

Directors' report



The nature of the business

EPH II AS is the parent company of the Europris Group, which operates the nationwide retail chain Europris with 220 shops in Norway at the end of 2014. The Group is focusing its operations on the low-price segment.

The Europris Group is primarily operating as wholesalers and franchisor for 71 shops, but also responsible for the operations of 149 shops directly owned through the subsidiary Europris Butikkdrift AS.

The company's registered business address is in Fredrikstad, and the wholesales operated by Europris AS in Fredrikstad.

Going concern

The financial statements have been prepared under the going concern assumption. The Board of Directors confirms that the going concern assumption is present in accordance with the Norwegian Accounting Act and the Norwegian Company Act. The Group's long-term plans support the assumption.

Working environment and personnel

The company and the Group keep records of total absence due to sickness in accordance with laws and regulations, referring to the underlying companies. During 2014, 7 injuries with following absence have been reported. The working environment is considered to be good and measures for improvement are implemented consecutively.

Gender equality and discrimination

The Group aims at being a workplace that practises full gender equality. The distribution between women and men is balanced and the Board of Directors do not find it necessary to take any actions in this regard. Working time arrangements are in accordance with the various employment positions regardless of gender. All of the nine board members in 2014 were men.

The objective of the Law against Discrimination is to enhance equality, to secure equal possibilities and rights and to prevent discrimination owing to ethnical, national origin, descent, colour, language, religion and philosophy. The Group is actively working to promote the objective of the law within our activities. Among others, the activities include recruitment, salary and employment conditions, promotion, development possibilities and protection against harassment.

Research and development (R&D)

The Group has two ongoing projects that have been granted an R&D tax incentive scheme ("Skattefunn"). Beyond this, the Group is not engaged in any R&D activities.

Environmental reporting

The Group's operations do not pollute the external environment beyond what is normal for this type of activities. The environmental impact will be reduced through concentrating attention on efficient logistics and cost efficiency.

Chain-stores

During the year, 9 new Europris stores were established and 2 stores were shut down. The number of stores in Norway were 220 as per 31.12.2014 compared to 213 in 2013.

Financial risk

The Group has entered into interest rate swaps agreements for 67 % of the long-term liabilities, recognised in the subsidiaries' financial statements. Reference is made to the annual reports of these companies and the Group consolidated financial statements.

A hedging policy has been implemented relating to foreign currency. The liquidity of the individual group companies have been gathered in a corporate account arrangement. The Board of Directors is of the opinion that the liquidity of the Group is satisfactory and that the Group is exposed to limited credit risk.

Fredrikstad, 25 March 2015



Tom Vidar Rygh
Chairman of the Board



Michael Haaning
Board Member



Hartvig Johannson
Board Member



Christian W. Jansson
Board Member



Ronny Blomseth
Board Member



Martin Bjørklund
Board Member



Pål Wibe
Managing Director

The financial statements

The Board of Directors is of the opinion that the financial statements give a true and fair view of the company's and the Group's development, results and financial position. There are no events after the balance sheet date of importance to the assessment of the company.

AS of 01.01.2012, the Group has implemented full IFRS (International Financial Reporting Standards).

The parent company EPH II AS and other material financial statements in the Group have been prepared in accordance with simplified IFRS pursuant to Section 3-9 of the Norwegian Accounting Act and Directive of Simplified IFRS specified by the Norwegian Ministry of Finance on 21 January 2008.

The company EPH II AS did not have any operating income in 2014. The company's result was NOK 609,147 after taxes compared to NOK 376,131 in 2013.

The Group had operating income of NOK 4,259 million in 2014 (NOK 3,757 million in 2013) and profits after tax of NOK 149.3 million (NOK 99.2 million in 2013).

Future developments

The Group's underlying markets are in growth and the Board of Directors is of the opinion that the Group is in a favourable position to benefit from this growth in the future. A positive development is expected for the Group.

Result for the year

The Board of Directors proposes the company's profits of NOK 609,147 to be allocated as follows:

Recognised against retained earnings	<u>NOK 609,147</u>
Total allocated	<u>NOK 609,147</u>

EPH II AS THE GROUP 2014



CONSOLIDATED INCOME STATEMENT

Figures are stated in NOK 1 000

	Note	2014	2013	2012
Net sales	5	4 152 951	3 635 559	2 610 618
Other income	5	105 886	121 430	103 151
Total Operating Revenue	5	4 258 837	3 756 989	2 713 769
Cost of goods sold		2 423 728	2 154 126	1 546 463
Employee benefits expense	6,7,8	616 314	495 193	343 205
Depreciation	12,13	126 207	133 093	95 524
Write-downs	12	78 344	0	0
Other operating expenses	6,9,13	678 372	647 766	461 492
Total Operating Expenses		3 922 964	3 430 178	2 446 684
Operating Income		335 872	326 811	267 085
Interest income	10	7 744	2 123	5 616
Other financial income	10	36 361	8 041	2
Total Financial Income	10	44 105	10 164	5 618
Interest expense	10	142 332	178 122	182 231
Other financial expense	10	31 154	17 655	35 706
Total Financial Expense	10	173 486	195 777	217 937
Net Financial Income (Expense)	10	(129 381)	(185 613)	(212 319)
Profit before income tax		206 491	141 199	54 766
Income tax expense	11	57 200	42 028	24 126
Profit for the year	14	149 291	99 171	30 640
Consolidated statement of comprehensive income		149 291	99 171	30 640
Profit for the year		149 291	99 171	30 640
Other Income and Expense		0	0	0
Total comprehensive income for the year		149 291	99 171	30 640
Earnings per share	14	4,03	2,68	0,83

*) The Group's business activity commenced with the acquisition of Europris Holding AS on 1 April 2012 (note 27). The Income Statement for 2012 reflects 9 months of business activity.

Notes 1 to 27 are an integral part of the Consolidated Financial Statements.

