Board of Directors' Report 2017

Introduction

Bertel O. Steen AS's main business areas are automotive and property operations. In 2017 the Group had a turnover of NOK 16,779 million (NOK 14,365 million in 2016) and at year-end employed 2,499 full-time equivalents (2,306 in 2016). The Group's head office is located in the municipality of Lørenskog, Norway.

The automotive operations consist of car imports, car retail, workshop operations, and car financing. Property operations consist of the Group's properties connected with the motor industry and other commercial properties. The Group performs its activities in Norway.

Bertel O. Steen AS's ambition is to be Norway's best automotive company. We will create value for our employees, customers, shareholders, suppliers and society by developing a performance-driven organisational culture.

Bertel O. Steen AS is owned by Bertel O. Steen Holding AS. Bertel O. Steen Holding also owns the investment company Bertel O. Steen Invest AS.

Car Import imports cars of the makes Mercedes-Benz, smart®, Peugeot, Citroën, DS, Kia, Fuso and Setra.
The import division also includes commercial vehicles from the same makes.

Car Retail consists of a nationwide dealer network that distributes the Group's car makes and used cars and provides after-sales services and financial services. Sales are effected through Bertel O. Steen Detalj AS and subsidiaries.

The chain of workshops Snap Drive AS is an independent chain consisting of 21 workshops located in the largest cities in Norway.

Car Financing consists of the company Bertel O. Steen Finans AS, which offers financing solutions through a nationwide network of dealers and a newly established car ownership service called Easy under Bertel O. Steen Bildrift AS.

Property consists of Bertel O. Steen Eiendom AS and its subsidiaries, which own and manage a substantial property portfolio of approx. 170,000 m^2 connected with the automotive industry and other business sectors. These properties have a combined market value of approx. NOK 3.5 billion, roughly half of which (by value) is car-related properties.

Highlights

The Bertel O. Steen automotive and property group achieved its best ever results in 2017. The Group increased its top line by NOK 2,414 million, had record-high turnover of NOK 16,779 million, and delivered an operating profit of NOK 555 million in 2017, an increase of 10% from the previous year.

In a strong overall market that has seen a 2.0% increase in the number of registered vehicles from 2016, Bertel O. Steen has increased its total number of newly registered vehicles by 9.1% (8.4% including Kia Soul Electric imported via Germany).

Strong brands
Bertel O. Steen represents some of the world's strongest car manufacturers and brands. The Group's portfolio includes the makes Mercedes-

Benz, Peugeot, Citroën, DS, Kia, smart®, Fuso and Setra, in addition to the workshop chain Snap Drive.

2017 has been the best year ever for Mercedes-Benz passenger cars in Norway, with a market share of 6.8% (including smart®). This brand's increase is attributed to the breadth of the product portfolio, and good performance by both the car importer and the dealer network. Kia also set a record in 2017 in the number of cars delivered via Bertel O. Steen.

In view of Mercedes-Benz, PSA (Peugeot, Citroën and DS) and Kia's broad product ranges, combined with the new models and powertrains that the factories are going to introduce in the future, Bertel O. Steen is very proud to represent forward-looking, proactive suppliers with big ambitions.

Continued growth in vans
The van market remained stable, but strong in 2017, and Bertel O. Steen increased its overall market share in this segment to 26.1% (from 25.9%), meaning the Group is 3.9 percentage points behind the market leader in this segment.

Mercedes-Benz had a market share of 10.3%, putting it in third place in the van statistics. Vans from PSA Norge achieved a combined market share of 15.7%, putting the French brands combined in second place in the van segment.

Strengthened dealer network
Bertel O. Steen has the largest dealer network in Norway, consisting of both wholly owned and independent dealers. The dealers do an excellent job representing the Group's brands and are ranked highly by their customers. Bertel O. Steen has strengthened its work on developing digital services and solutions for the dealers, the purpose of which is to allow them to focus more on the customers. In 2017 the Group's work on values and developing a performance-driven corporate culture yielded good results and helped make the dealer network more robust.

Operations in the Group's own dealerships have continued to improve, despite increasing pressure on margins in both the new car and the used car markets.
Bertel O. Steen's car retail operations had turnover of NOK 11,562 million, up 26% from 2016, and an operating profit of NOK 185 million, up 9% from 2016. The Board is very pleased with the results.

Corporate Social Responsibility
Against the backdrop of Bertel O. Steen's corporate value "integrity" and the maxim that everything we say and do must be able to bear scrutiny, the Group has initiated a number of measures, internally and aimed at the company's partners, to ensure responsible conduct – at every level.

In 2017 Bertel O. Steen launched an interactive game for all its employees that allows them to practise applying the Group's ethical guidelines and company regulations for employees in a simple, fun way. The game consists of a combination of role play and quizzes on potential dilemmas. The game has improved the employees' understanding of our core values and integrity in all our interactions with customers, colleagues and suppliers.

Bertel O. Steen works actively to ensure that all its main suppliers, partners and other associates commit to – and are able to provide documentary evidence that they comply with – all the relevant legislation, regulations and rules concerning the employees' labour and social rights, and that they act in compliance with and respect the Group's ethical guidelines. Bertel O. Steen has zero tolerance for corruption.

The Group has also clarified and communicated internal rules to prevent all forms of harassment, and in this context has benefited from the awareness raised by the international #metoo campaign.

It is the Board's understanding that the extensive work being done throughout the Group on integrity and ethical and socially responsible behaviour has resulted in a much deeper understanding of these issues among managers and employees alike. The Group's Compliance Officer, who is responsible for facilitating, monitoring, supervising and reporting compliance with external and internal guidelines and laws in all the divisions and by all the Group's employees, reports that the Group is on the right track in terms of compliance.

Continued focus on property

Bertel O. Steen has a property portfolio worth over NOK 3.5 billion. To ensure further development and flexibility in its car facilities, the Group will continue to invest in existing and new car-related properties. In this context, major projects in 2017 include (i) purchase of the dealership facility in Moss where our own dealer operates, (ii) construction of a new heavy vehicle workshop in Skolmar in Sandefjord, and (iii) expansion of our dealership showroom in the Forus business park outside Stavanger.

In addition, the groundwork for construction of our new logistics facility at Berger in Oslo got under way in 2017.

In partnership with Aspelin Ramm, Bertel O Steen Eiendom has entered into an agreement to acquire Parkveien 27-31 in Oslo from the owner family in Bertel O. Steen. The parties will work together to develop the property while preserving the historical features of the buildings.

Motor vehicle taxes

Motor vehicle taxes affect customer preferences, and the national budget for 2018 continues to provide strong financial incentives for people to buy electric cars, including plug-in hybrids, which combine electric features with a conventional combustion engine. Electric vehicles will continue to be exempt from VAT, and CO_2 emissions are being taxed more heavily.

A significant increase in the toll rates for diesel and petrol cars around Oslo from October 2017 has further steered customers' purchasing preferences towards fully electric cars. The struggle for market shares is increasingly dependent on having a full range of electric models.

Building a future-oriented automotive company

Vision and strategy

Bertel O. Steen's ambition is to be Norway's best automotive company, and our new vision – "Building a future-oriented automotive company" reflects our belief that cars will remain the dominant form of transport for many years to come. There is much talk in the industry about "mobility as a service", and at Bertel O. Steen we are working actively to position ourselves in relation to the expected future needs. However, with this new vision, we want to communicate clearly to our customers that for many years to come, we will continue to focus on supplying our customers with cars and car-related services.

In 2017, the Group has prepared a new strategy for the period 2018–2022. We are entering an exciting and challenging period where it is important to both professionalise our current operations and develop tomorrow's solutions. Our claim: "The last person to take their driving test has already been born" has created a lot of buzz, both internally and externally.

The Group continues to invest in the development of competencies and management skills through online courses and gatherings, among other things. The number of employees who have received training has increased significantly in 2017, which will help ensure better understanding of the Group's strategy, values and management principles.

A changing industry

The automotive industry will face major changes in the future, with new technology and changes in the patterns of use driving the development of new services and concepts.

The four megatrends: (i) electrification, (ii) digitally connected vehicles (iii) self-driving technology, and (iv) mobility solutions are already making their presence felt in the industry. We are currently seeing the effects of electrification in particular, but the other megatrends will also affect us increasingly going forwards.

With new needs from customers, increasingly stringent environmental requirements and new technologies, the Group sees many opportunities in both the short and the long term, and thanks to our investment-willing owners and capable employees, the Group is well positioned to strengthen its strategic position and competitiveness in the coming years.

Excellent work in 2017

All in all, the Board is very happy with the Group's performance in 2017. Car preferences change very rapidly, making the future developments in the industry hard to predict. In this landscape, Bertel O. Steen has worked to both improve efficiency within the organisation and further develop the organisation to fulfil our ambition of becoming Norway's best automotive company.

The Board would like to thank all the employees for their dedication and hard work in 2017.

The market and business development in 2017

The car market in Norway remained good in 2017. A strong employment market, low interest rates and a weak krone contributed to increased demand for our products and services, which has in turn resulted in a continued positive development of the automotive market in Norway. Total car sales in Norway amounted to 201,922 units, up 2.0% compared with 2016.

The market for passenger cars totalled 158,650 cars, which is 2.6% higher than in 2016. Van sales declined by 0.5% in 2017 to 35,838 units. The market for bus sales declined by 14.9% to 1,190 units, while the market for trucks grew by 4.4% to 6,244 units in 2017.

Overall the Group had a market share of 16.6% in 2017, compared with 15.5% in 2016. Including Kia Soul Electric imported via Germany, our market share amounted to 17.4%, compared with 16.4% in 2016.

Company and Group results

Bertel O. Steen AS

The company's turnover increased by 10.3% in 2017 to NOK 9,227 million (NOK 8,273 million in 2016). The profit for the 2017 financial year was NOK 249 million, compared with NOK 190 million in 2016. The change is partly due to the fact that dividends and group contributions from subsidiaries amounted to NOK 157 million in 2017, compared with NOK 96 million in 2016.

The company's cash flows from operations in 2017 were positive by NOK 493 million (NOK 366 million in 2016).

Group

The operating revenue for 2017 amounted to NOK 16,779 million, an increase of 17% compared with 2016. The Group has had a positive development in its import and dealership operations. Thanks to good markets in the Group's business areas in 2017, the Group achieved an operating profit of NOK 555 million, compared with NOK 505 million for 2016. Car Import, Car Retail and Snap Drive made positive contributions to the overall result.

Net financial expenses rose by NOK 4 million from 2016 to NOK 65 million in 2017. Most of this change is attributable to net realised and unrealised foreign exchange losses.

The Group recorded a pre-tax profit of NOK 498 million in 2017, which is NOK 48 million higher than the previous year.

The Group's tax charge came to NOK 146 million in 2017, compared with NOK 117 million in 2016. The Group's tax payable amounted to NOK 113 million in 2017, compared with NOK 161 million in 2016.

The Group's profit for 2017 was NOK 352 million, compared with NOK 333 million in 2016.

The Group's cash flow from operating activities amounted to NOK 640 million in 2017 (NOK 642 million in 2016). The cash flows from the Group's profit and the reduction in trade receivables, combined with an increase in taxes due to the changes in the payment terms for VAT on imports, made a positive contribution, while the increase in inventories and the reduction in trade payables made a negative contribution. Net cash flow from investing activities was NOK -501 million (NOK -357 million in 2018), of which investments in property operations amounted to NOK 91 million (NOK 23 million in 2016) and acquisitions of businesses totalled NOK 155 million (NOK 91 million in 2016). Net cash flow from financing activities ended at NOK -83 (NOK 283 million in 2016), of which NOK 147 million is payment of dividends and group contributions (NOK 111 million in 2016) and NOK 64 million is an increase in interest-bearing debt, compared with a reduction on NOK 173 million in 2018).

The Group's total change in cash flows from operating, investing and financing activities amounted to NOK 56 million in 2017 (NOK 2 million in 2016).

The Group's cash and cash equivalents at year-end 2017 came to NOK 75 million (NOK 19 million at the end of 2016), while liquidity reserves totalled NOK 1,313 million kroner at the end of 2017, compared with NOK 1,338 million at year-end 2016. The overall liquidity situation is regarded as satisfactory.

The Group had interest-bearing debt of NOK 1,083 million at year-end 2017, compared with NOK 1,019 million at the end of 2016.

The Group's equity ratio was 31.6% at year-end 2017, which is 5.8 percentage points lower than the previous year. The change is attributable to redisposition of assets in the Bertel O. Steen Holding group.

