable to pay income tax based on gross earned premiums. Income tax is calculated as 25 per cent of 3 per cent of gross earned premiums irrespective of whether the branches created any profit or suffered any loss in the reporting period.

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

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

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

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

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

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

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

Unrealised gains or losses arising from changes in the fair value of the 'Financial assets at fair value through profit or loss' category are presented in the income statement within 'Change in unrealised gain/loss on investments' in the period in which they arise. Realised gains or losses are presented within 'Gains on realisation of investments'. Dividends and interest income from financial assets at fair value through profit or loss is recognised in the income statement as part of 'Interest and similar income' when the right to receive payments is established. Dividend from investments is recognised when the Company has an unconditional right to receive the dividend.

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

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

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

Note 2 - Accounting policies continued

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.
Note 2 - Accounting policies continued

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

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

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

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

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

2.11 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'.

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

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

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

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

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

In accordance with the Norwegian regulations for insurance companies a provision for internal claims handling expenses (unallocated loss adjustment expenses, or ULAE) is included in the 'Gross claims reserve'.

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

2.14 Employee benefits
Group companies operate various pension schemes and employees are covered by pension plans, which comply with local laws and regulations in each country in which the group operates. The group has both defined benefit and defined contribution pension plans.

Pension obligations
The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined

GARD P. & I. (BERMUDA) LTD.

Notes to the accounts

Note 2 - Accounting policies continued

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

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

For defined contribution plans, the group pays contributions to privately administered pension insurance plans on a contractual basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

2.15 Provisions, contingent liabilities and assets

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. For potential obligations whose likelihood is not remote or probable (i.e. not 'more likely than not'), a contingent liability is disclosed.

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

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

2.16 Events after the reporting period

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

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

Note 3 - Intra-group transactions

Reinsurance agreements

Gard P. & I. (Bermuda) Ltd. and Gard Norway have entered into mutual reinsurance agreements. The Company reinsures a proportion amounting to 25 per cent of Gard Norway's insurance portfolio after taking the external reinsurance into account (85 per cent of claim years up to and including 2009). The Company cedes to Gard Norway by way of reinsurance 2 per cent of the Company's insurance portion after taking the external reinsurance into account (15 per cent for claim years up to and including 2009). The basis for calculation of reinsurance agreements changed in 2015. Premiums are calculated on a financial year basis. Claims are calculated with 2 per cent of claims incurred in claim year from and including 2010, all former years are 15 per cent.

	Received from Gard Norway		Ceded to Gard Norway	
Amounts in USD 000's	21.02.15 to 20.02.16	21.02.14 to 20.02.15	21.02.15 to 20.02.16	21.02.14 to 20.02.15
Reinsurance	27,357	19,960	6,394	7,310
Reinsurers' share of gross settled claims	24,673	43,274	4,209	4,850
Reinsurance commission	6,396	6,316	1,662	1,948

	Received from Gard Norway		Ceded to Gard Norway	
Amounts in USD 000's	As at 20.02.16	As at 20.02.15	As at 20.02.16	As at 20.02.15
Reinsurers' share of gross claims reserve	119,969	120,005	12,540	12,877

Both the Company and Gard M&E have entered into reinsurance agreements with Gard Re whereby the two direct insurers are ceding 50 per cent of insurance portfolio after taking the external reinsurance into account with effect from 20 February 2010.

	Ceded to Gard Re	
Amounts in USD 000's	21.02.15 to 20.02.16	21.02.14 to 20.02.15
Reinsurance	170,327	189,101
Reinsurers' share of gross settled claims	110,751	114,294
Reinsurance commission	44,036	50,191

	Received from Gard Re	
Amounts in USD 000's	As at 20.02.16	As at 20.02.15
Reinsurers' share of gross claims reserve	313,335	315,756

The Company and Gard Norway have entered into a reinsurance agreement with Hydra, which is a segregated accounts company. The Company's segregated account (cell) in Hydra is covering the former companies' liability to a layer of the International Group (IG) Pool and retention in the 1st market excess layer.

	Ceded to Hydra	
Amounts in USD million	21.02.15 to 20.02.16	21.02.14 to 20.02.15
Ceded reinsurance	47,605	43,825

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

Note 3 - Intra-group transactions continued

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

Amounts in USD 000's	Insurance services invoiced 21.02.15 to 20.02.16	21.02.14 to 20.02.15
Lingard	57,774	69,346
Gard (Singapore) Pte. Ltd.	2,704	1,668

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

Insurance agency agreements have been concluded between Lingard and each of the subsidiaries of Gard AS for the purpose of sub-delegating certain insurance intermediary functions to regional offices in Finland, Greece, Hong Kong, Singapore, Japan, Sweden, the United Kingdom and the United States of America.

Loan agreement
The Company has entered into loan agreements with AS Assuransegården and Gard AS.

Amounts in USD 000's	Loan balance As at 20.02.16	As at 20.02.15
AS Assuransegården (borrower)	13,975	18,965
Gard AS (borrower)	13,975	2,432
Gard AS (lender)	(2,329)	0

Amounts in USD 000's	Interest received 21.02.15 to 20.02.16	21.02.14 to 20.02.15
AS Assuransegården	299	486
Gard AS	255	53

Amounts in USD 000's	Interest paid 21.02.15 to 20.02.16	21.02.14 to 20.02.15
Gard AS	96	0

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

Note 3 - Intra-group transactions continued

Dividends and capital contributions

	Dividends received	
Amounts in USD 000's	21.02.15 to 20.02.16	21.02.14 to 20.02.15
Gard M&E	30,000	50,000
Lingard	5,000	10,300

	Capital contribution paid	
Amounts in USD 000's	21.02.15 to 20.02.16	21.02.14 to 20.02.15
Gard Re	-	40,000

	Repayment of capital contribution	
Amounts in USD 000's	21.02.15 to 20.02.16	21.02.14 to 20.02.15
Safeguard	26,074	0

Note 4 - Gross written premium by geographical areas

	Parent company		Consolidated accounts	
Amounts in USD 000's	21.02.15 to 20.02.16	21.02.14 to 20.02.15	21.02.15 to 20.02.16	21.02.14 to 20.02.15
EEA	218,456	256,324	415,427	486,221
Norway	113,060	86,439	143,608	167,927
Other areas	148,610	175,826	314,905	299,129
Total gross written premium	**480,126**	**518,589**	**873,941**	**953,277**

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

Note 5 - Estimated deferred call

These accounts are prepared on the basis of a Board of Directors' resolution of a 15 per cent deferred call in respect of the 2015 policy year (financial year ending 20 February 2016), payable in 2016. The original estimated deferred call was 25 per cent. The deferred call for the 2014 policy year (financial year ending 20 February 2015) was reduced to 15 per cent from 25 per cent.

The reduction in deferred call amounts to USD 36.9 million (financial year ending 20 February 2015 USD 37.3 million).

On estimated total call (ETC) basis the gross written premium for the financial year ending 20 February 2016 is USD 910.9 million (financial year ending 20 February 2015 USD 990.6 million).

GARD P. & I. (BERMUDA) LTD.