CONSOLIDATED BALANCE SHEET

Figures are stated in NOK 1 000

ASSETS	Note	31-12-2014	31-12-2013	31-12-2012	01-01-2012
NONCURRENT ASSETS					
Intangible Assets					
Software	12	32 393	39 200	37 072	0
Trademark	12	387 573	387 573	401 161	0
Contractual rights	12	0	141 019	203 694	0
Goodwill	12	1 579 928	1 557 393	1 547 711	0
Total Intangible Assets	12	1 999 894	2 125 184	2 189 638	0
Fixed Assets					
Fixtures and fittings	13	185 784	147 381	142 903	0
Total Fixed Assets	13	185 784	147 381	142 903	0
Financial Assets					
Other investments		370	685	5	125
Other receivables	15,21	16 263	21 066	25 653	0
Total Financial Assets		16 633	21 751	25 658	125
Total Noncurrent Assets		2 202 311	2 294 317	2 358 199	125
CURRENT ASSETS					
Inventories	16	984 336	830 891	752 852	
Trade and Other Receivables					
Trade receivables	15,21	229 550	200 071	239 126	0
Other receivables	15,20,21	106 682	65 842	53 885	0
Total Trade and Other Receivables	15,21	336 233	265 913	293 011	0
Cash and cash equivalents	17,21	245 016	292 659	285 400	100
Total Current Assets		1 565 585	1 389 463	1 331 264	100
Total Assets		3 767 896	3 683 780	3 689 462	225

Notes 1 to 27 are an integral part of the Consolidated Financial Statements.

CONSOLIDATED BALANCE SHEET

Figures are stated in NOK 1 000

EQUITY AND LIABILITIES	Note	31-12-2014	31-12-2013	31-12-2012	01-01-2012
EQUITY					
Paid-in Capital					
Share capital	18	9 255	9 255	9 255	100
Share premium	18	916 245	916 245	916 245	0
Total Paid-in Capital	18	925 500	925 500	925 500	100
Retained Earnings					
Other equity		279 102	45 590	30 640	0
Total Retained Earnings		279 102	45 590	30 640	0
Total Shareholders' Equity		1 204 602	971 090	956 140	100
LIABILITIES					
Long-term liabilities					
Provisions					
Pension liability	8	55	309	732	0
Deferred tax liability	11	72 762	110 300	124 724	0
Total provisions		72 818	110 608	125 456	0
Other long-term liabilities					
Long-term debt to financial institutions	19,21	1 481 445	1 698 225	1 356 387	0
Other long-term liabilities	20,21,24	41 873	34 107	517 570	0
Total other long-term liabilities		1 523 317	1 732 332	1 873 957	0
Total long-term liabilities		1 596 135	1 842 941	1 999 413	0
Short-term liabilities					
Short-term borrowings	19,21	110 500	119 000	134 300	0
Accounts payable	21,22	481 507	396 464	365 036	0
Tax payable	11	99 525	54 092	12 927	0
Public duties payable	22	112 670	99 554	86 884	0
Dividends		0	84 221	0	0
Short-term debt to parent entity	22, 24	100	100	100	0
Other short-term liabilities	21,22	162 857	116 319	134 663	125
Total short-term liabilities		967 159	869 750	733 909	125
Total liabilities		2 563 294	2 712 690	2 733 323	125
Total equity and liabilities		3 767 896	3 683 780	3 689 462	225

Notes 1 to 27 are an integral part of the Consolidated Financial Statements.

Fredrikstad, 25 March 2015



Tom Vidar Rygh
Chairman of the Board



Michael Haaning
Board Member



Hartvig Johannson
Board Member



Christian W. Jansson
Board Member



Ronny Blomseth
Board Member



Martin Bjørklund
Board Member



Pål Wibe
Managing Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Figures are stated in NOK 1 000

	Share Capital	Share Premium	Retained Earnings	Total
Equity 01.01.2012	100	0	0	100
Share capital and premium increase	9 255	916 245	0	925 500
Share capital decrease	-100	0	0	-100
Prifit for det period			30 640	30 640
Other comprehensive income	0	0	0	0
Equity 31.12.2012	9 255	916 245	30 640	956 140
Equity 01.01.2013	9 255	916 245	30 640	956 140
Profit for the period	0	0	99 171	99 171
Dividends	0	0	(84 221)	(84 221)
Other comprehensive income	0	0	0	0
Equity 31.12.2013	9 255	916 245	45 590	971 090
Equity 01.01.2014	9 255	916 245	45 590	971 090
Reversal of dividend payable 2013	0	0	84 221	84 221
Profit for the period	0	0	149 291	149 291
Other comprehensive income	0	0	0	0
Equity 31.12.2014	9 255	916 245	279 102	1 204 602

The dividend from 2013 is reversed within equity in 2014.

Notes 1 to 27 are an integral part of the Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Figures are stated in NOK 1 000

	Note	2014	2013	2012
Cash flows from operating activities				
Profit before income tax		206 491	141 198	54 766
Adjusted for:				
– Depreciation fixed assets	13	47 101	42 356	30 227
– Depreciation intangible assets	12	79 106	90 737	65 297
– Write-down intangible assets	12	78 344	-	-
– Gain on sale of fixed assets		(5)	-	4 161
– Changes in pension liabilities		(254)	(423)	(411)
– Unrealized (gain) and loss on derivatives	10	(30 374)	(7 419)	0
– Net interest expense exclusive change in fair value derivatives	10	160 861	163 568	176 615
Changes in net working capital (exclusive effect of acquisitions and inclusive translations differences):				
– Inventory		(104 990)	(23 480)	47 414
– Accounts receivables and other short-term receivables		(28 436)	39 695	35 194
– Accounts payable and other short-term debt		74 386	(16 373)	188 053
Cash generated from operations		482 230	429 860	601 316
Interest paid		(138 232)	(158 271)	(197 221)
Income tax paid		(48 126)	(13 289)	(15 136)
Net cash generated from operating activities		295 872	258 299	388 959
Cash flows from investing activities				
Proceeds from sale of fixed assets		308	-	-
Purchases of fixed assets		(84 470)	(27 374)	(36 973)
Purchases of intangible assets		(9 624)	(16 603)	(21 953)
Net purchase of shares in subsidiary		(27 904)	(15 764)	(2 102 201)
Interest received		7 744	2 123	20 606
Net cash used in investing activities		(113 946)	(57 617)	(2 140 521)
Cash flows from financing activities				
Proceeds from borrowings		-	500 000	1 397 227
Payment of shareholder loan		-	(500 000)	-
Repayment of debt to financial institutions		(229 570)	(193 423)	(285 764)
Net capital increase		0	0	925 400
Net cash used in financing activities		(229 570)	(193 423)	2 036 863
Net decrease/increase in cash and cash equivalents		(47 643)	7 259	285 301
Cash and cash equivalents at beginning of year (01.01)		292 659	285 400	100
Cash and cash equivalents at end of year (31.12)		245 016	292 659	285 400

Notes 1 to 27 are an integral part of the Consolidated Financial Statements.

