
FINANCIAL STATEMENTS 2015

GARD M&E INSURANCE (EUROPE) AS

for the year to 20 February 2015



Gard Marine & Energy Insurance (Europe) AS

Board of Directors' Report

This is the Board of Directors' report and accounts for the year 2014 covering the period to 20 February 2015. This is Gard Marine & Energy Insurance (Europe) AS first year of operation.

The Company is the result of a decision made by the Executive Committee of the parent company in the Gard group, Gard P. & I. (Bermuda) Ltd, and the Board of Gard Marine & Energy Limited, to transfer the insurance business of Gard Marine & Energy Försäkring AB ("Gard M&E AB") in Sweden to a newly established company in Norway, Gard Marine & Energy Insurance (Europe) AS (the "Company"). The transfer of the business has been done through a cross border merger between Gard M&E AB and the Company. Gard M&E AB ceased to exist when the merger was completed on 31 December 2014.

In the opinion of the Board of Directors the report and accounts for the year to 20 February 2015 gives a true and fair picture of the Company and its activities and result.

Statutory minimum requirements with regard to technical reserves are complied with.

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

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

THE OPERATION IN GENERAL

Marine & Energy insurance

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

Gard AS

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

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

Personnel and organisation

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

In the period to 20 February 2015 the level of absence due to sickness has been slightly below the corresponding average in the insurance industry. The organization is focusing on preventing occupational injuries as a result of long time use of PCs and other office equipment. There have been no injuries or accidents in connection with the operations.

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

The working environment in the Company has in the period to 20 February 2015 been good.

Environmental damage

The operations do not pollute the environment.

Research and development

The Company does not carry out research and development activities.

INSURANCE BUSINESS

Reinsurance

The insurance activities of the Company is reinsured in the commercial reinsurance market. The retention for any one event any one vessel was in 2014 USD 40 million.

The Company has entered into a separate reinsurance treaty with its parent company. The reinsurance treaty covers a proportion of the risks retained under the above market reinsurance arrangements. Pursuant to this separate reinsurance treaty 90 per cent of the insurance liabilities of the Company not covered by the market reinsurance arrangements was ceded to the parent company as reinsurance in 2014.

FINANCIAL RISK

Market risk

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

Credit risk

The Company's credit risk is first and foremost connected to a possible shortfall on the part of market re-insurers. Only re-insurers with a financial strength rating of "A" or better from Standard & Poor's or other rating agencies are chosen to mitigate the risk.

The credit risk in respect of receivables is handled by group policies and by close follow-up. Outstanding and overdue premiums from members and customers will be set off in payments of claims compensations.

Liquidity risk

The Board of Directors considers the liquidity risk of the Company to be low. A credit facility with Nordea Bank Norge ASA and a cash pool between the direct insurance entities in the Gard group secure access to liquidity across the legal entities. The Company is holding a significant short equity position through futures which are marked-to-market daily. The risk is managed by the access to funds and type of assets held.

ACCOUNTS FOR THE YEAR TO 20.02.2015

Result

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

Premiums

The gross written premium was USD 14.8 million. Earned premium for own account was USD 0.6 million.

Non-technical result

The net income derived from assets was a deficit of USD 1.3 million.

Claims compensations

Gross claims paid during the period was USD 2.4 million. Gross claims incurred during the period amounted to USD 4.5 million. Net claims incurred amounted to USD 0.6 million.

Technical provisions

As at 20 February 2015 the Company's gross premium reserve was USD 24.3 million as provision for the part of agreed premium written that exceeds the end of the financial year. As at 20 February 2015 the Company's provision to cover reported and unreported claims amounted to USD 22.8 million. In addition the contingency reserve amounted to USD 3.8 million. The contingency reserve is retained to meet unforeseen fluctuations in claims exposure, possible catastrophes and extraordinary claims patterns that fall within the Company's liabilities.