Notes to the accounts

Note 6 - Technical result and technical provisions

Amounts in USD 000's	Parent company 21.02.15-20.02.16 P&I	M&E	Total	Consolidated accounts 21.02.15-20.02.16 P&I	M&E	Total
Technical result						
Gross premiums						
Gross written premiums	480,126	0	480,126	607,260	266,681	873,941
Change in gross premium reserve	0	0	0	0	23,346	23,346
Earned premiums, gross	**480,126**	**0**	**480,126**	**607,260**	**290,026**	**897,286**
Claims incurred, gross						
Incurred this year	(344,787)	0	(344,787)	(684,025)	(114,009)	(798,034)
Incurred previous years	19,807	0	19,807	91,149	(84,298)	6,851
Total claims incurred, gross	**(324,980)**	**0**	**(324,980)**	**(592,876)**	**(198,307)**	**(791,184)**
Insurance related operating expenses, gross	**(53,898)**	**0**	**(53,898)**	**(57,593)**	**(53,035)**	**(110,628)**
Technical result, gross	**101,249**	**0**	**101,249**	**(43,209)**	**38,684**	**(4,525)**
Reinsurers' share of technical result						
Premiums earned	(309,799)	0	(309,799)	(137,214)	(32,546)	(169,760)
Claims incurred	174,034	0	174,034	240,938	17,987	258,925
Commissions	50,995	0	50,995	7,099	4,423	11,522
Reinsurers' result	**(84,770)**	**0**	**(84,770)**	**110,823**	**(10,137)**	**100,686**
Technical result, net	**16,479**	**0**	**16,479**	**67,614**	**28,548**	**96,161**

Amounts in USD 000's	Parent company As at 20.02.16 P&I	M&E	Total	Consolidated accounts As at 20.02.16 P&I	M&E	Total
Technical provisions gross						
Provisions, at the beginning of the period	(872,805)	0	(872,805)	(1,073,641)	(305,667)	(1,379,308)
Claims paid	317,260	0	317,260	411,716	186,278	597,994
Claims incurred - gross this year	(344,787)	0	(344,787)	(681,971)	(116,063)	(798,034)
Claims incurred - gross previous years	19,807	0	19,807	91,149	(84,298)	6,851
Provisions, at the end of the period	**(880,525)**	**0**	**(880,525)**	**(1,252,748)**	**(319,750)**	**(1,572,498)**
Reinsurers' share of claims provision	463,775	0	463,775	303,277	23,973	327,249
Provisions net, at the end of the period	**(416,750)**	**0**	**(416,750)**	**(949,471)**	**(295,777)**	**(1,245,249)**
Provision for unearned premiums, gross	(0)	0	(0)	0	(133,512)	(133,512)
Reinsurers' share of premium provision	0	0	0	0	5,196	5,196
Provision for unearned premiums, net	**(0)**	**0**	**(0)**	**0**	**(128,316)**	**(128,316)**
The Company is a member of the International Group of P&I clubs.						
Net technical provision regarding Pooling Agreement	73,126	0	73,126	174,478	0	174,478
Provision for outstanding claims						
Technical provision gross	(880,525)	0	(880,525)	(1,252,748)	(319,750)	(1,572,498)
Technical provision net	(416,750)	0	(416,750)	(949,471)	(295,777)	(1,245,249)

GARD P. & I. (BERMUDA) LTD.

Notes to the accounts

Note 6 - Technical result and technical provisions continued

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.

Provided guarantees outside cover, not recognised in the balance sheet, amounts to USD 3.9 million as at 20 February 2016 (USD 4.2 million as at 20 February 2015).

Sensitivity analysis has been performed in order to evaluate how sensitive gross claims reserve is dependent on the actuarial methods applied. The Company applied the following methods: Development factor method, Bornhuetter Ferguson, a priori reduced method and Benktander. Based on these methodologies the gross claim reserve range between USD 1,554 million and USD 1,591 million.

Preparation for the Solvency II legislation has been prioritised in 2015. Solvency II includes new rules for calculating capital requirements and eligible capital, requirements for risk management and reporting requirements for risk- and capital. The regulations came into force from 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 mutual 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 contingency reserve 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 unless changes are made in the legislation facilitating the continuation of the special treatment the Norwegian P&I clubs have had in order to ensure that they operate within the same regulatory and fiscal environment as their competitors abroad. The Gard group together with the other mutual P&I insurer in Norway has had a dialogue with and been involved in the consultation process initiated by the Norwegian Ministry of Finance about these issues. The final regulations are expected to be determined during 2016.

Note 7 - Insurance related expenses and number of staff

Amounts in USD 000's	Parent company 21.02.15 to 20.02.16	Parent company 21.02.14 to 20.02.15	Consolidated accounts 21.02.15 to 20.02.16	Consolidated accounts 21.02.14 to 20.02.15
Acquisition costs and commissions				
Sales related salaries and wages	0	0	19,123	25,160
Other acquisition costs	0	0	17,747	22,270
Insurance intermediary	19,074	19,124	0	0
Agents' commission	31,886	33,678	67,542	74,541
Commission received	(50,995)	(57,770)	(11,522)	(11,639)
Insurance related expenses for own account	**(36)**	**(4,969)**	**92,891**	**110,331**
Number of staff	**0**	**0**	**465**	**449**

Remuneration to Group Leadership Team, Board of Directors and Committees

Amounts in USD 000's	Salary incl. Bonus *	Benefits in kind *	Total	Loan balance
Group Leadership Team				
Rolf Thore Roppestad (CEO)	793	80	873	153
Svein Buvik	378	52	429	0
Svein A. Andersen	260	29	289	110
Bjørnar Andresen	437	51	488	405
Steinar Bye	417	57	473	0
Kristian Dalene	283	27	309	115
Kjetil Eivindstad	358	50	408	134
Christen Guddal	307	51	358	0
Ole Rikard Rønning (from 1.1.2016)	37	5	43	0
Total	**3,270**	**402**	**3,671**	**916**

* All figures are excluding social security cost.

GARD P. & I. (BERMUDA) LTD.

Notes to the accounts

Note 7 - Insurance related expenses and number of staff continued

The table below provides information regarding payments made in the financial year 2016 to members of the Board of Directors within the group. Remuneration relating to the financial year 2016, but not yet paid, is accrued for in the accounts.

				Consolidated accounts
Amounts in USD 000's	Board remuneration	Executive Committee	Audit Committee fee	Total remuneration
Members of the Board of Directors				
Bengt Hermelin (Chairman)	58			58
Kenneth Hvid (Deputy Chairman)	40			40
Salah M. Al-Hareky (Member)	20			20
Ian Beveridge (Member)	20	15	15	50
K. C. Chang (Member)	20			20
Trond Eilertsen	103	25		128
Herbjørn Hansson (Member)	25			25
Morten W. Høegh (Member)	35	15		50
Hans Peter Jebsen (Member)	20			20
Robert E. Johnston (Member)	20			20
Timothy C. Faries	15			15
Carl-Johan Hagman (Member)	20			20
Tadeusz Niszczota (Member)	57	15		72
Halvor Ribe (Member)	20			20
Jane Sy (Member)	42	15		57
Kazuya Uchida (Member)	20			20
Jan-Eyvin Wang (Member)	25			25
Konstaninos Gerapetritis (Member)	20			20
Weng Yew Hor (Member)	20		10	30
Yngvild Asheim (Member)	20			20
Nils Aden (Member)	20			20
Andreas Brachel (Employee representative)	12			12
Anne Glestad Lech (Employee representative)	12			12
Erika Markussen (Employee representative)	2			2
Tom Bent Opsal Nielsen (Employee representative)	10			10
Stephen Knudtzon	22		10	32
Total	**699**	**85**	**35**	**819**

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

The CEO has a remuneration guarantee that comes into force if the Board should ask him to leave his position. The remuneration guarantee gives him 12 months' salary in addition to a contractual six months' notice period.