Note 1 Accounting principles

1.1 Basis of preparation

The Consolidated Financial Statements for EPH II AS ("the Group") have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS), as well as Norwegian disclosure requirements pursuant to the Norwegian Accounting Act § 3-9 per 31 December 2014.

The consolidated financial statements of the Group for the year ended 31 December 2014 will be the first annual financial statements that comply with IFRS. The effects of the transition from simplified application of international accounting standards and Norwegian generally accepted accounting principle (N-GAAP) to IFRS from 1 January 2012 are disclosed in note 1.21.

The Board of Directors approved the consolidated financial statements on 25 March, 2015.

The consolidated financial statements have been prepared in accordance with the historical cost convention, modified by the revaluation of certain financial assets and liabilities (including derivative instruments) at fair value through profit or loss:

- Derivative instruments are recognised at fair value through profit or loss.

The Group has adopted the going concern basis in preparing its consolidated financial statements. When assessing this assumption, management has assessed all available information regarding future expectations.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving higher degree of judgment or complexity, or areas where the assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

1.2 Consolidation

The Consolidated Financial Statements include the parent company EPH II AS and all of its subsidiaries. Subsidiaries are all entities over which the Group has the power to control the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Goodwill is initially measured as the excess of the aggregate consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

Acquisition-related costs are expensed as incurred.

Intercompany transactions, balances, revenue and expenses arising from transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Group was established 31 March 2012 when EPH AS acquired Europris Holding AS and its subsidiaries. The profit for the financial year 2012 is for the period 1 April 2012 to 31 December 2012.

The consolidated financial statements include EPH II AS and its subsidiaries:

EPH II AS	Parent Company
Europris Holding AS (former EPH AS)	100%
Europris AS	100%
Europris Butikkdrift AS	100%
Lillesand Lavpris AS	100%
Vesterled Lavpris AS	100%
Solheimsviken Lavpris AS	100%
Sotra Lavpris AS	100%

EPH AS and Europris Holding AS merged effective from January 1, 2014, with EPH AS as the acquiring company. EPH AS changed its company name to Europris Holding AS subsequent to the merger.

The companies Vestnor Trading AS, Sande Lavpris AS, Røros Lavpris AS, Kolværed Lavpris AS, Midttun Lavpris AS, Mo Lavpris AS, and Mosjøen Lavpris AS were all acquired in 2013 and merged 1 January 2014.

The companies Liertoppen Lavpris AS, Sellebakk Lavpris AS, Rabatthuset Bø AS, Rabatthuset Nanset AS, Rabatthuset Hasle AS, Porsgrunn Lavpris AS, Stathelle Lavpris AS, Kongsberg Lavpris AS, and Seljord Lavpris AS were acquired and merged effective from 1 January 2014. All mergers have been accounted for as business combinations under common control implying continuity of Group values.

Subsidiaries are all entities (including structured entities) over which the Group has control. The group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. When the Group ceases to have control, any remaining interest in the entity is re-measured to its fair value at the date when control ceases, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the remaining interest as an associate, joint venture or financial asset.

IFRS 10 "Consolidated Financial Statements" is based on the principle of using the control term as the decisive criteria to decide whether a company should be included in the consolidated financial statements. The application guidance to the standard provides

guidance when determining whether an entity has control over a franchisee. Based on the guidance in IFRS 10, the Group has determined that it does not control its franchisees and the franchises are therefore not consolidated. The fees received from franchises is recorded as "other income".

1.3 Segment reporting

The Group as a whole is defined and identified as one operating segment. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the Group Management. Operating segments are reported in a manner consistent with internal reporting provided to the chief operating decision-maker.

1.4 Foreign currency translation

Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items denominated in foreign currency at year-end exchange rates is recognised in the income statement. Non-monetary items are not re-translated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Non-monetary items that are measured at fair value in foreign currency are translated into the functional currency at the reporting date. Changes in exchange rates are recognized continuously through profit or loss.

The consolidated financial statements are presented in NOK, which is the Group's presentation and functional currency.

1.5 Revenue recognition

The Group operates a chain of retail stores selling low-price consumer goods, including sales to franchise stores. Sales of goods are recognised when a group entity sells a product to the customer. Retail sales are usually in cash or by debit- or credit cards.

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, net of discounts, returns and value added taxes. The group recognizes revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities. The Group bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

1.6 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates

positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised regarding goodwill arising from business combinations. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for the deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference is it not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities related to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities and there is an intention to settle the balances on a net basis.

1.7 Property, plant and equipment

Property, plant and equipment is recorded at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of replaced parts are derecognized when replaced. All other repairs and maintenance expenditures are recognized in profit and loss in the period the expense is incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to depreciate their cost to residual value over the estimated useful lives, as follows:

Technical and electrical installations:	5-15 years
Fixture and fittings:	7-10 years
Vehicles:	5 year
Machinery and equipment:	3 year
IT-equipment:	3 year

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period.

An assets' carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the income statement.

1.8 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as financial leases. Financial leases are capitalized at the lease's commencement at the lower of the fair value of the leased asset and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

1.9 Intangible assets

Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired. If the total consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquired, in the case of a bargain purchase, the difference is recognised directly in the income statement.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the CGU that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are performed annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Trademarks and contractual rights

Separately acquired trademarks and contractual rights are shown at historical cost. Trademarks and contractual rights acquired in a business combination are recognised at fair value at the acquisition date. From 2014 trademarks (the brand name "Europris") are deemed to have an indefinite lifetime and are not amortised as a consequence, but tested

for impairment annually. Contractual rights have a finite useful life and are carried at cost less accumulated amortization. Amortisation is calculated using the straight-line method to allocate the cost of contractual rights over their estimated useful life of 4 years.

Contractual rights have been written down to nil at 31 December 2014.

