

# **Annual Report**

## **Umoe Gruppen AS**



**2013**



# Umoe Gruppen AS

## DIRECTORS' REPORT 2013

Umoe Gruppen AS invests heavily in renewable energy through its sugarcane-ethanol project in Brazil and its investment in the public listed REC Silicon ASA where Umoe is the largest shareholder. The company owns Scandinavia's largest restaurant business. After 26 years of ownership, Umoe Schat-Harding, the world leader in marine life-saving systems was sold in 2013. Umoe is also the majority owner of several medium-sized companies.

Umoe is a large Norwegian group, with a single controlling shareholder. Despite this, the Board of Umoe has responsibility and authority as is the case in companies with dispersed ownership. The main owner is both CEO and Member of the Board, but not Chairman. Three of the board's five members are external. Umoe follows the Norwegian Code of Practice for Corporate Governance where it is relevant and useful. This includes, for example, guidelines for equal treatment of shareholders and transactions with related parties. However, not all parts of the Code of Practice are equally relevant to a family owned company like Umoe.

Umoe has a staff of few, but highly qualified persons who exercise the ownership. The operational companies have their own management and with few exceptions they are also financed by their own earnings and independent of the Umoe Group. There are few synergies between the various investments in the portfolio. Value drivers and market conditions for each company are different. This provides flexibility and risk diversification in the portfolio as a whole.

Umoe focuses mainly on counter-cyclical investments in mature industries with the aim of active ownership leading to strong value creation. The Umoe strategy has room for value fluctuations in the underlying assets and the Group's equity is large enough both to invest during weak and falling markets, and to avoid forced sale of assets. Umoe has since the start in 1984 invested in the maritime industry and since the purchase of Umoe Restaurants Group in 2002 also in Norwegian sheltered industries. Umoe sells businesses when we consider that we no longer are the owner who can add the most value. In recent years, oil dependent investments have been sold and Umoe has reinvested in renewable energy. The investments in Brazil and in shares in REC Silicon are results of this strategy.

Our investments are primarily recorded in the books at historical cost and several of the engagements have market value that is far in excess of book value. Engagements where the value has decreased during the year are recorded at their estimated fair value at year end. Umoe puts emphasis on maintaining a sound capital base. The real financial strength is substantially higher than the book equity. Umoe Gruppen AS has limited external debt at the parent company level.

Research and development takes place in the operating companies.

### THE OPERATIONS DURING 2013

Group turnover in 2013 was NOK 5 978 million (NOK 5 335 million). Operating profit before depreciation and amortization was NOK 752 million (NOK 287 million). Profit before tax was NOK 735 million (NOK -108 million). Last year's figures are in parentheses. The income statement of 2013 is effected by the sale of Umoe Schat-Harding Group, which gave a gain of NOK 702 million in Umoe Gruppen Group.

Total assets amounted to NOK 4 767 million (NOK 4 714 million). Equity amounted to NOK 1 787 million as of December 31<sup>st</sup>, corresponding to an equity ratio of 37.5% (25.7%). Cash flow from operating activities in 2013

was respectively NOK -57 million and NOK 328 million for Umoe Gruppen AS and Umoe Gruppen Group. The Board considers the Group's liquidity to be satisfactory.

## **OUR MAIN BUSINESS AREAS**

### **Umoe Bioenergy S.A.**

Umoe Bioenergy ASA (UBE) is a 100 % owned subsidiary of Umoe Bioenergy ASA, which produces clean and renewable ethanol from sugar cane. UBE cultivates and harvests almost all of the sugarcane on about 33.000 acres of owned and leased land in the southwest region, Paranapanema, in the state of São Paulo, Brazil. The company's industrial plant has a capacity of 2.6 million tons of sugar cane. UBE owns and operates its own equipment for harvesting operations that is close to 100% mechanized. UBE Group, which includes Umoe Bioenergy ASA, had a turnover of NOK 651 million (NOK 601 million). Operating profit before depreciation and amortization was NOK -242 million (NOK -69 million) and profit before tax was NOK -594 million (NOK -309 million). The income statement of 2013 is effected by write-downs of the biological inventory with NOK 169 million and loss on sale of fixed assets with NOK 42 million. The Brazilian real has continued to weaken compared to Norwegian kroner from 2.99 NOK/BRL in 2012 to 2.59 NOK/BRL in 2013.

In 2013 UBE harvested 1.9 million (1.9 million) tons of sugar cane. This resulted in a production of 148 million liters of regular ethanol (155 million liters). Of this, 84 million liters was converted to 80 million liters of non-water-containing ethanol (anhydrous) that can be blended into gasoline and gives a higher price than regular ethanol. Also in 2013 the development in the biological mass was weak. The low production volume resulted in UBE producing too low volumes of bagasse for the production of electricity. Because of this, UBE in periods had to buy power in the spot market to cover its contractual obligations. In total, the weak result from ethanol, power production and also a small decline in the sales price of ethanol caused a weak operating result. In 2013, the General Manager in UBE in Brazil was replaced, the farming strategy was changed and at the end of 2013 a material workforce reduction among the administrative and the operative personnel was implemented. Umoe AS has executed a write-down in shares in Umoe Bioenergy ASA of NOK 746 million in its company accounts. Umoe AS has supplied UBE with capital through 2013, partly through loans and partly through equity and will contribute with more capital in 2014.

Umoe Bioenergy ASA has not received any new information from Central Tax Office for Large Enterprises (Sentralskattekontoret for storbedrifter) about the on-going tax case from 2010 where Umoe Bioenergy ASA demanded tax deduction for loss on claims of NOK 1.2 billion.

### **Umoe Restaurants AS**

Umoe Restaurants AS (UR) is Norway's largest and Scandinavia's leading restaurant group with 172 self-owned and 158 franchise restaurants in Norway and Sweden. The company operates the chains Burger King, Peppes Pizza, TGI Friday's, Starbucks and Blender. Blender consists of in total 28 different concepts which are located at airports and shopping centers, as well as some concept restaurants in the city centers. UR also owns 50% of Rail Gourmet Togservise Norway AS. The UR Group's own restaurants had revenues in 2013 of NOK 2 257 million (NOK 2 143 million). Operating profit before depreciation and amortization was NOK 199 million (NOK 214 million) and profit before tax was NOK 6 million (NOK 12 million).

The main focus in Umoe Restaurants in 2013 has been to operationalize the franchise agreements which were entered into with Burger King Corporation and Starbucks in 2012. The Burger King agreement gives Umoe Restaurant the responsibility to monitor the operations of Burger King in Sweden, Norway and Denmark. Resulting from this agreement, 16 new Burger King restaurants were opened in 2013 in these 3 countries (where 3 are self-owned by Umoe Restaurants). Considerable growth is planned also for the coming years. The Starbucks agreement gives Umoe Restaurants an equivalent responsibility for Starbucks in Norway and Sweden, where seven new Starbuck entities were opened in Norway in 2013. More entities will be opened in both Norway and Sweden in 2014. In connection with these two agreements, an organization is being developed in Sweden to secure and handle the growth in Sweden and Denmark. In Peppes Pizza, the renewal and the focus on quality continued. TGI used 2013 to secure earnings after many years of strong expansion. For Blender, the opening of a Food Court consisting of four different concepts on Sørlandssenteret, and also the opening on Værnes airport were some of the most important activities.

The strong focus on growth and renewal impacted the Group's results negatively in 2013 and is expected to do so also in 2014. To ensure a sustainable cost development, the overhead functions have been organized in an

own department which delivers among other things IT support/development, purchasing, follow-up of food quality, salaries, finance and accounting services to the business units in the group.

The company is prepared for further growth, both in Norway and in the rest of Scandinavia. The growth is expected to be particularly strong for the Starbucks and Burger King brands. The efforts to build up an organization to handle this expected growth, also outside of Norway, is well under way. The Group also continuously evaluates new strategic opportunities.

### **Umoe Shipping and Energy AS**

Umoe Shipping and Energy AS (USE) is the group's holding company for shipping activities. The company is part owner of a modern fleet of large specialized tankers of liquefied natural gas (LNG). The Group's vessels are chartered on time charter contracts with first class energy companies. Knutsen OAS Shipping in Haugesund is responsible for the operational management of the vessels. Since the ownership interest in the ships varies from 37.5% to 50.0%, they are reported as "profit from associated companies" in the income statement. The company had a satisfying year in 2013. The LNG business resulted in a profit of NOK 58 million (NOK 16 million). Profit before tax was NOK 42 million compared to NOK 88 million in 2012.

The company is affected by fluctuations in currency and interest rate markets. It uses active strategies and financial instruments to mitigate this risk. Currency risk is significant, since most of the revenues are in USD, while operating expenses are essentially in Euro. Here forward contracts are used to reduce the currency risk. The long term USD-loans also represent a natural hedge. In addition, a significant portion of the debt is hedged through long-term interest rate contracts.

All of the shares in the LNG companies were sold at the end of 2013 to the 100% owned newly established Umoe LNG AS, which means that Ulltveit Rederi LNG Holding AS and Ulltveit-Rederi LNG II AS no longer have ownership in the Norspan LNG companies.