Car Import

Bertel O. Steen's total **car import business**, including sales of parts, increased its operating revenue by 11%, from NOK 10,025 million in 2016 to NOK 11,216 million in 2017. The import division as a whole achieved an operating profit of NOK 414 million, up NOK 130 million from the previous year. Most of the increase is due to the improved profit in Mercedes-Benz passenger cars and commercial vehicles, Peugeot and Kia.

The Group has a product portfolio that as a whole has adapted to the changes in the market well, with good product breadth in electric vehicles and plug-in hybrids, modern diesel and petrol engines, four-wheel drive and SUV models in line with the market's demands.

The Group registered a total of 33,463 new vehicles in 2017, an increase of 2,801 vehicles from the previous year. Total sales of the Group's car makes in 2017 resulted in a combined market share of 16.6%, up 1.1 percentage points from the previous year. In addition, 2,102 Kia Soul Electric were imported via Germany. This gives a total sales volume of 35,565 vehicles, adding an estimated 0.8 percentage points to the Group's market share, and bringing the total market share to 17.4%.

Mercedes-Benz had a good year in 2017 with an increase of 11.3% from 2016, making it the third best-selling brand in 2017, the same as in 2016. The total market share including smart®, Fuso and Setra was 7.7% at year-end (7.1% in 2016). The market share in the passenger car segment rose from 5.9% in 2016 to 6.8% (including smart®) in 2017. This is the highest ever market share for Mercedes-Benz passenger cars in Norway.

Mercedes-Benz commercial vehicles achieved a market share of 10.3% in 2017 (10.5% in 2016) and retained its third place in the van statistics.

Mercedes-Benz trucks' market share declined from 13.7% in 2016 to 12.8% in 2017. In the bus segment, Mercedes-Benz's market share (including Setra) rose from 25.7% in 2016 to 34.5% in 2017.

Mercedes-Benz was the third largest make in the truck segment and the largest in the bus segment in 2017.

Peugeot was the eighth best-selling car make in Norway in 2017, unchanged from 2016. The total market share was 4.4% in 2017, up from 4.3% the previous year. Peugeot's market share for passenger cars rose from 3.1% in 2016 to 3.3% in 2017, despite its lack of plug-in hybrid and electric models. The market share in the van segment was 9.9% (10.5% in 2016).

Citroën and DS achieved a market share in the passenger car segment of 1.3% (1.3% in 2016) and a market share in the van segment of 5.8% (4.7% in 2016). The total market share for Citroën and DS in 2017 was 2.1% (1.9% in 2016).

The merger of Peugeot, Citroën and DS to PSA Norge has been a success, thanks to extensive coordination and standardisation.

Kia achieved a market share of 2.3% in 2017, compared with 2.2% in 2016. The market share in the passenger car segment improved to 2.9% in 2017 (2.7% in 2016). To meet the demand in the market and because of problems getting enough cars, the Group has had to continue importing a large number of cars via Germany. Including the cars from Germany, Kia increased the number of cars delivered to the Norwegian market to 6,783 in 2017 (6,406 in 2016, an increase of 5.9%. Kia's market share in the passenger car segment including Kia Soul Electric imported via Germany is 4.2% (4.0% in 2016).

Snap Drive AS increased its turnover from NOK 246 million in 2016 to NOK 257 million in 2017. Slightly improved margins led to profit growth, with an operating profit of NOK 18 million in 2017, compared with NOK 12 million in 2016.

The dealer chain **Bertel O. Steen Detalj AS and its subsidiaries** increased its turnover in 2017 to NOK 11,562 million, an increase of 26% from 2016.
In 2017 sales of new cars rose by 35.5% and sales of used cars by 19.8%. Sales of parts and workshop services rose by 17.5% and 12.1% respectively.
The Group's car retail operations returned an operating profit of NOK 185 million in 2017, an increase of NOK 15 million from 2016.
Bilfinans the Group's car financing company, achieved growth of 27.4% in its financing portfolio in 2017, bringing it to NOK 7,899 million. Total turnover amounted to NOK 58 million in 2017, roughly unchanged from 2016. Falling interest spreads, increased commissions and slightly higher start-up costs in the car ownership concept Easly resulted in an operating profit for 2017 of NOK 31 million (NOK 48 million in 2016).

Bertel O. Steen Eiendom AS and subsidiaries achieved an operating profit of NOK 113 million in 2017 (NOK 116 million in 2016).

The properties in the portfolio are fully leased with the exception of warehouse premises in Lørenskog that have been earmarked for future purposes. The majority of the non-car related tenants are public organisations with long-term lease contracts.

The working environment

The Group aims to offer its employees a challenging job in a stimulating working environment. The healthy development of the organisation is safeguarded by regularly measuring employee satisfaction, dealer satisfaction and customer satisfaction and implementation of appropriate measures as and when necessary. Bertel O. Steen AS makes considerable investments in the development of competencies.

The Group reported 20 minor accidents resulting in injury in 2017 (21 in 2016) and 6 accidents resulting in prolonged sickness absence (11 in 2016). All injuries were followed up and reported in the Group’s HSE system. The individual employees are followed up according to their needs through close collaboration with the occupational health service. The Group also has a continuous programme of measures to prevent accidents.

The Group's sickness absence rate is well below the average for Norway. The sickness absence rate was 4.4% in 2017, which is 0.3 percentage points higher than in 2016. Short-term sickness absence was 2.3% in 2017, which is 0.3% higher than in 2016.

Gender equality and discrimination

The Group works actively to promote gender equality, ensure equal opportunities and rights, and prevent discrimination in the organisation on the basis of gender, age, religion, political opinion, race, skin colour, national origin, ethnic origin, sexual orientation or living arrangements. In the Board's view, there is no need for special measures in this area.
The Group had 12.0% female employees in 2017, which is roughly the same level as in 2016. The Group has one woman in the group management.

The external environment and corporate social responsibility

As one of Norway's largest and oldest service and trading companies, the Group is highly aware of its corporate social responsibilities.

Through its association with the UN Global Compact the Group has committed to adhere to the organisation's ten basic principles in the areas of human rights, labour, the environment and anti-corruption.

The Group attaches particular importance to protection of the environment and related issues. All the Group's dealers are publicly environmentally certified under either the Norwegian Eco-Lighthouse scheme or ISO 14001. In connection with this work, a number of measures have been implemented to reduce energy consumption. Good routines have also been adopted for waste management, both to prevent harmful emissions and to ensure a higher waste recycling rate.

Thorough work has been carried out to reduce the use of chemicals in the businesses, which has led to more responsible use and better overview. The chemicals used are risk-assessed and registered electronically on the EcoOnline website, a national database.

The Group's dealers are members of Autoretur, a system for the collection and recycling of all end-of-life vehicles. Membership of Batteriretur ensures responsible collection and disposal of car batteries. The Group is also a member of the national Grønt Punkt packaging recycling scheme.

Bertel O. Steen requires that all its suppliers provide documentation that they meet the statutory requirements concerning occupational health and safety and the working environment, and that they are legally organised in accordance with the applicable tax and working environment regulations and in terms of the employees' labour and social rights.
There is a strong focus on compliance with laws, regulations, and external and internal policies.

Risk

Risk management is necessary in order to safeguard value creation for shareholders, employees and society.

The Group is exposed to currency risk, interest-rate risk, price risk, supplier and customer risk, liquidity and funding risk, changes in market developments, tax policy and changes in political framework conditions.

The Group's assessment of its own liquidity and funding risk constitutes a central part of the company's risk analysis and management. The adequacy of the Group's liquidity and funding - structure is assessed on an ongoing basis, as is the quality of its governance and monitoring.

See also the comments on the Group’s risk situation in note 19 to the consolidated annual financial statements.

Statement on the outlook

2018 got off to a weaker start than expected for the industry as a whole, and Bertel O. Steen has also experienced a somewhat slower than expected start. This is probably in part attributable to some customers waiting for the launch of new electric models.

The Group foresees greater market uncertainty in 2018 related to changes in customer's purchasing patterns, ahead of the imminent introduction of a wide range of new electric models. These will meet the customers' needs for larger models, fast charging, longer range and four-wheel drive, at affordable prices. All in all, we expect a weaker new car market in 2018.

In recent years the Group has operated in a strong market for new cars, but the longer-term prognoses for the new car market remain uncertain. The Group's strengthened commitment to developing solutions and services that can be used by relevant dealers, combined with a renewed focus on improved processes, increased employee engagement, and dealer and customer satisfaction, are expected to contribute to good profitability in a more demanding market.

Easly is the Group's new service for simple, predictable and friction-free car ownership. Through Easly Bertel O. Steen offers leasing in addition to a variety of other services, and gathers all the customer's car-related information in one place in a monthly statement, for a fixed price. The agreement gives the customer full overview and security throughout the term of the agreement and means the customer no longer has to relate to numerous suppliers and invoices. Easly ensures customer loyalty in the competition with other ownership and rental structures and is the first step towards a common platform for all the options and experiences the Group has to offer.

In the property market, rents and property values in 2018 are expected to remain largely unchanged from those in 2017.

Bertel O. Steen Eiendom and its subsidiaries have achieved a high level of security for earnings thanks to the high occupancy rate and stable lessors. In the coming years, Bertel O. Steen Eiendom will focus on helping the car operations develop good dealerships and improved logistics.
In recent years, much has been done to strengthen competencies within the organisation. The Group has also worked to further align the employees' attitudes and conduct with the company's ethical standards and the performance-driven corporate culture that the company wants to cultivate throughout the entire organisation. This work will continue unabated going forwards and will strengthen our ability to weather periods with more difficult market conditions.

Going concern

In pursuance of section 3-3 of the Norwegian Accounting Act, the Board confirms that the financial statements have been prepared in accordance with the going concern assumption.

Beyond that which appears in the financial statements, the Board of Directors is not aware of any circumstances that have occurred during the course of 2017, or after the end of the financial year, that have any great significance for the annual financial statements.

The Board believes that the annual financial statements provide a true and fair picture of the financial position of the company and the Group.

Allocation of profits

Bertel O. Steen AS reported an annual profit for 2017 of NOK 249 million. On this basis, it is proposed that a dividend of NOK 117 million be paid, while NOK 132 million be transferred to retained earnings (other equity).

The Board of Directors of Bertel O. Steen AS
Lørenskog, Norway, 10 April 2018

Sverre Leiro *Chairman of the Board*	Odd Christopher Hansen *Board member*	Sverre R. Kjær *Board member*
Bertel Otto Steen *Board member*	Thorvald Helmen Steen *Board member*	Knut Johan Andvik *Board member*
Ole Stefan Nedenes *Board member*	Leif Erik Vik *Board member*	Bjørn Maarud *CEO*

Bertel O. Steen AS

Consolidated financial statements 2017

Bertel O. Steen AS
Org.nr. 916 218 753

Consolidated financial statements 2017

The consolidated financial statements for Bertel O. Steen AS comprise the following parts:

The consolidated financial statements, which have been prepared by the company's Board of Directors and management, should be read in conjunction with the Board of Directors' Report and audit report.