Software

Costs associated with maintaining computer software programs are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Computer software development costs recognised as assets are amortised over their estimated useful lives of 4-5 years.

1.10 Financial assets

Classification

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

a) Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

b) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise "trade and other receivables" and "cash and cash equivalents" in the balance sheet.

c) Available-for-sale financial assets
Available-for-sale financial assets are non-derivatives that are either designated in this category at initial recognition or are not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value

plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Gains and losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in the income statement within "other (losses)/gains – net" in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the Group's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- a) hedge of fair value of recognised assets or liabilities or a firm commitment (fair value hedge);
- b) hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge); or
- c) hedges of a net investment in a foreign operation (net investment hedge)

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

1.11 Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated sales price less estimated transaction costs. Historical cost is calculated using a weighted average historical cost and includes expenditures directly linked to getting the goods to their final location and condition. There is continuous assessment of foreseeable obsolescence. The Group's inventories consist solely of goods purchased for resale.

1.12 Trade receivables

Trade receivables are initially recognised at fair value. Subsequently they are measured at amortised cost using the effective interest method. If immaterial, the interest element is not considered.

1.13 Cash and cash equivalents

Cash includes cash in hand and bank deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible into known amounts of cash with a maximum term of three months. Funds originally restricted for more than three months are not included in cash and cash equivalents.

Bank overdrafts are presented in the statement of cash flows less cash and cash equivalents.

1.14 Trade payables

Trade payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method. If immaterial, the interest element is not considered.

1.15 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current unless the Group has an unconditional right to delay the payment of the debt for more than 12 months from the reporting date.

1.16 Post-employment benefits

The Group has two post-employment schemes: one defined contribution and one early-retirement scheme. The early-retirement scheme is effective from 1 January 2011 and is deemed to be a defined benefit collective arrangement, but recognised as a defined contribution agreement as there is insufficient reliable information required in order to estimate the Group's proportionate share of pension expense, pension liability and pension funds in the collective arrangement.

In a defined contribution arrangement, the Group contributes to a public or private insurance plan. The Group has no remaining liabilities when the contribution to the insurance plan is made. The contributions are recognised as a personnel expense when it is paid.

1.17 Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognized when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable

(more likely than not) that an outflow of economic resources will be required from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation.

A provision for warranties is recognized when the underlying products or services are sold. The provision is based on historical warranty data and an assessment of all possible outcomes and the accompanying probabilities.

1.18 *Contingent liabilities and assets*

Contingent liabilities are not recognized in the financial statements. In cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized.

A contingent asset is not recognized in the financial statements but disclosed if it is probable that the benefit will flow to the Group.

1.19 *Subsequent events*

New information after the reporting date regarding the Group's financial position at the reporting date is taken into consideration in the consolidated financial statements. Events after the reporting date that does not affect the Group's financial position at the reporting date, but will affect the financial position of the Group in the future, are noted if they are considered significant.

1.20 *New standards, amendments and interpretations not yet adopted by the Group*

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these consolidated financial statements. None of these are expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

IFRS 9 Financial Instruments addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. The standard is effective for accounting periods beginning on or after 1 January 2018. The Group has yet to assess IFRS 9's full impact.

IFRS 15 Revenue from contracts with customers deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a good or service and the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 Revenue and IAS 11 Construction contracts and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted. The Group is assessing the impact of IFRS 15.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

1.21 *Transition from Norwegian Generally Accepted Accounting Principles and Simplified application of IFRS to IFRS*

IFRS includes several options regarding principles for the valuation of assets and liabilities. When adopting IFRS in the EPH II consolidated financial statements, the following material changes have been made to the accounting principles:

Transitions from Simplified application of IFRS to IFRS (2013)

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the Groups' financial statements in the period in which the dividends are approved by the company's shareholders.

Transitions from Norwegian Generally Accepted Accounting to IFRS (2012)

The transition to IFRS had no effects on the 01.01.2012 balance sheet.

Transaction costs

Transaction costs were included as part of historical cost in purchase of stocks. These transaction costs are expensed in accordance with IFRS.

Goodwill

Under IFRS, there is no amortisation of goodwill. Goodwill is measured at historical cost, and tested for impairment at least annually.

Financial assets - derivatives (interest rate swap agreements)

Interest rate swaps are recognised initially at fair value. Financial assets are de-recognised from the balance sheet when the rights to receive cash flows from the investments have expired or have been transferred and the Group has substantially all risks and rewards of ownership. Financial derivatives related to the financing of the Group are recognised as net financial items in the income statement.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Figures are stated in NOK 1 000

	Share Capital	Share Premium	Retained Earnings	Total
Equity 1 January 2012	100	0	0	100
Share capital and premium increase	9 255	916 245	0	925 500
Share capital decrease	(100)	0	0	(100)
Profit for the period	0	0	30 735	30 735
Dividends payable	0	0	(84 220)	(84 220)
Equity NGAAP 31.12.2012	9 255	916 245	(53 485)	872 015
Profit for the period NGAAP				30 735
+ Goodwill depreciation reversal				43 036
- Change in interest rate costs when implementing amortised cost				-12 672
- Effect from derivatives related to interest rate swaps				-14 459
- Transaction costs related to acquisitions				-16 000
Profit for the period IFRS				30 640
Equity NGAAP 31.12.2012	9 255	916 245	(53 485)	872 015
Net IFRS conversion effects on profits	0	0	(95)	(95)
Other comprehensive income	0	0	0	0
Reversal of dividends payable	0	0	84 220	84 220
Equity IFRS 31.12.2012	9 255	916 245	30 640	956 140

Note 2 Financial risk management

The Group's core business is low-price retail. This exposes the Group to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme's goal is to minimise potential adverse financial performance effects of these risks which result from unpredictable changes in capital markets. The Group uses financial derivatives to hedge against certain risks.

The financial risk management programme for the Group is carried out by its central treasury department under policies approved by the Board of Directors. The treasury department identifies, evaluates, hedges and reports financial risks in co-operation with the various operating units within the Group. The Board approves the principles of overall risk management as well as policies covering specific areas, such as currency exchange risk, interest rate risk, credit risk, the use of financial derivatives as well as liquidity management.

