



# Annual Report 2014

MøllerGruppen AS

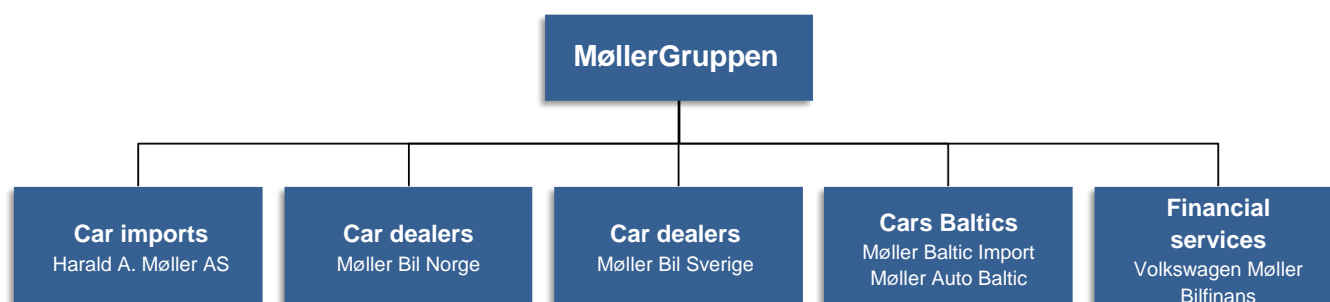
## About MøllerGruppen

**MøllerGruppen** is a family owned group involved in the import, sale, servicing and financing of Volkswagen, Audi and ŠKODA cars. The company is represented in Norway, Sweden and the Baltic States.

**Car imports.** Harald A. Møller AS is Norway's largest car importer. The company is responsible for importing, distributing and servicing Volkswagen, Audi and ŠKODA cars in Norway. More than one in every four new cars sold in Norway has been imported by Harald A. Møller AS. Møller Baltic Import SE imports Volkswagen into Estonia, Latvia and Lithuania, and Audi into Latvia and Lithuania.

**Car dealers.** Møller Bil is MøllerGruppen's business unit for all dealers in Norway, Sweden, Estonia, Latvia and Lithuania. Møller Bil Norge is Norway's largest car dealer chain and has 40 dealers with their own sales and servicing facilities throughout the country. Møller Bil Sverige consists of 10 sales locations, and Møller Auto Baltic has 13 sales locations in Estonia, Latvia and Lithuania.

**Financial services.** 49 per cent of Volkswagen Møller Bilfinans AS is owned by MøllerGruppen and 51 per cent by Volkswagen Financial Services AG. The company's purpose is to provide finance and leasing for cars.



## KEY FIGURES

| Amounts in NOK millions                  |   | 2014   | 2013   | 2012   |
|--|---|--------|--------|--------|
| <b>Operating revenue</b>                 |   |        |        |        |
| Operating revenue                        |   | 20,601 | 18,842 | 18,726 |
| <b>Profit</b>                            |   |        |        |        |
| Operating profit                         |   | 606    | 636    | 747    |
| EBITDA                                   | 1 | 934    | 848    | 971    |
| Profit/loss before tax                   |   | 671    | 701    | 795    |
| Profit for the year                      |   | 511    | 511    | 575    |
| <b>Capital</b>                           |   |        |        |        |
| Equity at 31.12                          |   | 2,324  | 2,373  | 2,190  |
| Total assets at 31.12                    |   | 5,507  | 5,346  | 5,038  |
| Equity ratio                             |   | 42.2   | 44.4   | 43.5   |
| <b>Profitability</b>                     |   |        |        |        |
| Return on equity in %                    | 2 | 21.8   | 22.4   | 26.3   |
| Return on total capital in %             | 3 | 12.4   | 16.9   | 16.9   |
| <b>Number of employees</b>               |   |        |        |        |
| Number of employees                      |   | 3,926  | 3,771  | 3,664  |
| Total pay roll and other personnel costs |   | 2,310  | 1,998  | 1,882  |

1) Including results in associated companies (AC)

2) Return on equity: Year's profit as a percentage of average equity.

3) Return on total capital: The result before tax plus financial costs as a percentage of average total capital.

## CEO's statement



### Our best year!

2014 was our best year ever if measured by customer satisfaction alone, and it has reached a high level. Financially speaking, it was our second best year. It was also a very good year measured by market performances in nearly all units and for all brands. Our four foreign markets saw good or very good progress, and Car Finance enjoyed both good growth and a record result. We set a strong record in Norway with 50,007 contracts for

sold new cars. All in all there is little doubt that the organisation has delivered the best year ever, even though it did not break records for every parameter. Good market conditions helped, but it was the efforts made at all levels that were crucial in enabling us to achieve our potential.

### "The car industry is entering a period of major changes"

The car industry is entering a period of major changes that are being pushed forward by technology and general conditions. The next few years will see the digitalisation of customer processes, new technology for drivelines, and the utilisation of a car's ability to communicate with its surroundings via the internet.

When it comes to drivelines, Norway is right at the cutting edge due to its highly favourable tax rules for electric cars and a tax regime that favours chargeable cars in general. The proportion of chargeable cars just continued to climb throughout 2014 and will continue to do so in 2015. Volkswagen became the leader in chargeable cars in Norway in 2014, despite the fact that its most important model was only on sale in the second half of the year. There will be a large volume of chargeable hybrids in 2015 as well, which will further reinforce this trend. We will receive a number of chargeable products throughout 2015 that will be extremely competitive. We are therefore confident that Volkswagen and Audi will set solid milestones in reducing CO<sub>2</sub> emissions in 2015.

The focus on driverless cars and driver assistance systems increased heavily in 2014, although the practical consequences of these are largely unknown at the moment. These communication possibilities present many opportunities, and some problems associated with data security.

How quickly these opportunities will become of practical significance is uncertain.

Customer behaviour has already changed greatly thanks to the digital world. In-person visits to our premises are falling even while sales are rising. This is quite simply due to the fact that most of the information gathering process now takes place online. Customers are eager to save time and want to serve themselves as much as possible in our trade as well.

### Great opportunities, but also great challenges

We believe there are great opportunities here, but also many challenges. Our efforts to create digital capacity throughout the organisation were therefore significantly reinforced in 2014. This will continue over the next few years. One challenge is that in the short-term we will be investing and increasing costs, but we also have to adapt the organisation in order to exploit the resulting opportunities for increasing efficiency. At the same time, we are absolutely certain that given the products and services we deliver, the current distribution network will still be needed for the foreseeable future.

Another long-term trend that is continuing is that many customers are choosing lease products instead of buying cars. Favourable interest rates are one important reason for this, but it is also clear that the convenience that results from leasing is more important for many customers than owning the actual car. Our own focus on lease products has been successful and has contributed to both increased market shares and good earnings in financing.

Our opportunities for further growth are not immediately obvious. We acquired two dealers in Sweden in 2014 and could grow somewhat larger here. It would be difficult to grow larger in Norway and the Baltic States, and we also want to help create strong, privately owned groups of dealers who can assume responsibility for larger regions. Further growth in the car dealer area therefore requires us to look at new markets. At the same time, there are many opportunities to expand the range of services in the authorised brand value chain within which we have traditionally operated. There are also many opportunities outside our traditional value chain. These are opportunities we will spend a lot of time considering in 2015. Sustainable growth will remain an important focus area.

Pål Syversen  
CEO

# Board of Directors' Report 2014

## THE NATURE, SCOPE AND LOCATION OF THE GROUP

MøllerGruppen's core business involves the import, sale, servicing, financing and repair of Volkswagen, Audi and ŠKODA cars, and Volkswagen Commercial Vehicles. The Group's strategy is to grow with the Volkswagen Group's brands. MøllerGruppen's objective is to create value for its customers, employees, owners and partners. Ever since Harald Aars Møller started his own car company in 1936, the core values, Honest and Trustworthy, Clear, Proactive, and Open-minded and Caring, have played a central role. The business is based in Norway, Sweden, Estonia, Latvia and Lithuania.

MøllerGruppen has a common executive management team and consists of the business areas Car Imports Norway, Car Dealers Norway, Car Dealers Sweden, Cars Baltics and Car Finance. Each business area is cultivated with an emphasis on independent responsibility and authority within the agreed framework of strategies and targets, to achieve long-term value development. The common functions are utilised where appropriate to safeguard economies of scale across the business areas.

MøllerGruppen is owned by Aars AS. Aars AS is a pure holding company that focuses on asset management and capital allocation. Aars AS also owns MøllerGruppen Eiendom AS. MøllerGruppen Eiendom was previously a business area in MøllerGruppen, but was spun off as a separate subsidiary in April 2014. The real estate business was spun off as a separate company all due to a desire to cultivate the car business under the name MøllerGruppen AS and the real estate business under MøllerGruppen Eiendom AS. MøllerGruppen Eiendom AS has investments in car facilities associated with the business in MøllerGruppen AS and intends to accumulate a substantial portfolio of commercial property.

The Group's administration that was previously performed by the holding company Aars AS, was moved down to the parent companies of the car and real estate business areas, MøllerGruppen AS and MøllerGruppen Eiendom AS, respectively, from 1 January 2014, together with the associated assets.

### Import

Harald A. Møller AS is Norway's largest car importer and has since its establishment imported more than one million cars for Norwegian customers. The four brands, Volkswagen cars, Volkswagen Commercial Vehicles, Audi and ŠKODA, all hold very robust market positions in the Norwegian market.

MøllerGruppen is a significant player in the Baltic car market and imports Audi and Volkswagen into the Baltic States.

### Car dealers

The car dealers in Norway and Sweden operate under the chain name Møller Bil, while dealers in the Baltic States operate under the chain name Møller Auto. The dealerships in Norway, Sweden and the Baltic States are run as separate, independent units. There is coordination where appropriate and any lessons that have been learned are shared. The long-term strategy is to build a single international dealer chain.

The dealers and car import in the Baltic States have been gathered under a single business area with a common management structure. The business in the Baltic States is in a phase where there is a great need to coordinate activities and focus areas across importers and dealers.

### Car Finance

Car Finance operates in Norway and is run by the company Volkswagen Møller Bilfinans. This is a jointly controlled company with Volkswagen Financial Services AG.

## MACROECONOMICS AND GENERAL CONDITIONS

The global macroeconomy experienced moderate growth throughout 2014, which was somewhat higher than in the preceding couple of years. While both Europe and the US are contributing to this, the emerging markets are primarily responsible for this growth. Oil prices dropped significantly in 2014 and the already low interest rates fell even further. On their own, this is positive for the global economy. So although unemployment is generally high in many countries, there are positive signs of continued global growth. The drop in oil prices has so far not had significantly negative consequences for Norway, but somewhat weaker growth and a slight rise in unemployment are expected going forward. Sweden experienced a positive economic trend last year due to the improvement in the economies of Sweden's nearest trade partners. The Baltic States have enjoyed stable growth in the last few years. The economies in these countries have stabilised, but are still at relatively low levels compared with before the financial crisis. Estonia has seen the best economic development after the financial crisis, although all three Baltic States experienced GDP growth of around 2 per cent in 2014. Growth in these countries is being hampered by the fact that so many skilled people emigrated during the financial crisis. So far these people have yet to be seen returning to their native countries.

There were no substantial changes in the tax systems or framework conditions in our markets. Sales of diesel cars in Norway continue to fall relative to petrol cars. Part of the reason for this is that the world's car manufacturers have improved the efficiency of today's petrol engines and thus significantly reduced fuel consumption. However, it is also



clear that tax policy, including the focus on local NOx emissions, is contributing to this sales trend. Despite this, 2014 still saw the sale of more diesel cars than petrol cars.

Our brands are well positioned with both petrol and diesel engine products, meaning that we do not expect further changes to significantly affect our market position.

Norway has Europe's most favourable tax system for electric cars. It has now been decided that this will be continued until at least 2017 or until 50,000 electric cars have been sold. A very large number of electric cars have been sold thanks to the tax system in Norway. Sales more than doubled in 2014 in relation to 2013, with electric car sales accounting for 12.5 per cent of total car sales in 2014.

The national budget for 2015 introduced some tax relief for chargeable hybrids and a full review of the tax regime for cars in the revised national budget in the spring of 2015 was announced. The emphasis on new technology and environmentally friendly cars is expected to increase. The Volkswagen Group's main strategy for new technology is to focus on chargeable hybrids that have a greater range of applications than current pure electric cars. Both the Golf GTE and Audi A3 e-tron were introduced with this technology towards the end of 2014. We know that the group intends to launch several new products in this segment in the next few years. In our opinion, sales of chargeable hybrids will be decisive with regard to whether or not Norway achieves its targets for greenhouse gas emissions. Norwegian importers are actively lobbying politicians to adapt the tax system so that chargeable hybrids can compete on price with other technologies. We are optimistic that our brands will continue to capture a significant share of this market.

### The car market

144,202 new cars were registered in Norway in 2014, an increase of 1.4 per cent compared with 2013. The total number of new commercial vehicles under 3.5 tonnes ended up at 29,611 vehicles, down 4.0 per cent on 2013. However, this was still a relatively normal market for commercial vehicles. 303,866 new cars were sold in Sweden, compared with 269,363 cars in 2013, a rise of 12.8 per cent. The market for commercial vehicles also improved and ended up at 41,922 cars, a slight increase on 2013. The vehicle market in the three Baltic States enjoyed good growth in 2014 and ended up at 48,048 cars and 8,193 commercial vehicles, a combined rise of 12.9 per cent.

### Annual financial statements

MøllerGruppen's profit before tax amounted to NOK 671 million in 2014 compared with NOK 701 million in 2013. The result was charged a total of NOK 173 million in non-recurring write-downs and other non-recurring costs not validated to 2014. Corrected for this, the profit before tax was NOK 844 million, which is one of the Group's best results ever. The

year's tax amounted to NOK 159 million, meaning that the net profit for the year ended up at NOK 511 million, the same as in 2013.

The Group achieved a milestone by earning NOK 20 billion in operating revenue for the first time.

Operating revenue increased by 9.3 per cent compared with 2013. The primary reason for this was the high sales volumes in Norway and Sweden due to good markets and very good market performances. However, operating revenue grew satisfactorily in the Baltic States as well in 2014.