Bertel O. Steen AS
Org.nr. 916 218 753

Consolidated financial statements 2017
(All figures in thousands)

INCOME STATEMENT

	Note	2017	2016
Operating revenue			
Income from sales		16 567 446	14 172 182
Other operating revenue		211 763	192 653
Total operating revenue	3	**16 779 209**	**14 364 835**
Operating expenses			
Cost of goods		12 746 677	10 814 875
Payroll expenses	6/7	1 811 339	1 626 142
Depreciation and impairment	3/8	194 736	161 802
Other operating expenses		1 471 287	1 256 778
Total operating expenses		**16 224 040**	**13 859 597**
Operating profit	3	**555 169**	**505 239**
Financial items			
Profit from investments in associated companies	9	7 629	5 735
Financial items	3/4	(65 148)	(61 129)
Total financial items		**(57 519)**	**(55 394)**
Profit before tax	3	**497 650**	**449 844**
Tax on ordinary profit	15	(146 089)	(117 290)
Profit / loss for the year	16	**351 561**	**332 554**
Minority interest in profit for the year	16	21 315	22 845
Majority interest in profit for the year	16	330 246	309 709

Bertel O. Steen AS
Org.nr. 916 218 753

Consolidated financial statements 2017
(All figures in thousands)

BALANCE SHEET

	Note	2017	2016
ASSETS			
Fixed assets			
Intangible assets			
Intangible assets	8	15 064	14 728
Deferred tax asset	15	182 415	166 422
Goodwill	8	42 221	3 275
Total intangible assets		**239 700**	**184 425**
Tangible fixed assets			
Land, buildings and other property	8/13	1 736 386	1 650 596
Movable property, fixtures and fittings, tools, office equipment, etc.	8/13	610 792	483 808
Total tangible fixed assets		**2 347 177**	**2 134 404**
Financial non-current assets			
Other shares and non-current receivables	10/11	3 283	3 209
Investments in associated companies and joint ventures	9	49 774	37 356
Total financial non-current assets		**53 058**	**40 565**
Total fixed assets		**2 639 935**	**2 359 393**
Current assets			
Stock	5	**2 879 350**	**2 536 761**
Receivables			
Accounts receivable	13	840 170	850 351
Other receivables	6	181 374	119 465
Pre-payments		266 627	158 973
Receivables from other related parties	18	54 415	52 220
Total receivables		**1 342 586**	**1 181 009**
Bank deposits, cash and cash equivalents	14	**74 611**	**18 967**
Total current assets		**4 296 547**	**3 736 737**
TOTAL ASSETS	3	**6 936 482**	**6 096 130**

Bertel O. Steen AS
Org.nr. 916 218 753

Consolidated financial statements 2017
(All figures in thousands)

BALANCE SHEET

	Note	2017	2016
EQUITY AND LIABILITIES			
EQUITY			
Share capital	16/17	372 433	372 433
Share premium reserve	16	598 000	598 000
Other equity	16	1 179 555	1 266 464
Minority interests	16	41 195	44 249
TOTAL EQUITY AND MINORITY INTERESTS		**2 191 183**	**2 281 147**
LIABILITIES			
Provisions for liabilities			
Pension liabilities	7	35 315	30 174
Total provisions for liabilities		**35 315**	**30 174**
Other non-current liabilities			
Borrowings	13	1 018 861	947 086
Other non-current liabilities	13	53	107
Total other non-current liabilities		**1 018 915**	**947 193**
Current liabilities			
Borrowings	13	64 151	71 625
Debt to shareholders and other related parties	18	404 634	78 563
Accounts payable		944 275	1 113 788
Income tax payable	15	113 362	160 523
Unpaid government charges and special taxes		641 726	204 224
Proposed dividend	16/18	129 399	119 765
Other current liabilities	12	1 393 523	1 089 130
Total current liabilities		**3 691 069**	**2 837 617**
TOTAL LIABILITIES		**4 745 299**	**3 814 984**
TOTAL EQUITY AND LIABILITIES		**6 936 482**	**6 096 130**

The Board of Directors of Bertel O. Steen AS
Lørenskog, Norway, 10 April 2018

Sverre Leiro Chairman of the Board	Odd Christopher Hansen Board member	Sverre R. Kjær Board member
Bertel Otto Steen Board member	Thorvald Helmen Steen Board member	Knut-Johan Andvik Board member
Ole Stefan Nedenes Board member	Leif Erik Vik Board member	Bjørn Maarud CEO

Bertel O. Steen AS
Org.nr. 916 218 753

Consolidated financial statements 2017
(All figures in thousands)

CASH FLOW STATEMENT

	Note	2017	2016
Cash flows from operating activities			
Profit before tax		497 650	449 844
Income tax paid in the period		(160 523)	(32 617)
Loss/(gain) from sale of fixed assets		(7 534)	(6 736)
Ordinary depreciation	8	194 736	161 802
Depreciation of tangible fixed assets		0	484
Pension cost without cash effect		5 141	4 558
Changes in provisions for liabilities and charges, without cash effect		0	(356 812)
Changes in stock		(236 315)	(358 471)
Changes in accounts receivable		10 181	163 894
Changes in accounts payable		(205 963)	9 904
Changes in other current items		542 757	606 459
Net cash flow from operating activities		**640 132**	**642 308**
Cash flows from investing activities			
Proceeds from sale of tangible fixed assets		170 320	165 610
Payments for purchase of tangible fixed assets	8	(509 371)	(427 236)
Proceeds from sale of shares and interests in other businesses		0	(4 545)
Payments for acquisition of shares and interests in other businesses		(7 848)	500
Payments for acquisition of subsidiaries	20	(154 518)	(91 378)
Proceeds from repayment of long-term receivables		250	100
Net cash flow from investing activities		**(501 166)**	**(356 949)**
Cash flow from financing activities			
Proceeds from new long-term debt		71 722	0
Payments in connection with repayment of long-term debt		0	(162 352)
Change in intercompany accounts		(180)	1 061
Net change in overdraft facility		(7 474)	(10 218)
Dividends paid		(119 765)	(83 558)
Group contribution received (paid)		(27 625)	(27 877)
Net cash flow from financing activities		**(83 322)**	**(282 944)**
Net change in cash and cash equivalents during the year		55 644	2 415
Cash and cash equivalents 1 Jan.		18 967	16 552
Cash and cash equivalents 31 Dec.		**74 611**	**18 967**

NOTES

Note 1 - ACCOUNTING PRINCIPLES

CONSOLIDATION PRINCIPLES
The consolidated financial statements include Bertel O. Steen AS and those subsidiaries over which Bertel O. Steen AS has a controlling influence as a result of legal or actual control. Controlling influence is normally achieved when the Group owns more than 50% of the shares in the company and the Group is able to exercise actual control over the company.

Non-controlling interests are included in group equity. Intergroup transactions and balances have been eliminated. The consolidated financial statements have been prepared with uniform accounting policies, in which the subsidiaries follow the same accounting policies as the parent company.

The acquisition method is used for recognising company mergers on the income statement. Companies that are bought or sold in the course of the year are included in the consolidated financial statements from the date on which control is achieved and until the date on which it ceases. Subsidiaries that are acquired are accounted for in the consolidated financial statements based on the historical cost to the parent company. The historical cost is allocated to identifiable assets and liabilities in the subsidiary, which are recorded at fair value at the time of the acquisition. Any excess value beyond that which can be attributed to identifiable assets and liabilities is recorded on the balance sheet as goodwill. Goodwill is treated as a residual value and entered on the balance sheet with the share observed in the acquisition transaction. Straight line depreciation is applied to excess values in the consolidated accounts over the expected economic life of the acquired assets.

Associated companies are enterprises in which the Group has significant influence, but not control, over the financial and operational management (normally through an ownership stake of between 20 and 50%). The consolidated financial statements include the Group's share of profits from associated companies entered using the equity method from the time significant control was achieved and until such control ceases. When the Group's losses exceed the investment in an associated company, the Group's carrying amount is reduced to zero and further losses are not posted unless the Group has an obligation to cover the loss.

Shares and investments in associated companies, joint ventures and subsidiaries
Investments in subsidiaries, associated companies and joint ventures are assessed using the cost method in the company accounts and using the equity method in the consolidated financial statements. The investments are depreciated to fair value if the reduction in value is not temporary and when it is deemed necessary according to generally accepted accounting principles. Dividends, intra-group contributions and other allocations from subsidiaries are recognised in the same year as the provision has been made on the accounts of the party making the payment. If the dividend / group contribution exceeds the share of accrued earnings after the date of acquisition, the excess amount represents repayment of invested capital and the allocations are deducted from the value of the investment on the parent company's balance sheet.

MATERIAL ACCOUNTING POLICIES

Fundamental accounting principles
The annual financial statements comprising the income statement, balance sheet, cash flow statement and notes, have been prepared in accordance with the provisions of the Norwegian Accounting Act and generally accepted accounting principles in Norway.

Main rule for assessment and classification of assets and liabilities
Assets intended for long-term ownership or use are classified as fixed assets. Other assets are classified as current assets. Receivables that are to be repaid within one year are classified as current assets. Similar criteria are used for the classification of short-term and long-term liabilities. Current assets are assessed at the lower of acquisition cost and fair value.

Fixed assets are valued at historical cost, but are written down to the recoverable amount if this is lower than the book value and the reduction in value is not expected to be temporary. Fixed assets with a limited useful economic life are depreciated according to a schedule.

Revenue
Sale of goods:
Income is accounted for when it is earned, i.e. when both risk and control have been materially transferred to the customer, normally when the item is handed over to the customer.

Sale of services:
Income is accounted for when it is earned, i.e. when a claim for remuneration arises. This happens when a service is provided, in line with performance of the

Expenses
As a general rule, expenses are accounted for during the same period as the associated income. In cases where there is no clear relationship between expenses and income, the distribution will be determined on the basis of discretionary criteria. Other exceptions from the matching principle are specified where relevant.

Currency
Transactions in foreign currency are translated using the exchange rate on the date of the transaction. Monetary items in foreign currency are converted to Norwegian kroner using the rate of exchange on the balance sheet date. Changes in exchange rates are recognised on an ongoing basis during the accounting period under other financial items.

Financial instruments
Financial instruments are used in connection with the management of financial risk. Hedging using forward exchange contracts is used when financially justifiable. Forward contracts are recorded at fair value. Gains and losses resulting from sale or change in fair value are reported in the income statement in cases where the derivative is not part of a hedge relationship that satisfies the criteria for hedge accounting. Interest derivatives such as interest rate swap agreements have been entered into to secure future interest costs. Unrealised gains / losses are recognised on an ongoing basis during the accounting period under interest costs.

Other shares and investments classified as fixed assets
Shares and investments in partnerships in which the company does not have significant influence are assessed using the cost method. The investments are depreciated to fair value if the reduction in value is not temporary. Dividends received from the companies are recognised as other financial income.

Intangible assets and tangible fixed assets
Intangible assets that are both expected to generate future income and whose historical cost can be measured reliably are entered in the balance sheet. Depreciation is calculated on a straight-line basis over the expected economic life of the assets. Tangible fixed assets are depreciated over their expected economic life. Depreciation is generally distributed on a straight-line basis over the entire expected economic life.

Costs relating to normal maintenance and repairs are recognised as they arise. Costs associated with major replacements and upgrades that extend the economic life of the assets are entered in the balance sheet.

Stock
Stocks of goods are valued at the lower of cost and estimated selling price less costs to sell. An individual assessment is made of each car. Parts and equipment are recognised at average acquisition cost (in accordance with the FIFO principle). Write-downs are made for obsolescence.

Receivables
Accounts receivable and other receivables are included at nominal value, less any provision for anticipated bad debts. Provision for bad debts is made on the basis of specific consideration of individual receivables. In addition, unspecified provisions to cover any estimated losses are made for other accounts receivable.

Warranties, servicing and repurchase obligations
Warranty work related to prior sales is assessed at the expected cost of the work. The estimate is calculated on the basis of historical figures for warranty

Unearned income related to existing service agreements is entered in the balance sheet as deferred income and is recognised when the cost accrues over the

The group companies guarantee the repurchase value of the cars they sell that are financed by leasing. The repurchase value is determined on the basis of a defined formula and depends on the model, the length of the lease and the mileage. Provisions are made for any expected losses on these repurchase obligations.

Related parties
All transactions between group companies are on ordinary commercial terms.

Pensions
Defined-benefit plans
Pension liabilities are calculated as the present value of future pension benefits accrued on the balance sheet date. Future pension benefits are calculated on the basis of expected salary on retirement.

Net pension commitments are entered in the balance sheet as other liabilities after adjustment for actuarial gains / losses. The net value of over-financed plans is entered in the balance sheet as a long-term receivable. The net pension cost and gross pension cost less the estimated return on the pension assets for the period are included under payroll expenses. Gross pension cost consists of the present value of the pension benefits earned for the period, interest costs on the pension commitments and recognised actuarial gains / losses.

The accounting treatment of pensions is based on a straight-line accrual profile and expected final salary as the accrual basis. Actuarial gains / losses and the effect of changes in assumptions are amortised over the expected remaining earning period if they are in excess of 10% of the pension liabilities or pension assets (corridor), which ever is larger. The employer's National Insurance contributions are included in the figures.

Defined-contribution plans
The company has a contractual pension under the AFP scheme that provides a lifelong supplement to the ordinary pension. The AFP scheme is a defined-benefit, multi-employer pension plan funded through premiums that are determined as a percentage of the employee's salary. For accounting purposes, the scheme is treated as a defined-contribution plan.

For pension plans where the employer pays an agreed contribution and the pension funds are managed separately (defined-contribution plans), the contribution is included in payroll and other personnel costs.

Taxes
The tax charge consists of the tax payable and the change in net deferred tax. Tax payable is calculated on the basis of the taxable income for the year. Deferred tax is calculated on the basis of temporary differences between taxable and accounting values and tax losses carried forward. If the tax rate has changed since the previous year, the new tax rate is used to calculate deferred tax. Deferred tax and deferred tax assets are presented on a net basis in the balance sheet.

Public grants
Any operating grants received, such as government subsidies for apprentices, for example, are accrued together with the expenses the grant is intended to cover
Grants related to the SkatteFUNN scheme are recorded as a reduction of the accounting item to which they pertain.