2.1 Market risk

2.1.a Currency exchange risk

The Group is exposed to currency exchange risk arising from import of goods for sale. These transactions are mainly settled in USD and EUR. The Group aims to achieve predictable cash outflows in NOK by using forward contracts as a hedging strategy for its exposure to USD and EUR. The hedging strategy is based upon an assessment of the possibilities and estimated time period required to adjust the business to changes in foreign exchange rates. Adapting the company to changes in the exchange rate is part of Europris' ordinary course of business. Within the retail industry, these adjustments include inter alia being able to adapt the selling prices of end customer products, as well as adaptations to the company's assortment and product range. Hence, the company's foreign exchange hedging strategy should not be seen in isolation, but rather as being part of a wider business effort to adapt the company to changes in its external market environment, which includes changes in foreign exchange rates.

If NOK had strengthened/weakened by 1% against USD with all other variables held constant, the recalculated post-tax profit for the year would have increased/decreased by NOK 5,032 thousand (31.12.2013: NOK 4,118 thousand and 31.12.2012: NOK 3,016 thousand).

If NOK had strengthened/weakened by 1% against EUR with all other variables held constant, the recalculated post-tax profit for

the year would have increased/decreased by NOK 1,543 thousand (31.12.2013: NOK 1,032 thousand and 31.12.2012: NOK 808 thousand).

The simulations above do not include potential changes in the fair value of forward contracts. The profit changes reflected above will have the same effect on the Group's equity.

2.1.b Price risk

The Group has limited exposure against price risk.

2.1.c Interest rate risk

The Group's exposure to interest rate risk arises from its non-current borrowings. The interest rate risk that arises from loans with floating interest rate is managed by using interest rate swaps. The Group's guidelines is to maintain a minimum of 67% of its borrowings secured with floating-to-fixed interest rate swaps.

If the interest rate of the Group's borrowings had increased/decreased by 1% at year end 2014 with all other variables held constant, the post-tax profit for the year would decrease/increase by NOK 3,512 thousand (2013: NOK 4,099 thousand and 31.12.2012: NOK 7 654 thousand). These simulations do not include potential changes in the fair value of interest rate swaps arising from the change in floating market interest rates. The profit changes reflected above will have the same effect on the Group's equity.

2.2 Credit risk

The Group has limited exposure to credit risk as most of the Group's revenue transactions are settled by cash or debit cards. However, a small share of its revenue is from franchise agreements, where each franchisee is granted credit. As a franchisor, the Group monitors its franchisees closely to mitigate the credit risk. There has been limited losses on trade receivables historically.

2.3 Liquidity risk

The treasury department prepares and monitors cash flow forecasts of the Group's liquidity requirements to ensure that the Group has sufficient cash and cash equivalents to meet operational commitments, and maintain sufficient flexibility to meet unused credit facilities requirements (see note 19) without breaching financial covenants.

2.4 Capital management risk

The Group's objectives when managing capital are to ensure the ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital, including compliance with covenants in the loan agreements (see note 19 for further information).

To improve the capital structure, the Group may adjust the level of capital expenditures and utilise available credit facilities.

Note 3 Critical accounting estimates and judgements

Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable.

3.1 Critical accounting estimates and assumptions

The Group prepares estimates and assumptions regarding future expectations. The resulting accounting estimates will by definition seldom equal the related actual results. Estimates and assumptions that represent a significant risk of causing material adjustments to the book value of assets and liabilities within the next financial year are discussed below.

3.1a Estimated impairment of goodwill and trademarks

The Group tests annually whether goodwill and trademarks have suffered any impairment, in accordance with the accounting policy stated in note 1.9. Recoverable amounts of cash generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (see note 12 for further information). The Group has not recognised any impairment of goodwill and trademarks in 2014.

3.1b Estimated impairment of contractual rights

Estimated useful lives and cash flows related to contractual rights have been revised in 2014. Contractual rights have been written down to nil in 2014 (see note 12 for further information).

3.1c Provision for obsolescence

The Group make provision for impairment. These provisions are estimate based and require in-depth knowledge about goods and market.

3.2 Judgements in applying the Group's accounting principles

IFRS 10 (Consolidated financial statements) requires entities to consolidate entities it controls. The standard provides extended guidance to determine whether control is present. Franchising is explicitly mentioned in the standard. The Group's assessment is that the franchisor does not have control over its franchisee's, but only the rights designed to protect the franchise brand. Based on this, the Group has concluded not to consolidate franchisees.

The Group confirms that there has not been any other judgements that are deemed to have a significant impact on the consolidated financial statements.

Note 4 Segment information

The group management is the group's chief operating decision-maker. The reporting to the group management, who is responsible for evaluating profitability and achievements, is on a consolidated basis which is the basis for the group management's assessment of profitability at a strategic level. The group as a whole is therefore defined and identified as one segment which is wholesale and retail activities.

Note 5 Total operating revenue

The Group's business area is retail. The following table shows the geographical distribution of total operating revenue.

Figures are stated in NOK 1 000

	2014	2013	2012
Geographical distribution of total operating revenue			
Norway	4 152 951	3 635 559	2 575 898
Iceland	-	-	34 720
Net sales	4 152 951	3 635 559	2 610 618
Income from franchise fees	100 932	118 510	100 704
Other income	4 954	2 920	2 447
Total other income	105 886	121 430	103 151
Total operating revenue	4 258 837	3 756 989	2 713 769

Revenue for 2012 is for the period of 1 April 2012 to 31 December 2012.

Note 6 Employee benefit expense

Figures are stated in NOK 1 000

	2014	2013	2012
Salary expenses	528 769	419 008	289 054
Social security costs	70 870	62 026	39 277
Pensions expenses	9 014	9 660	10 315
Other benefits	7 660	4 499	4 559
Total	616 314	495 193	343 205
Number of employees	1 895	1 424	1 300
Full time employees	1 232	1 037	986

The Group is required to have a compulsory pensions plan under Norwegian Law. The Group has a pension plan that fulfils the legal requirements, which covers all employees and is a defined contribution plan.

Figures are stated in NOK 1 000

Auditor Remuneration	2014	2013	2012
Audit services	1 155	978	703
Technical services related to financial reporting	372	740	634
Total	1 527	1 717	1 337

Auditor fees are presented excluding VAT. No auditor remuneration has been recorded within equity in connection with equity transactions.