The very good result before tax of NOK 844 million, corrected for non-recurring items, was primarily attributable to the high sales volumes for new cars in both Norway and Sweden. However, the margins for used cars also improved in all markets in 2014. All five business areas demonstrated solid progress in operations in relation to 2013.

The non-recurring items of NOK 173 million were primarily attributable to two factors. NOK 100 million was due to write-downs of fixed assets in the new car facilities in Oslo Vest. On 5 January 2015, Møller Bil opened new facilities for Volkswagen and Audi respectively in Lilleaker in Oslo Vest. Møller Bil had to move from Skøyen due to a demand for brand separation of Audi and Volkswagen from the manufacturer, and the fact that the businesses also needed more space. These are prestigious facilities for their respective brands and the ultra modern car facilities are packed with new technology. The cash flow generated from these car facilities does not in itself justify these investments and the fixed assets have therefore been written down by NOK 100 million.

In connection with the Norwegian companies in the Group winding up their defined-benefit based pension schemes and all employees switching to defined-contribution based schemes, the financial statements have been charged with a non-recurring effect of NOK 67 million. This was associated with unamortised actuarial gains or losses from previous years, which now, in line with good accounting practice, must be recognised as a cost in their entirety in connection with the winding up of the schemes. Financially speaking the Group expects to save NOK 10-15 million a year from this change.

Total cash flow measured in terms of EBITDA amounted to NOK 934 million compared with NOK 848 million in 2013. Net cash flow from operations amounted to NOK 672 million compared with NOK 555 million in 2013. The cash flow from operations is significantly lower than EBITDA because it includes payable taxes, financial costs and changes in working capital. The primary reason for the improvement was better operative cash flow and lower payable tax in 2014. The Board

is very pleased with the result and market performances the Group delivered in 2014.

### Capital expenditures, liquidity and funding

The Group's investments amounted to NOK 453 million in 2014, an increase of NOK 167 million on the previous year. The investments primarily concern car facilities, acquisitions of dealers and IT systems. NOK 37 million of business assets were sold during the period. The stock as per 31 December 2014 was valued at NOK 2,716 million. This is an increase of 3.7 per cent from 2013.

In November 2014, the Group issued a 5-year, NOK 400 million bond. This ensures the Group good, long-term financing and at the same time the Group gains an alternative source of financing to bank financing. The bond is listed on the Nordic ABM exchange to ensure liquidity for investors. The Group's financing also consists of short-term overdraft facilities and a multi-currency loan agreement with a limit of NOK 1,000 million, which expires in July 2016. At 31 December 2014, NOK 150 million had been drawn on the facility. The Group had net interest-bearing liabilities totalling NOK 572 million at 31 December 2014. At 31 December 2014, the Group's share capital amounted to NOK 2,324 million, corresponding to 42 per cent of the total capital. This gives Møller-Gruppen a very strong financial position.

The Group's dealers have obligations totalling NOK 4,739 million linked to the repurchase of cars from financing companies. This is an increase of 20 per cent from 2013. The Group is exposed to market-based risk in that the market price for these cars could fall below the guaranteed repurchase value. Provisions have been made for estimated losses in the portfolio. The Board is of the opinion that this risk is under satisfactory control based on the current financial position and market conditions.

When importing cars and parts the transaction currency used is the euro, except for imports of ŠKODA, where payment is made in Norwegian kroner. Prices in euro are regulated according to currency agreements with the individual suppliers, which involve most of the risk being covered by the supplier. MøllerGruppen bears the transaction risk within one month, as well as a long-term strategic risk associated with the eurozone's competitiveness. Forward contracts and options are used to reduce short-term risk. The Group's investments in Sweden and the Baltic States are also subject to currency fluctuations. At the end of 2014, these investments were not hedged beyond the debt financing of activities being recorded in local currency.

### Events after the balance sheet date

In January 2015, an agreement was entered into on the sale of the dealer company Møller Bil Fredrikstad AS. The sale was completed on 2 March 2015. The sale will therefore be recognised in the financial statements in 2015.

## BUSINESS AREAS

**Car Imports Norway:** Harald A. Møller AS, the importer of Volkswagen, Audi, ŠKODA and Volkswagen Commercial Vehicles, achieved total operating revenue of NOK 10,017 million, a rise of 5.6 per cent on 2013. Profit before tax amounted to NOK 503 million in 2014 compared with NOK 455 million in 2013. The improvement in the result was due to higher revenue, especially from electric cars where the margins have also been good. Stable costs also made an important contribution. The result is, historically, one of the company's best. Harald A. Møller AS retained its position as the largest car importer, and our car brands had a total market share of 26.5 per cent of the Norwegian car and commercial vehicle market, compared with 25.7 per cent in 2013.

The rise was due to higher market shares for Volkswagen cars due to very strong sales of electric cars. Volkswagen became the market leader in the chargeable cars segment with its e-Golf and e-Up, despite the e-Golf not being launched until July 2014. Volkswagen was also the most sold brand for the ninth year in a row and the Volkswagen Golf the most popular car model for the eighth year in a row in 2014.

ŠKODA had a good year, greatly helped by the new Octavia estate. Its market share increased from 4.9 per cent to 5.2 per cent, which represents a strong performance given the fact that ŠKODA has no electric models. Audi had a slightly slower year due to its portfolio of older models. Its market share fell from 5.3 per cent to 4.9 per cent. Audi does not have any electric models either, so given this it also performed well in the market. Volkswagen Commercial Vehicles had another fantastic year with a market share of 34.3 per cent, slightly down from the record of 35.3 per cent the year before. In 2014, sales of parts and accessories increased by 4.9 per cent to revenue of NOK 992 million. Operating costs comprised 9.9 percent of operating revenue, which is 2.2 percent lower than in 2013. Net financial costs are low, as a result of strong cash flow and low interest rates on operational credits.

**Car Dealers Norway:** MøllerGruppen owns a significant part of the dealer network through Møller Bil AS. The Møller Bil chain covers around 60 per cent of the Norwegian market for Volkswagen and Audi, with a primary focus on the biggest cities. For ŠKODA the share is around 45 per cent. The car dealers saw a total increase in operating revenue of 6.5 per cent in 2014 to NOK 11,645 million, resulting in a profit before tax of NOK 125 million, compared with the previous year's NOK 145 million. Corrected for the non-recurring effects associated with the write-down of the car facilities in Oslo West and winding up of the defined-benefit pensions, the profit before tax was NOK 230 million. This result is the second highest in Møller Bil's history. The good result was due to high volumes and somewhat improved margins for new cars, especially due to the sale of electric cars. However, used cars and the after-

sales market also made positive contributions with higher volumes and improved margins.

The profit margin for the dealer chain overall was 2.3 per cent, up from 1.6 per cent in 2013. The profit margin for 2014 was good, but there is still a large spread in the results between the strongest and weakest dealers, and there will be a general focus on improving the earnings of the weakest dealers in 2015.

Møller Bil continued to enjoy a positive trend in customer satisfaction in 2014 with regard to both sales and the aftersales market. The Board is satisfied with this positive development, which is a result of several years of hard work and focus on this area. Customer satisfaction is crucial for the chain's success and there is still room for improvement. This work will continue in 2015.

**Car Dealers Sweden:** MøllerGruppen owns around 9 per cent of the dealer network that sells Volkswagen brands in Sweden. In the fourth quarter of 2014, MøllerGruppen took over two new dealers in Enköping and Bro. The business in Mälardalen therefore now comprises 12 dealers. The dealer business in Sweden achieved operating revenue totalling NOK 2,839 million in 2014, a strong increase of 25 per cent compared with 2013. The acquisition of the two new dealers accounted for 3 per cent. The increase was due to higher sales of new cars, due to both a better overall market in Sweden and better market performances by our dealers. The turnover from used cars and the aftersales market also increased nicely in 2014. The result before tax was a profit of NOK 29 million compared with a loss of NOK 38 million in 2013. The results for both years were charged with non-recurring write-downs linked to brand separation and the restructuring of the car facilities in Sweden. This amounted to NOK 7 million in 2014, while NOK 60 million was written down in 2013. Underlying operations therefore improved by NOK 14 million. This was due in particular to improved market performances for new cars, although improvements in both the aftersales market and used cars also contributed.

The dealers in Sweden have demonstrated good progress in customer satisfaction in both sales and the aftersales market. However, the Swedish dealers are still lagging slightly behind the levels we have achieved in Norway. Therefore, active steps are being taken to improve this further, including by comparing and coordinating measures with Møller Bil Norway. The Board is very satisfied with the positive trend in Sweden.

**Cars Baltics:** MøllerGruppen imports Volkswagen in all the Baltic countries and Audi in Latvia and Lithuania. The Group is also represented by Volkswagen dealers in all three Baltic States and Audi dealers in Latvia and Lithuania. The operations are organised as a single business unit since this relatively young organisation needs strong coordination between import-

ers and dealers. We have seen positive effects of this.

The Baltic States saw continued moderate but stable economic growth in 2014. However, the car market grew by 13 per cent in 2014, although it is still at a low level compared with before the financial crisis in 2008. Overall revenues from the car business were NOK 1,915 million, an increase of 21 per cent from 2013. This was due to better market performances for new cars and used cars, as well as the aftersales market.

Volkswagen passenger cars have a market share of 12.3 per cent, while Audi has a market share of 2.8 per cent. Volkswagen Commercial Vehicles have a market share of 14.9 per cent. The market shares for cars are on a par with the levels in 2013, while commercial vehicles increased from 13.3 per cent in 2013. Estonia in particular still has great potential for improvement in terms of both cars and commercial vehicles.

The profit before tax was NOK 31 million compared with NOK 33 million in 2013. Dealer results demonstrate stable progress, while importer results were affected by some non-recurring items and low margins on new cars due to very strong competition.

MøllerGruppen's companies in Latvia have been fined a total of EUR 7.3 million because of alleged illegal price fixing. MøllerGruppen strongly disagrees with the basis for the fine and believes the fine is completely disproportional in relation to the alleged irregularities. The case will be brought before the Latvian judicial system. No provisions have been made for this in the financial statements for 2014.

MøllerGruppen holds a very strong strategic position in the Baltic States, but some work still remains to be done in relation to developing the chain in line with what has been achieved in Norway and Sweden.

**Car Finance:** Since 2009, the business has been run through Volkswagen Møller Bilfinans AS, a joint venture between Volkswagen Financial Services and MøllerGruppen. The company sells car finance and insurance products in Norway. MøllerGruppen's stake is 49 per cent. The Group's share of the profit after tax was NOK 77 million in 2014, compared with NOK 66 million the year before. This result is the highest ever and is due to high volume growth, continued relatively good interest rate margins, and low losses. The company is also run very cost-effectively. Confirmed losses and loss write-downs corresponded to 0.45 per cent of the year's average total assets, down from 0.65 per cent in 2013.

The high volume of new car sales has resulted in significantly greater demand for financing services. We have also achieved a higher degree of financing, especially due to an increase in private leasing. Therefore, compared with 2013, total assets increased by 14.2 per cent to NOK 10,615 million at



31. December 2014.

## PERSONNEL, WORKING ENVIRONMENT, THE ENVIRONMENT AND CORPORATE SOCIAL RESPONSIBILITY

At year-end 2014, MøllerGruppen had 3,929 employees, an increase of 144 from the year before.

There were 614 in Sweden, a total of 607 in the three Baltic States, and 2,708 in Norway.

The proportion of women in the Group is relatively stable. The proportion of women in Norway at year-end 2014 was around 17 per cent, and we are always looking to increase this. We have four female general managers in Norway, two in Sweden, two in Latvia, and one in Lithuania. We want to increase this number, which is reflected by the fact that we always encourage women to take part in our internal management programmes.

MøllerGruppen has produced a specific report for corporate social responsibility in 2014. This deals with personnel, the working environment, the external environment and corporate social responsibility. A more detailed description of these areas is provided in this report.

## MØLLERGRUPPEN AS

The parent company, MøllerGruppen AS, is in a solid financial position. The financial statements for 2014 have been prepared on the assumption that the parent company and the Group are going concerns and the Board confirms that the basis for this assumption exists. It is the Board's opinion that the annual financial statements and accompanying notes provide comprehensive information about the company's operations and financial position at 31 December 2014. There have been no events following the end of the year that would affect an assessment of the company.

In 2014 MøllerGruppen AS had a net profit of NOK 437 million, which the Board proposes to distribute as follows:

|                                   |                        |
|-----------------------------------|------------------------|
| Dividends and group contributions | NOK 55 million         |
| Transferred to other equity       | NOK 382 million        |
| <b>Total allocated</b>            | <b>NOK 437 million</b> |

In addition to this, an additional dividend was distributed in November 2014 totalling NOK 300 million, which was approved at the extraordinary general meeting on 31 October 2014. The company had a book equity of NOK 1,858 million. The company had 21 employees at 31 December 2014. The working environment is good and the company does not pollute the external environment. The company's head office is in Oslo.

## PROSPECTS FOR 2015 AND BEYOND

2014 was a very good year for sales of new cars in Norway with the highest total market since the 1980s. The market in the Baltic States grew significantly, but it is still a relatively small market. The overall market in Sweden also grew significantly in 2014 and ended up at a very good level. Sales of used cars were good in all markets and the aftersales market also saw a small improvement in all markets. It looks like the good market for new cars in Norway will continue into 2015, although a slight drop is anticipated in relation to last year. In Sweden the market is expected to drop slightly from the high level in 2014, while in the Baltic States slight growth is expected based on the fact that the macroeconomy appears to have stabilised. Used car imports slowed in 2014 due to the weak NOK exchange rate. The NOK exchange rate strengthened somewhat against the EUR at the start of 2015, which could result in used imports increasing again going forward. Internationally, car markets are still showing signs of positive growth. Among other things, Europe saw weak month-on-month growth relative in 2014 for the first time in several years. This is expected to continue in 2015.