Group contributions
Group contributions are treated as an equity transaction and not as an allocation of the profit. Group contributions from the parent company to subsidiaries are accounted for as other paid-in capital, adjusted for the tax effect of 24 %. In the parent company's financial statements, net paid group contributions are added to the cost of shares in subsidiaries, and received group contributions are recognised as financial income.

Changes in the composition of the Group
Bertel O. Steen Bil AS has acquired Prøven Bil AS and its four subsidiaries (1 Jan. 2017).
Bertel O. Steen Lillehammer Motorcentral AS has acquired Lillehammer Bil AS (30 Sept. 2017).
Bertel O. Steen Eiendom AS has acquired Ryggeveien 83-89 AS (30 Nov. 2017).
There have not been any other major changes in the composition of the Group that have significance for the consolidated financial statements.

Cash flow
The cash flow statement has been prepared in accordance with the indirect method. Cash and cash equivalents include cash and bank deposits with maturity of less than three months.

Comparison figures
If accounting items are reclassified, the comparison figures are restated accordingly.

Long-term partnership contracts

Peugeot
The contract with Automobiles Peugeot was signed in 1929. A new contract with Automobiles Peugeot was signed in mid-2011, in addition to new dealer contracts. These have no set duration, but can be terminated with a two-year period of notice.

Daimler
The contract with Daimler AG was signed in 1929. As a consequence of the European Commission Block Exemption Regulation no. 1400/2002, a new agreement was entered into in 2003, with a two-year mutual period of notice.

Kia Motors
The agreement with Kia Motors was entered into in 1993 and was renewed in 2003. In line with the European Commission Block Exemption Regulation no. 1400/2002, the agreement currently remains in force with a two-year mutual period of notice.

Citroën
The contract with Automobiles Citroen was signed in April 2015 in connection with Bertel O. Steen's acquisition of the company. Prior to this the company had not had a formal importer agreement. During the first five years, the signed agreement can only be terminated in the event of material breach; thereafter it continues to run automatically for another five years, unless it is terminated with six months' mutual notice.

(All figures in thousands)

Note 2 - Group composition

	Registered office	Stake and voting share
Car Imports, group/staff:		
Bertel O. Steen AS	Lørenskog	100,0 %
Kia Bil Norge AS	Lørenskog	100,0 %
CDS Norge AS	Lørenskog	100,0 %
Nordisk Bilimport AS	Lørenskog	100,0 %
Car Finance:		
Bertel O. Steen Finans AS	Lørenskog	100,0 %
Bertel O. Steen Bildrift	Lørenskog	100,0 %
Workshop chain:		
Snap Drive AS	Skedsmo	100,0 %
Car Retail:		
Bertel O. Steen Detalj AS	Lørenskog	100,0 %
Bertel O. Steen BilVenture AS	Lørenskog	100,0 %
Bertel O. Steen Bil AS	Lørenskog	100,0 %
Bertel O. Steen Aktiv Bil AS	Lørenskog	100,0 %
Bertel O. Steen Oslo AS	Oslo	100,0 %
Bertel O. Steen Romerike AS	Skedsmo	100,0 %
Bertel O. Steen Asker og Bærum AS	Bærum	100,0 %
Bertel O. Steen Vare-Last-Buss AS	Lørenskog	100,0 %
Bertel O. Steen Møre og Romsdal AS	Ålesund	100,0 %
Bertel O. Steen Ringerike AS	Ringerike	100,0 %
Bertel O. Steen Vestfold AS	Tønsberg	90,2 %
Bertel O. Steen Autostern AS	Oslo	100,0 %
Bertel O. Steen Telemark AS	Skien	100,0 %
Bertel O. Steen Hedmark og Oppland AS	Ringsaker	100,0 %
Bertel O. Steen Lillehammer Motorcentral AS	Lillehammer	100,0 %
Lillehammer Bil AS	Lillehammer	100,0 %
Bertel O. Steen Østfold AS	Fredrikstad	100,0 %
Bertel O. Steen Bergen AS	Bergen	100,0 %
Bertel O. Steen Buskerud AS	Lier	100,0 %
Bertel O. Steen Rogaland AS	Sandnes	90,1 %
Motor Trade Holding AS	Trondheim	50,0 %
Motor-Trade AS	Trondheim	100,0 %
Trønderlinjen AS	Melhus	100,0 %
Prøven Bil AS	Trondheim	100,0 %
Prøven Bil Oppdal AS	Oppdal	100,0 %
Prøven Bil Verdal AS	Verdal	100,0 %
Prøven-Motortrade AS	Trondheim	75,0 %
Prøven Bilutleie AS	Trondheim	100,0 %
Bertel O. Steen Agder AS	Kristiansand	60,0 %
Bertel O. Steen Brobekk AS	Oslo	100,0 %

(All figures in thousands)

Note 2 - Group composition (continues)

	Registered office	Stake and voting share
Property operations:		
Bedriftsveien 120 AS	Lørenskog	100,0 %
Bertel O. Steen Eiendom AS	Lørenskog	100,0 %
Bertel O. Steen Eiendomsdrift AS	Lørenskog	100,0 %
Bertel O. Steen Osloeiendommer AS	Lørenskog	100,0 %
Bryggeriveien 5 AS	Lørenskog	100,0 %
Dikveien 1 AS	Lørenskog	100,0 %
Ekreveien 27 AS	Lørenskog	100,0 %
Energiveien 11 AS	Lørenskog	100,0 %
Grus Eiendom AS	Lørenskog	100,0 %
Hensmoen AS	Lørenskog	100,0 %
Hvamveien 2 AS	Lørenskog	100,0 %
Håvardstun AS	Lørenskog	100,0 %
Industrigata 58 AS	Lørenskog	100,0 %
Industriveien 7 B Eiendom AS	Lørenskog	100,0 %
Lerstadveien 525 AS	Lørenskog	100,0 %
Liamyrene 3 AS	Lørenskog	100,0 %
Maridalsveien 85-87 AS	Lørenskog	100,0 %
Prof. Koths vei 85 AS	Lørenskog	100,0 %
Ryggeveien 83-89 AS	Lørenskog	100,0 %
Røykåsveien 9 AS	Lørenskog	100,0 %
Røykåsveien Eiendom AS	Lørenskog	100,0 %
Sandakerveien 64 AS	Lørenskog	100,0 %
Skolmar Eiendom AS	Lørenskog	100,0 %
Slagenveien 67 AS	Lørenskog	100,0 %
Sognsveien 90 AS	Lørenskog	100,0 %
Solheimveien 15 AS	Lørenskog	100,0 %
Solheimveien 7 AS	Lørenskog	100,0 %
Svanedamsveien 6-8 AS	Lørenskog	100,0 %
Vassbotnen 9 AS	Lørenskog	100,0 %

(All figures in thousands)

Note 3 - Segment information

The Bertel O. Steen AS Group comprises the business areas Car Import, Car Finance, Snap Drive AS, Car Retail and Real Estate.
See note 2 for more detailed information concerning the individual companies in the different business areas.

The business areas had the following key figures for 2017:

	Car Import	Group/ staff:	Car Finance	Snap Drive AS	Car Retail	Real estate	Eliminations	Group
Operating revenue	11 215 517	128 951	58 027	256 907	11 561 576	228 043	(6 669 812)	16 779 209
Depreciation and impairment	15 963	22 980	1 546	6 719	93 229	53 164	1 136	194 736
Operating profit	413 587	(174 223)	30 611	18 392	185 165	113 345	(31 708)	555 169
Net financial result	6 888	129 960	172	(732)	(20 813)	(23 790)	(156 833)	(65 148)
Profit before tax	**417 499**	**(41 287)**	**30 783**	**17 661**	**168 346**	**93 190**	**(188 541)**	**497 650**
Assets	**2 991 525**	**2 305 733**	**229 535**	**83 359**	**2 840 535**	**1 771 340**	**(3 285 545)**	**6 936 482**

The business areas had the following key figures for 2016:

	Car Import	Group/ staff:	Car Finance	Snap Drive AS	Car Retail	Real estate	Eliminations	Group
Operating revenue	10 024 501	152 538	58 218	246 475	9 169 212	222 395	(5 508 502)	14 364 835
Depreciation and impairment	16 655	17 442	452	5 595	69 028	51 922	708	161 802
Operating profit	283 624	(103 206)	48 253	11 603	170 004	115 568	(20 608)	505 239
Net financial result	(23 707)	89 942	359	(845)	(14 320)	(16 857)	(95 701)	(61 129)
Profit before tax	**259 917**	**(13 263)**	**48 612**	**10 758**	**157 606**	**102 523**	**(116 309)**	**449 844**
Assets	**2 854 166**	**1 809 946**	**152 556**	**70 800**	**2 264 279**	**1 655 846**	**(2 711 461)**	**6 096 130**

Note 4 - Financial items

	2017	2016
Other interest income	6 378	7 918
Other financial income	545	424
Total financial income	**6 923**	**8 342**
Other interest expense	(35 769)	(32 506)
Realised and unrealised exchange losses	(26 228)	(25 698)
Other financial costs	(10 073)	(11 267)
Total financial costs	**(72 070)**	**(69 472)**
Net financial items	**(65 148)**	**(61 129)**

Note 5 - Stock

	2017	2016
New cars	1 647 713	1 592 357
Used cars	549 370	375 128
Demonstration cars	414 904	347 257
Parts	288 647	243 154
Miscellaneous	66 557	45 207
Obsolete goods	(87 841)	(66 342)
Total stock	**2 879 350**	**2 536 761**

(All figures in thousands)

Note 6 - Payroll expenses, number of employees, remuneration, loans to employees, etc.

Payroll expenses, etc.	**2017**	**2016**
Salaries	1 455 150	1 308 263
Employer's National Insurance contributions	225 799	199 168
Pension expenses	70 360	59 542
Other remuneration	60 029	59 169
Total payroll expenses	**1 811 339**	**1 626 142**
No. of full-time equivalents employed (in whole numbers)	**2 452**	**2 232**

Loans and guarantees at 31 Dec.

Total loans to employees	**3 110**	**2 576**

No members of the executive management have loans from the company.

Remuneration of senior executives		
Salary, bonus, pension costs and other remuneration of the CEO	15 615	17 292
Remuneration of board members	1 690	1 760
Remuneration of the Audit Committee	120	90
Remuneration of the Remuneration Committee	40	30
Total remuneration of senior executives	**17 465**	**19 172**

The payroll expenses for 2017 include benefits such as pensions and bonuses. In 2017 the CEO received total remuneration including pension provisions of NOK 15,615,000. This includes: NOK 5,227,000 in salary, holiday pay and payments to the Group's occupational pension scheme. The Group's bonus scheme amounted to NOK 8,691,000 for 2017, including provisions for holiday pay. In addition, the CEO has also received NOK 424,000 in other benet and pension compensation amounting to NOK 1,273,000.

The CEO is covered by the bonus scheme for the executive management.
On certain conditions the CEO has the right to receive salary payments for 18 months after leaving the company. The CEO has no agreement regarding the purchase of shares.

In 2017 remuneration of board members came to NOK 1,690,000. In addition, the chair of the board has received other remuneration totalling NOK 186,000. The chair of the board does not have any agreements concerning a bonus, share options or severance pay.

Recognised remuneration to the auditor and affiliated companies breaks down as follows:	**2017**	**2016**
Statutory auditing services	3 961	2 353
Certification services	89	0
Non-audit services	4 177	2 906
Total auditing services	**8 227**	**5 260**

(All figures in thousands)

Note 7 - Pensions

The Group is required to have an occupational pension scheme pursuant to the Norwegian Act relating to mandatory occupational pensions (OTP). The Group's pension plans satisfy the requirements in this Act.

Defined-contribution pension plan and contractual pension (AFP)

The Group has a defined-contribution pension plan for its employees. The Group pays a fixed contribution to an insurance company The Group has no further payment obligations once these contributions have been paid. The contribution is 2–8% of the employee's salary over 1 x G (the National Insurance basic amount).
A total of 2,531 employees are covered by this scheme.

Actuarial estimates for defined-benefit plans

The Group has unfunded pension commitments, which are charged directly to operations. A total of ten employees are covered by this scheme.

Unfunded defined-benefit scheme – unfunded defined-contribution scheme

The unfunded defined-benefit scheme includes all employees with salaries exceeding 12 x G. The accounting effect of this is presented below. Capitalised liabilities and the year's expenses are included in the table below.