Expenses for 2012 are for the period of 1 April 2012 to 31 December 2012.

Note 7 Management compensation

Management in 2014 consisted of the Managing Director Pål Wibe (commenced 1 April 2014), CFO Espen Eldal, Director of Purchasing Knut Spæren, Director of Marketing Jon Boye Borgersen, Director of IT Ole Petter Harv, Director of HR and Legal Petter Wilskow, Director of Logistics Pål Christian Andersen and Sales- and Business Director Øyvind Haakerud.

Figures are stated in NOK 1 000

Management compensation	2014	2013	2012
Salary expenses	21 051	16 694	19 462
Social security costs	3 800	2 697	3 635
Pensions expenses	288	458	455
Other benefits	489	7	-
Total	25 628	19 856	23 552

Compensation for 2012 is for the period of 1 April 2012 to 31 December 2012.

Top management is employed in the subsidiary Europris Holding AS, and work for the Group company Europris AS.

Note 7 Management compensation (cont.)

The Managing Director started 1. April 2014 received a total compensation for 2014 of NOK 2 672. From January through April the Group commenced a provisory CEO. Top management have performance dependent bonuses. The Managing Director and the Director of Marketing have a 12 month and 6 month severance package, respectively. Apart from the aforementioned, none in top management have severance packages.

Compensation to board members was NOK 1 155 in 2014 (NOK 1 245 in 2013 and NOK 1 064 in 2012).

Top management owns shares in EPH II AS. Chairman of the Board owns indirectly 200 000 shares in EPH II AS. Managing Director owns indirectly 669 643 shares in EPH II AS.

There are no loans or issued guarantees to top management, the Chairman or other related parties.

Note 8 Pension liabilities

The Group has a contractual early retirement pension scheme (AFP). Pension costs in 2014 was NOK 3 302 (NOK 3 882 in 2013 and NOK 2 526 in 2012). A total of 1 232 employees are members of the scheme (1 037 in 2013 and 986 in 2012).

In addition the group has a pension agreement with Vital Forsikring, which fullfills the legal requirement under Norwegian Laws which covers all employees. The scheme is a defined contribution plan. Pension costs in 2014 was NOK 5 712 (NOK 5 828 in 2013 and NOK 2 859 in 2012).

In 2014, members of the scheme were 1 232 (1 037 in 2013 and 986 in 2012).

Figures are stated in NOK 1 000

Pension liabilities	2014	2013	2012
Liability regarding former AFP arrangement	48	271	641
Payroll tax	7	38	90
Total	55	309	731

Note 9 Other operating expenses

Figures are stated in NOK 1 000

	2014	2013	2012
Offices rentals	298 208	255 977	184 485
Transport/distribution	117 745	117 591	77 441
Marketing	110 580	106 728	76 882
Other expenses	151 838	167 471	122 684
Total	678 372	647 766	461 492

Expenses for 2012 are for the period of 1 April 2012 to 31 December 2012.

Note 10 Financial income and expenses

Figures are stated in NOK 1 000

	2014	2013	2012
Financial income			
– Interest income on cash and cash equivalents	5 964	5	3 953
– Other interest income	1 780	2 119	1 663
Other financial income	19	621	2
Gain in fair value of financial instruments:			
– Unrealized income forward exchange contract	36 342	6 469	-
– Unrealized interest rate swap income	-	950	-
Total	44 105	10 164	5 618

Note 10 Financial income and expenses (cont.)

Financial expenses:			
– Debt to financial institutions	136 618	156 457	180 872
– Financial leasing	718	1 050	722
– Other interest expense	896	765	637
Amortized interest on bank loan	4 100	19 851	-
Other financial expenses	20 686	13 155	32 331
Deferred arrangement fee	4 500	4 500	3 375
Loss in fair values of financial instruments:			
– Unrealized loss interest swap	5 968	-	-
Total	173 486	195 777	217 937
Net financial income (cost)	(129 382)	(185 613)	(212 319)

Net financial income (cost) for 2012 is for the period of 1 April 2012 to 31 December 2012.

Note 11 Income tax expense

Figures are stated in NOK 1 000

	2014	2013	2012
Tax payable:			
Current tax on profits for the year	92 525	47 892	12 927
Additional provision for tax expense 2013 related to tax audit	6 200	6 200	-
Additional provision for tax expense 2014 related to tax audit	800	-	-
Total tax payable in the balance sheet	99 525	54 092	12 927
Deferred tax:			
Change in temporary differences	(37 632)	(10 338)	12 039
Change in temporary differences related to mergers and acquisitions	1 507	2 360	-
Effect from change in Norwegian tax rate from 28% to 27%	-	(4 086)	-
Unrecognised deferred tax asset in connection with merged subsidiary			(840)
Total deferred tax	(36 125)	(12 064)	11 199
Total income tax expense	57 200	42 028	24 126
Additional provisions of tax payable are related to an ongoing tax authority audit from 2013. A final decision is expected in the first half of 2015. The provision is made based on the best estimate of expected tax to be paid to the tax authorities.			
The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:			
Profit before tax	206 491	141 199	54 766
Tax calculated at domestic tax rates applicable to profits (27% / 28%)	55 753	39 536	15 334
Tax effects from:			
- Non-taxable income	(852)	(1)	-
- Non-deductible expenses	1 405	380	8 791
- Utilisation of deferred tax asset from loss carried forward	-	-	-
- Losses carried forward	95	-	-
Effect from change in Norwegian tax rate from 28% to 27%	-	(4 086)	-
Tax expense related to tax audit	800	6 200	-
Tax expense recognised in the income statement	57 200	42 028	24 126
Effective tax rate	28%	30%	44%
From 2014 the nominal tax rate in Norway has changed from 28% to 27%.			

Note 11 Income tax expense (cont.)