Online shopping has strongly increased the last couple of years in a number of sectors. It is still very limited in the car industry. However, there is no doubt that technological developments and the customers' associated expectations will result in the car industry also being more strongly affected by this trend in the next few years. 2014 was also the year when electric cars really became a significant factor in the overall market. Now that a number of brands are also launching plug-in hybrids, chargeable cars are expected to continue to increase their share in relation to total sales. Volkswagen and, to some extent, Audi are well positioned in relation to this development. There is uncertainty about the future development of the world economy. There appears to be broad consensus that the sovereign debt crisis in a number of large countries will put a damper on global growth, but there are positive signs that indicate some improvement in growth going forward. Political unrest associated with the oil market is an important factor that could affect the world economy negatively in the next few years.

The Board is moderately optimistic about the car markets in our geographical areas. The prospects of continued low interest rates and low unemployment in our most important markets will contribute to the continued positive development of the economic situation in these countries.

There will still be investments in upgrades to the car facilities in 2015 to adapt them to the manufacturers' requirements, especially in Sweden. Significant investments will also be made in IT systems and in adapting the business to a more digital world. A slight drop is expected in the market in 2015, but it will remain a relatively good market. This, combined with the

expected positive development in market shares for our brands, means the Board expects a good result in 2015 as well. In general, the Board is of the opinion that uncertainty about important framework conditions outside the company's control will continue.

This applies to the economic picture, but also to some extent the car manufacturer's arrangements and the authorities' influence through laws, taxes and duties, especially with respect to the tax regime for cars in Norway.

The Group's financing is split into two, in operating capital for the car business and long-term mortgage loans for the property business.

Oslo, 26 March 2015

|   |  |  |
|---|--|--|
| <br>Harald Møller<br>Chairman of the Board | <br>Øyvind Schage Førde<br>Board Member | <br>Morten Møller<br>Board Member      |
| <br>Tellef Thorleifsson<br>Board Member   | <br>Jacob Schram<br>Board Member       | <br>Kristin S. Genton<br>Board Member |
| <br>Anne Catrine Møller<br>Owner         | <br>Jan H. Møller<br>Owner            | <br>Pål Syversen<br>Group CEO        |

# INCOME STATEMENT

Amounts in NOK 1,000s

MøllerGruppen AS

| 2014             | 2013             | Note      |   | 2014              | Group<br>2013     |
|------------------|------------------|-----------|---|-------------------|-------------------|
|                  |                  |           | OPERATING REVENUE                                       |                   |                   |
| –                | –                |           | Sales revenue   | 20,077,915        | 18,402,076        |
| 57,975           | 5,245            |           | Other operating income                                  | 523,288           | 439,595           |
| <b>57,975</b>    | <b>5,245</b>     | <b>1</b>  | <b>Total operating income</b>                           | <b>20,601,203</b> | <b>18,841,671</b> |
|                  |                  |           | OPERATING COSTS   |                   |                   |
| –                | –                |           | Cost of goods   | 15,933,146        | 14,512,676        |
| 45,207           | –                | <b>2</b>  | Payroll and other personnel costs                       | 2,310,183         | 1,998,305         |
| 2,292            | –                | <b>8</b>  | Depreciation and write-downs                            | 251,854           | 187,199           |
| 18,260           | 3,420            | <b>3</b>  | Other operating costs                                   | 1,500,242         | 1,507,463         |
| <b>65,759</b>    | <b>3,420</b>     |           | <b>Total operating costs</b>                            | <b>19,995,425</b> | <b>18,205,643</b> |
| <b>(7,784)</b>   | <b>1,825</b>     |           | <b>OPERATING PROFIT</b>                                 | <b>605,778</b>    | <b>636,028</b>    |
|                  |                  |           | FINANCIAL ITEMS   |                   |                   |
| 456,406          | 306,860          | <b>4</b>  | Income from investments in subsidiaries                 | –                 | –                 |
| –                | 55,370           | <b>6</b>  | Income from investments in associated companies         | 76,452            | 66,561            |
| 30,195           | 32,818           | <b>18</b> | Interest income from group companies                    | –                 | –                 |
| 36,572           | 23,510           | <b>7</b>  | Other financial income                                  | 56,398            | 35,268            |
| (1,390)          | (1,637)          | <b>18</b> | Interest costs from group companies                     | –                 | –                 |
| (43,156)         | (29,387)         | <b>7</b>  | Other financial costs                                   | (68,110)          | (36,790)          |
| <b>478,627</b>   | <b>387,534</b>   |           | <b>Total financial items</b>                            | <b>64,740</b>     | <b>65,039</b>     |
| <b>470,843</b>   | <b>389,359</b>   |           | <b>PROFIT BEFORE TAX</b>                                | <b>670,518</b>    | <b>701,067</b>    |
| (34,165)         | (6,716)          | <b>22</b> | Taxes   | (159,145)         | (189,775)         |
| <b>436,678</b>   | <b>382,643</b>   |           | <b>NET PROFIT</b>                                       | <b>511,373</b>    | <b>511,292</b>    |
|                  |                  |           | <i>Of which:</i>  |                   |                   |
|                  |                  |           | Majority  | 496,848           | 481,469           |
|                  |                  |           | Minorities  | 14,525            | 29,823            |
|                  |                  |           | <i>Proposed allocations in MøllerGruppen AS:</i>        |                   |                   |
| (45,240)         | (2,376)          |           | Group contributions after tax                           |                   |                   |
| (9,760)          | (375,000)        |           | Dividends   |                   |                   |
| (381,678)        | (5,267)          |           | Transferred to/(from) other equity                      |                   |                   |
| <b>(436,678)</b> | <b>(382,643)</b> |           | Allocated   |                   |                   |
| (300,000)        | –                |           | Additional dividend decided before general meeting date |                   |                   |
| 300,000          | –                |           | From other equity                                       |                   |                   |

# BALANCE SHEET AT 31.12

Amounts in NOK 1,000s

MøllerGruppen AS

| 2014             | 2013             | Note      |                                     | 2014             | Group<br>2013    |
|------------------|------------------|-----------|-------------------------------------|------------------|------------------|
|                  |                  |           | ASSETS                              |                  |                  |
| 951              | 1,173            | 22        | Deferred tax asset                  | 204,488          | 212,778          |
| 1,338            | –                | 8         | Intangible assets                   | 126,760          | 84,162           |
| –                | –                | 8         | Goodwill                            | 67,044           | 54,213           |
| <b>2,289</b>     | <b>1,173</b>     |           | <b>Total intangible assets</b>      | <b>398,292</b>   | <b>351,153</b>   |
| <b>21,424</b>    | <b>–</b>         | <b>8</b>  | <b>Tangible fixed assets</b>        | <b>452,902</b>   | <b>342,234</b>   |
| 542,908          | 445,378          | 5         | Investments in subsidiaries         |                  |                  |
| 448,359          | 410,981          | 6         | Investments in associated companies | 485,514          | 394,742          |
| 506              | –                | 9         | Investments in shares               | 2,548            | 158,042          |
| 1,264,328        | 1,253,622        | 11        | Group receivables                   | –                | –                |
| –                | –                | 10        | Pension assets                      | –                | 23,477           |
| 12,831           | 13,215           | 14        | Other receivables                   | 23,792           | 26,011           |
| <b>2,268,932</b> | <b>2,123,196</b> |           | <b>Total financial fixed assets</b> | <b>511,854</b>   | <b>602,272</b>   |
| <b>2,292,645</b> | <b>2,124,369</b> |           | <b>TOTAL FIXED ASSETS</b>           | <b>1,363,048</b> | <b>1,295,659</b> |
| <b>–</b>         | <b>–</b>         | <b>12</b> | <b>Stock</b>                        | <b>2,716,043</b> | <b>2,618,953</b> |
| 33,523           | 837              | 13        | Accounts receivable                 | 906,710          | 838,326          |
| 3,984            | 2,377            | 14        | Other receivables                   | 449,619          | 401,902          |
| 428,173          | 307,699          | 11        | Group receivables                   | –                | –                |
| <b>465,680</b>   | <b>310,913</b>   |           | <b>Total receivables</b>            | <b>1,363,048</b> | <b>1,240,228</b> |
| <b>29</b>        | <b>86,172</b>    | <b>15</b> | <b>Cash and cash equivalents</b>    | <b>71,877</b>    | <b>191,022</b>   |
| <b>465,709</b>   | <b>397,085</b>   |           | <b>TOTAL CURRENT ASSETS</b>         | <b>4,144,249</b> | <b>4,050,203</b> |
| <b>2,758,354</b> | <b>2,521,454</b> |           | <b>TOTAL ASSETS</b>                 | <b>5,507,297</b> | <b>5,345,862</b> |

# BALANCE SHEET AT 31.12

Amounts in NOK 1,000s

MøllerGruppen AS

| 2014             | 2013             | Note         |   | 2014             | Group<br>2013    |
|------------------|------------------|--------------|---|------------------|------------------|
|                  |                  |              | EQUITY                                      |                  |                  |
| 47,685           | 47,685           | 16           | Share capital                               | 47,685           | 47,685           |
| 1,404            | 1,404            |              | Other paid-in equity                        | –                | –                |
| 1,809,358        | 1,726,001        |              | Other equity                                | 2,238,865        | 2,139,493        |
| –                | –                |              | Minorities' interest                        | 37,511           | 185,666          |
| <b>1,858,447</b> | <b>1,775,090</b> | <b>20</b>    | <b>TOTAL EQUITY</b>                         | <b>2,324,061</b> | <b>2,372,844</b> |
|                  |                  |              | LIABILITIES                                 |                  |                  |
| –                | –                | 22           | Deferred tax                                | 27,658           | 22,597           |
| 873              | –                | 10           | Pension liabilities                         | 39,466           | 5,648            |
| –                | –                |              | Other provisions and contingent liabilities | 10,000           | 10,000           |
| <b>873</b>       | <b>–</b>         |              | <b>Total provisions</b>                     | <b>77,124</b>    | <b>38,245</b>    |
| 399,017          | 200,000          |              | Liabilities to financial institutions       | 399,017          | 200,000          |
| 141,029          | 79,170           | 11           | Liabilities to group companies              | –                | –                |
| 15,514           | 17,997           |              | Other non-current liabilities               | 15,567           | 18,048           |
| <b>555,560</b>   | <b>297,167</b>   | <b>19.21</b> | <b>Total non-current liabilities</b>        | <b>414,584</b>   | <b>218,048</b>   |
| 183,257          | –                | 21           | Liabilities to financial institutions       | 229,536          | 16,287           |
| 2,563            | –                |              | Accounts payable                            | 424,466          | 423,950          |
| 14,800           | 6,912            | 22           | Tax payable                                 | 120,659          | 122,120          |
| 2,940            | –                |              | Public duties payable                       | 620,784          | 550,681          |
| 71,733           | 378,300          | 11           | Dividends and group contributions           | 78,233           | 418,224          |
| 21,635           | 5,543            | 17           | Other current liabilities                   | 1,217,850        | 1,185,463        |
| 46,546           | 58,442           | 11           | Liabilities to group companies              | –                | –                |
| <b>343,474</b>   | <b>449,197</b>   |              | <b>Total current liabilities</b>            | <b>2,691,528</b> | <b>2,716,725</b> |
| <b>899,907</b>   | <b>746,364</b>   |              | <b>TOTAL LIABILITIES</b>                    | <b>3,183,236</b> | <b>2,973,018</b> |
| <b>2,758,354</b> | <b>2,521,454</b> |              | <b>TOTAL EQUITY AND LIABILITIES</b>         | <b>5,507,297</b> | <b>5,345,862</b> |

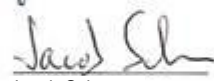
The Board of MøllerGruppen AS  
Oslo, 26 March 2015

  
Harald Møller  
Chairman of the  
Board

  
Øyvind Schage Førde  
Board Member

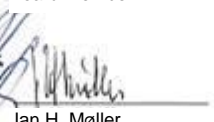
  
Morten Møller  
Board Member

  
Tellef Thorleifsson  
Board Member

  
Jacob Schram  
Board Member

  
Kristin S. Genton  
Board Member

  
Anne Catrine Møller  
Owner

  
Jan H. Møller  
Owner

  
Pål Syversen  
Group CEO



# CASH FLOW STATEMENT

Amounts in NOK 1,000s

MøllerGruppen AS

| 2014             | 2013             | Note  | 2014             | Group<br>2013    |
|------------------|------------------|---|------------------|------------------|
|                  |                  | <b>CASH FLOW FROM OPERATIONS</b>                                |                  |                  |
| 470,843          | 389,359          | Profit before tax   | 670,518          | 701,067          |
| (456,406)        | (306,860)        | Recognised dividends/group contributions                        | –                | –                |
| 2,292            | –                | Depreciation and write-downs                                    | 251,854          | 187,199          |
| (41,428)         | (5,245)          | Gains from sale of fixed assets/companies                       | (16,459)         | (2,931)          |
| (6,912)          | (1,149)          | Tax payable   | (156,117)        | (237,027)        |
| <b>(31,611)</b>  | <b>76,105</b>    | <b>Own financing</b>  | <b>749,796</b>   | <b>648,308</b>   |
| –                | –                | Change in stock   | (82,497)         | 67,810           |
| 28,548           | (6)              | Change in accounts receivable and payables                      | (68,940)         | 21,845           |
| 7,792            | (153,098)        | Change in other items   | 73,576           | (183,294)        |
| <b>4,729</b>     | <b>(76,999)</b>  | <b>NET CASH FLOW FROM OPERATIONS</b>                            | <b>671,935</b>   | <b>554,669</b>   |
|                  |                  | <b>CASH FLOW FROM INVESTMENTS</b>                               |                  |                  |
| (4,902)          | –                | Investments in tangible and intangible assets                   | (396,450)        | (286,311)        |
| 4,171            | –                | Sale of business assets (sales sum)                             | 36,796           | 29,451           |
| (217,341)        | (10,497)         | Payments upon purchase of shares in subsidiaries and businesses | (31,065)         | –                |
| (66,150)         | (98,000)         | 7 Capital paid to AC  | (66,150)         | (98,000)         |
| 153,593          | 7,770            | Proceeds from sale of shares in subsidiaries                    | 168,822          | –                |
| –                | –                | Capital repaid by AC  | –                | 55,370           |
| 338,266          | 373,739          | Dividends received  | –                | –                |
| –                | –                | Proceeds associated with financial fixed assets                 | 3,918            | 13,439           |
| <b>207,637</b>   | <b>273,012</b>   | <b>NET CASH FLOW FROM INVESTMENTS</b>                           | <b>(284,129)</b> | <b>(286,051)</b> |
|                  |                  | <b>CASH FLOW FROM FINANCING</b>                                 |                  |                  |
| 399,017          | 200,621          | New loans   | 399,017          | 200,583          |
| (52,483)         | –                | Repayment of loans  | (57,014)         | –                |
| –                | –                | Receipts from minorities  | –                | 7,770            |
| –                | –                | Payments to minorities  | (227,279)        | (10,497)         |
| (3,300)          | (23,300)         | Group contributions paid  | –                | –                |
| (675,000)        | (350,000)        | Dividend paid   | (684,924)        | (369,166)        |
| <b>(331,766)</b> | <b>(172,679)</b> | <b>NET CASH FLOW FROM FINANCING</b>                             | <b>(570,200)</b> | <b>(171,310)</b> |
| (119,400)        | 23,334           | Change in cash and cash equivalents during year                 | (182,394)        | 97,308           |
| 86,172           | 62,838           | Cash reserve at 01.01   | 174,735          | 77,427           |
| <b>(33,228)</b>  | <b>86,172</b>    | <b>Cash reserve at 31.12</b>                                    | <b>(7,659)</b>   | <b>174,735</b>   |
|                  |                  | Specification of cash reserve at 31.12.                         |                  |                  |
| 29               | 86,172           | 15 Cash and cash equivalents                                    | 71,877           | 191,022          |
| (33,257)         | –                | 21 Overdraft  | (79,536)         | (16,287)         |
| <b>(33,228)</b>  | <b>86,172</b>    | <b>Cash reserve at 31.12</b>                                    | <b>(7,659)</b>   | <b>174,735</b>   |