Norspan LNG II AS, Norspan LNG III AS and Norspan LNG VIII AS were refinanced at the end of 2013, while Norspan LNG AS was refinanced in the spring 2014.

### **REC Silicon ASA**

REC Silicon ASA (earlier Renewable Energy Corporation ASA) is a leading producer of advanced silicon materials, delivering high-purity polysilicon and silane gas. The company has a production capacity of approximately 20.000 tons of polysilicon annually from two US-based manufacturing plants. REC Silicon is listed on the Oslo Stock Exchange (ticker: REC).

In the autumn 2013, Renewable Energy Corporation ASA completed an initial public offering of its subsidiary REC Solar and changed its name to REC Silicon ASA. At the same time two persons from Umoe AS' management were elected to the company's board and Umoe AS increased its ownership to 20,57 % of total shares including forwards (12,12 %). Umoe's investment in REC is treated as an associated company from November, where a share of the accounting result from the company are included in the results on the line for associated companies.

The book value of the shares in REC Silicon ASA as of 31<sup>st</sup> of December in the accounts of Umoe Gruppen AS Group amounted to NOK 844 million, while the market value at the same time was NOK 1 626 million. The market value on the 8<sup>th</sup> of April 2014 was NOK 1 626 million for the same shares.

### **Umoe Schat-Harding Group AS**

Umoe Schat-Harding (USH) is the global leader in life support systems at sea and offers the industry's largest service network. USH was sold in the summer 2013. This marked the end of 26 years of Umoe ownership. We are proud of the results created by employees and management in this period. Until the sale in the summer of 2013, USH earned NOK 437 million (830 million in the entire 2012). Operating profit before depreciation and amortization amounted to NOK 76 million (NOK 140 million in the entire 2012) and profit before tax was NOK 67 million (NOK 96 million in the entire 2012). Umoe Group booked a gain of 702 million in connection to the sale. Of the total sales-amount, a sales-credit of NOK 200 million which is due in the end of 2015 was given.

Umoe AS took over 50% of the shares of CleanHull Ltd. as a part of the sale of Umoe Schat-Harding Group. These shares were sold by Umoe AS in January 2014.

## **Other companies**

These companies have an estimated market value of NOK 836 million, almost 18% of the estimated value of the Group as a whole, where the Umoe Eiendom Group (real estate) alone amounts to NOK 394 million. The companies consist of Sønnico AS (former Sønnico Elektro AS), Sønnico Tele AS, Umoe Alu Services AS, Umoe Consulting AS, Umoe Eiendom AS, Umoe Forestry AS, Umoe Mandal AS and Umoe Wind AS. These 8 groups / companies reported a combined revenue in 2013 of NOK 1 950 million (NOK 1 784 million). Operating profit before depreciation and amortization amounted to NOK 72 million (NOK 72 million) and profit before tax of NOK 13 million (NOK 5 million).

Umoe's goal with the ownership in these companies is to ensure that they have competent boards and have the necessary funding. It is also desired that management has minority positions in their own companies to ensure that Umoe and management interests are aligned and that the management can take part in the value creation achieved.

Umoe sold its remaining 33% stake in Brattvaag Electro AS in 2013.

The Sønnico companies managed to increase their turnover in 2013, but both have a weaker earning compared to 2012. The focus in 2014 will be to ensure stable profitable earning in both companies. Umoe Alu Services had a positive development both in the turnover and the earnings, but indicates that the activity in 2014 is more uncertain. Umoe Consulting has managed to improve the earnings compared to 2012 and expects a continued positive development in 2014.

In Umoe Eiendom, Umoe Sterkoder has continued developing the industrial site on Dale. A new lease agreement has been entered into for Sandsli Bygg which ensures that the building is fully utilized for a longer period from 2014. The outlook for Umoe Eiendom is positive.

Umoe Forestry AS manages the ownership in Fornebu Lumber Company Inc., which produces building materials which are mainly exported to the US property market and manages large forests. The development has been positive in the two last years and both turnover and earnings increased in 2013. The prospects for Umoe Forestry are very good.

Umoe Mandal AS (UM) and its subsidiary Umoe Advanced Composites AS (UAC) is engaged in research, development and production of advanced composite solutions for maritime, oil and gas and defense sectors. The guarantee period to build five corvettes (MTB) vessels in the Skjold class and the upgrading of KNM Skjold for the Navy ended in December 2013, with only some minor guarantee work remaining to complete. In the spring of 2013 UM got a contract with Textron Marine and Land Systems for the delivery of composite parts to the American navy. The contract leads to deliveries till yearend 2015 with good opportunities for extension for several years. Further, UM has invested heavily in developing a new vessel concept which will serve offshore windmills. Umoe AS decided in October to order the construction of a prototype vessel which has been given the name Wave Craft. The building of the Wave Craft vessel started in the first quarter of 2014 and the completion date is early in 2015.

With the exception of limited amounts to Umoe Mandal, the Umoe Group has not contributed liquidity to the companies in this portfolio during 2013.

## **FINANCIAL MARKET RISK**

The Group is exposed to various risks such as market risk, credit risk and liquidity risk. Unwanted risk is reduced, respectively, by entering into long-term contracts, receiving prepayments, natural hedging, receiving guarantees and credit lines in reputable banks or investing surplus liquidity. For a more detailed overview of the various risks, see note 2 to the accounts.

## **PROFIT/LOSS FOR THE YEAR**

The parent company, Umoe Gruppen AS, had a profit in 2013 of NOK 125 457 000. The Board of Directors proposes the profit to be allocated as follow:

Proposed dividend	20 000 000
Net group contribution including tax effect - payable	14 900 000
Net group contribution excluding tax effect – receivable	-14 900 000

Transferred to Other equity	105 457 000
<u>Total transfers and allocations</u>	<u>125 457 000</u>

In accordance with the requirements placed by the Norwegian accounting legislation, the Board of Directors confirms that the accounts have been prepared on the assumption that the Group is a going concern.

## PERSONNEL AND ENVIRONMENT

Umoe Gruppen AS has no employees. The group had 6 548 employees, 4 230 full-time equivalents (5 745) where most of the reduction is a result of the sale of Umoe Schat-Harding Group. The absence rate due to sickness for the group was 3.6% (3.7%). There have been 25 injuries in 2013, a decrease of 29 compared to last year. All of the Umoe companies work with the intention to reduce accidents and thereby also personal injuries. This is reflected in the reduction in the amount of personal injuries from 2012 to 2013.

In 2013 the group also conducted a survey of the work environment in most of the Norwegian companies. The study shows positive feedback. There are still areas for improvement in individual companies, and improvement efforts have been made locally. A similar survey is planned for the autumn of 2014.

Umoe is focused on non-discrimination between genders. This happens through equal pay for equal work and when hiring new people competence, experience, and qualifications to meet the requirements of the position is emphasized. The company strives to be an attractive employer for all employees, regardless of gender, disability, religion, creed, ethnic or national origin. At the end of 2013, the Umoe Group had 30.8% female and 69.2% male employees. The Board consists of four men and one woman.

The Board emphasizes that the various group companies align their operations according to company-specific environmental regulations and directives in the respective sectors they operate in. In addition to the various regulations from authorities, Umoe AS has invested heavily in renewable energy and reduction of CO<sub>2</sub> emissions through sugarcane-ethanol project in Brazil and the investment in REC Silicon. Environmental cleanup in the ground at one of the group's properties in Kristiansund was completed in 2013. The environmental cleanup in Haugesund is also completed at one of the two locations.

## FUTURE PROSPECTS

A somewhat weaker growth is expected for the Norwegian and the Brazilian economy in 2014, but on an international level a further positive development is expected. The market potential for REC Silicon ASA is expected to be even better through 2014. 2014 will be a financially weak year for UBE where the basis for future profit must be established through a high quality in the agricultural operations. The investment level in Umoe Restaurants will still be high, while the basis for rapid, profitable growth in Scandinavia is established, especially in Burger King and Starbucks. Early signs of a weaker development in the retail trade in Norway are followed up closely.

Umoe follows the development in the markets closely to ensure that our subsidiaries adapt to the economic realities and also allow latitude for new initiatives. Focus from owners and management is directed to ensure that measures are taken as soon as it is necessary to ensure profitability and a secure financial development. At the same time great importance is placed on following the various segments carefully so that the group can be an active participant in restructuring and industry consolidation.