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	2014	2013	2012
Deferred tax asset:			
- Deferred tax asset to be recovered later than 12 months	(4 630)	(3 905)	(3 008)
- Deferred tax asset to be recovered within 12 months	(44 110)	(36 793)	(38 476)
Deferred tax assets	(48 739)	(40 698)	(41 485)
Deferred tax liabilities:			
- Deferred tax liabilities to be recovered later than 12 months	118 406	144 851	158 451
- Deferred tax liabilities to be recovered within 12 months	3 096	6 147	7 757
Deferred tax liabilities:	121 502	150 998	166 208
Deferred tax liabilities (net)	72 762	110 300	124 724
Change in deferred tax liabilities recognised in the balance sheet:			
Balance at 01.01.	110 300	124 724	-
Deferred tax liability through acquisition of subsidiaries 1.4.2012	-	-	113 525
Change during the year recognised in the income statement	(37 537)	(14 424)	11 199
Balance at 31.12.	72 762	110 300	124 724

Specification of change in deferred tax/tax asset:

Figures are stated in NOK 1 000

Deferred tax liabilities:	Tangible fixed assets	Receivables	Long-term debt	Total
Balance at 01.01.2012				
Acquisition of subsidiaries 1.4.2012	144 271	(3 626)		140 645
Recognised deferred tax in profit for the period	1 468	11 383	12 712	25 563
Balance at 31.12.2012	145 739	7 757	12 712	166 208
Balance at 01.01.2013	145 739	7 757	12 712	166 208
Recognised deferred tax in profit for the period	(13 902)	(1 610)	302	(15 210)
Balance at 31.12.2013	131 837	6 147	13 014	150 998
Balance at 01.01.2014	131 837	6 147	13 014	150 998
Recognised deferred tax in profit for the period	(25 338)	(3 051)	(1 107)	(29 496)
Balance at 31.12.2014	106 499	3 096	11 907	121 502

Figures are stated in NOK 1 000

Deferred tax assets:	Inventories	Financial instruments	Provision for pension liabilities	Loss carried forward	Total
Financial year 2012					
Balance at 01.01.2012	-	-	-	-	-
Acquisition of subsidiaries 1.4.2012	(25 499)	3 503	(1 637)	(3 487)	(27 120)
Recognised deferred tax in profit for the period	(6 225)	(9 989)	(1 371)	3 220	(14 365)
Balance at 31.12.2012	(31 724)	(6 486)	(3 008)	(267)	(41 485)
Financial year 2013					
Balance at 01.01.2013	(31 724)	(6 486)	(3 008)	(267)	(41 485)
Recognised deferred tax in profit for the period	(819)	2 235	296	(926)	786
Balance at 31.12.2013	(32 542)	(4 251)	(2 712)	(1 193)	(40 698)
Financial year 2014					
Balance at 01.01.2014	(32 542)	(4 251)	(2 712)	(1 193)	(40 698)
Recognised deferred tax in profit for the period	(15 612)	8 201	(1 917)	1 193	(8 136)
Balance at 31.12.2014	(48 155)	3 950	(4 629)	(0)	(48 834)

Deferred tax assets related to loss carry forwards are recognised to the extent that it is probable that the Group can utilise this against future taxable profits. The Group has not recognised deferred tax assets of NOK 94 as at 31.12.2014 (NOK 0 as at 31.12.2013 and NOK 840 as at 31.12.2012) in the balance sheet. This unrecognised deferred tax asset results from acquisition of subsidiary in 2014, which will be merged 01.01.2015.

Income tax expenses for 2012 is for the period of 1 April 2012 to 31 December 2012.

Note 12 Intangible assets

Figures are stated in NOK 1 000

	Software	Trademarks	Contractual rights	Goodwill	Total
Financial year 2012					
Carrying amount at 01.01.2012	-	-	-	-	-
Acquisition of subsidiaries 1.4.2012	27 532	411 352	250 700	1 538 736	2 228 320
Additions	17 639	-	-	8 976	26 615
Sales/disposals	-	-	-	-	-
Depreciation	8 100	10 191	47 006	-	65 297
Carrying amount at 31.12.2012	37 072	401 161	203 694	1 547 711	2 189 639
Per 01.01.2013					
Acquisition cost	45 172	411 352	250 700	1 547 711	2 254 934
Accumulated depreciation	8 100	10 191	47 006	-	65 297
Net carrying amount	37 072	401 161	203 694	1 547 711	2 189 638
Financial year 2013					
Carrying amount at 01.01.2013	37 072	401 161	203 694	1 547 711	2 189 638
Additions	16 603	-	-	9 681	26 284
Sales/disposals	-	-	-	-	-
Depreciation	14 475	13 588	62 675	-	90 737
Carrying amount at 31.12.2013	39 200	387 573	141 019	1 557 393	2 125 184
Per 31.12.2013					
Acquisition cost	61 774	411 352	250 700	1 557 392	2 281 218
Accumulated depreciation	22 574	23 779	109 681	-	156 034
Net carrying amount	39 200	387 573	141 019	1 557 392	2 125 184
Financial year 2014					
Carrying amount at 01.01.2014	39 200	387 573	141 019	1 557 392	2 125 184
Additions	9 624	-	-	22 535	32 160
Sales/disposals	-	-	-	-	-
Depreciation	16 431	-	62 675	-	79 106
Impairment	-	-	78 344	-	78 344
Carrying amount at 31.12.2014	32 393	387 573	0	1 579 928	1 999 894
Per 31.12.2014					
Acquisition cost	71 398	411 352	250 700	1 579 928	2 313 377
Accumulated depreciation	39 005	23 779	172 356	-	235 140
Accumulated impairment	-	-	78 344	-	78 344
Net carrying amount 31.12.2014	32 393	387 573	0	1 579 928	1 999 894

The Group's trademark is linked to the brand name "Europris". This name has existed for a long time and has shown a healthy development since its origination. There are clear intentions to retain and further develop the brand name "Europris" in the foreseeable future. As a consequence, in 2014 the brand name is not depreciated but tested for impairment annually.

The Group's recognised contractual rights are related to franchise agreement, leases, warranties and store locations. In recent years, the Group has taken over a significant proportion of franchise stores, and associated cash flows have been transferred to the Group. The remaining estimated cash flows from contractual rights is equal to 0, and the carrying amount at year end 2014 of NOK 78 344 has been written down.

Impairment testing of goodwill and trademarks

Goodwill and trademarks are annually tested for impairment by comparing book value and recoverable amount (greater of fair value less costs to sell and value in use). Even though the Group generates separated incoming cash flows, those are totally dependent. The cash flow generating units are defined as being related to the group on an aggregated basis.