The Board of Directors are of the opinion that the technical provisions are sufficient to cover all technical liabilities for the 2014 financial year and earlier.

CONTINUED OPERATION AND THE FUTURE DEVELOPMENT

The Board of Directors expects a stable financial position and level of earnings for the year 2015. Against this background and pursuant to the Norwegian Accounting Act of 1998, section 3-3a, the Board of Directors is of the opinion that it is basis for continued operation. The year-end accounts are based on these premises.

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

Arendal, 29 April 2015

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



Trond Eilertsen
Chairman



Kjetil Eivindstad



Anders Myklebust

GARD M&E INSURANCE (EUROPE) AS

Income statement

Amounts in USD 000's	Notes	26.06.14 to 20.02.15
Technical account		
Gross written premium	4	14,810
Ceded reinsurance		(13,340)
Change in gross premium reserve		(8,222)
Change in reinsurers' share of premium reserve		7,381
Earned premium for own account	3	630
Gross settled claims		2,400
Reinsurers' share of gross settled claims		(2,117)
Change in gross claims reserve		2,071
Reinsurers' share of change in claims reserve		(1,741)
Claims incurred for own account	3,5	613
Acquisition costs		634
Agents' commission		685
Commission received		(1,537)
Insurance related expenses for own account	3,6	(218)
Other insurance related expenses	6	405
Technical result before change in contingency reserve	5	(170)
Change in contingency reserve	14	(1,154)
Technical result		984
<hr/>		
Non-technical account		
Interest and similar income		(1,282)
Change in unrealised gain/loss on investments		(27)
Gains on realisation of investments		24
Investment management expenses		(2)
Non-technical result	7	(1,286)
Profit before tax		(303)
Taxation	8	(303)
Net result		0

GARD M&E INSURANCE (EUROPE) AS

Balance sheet

Amounts in USD 000's	Notes	As at 20.02.15
Assets		
Investments		
<i>Financial investments at fair value through profit or loss</i>		
Bonds	9,10	8,553
Other financial investments	9,10	30
Total investments		8,583
<hr/>		
Reinsurers' share of technical provisions		
Reinsurers' share of gross premium reserve		21,853
Reinsurers' share of gross claims reserve	3,5	19,693
Total reinsurers' share of technical provisions		41,546
<hr/>		
Receivables		
<i>Receivables from direct insurance operations</i>		
Policyholders	11	22,394
<i>Receivables from reinsurance operations</i>		
Receivables from reinsurance operations		1,713
Total receivables	10	24,107
<hr/>		
Other assets		
Cash and cash equivalents	13	14,422
Deferred tax asset	8	303
Total other assets		14,725
<hr/>		
Prepayments and accrued income		
Accrued income and other prepayments		2,811
Total prepayments and accrued income		2,811
Total assets		91,772

GARD M&E INSURANCE (EUROPE) AS

Balance sheet

Amounts in USD 000's	Notes	As at 20.02.15
Equity and liabilities		
Paid in equity		
Statutory reserve		13,833
Total equity		13,833
<hr/>		
Technical provisions		
Gross premium reserve		24,281
Gross claims reserve	5	22,792
Total technical provisions		47,072
<hr/>		
Contingency reserve		
Contingency reserve	15	3,843
Total contingency reserve		3,843
<hr/>		
Provision for other liabilities		
Income tax payable	8	732
Total provisions for other liabilities		732
<hr/>		
Payables		
Payables arising out of direct insurance operations		100
Payables arising out of reinsurance operations		23,698
Payables to group companies		472
Other payables	12	221
Total payables		24,491
<hr/>		
Accruals and deferred income		
Accruals and deferred income		1,801
Total accruals and deferred income		1,801
Total liabilities		77,938
Total equity and liabilities		91,772