The majority of the Group Leadership Team and certain key personnel have a pension scheme that gives them the right to retire at 60 years of age and covers income included and above 12 times the base amount (see note 20 for definition of base amount). The full pension requires a thirty year accrual period in Gard, or it will be reduced accordingly. The accounting expense for the pension benefits earned in the period are for Roppestad (USD 0.4 million), Buvik (USD 0.3 million), Andresen (USD 0.2 million), Bye (USD 0.2 million), Dalene (0.05 million), Eivindstad (USD 0.2 million), Guddal (USD 0.2 million) and Rønning (USD 0.01 million).

The Company has given a bonus promise to all employees within the group including the CEO. A bonus will be paid if predefined targets are met. The bonus will be paid through the companies where the employees work and refunded by the Company. A maximum possible bonus is 20 per cent of gross salary. A bonus of 20 per cent of gross salary will be paid for the year to 20.02.16.

GARD P. & I. (BERMUDA) LTD.

Notes to the accounts

Note 7 - Insurance related expenses and number of staff continued

Remuneration auditor

Amounts in USD 000's	Parent company 21.02.15 to 20.02.16	Parent company 21.02.14 to 20.02.15	Consolidated accounts 21.02.15 to 20.02.16	Consolidated accounts 21.02.14 to 20.02.15
Auditing fee	283	269	1,144	994
Tax advising	51	163	133	229
Non audit services	11	0	84	17
Total auditors' fee	**345**	**432**	**1,362**	**1,240**

Net operating expenses

Amounts in USD 000's	Parent company 21.02.15 to 20.02.16	Parent company 21.02.14 to 20.02.15	Consolidated accounts 21.02.15 to 20.02.16	Consolidated accounts 21.02.14 to 20.02.15
Bad debt	194	237	3,234	50
Service cost	60,478	74,247	0	0
Allocated to claims handling and acquisition costs	(60,634)	(71,015)	0	0
Other operating expenses	2,901	2,468	3,326	2,013
Other insurance related expenses	**2,938**	**5,937**	**6,559**	**2,063**

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

Average Expense Ratio (AER) - P&I

In accordance with Schedule 3 of the International Group Agreement 1999 the group is required to disclose the AER for the group's P&I business for the five years ended 20 February 2016. The ratio of 11.83 per cent (11.4 per cent last year) has been calculated in accordance with the Schedule and the guidelines issued by the International Group and is consistent with the relevant financial statements.

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

Note 8 - Financial income and expenses

Amounts in USD 000's	Parent company 21.02.15 to 20.02.16	Parent company 21.02.14 to 20.02.15	Consolidated accounts 21.02.15 to 20.02.16	Consolidated accounts 21.02.14 to 20.02.15
Interest and similar income				
Interest income	144	191	148	1,700
Income from financial instruments held for trading (portfolio investments)	15,590	13,845	45,392	52,400
Foreign exchange gains/(losses)	(11,808)	(9,329)	(30,014)	(16,412)
Total interest and similar income	**3,926**	**4,707**	**15,526**	**37,688**

GARD P. & I. (BERMUDA) LTD.

Notes to the accounts

Note 9 - Tax

Amounts in USD 000's	Parent company 21.02.15 to 20.02.16	Parent company 21.02.14 to 20.02.15	Consolidated account 21.02.15 to 20.02.16	Consolidated account 21.02.14 to 20.02.15
Basis for income tax expense, changes in deferred tax and tax payable				
Gross earned premiums as basis for taxable income (3 per cent of revenue) *	12,442	13,914	18,903	22,578
Total result as basis for tax calculation	411	0	9,846	14,217
Basis for calculating tax	**12,853**	**13,914**	**28,749**	**36,795**
Permanent differences	0	0	14,180	31,274
Pension charged directly to equity	0	0	22,348	(22,029)
Basis for the tax expense for the year	**12,853**	**13,914**	**65,277**	**68,069**
Change in temporary differences	0	0	(50,926)	24,986
Basis for payable taxes in the income statement	**12,853**	**13,914**	**14,351**	**93,055**
Tax losses carried forward	0	0	9,482	0
Taxable income (basis for payable taxes in the balance sheet)	**12,853**	**13,914**	**23,833**	**93,055**
Income tax expenses				
Tax payable	2,922	3,676	6,439	12,210
Change in deferred tax	0	0	3,792	(8,042)
Paid foreign withheld tax	0	665	0	1,953
Tax expenses ordinary result	**2,922**	**4,341**	**10,230**	**6,120**
Income tax payable				
Tax at the beginning of the period	5,267	5,410	15,397	13,012
Tax payable related to the period	2,922	4,341	10,230	12,210
Tax paid during the period	(3,082)	(4,483)	(9,892)	(11,873)
Exchange adjustments	(254)	(1)	(5,701)	2,048
Tax payable at the end of the period	**4,853**	**5,267**	**10,034**	**15,397**
Deferred tax asset				
Specification of tax effect resulting from temporary differences				
Pension obligations	0	0	26,128	87,111
Equipment	0	0	1,211	1,158
Tax loss carried forward	0	0	20,766	0
Deferred tax carried forward from earlier years	0	0	441	0
Other temporary differences	0	0	2,128	593
Total temporary differences	**0**	**0**	**50,673**	**88,862**
Deferred tax asset, 25 per cent of total temporary differences **	0	0	12,668	23,993

A deferred tax asset regarding Norwegian companies has in the consolidated accounts been recorded in the balance sheet because it is likely to be used in the future. One subsidiary has a net deferred tax asset as at 20.02.16 amounting to USD 12.4 million (20.02.15 USD 21.8 million) that is not included in the recorded amount above as it is not likely to be utilised in the future.

As a company organised under the laws of Bermuda, the Parent company is not subject to taxation in Bermuda, as Bermuda does not impose taxation on receipts, dividends, capital gains, gifts or net income. In the event that such taxes are levied, the Parent company has received an assurance from the Bermuda government to be exempted from all such taxes until 28 March 2035.

* The Norwegian branches are liable to pay income tax based on gross earned premiums (three per cent); see note 2.7.
** 27 per cent tax for the period 21.02.14 to 20.02.15 (reduction in Norwegian tax rate from 27 per cent to 25 per cent as of 01.01.16)

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

Note 9 - Tax continued

Amounts in USD 000's	Parent company 21.02.15 to 20.02.16	Parent company 21.02.14 to 20.02.15	Consolidated accounts 21.02.15 to 20.02.16	Consolidated accounts 21.02.14 to 20.02.15
Reconciliation of the tax expense				
Basis for calculating tax	12,853	13,914	23,833	93,055
Calculated tax 25 per cent	**3,213**	**3,757**	**5,958**	**25,125**
Tax expense	2,922	4,341	10,230	6,120
Difference	**292**	**(584)**	**(4,272)**	**19,004**
The difference consist of:				
Change in deferred tax due to change in tax rate *	0	0	(1,609)	0
Differences related to different basis of calculation	67	0	120	0
Changes in temporary differences not subject to deferred tax	0	0	61	0
Differences related to different tax rates within the group	0	0	(5)	0
Other differences	225	(584)	(2,839)	19,004
Sum explained differences	**292**	**(584)**	**(4,272)**	**19,004**

* 27 per cent tax for the period 21.02.14 to 20.02.15 (reduction in Norwegian tax rate from 27 per cent to 25 per cent as of 01.01.16)

Tax audit

A subsidiary had a tax audit in 2013 and the Norwegian tax authorities made some observations and remarks some of which have subsequently been accepted. Necessary adjustments have been made in the 2014 and 2015 tax and financial accounts to reflect the cost and correct the errors made.