# ACCOUNTING POLICIES

## Policies for preparing the consolidated financial statements

The consolidated financial statements present the financial information about the Group as a whole Group's financial position when group companies are treated as one accounting unit. The companies that MøllerGruppen has a controlling influence over are consolidated. The consolidated financial statements include the parent company MøllerGruppen AS and the companies listed in note 5, as well as their subsidiaries. Subsidiaries are consolidated from the moment control is transferred to the Group (acquisition date) and consolidation ceases when control of the subsidiary ceases.

## Elimination of internal transactions

All transactions and balances between group companies are eliminated. Stock and other fixed assets are adjusted for unrealised internal profit.

## Elimination of shares in subsidiaries

Shares in subsidiaries are consolidated using the acquisition method. The cost price of the shares in the individual subsidiary is eliminated against the subsidiary's equity on the acquisition date. The subsequent increased/decreased value is added to the assets and liabilities on the balance sheet as increased/reduced value associated with and accounted for during the asset's remaining lifetime. Increased/reduced values that cannot be attributed to specific assets or liabilities are recognised as goodwill/badwill on the balance sheet and depreciated/recognised as income over their financial lifetime.

In the case of acquisitions of subsidiaries with a minority interest, 100 per cent of identifiable assets and liabilities are recognised on the balance sheet, while for goodwill only the majority share is recognised.

## Disposal of subsidiaries

Where the Group reduces its stake to 50 per cent or lower, profit/(loss) is recorded as though the entire company had been sold. This means that the remaining stake is measured at fair value.

## Conversion of foreign subsidiaries

Balance sheet items in foreign subsidiaries are translated using the closing rate, while earnings are translated using the weighted average exchange rate. Translation differences relating to foreign subsidiaries are charged to equity.

## Minority interests

Minority interests are extracted as separate items in the income statement and on the balance sheet. In the income statement the minorities' share of the result after tax is calculated and shown.

Minority interests on the balance sheet represent the minorities' share of the companies' equity, taking into account the minorities' share of increased/reduced values and internal profits.

## Associated companies and joint ventures

Shares in companies in which the Group holds between 20 and 50 per cent, and over which the Group has significant influence and where the investment is long-term in nature are consolidated in accordance with the equity method in the consolidated financial statements.

This means the Group's share of the net profit after tax and depreciation of any increased values are recognised under financial items and added to the book value of the share. Internal sales of the business assets of associated companies are corrected for unrealised internal profit.

Stakes in joint ventures are treated according to the same policy.

Individual stakes in smaller companies with limited value and results are treated as ordinary share investments, which are assessed according to the lower of the cost price and fair value.

## Accruals, classification and measurement policies

### Fundamental accounting policies

The financial statements have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting policies based on the fundamental principles of historical cost, comparability, going concern, congruence and prudence. Transactions are recognised at the value of the remuneration on the transaction date. Income is recognised when earned and costs are matched with earned income.

### Classification of assets and liabilities

Goods, current receivables and current liabilities include items due for payment within one year of their acquisition, and items related to goods circulation. The current portion of non-current liabilities due within one year is classified as non-current liabilities. Other items are classified as non-current assets or non-current liabilities.

### Estimates

Estimates are used to measure income, costs, balance sheet items and other liabilities for which there are no market values. This applies to the measurement of warranty liabilities, obsolete stock, pensions, and goodwill, other long-term provisions and deferred losses on repurchase liabilities. Future events may lead to changes in the estimates. Estimates and underlying conditions are assessed continually. Changes to accounting estimates are recognised in the period the change occurs.

### Income recognition

The Group sells products and services, which are recognised upon delivery. For sales of new cars with repurchase agreements, the sale is recognised upon delivery. Subsequent repurchases and sales of repurchased cars are recognised as separate transactions. Total repurchase liabilities are detailed in note 19.

For sales of new cars, vehicle import duty to the State comprises a significant amount. This is not recognised as revenue, but is only included as current liabilities in the financial statements. The proportion of sales revenue related to future

aftersales contracts is recognised as unearned income upon the sale and is recognised as income as the services are provided.

### Tangible and intangible fixed assets

Tangible fixed assets and intangible assets on the balance sheet are stated at cost less ordinary depreciation. Ordinary depreciation and amortisation in the income statement is on a straight line basis and is based on estimates of the financial and technical lifespan.

Upon indication that the carrying amount of a fixed asset is higher than its fair value, a test for impairment will be conducted. The test is conducted for the lowest level of the fixed assets that have independent cash flow. If the carrying amount is higher than both the value and the recoverable amount (present value of continued use/ownership), the asset is written down to the highest of sales value and recoverable amount. Write-downs are reversed if the basis for the write-down no longer exists.

Lease agreements that are not recognised on the balance sheet (operational leasing) are presented in the financial statements as an operational cost and the annual leasing amount is presented in note 7. Leased assets are recognised on the balance sheet if the lease transfers substantially all the risks and rewards incidental to ownership of the assets.

### Shares and units

Shares in subsidiaries of a strategic nature and other long-term investments are classified as fixed assets and recognised at the lower of cost price and fair value. Dividends from subsidiaries are recognised in the same year as the company sells them. Dividends from other companies are recognised as income when the dividends are paid.

Short-term investments are classified as current assets and are measured at the lower of cost price and fair value.

### Stock

Stocks of cars are assessed at the lower of cost price and assumed retail price after sales costs. An individual assessment is made of each car. Parts and equipment are recognised at average procurement cost (in accordance with the FIFO principle). Write-downs are made for obsolescence.

### Accounts receivable and other receivables

Accounts receivable and other receivables are recognised on the balance sheet at their nominal rate after the deduction of confirmed and expected losses.

### Other financial investments

Short-term financial investments are recognised at market value.

### Taxes

Taxes consist of tax payable and changes to deferred tax. Tax payable is fixed based on the year's taxable result.

Deferred tax on the balance sheet is calculated based on temporary differences between taxable and accounting values and tax losses carried forward.

Deferred tax assets where future use is uncertain are not recorded. Deferred tax and deferred tax assets are presented net on the balance sheet when there is a basis for offsetting. If the tax rate has changed since the year before, the new tax rate is used to calculate deferred tax.

Deferred tax and deferred tax assets on acquisitions are calculated based on the difference between fair value and book value in acquired companies for identifiable assets and liabilities. Deferred tax is not calculated on goodwill and increased value of properties upon acquisition. Deferred tax on temporary differences associated with investments in subsidiaries is included, unless the temporary difference is unlikely to be reversed in the immediate future.

### Pensions

Norwegian companies have had two group pension schemes, defined-benefit and defined-contribution schemes, which are covered by insurance companies. The defined-benefit pension insurance was closed on 31 December 2014 and all employees switched to defined-contribution pensions.

The Group also has unfunded pension liabilities, including contractual early retirement pensions (AFP), which are charged directly to operations and calculated by an actuary.

Swedish companies have group pension schemes (defined-benefit and defined-contribution schemes) which are governed by collective agreements. The companies in Lithuania, Latvia and Estonia do not have pension plans.

When calculating the pension cost of defined-benefit schemes, a straight line earning profile based on expected final salary was used. Plan changes were amortised over the expected average remaining earning period. The same applied to remeasurements to the extent the accumulated amount exceeded 10 per cent of the biggest of pension liabilities and pension assets (corridor).

Defined-contribution pensions are calculated on an ongoing basis in the financial statements, with the Group contributing a certain percentage share of the employee's salary to the insurance company. The contributions are invested in funds, and employees can choose between various savings profiles. Apart from this, the Group has no other liabilities to its employees in this scheme.

### Financial instruments

When hedging future interest costs, where the hedging tools are intended to protect the Group from variations in future cash flows, the hedging instrument is not recorded in the balance sheet as long as the hedging is considered effective. Profit or loss is recorded at net in line with the result of the hedged item. For rate swap agreements, where the hedging is not considered effective, the hedging tool is recorded at market

value in the balance sheet. Changes in the market value are made continually in the result.

For currency forward contracts, the intention of which is to hedge assets and liabilities, where the hedge is considered to be effective then both the hedging tool and the hedged item is evaluated at fair value, and gains and losses are recognised. When hedging net investments in foreign currency and where the hedge is considered effective, the currency forward contract is evaluated at fair value. Changes to fair value are charged directly to equity.

### Foreign currency

Monetary items denominated in foreign currencies are measured at the balance sheet date and related foreign exchange gains/(losses) are recognised as financial items. This applies to cash and cash equivalent, receivables and liabilities. For non-cash items, the price at the transaction date is used as a basis for the acquisition cost and is not translated later. This applies mainly to stock and tangible fixed assets. The sale and purchase of goods and services in foreign currencies is calculated at the exchange rate on the date of the transaction.

The Group uses Norwegian kroner (NOK) as its presentation currency. The Group is exposed to changes in currency in SEK and EUR. Within the Group loans are granted in SEK and EUR.

### Warranty allocations

The Group incurs warranty liabilities through sales of new cars in accordance with the warranties provided by the various manufacturers and regulations in the individual country. The manufacturers normally provide warranties according to applicable guidelines, but importers and dealers provide warranties in addition to these in accordance with local laws and any goodwill payment. Warranty periods vary from one to 12 years.

With the sale of used cars, the dealer generally handles the warranty liabilities, in addition to the remaining manufacturer's warranty.

Ongoing provisions and assessments are made for future liabilities.

### Contingent liabilities

Contingent liabilities are not recognised in the financial statements. Contingent liabilities are recognised when it is more than 50 per cent likely that a liability will occur and the liability can be reliably measured.

### Repurchase agreements

The Group has a portfolio of sold new cars with guaranteed repurchase prices. The repurchase prices vary from 50-70 per cent depending on the rental period, mileage and model of car. The agreements are not recognised on the balance sheet. The liabilities are continuously assessed, and provisions are made for any anticipated losses.

### Cash flow statement

The indirect method is used when preparing the cash flow statement. Liquid assets include cash, cash equivalents, financial investments (money market funds) and bank overdrafts.

### Long-term partnership contracts

#### Volkswagen AG, Audi AG, and ŠKODA Automobilava AS (companies in the Volkswagen Group)

Harald A. Møller AS's contracts with Volkswagen, Volkswagen Commercial Vehicles, Škoda and Audi have an average notice period of two years.

The contracts with Audi and Volkswagen in the Baltic States have an average notice period of two years. The Volkswagen contract applies to Estonia, Latvia and Lithuania, while the Audi contract applies to Latvia and Lithuania.

#### Volkswagen Financial Services AG (company in the Volkswagen Group)

In 2009, Volkswagen Financial Services AG and MøllerGruppen AS set up the company Volkswagen Møller Bilfinans AS to sell car financing products in Norway. Volkswagen Financial Services AG owns 51 per cent and MøllerGruppen AS 49 per cent of the company. The current shareholders have preferential rights if shares are put up for sale.

Volkswagen Møller Bilfinans AS is treated as an associated company and incorporated using the equity method.

## NOTES TO THE ACCOUNTS

The following notes apply to the consolidated financial statements unless otherwise stated.  
Amounts are stated in NOK 1,000s.  
All balance sheet figures are at 31.12.

### Note 1 - Segment information

The business consists of the business areas Car Imports Norway (Harald A. Møller), Car Dealers Norway (Møller Bil Norge), Car Dealers Sweden (Møller Bil Sverige), Cars Baltics (Møller Auto Baltic and Møller Baltic Import), Car Finance (Volkswagen Møller Bilfinans) and other companies.