Fornebu, 8<sup>th</sup> of April 2014

Sign.  
Johan Fr. Odfjell  
Chair of the board

Sign.  
Ragnhild Kierulf Ulltveit-Moe

Sign.  
Harald Norvik

Sign.  
Victor D. Norman

Sign.  
Jens Ulltveit-Moe  
Board member and CEO

## Umoe Gruppen AS

### Income Statement

Amount in NOK 1.000

	Notes	Umoe Gruppen AS		Consolidated	
		2013	2012	2013	2012
Revenue		0	0	5 123 570	5 179 902
Other operating income		0	0	854 710	154 628
<b>Revenue</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>5 978 280</b>	<b>5 334 530</b>
Cost of goods sold		0	0	-2 027 245	-1 916 691
Payroll and social expenses	4	-799	-1 141	-2 007 211	-2 011 789
Depreciation of fixed- and intangible assets	7	0	0	-251 868	-333 933
Write down of fixed- and intangible assets	7	0	0	-171 675	7 936
Other operating expenses	5	-1 639	-2 186	-1 191 367	-1 118 903
<b>Operating profit</b>		<b>-2 438</b>	<b>-3 327</b>	<b>328 914</b>	<b>-38 850</b>
Gain/loss/write-down/dividend subsidiaries	11	169 193	150 501	0	0
Share of profit/loss from associated companies	10,11	0	0	83 879	292 121
Financial income	11	2 223	69 913	494 335	72 855
Financial expenses	11	-60 635	-32 087	-172 392	-433 724
<b>Net financial items</b>		<b>110 781</b>	<b>188 327</b>	<b>405 822</b>	<b>-68 748</b>
<b>Ordinary profit (loss) before tax</b>		<b>108 343</b>	<b>185 000</b>	<b>734 736</b>	<b>-107 598</b>
Tax income (+)/tax cost (-)	17	17 114	-9 660	-114 460	-352 524
<b>Net profit (loss) of the year</b>	<b>15</b>	<b>125 457</b>	<b>175 340</b>	<b>620 276</b>	<b>-460 122</b>
Minority's' share of the profit/loss				8 793	-3 829
<b>Profit/loss for the year after minority interests</b>				<b>611 483</b>	<b>-456 293</b>
<b>Attributable to:</b>					
Group contribution - paid		-20 695	-46 268		
Tax on Group contribution - paid		5 795	12 955		
Group contribution - received		14 900	0		
Proposed dividend		-20 000	0		
Transfer to (+)/from (-) other equity		-105 457	-142 027		
<b>Total transfers and allocations</b>	<b>15</b>	<b>-125 457</b>	<b>-175 340</b>		

## Umoe Gruppen AS

### Balance Sheet

Amount in NOK 1.000

	Notes	Umoe Gruppen AS		Consolidated	
		2013	2012	2013	2012
<b>Assets</b>					
Research and development	7	0	0	0	37 387
In-house dev. software, trademarks, other rights etc.	7	0	0	15 204	34 855
Deferred tax asset	17	0	0	0	90 927
Goodwill	7	0	0	12 822	48 549
<b>Total intangible assets</b>		<b>0</b>	<b>0</b>	<b>28 026</b>	<b>211 718</b>
Grounds, buildings and other real estate		0	0	565 711	743 721
Ships, rigs, etc.		0	0	15 100	0
Rental contracts	7,8	0	0	151 739	127 272
Equipment		0	0	866 929	1 019 807
Fixtures and fittings, tools, etc.		0	0	204 332	222 656
<b>Total fixed assets</b>	<b>7</b>	<b>0</b>	<b>0</b>	<b>1 803 811</b>	<b>2 113 456</b>
Investments in subsidiaries	9	3 185 341	3 185 341	0	0
Loans to group companies		0	46 158	0	43 310
Investments in associated companies	10	0	0	1 182 017	312 178
Loans to associated companies		0	0	5 701	1 685
Other shares	12	0	0	48 273	210 339
Other long-term receivables - interest-bearing		1 725	4 000	261 593	62 155
Other long-term receivables - non-interest-bearing		0	0	49 795	31 899
<b>Total financial assets</b>		<b>3 187 066</b>	<b>3 235 499</b>	<b>1 547 379</b>	<b>661 566</b>
<b>Total non current assets</b>		<b>3 187 066</b>	<b>3 235 499</b>	<b>3 379 216</b>	<b>2 986 740</b>
<b>Inventories</b>	<b>13</b>	<b>0</b>	<b>0</b>	<b>359 306</b>	<b>461 803</b>
Accounts receivable		0	0	330 108	491 252
Construction contracts	14	0	0	95 739	245 408
Short-term intercompany receivables		184 093	0	0	0
Other short-term receivables		0	387	89 208	132 853
<b>Total receivables</b>		<b>184 093</b>	<b>387</b>	<b>515 055</b>	<b>869 513</b>
Short-term investments		0	0	0	258
Other current financial assets		0	7 676	20	7 690
Cash and cash equivalents - non-restricted		1 784	1 976	509 677	354 064
Cash and bank equivalents - restricted		44	55	3 528	33 738
<b>Total cash and cash equivalents</b>		<b>1 828</b>	<b>9 707</b>	<b>513 225</b>	<b>395 750</b>
<b>Total current assets</b>		<b>185 921</b>	<b>10 094</b>	<b>1 387 586</b>	<b>1 727 066</b>
<b>Total assets</b>		<b>3 372 987</b>	<b>3 245 593</b>	<b>4 766 802</b>	<b>4 713 806</b>



## Umoe Gruppen AS

Balance Sheet	Notes	Umoe Gruppen AS		Consolidated	
		2013	2012	2013	2012
Amount in NOK 1000					
<b>Equity and debt</b>					
Share capital		375 000	375 000	375 000	375 000
Share premium		250 375	250 375	250 375	250 375
<b>Total paid-in capital</b>	<b>15</b>	<b>625 375</b>	<b>625 375</b>	<b>625 375</b>	<b>625 375</b>
Other equity		2 207 471	2 102 014	1 029 587	451 583
Minority interests		0	0	131 861	135 894
<b>Total equity</b>	<b>15</b>	<b>2 832 846</b>	<b>2 727 389</b>	<b>1 786 823</b>	<b>1 212 852</b>
Pension liabilities	16	0	0	7 493	18 385
Deferred tax	17	2 049	24 957	277 980	269 548
Accrual regarding associated companies	10	0	0	11 061	6 212
Other non-current liabilities		0	0	15 189	7 999
<b>Total non-current liabilities</b>		<b>2 049</b>	<b>24 957</b>	<b>311 723</b>	<b>302 144</b>
Long-term intercompany debt		305 523	280 000	0	0
Long-term interest-bearing debt		0	0	1 223 016	1 325 885
Other long-term debt		31 324	64 059	32 285	67 503
<b>Total long-term debt</b>	<b>18</b>	<b>336 847</b>	<b>344 059</b>	<b>1 255 301</b>	<b>1 393 388</b>
Short-term interest-bearing debt		0	0	264 224	459 687
Accounts payable		0	488	490 356	543 205
Tax payable	17	0	0	9 053	6 600
Other short-term interest-bearing debt		33 410	0	81 475	0
Provision for public duties		65	-97	157 044	153 277
Dividends	15	20 000	0	25 719	218
Advance payments from customers		0	0	28 063	124 980
Short-term intercompany interest-bearing debt		147 537	112 588	0	0
Other short-term debt - non-interest-bearing		233	36 209	357 021	517 455
<b>Total current liabilities</b>		<b>201 245</b>	<b>149 188</b>	<b>1 412 955</b>	<b>1 805 422</b>
<b>Total equity and debt</b>		<b>3 372 987</b>	<b>3 245 593</b>	<b>4 766 802</b>	<b>4 713 806</b>

Fornebu, 8<sup>th</sup> of April 2014

Sign.

\_\_\_\_\_  
Johan Fr. Odfjell  
Chair of the board

Sign.

\_\_\_\_\_  
Ragnhild Kierulf Ulltveit-Moe  
Board member

Sign.

\_\_\_\_\_  
Harald Norvik  
Board member

Sign.

\_\_\_\_\_  
Victor D. Norman  
Board member

Sign.

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Jens Ulltveit-Moe  
Board member and CEO

## Umoe Gruppen AS

### Statement of cash flows

Amount in NOK 1.000

	Notes	Umoe Gruppen AS		Consolidated	
		2013	2012	2013	2012
<b>Cash flow from operating activities</b>					
Profit before taxes		108 343	185 000	734 736	-107 598
Paid taxes	17	0	0	-27 155	-17 298
Share of profit/loss of associated companies/ subsidiaries	11	0	-501	-71 531	-268 182
Gain/loss from sale of fixed assets and securities		0	0	-931 145	198 133
Depreciation of fixed- and intangible assets	7	0	0	251 868	333 933
Write down of fixed assets and financial items	7,11	0	0	36 312	55 188
Effect of currency changes		0	0	148 291	74 598
Difference between expensed and net paid pensions		0	0	-10 893	-6 291
Changes to inventory, accounts payable and receivable		-488	410	413 311	-8 321
Other changes		-165 318	5 533	-216 171	50 611
<b>Net cash flow from operational activities</b>		<b>-57 462</b>	<b>190 442</b>	<b>327 622</b>	<b>304 774</b>
<b>Cash flow from investing activities</b>					
Cash inflow from sale of fixed and intangible assets	7	0	0	1 058 890	105 543
Cash outflow from purchase of fixed and intangible assets	7	0	0	-461 432	-569 775
Net proceeds from sale of shares and interests in other companies		0	1 418	-462 652	86 472
Net proceeds from sale of other investments (+/-)		48 432	-111 016	21 508	44 267
<b>Net cash flow from investment activities</b>		<b>48 432</b>	<b>-109 598</b>	<b>156 314</b>	<b>-333 493</b>
<b>Cash flow from financing activities</b>					
Cash inflow from raising interest-bearing debt	18	14 106	93 923	775 113	149 598
Cash outflow from repayment of interest-bearing debt	18	-12 955	-164 475	-1 075 022	-173 104
Net payments to/from minority interests	15	0	0	-66 552	3 141
Change in equity - majority	15	0	0	0	9 923
<b>Net cash flow from financing activities</b>		<b>1 151</b>	<b>-70 552</b>	<b>-366 461</b>	<b>-10 442</b>
Net change in cash and cash equivalents		-7 879	10 291	117 475	-39 162
Cash and cash equivalents as of January 1		9 707	-584	395 750	434 912
<b>Cash and cash equivalents as of 31.12</b>		<b>1 828</b>	<b>9 707</b>	<b>513 225</b>	<b>395 750</b>
Unutilized overdraft/credit facility		0	0	383 446	216 575
<b>Liquid reserves</b>		<b>1 828</b>	<b>9 707</b>	<b>896 671</b>	<b>612 325</b>