One outstanding issue relates to the write down of the failed project for development of a new insurance production system back in 2013. The tax authorities is of the opinion that the write down should have been invoiced to the principals including a mark up of 5 per cent. The write down amounted to NOK 112 million (USD 13.0 million). The tax effect would be NOK 32 million (USD 3.7 million) plus interest and a potential penalty tax.

Gard is of the opinion that the failed project did not represent any value to the principals as the system could not be used in the daily operation of the business of the subsidiary. For that reason there was no legal basis for invoicing these costs to the principals. External lawyers have been consulted on the tax issue and they have confirmed that they share the view of the subsidiary. Against this background, the subsidiary has not made any provision in the accounts for the year to 20 February 2016 for a potential tax liability relating to the write down of the failed IT project.

Note 10 - Intangible assets

Amounts in USD 000's	Consolidated accounts As at 20.02.16	Consolidated accounts As at 20.02.15
Developed software at cost		
Costs at the beginning of the year	8,422	9,509
Net additions/(disposals)	611	877
Exchange adjustments	(1,068)	(1,964)
Costs at the end of the year	**7,965**	**8,422**
Depreciation and impairment at the beginning of the year	6,084	7,188
Depreciation	421	348
Exchange adjustments	(772)	(1,452)
Depreciation at the end of the year	**5,733**	**6,084**
Net book value at the end of year	**2,231**	**2,338**
Amortisation period		3-5 years
Amortisation type		linear

GARD P. & I. (BERMUDA) LTD.

Notes to the accounts

Note 11 - Property and plant used in operation

			Consolidated accounts
	Real estate	Property, plant	Total
	As at	As at	As at
Amounts in USD 000's	20.02.16	20.02.16	20.02.16
Costs at the beginning of the year	22,507	16,109	38,616
Net additions/(disposals)	0	372	372
Exchange adjustments	(2,623)	(1,992)	(4,615)
Costs at the end of the year	**19,883**	**14,489**	**34,373**
Depreciation at the beginning of the year	6,117	3,452	9,569
Depreciation charge for the year	363	251	614
Exchange adjustments	(590)	(506)	(1,096)
Depreciation at the end of the year	**5,891**	**3,197**	**9,087**
Net book value at the end of the year	**13,993**	**11,292**	**25,285**

			Consolidated accounts
	Real estate	Property, plant	Total
	As at	As at	As at
Amounts in USD 000's	20.02.15	20.02.15	20.02.15
Costs at the beginning of the year	26,017	18,324	44,341
Re-classification	1,026	(1,172)	(146)
Net additions/(disposals)	366	851	1,217
Exchange adjustments	(4,902)	(1,894)	(6,796)
Costs at the end of the year	**22,507**	**16,109**	**38,616**
Depreciation at the beginning of the year	7,052	1,946	8,998
Re-classification	(29)	427	398
Depreciation charge for the year	464	434	898
Impairment	0	1,240	1,240
Exchange adjustments	(1,370)	(595)	(1,964)
Depreciation at the end of the year	**6,117**	**3,452**	**9,569**
Net book value at the end of the year	**16,389**	**12,657**	**29,047**
Amortisation period	67 years	5-20 years	
Amortisation type	linear	linear	

Rent included in the consolidated accounts is charged to the income statement in the period the offices are used. Any remaining rental liabilities are not included in the balance sheet. Rental liabilities amount to USD 11.9 million as at balance sheet date (USD 10.8 million last year). Total costs regarding rent in the consolidated account amounts to USD 4.1 million (USD 4.6 million last year).

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

Note 12 - Equipment

Amounts in USD 000's	Parent company Art As at 20.02.16	Art	Equipment	Consolidated accounts Total As at 20.02.16
Acquisition costs at the beginning of the year	1,356	4,383	14,348	18,731
Net additions/(disposals)	0	0	1,089	1,089
Exchange adjustments	0	0	(1,428)	(1,428)
Costs at the end of the year	**1,356**	**4,383**	**14,009**	**18,392**
Depreciation at the beginning of the year	625	1,370	9,743	11,113
Depreciation charge for the year	0	0	2,073	2,073
Exchange adjustments	0	7	(1,134)	(1,127)
Depreciation at the end of the year	**625**	**1,377**	**10,682**	**12,059**
Net book value at the end of the year	**731**	**3,006**	**3,327**	**6,333**

Amounts in USD 000's	Parent company Art As at 20.02.15	Art	Equipment	Consolidated accounts Total As at 20.02.15
Acquisition costs at the beginning of the year	1,356	4,392	19,549	23,941
Re-classification	0	(9)	(3,837)	(3,846)
Net additions/(disposals)	0	0	1,352	1,352
Exchange adjustments	0	0	(2,716)	(2,716)
Costs at the end of the year	**1,356**	**4,383**	**14,348**	**18,731**
Depreciation at the beginning of the year	375	375	14,279	14,654
Re-classification	0	0	(4,390)	(4,390)
Depreciation charge for the year	0	0	1,677	1,677
Impairment	250	995	0	995
Exchange adjustments	0	0	(1,823)	(1,823)
Depreciation at the end of the year	**625**	**1,370**	**9,743**	**11,113**
Net book value at the end of the year	**731**	**3,013**	**4,605**	**7,618**
Amortisation period			3-5 years	
Amortisation type			linear	

Note 13 - Investments in subsidiaries

Amounts in USD 000's	Ownership	Voting share	Place of office		Share capital	Cost price USD As at 20.02.16
AS Assuransegården	100%	100%	Norway	NOK	22,220	21,095
Gard AS	100%	100%	Norway	NOK	30,000	70,932
Gard Marine & Energy Limited	100%	100%	Bermuda	USD	190,000	197,737
Gard Reinsurance Co Ltd	100%	100%	Bermuda	USD	150,000	295,000
Hydra Insurance Company Ltd. (Gard's cell)	100%	100%	Bermuda	USD	7,698	7,698
Lingard Limited	100%	100%	Bermuda	USD	900	900
Safeguard Guarantee Company Ltd.	100%	100%	Bermuda	USD	300	3,926
Total						**597,289**

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

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

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

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

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

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

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

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
* The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value;
* Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

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

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

				Parent company				Parent company
				As at 20.02.16				As at 20.02.15
Amounts in USD 000's	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial investments								
Equities and investment funds	198,771	34,384	15,267	248,422	234,914	36,895	18,790	290,599
Bonds	183,221	134,059	14,653	331,933	82,873	118,944	8,594	210,410
Financial derivative assets	0	7,596	0	7,596	0	12,971	0	12,971
Cash incl. in other financial investments	22,562	0	0	22,562	53,372	40	0	53,412
Other financial investments	55,366	428	0	55,793	24,909	4,117	0	29,027
Total financial investments	**459,919**	**176,467**	**29,921**	**666,306**	**396,068**	**172,968**	**27,383**	**596,419**