The business areas show the following key figures:

|                                   | Car Imports<br>Norway | Car<br>Dealers<br>Norway | Car<br>Dealers<br>Sweden | Cars<br>Baltics  | Car<br>Finance | Other<br>companies | Eliminations       | Group             |
|-----------------------------------|-----------------------|--------------------------|--------------------------|------------------|----------------|--------------------|--------------------|-------------------|
| <b>Operating revenue</b>          | <b>10,017,038</b>     | <b>11,644,898</b>        | <b>2,838,657</b>         | <b>1,914,585</b> | –              | <b>57,427</b>      | <b>(5,871,403)</b> | <b>20,601,203</b> |
| Operating profit                  | 506,859               | 145,248                  | 36,823                   | 33,852           | –              | (40,924)           | (76,081)           | 605,778           |
| Depreciation and<br>writedowns    | 47,614                | 137,629                  | 20,119                   | 7,657            | –              | 2,740              | 36,096             | 251,854           |
| Income from investments<br>in AC  | –                     | –                        | –                        | (168)            | 76,620         | –                  | –                  | 76,452            |
| <b>EBITDA</b>                     | <b>554,473</b>        | <b>282,877</b>           | <b>56,942</b>            | <b>41,342</b>    | <b>76,620</b>  | <b>(38,185)</b>    | <b>(39,985)</b>    | <b>934,083</b>    |
| Other financial results           | (3,500)               | (19,872)                 | (7,430)                  | (3,103)          | –              | 22,194             | –                  | (11,712)          |
| <b>Profit/loss before tax</b>     | <b>503,359</b>        | <b>125,376</b>           | <b>29,393</b>            | <b>30,582</b>    | <b>76,620</b>  | <b>(18,730)</b>    | <b>(76,081)</b>    | <b>670,518</b>    |
| <b>Assets</b>                     | <b>2,025,128</b>      | <b>2,934,553</b>         | <b>510,777</b>           | <b>722,372</b>   | <b>186,815</b> | <b>1,950,879</b>   | <b>(2,823,225)</b> | <b>5,507,299</b>  |
| <b>2013</b>                       |                       |                          |                          |                  |                |                    |                    |                   |
|                                   | Car Imports<br>Norway | Car<br>Dealers<br>Norway | Car<br>Dealers<br>Sweden | Cars<br>Baltics  | Car<br>Finance | Other<br>companies | Eliminations       | Group             |
| <b>Operating revenue</b>          | <b>9,486,543</b>      | <b>10,934,645</b>        | <b>2,263,729</b>         | <b>1,577,736</b> | –              | –                  | <b>(5,420,982)</b> | <b>18,841,671</b> |
| Operating profit                  | 456,163               | 166,344                  | (34,750)                 | 34,669           | –              | (3,564)            | 17,167             | 636,028           |
| Depreciation and write-<br>downs* | 46,581                | 21,043                   | 70,444                   | 6,889            | –              | –                  | 742                | 145,699           |
| Income from investments<br>in AC  | –                     | –                        | –                        | 230              | 66,331         | –                  | –                  | 66,561            |
| <b>EBITDA</b>                     | <b>502,744</b>        | <b>187,387</b>           | <b>35,693</b>            | <b>41,789</b>    | <b>66,331</b>  | <b>(3,564)</b>     | <b>17,909</b>      | <b>848,289</b>    |
| Other financial results           | (762)                 | (21,085)                 | (3,318)                  | (2,039)          | –              | 25,682             | –                  | (1,522)           |
| <b>Profit/loss before tax</b>     | <b>455,402</b>        | <b>145,259</b>           | <b>(38,069)</b>          | <b>32,861</b>    | <b>66,331</b>  | <b>22,118</b>      | <b>17,167</b>      | <b>701,067</b>    |
| <b>Assets</b>                     | <b>1,842,049</b>      | <b>2,732,186</b>         | <b>456,132</b>           | <b>611,574</b>   | <b>113,883</b> | <b>1,955,036</b>   | <b>(2,364,997)</b> | <b>5,345,862</b>  |

\* incl. provisions for contingent liabilities of NOK 41.5 million

### Note 2 - Payroll and other personnel costs

#### MøllerGruppen AS

|  | 2014          | 2013 | Personnel costs             | 2014             | Group<br>2013    |
|--|---------------|------|-----------------------------|------------------|------------------|
|  | 34,876        | –    | Salaries                    | 1,802,193        | 1,581,105        |
|  | 5,279         | –    | Employer's NI contributions | 303,834          | 284,786          |
|  | 2,203         | –    | Pension costs*              | 136,636          | 66,226           |
|  | 2,849         | –    | Other personnel costs       | 67,520           | 66,188           |
|  | <b>45,207</b> | –    | <b>Total</b>                | <b>2,310,183</b> | <b>1,998,305</b> |
|  | 22            | –    | Average number of employees | 3,849            | 3,718            |
|  | 1,499         | –    | Loans to employees          | 37,421           | 41,253           |

\* Including non-recurring costs associated with the closure of defined-benefit pensions of NOK million

Loans to employees are mainly interest-bearing car loans where the companies have security in a car. The interest on the loan is 2.5 per cent. In the case of a sale, liquidation or other reorganisation, under certain terms general managers in the Group are entitled to salary for one year.

#### MøllerGruppen AS

|  | 2014       | 2013       | Auditor's fees recognised as a cost (excl. VAT) | 2014         | Group<br>2013 |
|--|------------|------------|---|--------------|---------------|
|  | 304        | 114        | Auditors' fees                                  | 3,414        | 3,303         |
|  | –          | –          | Audit-related services                          | 302          | 14            |
|  | 93         | 9          | Tax, fees and other consultancy services        | 607          | 229           |
|  | <b>397</b> | <b>123</b> | <b>Total</b>                                    | <b>4,323</b> | <b>3,546</b>  |

#### MøllerGruppen AS

|  | CEO          | Board        | Payments to executive personnel |  |
|--|--------------|--------------|---------------------------------|--|
|  | 6,533        | –            | Salary and bonus                |  |
|  | 290          | –            | Pension costs                   |  |
|  | 311          | –            | Other remuneration              |  |
|  | –            | 1,427        | Director's fees                 |  |
|  | <b>7,134</b> | <b>1,427</b> | <b>Total</b>                    |  |

The company had no employees in 2013 and was administered by Aars AS. In 2014, the Group's car business administration was transferred from Aars AS to MøllerGruppen AS. The CEO and board members own stakes of 1.34 per cent and 0.44 per cent, respectively, in Møller MI AS. The CEO is employed and is paid by MøllerGruppen AS. Bonus schemes have been established in which the size of the payment depends on the result achieved for the year, as well as other qualitative assessment criteria, and where the bonus is regarded as part of normal remuneration in these types of positions. Two directors in the parent company are entitled to 2 years pay after the termination of their employment in the event of significant restructuring.



### Note 3 - Other operating costs

MøllerGruppen AS

| 2014          | 2013         |   | 2014             | Group<br>2013    |
|---------------|--------------|---|------------------|------------------|
| 3,782         | –            | Operational costs (rent, electricity, maintenance, car costs, etc.)         | 735,897          | 716,125          |
| 2,634         | –            | Sales costs (advertising, warranties, etc.)                                 | 592,603          | 647,858          |
| 11,843        | 3,420        | Administration costs (IT services, fees, travel expenses, gifts, bad debts) | 171,743          | 143,480          |
| <b>18,260</b> | <b>3,420</b> | <b>Total</b>  | <b>1,500,242</b> | <b>1,507,463</b> |

### Note 4 - Income from investments in subsidiaries

MøllerGruppen AS

|                           | 2014           | 2013           |
|---------------------------|----------------|----------------|
| Harald A. Møller AS       | 425,000        | 261,290        |
| Møller Bil AS             | –              | 36,040         |
| Møller MI AS              | 31,406         | 9,530          |
| <b>Total subsidiaries</b> | <b>456,406</b> | <b>306,860</b> |

Møller MI AS was sold to Aars AS on 24 April 2014.

### Note 5 - Investments in subsidiaries

MøllerGruppen AS

| Company name          | Business office | Stake/voting rights | Equity at 31.12.2013 | Net profit 2013* | Book value     |
|-----------------------|-----------------|---------------------|----------------------|------------------|----------------|
| Harald A. Møller AS   | Oslo            | 100%                | 296,069              | 391,762          | 353,089        |
| Møller Bil AS         | Oslo            | 100%                | 338,724              | 50,151           | 56,176         |
| Møller Auto Baltic AS | Oslo            | 100%                | 46,890               | (1,072)          | 39,234         |
| Møller Bil Holding AB | Oslo            | 100%                | 132,310              | 7,130            | 86,755         |
| Møller Sverige AS     | Oslo            | 100%                | 4,257                | (3,393)          | 7,654          |
| <b>Total</b>          |                 |                     | <b>522,181</b>       | <b>52,816</b>    | <b>542,908</b> |

\* Includes dividends received/group contributions from subsidiaries totalling NOK 14.5 million.

The above table only shows shares owned directly by MøllerGruppen AS. In total, the Group consists of 42 companies directly and indirectly owned by MøllerGruppen AS.

### Note 6 - Investments in associated companies

Group

| Company name                         | Voting – rights/stake | Equity in company at 31.12.2014 | Book value at 01.01.2014 | Internal profit | Additions/disposals | Share of profit/loss after tax 2014 | Book value 31.12.2014 |
|--------------------------------------|-----------------------|---------------------------------|--------------------------|-----------------|---------------------|-------------------------------------|-----------------------|
| Volkswagen Møller Bilfinans AS, Oslo | 49.0%                 | 1,296,255                       | 359,586                  | (19,371)        | 66,150              | 74,278                              | 480,643               |
| Møller Bilfinans AS, Oslo            | 49.0%                 | –                               | 30,117                   | –               | –                   | 2,342                               | –                     |
| UAB Baltic Auto, Lithuania           | 35.0%                 | 8,280                           | 5,039                    | –               | –                   | (168)                               | 4,871                 |
| <b>Total</b>                         |                       |                                 | <b>394,742</b>           | <b>(19,371)</b> | <b>66,150</b>       | <b>76,452</b>                       | <b>485,514</b>        |

In the consolidated financial statements, investments in associated companies are incorporated in accordance with the equity method. Møller Bilfinans AS was wound up as per 31 December 2014. Internal profit from the sale of vehicles to car finance companies is eliminated against the investments. The amount is reduced by 27 per cent tax.

MøllerGruppen AS

| Company name                         | Voting – rights/stake | Equity in company at 31.12.2014 | Profit after tax 2014 | Book value 31.12.2014 |
|--------------------------------------|-----------------------|---------------------------------|-----------------------|-----------------------|
| Volkswagen Møller Bilfinans AS, Oslo | 49.0%                 | 1,296,255                       | 74,278                | 448,359               |
| Møller Bilfinans AS, Oslo            | 49.0%                 | –                               | 2,342                 | –                     |
| <b>Total</b>                         |                       | <b>1,296,255</b>                | <b>74,278</b>         | <b>448,359</b>        |

The share of the result is not incorporated into the company financial statements; it is only incorporated into the consolidated financial statements of MøllerGruppen. Møller Bilfinans AS was wound up as per 31 December 2014.

### Note 7 - Other financial income and financial costs

MøllerGruppen AS

| 2014          | 2013          |                                     | 2014          | Group<br>2013 |
|---------------|---------------|-------------------------------------|---------------|---------------|
| –             | –             | Interest income                     | 4,029         | 5,383         |
| 35,283        | 21,165        | Currency gains                      | 50,920        | 26,996        |
| 1,289         | 2,345         | Other financial income              | 1,449         | 2,889         |
| <b>36,572</b> | <b>23,510</b> | <b>Total other financial income</b> | <b>56,398</b> | <b>35,268</b> |
| –             | –             | Interest costs                      | 10,924        | 5,968         |
| 33,320        | 22,673        | Currency losses                     | 49,821        | 26,273        |
| 9,836         | 6,714         | Other financial costs               | 7,364         | 4,549         |
| <b>43,156</b> | <b>29,387</b> | <b>Total other financial costs</b>  | <b>68,110</b> | <b>36,790</b> |

## Note 8 - Tangible fixed assets, intangible assets and goodwill

MøllerGruppen AS

Group

| Tangible fixed assets   | Vehicles, machinery and fixtures | Buildings         | Total            |
|---|----------------------------------|-------------------|------------------|
| – Acquisition cost at 01.01   | 819,258                          | 76,367            | 895,625          |
| 22,762 Additions upon acquisitions this year  | 19,580                           | 10,224            | 29,804           |
| 4,902 Additions   | 243,720                          | 83,823            | 327,542          |
| 4,437 Disposals   | (68,220)                         | (1,110)           | (69,330)         |
| – Currency translation difference   | 6,133                            | 999               | 7,132            |
| <b>23,227 Acquisition cost at 31.12</b>   | <b>1,020,471</b>                 | <b>170,302</b>    | <b>1,190,773</b> |
| – Accumulated depreciation at 01.01   | 487,601                          | 66,549            | 554,150          |
| – Additions upon acquisitions this year   | 4,881                            | –                 | 4,881            |
| 2,142 Year's depreciation and write-downs   | 124,771                          | 83,491            | 208,263          |
| (339) Disposals   | (35,750)                         | (164)             | (35,914)         |
| – Currency translation difference   | 6,374                            | 118               | 6,492            |
| <b>1,803 Depreciated at 31.12</b>   | <b>587,877</b>                   | <b>149,993</b>    | <b>737,871</b>   |
| <b>21,424 Book value 31.12</b>  | <b>432,594</b>                   | <b>20,308</b>     | <b>452,902</b>   |
| * Includes NOK 100 million write-down of Møller Bil Vest.                                   |                                  |                   |                  |
| Straight line depreciation plan   | 3-7 years                        | 20-50 years       |                  |
| Annual rental of off balance sheet business assets  | 39,134                           | 305,317           | <b>344,451</b>   |
| Duration of rental of business assets   | 1-5 years                        | 4-15 years        |                  |
| Intangible assets   | Intangible assets                | Goodwill/badwill* | Total            |
| – Acquisition cost at 01.01   | 185,058                          | 198,224           | 383,282          |
| 1,488 Additions upon acquisitions this year   | 1,488                            | 25,109            | 26,597           |
| – Additions   | 69,031                           | 3                 | 69,033           |
| – Disposals   | –                                | (10,574)          | (10,574)         |
| – Currency translation difference   | –                                | 4,487             | 4,487            |
| <b>1,488 Acquisition cost at 31.12</b>  | <b>255,577</b>                   | <b>217,249</b>    | <b>472,826</b>   |
| – Accumulated depreciation at 01.01   | 100,896                          | 144,009           | 244,905          |
| 150 Year's depreciation and write-downs   | 27,921                           | 15,670            | 43,591           |
| – Disposals   | –                                | (10,704)          | (10,704)         |
| – Currency difference   | –                                | 1,231             | 1,231            |
| <b>150 Depreciated at 31.12</b>   | <b>128,817</b>                   | <b>150,205</b>    | <b>279,022</b>   |
| <b>1,338 Book value 31.12</b>   | <b>126,760</b>                   | <b>67,044</b>     | <b>193,804</b>   |
| * Goodwill upon acquisition of new companies, and goodwill in company financial statements. |                                  |                   |                  |
| Straight line depreciation plan   | 3 years                          | 5-10 years        |                  |
| 2,142 Year's deprecation and write-downs on vehicles, machinery and fixtures, and property  |                                  |                   | 208,263          |
| 150 Year's amortisation and write-downs on intangible assets and goodwill                   |                                  |                   | 43,591           |
| <b>2,292 Year's depreciation and write-downs</b>  |                                  |                   | <b>251,854</b>   |

Depreciation time on goodwill that represents strategic investments where MøllerGruppen has a long-term perspective, and is within the Group's core business is normally over 10 years. Other items are depreciated over 5 years. Intangible assets of NOK 126.8 million concern software and development costs for IT systems.