# Umoe Gruppen AS

## Accounting principles

The accounts have been prepared in accordance with the Norwegian Accounting Act of 1998 and Norwegian generally accepted accounting practices (NGAAP).

## Consolidation principles

The consolidated accounts include Umoe Gruppen AS and all subsidiaries in which Umoe Gruppen AS directly or indirectly owns more than 50 per cent of the voting capital and/or has a controlling interest. The subsidiaries are specified in note 9. All significant intercompany transactions and balances have been eliminated. Acquired companies are consolidated in the accounts using the acquisition method of accounting. The difference between the cost price assigned to the individual assets and the book value of net assets at the time of acquisition is added to/deducted from the assets to which the added value/shortfall in value is linked. Positive differences that cannot be so allocated are recorded as goodwill. Companies acquired during the year are consolidated in the profit and loss account from the date of acquisition. Companies that are sold during the year are consolidated in the profit and loss account through to the date of the divestment. Goodwill is amortized over its economic life.

Minority interests are shown as a separate item under equity in the balance sheet. In the profit and loss account, the minority interests' share of the profit/loss is calculated on the profit/loss after tax.

Stakes in limited liability companies and general and limited partnerships are included in the consolidated accounts at cost if the stake is less than 20 per cent and according to the equity method if the stake is between 20 and 50 per cent. In the company accounts, all ownership interests are recorded using the cost method. The equity-method is also applied if the ownership is below 20% and Umoe has a considerable influence on the company's decisions.

Foreign subsidiaries' balance sheet items are translated at the rate applicable on the balance sheet date, while profit and loss items are translated at the average exchange rate for the year in question. Any differences in rates are recognized directly in equity as translation differences.

## Principles governing revenue and cost accounting

Sales of goods and services are recorded as operating revenue at the time of delivery. In the case of long-term manufacturing contracts and construction contracts, revenue is recognized on the basis of current accounts. Costs are recorded in the same period that related income is recognized.

## Construction contracts/long-term manufacturing contracts

Earned income on construction contracts is for the employer considered as earned rights and is classified as operating revenue in the income statement. The income is allocated to net income proportionally with the project's degree of completion. When the transaction's outcome cannot be estimated reliably, only the income, analogously with the project expenses, will be allocated to net income. When there in one period is identified that a project will give negative result, the estimated loss on that contract will be allocated in its entirety. Bonuses on contracts are entered as income only when the amount is determined with reasonable certainty and when it is determined that the bonus will be obtained.

Construction contracts under execution, are entered in the balance sheet to its calculated value with deduction of invoiced amount. Invoicing beyond calculated earned income is classified as advance from costumers. Construction contracts in currency which is not forward covered, is estimated to the balance sheet date.

## Fixed assets

Operating equipment is recorded in the balance sheet at historical cost less straight-line depreciation over the expected technical/economic life of the asset. Land and artworks, etc., are not depreciated. Fixed assets are valued at the lower of their book value and fair value unless a fall in value is considered to be of a temporary nature. Gains on the sale of operating equipment are recorded as operating revenue and losses as other operating expenses, while gains and losses on the sale of long-term shareholdings are recorded as financial items.

## Inventories

Inventories are recorded at the lowest of fair value and cost. Agricultural inventories are recognized at production cost, which includes planting, fertilization etc. These costs are amortized over the harvest period.

**Other current assets**

Other current assets, including shares and securities, are recorded at the lower of their fair value and cost. Market-based short-term investments that are part of a trading portfolio/liquid assets are recorded at their fair value.

**Receivables and liabilities in foreign currencies**

Cash and current and long-term receivables and liabilities denominated in foreign currencies are recorded in the balance sheet at the exchange rate applicable on the date when the accounts are closed. Realized and estimated foreign exchange losses are recorded as financial expenses. When the receivable or liability is hedged by way of a forward contract or other contract, the contract's exchange rate is applied.

Differences in the rate of exchange, which arises on monetary items as a part of a net investment in a foreign unit, is posted directly to the equity.

**Latent liabilities and provisions for warranties**

Provisions for estimated losses are made for latent liabilities and conditional outcomes. Provisions are made for warranty obligations and for special circumstances that exist when the accounts are presented. The warranty period is normally one year, but may be up to two years for specific projects.

**Leasing**

Operating equipment financed by means of a financial lease is capitalized and depreciated. The purchase price, less any advance rent paid, is presented as debt and the rent paid for the lease is treated as interest on and repayment of debt. Lease expenses related to operational leasing agreements, where the risk and return is not transferred, is treated as operating expenses and recognized over the contract period.

**Research and development costs**

All research, development and prototype costs are expensed directly over the profit and loss account, with the exception of project-specific costs. Production molds are classified as operating equipment and capitalized at their production cost as machinery and equipment.

**Public subsidies**

Subsidies received are classified as either operating subsidies or investment subsidies. Operating subsidies are recorded in the profit and loss account together with the income they are intended to increase or the costs they are intended to reduce. Investment subsidies are recorded gross in that the asset is stated at its gross cost and depreciated over its economic life. The subsidies are dealt with as deferred income and recorded in the profit and loss account as a correction to the depreciation, in line with the depreciation period.

**Pension liabilities**

Net pension costs, together with the effect of changes in estimates/assumptions, are in their entirety classified as payroll expenses in the profit and loss account. In the balance sheet, net pension assets in the funded schemes are classified as fixed assets, while net unfunded pension liabilities are classified under provisions for liabilities and charges. The amount for unfunded pension liabilities/net pension assets also includes the employer's national insurance contributions that will accrue/have actually been paid at the prevailing rates.

Deviations between the estimated pension liabilities/ estimated value of pension assets at the end of the previous financial year and the actuarially calculated pension liabilities/actual value of pension assets at the beginning of the year are considered in a corridor, and any deviation in excess of 10 per cent is amortized over the average remaining earnings period.

Payments regarding contribution-based schemes is booked as expenses continuously or when due.

**Taxes**

The profit and loss account shows taxes payable and deferred tax together as the tax charge. The balance sheet shows the tax calculated on the basis of the taxable profit for the year as tax payable under current liabilities. Deferred tax/deferred tax assets are calculated on the basis of the temporary differences that exist at the year-end between values for taxation purposes and values for accounting purposes, as well as carry-forward losses for tax purposes. Tax calculated on net positive temporary differences after set-off is shown as deferred tax under long-term liabilities. The remaining part of the deferred tax assets after set-off, to the extent that it also meets the requirements for recognition in the balance sheet, is shown as a deferred tax asset under fixed assets.

**Statement of cash flow**

The cash flow statement is presented using the indirect method.

## Notes

### Note 1 Special events

#### 2013

Umoe Shipping and Energy bought 2.5% of Norspan LNG Medio 2013, and owns close up to 50% at year end 2013.

At the end of 2013 all LNG-owning companies were sold owner to a new subsidiary, Umoe LNG AS. This was partly done to simplify the legal structure of the LNG-ownership, and Ulltveit Rederi LNG Holding AS, Ulltveit Rederi LNG II AS and Umoe Shipping and Energy AS has no holdings of LNG-related companies after this restructuring.

Cadiz Knutsen, owned by Norspan LNG II AS, Iberiza Knutsen, owned by Norspan LNG III AS and Ribera del Duero Knutsen owned by Norspan LNG VIII AS was refinanced at the end of 2013.

In March Umoe AS bought 50% of the shares in CleanHull Ltd. from Umoe Schat-Harding Group AS. The shares has, in January 2014 been sold for EUR 1,-.

In April, Umoe AS bought Umoe Schat-Harding CleanHull AS from Umoe Schat-Harding Group AS for NOK 9 mill. After the purchase, Umoe changed the name to Umoe CleanHull AS, and at the autumn 2013, the company was merged into Umoe AS.