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

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

Amounts in USD 000's	Level 1	Level 2	Level 3	Parent company As at 20.02.16 Total	Level 1	Level 2	Level 3	Parent company As at 20.02.15 Total
Financial liabilities								
Financial derivative liabilities	0	4,679	0	4,679	0	7,874	0	7,874
Financial liabilities incl. in Other payables	43,447	796	0	44,243	11,831	0	0	11,831
Total financial liabilities	**43,447**	**5,475**	**0**	**48,922**	**11,831**	**7,874**	**0**	**19,705**

Amounts in USD 000's	Level 1	Level 2	Level 3	Consolidated accounts As at 20.02.16 Total	Level 1	Level 2	Level 3	Consolidated accounts As at 20.02.15 Total
Financial investments								
Equities and investment funds	481,262	368,018	43,527	892,807	565,573	362,038	43,500	971,111
Bonds	651,606	406,180	43,885	1,101,671	396,673	561,591	34,684	992,949
Financial derivative assets	0	15,839	0	15,839	0	25,479	0	25,479
Cash incl. in other financial investments	57,826	0	0	57,826	99,314	410	0	99,723
Other financial investments	102,956	429	0	103,385	49,442	4,164	0	53,606
Total financial investments	**1,293,650**	**790,466**	**87,412**	**2,171,528**	**1,111,002**	**953,681**	**78,184**	**2,142,867**
Financial liabilities								
Financial derivative liabilities	0	19,297	0	19,297	0	11,492	0	11,492
Financial liabilities incl. in Other payables	117,387	2,212	0	119,599	39,717	0	0	39,717
Total financial liabilities	**117,387**	**21,510**	**0**	**138,896**	**39,717**	**11,492**	**0**	**51,209**

Note 15 - 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 capitalisation) 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 regulary, managed proactively, monitored regulary 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"). Gard is a high capacity provider of risk mitigation products and services to industrial customers. While parts of Gard's portfolio are high frequency and low severity, many of the covers provided by Gard 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, real estate risk, and active management risk.

GARD P. & I. (BERMUDA) LTD.

Notes to the accounts

Note 15 - Financial risk continued

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 table 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.

Credit risk exposure in balance sheet

	Parent company		Consolidated accounts	
Amounts in USD 000's	As at 20.02.16	As at 20.02.15	As at 20.02.16	As at 20.02.15
Bonds				
AAA	103,477	86,323	423,925	433,623
AA	65,032	11,725	180,838	42,268
A	59,864	37,280	173,338	145,791
BBB	81,294	63,192	256,377	321,246
BB	15,280	7,735	47,261	31,927
B	5,973	3,213	17,140	12,241
CCC/lower	1,013	713	2,793	2,589
Not rated	0	230	0	3,263
Total bonds	**331,933**	**210,410**	**1,101,671**	**992,949**
Financial derivative assets				
A	7,596	12,971	15,839	25,479
Total financial derivative assets	**7,596**	**12,971**	**15,839**	**25,479**
Cash included in other financial investments				
AAA	0	5,764	0	5,764
AA	0	2,234	0	8,113
A	22,562	45,414	57,825	85,847
Sum cash included in other financial investments	**22,562**	**53,412**	**57,825**	**99,724**
Other financial investments				
A	55,793	29,027	103,384	53,606
Total other financial investments	**55,793**	**29,027**	**103,384**	**53,606**
Reinsurers`share of gross claim reserve				
AA	17,068	0	79,070	0
A	68,062	107,500	205,852	97,498
BBB	13,047	13,211	41,491	30,928
Not rated	365,598	315,757	836	0
Total reinsurers' share of gross claim reserve	**463,775**	**436,467**	**327,249**	**128,425**

GARD P. & I. (BERMUDA) LTD.

Notes to the accounts

Note 15 - Financial risk continued

Amounts in USD 000's	Parent company As at 20.02.16	Parent company As at 20.02.15	Consolidated accounts As at 20.02.16	Consolidated accounts As at 20.02.15
Receivables				
A	13,888	27,601	7,158	12,964
BBB	3,615	5,793	4,474	6,835
Not rated	45,719	51,535	223,539	237,186
Total receivables	**63,223**	**84,929**	**235,170**	**256,985**
Cash and cash equivalents				
AA	68,642	12,648	171,725	79,973
A	0	0	932	16,111
BBB	23	23	1,894	1,212
CCC	0	0	0	76
Not rated	0	3,175	21	3,769
Total cash and cash equivalents	**68,665**	**15,846**	**174,572**	**101,141**
Other financial assets presented in balance sheet*				
AAA	0	5,402	0	20,520
A	6,005	0	20,084	0
Not rated	27,950	21,397	0	0
Total other financial assets presented in balance sheet	**33,955**	**26,799**	**20,084**	**20,520**

*Includes loan to subsidiaries and other financial assets

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 programme, 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 real estate 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.

GARD P. & I. (BERMUDA) LTD.

Notes to the accounts

Note 15 - Financial risk continued

Currency split balance sheet

Amounts in USD 000's	Parent company As at 20.02.16	Parent company As at 20.02.15	Consolidated accounts As at 20.02.16	Consolidated accounts As at 20.02.15
Assets				
USD	1,510,371	1,305,572	2,428,104	2,044,959
EUR	100,116	155,590	138,117	161,299
GBP	65,696	60,339	84,828	103,872
Other	221,529	267,684	361,887	437,156
Total assets	**1,897,710**	**1,789,185**	**3,012,936**	**2,747,286**
Equity and liabilities				
USD	1,645,804	1,377,298	2,427,809	1,915,401
EUR	100,052	164,813	138,117	289,938
GBP	95,616	98,619	84,819	174,750
Other	56,238	148,455	362,190	367,197
Total equity and liabilities	**1,897,710**	**1,789,185**	**3,012,936**	**2,747,286**
Net asset exposure				
USD	(135,434)	(71,726)	294	129,558
EUR	64	(9,223)	0	(128,639)
GBP	(29,920)	(38,280)	9	(70,878)
Other	165,291	119,229	(303)	69,958
Net exposure in %				
USD	-7%	-4%	0%	5%
EUR	0%	-1%	0%	-5%
GBP	-2%	-2%	0%	-3%
Other	9%	7%	0%	3%

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.

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

Note 15 - Financial risk continued

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. The risk is mitigated through a credit facility with Nordea Bank Norge ASA and a cash pool agreement between Gard P. & I. (Bermuda) Ltd., Gard Marine & Energy Limited, Gard AS and AS Assuransegården improves access to liquidity across the legal entities.

Age analysis of receivables after provision for bad debt

	Parent company		Consolidated accounts	
Amounts in USD 000's	As at 20.02.16	As at 20.02.15	As at 20.02.16	As at 20.02.15
Not due	59,411	78,640	207,783	237,179
0-60 days	1,020	106	13,940	9,515
61-90 days	1,668	3,326	5,482	4,499
Above 90 days	1,123	2,857	7,965	5,791
Total	**63,223**	**84,929**	**235,170**	**256,985**

Impaired receivables
As at 20.02.16 there are impaired receivables in the parent company of USD 1.7 million (20.02.15 USD 1.7 million) and there are impaired receivables in the consolidated accounts of USD 6.7 million (20.02.15 USD 6.8 million), related to past due. No collateral is held as security for the impaired receivables, but the receivables can be deducted from future claim payments if any. Impairment allowance is included in net operating expenses.