GARD M&E INSURANCE (EUROPE) AS

Cash flow analysis

Amounts in USD 000's	Notes	26.06.14 to 20.02.15
Cash flow from operating activities		
Profit from ordinary operations before tax		(1,456)
Change in unrealised gain/loss on investments	7	27
Change in receivables and payables		813
Change in technical provisions and other accruals		9,816
Purchase/sale of other investments		(8,610)
Net cash flow from operating activities		589
Cash flow from investment activities		
Cash and cash equivalents acquired from merger		13,833
Net cash flow from investment activities		13,833
Net change in cash and cash equivalents		14,422
Cash and cash equivalents at beginning of year		0
Bank overdraft at beginning of year		0
Cash and cash equivalents at end of year		14,422

Gard Marine & Energy Insurance (Europe) AS

Notes to the accounts

Note 1 - Corporate information

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

Cross border merger between Gard Marine & Energy Försäkring AB, a public limited liability company having its business address in Västre Hamngatan 5, SE-411 77 Göteborg, Sweden, registration number 516406-0633 and Varmekrogen AS a limited liability company having its principle business address in Kittelsbuktveien 31, 4836 Arendal, Norway, registration number 913 861 825. Varmekrogen AS was renamed Gard Marine & Energy Insurance (Europe) AS from effective date of the merger, 31 December 2014.

All assets, rights and obligations were transferred to Gard Marine & Energy Insurance (Europe) AS with legal effect from 31 December 2014.

Gard Marine & Energy Insurance (Europe) AS has issued 300 shares, each with a par value at NOK 100. All of the shares are owned by Gard Marine & Energy Limited. The par value of shares in Gard Marine & Energy Insurance (Europe) AS was through the merger increased with NOK 319,936 per share, which gives a total increase of NOK 95,980,800. No new shares have been issued.

The accounting principle for the merger is based on continuity. The value of the assets, rights and obligations transferred to Gard Marine & Energy Insurance (Europe) AS that exceeds the increase in par value has been considered as share premium and free equity.

The merger shall for tax purposes not be based on the principle on continuity for Gard Marine and Energy Insurance (Europe) AS in Norway. The company will have new tax basis on the assets, rights and obligations transferred from Gard Marine & Energy Försäkring AB based on the market values.

Note 2 - Accounting Policies

Basis of preparation of the Accounts

This year's accounts include the activity from 26 June 2014 to 20 February 2015.

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

companies which allows late adoption of IFRS 13 and certain paragraphs in IFRS 7 have been applied.

Departures from Regulations for annual accounts for insurance companies:

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

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

Use of accounting estimates when preparing the accounts

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

(1) 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.

Foreign currency

(2) Functional currency and presentation currency

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

(3) Transactions in foreign currency

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

Gard Marine & Energy Insurance (Europe) AS

Notes to the accounts

Note 2 - Accounting Policies (cont'd)

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.

Revenue and expense recognition

(4) Premiums

Premiums are based on the insurance contracts where one party (the insurer) has accepted a significant risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. Premiums are recognised over the insurance policy period. Unearned premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. Unearned premiums are calculated on a daily pro rata basis. The proportion attributable to subsequent periods is deferred as gross premium reserve.

(5) Reinsurance premiums

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

(6) 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.

(7) 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.

(8) Other

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

Income tax

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

Deferred tax/tax asset 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.

Financial instruments

(9) Classification

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

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

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

(9.2) 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.

(10) Recognition and measurement

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

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

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

(11) 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.

Gard Marine & Energy Insurance (Europe) AS

Notes to the accounts

Note 2 - Accounting Policies (cont'd)

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.

Technical provisions

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

(12)Gross premium reserve

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

(13)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.

(14)Contingency reserve

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

Provisions, contingent liabilities and assets

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

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

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

Changes to accounting principles

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

Events after the reporting period

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

GARD M&E INSURANCE (EUROPE) AS

Notes to the accounts

Note 3 - Intra-group transactions

Reinsurance agreement with Gard M&E

The Company cedes to Gard M&E by way of reinsurance 90 per cent of the Company's Marine & Energy risk underwritten by the Company that is not reinsured elsewhere. Amounts ceded from the Company total USD 5.7 million.