Specification of goodwill/badwill upon acquisition:

| Goodwill/badwill                               | Acquisition date | Depreciation period | Acquisition – cost* | Accumulated depreciation* | Book value    | Year's depreciation |
|--|------------------|---------------------|---------------------|---------------------------|---------------|---------------------|
| <b>Business unit</b>                           |                  |                     |                     |                           |               |                     |
| Car dealers Sweden                             | 2014             | 10 years            | 27,146              | 679                       | 26,467        | 655                 |
| Car dealers Baltics                            | 2012             | 3 years             | (2,920)             | (2,920)                   | 0             | (900)               |
| Car dealers Baltics                            | 2011             | 10 years            | 29,438              | 10,812                    | 18,626        | 2,722               |
| Car dealers Sweden                             | 2007/2008        | 10 years            | 45,690              | 34,286                    | 11,404        | 4,373               |
| Car dealers Norway                             | 2007             | 10 years            | 48,034              | 37,673                    | 10,361        | 5,162               |
| Car dealers Norway                             | 2006             | 10 years            | 25,299              | 25,299                    | 0             | 0                   |
| Car dealers Norway                             | 2005             | 10 years            | 35,348              | 35,348                    | 0             | 3,606               |
| <b>Total goodwill/badwill upon acquisition</b> |                  |                     | <b>208,035</b>      | <b>141,177</b>            | <b>66,858</b> | <b>15,618</b>       |

\* Incl. translation difference

## Note 9 - Investments in other shares and units

| Group                                      |        |              |
|--|--------|--------------|
| Company name                               | Stake* | Book value   |
| Nøtholmen Resort, Strømstad Sweden         | 20.0%  | 506          |
| Molde Billakkering AS, Molde               | 35.0%  | 135          |
| AS Skade og Lakk, Fredrikstad              | 33.3%  | 500          |
| Elverum Autoskade AS, Hedmark              | 33.3%  | 400          |
| Autoringen AS, Oslo                        | 20.0%  | 300          |
| Lillehammer Bilskaresenter AS, Lillehammer | 17.0%  | 195          |
| Örebro Spelarinvest AB, Örebro, Sweden     | 4.0%   | 192          |
| AS Nytt om Bil                             | 10.0%  | 58           |
| Bilbyen Dekk Hotell AS                     | 12.0%  | 60           |
| Miscellaneous smaller stakes               |        | 202          |
| <b>Total</b>                               |        | <b>2,548</b> |

\* Subsidiaries' stake.

Smaller equity investments with equity interest of between 20 and 35 per cent are not treated as associated companies as they have limited value and results.

| MøllerGruppen AS                   |        |            |
|------------------------------------|--------|------------|
| Company name                       | Stake* | Book value |
| Nøtholmen Resort, Strømstad Sweden | 20.0%  | 506        |
| <b>Total</b>                       |        | <b>506</b> |

## Note 10 - Pensions

Norwegian and Swedish companies in the Group have different pension plans of which secured schemes include group pension plans that are defined-benefit and defined-contribution plans, respectively. The companies in Lithuania, Latvia and Estonia do not have pension plans. All employees in Norway are part of a group pension scheme in accordance with the Norwegian Occupational Pensions Act.

Up to and including 31 December 2014, the Group had two pension schemes in Norway, a closed defined-benefit scheme (closed as per 1 January 2005) and a defined-contribution scheme.

The defined-contribution plan is charged as a cost on an ongoing basis in the financial statements as the Group pays an amount of savings to the insurance company based on the individual employee's salary. Premiums for a disability pension and child's pension are also paid. There is no residual liability in these plans.

The defined-benefit plans have provided, together with the expected pension from the National Insurance Scheme, entitlement to defined future benefits. These are generally dependent on the number of years in service and salary level. The secured defined-benefit plans are funded by the accumulation of funds in insurance companies. The scheme was wound up on 31 December 2014 and earned rights, both for active employees and pensioners, were transferred to paid-up policies. The effect of winding up the defined-benefit scheme, including actuarial gains and losses, was recognised in its entirety at year-end.

The Group is a member of the contractual early retirement scheme through the Norwegian Federation of Trade Unions (LO)/Confederation of Norwegian Enterprise (NHO). All employees could until 31.12.2010 choose to take early retirement at the age of 62. The contractual early retirement scheme was ended as part of the changes in the pensions reform and it was only possible to take early retirement under the old scheme until 31.12.2010. One remaining provision in the financial statements applies to the company's own risk for people who took early retirement under the old scheme. When the old scheme was ended, there proved to be a shortfall in the scheme. The member companies must cover this shortfall through continued payments of premiums for the next four years. The company's share of this shortfall has been estimated and provision made for it in the financial statements.

A new contractual early retirement scheme was set up to replace the old contractual early retirement scheme. Unlike the old scheme the new contractual early retirement scheme is not an early retirement scheme but a scheme that provides a life-long supplement to the standard pension. Employees can choose to start drawing on the contractual early retirement scheme from when the age of 62. The new pension scheme is a defined-benefit multi-employer pension plan funded by premiums that are determined as a percentage of salary. There is no reliable measurement and allocation of liabilities and assets of the scheme. Therefore, in the financial statements the scheme is treated as a defined-contribution pension scheme where the premium payments are charged as a cost on an ongoing basis and no provisions are made in the financial statements. In 2014, premiums were paid into the new scheme and were fixed at 2.2 per cent of total salary payments between 1 G and 7.1 G (estimated at NOK 27.1. million), where G is the National Insurance Scheme basic amount. There is no accumulation of capital in the scheme and, in line with the phasing out of premium payments into the old contractual early retirement scheme, the level of premiums for the new contractual early retirement scheme are expected to increase in future years.

Our Swedish companies have pension plans that comply with the collective agreement. The scheme in Sweden is a combination of defined-benefit and defined-contribution plans based on job category and income. 614 people are covered by the defined-benefit scheme. The pension liabilities associated with benefits have been calculated by an actuary.

| MøllerGruppen AS               |      |  |                 | Group          |
|--------------------------------|------|--|-----------------|----------------|
| 2014                           | 2013 | Pension costs  | 2014            | 2013           |
| –                              | –    | Present value of the year's accrued pension benefits   | 10,706          | 10,367         |
| –                              | –    | Interest cost of pension liabilities   | 17,030          | 15,502         |
| 58                             | –    | Return on pension assets   | (14,234)        | (11,474)       |
| –                              | –    | Recognised actuarial loss/(gain)   | 3,561           | 4,336          |
| –                              | –    | Administration costs, etc.   | 2,590           | 3,013          |
| 326                            | –    | Pension cost for the year  | –               | –              |
| 988                            | –    | Effect of winding up defined-benefit scheme  | 66,665          | –              |
| <b>1,372</b>                   | –    | <b>Year's pension costs for secure and unsecured pensions, plus contractual early retirement</b> | <b>86,318</b>   | <b>21,744</b>  |
| 831                            | –    | Defined-contribution pension   | 50,318          | 44,482         |
| <b>2,203</b>                   | –    | <b>Total pension costs</b>   | <b>136,636</b>  | <b>66,226</b>  |
| Calculated pension liabilities |      |  |                 |                |
| –                              | –    | Calculated pension liabilities   | –               | (357,533)      |
| –                              | –    | Pension assets (at market value)   | –               | 326,125        |
| –                              | –    | Unrecognised actuarial loss/(gain)   | –               | 54,885         |
| –                              | –    | <b>Net carrying amount pension assets</b>  | <b>–</b>        | <b>23,477</b>  |
| Calculated pension liabilities |      |  |                 |                |
| (1,166)                        | –    | Calculated pension liabilities   | (48,133)        | (6,314)        |
| 293                            | –    | Unrecognised actuarial loss/(gain)   | 8,667           | 666            |
| <b>(873)</b>                   | –    | <b>Net carrying amount pension liabilities</b>   | <b>(39,466)</b> | <b>(5,648)</b> |
| 21                             | –    | Number of people covered by all pension plans  | 3,319           | 2,640          |

| Financial assumptions:                   | Sweden | Norway |
|--|--------|--------|
| Return on pension assets                 | –      | 3.80%  |
| Discount rate                            | 3.75%  | 3.30%  |
| Annual salary growth/annual G adjustment | 2.00%  | 3.00%  |

The actuarial assumptions relating demographic factors are the normal assumptions used by the insurance industry, adapted to the Group's age structure and retirement. All pension liabilities include the employers' National Insurance contribution.

## Note 11 – Intercompany receivables and liabilities

MøllerGruppen AS

Group

| 2014             | 2013             | Non-current receivables | 2014     | 2013     |
|------------------|------------------|-------------------------|----------|----------|
| 1,110,476        | 1,130,505        | Møller Bil Norge        | –        | –        |
| 145,185          | 117,045          | Møller Bil Sverige      | –        | –        |
| 8,667            | 6,072            | Møller Auto Baltic AS   | –        | –        |
| <b>1,264,328</b> | <b>1,253,622</b> | <b>Total</b>            | <b>–</b> | <b>–</b> |

The receivables consist of operating capital and loans to group companies (group account scheme). Other receivables have no specified repayment structure and the items must, in their entirety, be regarded as continuing for more than one year after the closure of the financial year.

MøllerGruppen AS

Group

| 2014           | 2013          | Non-current liabilities   | 2014     | 2013     |
|----------------|---------------|---|----------|----------|
| 141,029        | 79,170        | Loans to subsidiaries concerning the internal bank (overdraft in group companies) | –        | –        |
| <b>141,029</b> | <b>79,170</b> | <b>Total</b>  | <b>–</b> | <b>–</b> |

MøllerGruppen AS

Group

| 2014           | 2013           | Current receivables  | 2014         | 2013          |
|----------------|----------------|--|--------------|---------------|
| 425,000        | 306,860        | Receivables from group companies - dividends/group contributions | –            | 45,519        |
| 3,173          | 839            | Accounts receivable Group  | 1,953        | 14,402        |
| <b>428,173</b> | <b>307,699</b> | <b>Total</b>   | <b>1,953</b> | <b>59,921</b> |

MøllerGruppen AS

Group

| 2014          | 2013          | Current liabilities                            | 2014          | 2013           |
|---------------|---------------|--|---------------|----------------|
| –             | –             | Group contributions                            | 61,973        | 33,300         |
| –             | –             | Dividends                                      | 16,260        | 384,924        |
| –             | –             | <b>Total group contributions and dividends</b> | <b>78,233</b> | <b>418,224</b> |
| 35,843        | 30,428        | Loans from group companies/associated groups   | 13,547        | –              |
| –             | 28,014        | Contributions from subsidiaries                | –             | –              |
| 8,900         | –             | Group contributions to group companies         | –             | –              |
| 1,803         | –             | Accounts payable Group                         | –             | –              |
| <b>46,546</b> | <b>58,442</b> | <b>Total liabilities to group companies</b>    | <b>13,547</b> | <b>–</b>       |

## Note 12 - Goods

Group

|                                  | 2014             | 2013             |
|----------------------------------|------------------|------------------|
| New cars                         | 1,128,389        | 1,269,334        |
| Used cars and demonstration cars | 1,342,258        | 1,117,666        |
| Parts and equipment              | 232,631          | 224,197          |
| Other stock                      | 12,766           | 7,756            |
| <b>Total</b>                     | <b>2,716,043</b> | <b>2,618,953</b> |

## Note 13 - Accounts receivable

MøllerGruppen AS

Group

| 2014          | 2013       |                                | 2014           | 2013           |
|---------------|------------|--------------------------------|----------------|----------------|
| 33,523        | 837        | Accounts receivable            | 922,441        | 840,472        |
| –             | –          | Provisions for bad debt        | (17,684)       | (16,548)       |
| –             | –          | Accounts receivable Aars Group | 1,953          | 14,402         |
| <b>33,523</b> | <b>837</b> | <b>Total</b>                   | <b>906,710</b> | <b>838,326</b> |

## Note 14 - Other receivables

MøllerGruppen AS

Group

| 2014          | 2013          | Non-current receivables       | 2014          | 2013          |
|---------------|---------------|-------------------------------|---------------|---------------|
| 6,172         | 6,172         | Loans to employees            | 16,284        | 17,728        |
| 6,659         | 7,044         | Other non-current receivables | 7,508         | 8,283         |
| <b>12,831</b> | <b>13,215</b> | <b>Total</b>                  | <b>23,792</b> | <b>26,011</b> |

MøllerGruppen AS

Group

| 2014         | 2013         | Current receivables            | 2014           | 2013           |
|--------------|--------------|--------------------------------|----------------|----------------|
| –            | –            | Group contributions Aars Group | –              | 45,519         |
| 203          | –            | Advances to suppliers          | 12,895         | 5,491          |
| 936          | –            | Loans to employees             | 21,139         | 23,524         |
| 615          | –            | Net VAT credit                 | 59,517         | 45,267         |
| 2,231        | –            | Other prepaid expenses         | 86,865         | 83,649         |
| –            | –            | Accrued income                 | 101,344        | 56,490         |
| –            | 2,377        | Other current receivables      | 167,859        | 141,962        |
| <b>3,984</b> | <b>2,377</b> | <b>Total</b>                   | <b>449,619</b> | <b>401,902</b> |

## Note 15 - Bank deposits

Group

The Group has bank deposits totalling NOK 71.9 million. There are no restricted funds to cover tax owed.