At the beginning of July, Umoe AS sold all the shares in Umoe Schat-Harding Group AS. Umoe recorded a gain of NOK 789 mill. on company-level and NOK 702 mill in the group-accounts.

In June, Umoe AS sold the remaining 33.3% of the shares in Brattvaag Electro AS for NOK 5.9 mill.

During 2013, Umoe AS has bought additional shares in REC Silicon ASA and at year-end Umoe AS owns 20.57% of the company, partly through shares and partly through forward contracts. Since Umoe AS is considered to have considerable influence over REC Silicon ASA, the shares is presented as Associated Company and accounted for as associated company in the group accounts.

Umoe Mandal AS has demerged the land/properties into a separate subsidiary, Umoe Mandal Eiendom AS.

Umoe Restaurants AS (former Umoe Restaurants Group) has merged Umoe Konseptrestaurant AS into Blender AS. In addition Umoe Restaurants AS has established a new subsidiary in Sweden; Umoe Restaurants AB.

In December Umoe Bioenergy ASA performed a debt to equity conversation of NOK 398 mill.

#### 2012

The Umoe Shipping and Energy Group changed its functional currency from NOK to USD as of 01.01.2012.

In January 2012, Umoe AS sold 2/3 of its shares in Brattvaag Elektro AS for NOK 10 mill. After this transaction, the remaining holding of shares is classified as investments in associated company according to the equity method, in the consolidated accounts.

In February 2012, Sønnico AS sold 5.5% of its shares in Sønnico Tele AS for NOK 1.2 mill. Sønnico AS now owns 94.5 % of the company's shares.

The sale of Umoe AS' shares in Kverneland ASA was accomplished in March 2012. The shares was booked in the group for NOK 303 mill. as of 31.12.2011, which gave a profit of NOK 272 mill. in the first quarter of 2012.

During the summer of 2012, Umoe AS sold all of its shares in Making Waves AS for NOK 22.6 mill.

Umoe AS sold 4.8 % of its shares in Sønnico Elektro for NOK 1.3 mill. in July 2012. Umoe AS now owns 90.2 % of the company's shares.

In July 2012, it was decided to merge American Bistro AB and Sønnico Installasjon AB, where American Bistro AB was the continuing company. The merger was finally implemented in September 2012.

During 2012, Umoe AS bought an additional number of shares in Renewable Energy Corporation ASA. As of 31.12.2012 Umoe AS had an ownership of 12.12 %.The classification of the shares has been changed in 2012 from Short-term investments to Other shares (long-term).

In December 2011, Umoe Schat-Harding Group signed an agreement with BW Ventures Ltd about a joint venture regarding the activity concerning CleanHull. During 2012 the CleanHull activity was sold to new enterprise, where Umoe Schat-Harding Group AS owns 50 % and BW Ventures Ltd owns 50 %. Umoe Schat-Harding Group AS sold its shares to Umoe AS in March 2013.

Umoe Schat-Harding S.L. established a new enterprise in Italy in August 2012 which was named Umoe Schat-Harding SRL.

Umoe Restaurant Group AS entered into a strategic co-operation with Starbucks Coffee Company in September 2012. As a consequence of this, there was created two new entities: Umoe Restaurants Group Coffee AS in Norway and Umoe Restaurant Group Coffee AB in Sweden.

In October 2012, Umoe Eiendom AS sold all of its shares in Røyken Næringsbygg AS for NOK 15.4 mill. At the same time, Røyken Sentrumsutvikling AS sold its shopping mall in Røyken centrum.

The liquidation of Umoe Solar GmbH, which was a subsidiary of Umoe Forestry AS, was finalized in October 2012.

In October 2012, it was decided to merge Sønnico AS and Sønnico Elektro Østfold AS, where Sønnico AS was going to be the continuing company. The merger was finalized in December 2012.

Umoe Restaurant Group AS and Burger King Worldwide entered an agreement regarding a master franchise for the Scandinavian market in October 2012.

At 13.12.2012, Umoe AS executed a private placement towards Umoe Gruppen AS. It was issued 1.280.000 new shares with a nominal value of NOK 10. It was paid NOK 582.755 a share, totally NOK 746 mill. The equity issue amount was settled through a debt reduction.

In December 2012, Umoe Eiendom AS bought 60 % of the shares in Sandsli Bygg AS and 54 % of the shares in Sandsli Bygg KS. These securities was bought directly from Umoe AS and indirectly from Kagra Gruppen AS, which is a company owned 100 % by Jens Ulltveit Moe, the majority shareholder in Umoe. The transaction was carried out to market value.

## Note 2

### Financial market risk

#### Credit risk:

Umoe Gruppen AS mainly consist of two business areas;

- Strategic and long term investments, through its ownership in Umoe AS
- Shipping, through its ownership in Umoe Shipping and Energy AS

Credit risk is mainly related to the activities in Umoe AS.

The Umoe AS Group assumes responsibility for construction contracts of varying duration and scope, mainly relating to the maritime industry and the Norwegian Armed Forces. The Group seeks to reduce its credit risk through agreed pre-payments or the use of various types of guarantees.

	Umoe Gruppen AS		Consolidated	
	2013	2012	2013	2012
<b>Gross credit risk</b>	<b>185 818</b>	<b>50 545</b>	<b>917 597</b>	<b>1 081 422</b>
of which;				
Accounts receivables	0	0	333 770	500 936
Construction contracts	0	0	95 739	245 408
Loans to group companies and associated companies	184 093	46 158	5 701	44 995
Other short term receivables	0	387	174 661	206 009
Other long term receivables	1 725	4 000	311 388	93 758
Provision for bad debt	0	0	-3 662	-9 684

Loans to group companies have payment terms that means that these loans may be repaid later than one year, and due to this is classified as long term receivables.

#### Currency risk:

The Umoe Group has activities in Norway and abroad that naturally include a foreign exchange risk due to the buying and selling of goods, services and securities.

The Group utilizes the opportunity to obtain natural hedging by borrowing in the same currencies as its revenues.

In addition, the Group utilizes derivatives for hedging purposes and active position-taking.

Umoe uses market values for all its foreign currency positions, with the exception of long-term debt which is hedged through contractually agreed revenues in foreign currencies. In such cases, the part of the loan that is considered to be hedged is recorded at the rate which applied on the date when the loan was raised.

For the Umoe Bioenergy-group, which has its main operative business in Brazil, there is a currency risk between BRL/NOK. No hedging of this risk has been carried out.

#### Exchange rates used in the accounts:

	2013	2012
NOK/BRL - average exchange rate	2,7294	2,9892
NOK/SEK - average exchange rate	0,8592	0,9027
NOK/USD - average exchange rate	5,8817	5,8198
NOK/BRL - closing rate	2,5934	2,7189
NOK/SEK - closing rate	0,8549	0,9442
NOK/USD - closing rate	6,0815	5,5664

#### Interest rate risk:

The Group has various interest-rate clauses linked to its loan portfolio, with lock-in periods varying from a floating rate to a fixed rate until the maturity of the loan. Umoe Sterkoder AS have entered into a swap agreement with maturity December 2020, a fixed interest rate of 2.77% and a principal of NOK 37 mill. Further has Umoe Restaurants AS a interest swap agreement with maturity in January 2018, a fixed interest rate of 2.53 and a principal of NOK 700 mill.

#### Refinancing risk:

The Group had long-term liabilities of NOK 1 223 mill. at the end of the year. The agreed repayments are approximately NOK 331 mill. in 2014. This includes NOK 264 mill. in Umoe Bioenergy S.A. in Brazil. Of these is NOK 191 mill. is drawn credit lines towards the cooperative Copersucar, which normally are renewed by selling ethanol on forward contracts.

#### Risk relating to the prices of raw materials

Attempts are made to hedge the risk of fluctuations in the prices of raw materials through long-term purchase contracts and strategic agreements with suppliers and other market players. It is mainly Umoe Bioenergy that is exposed towards the fluctuations in the commodity markets through production of ethanol. Umoe Bioenergy is exposed to risk related to the price of ethanol in Brazil. No hedging of this risk has been carried out. Through the membership in the cooperative Copersucar Umoe is secured a price of Esalq (market price).