Gard M&E has as a reinsurer paid a share of gross settled claims amounting to USD 2.1 million.

Net ceded commission under the reinsurance agreement amounts to USD 1.5 million.

Insurance agency agreement

The operations and insurance activities of the Company are carried out by the insurance intermediaries Gard AS and Gard (Sweden) AB.

The company, Gard (Sweden) AB is fully owned by Gard AS. Gard AS is a fully owned daughter company of

Gard P. & I. (Bermuda) Ltd.

The service costs for the year to 20.02.15 amount to USD 0.9 million.

GARD M&E INSURANCE (EUROPE) AS

Notes to the accounts

Note 4 - Gross written premium by geographical areas

Amounts in USD 000's	26.06.14 to 20.02.15
EEA	12,223
Norway	1,971
Other areas	616
Total gross written premium	14,810

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

GARD M&E INSURANCE (EUROPE) AS

Notes to the accounts

Note 5 - Technical result and technical provisions

Amounts in USD 000's	26.06.14-20.02.15		
	Marine	Energy	Total
Gross premiums			
Gross written premiums	11,997	2,813	14,810
Change in gross provision for unearned premiums	(6,218)	(2,005)	(8,222)
Earned premiums, gross	5,780	808	6,588
Claims incurred, gross			
Incurred this year	(3,727)	(30)	(3,756)
Incurred previous years	(718)	3	(716)
Total claims incurred, gross	(4,445)	(27)	(4,472)
Insurance related operating expenses, gross	(1,637)	(87)	(1,724)
Technical result, gross	(302)	694	392
Reinsurers' share of technical result			
Premiums earned	(5,225)	(731)	(5,956)
Claims incurred	3,850	8	3,858
Commissions	1,400	137	1,537
Reinsurers' result	25	(586)	(561)
Technical result, net	(277)	108	(170)

Amounts in USD 000's	As at 20.02.15		
	Marine	Energy	Total
Technical provisions gross			
Provisions, at the beginning of the period	0	0	0
Provisions from merger	(20,173)	(547)	(20,720)
Claims paid	2,384	16	2,400
Claims incurred - gross this year	(3,727)	(30)	(3,756)
Claims incurred - gross previous years	(718)	3	(716)
Provisions, at the end of the period	(22,234)	(558)	(22,792)
Reinsurers' share of claims provision	19,226	467	19,693
Provisions net, at the end of the period	(3,008)	0	(3,008)
Provision for unearned premiums, gross	(20,446)	(3,834)	(24,281)
Reinsurers' share of premium provision	18,277	3,577	21,853
Provision for unearned premiums, net	(2,170)	0	(2,170)

Provision for outstanding claims

Technical provision gross	(22,234)	(558)	(22,792)
Technical provision net	(3,008)	(91)	(3,099)

Sensitivity analysis has been performed in order to evaluate how sensitive gross claim reserve is dependent on the actuarial methods applied. The Company applied the following methods: Development factor method, Bornhuetter Ferguson, a priori reduced method and Benktander. Based on these methodologies the gross claim reserve range between USD 22.1 million to USD 25.0 million.

GARD M&E INSURANCE (EUROPE) AS

Notes to the accounts

Note 6 - Other insurance related expenses and number of staff

Amounts in USD 000's	26.06.14 to 20.02.15
Acquisition costs and commissions	
Sales related salaries and wages	0
Other acquisition costs	0
Insurance intermediary	(634)
Agents' commission	(685)
Commission received	1,537
Insurance related expenses for own account	218
Number of staff	12

Remuneration to Top Management, Committees and Auditor

The Top Management consists of the Group Directors.