Analysis of provision for bad debt

	Parent company		Consolidated accounts	
Amounts in USD 000's	As at 20.02.16	As at 20.02.15	As at 20.02.16	As at 20.02.15
Balance as at the beginning of the period	1,703	1,888	6,837	7,250
Provision for receivables impairment	13	338	64	1,664
Receivables written off during the year as uncollectable	(252)	(474)	(3,297)	(1,316)
Unused amounts reversed	169	(49)	3,045	(761)
Exchange adjustment	58	0	70	0
Balance as at the end of the period	**1,691**	**1,703**	**6,719**	**6,837**

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

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

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

Amounts in USD 000's	Within 1 year	1-5 years	More than 5 years	No maturity date	Parent company As at 20.02.16 Total
Income tax payable	4,853	0	0	0	4,853
Payables and accruals	64,681	0	0	0	64,681
Other payables	68,469	0	0	0	68,469

GARD P. & I. (BERMUDA) LTD.

Notes to the accounts

Note 15 - Financial risk continued

Amounts in USD 000's	Within 1 year	1-5 years	More than 5 years	No maturity date	Parent company As at 20.02.15 Total
Income tax payable	5,539	0	0	0	5,539
Payables and accruals	33,849	0	0	0	33,849
Other payables	24,793	0	0	0	24,793

Amounts in USD 000's	Within 1 year	1-5 years	More than 5 years	No maturity date	Consolidated accounts As at 20.02.16 Total
Income tax payable	10,034	0	0	0	10,034
Payables and accruals	61,265	0	0	0	61,265
Other payables	168,590	0	0	0	168,590

Amounts in USD 000's	Within 1 year	1-5 years	More than 5 years	No maturity date	Consolidated accounts As at 20.02.15 Total
Income tax payable	15,397	0	0	0	15,397
Payables and accruals	56,935	0	0	0	56,935
Other payables	65,931	0	0	0	65,931

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 include common stocks and an adjustment for a derivative overlay programme. Equity market exposure is sold out through equity index future derivaties 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 20.02.16				Parent company As at 20.02.16
Financial investments		Equity	Fixed Income	Real Estate	Other
Equities and investment funds	248,422	208,359	14,764	25,298	0
Bonds	331,933	0	331,933	0	0
Financial derivative assets *	7,596	(117,465)	120,787	0	4,274
Other financial investments **	78,355	4,394	0	0	73,961
Total financial investments	**666,306**	**95,288**	**467,485**	**25,298**	**78,235**
Financial liabilities					
Financial derivative liabilities	4,679	0	1,574	0	3,105
Financial liabilities included in Other payables	44,243	0	0	0	44,243
Total financial liabilities	**48,922**	**0**	**1,574**	**0**	**47,348**
Net financial investments	**617,384**	**95,288**	**465,911**	**25,298**	**30,887**
Net per cent	**100%**	**15%**	**75%**	**4%**	**5%**

Note

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

15 - Financial risk continued

Amounts in USD 000's	Fair value 20.02.16				Consolidated accounts As at 20.02.16
Financial investments		Equity	Fixed Income	Real Estate	Other
Equities and investment funds	892,807	491,007	335,878	65,922	0
Bonds	1,101,671	0	1,101,671	0	0
Financial derivative assets	15,839	(195,617)	203,074	0	8,382
Other financial investments	161,211	4,453	0	0	156,758
Total financial investments	**2,171,528**	**299,842**	**1,640,624**	**65,922**	**165,140**
Financial liabilities					
Financial derivative liabilities	19,297	0	4,309	0	14,988
Financial liabilities included in Other payables	119,599	0	0	0	119,599
Total financial liabilities	138,896	0	4,309	0	134,587
Net financial investments	2,032,632	299,842	1,636,315	65,922	30,553
Net per cent	100%	15%	81%	3%	2%

* The asset allocation for financial deriviative assets are stated at their notional values (note 16)

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

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	Parent company As at 20.02.16	Parent company As at 20.02.15	Consolidated accounts As at 20.02.16	Consolidated accounts As at 20.02.15
Impact on fixed income portfolio investments given an increase of 50 basis points	(9,657)	(6,265)	(26,705)	(22,360)
Impact on equity portfolio given a 10 per cent drop in quoted market prices	(12,059)	(13,008)	(36,576)	(40,985)
Impact on total investment portfolio given a change of 10 per cent in foreign exchange rates against USD	(7,031)	(28,449)	(29,193)	(73,475)

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

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

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

Note 15 - Financial risk continued

Impact of changes to presentation

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

Amounts in USD 000's	Parent company Reported As at 20.02.15	Parent company Earlier reported As at 20.02.15	Consolidated accounts Reported As at 20.02.15	Consolidated accounts Earlier reported As at 20.02.15
Financial investments				
Equities and investment funds	290,599	154,598	971,111	744,036
Bonds	210,410	387,187	992,949	1,290,882
Financial derivative assets	12,971	12,971	25,479	25,478
Other financial investments	82,439	40,227	153,329	74,267
Total financial investments	**596,419**	**594,983**	**2,142,868**	**2,134,663**
Prepayments and accrued income				
Accrued income and other prepayments	4,611	5,822	30,448	36,979
Total prepayments and accrued income	**4,611**	**5,822**	**30,448**	**36,979**
Financial liabilities				
Financial derivative liabilities	7,874	7,874	11,492	11,492
Financial liabilities included in Other payables	24,793	24,569	65,931	64,255
Total financial liabilities	**32,668**	**32,443**	**77,423**	**75,747**

Note 16 - Financial derivatives at fair value through profit or loss

Financial derivatives

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

Investment guidelines

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

The aggregate economic exposure of the group's investment portfolio may not exceed 100 per cent of the portfolio's market value, i.e. there must be no leverage or gearing of any nature whatsoever of the portfolio.

Compliance monitoring

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

Valuation and reporting

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

GARD P. & I. (BERMUDA) LTD.

Notes to the accounts

Note 16 - Financial derivatives at fair value through profit or loss

Types of financial derivatives used during the financial year

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

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

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

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

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

				Parent company
Amounts in USD 000's	Notional 20.02.16	Notional 20.02.15	Fair value 20.02.16	Fair value 20.02.15
Type of derivatives				
Interest rate related				
Futures	39,565	68,406	0	0
Options	6,106	8,050	(37)	(27)
Swaps	252,281	250,791	1,785	2,168
Net interest rate related	**297,953**	**327,247**	**1,748**	**2,141**
Equity related contracts				
Futures	117,657	143,385	0	0
Net equity related	**117,657**	**143,385**	**0**	**0**
Foreign currency related				
Forward foreign exchange contracts	496,514	447,174	1,169	2,955
Net foreign currency related	**496,514**	**447,174**	**1,169**	**2,955**
Net financial derivative assets/liabilities			**2,917**	**5,096**
Financial derivative assets			7,596	12,971
Financial derivative liabilities			(4,679)	(7,874)
Net financial derivative assets/liabilities			**2,917**	**5,096**

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

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

Amounts in USD 000's	Notional 20.02.16	Notional 20.02.15	Consolidated accounts Fair value 20.02.16	Fair value 20.02.15
Type of derivatives				
Interest rate related				
Futures	92,565	124,131	0	0
Options	16,837	29,368	(103)	(98)
Swaps	623,810	538,704	3,250	3,539
Net interest rate related	**733,213**	**692,202**	**3,147**	**3,442**
Equity related contracts				
Futures	196,575	235,848	0	0
Net equity related	**196,575**	**235,848**	**0**	**0**
Foreign currency related				
Forward foreign exchange contracts	997,052	933,546	(6,606)	10,545
Net foreign currency related	**997,052**	**933,546**	**(6,606)**	**10,545**
Net financial derivative assets/liabilities			**(3,459)**	**13,986**
Financial derivative assets			15,839	25,479
Financial derivative liabilities			(19,297)	(11,492)
Net financial derivative assets/liabilities			**(3,459)**	**13,987**