**Note 3****Revenue**

	Umoe Gruppen AS		Consolidated	
	2013	2012	2013	2012
Invoiced revenue	0	0	5 062 663	5 032 446
Change work in progress	0	0	60 907	147 455
Gain from disposals of property, plant, equipment and operations	0	0	702 278	14 480
Other operating income	0	0	152 432	140 148
<b>Total operating income</b>	<b>0</b>	<b>0</b>	<b>5 978 280</b>	<b>5 334 530</b>

**Related to;**

Ethanol production	0	0	651 150	601 421
Maritime	0	0	642 555	991 925
Restaurants	0	0	2 257 244	2 142 594
Shipping	0	0	0	0
Other	0	0	2 427 331	1 598 590

**The Group's revenue divided into geographical areas:**

Norway	0	0	4 399 998	3 716 052
Sweden, Denmark, Iceland and Finland	0	0	228 868	217 802
Rest of Europe	0	0	157 865	339 572
America	0	0	1 132 084	1 137 912
Africa	0	0	1 711	3 125
Asia/Australia	0	0	105 985	203 224
Eliminations	0	0	-48 231	-283 157

**Note 4****Payroll costs, no. of work-years, remuneration, loans to employees, etc.**

	Umoe Gruppen AS		Consolidated	
	2013	2012	2013	2012
Salaries	0	0	1 748 623	1 748 440
Employee benefit taxes	99	141	214 182	212 470
Pension cost	0	0	36 582	43 563
Other employee benefit costs	700	1 000	7 824	7 316
<b>Total Payroll and social expenses</b>	<b>799</b>	<b>1 141</b>	<b>2 007 211</b>	<b>2 011 789</b>
Full time employee equivalents	0	0	4 230	5 745

**Remuneration to the board and the CEO of Umoe AS (figures in NOK):**

	CEO	Board- members
Salaries/remuneration	520 229	750 000
Pension	0	0
Other benefits	9 240	0
<b>Total</b>	<b>529 469</b>	<b>750 000</b>

The remuneration to the board reported above, is paid by and recognized in the financial statement of Umoe Gruppen AS.

The rest is paid by and recognized in the financial statement of Umoe AS, the company that manages Umoe Gruppen AS.

There are no agreements regarding bonuses in Umoe Gruppen AS. Umoe AS has given loan to member of the board of total NOK 1 million, secured by sufficient pledge. There is not given any loans to other board members or leading management.

Espen Klitzing (senior management) owns through the company NCV Invest AS, 0.16% of the shares in Umoe AS.

The shares are purchased at fair value.

**Note 5****Auditor's fee**

	Umoe Gruppen AS		Consolidated	
	2013	2012	2013	2012
Audit fee	190	346	7 167	8 026
Fee for tax services	504	581	867	1 830
Other services	347	558	3 362	2 686

Audit fees reported above are mainly exclusive of value added tax.

**Note 6****Other operating expenses**

	Umoe Gruppen AS		Consolidated	
	2013	2012	2013	2012
Costs on premises	0	0	417 142	381 964
Maintenance on machines, equipment etc.	0	0	142 634	133 811
Sales and marketing expenses	0	0	88 562	94 839
Costs on franchise and licenses	0	0	86 794	75 921
Consulting services	0	0	63 328	69 823
<b>Other operating expenses</b>	<b>1 639</b>	<b>2 186</b>	<b>392 907</b>	<b>362 546</b>
<b>Total other operating expenses</b>	<b>1 639</b>	<b>2 186</b>	<b>1 191 367</b>	<b>1 118 903</b>

**Note 7**

**Property, plant, equipment and goodwill**

<b>Consolidated</b>	Research and development	Software, and other rights	Goodwill	Land and other real estate*	Costs re-rented premises	Vessels and other resources *	Operative equipment	Total
Acquisition cost 1.1.	57 157	136 802	427 260	1 471 250	295 875	1 652 988	1 054 474	5 095 805
Additions	17 667	2 443	4 716	103 125	94 681	205 452	94 506	522 590
Sale/disposals	-60 959	-21 500	-103 589	-143 955	-3 273	-355 131	-61 551	-749 958
<b>Acquisition cost 31.12.</b>	<b>13 865</b>	<b>117 745</b>	<b>328 387</b>	<b>1 430 420</b>	<b>387 283</b>	<b>1 503 308</b>	<b>1 087 429</b>	<b>4 868 437</b>
Accumulated depreciation 1.1.	19 770	101 838	378 936	733 702	194 655	686 832	841 229	2 956 962
Sale/disposals	-5 905	-9 007	-73 588	-75 204	-3 138	-136 721	-40 342	-343 905
Depreciation of the year	0	9 711	10 217	36 917	41 927	71 168	81 929	251 868
Write-down	0	0	0	169 294	2 100	0	280	171 675
<b>Net carrying value 31.12.</b>	<b>0</b>	<b>15 203</b>	<b>12 822</b>	<b>565 711</b>	<b>151 739</b>	<b>882 029</b>	<b>204 334</b>	<b>1 831 837</b>
Economic life	7 years	5 - 20 years	5 - 10 years	0-50 years	0-10 years	5-20 years	3-10 years	
Depreciation scheme	Linear	Linear	Linear	Linear	Linear	Linear	Linear	

\* 1st year of work on the cultivated land in Umoe Bioenergy is included under "Land and other real estate" with an amount of NOK 119 mill.

<b>Consolidated goodwill</b>	Acquisition cost as of 31.12.13	Goodwill as of 1.1.13	Add./disp. in 2013	Dep./Write-d. in 2013	Goodwill as of 31.12.13
Kagra IX AS (former Sønnico Installasjon AS)	21 000	0	0	0	0
Sønnico Tele AS	260	0	0	0	0
Umoe AS	76 411	17 599	0	-5 790	11 809
Umoe Advanced Composites AS	123	0	0	0	0
Umoe Bioenergy ASA	3 075	0	0	0	0
Umoe Consulting AS	23 529	1 116	0	-894	222
Umoe Restaurants AS	202 567	0	0	0	0
Umoe S.-H. Boatbuilding Qingdao Co Ltd	0	0	0	0	0
Umoe Schat-Harding BV	0	0	0	0	0
Umoe Schat-Harding CH AS	0	0	0	0	0
Umoe Schat-Harding F.E.	0	2 249	-2 249	0	0
Umoe Schat-Harding Group AS	0	10 848	-10 848	0	0
Umoe Schat-Harding Ltd.	0	0	0	0	0
Umoe Schat-Harding s.r.o	0	0	0	0	0
Umoe Schat-Harding SL	0	0	0	0	0
Umoe Shipping and Energy AS	1 422	1 097	0	-306	791
Willem Pot BV	0	15 415	-12 188	-3 227	0
<b>Total goodwill</b>	<b>328 387</b>	<b>48 324</b>	<b>-25 285</b>	<b>-10 217</b>	<b>12 822</b>

**Note 8**

**Lease agreements**

<b>Obligations of financial leases recognized in the balance sheet</b>	Software	Operative equipment	Vessels and other resources	Land and other real estate	Total
<b>Cost current year</b>	<b>95</b>	<b>83</b>	<b>1 500</b>	<b>0</b>	<b>1 678</b>
Cost next year	570	432	2 093	0	3 095
Total costs 2-5 years	1043	350	4 373	0	5 766
Total costs after 5 years	0	0	0	0	0
<b>Total future leasing costs</b>	<b>1 613</b>	<b>782</b>	<b>6 466</b>	<b>0</b>	<b>8 861</b>
Discounted effect	0	0	0	0	0
<b>Net present value leasing costs</b>	<b>1 613</b>	<b>782</b>	<b>6 466</b>	<b>0</b>	<b>8 861</b>

The assets associated with these liabilities are included in note 7.

**Expensed operational leasing - consolidated**

Future minimum payments is as follows:

	Land and other real estate	Vessels and other resources	Operative equipment	Total
<b>Cost current year</b>	<b>152 774</b>	<b>29</b>	<b>20 485</b>	<b>173 288</b>
Cost next year	152 434	0	17 806	170 240
Total costs 2-5 years	601 109	0	39 112	640 221
Total costs after 5 years	162 667	0	10	162 677
<b>Total future minimum leasing costs</b>	<b>916 210</b>	<b>0</b>	<b>56 928</b>	<b>973 138</b>



**Note 9****Shares in subsidiaries**

<b>Shares in subsidiaries owned by Umoe Gruppen</b>	Registered office	Owner %	Voting share %	Book value
Umoe AS	Bærum	99,3 %	99,3 %	2 687 511
Umoe Shipping and Energy AS	Haugesund	99,4 %	99,4 %	497 730
Umoe Invest AS	Bærum	100,0 %	100,0 %	100
<b>Total shares in subsidiaries owned by Umoe Gruppen</b>				<b>3 185 341</b>