Amounts in USD 000's	Salary incl. bonus	Total remuneration
Top Management		
Rolf Thore Roppestad (CEO)	11	11
Svein A. Andersen (SVP)	4	4
Bjørnar Andresen (SVP)	6	6
Steinar Bye (SVP)	6	6
Kristian Dalene (SVP)	4	4
Kjetil Eivindstad (SVP)	5	5

Members of the Board of Directors of the Company

Members of the Board of Directors of the Company have not received any payment for the period 26.06.14-20.02.15.

GARD M&E INSURANCE (EUROPE) AS

Notes to the accounts

Note 6 - Other insurance related expenses and number of staff continued

Remuneration auditor

	26.06.14
Amounts in USD 000's	to 20.02.15
Auditing fee	13
Tax advising	0
Non audit services	0
Total auditors' fee	13

GARD M&E INSURANCE (EUROPE) AS

Notes to the accounts

Note 7 - Financial income and expenses

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

GARD M&E INSURANCE (EUROPE) AS

Notes to the accounts

Note 8 - Tax

26.06.14

Amounts in USD 000's to 20.02.15

Income tax expenses

Tax payable	
Change in deferred tax asset	(303)
Paid foreign withheld tax	
Tax expenses ordinary result	(303)

Income tax payable

Tax at beginning of the period	0
Tax payable from merger	790
Tax payable related to the period	
Tax paid during the period	0
Exchange adjustments	(58)
Tax payable at end of the period	732

Deferred tax asset

Specification of tax effect resulting from temporary differences

Pension obligations	
Equipment	
Tax losses carried forward	(1,456)
Other temporary differences	
Total temporary differences	(1,456)

Deferred tax asset, 27 per cent of total temporary differences.

A deferred tax asset has been recorded in the balance sheet because it is likely to be used in the future.

GARD M&E INSURANCE (EUROPE) AS

Notes to the accounts

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

Determination of fair value

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

Financial instruments at fair value through profit or loss

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

Assets for which fair value approximates carrying value

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

Fair value hierarchy

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

Financial instruments in Level 1

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

Financial instruments in Level 2

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

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

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

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

Financial instruments in Level 3

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

GARD M&E INSURANCE (EUROPE) AS

Notes to the accounts

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

As at 20.02.15

Amounts in USD 000's	Level 1	Level 2	Level 3	Total
Financial investments				
Equities and investment funds	0	0	0	0
Bonds	4,902	3,478	173	8,553
Financial derivative assets	0	0	0	0
Cash incl. in other financial investments	30	0	0	30
Pending transactions for settlement	0	0	0	0
Total financial investments	4,933	3,478	173	8,583
Financial liabilities				
Financial derivative liabilities	0	0	0	0
Other payables	0	0	0	0
Total financial liabilities	0	0	0	0

GARD M&E INSURANCE (EUROPE) AS

Notes to the accounts

Note 10 - Financial risk

Risk management framework

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

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. The credit exposure on the Company's reinsurance programme is in line with the guidelines of only accepting reinsurers with an A- or higher rating.

GARD M&E INSURANCE (EUROPE) AS

Notes to the accounts

Note 10 - Financial risk continued

Amounts in USD 000's	As at 20.02.15
Bonds	
AAA	4,902
AA	51
A	786
BBB	2,426
BB	277
B	110
CCC/lower	0
Not rated	0
Total bonds	8,553
Cash included in other financial investments	
A	30
Total cash included in other financial investments	30
Reinsurers' share of gross premium reserve	
A	21,853
Total reinsurers' share of gross premium reserve	21,853
Reinsurers' share of gross claim reserve	
A	19,619
BBB	73
Total reinsurers' share of gross claim reserve	19,693
Receivables	
A	1,713
Not rated	22,394
Total receivables	24,107

GARD M&E INSURANCE (EUROPE) AS

Notes to the accounts

Note 10 - Financial risk continued

Amounts in USD 000's	As at 20.02.15
Cash and cash equivalents	
AA	14,422
Total cash and cash equivalents	14,422