Pension expense	**2017**	**2016**
Present value of the service cost for the year	318	0
Interest cost on the pension commitment	46	456
Recognised effect of actuarial gains and losses	519	1 497
Net pension expense unfunded pensions	**882**	**1 953**
Defined-contribution scheme financed by operations.	5 795	4 136
Total defined-benefit plans	**6 678**	**6 089**
Defined-contribution pension	39 043	29 320
AFP scheme	24 639	24 133
Total pension expense	**70 360**	**59 542**

Pension assets / liabilities		
Accrued pension liabilities	17 943	15 945
Unrecognised past service cost	(1 086)	(824)
Net pension liabilities before employer’s National Insurance contributions	**16 857**	**15 121**
Accrued employer’s National Insurance contribution	(134)	2 256
Net pension liabilities	**16 767**	**17 377**
Net pension assets calculated by an actuary	(44)	(0)
Liabilities for defined-contribution schemes financed by operations.	18 592	12 796
Total recognised pension liabilities	**35 315**	**30 174**

The liabilities are related to the following plans:		
Unfunded pension plans	16 723	17 377
Liabilities for defined-contribution schemes financed by operations.	18 592	12 796
Net recognised pension commitment	**35 315**	**30 174**

Economic assumptions		
Discount rate	2,30 %	2,10 %
Expected salary increase	2,50 %	2,50 %
Expected pension increase	0,00 %	0,00 %
Expected increase in the National Insurance basic amount (G)	2,25 %	2,25 %

(All figures in thousands)

Note 8 - Tangible fixed assets, goodwill and intangible assets

	Land, buildings	Movable property, fixtures and fittings	Goodwill	Intangible fixed assets	2017 Total	2016 Total
Acquisition cost 1 Jan.	2 220 542	1 050 486	32 416	261 220	3 564 664	3 299 868
Additions from acquisitions	49 982	21 420	47 078	0	118 480	111 942
Additions	89 367	413 524	0	6 479	509 371	427 236
Disposals	(453)	(235 187)	(3 995)	(450)	(240 084)	(274 381)
Acquisition cost 31 Dec.	**2 359 438**	**1 250 243**	**75 500**	**267 250**	**3 952 430**	**3 564 664**
Accumulated depreciation and impairment, 1 Jan.	569 946	566 678	29 141	246 492	1 412 257	1 353 170
Ordinary depreciation for the year	53 434	127 476	8 133	5 694	194 736	161 802
Disposals acc. dep. (sale of capital assets)	(327)	(54 703)	(3 995)	0	(59 025)	(102 715)
impairment, 31 Dec.	**623 053**	**639 451**	**33 279**	**252 186**	**1 547 968**	**1 412 257**
Carrying amount, 31 Dec.	**1 736 386**	**610 792**	**42 221**	**15 064**	**2 404 462**	**2 152 407**
Economic life	20–50 years	3-10 years	5 years	5-10 years		
Depreciation schedule	Straight line	Straight line	Straight line	Straight line		
Annual lease payments for off-balance sheet fixed asset	**129 371**	**5 436**				

Fixed assets are depreciated on a straight-line basis based on the expected economic life. Land is not depreciated.

At 31 December 2017, NOK 99.3 million has been capitalised related to a new IT platform for car dealers in the automotive group. The IT platform is capitalised under operating equipment / fixtures and fittings at 31 December 2017, but has not been written off in 2017 as it is not yet in use.

Carrying amount of goodwill allocated to acquisitions	
CDS Norge AS	1 669
Prøven Bil AS	22 855
Lillehammer Bil AS	5 766
Snap Drive AS	8 638
Acquisitions of other smaller businesses	3 294
Total goodwill at 31 Dec.	**42 221**

Specification of carrying amount of intangible fixed assets	
Bertel O. Steen AS – proprietary software	10 023
Bertel O. Steen Bildrift AS – proprietary software	3 329
Other proprietary software	1 711
Total intangible fixed assets at 31 Dec.	**15 064**

(All figures in thousands)

Note 9 -Investments in associated companies and joint ventures

Company name	Registered office	Stake and voting share	Cost of acquisition	Opening balance 1 Jan.	Share of the profit for the year	Capital contribution / transfers	Carrying amount
UPL og BOSE Holding AS	Hamar	50 %	14 853	29 614	3 634	0	33 248
Professor Kohts Vei Utvikling AS	Bærum	41 %	5 324	0	0	5 324	5 324
Parkveien Utvikling AS	Oslo	50 %	2 525	0	0	2 525	2 525
Bilskadesenteret Telemark AS	Skien	25 %	303	796	734	(500)	1 030
Bilskadesenteret Ringerike AS	Hønefoss	33 %	900	94	(130)	0	(36)
KAFO Holding AS	Gjøvik	33 %	3 010	1 052	(3)	0	1 048
Skade og Lakk AS	Fredrikstad	33 %	3 480	1 052	834	0	1 887
Tønne Karosseri og Lakk AS	Verdal	20 %	402	868	661	(661)	868
Bilhuset Brekstad AS	Rissa	20 %	1 000	916	380	(380)	916
Stjørdal Bilskadesenter AS	Stjørdal	33 %	400	557	189	(189)	557
Hjørnetomta AS	Stjørdal	50 %	691	810	0	0	810
Leira Bil Brekstad AS	Brekstad	20 %	100	0	0	0	0
Rosten Drift AS	Trondheim	50 %	15	0	0	0	0
Prøven Kverneland AS	Trondheim	31 %	311	1 598	1 329	(1 329)	1 598
Total investments in joint ventures and associated companies			**33 363**	**37 356**	**7 629**	**4 790**	**49 774**

Parkveien Utvikling AS was bought from the owner family in Bertel O. Steen in December 2017. The stake was bought at fair value, and the acquisition was undertaken together with an external partner. See the Board of Directors' Report for more detailed information.

Note 10 - Shares and other investment

Other shares and investments	Registered office	Stake and voting share	Cost of acquisition	Carrying amount
Nytt om Bil AS	Asker	10 %	50	50
Trøndelag Lakksenter AS	Trondheim	13 %	500	500
Lillehammer Bilskadesenter AS	Lillehammer	17 %	195	195
Autoringen AS	Oslo	20 %	300	300
Other shares and investments with ownership under 10%			2 203	1 729
Total other shares and investments			**3 248**	**2 774**

Note 11 - Receivables due in more than one year

	2017	**2016**
Other receivables	444	694

Note 12 - Other provisions for obligations

	2017	**2016**
Current provisions		
Provision for service contracts	11 840	22 650
Provision for warranty obligations	298 018	255 816
Provision for possible losses on repurchase obligations	71 363	58 513
Goodwill	17 992	15 267
Provision for other contingent liabilities	85 820	25 438
Total other current provisions for obligations	**485 033**	**377 684**
Value of repurchase portfolio	**2 698 999**	**2 271 377**

See also note 1 for a more detailed description of the Group's principles relating to provisions for obligations.

NOK 370 million of the repurchase portfolio related to buses is mortgaged against a factory in 2017, compared with NOK 363 million in 2016.

(All figures in thousands)

Note 13 - Mortgages and warranty obligations

	2017	2016
Recognised debt secured by a mortgage, etc.:		
Drawn on credit facilities / mortgage loan	1 018 861	947 086
Other non-current liabilities	53	107
Borrowings	64 151	71 625
Total	**1 083 066**	**1 018 818**
Carrying amount of mortgaged assets:		
Accounts receivable	629 922	701 835
Inventories	2 308 637	2 147 447
Vehicles, operating equipment, fixtures and fittings, etc.	467 478	377 247
Land, buildings and other property	1 735 062	1 649 607
Total	**5 141 099**	**4 876 136**
Unutilised credit facilities	**974 932**	**1 042 914**
Unused portion of bank overdraft facility	**337 646**	**294 588**

Credit facilities totalling NOK 1,300 million in Bertel O. Steen Eiendom AS and NOK 1,000 million in Bertel O. Steen AS fall due in 2020.
NOK 40 million of the recognised debt falls due more than five years after the end of the financial year.

Note 14 - Bank overdraft facilities, bank deposits, guarantees and currency

	2017	2016
Unused portion of bank overdraft facility	**337 646**	**294 588**
Guarantees		
Bank guarantee covering unpaid tax withholding	105 500	88 680
Reimbursement of the car factory	59 047	54 518
Other guarantees	131 682	127 850
Parent company guarantee in favour of third parties provided on behalf of other group companies	119 012	111 463
Rent guarantees in favour of third parties	148 692	177 568
Restricted bank deposits covering liability for employee tax deductions	6 818	3 452
Total guarantees	**570 751**	**563 531**
Surety		
Other surety obligations	3 334	3 334
Total surety	**3 334**	**3 334**
Total guarantees and surety	**574 085**	**566 865**
Forward exchange contracts		
EUR forward contracts – purchase contracts (amounts in EUR)	**105 223**	**112 629**
EUR forward contracts – sales contracts (amounts in EUR)	**2 000**	**4 000**

(All figures in thousands)

Note 15 - Tax charge

	2017	2016
The income tax expense for the year is arrived at as follows:		
Taxes payable	119 304	131 167
Effect of new tax rules	7 931	6 934
Change in deferred tax	18 854	(20 812)
Total tax on ordinary profit	**146 089**	**117 290**
Reconciliation from nominal to effective tax rate:		
Profit before tax	497 650	449 844
Expected tax charge based on the nominal tax rate (24% in 2017 / 25% 2016)	119 436	112 461
Actual tax charge	146 089	117 290
Difference between nominal and actual tax charge	**(26 653)**	**(4 829)**
Tax effect of the following items:		
Costs without deduction / income without tax liability	(4 877)	(3 028)
Recognised dividend income, gains on shares and share write-downs	172	(152)
Profit from associated companies	1 844	1 419
Effect of new tax rules and rates	(7 931)	(6 934)
Other items including the "SkatteFUNN" scheme and corporate goodwill	(15 860)	3 866
Total difference	**(26 653)**	**(4 829)**
Effective tax rate	29 %	26 %
Specification of tax effect of temporary differences and forwardable losses:		
Tax asset (liability)		
Tangible and intangible fixed assets	(68 725)	(59 880)
Stock	52 999	41 416
Receivables	2 436	2 617
Profit and loss account	(2 010)	(2 555)
Liabilities	188 850	150 458
Other differences	8 458	34 359
Loss carryforwards	407	7
Total book value of deferred tax assets	**182 415**	**166 422**

Deferred tax assets are entered on the balance sheet on the basis of expectations of future profits in the company or group.

	2017	2016
Taxes payable in the balance sheet are arrived at as follows:		
Taxes payable on profit for the year	294 155	245 759
Tax effect of received (paid) group contributions	(174 851)	(114 591)
The "SkatteFUNN" scheme / errors in previous years	(5 942)	29 355
Total taxes payable	**113 362**	**160 523**

(All figures in thousands)

Note 16 - Equity

	Share capital and other equity	Minority interest	Total
Equity at 1 Jan.	**2 236 898**	**44 249**	**2 281 147**
Change in capital for the year:			
Translation adjustment / errors in previous years	204	(211)	(7)
Changes in capital	0	(3 760)	(3 760)
Provision for dividend	(109 000)	(20 399)	(129 399)
Net paid group contributions	(308 360)	0	(308 360)
Profit / loss for the year	330 246	21 315	351 561
Equity at 31 Dec.	**2 149 988**	**41 195**	**2 191 183**

Note 17 - Share capital and shareholder information

The share capital in Bertel O. Steen AS at 31 December comprises the following:

	Number	Nominal value	Carrying amount
Total shares	**3 724 334**	**100**	**372 433 400**

Bertel O. Steen AS has the following shareholders:

Name	Ordinary shares	Total shares	Shareholding	Voting share
Bertel O. Steen Holding AS	3 724 334	3 724 334	100 %	100 %
Total	**3 724 334**	**3 724 334**	**100 %**	**100 %**

Each share carries the same rights in the company.

(All figures in thousands)

Note 18 - Transactions with related parties

The automotive group sells cars, spare parts, IT services and other administrative services to the Bertel O. Steen Invest group and the parent company Bertel Holding AS. All transactions between group companies are on ordinary commercial terms.

In addition Bertel O Steen Eiendom AS has bought a stake in Parkveien Utvikling AS from the owner family in Bertel O. Steen in December 2017.
The stake was bought at fair value, and the acquisition was undertaken together with an external partner. See note 9 for more detailed information about the ownership stake and invested amount.

Remuneration of senior executives is discussed in note 6.