MøllerGruppen AS

MøllerGruppen AS has given guarantees for NOK 97.5 million for owed tax deductions by the subsidiaries.

## Note 16 - Share capital and shareholder information

### MøllerGruppen AS

#### Shareholders in MøllerGruppen AS at 31.12.2014

|                  | Number        | Nominal value | Share capital | Stake         |
|------------------|---------------|---------------|---------------|---------------|
| <b>A shares:</b> |               |               |               |               |
| Jan H. Møller    | 103           | 1,734         | 179           | 0.37%         |
| <b>B shares:</b> |               |               |               |               |
| Jan H. Møller    | 1             | 1,734         | 2             | 0.004%        |
| Aars AS          | 24,778        | 1,734         | 42,965        | 90.10%        |
| Møller MI AS     | 2,618         | 1,734         | 4,540         | 9.52%         |
| <b>Total</b>     | <b>27,500</b> |               | <b>47,685</b> | <b>100.0%</b> |

The share capital consists of 27,500 shares with a nominal value of NOK 1,734. There are two classes of share. All shares have equal voting rights. Aars AS votes 85.5 per cent through Møller MI AS. The A shares are guaranteed an annual dividend of NOK 5 million.

## Note 17 - Other current liabilities

### MøllerGruppen AS

| 2014          | 2013         |  | 2014             | Group<br>2013    |
|---------------|--------------|--|------------------|------------------|
| 6,555         | 5,286        | Provision for warranties and other liabilities | 501,805          | 573,655          |
| 15,080        | 257          | Accrued costs and prepaid income               | 331,434          | 298,024          |
| —             | —            | Holiday pay and accrued salary                 | 279,073          | 231,510          |
| —             | —            | Advances from customers                        | 78,046           | 75,728           |
| —             | —            | Other current liabilities                      | 27,492           | 6,546            |
| <b>21,635</b> | <b>5,543</b> | <b>Total</b>                                   | <b>1,217,850</b> | <b>1,185,463</b> |

## Note 18 - Related parties

Møller MI AS was established in 2006 where executive personnel of MøllerGruppen and board members of MøllerGruppen AS had, at 31 December 2013, stakes totalling 55.1 per cent and MøllerGruppen AS owned 44.9 per cent. Møller MI AS owned 9.9 per cent of the shares in Harald A. Møller AS, Møller Bil AS, Møller Bil Sverige AS, Møller Auto Baltic AS, respectively, and 7.57 per cent of the shares in MøllerGruppen Eiendom AS. In 2014, the shares in MøllerGruppen Eiendom were first sold to Aars AS and then MøllerGruppen sold its stake in Møller MI AS and purchased the shares in underlying companies, ref. note 23.

### Group

#### Transaction with related parties

| Company                             | Company relationship | Transaction type                      | 2014             | 2013             |
|-------------------------------------|----------------------|---------------------------------------|------------------|------------------|
| Volkswagen Møller Bilfinans AS      | Associated company   | Sale of cars                          | 2,785,571        | 2,045,680        |
| Aars AS                             | Parent               | Profit from sale of shares            | 12,949           | —                |
| Aars AS                             | Parent               | Sale of administration services       | 1,000            | —                |
| <b>Total sales</b>                  |                      |                                       | <b>2,799,520</b> | <b>2,045,680</b> |
| Volkswagen Møller Bilfinans AS      | Associated company   | Purchase of cars                      | 984,136          | 986,706          |
| Møller Bilfinans AS (wound up 2014) | Associated company   | Purchase of cars                      | —                | 29,935           |
| MøllerGruppen Eiendom               | Associated group     | Rent costs                            | 171,978          | 167,551          |
| Aars AS (MøllerGruppen AS in 2013)  | Parent               | Purchase of administration services   | —                | 1,872            |
| Møller Synergi AS                   | Associated company   | Purchase of accounting services, etc. | —                | 41,962           |
| Aars AS                             | Parent               | Purchase of assets and liabilities    | 19,583           | —                |
| <b>Total purchases</b>              |                      |                                       | <b>1,175,697</b> | <b>1,228,026</b> |
| Volkswagen Møller Bilfinans AS      | Associated company   | Intercompany at 31.12                 | 87,695           | 57,272           |

### MøllerGruppen AS

| Company                               | Company relationship  | Transaction type                                | 2014           | 2013          |
|---------------------------------------|-----------------------|---|----------------|---------------|
| All subsidiaries                      | Subsidiary            | Financial income                                | 30,195         | 32,818        |
| Minority shareholders in Møller MI AS | Minority shareholders | Profit from sale of shares                      | —              | 5,245         |
| Møller MI AS                          | Subsidiary            | Purchase of shares in subsidiaries              | 197,758        | —             |
| Aars AS                               | Parent                | Profit from sale of shares                      | 37,740         | —             |
| Holding companies                     | Subsidiary            | Sale of consolidation services, HR              | 1,283          | —             |
| All subsidiaries                      | Subsidiary            | Sales of HR, IMS and administration services    | 14,024         | —             |
| Aars AS                               | Parent                | Sale of administration services                 | 1,000          | —             |
| <b>Total sales</b>                    |                       |   | <b>282,000</b> | <b>38,063</b> |
| All subsidiaries                      | Subsidiary            | Financial costs                                 | 1,390          | 1,637         |
| Aars AS                               | Parent                | Purchase of assets and liabilities              | 19,583         | —             |
| Møller Synergi AS                     | Subsidiary            | Purchase of accounting services, etc.           | 926            | 193           |
| Aars AS (MøllerGruppen AS in 2013)    | Parent                | Purchase of administration services             | —              | 1,872         |
| Harald A. Møller AS                   | Subsidiary            | Purchase of IT, telephony, switchboard services | 918            | —             |
| <b>Total purchases</b>                |                       |   | <b>22,817</b>  | <b>3,702</b>  |



## Note 19 - Pledges, guarantees and commitments

### MøllerGruppen AS

| 2014 | 2013 | Pledges - book value of assets with encumbrances | 2014           | Group<br>2013  |
|------|------|--|----------------|----------------|
| —    | —    | Fixtures   | 33,150         | 2,500          |
| —    | —    | Accounts receivable and stock                    | 390,509        | 231,778        |
| —    | —    | <b>Total</b>                                     | <b>423,659</b> | <b>234,278</b> |

### MøllerGruppen AS

| 2014    | 2013    | Guarantees  | 2014      | Group<br>2013 |
|---------|---------|---|-----------|---------------|
| —       | —       | Repurchase agreements for cars                        | 4,738,756 | 3,937,414     |
| 186,480 | 186,480 | Vehicle import duty, Customs Region Oslo and Akershus | 186,480   | 186,480       |
| 97,500  | 96,600  | Withholding tax                                       | 97,500    | 96,600        |
| 6,982   | 18,470  | Employees   | 6,982     | 14,767        |
| —       | —       | Other   | —         | 2,215         |
| 123,800 | 117,355 | Subsidiaries of MøllerGruppen AS in the Baltic States | —         | —             |

MøllerGruppen AS has a committed credit facility totalling NOK 1,000 million. Subsidiaries that comprise 80 per cent of gross turnover and equity in the Group are guarantors. At 31 December 2014, NOK 150 million had been drawn from this facility. There is also an overdraft facility of NOK 100 million for Norway and Sweden, which is secured through joint and several liability (group account schemes). At 31 December 2014, NOK 33.6 million had been drawn of the overdraft limit. Møller Bil in Lithuania has an overdraft facility of EUR 4.2 million, which is also secured through joint and several liability. At 31 December 2014, EUR 3.5 million of this facility had been drawn.

The guarantees for employees concern shareholders in Møller MI AS who have loans in Nordea that amounted to NOK 7.0 million at 31 December 2014. The guarantee is secured by collateral in shares.

Other guarantees concern the subsidiaries. The Group companies included in the joint registration of VAT, have joint and several liability for any debt. At 31 December 2014, MøllerGruppen AS had a net credit of NOK 56.0 million in VAT.

MøllerGruppen's companies in Latvia have been fined a total of EUR 7.3 million because of alleged illegal price fixing. MøllerGruppen strongly disagrees with the basis for the fine and believes the fine is completely disproportional in relation to the alleged irregularities. The case will be brought before the Latvian judicial system. No provisions have been made for this in the financial statements for 2014.

## Note 20 - Share capital

| 2014                                       | Majority         | Minorities    | Group<br>Total   |
|--|------------------|---------------|------------------|
| Equity at 01.01.2014                       | 2,187,178        | 185,666       | 2,372,844        |
| Net profit                                 | 496,848          | 14,525        | 511,373          |
| Annual dividend                            | (309,760)        | (6,500)       | (316,260)        |
| Group contributions                        | (45,240)         | —             | (45,240)         |
| Change in minority interests*, etc.        | (70,925)         | (156,180)     | (227,105)        |
| Currency translation differences this year | 28,449           | —             | 28,449           |
| <b>Equity at 31.12.2014</b>                | <b>2,286,550</b> | <b>37,511</b> | <b>2,324,061</b> |

\* Concerns sale of Møller MI AS

Accumulated translation differences at 31 December 2014 amounted to NOK 77.5 million.

| 2013                                       | Majority         | Minorities     | Group<br>Total   |
|--|------------------|----------------|------------------|
| Equity at 01.01.2013                       | 2,025,600        | 164,511        | 2,190,111        |
| Net profit                                 | 481,469          | 29,823         | 511,292          |
| Annual dividend                            | (375,000)        | (9,924)        | (384,924)        |
| Group contributions paid                   | 11,716           | —              | 11,716           |
| Change in minority interests, etc.         | (3,888)          | 1,256          | (2,632)          |
| Currency translation differences this year | 47,281           | —              | 47,281           |
| <b>Equity at 31.12.2013</b>                | <b>2,187,178</b> | <b>185,666</b> | <b>2,372,844</b> |

### MøllerGruppen AS

|                             | Share -<br>capital | Other paid-in<br>equity | Other equity     | Total            |
|-----------------------------|--------------------|-------------------------|------------------|------------------|
| Equity at 01.01.2014        | 47,685             | 1,404                   | 1,726,001        | 1,775,090        |
| Group contributions paid    | —                  | —                       | (45,241)         | (45,241)         |
| Extraordinary dividend      | —                  | —                       | (300,000)        | (300,000)        |
| Net profit for the year     | —                  | —                       | 436,678          | 436,678          |
| Transferred upon merger*    | —                  | —                       | 1,680            | 1,680            |
| Allocated to dividend       | —                  | —                       | (9,760)          | (9,760)          |
| <b>Equity at 31.12.2014</b> | <b>47,685</b>      | <b>1,404</b>            | <b>1,809,358</b> | <b>1,858,447</b> |

\* MøllerGruppen AS merged with Møller Bil Sverige AS as per 1 August 2014

### MøllerGruppen AS

|                             | Share -<br>capital | Other paid-in<br>equity | Other equity     | Total            |
|-----------------------------|--------------------|-------------------------|------------------|------------------|
| Equity at 01.01.2013        | 47,685             | 1,404                   | 1,720,735        | 1,769,824        |
| Group contributions paid    | —                  | —                       | (2,377)          | (2,377)          |
| Net profit for the year     | —                  | —                       | 382,643          | 382,643          |
| Allocated to dividend       | —                  | —                       | (375,000)        | (375,000)        |
| <b>Equity at 31.12.2013</b> | <b>47,685</b>      | <b>1,404</b>            | <b>1,726,001</b> | <b>1,775,090</b> |

## Note 21 - Debt, financing and financial risk

MøllerGruppen AS

Group

| 2014                           | 2013           | Current liabilities                               | 2014           | 2013           |
|--------------------------------|----------------|---|----------------|----------------|
| 150,000                        | –              | Drawn on committed credit facilities              | 150,000        | –              |
| 33,257                         | –              | Overdraft   | 79,536         | 16,287         |
| <b>183,257</b>                 | –              | <b>Total current interest-bearing liabilities</b> | <b>229,536</b> | <b>16,287</b>  |
| <b>Non-current liabilities</b> |                |   |                |                |
| 400,000                        | –              | Bond issue  | 400,000        | –              |
| (983)                          | –              | Facilitation costs                                | (983)          | –              |
| <b>399,017</b>                 | –              | <b>Total bond issue</b>                           | <b>399,017</b> | –              |
| –                              | 200,000        | Drawn on committed credit facilities              | –              | 200,000        |
| 15,514                         | 17,997         | Other long-term interest-bearing liabilities      | 15,567         | 18,048         |
| 141,029                        | 79,170         | Liabilities to MøllerGruppen group, ref. note 10  | –              | –              |
| <b>555,560</b>                 | <b>297,167</b> | <b>Total non-current liabilities</b>              | <b>414,584</b> | <b>218,048</b> |
| <b>Maturity</b>                |                |   |                |                |
| 150,000                        | 200,000        | Due in less than 2 years                          | 229,536        | 200,000        |
| –                              | –              | Due between 2 years and 5 years                   | –              | –              |
| 555,560                        | 97,167         | Due in more than 5 years                          | 415,567        | 18,048         |
| <b>705,560</b>                 | <b>297,167</b> | <b>Total</b>                                      | <b>645,103</b> | <b>218,048</b> |
| <b>Key figures</b>             |                |   |                |                |
| 850,000                        | 967,060        | Unused committed credit facilities                | 850,000        | 800,000        |

### Current liabilities

MøllerGruppen has a committed credit facility of NOK 1,000 million that runs to July 2016. Credit facilities are not secured but all significant companies in Møllergruppen are jointly and severally liable for the liabilities. MøllerGruppen AS is the borrower. At 31 December 2014, NOK 150 million had been drawn on this facility. There are requirements (covenants) concerning financial key figures in the contract, linked to equity and cash, which are fulfilled at the end of the year. This liability was previously classified as a non-current liability, but following the issuing of the bond in 2014 only short-term withdrawals will be made on the facility and it is now classified as a current liability.