Age analysis of receivables after provision for bad debt

Amounts in USD 000's	As at 20.02.15
Not due	20,055
0-60 days	2,935
61-90 days	290
Above 90 days	827
Total	24,107

GARD M&E INSURANCE (EUROPE) AS

Notes to the accounts

Note 10 - Financial risk continued

Liquidity risk

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

Maturity profile

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

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

Amounts in USD 000's	Within 1 year	1-5 years	More than 5 years	No maturity date	As at 20.02.2015 Total
Income tax payable	732	0	0	0	732
Payables and accruals	26,070	0	0	0	26,070
Other payables	221	0	0	0	221

GARD M&E INSURANCE (EUROPE) AS

Notes to the accounts

Note 10 - Financial risk continued

Market risk

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

Currency risk

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

GARD M&E INSURANCE (EUROPE) AS

Notes to the accounts

Note 10 - Financial risk continued

Amounts in USD 000's	As at 20.02.15
Assets	
USD	47,075
EUR	22,310
GBP	4,216
Other	18,171
Total assets	91,772
Liabilities	
USD	(67,482)
EUR	(9,722)
GBP	(2,347)
Other	(12,221)
Total debt (liabilities)	(91,772)
Net asset exposure	
USD	(20,408)
EUR	12,589
GBP	1,869
Other	5,950
Net exposure in %	
USD	-22 %
EUR	14 %
GBP	2 %
Other	6 %

Interest rate risk

Interest rate risk is the risk that the value of the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The term structure of interest bearing assets in the Company is matched to the expected duration of the liabilities.

The sensitivity analysis of the bond assets of the Company has been modelled by reference to a reasonable approximation of the weighted average interest rate sensitivity of the investments held.

GARD M&E INSURANCE (EUROPE) AS

Notes to the accounts

Note 10 - Financial risk continued

Equity price risk

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

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

The equity portfolio is broadly diversified. However, compared to a global benchmark portfolio based on market capitalisation, the equity portfolio is skewed towards emerging markets and small caps, which is expected to have a higher volatility than the global market as a whole.

Through an equity programme funds are invested with active equity managers and the equity market exposure is hedged into fixed income exposures through a rolling derivative programme.

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

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

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

GARD M&E INSURANCE (EUROPE) AS

Notes to the accounts

Note 11 - Receivables from direct insurance operations

Amounts in USD 000's	As at 20.02.15
Direct and received premium	1,015
Direct and received premium through broker	13,579
Not closed premium	7,381
Claims related debtors, co-insurers	419
Provision for bad debts	0
Receivables from direct insurance operations	22,394

Note 12 - Other receivables and other payables

Amounts in USD 000's	As at 20.02.15
Other receivables	
Other receivables	0
Total other receivables	0
<hr/>	
Other payables	
Other payables	221
Total other payables	221

GARD M&E INSURANCE (EUROPE) AS

Notes to the accounts

Note 13 - Cash and cash equivalents

Cash and cash equivalents includes bank deposits and cash in hand, of which USD 0.023 million as at 20.02.2015 is restricted cash.

GARD M&E INSURANCE (EUROPE) AS

Notes to the accounts

Note 14 - Changes in contingency reserve

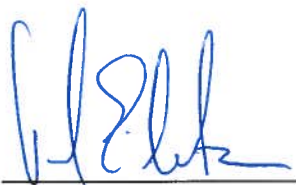
Amounts in USD 000's	As at 20.02.15
Contingency reserve due to merger (opening balance)	4,997
Change in contingency reserve	(1,154)
Contingency reserve as at end of year	3,843

Note 15 - Technical provisions and solvency margin

Amounts in USD 000's	As at 20.02.15	
	Actual provisions	FSA's minimum requirements
Provision for claims net of reinsurance	3,099	3,099
General contingency reserves etc	17,676	4,941
Total technical provisions own account	20,775	8,040