The Group's transactions with related parties:	**2017**	**2016**
Revenue		
Sales of cars and parts, incl. workshop services	6 812	13 501
Sales of IT and other admin. services	6 646	7 123
Rental income	2 981	2 697
Total income	**16 440**	**23 321**
Expenses		
Purchase of administrative services	495	495
Total expenses	**495**	**495**

Balances with related parties	**2017**	**2016**
Current receivables		
Trade receivable vis-à-vis Bertel O. Steen Invest AS and subsidiaries	1 691	2 345
Group contributions from Bertel O. Steen Invest AS and subsidiaries	52 724	49 875
Total current receivables	**54 415**	**52 220**
Current liabilities		
Other current liabilities vis-à-vis Bertel O. Steen Holding AS / Bertel O. Steen Invest AS and subsidiaries	229	1 063
Group contributions paid to Bertel O. Steen Invest AS and subsidiaries	393 405	66 500
Group contributions paid to Bertel O. Steen Holding AS	11 000	11 000
Dividend payable to Bertel O. Steen Holding AS	109 000	99 000
Total current liabilities	**513 634**	**177 563**

(All figures in thousands)

Note 19 - Financial risk

The activities of the Bertel O. Steen Group entail financial risk associated mainly with foreign exchange, interest rates, credit and liquidity. The company manages risk with the aim of ensuring the predictability of cash flows and sufficient liquidity to meet natural fluctuations in the need for working capital.

Currency risk
The Group's income is mainly in Norwegian kroner, but approximately 51% of goods purchased are in foreign currency. The cash flow in foreign currency is mainly in euro. The Group seeks to limit this risk by using forward contracts.At the same time, the Group has also entered into forward foreign exchange contracts with the suppliers, which help reduce transaction and currency risk, where the car manufacturer mainly bears the currency risk for longer than two months.

At 31 December 2017 the Group had purchased forward contracts worth NOK 1,011,875,000 and sold forward contracts to the value of NOK 18,764,000 – i.e. net NOK 993,112,000. Their fair value at year-end was NOK 1,014,729,000. Unrealised foreign exchange gains totalling NOK 21,618,000 between the acquisition cost and the market value on the balance sheet date have been recognised as a foreign exchange gain (agio). Fair value is the market value calculated using the mid-price that the respective banks have adopted based on current rates in the market on the balance sheet date.

Maturity year of forward exchange contracts	2018
Nominal amount of purchases of euro (in NOK)	1 011 875
Nominal amount of sales of euro (in NOK)	18 764
Unrealised foreign exchange gains (in NOK)	21 618

Liquidity / financial risk
The Group operates in a cyclical industry with relatively large fluctuations in working capital. There is therefore risk associated with
short-term access to funding. This risk is managed by having flexible committed funding in the parent company, with regular adjustment of drawdowns
The Group's automotive operations has a framework loan of NOK 1,000 million that enables the Group to successfully manage major fluctuations in working capita
In addition, the real estate group has a framework loan of NOK 1.3 million to finance the further development of the property portfolio.
See note 13 on credit facilities.

Interest rate risk
At 31 December 2017 the Group had external debts totalling NOK 1,083,066,000. This debt is based on a variable market interest rate. This implies an interest-rate risk relative to the developments in short-term interest rates linked to future interest costs. This risk is reduced by part of the debt switching to a fixed interest rate through fixed rate contracts with our main banks.

At 31 December 2017 NOK 525 million was hedged with long interest rate swaps at an average NIBOR 3M of 1.29% and an average remaining term of 4.8 years.
48% of the loan portfolio is associated with swap agreements. At year-end the swap agreements had a negative market value of NOK 800,000. This has been recognised as unrealised interest expense.

Unrealised foreign exchange gains / losses tap are recognised in profit and loss and amounted to NOK 3.7 million at 31 December 2017.

Maturity year of interest rate swap agreements	2018	2019	2020	2021	2022	Later
Nominal amount	0	105 000	105 000	111 000	0	204 000

Maturity of long-term debt	2018	2019	2020	2021	2022	Later
Nominal amount (including the total credit facility)	0	0	2 300 000	0	0	40 000

Bertel O. Steen AS and Bertel O. Steen Eiendom AS were refinanced in 2015, with five-year loan agreements.

Credit risk

The risk that counterparties do not have the financial capacity to fulfil their obligations is considered small, since historically there have been very few bad debts.There is also credit risk linked to sales by the importer business to external dealers.
The Group seeks to hedge this risk through bank guarantees from independent dealers, good credit procedures and close follow-up of outstanding accounts receivable.

(All figures in thousands)

Note 20 - Significant transactions during the financial year

Transactions during the 2017 financial year:
Bertel O. Steen Bil AS acquired 100% of the shares in Prøven Bil AS and its four subsidiaries.
Bertel O. teen Lillehammer Bil AS acquired 100% of the shares in Lillehammer Bil AS.
Bertel O. Steen Eiendom AS has acquired 100% of the shares in Ryggeveien 83-89 AS.
The Group has not sold any subsidiaries.

Transactions during the 2016 financial year:
Bertel O. Steen AS acquired 100% of the shares in Bertel O.Steen Bildrift AS from the sister company Bertel O. Steen Agri AS.
Bertel O. Steen Eiendom AS acquired 100% of the shares in Røykåsveien 9 AS and Grus Eiendom AS.
The Group has not sold any subsidiaries.

The transactions had the following effect on the consolidated financial statements:	**Effect of acquisitions**	
	2017	**2016**
Cash	7 250	287
Receivables including deferred tax assets	45 227	9 961
Fixed assets including added value	71 401	112 442
Stock	106 274	0
Accounts payable	(36 450)	0
Other current liabilities	(79 013)	(31 024)
Net identifiable assets	**114 689**	**91 666**
Goodwill	47 078	0
Deferred tax asset	0	0
Paid in cash	161 767	91 666
Acquired cash	(7 250)	(287)
Net cash	**154 518**	**91 378**

Bertel O. Steen AS

Annual financial statements 2017

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The financial statements Bertel O. Steen AS comprice the following parts:

** Income statement*
** Balance sheet*
** Cash flow statement*
** Notes*

* Auditor's Report

The financial statements, which have been prepared by the company's Board of Directors and management, should be read in conjunction with the Board of Directors' Report and audit report.

Bertel O. Steen AS
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(All figures in thousands)

INCOME STATEMENT

	Note	2017	2016
Operating revenue			
Income from sales	2/9	9 211 262	8 258 891
Other operating revenue	2	16 093	14 043
Total operating revenue		**9 227 354**	**8 272 934**
Operating expenses			
Cost of goods	9	8 055 247	7 287 189
Payroll expenses	5/6	326 407	310 925
Ordinary depreciation	7	34 502	30 174
Other operating expenses	7/9	603 665	472 800
Total operating expenses		**9 019 821**	**8 101 089**
Operating profit		**207 534**	**171 845**
Financial items			
Financial income	3/9	178 262	110 392
Financial expenses	3/9	(48 752)	(20 660)
Total financial items		**129 510**	**89 732**
Profit before tax		**337 044**	**261 577**
Tax on ordinary profit	17	(87 745)	(71 861)
Profit / loss for the year	**11**	**249 299**	**189 716**

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BALANCE SHEET

	Note	2017	2016
ASSETS			
Fixed assets			
Intangible assets			
Intangible assets	7	10 023	13 748
Deferred tax asset	17	138 177	120 131
Goodwill	7	0	0
Total intangible assets		**148 200**	**133 879**
Tangible fixed assets			
Movable property, fixtures and fittings, tools, office equipment, etc.	7/15	219 834	170 383
Total tangible fixed assets		**219 834**	**170 383**
Financial non-current assets			
Loans to group companies		857 797	453 887
Shares and interests in the same group	10	1 166 624	1 173 846
Other shares and long-term loans	10	100	350
Total financial non-current assets		**2 024 521**	**1 628 083**
Total fixed assets		**2 392 555**	**1 932 345**
Current assets			
Stock	4/15	**1 031 886**	**1 070 866**
Receivables			
Accounts receivable	15	337 225	423 139
Current receivables from group companies	8	643 889	621 078
Other receivables	8	28 357	35 201
Pre-payments		137 620	99 601
Total receivables		**1 147 091**	**1 179 021**
Bank deposits, cash and cash equivalents		**32 017**	**10**
Total current assets		**2 210 993**	**2 249 897**
TOTAL ASSETS		**4 603 548**	**4 182 242**

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Annual financial statements 2017
(All figures in thousands)

BALANCE SHEET

	Note	2017	2016
EQUITY AND LIABILITIES			
EQUITY			
Paid-in equity			
Share capital	11/12	372 433	372 433
Share premium reserve	11	598 000	598 000
Total paid-in equity		**970 433**	**970 433**
Retained earnings			
Other equity	11	**1 263 295**	**1 131 293**
TOTAL EQUITY		**2 233 728**	**2 101 727**
LIABILITIES			
Provisions for liabilities			
Pension liabilities	6	11 116	10 643
Total provisions for liabilities		**11 116**	**10 643**
Other non-current liabilities			
Borrowings	15/16	200 000	200 000
Other non-current liabilities	12/15	0	0
Total other non-current liabilities		**200 000**	**200 000**
Current liabilities			
Borrowings	16	37 451	37 428
Accounts payable		644 260	876 350
Current liabilities to companies in the same group		171 227	163 584
Taxes payable	17	82 701	73 722
Unpaid government charges and special taxes		343 789	26 055
Proposed dividend	11	109 000	99 000
Other current liabilities	14	770 276	593 733
Total current liabilities		**2 158 703**	**1 869 872**
TOTAL LIABILITIES		**2 369 819**	**2 080 515**
TOTAL EQUITY AND LIABILITIES		**4 603 548**	**4 182 242**

The Board of Directors of Bertel O. Steen AS
Lørenskog, Norway, 10 April 2018

Sverre Leiro Chairman of the Board	Odd Christopher Hansen Board member	Sverre R. Kjær Board member
Bertel Otto Steen Board member	Thorvald Helmen Steen Board member	Knut-Johan Andvik Board member
Ole Stefan Nedenes Board member	Leif Erik Vik Board member	Bjørn Maarud CEO

Bertel O. Steen AS
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(All figures in thousands)

CASH FLOW STATEMENT

	Note	2017	2016
Cash flows from operating activities			
Profit before tax		**337 044**	**261 577**
Income tax paid in the period	17	(73 722)	(12 492)
Gains (losses) on sale of fixed assets and shares		(414)	(2 283)
Ordinary depreciation	7	34 502	30 174
Write-down of shares		0	484
Pension cost without cash effect		473	(925)
Recognised group contributions		(156 833)	(95 701)
Changes in provisions for liabilities and charges, without cash effect		0	(282 983)
Changes in stock		38 980	(77 323)
Changes in accounts receivable		85 915	94 528
Changes in accounts payable		(232 090)	12 664
Changes in other current items		459 365	438 681
Net cash flow from operating activities		**493 220**	**366 402**
Cash flows from investing activities			
Proceeds from sale of tangible fixed assets		57 065	65 756
Payments for purchase of tangible fixed assets	7	(136 879)	(172 964)
Effect of merger		7 222	24 900
Payments for acquisition of shares and interests in other businesses		0	(28 507)
Proceeds from repayment of long-term receivables		250	500
Net cash flow from investing activities		**(72 342)**	**(110 315)**
Cash flow from financing activities			
Payments in connection with repayment of long-term debt		0	(373 671)
Change in intercompany accounts		(339 970)	(57 491)
Net change in overdraft facility		23	(34 211)
Dividends paid		(99 000)	(67 508)
Group contribution received (paid)		50 076	276 805
Net cash flow from financing activities		**(388 872)**	**(256 076)**
Net change in cash and cash equivalents during the year		**32 007**	**10**
Cash and cash equivalents 1 Jan.		**10**	**0**
Cash and cash equivalents 31 Dec.		**32 017**	**10**

NOTES

Note 1 - ACCOUNTING PRINCIPLES

Fundamental accounting principles
The annual financial statements comprising the income statement, balance sheet, cash flow statement and notes, have been prepared in accordance with the provisions of the Norwegian Accounting Act and generally accepted accounting principles in Norway.

Main rule for assessment and classification of assets and liabilities
Assets intended for long-term ownership or use are classified as fixed assets. Other assets are classified as current assets. Receivables that are to be repaid within one year are classified as current assets. Similar criteria are used for the classification of short-term and long-term liabilities. Current assets are assessed at the lower of acquisition cost and fair value.

Fixed assets are valued at historical cost, but are written down to the recoverable amount if this is lower than the book value and the reduction in value is not expected to be temporary. Fixed assets with a limited useful economic life are depreciated according to a schedule.