**Shares in subsidiaries owned by Group companies:**

	Registered office	Owner %	Voting share %	Book value
American Bistro Scandinavia AS	Bærum	100,0 %	100,0 %	143 872
American Bistro Sweden AB	Sweden	100,0 %	100,0 %	42 329
Blender AS	Bærum	100,0 %	100,0 %	265 829
Fornebu Lumber Company Inc.	Canada	100,0 %	100,0 %	32 545
Kagra IX AS (former Sønnico Installasjon AS)	Oslo	100,0 %	100,0 %	56 464
King Food A/S	Denmark	100,0 %	100,0 %	503
King Food AB	Sweden	100,0 %	100,0 %	5 023
King Food AS	Bærum	100,0 %	100,0 %	95 773
Peppes Pizza AS	Bærum	100,0 %	100,0 %	599 542
Røyken Sentrumsutvikling AS	Bærum	100,0 %	100,0 %	75 660
Sandsli Bygg AS	Bergen	60,0 %	60,0 %	6 561
Sandsli Bygg KS	Bergen	54,0 %	54,0 %	56 387
Sønnico AS (former Sønnico Elektro AS)	Oslo	90,2 %	90,2 %	9 122
Sønnico Tele AS	Oslo	94,5 %	94,5 %	1 752
Ulltveit Rederi LNG Holding AS	Haugesund	100,0 %	100,0 %	183 053
Ulltveit Rederi LNG II AS	Haugesund	100,0 %	100,0 %	1 012 813
Umoe Advanced Composites AS	Mandal	100,0 %	100,0 %	6 231
Umoe Alu Iceland hf	Iceland	96,0 %	96,0 %	0
Umoe Alu Services AS	Karmøy	80,0 %	80,0 %	9 906
Umoe Bioenergy ASA	Bærum	100,0 %	100,0 %	393 000
Umoe Bioenergy S.A	Brazil	100,0 %	100,0 %	226 000
Umoe Consulting AS	Bergen	62,1 %	62,1 %	18 898
Umoe Eiendom AS	Bærum	100,0 %	100,0 %	303 343
Umoe Eiendom Hovedgård AS	Bærum	100,0 %	100,0 %	49 516
Umoe Eiendom Vest AS	Karmøy	100,0 %	100,0 %	76 200
Umoe Forestry AS	Bærum	100,0 %	100,0 %	96 439
Umoe Karmsund AS	Karmøy	100,0 %	100,0 %	10 763
Umoe LNG AS	Haugesund	100,0 %	100,0 %	0
Umoe Mandal AS	Mandal	100,0 %	100,0 %	67 125
Umoe Mandal Eiendom AS	Mandal	100,0 %	100,0 %	20 025
Umoe Mandal Inc. AS	USA	100,0 %	100,0 %	0
Umoe Restaurant Group Coffee AB	Sweden	100,0 %	100,0 %	44
Umoe Restaurant Group Coffee AS	Bærum	100,0 %	100,0 %	11 194
Umoe Restaurants AB	Sweden	100,0 %	100,0 %	47
Umoe Restaurants AS	Bærum	90,1 %	90,1 %	779 485
Umoe Sterkoder AS	Kristiansund	96,1 %	96,1 %	12 162
Umoe Wind AS	Bærum	100,0 %	100,0 %	20 000

**Note 10****Shares in associated companies**

Company	Owner/voting share	Opening balance	Translation-diff. etc.	Add/disp. 2013	Profit/loss /write-down	Closing balance
CleanHull Limited	50,0 %	5 139	1 159	0	-6 298	0
Brattvaag Electro AS	33,3 %	3 951	0	-4 401	450	0
Norspan LNG AS and IS	50,0 %	41 979	7 138	-5 146	15 292	59 262
Norspan LNG II AS and IS	37,5 %	3 720	-1 552	0	27 413	29 580
Norspan LNG III AS and IS	42,5 %	4 155	358	0	8 428	12 941
Norspan LNG IV AS and IS	42,5 %	-6 212	-1 020	0	-3 829	-11 062
Norspan LNG V AS and IS	45,0 %	32 996	2 773	0	1 000	36 769
Norspan LNG VI AS and IS	45,0 %	25 426	2 047	0	270	27 744
Norspan LNG VII AS and IS	45,0 %	36 518	3 108	0	1 357	40 983
Norspan LNG VIII AS and IS	50,0 %	149 463	10 006	-44 113	7 144	122 500
Rail Gourmet Togservise Norge AS	50,0 %	8 832	-713	0	6	8 125
REC Silicon ASA	18,9 %	0	-5 680	820 606	29 188	844 114
<b>Total associated companies - consolidated</b>		<b>305 966</b>	<b>17 625</b>	<b>766 946</b>	<b>80 420</b>	<b>1 170 956</b>

Total associated companies includes a liability regarding associated companies of NOK 11.1 mill.

**Note 11****Financial income and financial expenses**

	Umoe Gruppen AS		Consolidated	
	2013	2012	2013	2012
Group contribution and dividend received	169 193	150 000		
Gain/loss from sale of subsidiaries	0	501		
<b>Gain/loss/write-down from subsidiaries</b>	<b>169 193</b>	<b>150 501</b>		
Profit/loss from associated companies	0	0	80 420	11 307
Gain/loss from sale of associated companies	0	0	1 423	280 813
Write-down	0	0	2 037	0
<b>Profit/loss/write-down from associated companies</b>	<b>0</b>	<b>0</b>	<b>83 879</b>	<b>292 121</b>
Interest income - external	38	1 838	10 295	13 219
Interest income - intercompany	2 185	51 939	1 498	6 427
Net gain (+) from sale of securities	0	0	272 426	2 258
Dividend	0	0	38 547	0
Write-down, reversal of write-down long term shares	0	0	150 034	0
Bonds	0	0	40	32
Currency gain (net)	0	16 136	0	35 010
Other financial income	0	0	21 495	15 908
<b>Financial income</b>	<b>2 223</b>	<b>69 913</b>	<b>494 335</b>	<b>72 855</b>
Interest expenses – external	1 411	1 694	118 784	116 872
Interest expenses – intercompany	21 499	30 393	0	0
Net loss from sale of securities	0	0	0	197 290
Write-down of shares	0	0	0	70 345
Currency loss (net)	37 725	0	35 093	30 164
Other financial expenses	0	0	18 515	19 051
<b>Financial expenses</b>	<b>60 635</b>	<b>32 087</b>	<b>172 392</b>	<b>433 724</b>

**Note 12****Other shares owned by group companies**

	Registered office	Ownership %	% of votes	Book value
IT Fornebu Holding AS	Bærum	4,51 %	4,51 %	30 827
Copersucar S.A	Brazil	2,13 %	2,13 %	16 620
Others				826
Total other shares owned by Umoe Gruppen consolidated				48 273

\* The holding of shares includes 55 000 000 shares entered on forward contract.

**Note 13****Inventory**

	Umoe Gruppen AS		Consolidated	
	2013	2012	2013	2012
Raw-materials and bought semi-finished goods	0	0	250 539	254 004
Self-produced and acquired finished goods	0	0	55 262	153 033
Prepayments to suppliers for goods	0	0	85 453	72 860
Allocations for old stock	0	0	-31 948	-18 093
<b>Total raw-materials and finished goods</b>	<b>0</b>	<b>0</b>	<b>359 306</b>	<b>461 803</b>

**Note 14****Construction contracts**

	Umoe Gruppen AS		Consolidated	
	2013	2012	2013	2012
<b>Margin - on-going projects</b>				
Revenue recognized - on-going projects	0	0	546 187	3 158 728
Cost recognized - on-going projects	0	0	449 533	2 950 812
Margin - on-going projects	0	0	96 654	207 916
<b>Work in progress</b>				
Work in progress to be invoiced, included in accounts receivable	0	0	13 961	37 350
Customer retentions	0	0	0	0
Contract costs to complete unprofitable contracts	0	0	0	2 242
Advances received	0	0	45 883	323 479

**Note 15****Equity**

<b>Umoe Gruppen AS</b>	Share capital	Share premium fund	Other equity	Total
Equity as of 31 December 2012	375 000	250 375	2 102 014	2 727 389
Profit/(loss) of the year	0	0	125 457	125 457
Group contribution - paid	0	0	-14 900	-14 900
Group contribution - received	0	0	14 900	14 900
Accrued dividend	0	0	-20 000	-20 000
<b>Equity as of 31 December 2013</b>	<b>375 000</b>	<b>250 375</b>	<b>2 207 471</b>	<b>2 832 846</b>

<b>Umoe Gruppen - consolidated</b>	Share capital	Share premium fund	Other equity	Minority share	Total
Equity as of 31 December 2012	375 000	250 375	451 583	135 894	1 212 852
Profit/(loss) of the year	0	0	611 483	8 793	620 276
Dividends, purchase of minority, share issues in subsidiaries, etc.	0	0	-22 747	-13 830	-36 577
Currency effect of intercompany loans	0	0	-56 726	0	-56 726
Currency translation effects	0	0	45 994	1 004	46 998
<b>Equity as of 31 December 2013</b>	<b>375 000</b>	<b>250 375</b>	<b>1 029 587</b>	<b>131 861</b>	<b>1 786 823</b>

**Share capital and information about shareowners**

The share capital in Umoe Gruppen AS consists of two share classes:

	Post	Own share	A-shares	B-shares	Total
JUM Holding AS v/Jens Ulltveit-Moe	B/CEO	59,5 %	11 250	211 875	223 125
UM Holding AS v/Ragnhild K. Ulltveit-Moe	B	20,0 %	0	75 000	75 000
Agnes Holding AS (controlled by Jens Ulltveit-Moe)	B/CEO	20,0 %	0	75 000	75 000
Hanne Kierulf		0,5 %	0	1 875	1 875
<b>Total number of shares</b>		<b>100 %</b>	<b>11 250</b>	<b>363 750</b>	<b>375 000</b>
Face value			1 000	1 000	1 000
Share capital			11 250 000	363 750 000	375 000 000

B = Board member

**Note 16****Pensions**

All of the Umoe Group's Norwegian companies and some of its foreign companies have pension schemes for their employees. Some of these schemes entitle the employees to a defined future benefit, but many of the companies have defined contribution schemes. The defined benefit schemes are mainly based on the pension-earning period, the pay level at retirement age and the size of the benefits payable under the Norwegian National Insurance Scheme (NIS). The company pension schemes are financed by funds built up in insurance companies.