Note 17 - Receivables from direct insurance operations

Amounts in USD 000's	As at 20.02.16	Parent company As at 20.02.15	As at 20.02.16	Consolidated accounts As at 20.02.15
Direct and received premium	16,660	27,525	27,862	38,369
Direct and received premium through broker	0	0	78,609	88,651
Accrued deferred call	40,149	41,917	55,394	53,408
Not closed premium	0	0	21,390	24,070
Claims related debtors, co-insurers	0	0	28,784	19,236
Provision for bad debts	(1,691)	(1,703)	(6,719)	(6,837)
Receivables from direct insurance operations	**55,119**	**67,739**	**205,321**	**216,897**

Note 18 - Other receivables and other payables

Amounts in USD 000's	As at 20.02.16	Parent company As at 20.02.15	As at 20.02.16	Consolidated accounts As at 20.02.15
Other receivables				
Other receivables	0	0	1,211	1,789
Loan to employees	0	0	28,639	38,299
Total other receivables	**0**	**0**	**29,850**	**40,088**
Other payables				
Other payables	24,304	12,962	49,831	26,215
Investment transactions in progress *	44,166	11,831	118,758	39,717
Total other payables	**68,469**	**24,793**	**168,590**	**65,931**

* 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.

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

Note 19 - Cash and cash equivalents

Cash and cash equivalents includes restricted cash amounting to USD 43.6 million as at 20.02.16. The Company has a group account agreement and participates in a cash pool agreement. Both agreements are made with the Company's main bank, Nordea Bank Norge ASA. The group account agreement implies that the Company can make overdrafts on individual bank accounts as long as the Company's total bank deposit is positive.

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

Note 20 - Pensions

The Company has entered into pension contracts with some former and current employees. These contracts are mainly financed directly through the Company's operations. The subsidiaries have entered into various pension plans with both former and present employees.

The Company has collective pension agreements in place in accordance to the Norwegian Pension Act. As of 31 December 2015 the defined benefit plan was terminated for active employees, with the option for employees born in or before 1954 to remain in the previous defined benefit plan. All other active employees has been transferred to a defined contribution plan with effect of 1 January 2016, with contributions levels of 7 per cent from 0 – 12 G, and an additional 18.1 per cent from 7.1 – 12 G. G is a base rate used as the basis for calculating benefits. G is adjusted annually and is approved each year by the Norwegian parliament. The last time G was updated was May 2015. As of 20 February 2016 G equals NOK 90,068 (USD 10,489). Retired and disabled employees are not subject to change and remain in the defined benefit plan. A paid-up policy is issued by Storebrand Livsforsikring AS for employees transferred from the terminated defined benefit plan to the new defined contribution plan. In additional an independent calculation has been conducted and a one-time compensation has been paid out in January 2016. This compensation is a voluntary compensation from the Company, recognising the effect of the transition for some employees and a wish to compensate them. Payments to the pension contribution agreements are charged to the same accounts in the same period as the related salaries.

All employees hired after February 2009 were already in the defined contribution plan, and will be comprised by the new levels in the defined contribution scheme. The contribution plan as of 1 January covers a total of 309 employees, including 5 of the employees who made the active choice to be transferred. In the defined contribution plan 1 employee is disabled.

In regards of the defined benefit plan 22 employees born 1954 or earlier remain active members as well totally 82 retired and disabled employees.

In addition all employees can apply for a tariff based lifelong retirement pension (AFP) which the employee may draw from the age of 62 until the age of 70 years. The AFP pension is partially financed by the Company.

The pension scheme for the Group Leadership Team, which provides coverage for an amount over and above 12 times the base amount as well as early retirement, is secured by an agreement with Norsk Tillitsmann Pensjon/Nordic Trustee. The obligation is secured through a pledge deposit on a bank account owned by Gard AS.

For defined benefit related pension plans actuarial calculations are made with regard to pension commitments and funds at the year end and resulting changes in pension obligations are charged to the income statement and other comprehensive income. Pension cost and pension liability have been accounted for in accordance with IAS19.

GARD P. & I. (BERMUDA) LTD.

Notes to the accounts

Note 20 - Pensions continued

Pension cost and pension liability has been accounted for in accordance with IAS19.

	Parent company		Consolidated accounts	
Amounts in USD 000's	As at 20.02.16	As at 20.02.15	As at 20.02.16	As at 20.02.15
Pension cost				
Defined benefit pension plans				
Pension benefits earned during the year	68	(34)	7,605	6,732
Interest expense on earned pension	40	43	3,193	4,424
Settlement/curtailment	0	0	(9,328)	0
Yield on pension funds	0	0	(1,339)	(2,053)
Past service cost	0	0	(26,453)	0
Net pension costs earning related plan	**108**	**10**	**(26,322)**	**9,104**
Defined contribution pension plan	**0**	**0**	**49,190**	**4,141**
Total pension cost charged to Income statement	**108**	**10**	**22,868**	**13,245**
Changes in pension assumptions charged to Other comprehensive income	**(339)**	**(82)**	**(16,853)**	**25,868**
Liabilities according to the actuarial calculations				
Pension obligation gross	(1,686)	(2,006)	(58,159)	(157,963)
Pension funds at market value	724	660	28,112	65,648
Net pension obligation at end of year	**(962)**	**(1,346)**	**(30,047)**	**(92,315)**
Changes in pension funds at market value				
Fair value of assets beginning of year	660	687	65,648	65,621
Exchange differences	(8)	(150)	(8,022)	(6,653)
Expected return on plan assets	17	23	1,293	2,053
Settlement	0	0	(31,107)	0
Actuarial gains or losses	(4)	37	(1,249)	2,066
Employer contribution	60	66	2,880	3,974
Benefits paid	(2)	(2)	(1,331)	(1,413)
Fair value of assets at end of year	**724**	**660**	**28,112**	**65,648**
Financial assumptions	Per cent	Per cent	Per cent	Per cent
Discount rate	2.70	2.30	2.70	2.30
Assumed annual salary regulation	2.50	3.25	2.50	3.25
Assumed pension increase	1.50	1.50	1.50	1.50
Assumed regulations of public pensions	2.25	2.50	2.25	2.50
Assumed yield on funds	2.70	2.30	2.70	2.30
Actual yield on funds	3.90	5.39	3.90	5.39

Note 21 - Statutory reserve

Gard P. & I. (Bermuda) Ltd. is registered under and regulated by the Insurance Act 1978 and the regulations. Under these regulations the Company is required to maintain USD 462,500 in statutory capital and surplus. The Company is under the supervision of the Bermuda Monetary Authority (BMA) and has to be in compliance with a set of regulatory requirements. All regulatory requirements are complied with as at 20 February 2016.

GARD P. & I. (BERMUDA) LTD.