### Non-current liabilities

MøllerGruppen has secured long-term financing through a NOK 400 million bond issue. This bond will mature in November 2019.

### Financial risk

The Group has companies involved in selling, financing and servicing cars. The Group's activities involve financial risk associated with currency, rates, credit and liquidity. The Group manages risk with the objective of ensuring predictable cash flows and to ensure sufficient liquidity to meet natural fluctuations in working capital.

### Currency risk

The Group sells products in local currency in Norway and Sweden, while sales in the Baltics are mainly in EUR. In Norway, the Group is exposed to short-term currency risk relating to imports of products in EUR. Car manufacturers bear significant long-term currency risk through agreements. Attempts are made to hedge the short-term currency risk by using forward contracts. As of 31 December 2014, there are no current forward contracts. In addition the Group has currency risk associated with net investments and loans to Swedish and Baltic companies. The risks are mitigated by having corresponding external liabilities in the same currency or currency futures. The forward contracts are market-assessed (mark-to-market) and the value is recorded as exchange gains at year-end. The total secured amount is SEK 150 million and EUR 0.5 million. Unrealised exchange losses of NOK 5.8 million were recognised in the income statement at year-end 2014.

### Interest rate risk

MøllerGruppen is primarily financed via a long-term bond issue. This involves a risk linked to the development of interest rate costs. This risk is hedged by switching a significant amount of the debt to a fixed rate through interest rate swap agreements. On 31 December 2014, an interest rate swap agreement was entered into for a total of NOK 200 million at a fixed-rate of 2.195 per cent and with an average remaining term to maturity of 5 years. The interest rate swap agreement secures 50 per cent of the interest costs associated with the bond issue at year-end. The time for determining the liquid element in the hedging contract is adapted according to the rollover of underlying loans. The agreement was signed with a view to running until it matures. On this basis, MøllerGruppen has chosen to record the agreement as a hedge agreement, which means that ongoing changes in market value are not recorded in the income statement. At the balance sheet date, the market value of the contract is negative in the amount of NOK 1.5 million.

### Credit risk

A significant part of the Group's turnover is cash-based. There will be a temporary credit risk associated with sales by importer companies to external dealers and in those instances when cars or workshop services are sold on credit. The risks are hedged with tight credit procedures and close monitoring of outstanding accounts receivable. Historically losses have been low.

### Liquidity risk

The Group operates in a cyclical industry with relatively large fluctuations in working capital. There is therefore a risk associated with short-term access to liquidity. This is hedged by having flexible and committed framework financing where withdrawals are regulated according to need.

### Buy back agreements

The Group has risk associated with buy back agreements. Total buy back agreement liabilities were NOK 4.7 billion at 31 December 2014. The risk is associated with future market prices for used cars. The risk is hedged through certain procedures for entering contracts and returning cars. A continuous assessment of the liabilities is conducted, and provisions are made for any anticipated losses.

## Note 22 - Taxes

MøllerGruppen AS

Group

| 2014           | 2013           | Taxes in the income statement                              | 2014            | 2013           |
|----------------|----------------|--|-----------------|----------------|
| <b>470,843</b> | <b>389,359</b> | <b>Profit before tax</b>                                   | <b>670,518</b>  | <b>701,067</b> |
| 14,800         | 6,912          | Tax payable Norway   | 124,075         | 147,149        |
| –              | –              | Tax payable abroad   | 11,445          | 7,165          |
| 19,136         | 924            | Tax on paid group contributions                            | 19,136          | –              |
| <b>33,936</b>  | <b>7,836</b>   | <b>Total tax payable</b>                                   | <b>154,656</b>  | <b>154,314</b> |
| 229            | (1,120)        | Change in deferred tax                                     | 4,489           | 28,297         |
| –              | –              | Effect of change tax rate in Norway from 28 to 27 per cent | –               | 7,164          |
| <b>34,165</b>  | <b>6,716</b>   | <b>Tax cost</b>  | <b>159,145</b>  | <b>189,775</b> |
| <b>436,678</b> | <b>382,643</b> | <b>Net profit</b>  | <b>511,373</b>  | <b>511,292</b> |
| 7.3%           | 1.7%           | Effective tax rate   | 23.7%           | 27.1%          |
| 127,128        | 109,021        | 27% of the result before tax                               | 181,040         | 196,299        |
| 34,165         | 6,716          | Actual tax cost  | 159,145         | 189,775        |
| <b>92,963</b>  | <b>102,305</b> | <b>Deviation tax cost</b>                                  | <b>21,895</b>   | <b>6,524</b>   |
|                |                | <i>Deviation amounts to:</i>                               |                 |                |
| (952)          | (588)          | Permanent differences                                      | (593)           | 1,316          |
| 93,915         | 102,893        | Gains, losses, shares and dividends                        | 345             | 545            |
| –              | –              | Result in AC   | (20,687)        | (18,642)       |
| –              | –              | Amortisation goodwill/excess value buildings               | 3,177           | 4,899          |
| –              | –              | Foreign companies (lower tax rate)                         | (2,972)         | (3,183)        |
| –              | –              | Effect of changed tax rate in Norway                       | –               | 7,164          |
| –              | –              | Shortfall/excess paid tax in prior years                   | (1,165)         | 1,377          |
| <b>92,963</b>  | <b>102,305</b> | <b>Total</b>   | <b>(21,895)</b> | <b>(6,524)</b> |

### Tax on balance sheet

The calculation of deferred tax takes into account the following temporary differences:

MøllerGruppen AS

Group

| 2014           | 2013           | Items with temporary differences                | 2014           | 2013           |
|----------------|----------------|---|----------------|----------------|
| –              | –              | Accounts receivable and other receivables       | –              | 3,213          |
| –              | –              | Stock   | 189,383        | 175,016        |
| 2,304          | –              | Tangible fixed assets                           | 6,099          | (22,994)       |
| –              | –              | Current and non-current liabilities             | 550,203        | 536,053        |
| –              | –              | Pensions  | 10,979         | (44,808)       |
| –              | –              | Profit and loss account                         | (250)          | (273)          |
| –              | –              | Deferred losses                                 | 29,356         | 41,375         |
| –              | –              | Latent dividend tax - Estonia                   | (81,201)       | (72,421)       |
| (5,830)        | (4,344)        | Unrealised currency losses on forward contracts | –              | –              |
| <b>(3,526)</b> | <b>(4,344)</b> | <b>Total taxable/deductible differences</b>     | <b>704,569</b> | <b>615,161</b> |
| (951)          | (1,173)        | Norway 27.0%                                    | 185,053        | 193,448        |
| –              | –              | Sweden 22.0%                                    | (5,287)        | (2,449)        |
| –              | –              | Lithuania and Latvia 15.0%                      | 18,663         | 18,445         |
| –              | –              | Estonia 26.6%                                   | (21,600)       | (19,263)       |
| <b>(951)</b>   | <b>(1,173)</b> | <b>Net deferred tax</b>                         | <b>176,829</b> | <b>190,181</b> |
| 951            | 1,173          | Deferred tax asset on balance sheet             | 204,488        | 212,778        |
| –              | –              | Deferred tax liability on balance sheet         | (27,659)       | (22,597)       |
| <b>951</b>     | <b>1,173</b>   | <b>Carrying amount net deferred tax</b>         | <b>176,829</b> | <b>190,181</b> |

Deferred tax is included on the balance sheet as net within the various tax groups.

Change in deferred tax on the balance sheet is arrived at as follows:

|              |              |   |                |                |
|--------------|--------------|---|----------------|----------------|
| –            | 53           | Deferred tax at 01.01                               | 190,181        | 234,897        |
| –            | –            | Additions/disposals acquired/sold companies         | (709)          | –              |
| –            | –            | Currency adjustment                                 | (990)          | 671            |
| –            | –            | Deferred tax internal services from AC in year*     | (7,164)        | 87             |
| (229)        | 1,120        | Year's change in deferred tax                       | (4,489)        | (35,461)       |
| –            | –            | Tax effect group contribution other group companies | –              | (10,013)       |
| <b>(229)</b> | <b>1,173</b> | <b>Net deferred tax at 31.12</b>                    | <b>176,829</b> | <b>190,181</b> |

\* Deferred tax for internal profits from AC (associated companies) is recognised on the balance sheet as part of the investment.

The tax payable on the balance sheet is arrived at as follows:

|               |              |                                 |                |                |
|---------------|--------------|---------------------------------|----------------|----------------|
| 33,936        | 7,836        | Tax payable on income statement | 154,656        | 154,314        |
| –             | –            | Prepaid tax abroad              | (14,861)       | (32,194)       |
| (19,136)      | (924)        | Tax on paid group contributions | (19,136)       | –              |
| <b>14,800</b> | <b>6,912</b> | <b>Tax payable owed</b>         | <b>120,659</b> | <b>122,120</b> |

The income tax rates in Norway, Sweden, Lithuania and Latvia was 28, 22, 15 and 15 per cent, respectively, in 2013. From 2014, the income tax rate in Norway is 27 per cent; while the other countries have not changed their rates. Estonia does not have income tax; it has dividend tax. Latent tax has been allocated dividends.

## Note 23 - Significant transactions in the financial year

### Transactions in 2014

On 1 January 2014, MøllerGruppen purchased 100 per cent of the shares in Møller Synergi AS, as well as the car business's other assets and liabilities in Aars AS. On 24 April 2014, Møller MI AS sold all its shares in MøllerGruppen Eiendom. MøllerGruppen then sold its stake in Møller MI to Aars AS and purchased 9.9 per cent of the shares in Møller Bil AS, Møller Bil Sverige AS, Møller Auto Baltic AS and Harald A. Møller AS from Møller MI AS and now owns 100 per cent of the shares in these companies. Møller Bil Holding AB bought Bilkompaniet Enköping AB on 1 October 2014.

The transactions had the following effect on the consolidated financial statements at 31 December 2014:

Group

|   | Acquisitions  | Sales            | Total            |
|---|---------------|------------------|------------------|
| Cash                                    | 19,587        | (145,191)        | (125,604)        |
| Accounts receivable                     | 7,335         | –                | 7,335            |
| Business assets (including added value) | 26,537        | –                | 26,537           |
| Stock                                   | 14,593        | –                | 14,593           |
| Other assets                            | 7,549         | (155,873)        | (148,324)        |
| Accounts payable                        | (8,407)       | –                | (8,407)          |
| Other interest free liabilities         | (23,479)      | 283              | (23,196)         |
| Interest-bearing liabilities            | (18,171)      | –                | (18,171)         |
| <b>Net identifiable assets</b>          | <b>25,544</b> | <b>(300,781)</b> | <b>(275,237)</b> |
| Goodwill                                | 25,109        | –                | 25,109           |
| Gain from sales                         | –             | (21,634)         | (21,634)         |
| <b>Acquisition sum/sales sum</b>        | <b>50,653</b> | <b>(322,415)</b> | <b>(271,762)</b> |
| Paid in cash                            | 50,653        | (322,415)        | (271,762)        |
| Acquired cash                           | (19,587)      | 145,191          | 125,604          |
| <b>Net cash out/(in)</b>                | <b>31,066</b> | <b>(177,224)</b> | <b>(146,158)</b> |

### Transactions in 2013

There were no significant acquisitions or sales of companies in MøllerGruppen in 2013.

## Note 24 - Events after the balance sheet date

In January 2015, an agreement was entered into on the sale of the dealer company Møller Bil Fredrikstad AS. The sale was completed on 2 March 2015, and will therefore be recognised in the financial statements in 2015.



To the Annual Shareholders' Meeting of MøllerGruppen AS

## **Independent auditor's report**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of MøllerGruppen AS, which comprise the financial statements of the parent company, showing a profit of TNOK 436 678, and the financial statements of the group, showing a profit of TNOK 511 373. The financial statements of the parent company and the financial statements of the group comprise the balance sheet as at 31 December 2014, and the income statement and cash flow statement, for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *The Board of Directors and the Managing Director's Responsibility for the Financial Statements*

The Board of Directors and the Managing Director are 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 and the Managing Director 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 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 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 are prepared in accordance with the law and regulations and present fairly, in all material respects, the financial position of the parent company and the group MøllerGruppen AS as at 31 December 2014, and its financial performance and its cash flows for the year 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 and the statement on Corporate Social Responsibility*

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 and in the statement on Corporate Social Responsibility concerning the financial statements, the going concern assumption and the proposal for the allocation of the profit 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, 26 March 2015

**PricewaterhouseCoopers AS**

Thomas Fraurud  
State Authorised Public Accountant (Norway)

Note: This translation from Norwegian has been prepared for information purposes only.



# Companies in MøllerGruppen at 31.12.2014

## MøllerGruppen AS (parent company)

Møller Synergi AS

### Harald A. Møller AS

SE Moller Baltic Import

### Møller Bil AS (holding company) Norway

Møller Bil Øst AS

Møller Bil Vest AS

Møller Bil Molde AS

Møller Bil Jessheim AS

Møller Bil Bergen AS

Møller Bil Ensjø AS

Møller Bil Follo AS

Møller Bil Fredrikstad AS

Møller Bil Oppland AS

Møller Bil Haugesund AS

Møller Bil Hedmark AS

Møller Bil Tynset AS

Møller Bil Romerike AS

Møller Bil Sør-Rogaland AS

Møller Bil Egersund AS

Møller Bil Trondheim AS

Møller Bil Vestfold AS

Møller Bil Ålesund AS

Møller Bil Partner AS

Møller Bil Klargjøring AS

AutoArena AS

### Møller Auto Baltic AS (holding company)

SIA Moller Auto Latvia

SIA Moller Auto Krasta

SIA Moller Auto Ventspils

SIA Moller Auto Savanoriai

UAB Moller Auto

UAB Moller Auto Keturi Ziedai

UAB Moller Auto Alytus

Moller Auto Tallinn AS

Moller Auto Pärnu AS

Moller Auto Viru AS

Moller Auto Viljandi AS

### Møller Bil Sverige AS (holding company)

Møller Bil Holding AB (holding company)

Møller Bil Sverige AB

Bilkompaniet Enköping og Bro AB

## Associated companies

Volkswagen Møller Bilfinans AS (AC)

UAB Baltic Auto (AC)