Revenue
Sale of goods:
Income is accounted for when it is earned, i.e. when both risk and control have been materially transferred to the customer, normally when the item is handed over to the customer.

Sale of services:
Income is accounted for when it is earned, i.e. when a claim for remuneration arises. This happens when a service is provided, in line with performance of the work.

Expenses
As a general rule, expenses are accounted for during the same period as the associated income. In cases where there is no clear relationship between expenses and income, the distribution will be determined on the basis of discretionary criteria. Other exceptions from the matching principle are specified where relevant.

Intangible assets and tangible fixed assets
Intangible assets that are both expected to generate future income and whose historical cost can be measured reliably are entered in the balance sheet. Depreciation is calculated on a straight-line basis over the expected economic life of the assets. Tangible fixed assets are depreciated over their expected economic life. Depreciation is generally distributed on a straight-line basis over the entire expected economic life.

Costs relating to normal maintenance and repairs are recognised as they arise. Costs associated with major replacements and upgrades that extend the economic life of the assets are entered in the balance sheet.

Stock
Stocks of goods are valued at the lower of cost and estimated selling price less costs to sell. An individual assessment is made of each car. Parts and equipment are recognised at average acquisition cost. Stocks of demonstration vehicles are included in the inventory. Write-downs are made for obsolescence.

Bank deposits, cash and equivalents
Bertel O. Steen AS is the consolidated account holder for the Group's overdraft account in multiple currencies. The subsidiaries' operating accounts in the consolidated account system thus represent an outstanding balance with Bertel O. Steen AS.

Receivables
Accounts receivable and other receivables are included at nominal value, less any provision for anticipated bad debts. Provision for bad debts is made on the basis of specific consideration of individual receivables. In addition, unspecified provisions to cover any estimated losses are made for other accounts receivable.

Related parties
All transactions between group companies are on ordinary commercial terms.

Warranties, servicing and repurchase obligations

Warranty work related to prior sales is assessed at the expected cost of the work. The estimate is calculated on the basis of historical figures for warranty repairs.

Unearned income related to existing service agreements is entered in the balance sheet as deferred income and is recognised as income as the services are provided.

The group companies guarantee the repurchase value of the cars they sell that are financed by leasing. The repurchase value is determined on the basis of a defined formula and depends on the model, the length of the lease and the mileage. Provisions are made for any expected losses on these repurchase obligations.

Pensions

Defined-benefit plans

Pension liabilities are calculated as the present value of future pension benefits accrued on the balance sheet date. Future pension benefits are calculated on the basis of expected salary on retirement.

Net pension commitments are entered in the balance sheet as other liabilities after adjustment for actuarial gains / losses. The net value of over-financed plans is entered in the balance sheet as a long-term receivable. The net pension cost and gross pension cost less the estimated return on the pension assets for the period are included under payroll expenses. Gross pension cost consists of the present value of the pension benefits earned for the period, interest costs on the pension commitments and recognised actuarial gains / losses.

The accounting treatment of pensions is based on a straight-line accrual profile and expected final salary as the accrual basis. Actuarial gains / losses and the effect of changes in assumptions are amortised over the expected remaining earning period if they are in excess of 10% of the pension liabilities or pension assets (corridor), which ever is larger. The employer’s National Insurance contributions are included in the figures.

Defined-contribution plans

The company has a contractual pension under the AFP scheme that provides a lifelong supplement to the ordinary pension. The AFP scheme is a defined-benefit, multi-employer pension plan funded through premiums that are determined as a percentage of the employee's salary. For accounting purposes, the scheme is treated as a defined-contribution plan.

For pension plans where the employer pays an agreed contribution and the pension funds are managed separately (defined-contribution plans), the contribution is included in payroll and other personnel costs.

Public grants

Any operating grants received, such as government subsidies for apprentices, for example, are accrued together with the expenses the grant is
Grants related to the SkatteFUNN scheme are recorded as a reduction of the accounting item to which they pertain.

Taxes

The tax charge consists of the tax payable and the change in net deferred tax. Tax payable is calculated on the basis of the taxable income for the year. Deferred tax is calculated on the basis of temporary differences between taxable and accounting values and tax losses carried forward. If the tax rate has changed since the previous year, the new tax rate is used to calculate deferred tax. Deferred tax and deferred tax assets are presented on a net basis in the balance sheet.

The tax rate was changed from 25% to 24% with effect from 1 January 2017. In addition, the tax rate has been changed from 24% to 23% with effect from 1 January 2018. In the annual financial statements, deferred tax is calculated using the new tax rate, and the effect of the changes is shown in the note on taxes.

Group contributions

Group contributions are treated as an equity transaction and not as an allocation of the profit. Group contributions from the parent company to subsidiaries are accounted for as other paid-in capital, adjusted for the tax effect of 24%. In the parent company's financial statements, net paid group contributions are added to the cost of shares in subsidiaries, and received group contributions are recognised as financial income.

Cash flow

The cash flow statement has been prepared in accordance with the indirect method. Cash and cash equivalents include cash and bank deposits with maturity of less than three months.

Comparison figures

If accounting items are reclassified, the comparison figures are restated accordingly.

Shares and investments in associated companies, joint ventures and subsidiaries

Investments in subsidiaries, associated companies and joint ventures are assessed using the cost method in the company accounts. The investments are depreciated to fair value if the reduction in value is not temporary and when it is deemed necessary according to generally accepted accounting principles. Dividends, intra-group contributions and other allocations from subsidiaries are recognised in the same year as the provision has been made on the accounts of the party making the payment. If the dividend / group contribution exceeds the share of accrued earnings after the date of acquisition, the excess amount represents repayment of invested capital and the allocations are deducted from the value of the investment on the parent company's balance sheet.

Currency

Transactions in foreign currency are translated using the exchange rate on the date of the transaction. Monetary items in foreign currency are converted to Norwegian kroner using the rate of exchange on the balance sheet date. Changes in exchange rates are recognised on an ongoing basis during the accounting period under other financial items.

Financial instruments

Financial instruments are used in connection with the management of financial risk. Hedging using forward exchange contracts is used when financially justifiable. Forward contracts are recorded at fair value. Gains and losses resulting from sale or change in fair value are reported in the income statement in cases where the derivative is not part of a hedge relationship that satisfies the criteria for hedge accounting. Interest derivatives such as interest rate swap agreements have been entered into to secure future interest costs. Unrealised gains / losses are recognised on an ongoing basis during the accounting period under interest costs.

Other shares and investments classified as fixed assets

Shares and investments in partnerships in which the company does not have significant influence are assessed using the cost method. The investments are depreciated to fair value if the reduction in value is not temporary. Dividends received from the companies are recognised as other financial income.

Long-term partnership contracts

Peugeot

The contract with Automobiles Peugeot was signed in 1929. A new contract with Automobiles Peugeot was signed in mid-2011, in addition to new dealer contracts. These have no set duration, but can be terminated with a two-year period of notice.

Daimler

The contract with Daimler AG was signed in 1929. As a consequence of the European Commission Block Exemption Regulation no. 1400/2002, a new agreement was entered into in 2003, with a two-year mutual period of notice.

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(All figures in thousands)

Note 2 - Revenue

	2017	**2016**
By business area		
Sale of cars, parts and other services	9 211 262	8 258 891
Sale of real estate services	16 926	10 545
Other income	(833)	3 498
Total operating revenue	**9 227 354**	**8 258 891**

All sales take place in Norway.

Note 3 - Financial items

	2017	**2016**
Dividends from group companies	156 833	95 701
Interest received from group companies	20 840	13 913
Other interest income	589	778
Total financial income	**178 262**	**110 392**
Interest expense to group companies	(866)	(1 455)
Other interest expense	(2 353)	(4 910)
Realised and unrealised exchange losses	(41 572)	(10 075)
Other financial costs	(3 960)	(4 221)
Total financial costs	**(48 752)**	**(20 660)**
Net financial items	**129 510**	**89 732**

Note 4 - Stock

	2017	**2016**
New cars	834 871	899 737
Used cars	2 974	561
Demonstration cars	49 886	48 709
Parts	162 469	142 198
Miscellaneous	10 967	6 032
Obsolete goods	(29 283)	(26 371)
Total stock	**1 031 886**	**1 070 866**

(All figures in thousands)

Note 5 - Payroll expenses, number of employees, remuneration, etc.

Payroll expenses, etc.	**2017**	**2016**
Salaries	259 298	249 634
Employer's National Insurance contributions	41 927	37 652
Pension expenses	12 534	11 865
Other remuneration	12 648	11 773
Total payroll expenses	**326 407**	**310 925**
Average no. of full-time equivalents employed (in whole numbers)	**321**	**309**
Loans and guarantees at 31 Dec.		
Total loans to employees	0	0
Remuneration of senior executives		
Salary, bonus, pension costs and other remuneration of the CEO	15 615	17 292
Remuneration of board members	1 690	1 760
Remuneration of the Audit Committee	120	90
Remuneration of the Remuneration Committee	40	30
Total remuneration of senior executives	**17 465**	**19 172**

The payroll expenses for 2017 include benefits such as pensions and bonuses. In 2017 the CEO received total remuneration including pension provisions of NOK 15,615,000. This includes: NOK 5,227,000 in salary, holiday pay and payments to the Group's occupational pension scheme. The Group's bonus scheme amounted to NOK 8,691,000 for 2017, including provisions for holiday pay. In addition, the CEO has also received NOK 424,000 in other benefits, and pension compensation amounting to NOK 1,273,000.

The CEO is covered by the bonus scheme for the executive management.
On certain conditions the CEO has the right to receive salary payments for 18 months after leaving the company. The CEO has no agreement regarding the purchase of shares.

In 2017 remuneration of board members came to NOK 1,690,000. In addition, the chair of the board has received other remuneration totalling NOK 186,000. The chair of the board does not have any agreements concerning a bonus, share options or severance pay.

Recognised remuneration to the auditor and affiliated companies breaks down as follows:

	2017	**2016**
Statutory auditing services	2 038	1 584
Certification services	89	106
Non-audit services	2 313	704
Total audit expenses	**4 440**	**2 394**

(All figures in thousands)

Note 6 - Pensions

The company is required to have an occupational pension scheme pursuant to the Norwegian Act relating to mandatory occupational pensions (OTP). The company's pension plans satisfy the requirements in this Act.

Defined-contribution pension plan and contractual pension (AFP)
The company has a defined-contribution pension plan for its employees. The company pays a fixed contribution to an insurance company. The company has no further payment obligations once these contributions have been paid. The contribution is 4–8% of the employee's salary. A total of 335 employees are covered by this scheme.

Actuarial estimates for defined-benefit plans
The Group has unfunded pension commitments, which are charged directly to operations. A total of five employees are covered by this plan.

Unfunded defined-benefit scheme – unfunded defined-contribution scheme
The unfunded defined-benefit scheme includes all employees with salaries exceeding 12 x G. The accounting effect of this is presented below. Capitalised liabilities and the year's expenses are included in the table below. A total of 11 employees are covered by this plan.

Pension expense	**2017**	**2016**
Present value of the service cost for the year	111	0
Interest cost on the pension commitment	16	195
Recognised effect of actuarial gains and losses	162	(702)
Net pension expense unfunded pensions	**289**	**(507)**
Defined-contribution scheme financed by operations	2 121	1 587
Total defined-benefit plans	**2 410**	**1 080**
Defined-contribution pension	3 456	3 459
AFP scheme	6 667	7 326
Total pension expense	**12 534**	**11 865**
Pension assets / liabilities		
Accrued pension liabilities	5 995	6 512
Unrecognised past service cost	204	414
Net pension liabilities before employer’s National Insurance contribution	6 199	6 926
Accrued employer’s National Insurance contribution	25	946
Net pension liabilities	6 224	7 872
Liabilities for defined-contribution schemes financed by operations.	4 892	2 771
Total recognised pension liabilities	**11 116**	**10 643**
The liabilities are related to the following plans:		
Unfunded pension plans	6 224	7 872
Liabilities for defined-contribution schemes financed by operations	4 892	2 771
Total recognised pension commitment	11 116	10 643
Economic assumptions		
Discount rate	2,30 %	2,10 %
Expected salary increase	2,50 %	2,50 %
Expected pension increase	0,00 %	0,00 %
Expected increase in the National Insurance basic amount (G)	2,25 %	2,25 %

Bertel O. Steen AS
Org.nr. 916 218 753

Annual financial statements 2017
(All figures in thousands)

Note 7 - Tangible and intangible fixed assets

	Land, buildings	Movable property, fixtures and fittings, etc.	Intangible fixed assets	2017 Total	2016 Total
Acquisition cost 1 Jan.	0	309 305	247 444	556 749	461 966
Additions	0	135 486	1 394	136 879	172 964
Disposals	0	(66 868)	(450)	(67 318)	(78 182)
Acquisition cost 31 Dec.	**0**	**377 922**	**248 388**	**626 310**	**556 749**
Accumulated depreciation and impairment, 1 Jan.	0	138 922	233 696	372 618	357 151
Ordinary depreciation for the year	0	29 833	4 668	34 502	30 174
Disposals acc. dep. (sale of capital assets)	0	(10 667)	0	(10 667)	(14 708)
Accumulated depreciation and impairment, 31 Dec.	**0**	**158 088**	**238 364**	**396 452**	**372 618**
Carrying amount, 31 Dec.	**0**	**219 834**	**10 023**	**229 857**	**184 131**
Economic life	20–50 years	3-10 years	5-10 years		
Depreciation schedule	Straight line	Straight line	Straight line		
Annual lease payments for off-balance sheet fixed asset	**32 796**	**1 329**			

The company's lease contract expires on 30 June 2030.