Notes to the accounts

Note 22 - Changes in contingency reserve

	Parent company		Consolidated accounts	
Amounts in USD 000's	As at 20.02.16	As at 20.02.15	As at 20.02.16	As at 20.02.15
Contingency reserve as at the beginning of the year, as restated	**842,768**	**821,914**	**968,590**	**919,109**
Change in contingency reserve	30,310	20,854	48,107	49,481
Contingency reserve as at the end of the year	**873,079**	**842,768**	**1,016,697**	**968,590**

AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Gard P. & I. (Bermuda) Ltd., which comprise the financial statements of the parent company and the financial statements of the group. The financial statements of the parent company and the financial statement of the group comprise the balance sheet as at February 20, 2016 and the statement of comprehensive income and cash flow analysis for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Board of Directors and the Chief Executive Officer's responsibility for the financial statements

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the 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 present fairly, in all material respects, the financial position of the parent company and the group Gard P. & I. (Bermuda) Ltd. as at February 20, 2016, and its financial performance and its cash flows for the year then ended in accordance with the "Regulations for Annual Accounts for Insurance Companies" approved by the Norwegian Ministry of Finance.

PricewaterhouseCoopers Ltd.
Hamilton, Bermuda
May 9, 2014

NOTICE OF AGM

NOTICE IS HEREBY GIVEN that the 2016 Annual General Meeting of Gard P. & I. (Bermuda) Ltd. (the "Company") will be held on Wednesday, 22 June, 2016 at the offices of its Manager, Lingard Limited, Trott & Duncan Building, 17A Brunswick Street, Hamilton HM 10, Bermuda at 12:00 noon or as soon thereafter as possible, for the following purposes:

AGENDA

1. To appoint a Chairman and a Secretary of the Meeting.
2. To read the Notice calling the Meeting and to confirm that a quorum is present.
3. To consider the Minutes of the 2015 Annual General Meeting of the Company held on 24 June, 2015.
4. To consider and approve amendments to the Company's Bye-Laws as recommended by the Board of Directors.
5. To receive the Auditor's report and Financial Statements for the year ended 20 February 2016.
6. a) To elect Directors and Alternate Directors;

   b) To authorise the Directors to fill any vacancies on the Board;

   c) To authorise the Directors to appoint Alternate Directors; and

   d) To determine the remuneration of the Directors and the Alternate Directors.
7. To elect members of the Election Committee.
8. To appoint Auditors for the financial year to 20 February, 2017.
9. To ratify and confirm the actions of the Directors and Officers of the company in relation to the Company duties.

By order of the Board of Directors,
9 May, 2016

Graham W. Everard
Secretary

KEY FINANCIALS GARD GROUP
2007 - 2016

Amounts in USD millions, ETC basis	2007	2008	2009	2010	2011	2012	2013	2014	20 February 2015	2016
Gross written premium	647	721	796	812	792	855	884	959	991	911
Earned premium for own account	545	623	701	701	678	700	712	764	842	764
Claims incurred for own account	-518	-580	-436	-527	-533	-595	-600	-643	-631	-532
Operating expenses net	-88	-98	-108	-121	-101	-92	-122	-97	-110	-99
Result on technical account	**-61**	**-55**	**157**	**54**	**44**	**13**	**-10**	**24**	**101**	**133**
Result on non-technical account	**133**	**125**	**-293**	**195**	**141**	**49**	**113**	**76**	**23**	**-54**
Net result before tax	73	71	-136	249	185	62	103	100	124	79
Tax	10	-2	-14	-9	-9	-11	-5	-11	-6	-11
Net result after tax	**83**	**69**	**-150**	**240**	**176**	**51**	**98**	**89**	**87**	**85**
Changes in deferred call	-9	-	-	-41	-28	-14	-31	-35	-37	-37
Combined ratio (ETC-basis)	111%	109%	78%	92%	94%	98%	101%	97%	88%	83%
Contingency reserve	512	580	430	638	790	826	895	944	969	1,017

MEETING DATES

The Board of Directors and the various Committees of Gard P. & I. (Bermuda) Ltd. held the following meetings during the year:

The Annual General Meeting
Wednesday, 24 June 2015, Bermuda

The Board of Directors
Saturday, 9 May 2015, Bermuda
Monday, 11 May 2015, Bermuda
Wednesday, 24 June 2015, Bermuda
Saturday, 24 October 2015, Brussels
Monday, 26 October 2015, Brussels

The Executive Committee
Wednesday, 22 and Thursday, 23 and Friday, 24 April 2015, Copenhagen
Saturday, 9 May 2015, Bermuda
Thursday, 18 June 2015, Arendal
Thursday, 3 September 2015, Arendal
Thursday, 24 September 2015, Copenhagen
Saturday, 24 October 2015, Brussels
Wednesday, 20 January 2016, Amsterdam

The Audit Committee
Friday, 8 May 2015, Bermuda
Monday, 15 June 2015
Wednesday, 23 September 2015, Copenhagen
Friday, 23 October 2015, Brussels
Monday, 14 December 2015
Tuesday, 19 January 2016, Amsterdam

BOARD OF DIRECTORS AND COMMITTEES

Board of Directors

Bengt Hermelin, Chairman	Samco Shipholding Pte. Ltd, Singapore
Kenneth Hvid, Deputy Chairman	Teekay Shipping (Canada) Ltd., Vancouver
Nils Aden	E.R. Schiffahrt GmbH & Cie. KG, Hamburg
Yngvil Åsheim	BW Maritime Pte. Ltd., Singapore
Ian Beveridge	Bernhard Schulte GmbH & Co. KG, Hamburg
K. C. Chang	Evergreen Marine Corp. (Taiwan) Ltd., Taipei
Trond Eilertsen	Oslo
Timothy C. Faries	Bermuda
Costas Gerapetritis	Navios Shipmanagement Inc., Piraeus
Carl Johan Hagman	Stena Rederi AB, Gothenburg
Herbjørn Hansson	Nordic American Tanker Limited, Bermuda
Morten W. Høegh	Leif Höegh (UK) Ltd., London
Hans Peter Jebsen	Kristian Gerhard Jebsen Skipsrederi AS, Oslo
Robert E. Johnston	Overseas Shipholding Group Inc., Tampa
Stephen Knudtzon	Oslo
Tadeusz Niszczota	Polish Steamship Co., Szczecin
Halvor Ribe	J.J. Ugland Companies, Grimstad
Saleh Al-Shamekh	The National Shipping Company of Saudi Arabia (Bahri)
Jane Sy	Stolt Tankers B.V., Rotterdam
Kazuya Uchida	Meiji Shipping Co. Ltd., Tokyo
Jan Eyvin Wang	Wilh. Wilhelmsen ASA, Oslo
Rolf Thore Roppestad, President	Arendal

Executive Committee

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

Election Committee

Bengt Hermelin, Chairman	Samco Shipholding Pte. Ltd, Singapore
Hans Peter Jebsen	Kristian Gerhard Jebsen Skipsrederi AS, Oslo
Herbjørn Hansson	Nordic American Tanker Limited, Bermuda
Kenneth Hvid	Teekay Shipping (Canada) Ltd., Vancouver

Audit Committee

Ian Beveridge, Chairman	Bernhard Schulte GmbH & Co. KG, Hamburg
Halvor Ribe	J.J. Ugland Companies, Grimstad
Stephen Knudtzon	Oslo

Remuneration Committee

Trond Eilertsen, Chairman	Oslo
Jan Eyvin Wang	Wilh. Wilhelmsen ASA, Oslo
Nils Aden	E.R. Schiffahrt GmbH & Cie. KG, Hamburg

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