All the Norwegian companies in the group with employees, are obliged to have a defined contribution pension scheme for employees according to the Obligated Contribution Pension Act (lov om obligatorisk tjenestepensjon). The companies' pension schemes are in accordance with this Act.

**Financial assumptions**

	2013	2012
Discount rate	4,10 %	4,20 %
Estimated yield on pension assets	4,40 %	3,60 %
Salary increases	3,50 %	3,00 %
Increase in pensions	3,50 %	3,00 %
Increase in NIS basic amount (G)	0,60 %	0,00 %
Contractually agreed early retirement (AFP) – utilization rate	0,0% - 35,0%	0,0% - 35,0%
Number of members - contribution-based arrangement	4 712	5 524
Number of members - earnings-related arrangement	168	395

	Consolidated	
	2013	2012
<b>This year's pension cost including social security tax</b>		
Defined contribution pension costs	34 079	38 282
Present value of the year's pension earnings	2 734	3 481
Interest cost on incurred pension liabilities	1 474	1 920
Estimated yield on pension assets	-859	-1 658
Estimate deviations and changes to pension plans	-1 339	909
Administration costs	493	629
<b>This year's pension cost</b>	<b>36 582</b>	<b>43 563</b>

**Pension liabilities and pension assets as at 31 December:**

Estimated liabilities incurred	42 713	57 287
Estimated value of the pension assets	29 164	35 088
Net pension liabilities	13 549	22 199
Unamortized deviations	-6 056	-3 814
Estimated pension liabilities in the balance sheet	7 493	18 385
Of which schemes with net assets	0	0
Of which schemes with net liabilities	7 493	18 385

**Note 17**

**Taxes**

	Umoe Gruppen AS		Consolidated	
	2013	2012	2013	2012
<b>Tax charge for the year</b>				
Pre-tax profit/loss	108 343	185 000	734 736	-107 598
Permanent differences	-169 193	-150 501	-1 183 462	24 421
<b>Tax basis</b>	<b>-60 850</b>	<b>34 499</b>	<b>-448 726</b>	<b>-83 177</b>
Tax rate	28,00 %	28,00 %	38,51 %	46,94 %
Tax on this year profit	-17 038	9 660	-172 799	-39 044
Effect of change in tax-rate	-76		-1 723	
Reversed deferred tax assets due to the upper-limit rule	0	0	281 672	390 872
Other direct tax cost	0	0	7 310	696
Other	0	0	0	0
<b>Total tax income (-)/tax cost (+)</b>	<b>-17 114</b>	<b>9 660</b>	<b>114 460</b>	<b>352 524</b>

**Tax payable in the balance sheet:**

This years tax cost/income	-17 114	9 660	114 460	352 524
Changes in and bought/sold deferred tax	22 823	3 295	-113 083	-327 854
Tax payable on Group contributions paid	-5 794	-12 955	0	0
Provisions made in previous years	0	0	0	5 240
Paid and bought/sold tax payable	0	0	-27 155	-17 298
Tax payable owing - outside the tax group	0	0	0	297
Translation differences etc.	85	0	34 831	-6 309
<b>Total tax payable</b>	<b>0</b>	<b>0</b>	<b>9 053</b>	<b>6 600</b>

**Specification of basis for deferred tax:**

Total relating to short-term balance sheet items	-33 410	7 676	-79 529	121
Total relating to long-term balance sheet items	40 998	81 456	-87 417	1 920 602
Loss carried forward maturing after 5 years	0	0	-737 186	-2 429 459
Loss carried forward maturing after 5 years - disputed tax losses*	0	0	-1 386 816	-1 386 816
<b>Total basis for temporary differences</b>	<b>7 588</b>	<b>89 132</b>	<b>-2 290 948</b>	<b>-1 895 552</b>
Calculated deferred tax	2 049	24 957	-754 690	-616 749
Reversed deferred tax assets due to the upper-limit rule	0	0	1 032 670	795 370
<b>Net deferred tax in the balance sheet</b>	<b>2 049</b>	<b>24 957</b>	<b>277 980</b>	<b>178 621</b>

\* There is an on-going dialogue between the Central Tax Office for Large Enterprises (Sentralskattkontoret for storbedrifter) and Umoe Bioenergy ASA (UBE) regarding the tax deduction in the income tax form for UBE in 2010 on NOK 1,2 billion. The Central Tax Office has now notified a change, and based on prudence considerations UBE has decided not to recognize the deferred tax asset in the balance sheet. A final clarification on how far the tax deduction is genuine, is still in trial at the tax authorities.

**Note 18**

**Long term debt - Umoe Gruppen AS**

	Remaining debt 31.12.13	Remaining debt 31.12.12
Loan from Umoe AS	279 000	0
Loan from Umoe Shipping and Energy AS	26 523	280 000
Loan from related parties and associated companies	31 324	64 059
<b>Total long term debt</b>	<b>336 847</b>	<b>344 059</b>

Debt maturing later then 2018 and 2017, respectively

	0	0
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## Long term debt - Umoe Gruppen consolidated

	Remaining debt 31.12.13	Remaining debt 31.12.12
Debt to group companies and related parties	1 193 809	64 825
Mortgage loan	60 533	1 255 795
Other long term debt	959	72 768
<b>Total long term debt</b>	<b>1 255 301</b>	<b>1 393 388</b>

Debt maturing later then 2018 and 2017, respectively 867 981 358 201

Pledges	Umoe Gruppen AS		Consolidated	
	2013	2012	2013	2012
Book value of assets pledged as security for the company's debt 31.12;				
Buildings, land and quays	0	0	313 932	277 453
Machinery and equipment	54 803	0	417 730	1 383 617
Construction contracts, trade accounts receivable, inventories, etc.	0	0	583 119	929 484
Securities	0	0	1 164 157	0
<b>Total pledged assets</b>	<b>54 803</b>	<b>0</b>	<b>2 478 938</b>	<b>2 590 554</b>
Off balance sheet guarantees	60 000	60 000	430 583	293 758

Umoe Shipping and Energy has also pledged security and guarantees in relation to the liabilities in the ship-owning companies which is presented in accordance to the net method. The total amount of guarantees was NOK 943 mill. (NOK 864 mill. in 2012). The company has also pledged guarantee for 50 per cent of an interest rate swap in the amount of EUR 50 mill. (EUR 276 mill. in 2012) on behalf of Norspan LNG AS/IS and Norspan LNG II AS/IS.

## Note 19

### Transactions with related companies

Umoe AS delivers accounting services to several of the group companies. Umoe AS also have a number of intercompany deposits. The loans are priced based on NIBOR with a added margin which takes the risk in consideration.

	Umoe Gruppen AS	
	2013	2012
<b>Interest income</b>		
Umoe AS	746	45 511
JUM Holding AS	1 498	6 427
<b>Total</b>	<b>2 244</b>	<b>51 938</b>

	Umoe Gruppen AS	
	2013	2012
<b>Interest expenses</b>		
Umoe AS	-182	0
Umoe Shipping and Energy AS	-21 317	-30 393
<b>Total</b>	<b>-21 499</b>	<b>-30 393</b>

	Umoe Gruppen AS	
	31.12.2013	31.12.2012
<b>Interest bearing loans from Umoe Gruppen AS</b>		
Umoe AS	0	2 848
JUM Holding AS	0	43 310
<b>Total</b>	<b>0</b>	<b>46 158</b>

	Umoe Gruppen AS	
	31.12.2013	31.12.2012
<b>Interest bearing loans to Umoe Gruppen AS</b>		
Umoe AS	26 523	0
Umoe Shipping and Energy AS	279 000	379 633
<b>Total</b>	<b>305 523</b>	<b>379 633</b>

To the Annual Shareholders' Meeting of  
Umoe Gruppen AS

## AUDITOR'S REPORT

### Report on the financial statements

We have audited the accompanying financial statements of Umoe Gruppen AS, comprising the financial statements for the Parent Company and the Group. The financial statements for the Parent Company and the Group comprise the balance sheet as at 31 December 2013, the statements of income and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

#### *The Board of Directors' and CEO's responsibility for the financial statements*

The Board of Directors and CEO are responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as the Board of Directors and CEO 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 on the financial statements for the Parent Company and the Group.

### *Opinion*

In our opinion, the financial statements of Umoe Gruppen AS have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Parent Company and the Group as at 31 December 2013 and their financial performance and 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*

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Directors' report concerning the financial statements, the going concern assumption and the proposal for the allocation of the result 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 the Board of Directors and CEO have fulfilled their duty to ensure that the Company's accounting information is properly recorded and documented as required by law and generally accepted bookkeeping practice in Norway.

Oslo, 9. april 2014  
ERNST & YOUNG AS

Finn Kinserdal  
State Authorised Public Accountant (Norway)

(This translation from Norwegian has been made for information purposes only.)