Solvency margin	20.02.15
Required solvency margin	6,911
Solvency margin capital	12,956
Solvency margin capital in per cent of required solvency margin	187.5 %

April 29 2015



Trond Eilertsen
Chariman



Kjetil Eivindstad



Anders Myklebust

REPORT OF THE SUPERVISORY COMMITTEE

To the Annual General Meeting of
GARD MARINE & ENERGY INSURANCE (EUROPE) AS

Report of the Supervisory Committee to the Annual General Meeting 24 June 2015

The Supervisory Committee has met on one occasion since the company commenced its operations in January 2015. The Auditor of the Association was present at the meeting.

The Supervisory Committee has carried out the supervision of the Association in accordance with Article 5-6 of the Norwegian Insurance Activity Act. The Supervisory Committee finds no basis for criticism of the activities of the Company.

The Supervisory Committee recommends that the Annual General Meeting approve the Financial Statements as recommended by the Board of Directors.

Arendal, 29 April 2015



Stephen Knudtzon /S/
Chairman of the Supervisory Committee

Rapport til Finanstilsynet fra Kontrollkomitéen i Gard Marine & Energy Insurance (Europe) AS

Kontrollkomitéen i Gard Marine & Energy Insurance (Europe) AS består av Stephen Knudtson, Arne Falkanger Thorsen, Helge Aamodt, og Claus Mørch. Stephen Knudtson er Kontrollkomitéens formann, mens Arne Falkanger Thorsen er nestformann.

Kontrollkomitéen har avholdt et møte siden selskapet satt i gang sin drift i januar 2015. Selskapets revisor var tilgjengelig på møtet.

Kontrollkomitéen har avgitt innstilling til Generalforsamlingen vedrørende selskapets regnskap for Forsikringsåret 2014 som dekker perioden frem til 20. februar 2015.

Kontrollkomitéen har ført tilsyn med at selskapets kapitalforvaltning følger norsk lov herunder at de krav som fremgår av kapitalforvaltningsforskriften av 17. desember 2007 er fulgt.

Kontrollkomitéen har mottatt rapporter vedrørende selskapets utestående fordringer, herunder forsinket innbetaling av premie. Kontrollkomitéen får regelmessig tilsendt kopier av saksdokumenter og referater fra selskapets styremøter.

Kontrollkomitéen har fått den nødvendige bistand til sitt arbeid fra selskapets administrasjon.

Kontrollkomitéen har ført tilsyn med selskapets virksomhet i henhold til forsikringsvirksomhetslovens § 5-6.

Kontrollkomitéen har forvissnet seg om at delegering av myndighet til Gard AS som forsikringsformidler er skjedd i tråd med gjeldende norsk rett og at denne organisering av virksomheten også er godkjent av Finanstilsynet.

Kontrollkomitéen finner ingen grunn til kritikk av selskapets virksomhet.

Arendal, 29. april 2015



Stephen Knudtson
Formann i Kontrollkomitéen



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

Independent auditor's report

Report on the Financial Statements

We have audited the accompanying financial statements of Gard Marine & Energy Insurance (Europe) AS, which comprise the balance sheet as at 20 February 2015, and the income statement, showing a net result of USD 0 and cash flow analysis, for the period then ended, and a summary of significant accounting policies and other explanatory information.

The Board of Directors' Responsibility for the Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements are prepared in accordance with the law and regulations and give a true and fair view of the financial position of Gard Marine & Energy Insurance (Europe) AS as at 20 February 2015, and its financial performance and its cash flows for the period then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.



Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

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

Opinion on Registration and Documentation

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

Oslo, 19 May 2015
PricewaterhouseCoopers AS

A handwritten signature in blue ink, appearing to read 'Magne Sem', is written over a light blue horizontal line.

Magne Sem
State Authorised Public Accountant (Norway)