At 31 December 2017, NOK 99.3 million has been capitalised related to a new IT platform for car dealers in the automotive group. The IT platform is capitalised under operating equipment / fixtures and fittings at 31 December 2017, but has not been written off in 2017 as it is not yet in use.

Note 8 - Receivables due in more than one year

The company's group account and other group receivables have floating repayment arrangements.
The company has no other short-term receivables with a fixed maturity date exceeding one year.

Note 9 - Transactions with related parties

The company sells cars, spare parts, IT services and other administrative services to other companies in the Group.
All transactions between group companies are on ordinary commercial terms.
Remuneration of senior executives is discussed in note 5.

The company's transactions with related parties:

Expenses	**Counterparty**	**2017**	**2016**
Purchase of warranty work including parts	Other group companies	414 040	359 036
Purchase of new and used cars	Other group companies	4 277	5 580
Purchase of admin. services	Other group companies	6 948	495
Rent	Other group companies	22 220	20 089
Interest expenses	Other group companies	870	1 455
Total		**448 356**	**386 655**

Revenue	**Counterparty**	**2017**	**2016**
Sales of cars and parts	Other group companies	5 104 467	4 279 413
Sales of IT and other admin. services	Other group companies	159 242	113 840
Rental income	Other group companies	11 247	10 518
Interest income	Other group companies	20 844	13 913
Total		**5 295 800**	**4 417 683**

(All figures in thousands)

Note 10 - Shares and investments

Group companies

	Registered office	Shareholding and voting shares	Cost price	Carrying amount	Equity according to last year's accounts	Profit / loss according to last year's accounts
Bertel O. Steen Detalj AS	Lørenskog	100 %	45 393	193 815	125 995	84 265
Bertel O.Steen Eiendom AS	Lørenskog	100 %	684 818	691 761	398 803	58 396
Kia Bil Norge AS	Lørenskog	100 %	250	50 794	35 582	34 862
CDS Norge AS	Lørenskog	100 %	68 340	81 840	83 532	(6 606)
Snap Drive AS	Lørenskog	100 %	110 388	110 388	22 300	13 380
Nordisk Bilimport AS	Lørenskog	100 %	21 280	3 304	3 339	(33)
Bertel O. Steen Finans AS	Lørenskog	100 %	19 716	19 716	4 305	35 722
Bertel O. Steen Bildrift AS	Lørenskog	100 %	15 007	15 007	18 826	(12 768)
Total shares in group companies			**965 193**	**1 166 624**	**692 682**	**207 219**

In 2017 the company merged in the subsidiary Bertel O. Steen Spesialkjøretøy AS (1 Jan. 2017).

Other shares and investments

	Cost price	Carrying amount
Other shares with ownership under 10%	759	100
Total other shares and investments	**759**	**100**

Note 11 - Equity

Equity:

	Share capital	Share premium reserve	Other equity	Total
Equity at 1 Jan.	372 433	598 000	1 131 293	2 101 727
<u>Change in capital for the year:</u>				
Effect of merger of a subsidiary			63	63
Provision for dividend			(109 000)	(109 000)
Net received (paid) group contributions			(8 360)	(8 360)
Profit / loss for the year			249 299	249 299
Equity at 31 Dec.	**372 433**	**598 000**	**1 263 295**	**2 233 728**

The company Bertel O. Steen Spesialkjøretøy AS was merged into the group in January 2017.

(All figures in thousands)

Note 12 - Share capital and shareholder information

Aksjekapitalen i Bertel O. Steen AS 31.12. består av følgende (i nok):

	Number	Nominal value	Carrying amount
Total shares	**3 724 334**	**100**	**372 433 400**

The company has the following shareholders:

Name	Ordinary shares	Total shares	Shareholding	Voting share
Bertel O. Steen Holding AS	3 724 334	3 724 334	100 %	100 %
Total	**3 724 334**	**3 724 334**	**100 %**	**100 %**

Each share carries the same rights in the company.
The company's accounts are included in the consolidated financial statements of Bertel O. Steen AS. The consolidated financial statements can be obta
from the company's offices at Solheimveien 7 in Lørenskog, Norway, or be downloaded from **www.bos.no**.

Note 13 - Other non-current liabilities

The company's group account and other long-term borrowings from the Group have floating repayment arrangements.
The company has no other long-term liabilities with a fixed maturity date more than five years after the closing of the accounts at year-end.

(All figures in thousands)

Note 14 - Other provisions for obligations

	2017	2016
Current provisions		
Goodwill	16 459	6 619
Provision for service contracts	11 840	22 650
Provision for warranty obligations	253 967	218 084
Provision for possible losses on repurchase obligations	28 591	22 840
Provision for other contingent liabilities	91 477	20 447
Total other current provisions for obligations	**402 334**	**290 641**
Value of repurchase portfolio	**519 504**	**539 100**

NOK 370 million of the repurchase portfolio is mortgaged against a factory in 2017, compared with NOK 363 million in 2016.

Note 15 - Bank overdraft facilities, bank deposits, guarantees and currency

	2017	2016
Unused portion of bank overdraft facility	**262 549**	**262 572**
Guarantees		
Bank guarantee covering unpaid tax withholding	31 500	24 000
Rent guarantee	2 625	2 625
Parent company guarantee in favour of third parties provided on behalf of other group companies	243 702	273 310
Other guarantees	103 481	102 870
Total guarantees	**381 308**	**402 805**
Surety		
Other surety obligations	0	0
Total surety	**0**	**0**
Total guarantees and surety	**381 308**	**402 805**
Forward exchange contracts		
EUR forward contracts – purchase contracts (amounts in EUR)	56 710	57 163
EUR forward contracts – sales contracts (amounts in EUR)	2 000	4 000

All companies represented in the consolidated account system act as guarantor for all outstanding balances in the legal consolidated account, up to NOK 300 million.
Bertel O. Steen AS has provided surety for the guarantees given by each subsidiary to cover the liability for withheld employee tax deductions totalling NOK 74 million.

(All figures in thousands)

Note 16 - Mortgages and warranty obligations

	2017	2016
Recognised debt secured by a mortgage, etc.:		
Drawn on credit facilities	200 000	200 000
Borrowings	37 451	37 428
Total	**237 451**	**237 428**
Carrying amount of mortgaged assets:		
Vehicles, operating equipment, fixture and fittings, etc.	219 834	170 383
Inventories	1 031 886	1 070 866
Accounts receivable	337 225	423 139
Total	**1 588 944**	**1 664 388**
Unutilised credit facilities	**500 000**	**500 000**
Unused portion of bank overdraft facility	**262 549**	**262 572**

The company has a credit facility of NOK 1 billion that falls due for payment in 2020.

The company's average borrowing rate was 1.54% in 2017 (1.92% in 2016).
See also note 17 regarding financial risk.

The company has loans from banks with varying requirements, primarily related to equity, EBIT and maximum borrowing ratio. At 31 December 201
all the loan requirements were met.

(All figures in thousands)

Note 17 - Tax charge

	2017	2016
The income tax expense for the year is arrived at as follows:		
Taxes payable	105 767	98 634
Effect of new tax rules	6 008	5 005
Change in deferred tax	(24 030)	(31 778)
Tax on ordinary profit	**87 745**	**71 861**
Reconciliation from nominal to effective tax rate:		
Profit before tax	337 044	261 577
Expected tax charge based on the nominal tax rate (24% / 25%)	80 890	65 394
Tax effect of the following items:		
Costs without deduction / income without tax liability	1 784	1 821
Gains / losses on shares and write-down of shares	0	121
Effect of new tax rules and rates	6 008	5 005
Other items	(938)	(481)
Book value of the tax charge	**87 745**	**71 861**
Effective tax rate	**26 %**	**27 %**
Specification of tax effect of temporary differences and forwardable losses:		
Tax asset (liability)		
Tangible and intangible fixed assets	1 597	6 229
Stock	6 735	6 329
Receivables	470	468
Profit and loss account	(383)	(500)
Liabilities	2 557	2 554
Other differences	127 202	105 050
Book value of deferred tax assets	**138 177**	**120 131**

Deferred tax assets are entered on the balance sheet on the basis of expectations of future profits in the company or group.

	2017	2016
Taxes payable in the balance sheet are arrived at as follows:		
Taxes payable on profit for the year	105 767	98 634
Tax effect of received (paid) group contributions	(19 290)	(23 875)
The SkatteFUNN scheme	(3 777)	(1 037)
Total taxes payable	**82 701**	**73 722**

(All figures in thousands)

Note 18 - Financial risk

The activities of the Bertel O. Steen Group entail financial risk associated mainly with foreign exchange, interest rates, credit and liquidity. The Group manages risk with the aim of ensuring the predictability of cash flows and sufficient liquidity to meet natural fluctuations in the need for working capital.

Currency risk

The company's income is mainly in Norwegian kroner, but approximately 56% of goods purchased are in foreign currency. The cash flow in foreign currency is mainly in euro. The company seeks to limit this risk by using forward contracts. At the same time, the company has also entered into forward foreign exchange contracts with the suppliers, which help reduce transaction and currency risk, where the car manufacturer mainly bears the currency risk for longer than two months.

At 31 December 2017 the company had purchased forward contracts worth NOK 548,453,000 and sold forward contracts to the value of NOK 18,764,000 – i.e. net NOK 529,689,000. Their fair value at year-end was NOK 537,109,000. Unrealised foreign exchange gains totalling NOK 7,420,000 between the acquisition cost and the market value on the balance sheet date have been recognised as a foreign exchange gain (agio). Fair value is the market value calculated using the mid-price that the respective banks have adopted based on current rates in the market on the balance sheet date.

Maturity year of forward exchange contracts	2018
Nominal amount of purchases of euro	548 453
Nominal amount of sales of euro	18 764
Unrealised foreign exchange gain	7 420

Liquidity risk

The Group operates in a cyclical industry with relatively large fluctuations in working capital. There is therefore risk associated with short-term access to funding. This risk is managed by having flexible committed funding in the parent company, with regular adjustment of drawdowns. The company has a framework loan of NOK 1,000 million that enables the Group to successfully manage major fluctuations in working capital according to needs. See note 16 on credit facilities.

Interest rate risk

At 31 December 2017 the company had net interest-bearing debt totalling NOK 200 million. This debt is based on a variable market interest rate.

At 31 December 2017 NOK 0 was hedged with interest rate swaps in Bertel O. Steen AS.

Maturity of long-term debt	2018	2019	2020	2021	2022	Later
Nominal amount (including the total credit facility)	0	0	1 000 000	0	0	0

Bertel O. Steen AS's debt was refinanced in 2015, with a five-year loan agreement.

Credit risk

The risk that counterparties do not have the financial capacity to fulfil their obligations is considered small, since historically there have been very few bad debts. There is also credit risk linked to sales by the importer business to external dealers. The Group seeks to hedge this risk through bank guarantees from independent dealers, good credit procedures and close follow-up of outstanding accounts receivable.

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Independent Auditor's Report

To the General Meeting of Bertel O. Steen AS

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Bertel O. Steen AS. The financial statements comprise:

- The financial statements of the parent company, which comprise the balance sheet as at 31 December 2017, and the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and

- The financial statements of the group, which comprise the balance sheet as at 31 December 2017, and the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.

- The accompanying financial statements give a true and fair view of the financial position of the parent company as at 31 December 2017, 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.

- The accompanying financial statements give a true and fair view of the financial position of the group as at 31 December 2017, 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.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises the Board of Directors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit 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 Company's and the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, 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 and the Group's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 17 April 2018
BDO AS

Asle Aftret
State Authorised Public Accountant

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