The recoverable amount of a cash-generating unit is calculated based on the value that the asset will provide to the business (value in use). In this calculation the forecasts of future cash flows are based on budgets and long-term plans approved by the management covering a five-year period. The gross profit is stable in the period and is expected to increase with 1 percentage point from 2015 to 2019. EBITDA-percentages of sales is also stable in the period and is expected to change with 0.5 percentage points. Cash flows beyond the five year period are calculated using the expected inflation rate as a long-term growth rate. A market based rate of return of 9.7% before tax is derived using the Weighted Average Cost of Capital model (WACC).

Recoverable amount is significantly above book value of the Group's goodwill and trademarks.

Note 13 Fixed assets

Figures are stated in NOK 1 000

	Fixtures and fittings
Financial year 2012	
Booked value 1.1.2012	-
Acquisition of subsidiaries 1.4.2012	140 299
Additions	36 973
Disposals	(4 142)
Depreciation for the year	30 227
Net booked value 31.12.2012	142 903
At 31. December 2012	
Cost	172 216
Accumulated depreciation	29 313
Net booked value	142 903
Financial year 2013	
Booked value 1.1.2013	142 903
Additions	43 214
Acquisitions of subsidiaries	3 620
Disposals	-
Depreciation charge for the year	42 356
Net booked value 31.12.2013	147 381
At 31. December 2013	
Cost	219 040
Accumulated depreciation	71 658
Net booked value	147 381
Financial year 2014	
Booked value 1.1.2014	147 381
Additions	82 852
Additions through the acquisition of subsidiaries	2 954
Disposals	303
Depreciation charge for the year	47 101
Net booked value 31.12.2014	185 784
At 31. December 2014	
Cost	304 241
Accumulated depreciation	118 457
Net booked value	185 784

The Group has financial leasing agreements. The agreements relate to stores and warehouse datasystems. Booked value of leased fixed assets is NOK 14 129 (NOK 24 875 in 2013 and NOK 21 135 in 2012). Corresponding leasing debt is presented as long-term debt. Store datasystems are leased to franchisees. Lease costs are expensed by the respective company. The leased fixed assets are depreciated over 6 years, which is consistent with the leasing period.

Figures are stated in NOK 1 000

Operating lease payments	Leasing period	2014	2013	2012
Fixtures	Ongoing agreements	9 620	8 776	9 263
Offices, - shops- and warehouses	Ongoing agreements	298 208	255 977	184 485

The Group is renting offices, shops and warehouses under irrevocable operating lease agreements. The rental period is between 1 and 13 years.

Commitment operating lease as of 31 December 2014:

Within 1 year	245 449
1 to 5 years	942 408
After 5 years	270 783

Note 14 Earnings per share

Earnings per share is calculated by dividing profit for the year attributable to shareholders by a weighted average number of ordinary shares outstanding over the year.

Figures are stated in NOK 1 000

	2014	2013	2012
Profit for the year attributable to shareholders	149 291	99 171	30 640
Weighted average number of ordinary shares outstanding (in thousands)	37 020	37 020	37 020
Earnings per ordinary share	4,03	2,68	0,83

Earnings per ordinary share for 2012 is for the period of 1 April 2012 to 31 December 2012.

Note 15 Trade receivables and other receivables

Figures are stated in NOK 1 000

	2014	2013	2012
Other receivables			
Trade receivables	231 390	201 911	240 966
Provision for impairment	(1 840)	(1 840)	(1 840)
Net trade receivables	229 550	200 071	239 126
Other receivables	66 954	62 455	53 885
Forward exchange contracts	39 729	3 388	-
Total	336 233	265 913	293 011
Long-term receivables			
Prepaid establishment fee related to overdraft agreements	14 625	19 125	23 625
Deposits and loans to franchisees	1 638	1 941	2 028
Total	16 263	21 066	25 653
Total short- and long term receivables	352 496	286 980	318 664
The carrying amount of trade receivables, prepayments and other receivables is assessed to not differ materially from fair value.			
Provision for impairment of receivables			
At 1. January	1 840	1 840	1 840
Change in provision	0	0	0
At 31. December	1 840	1 840	1 840
Ageing of trade receivables			
Not due	215 327	182 534	225 567
Due	14 223	17 537	13 559
Total	229 550	200 071	239 126

Accounts receivable older than 90 days constitute an insignificant portion of overdue items at 31.12. This applies to all three years.

Note 16 Inventories

Figures are stated in NOK 1 000

	2014	2013	2012
Inventories	1 019 160	856 564	778 934
- Provision for obsolescence	(34 824)	(25 673)	(26 081)
Booked value	984 336	830 891	752 852
Provision for obsolescence			
At 01.01	(25 673)	(26 081)	0
Provision for obsolescence through acquisition of subsidiaries	0	0	(20 874)
Change in accruals	(9 151)	408	(5 207)
Provision for impairment at 31.12	(34 824)	(25 673)	(26 081)

The Group makes provisions for impairment on inventory. These provisions are estimated and require in-depth knowledge about the goods and market conditions.

Note 17 Cash and cash equivalents

Figures are stated in NOK 1 000

	2014	2013	2012
Cash and cash equivalents	245 016	292 659	285 400
Total	245 016	292 659	285 400
In the consolidated statement of cash flows, net cash and cash equivalents includes the following:			
Cash and cash equivalents	245 016	292 659	285 400
Net cash and cash equivalents	245 016	292 659	285 400

The Group has a bank guarantee for employee tax withholdings.

Note 18 Share capital and share premium

Figures are stated in NOK 1 000

Total paid-in capital	Number of shares	Share capital	Share premium	Total
At 1. January 2012	100	100	0	100
At 31. December 2012	92 550 000	9 255	916 245	925 500
At 31. December 2013	92 550 000	9 255	916 245	925 500
At 31. December 2014	92 550 000	9 255	916 245	925 500

Company's share capital consists of the following classes of shares, whereby all have the same voting rights:

Classes of shares	Total nominal value	Number of shares	Per share nominal value
Ordinary shares	3 702 000	37 020 000	0,1
Preference shares	5 553 000	55 530 000	0,1
Total	9 255 000	92 550 000	0,1

Preference shares have first priority when dividends are paid. Dividend rights for preference shares is 12%. Paid-in preference capital is NOK 555 300 and consists of NOK 5 553 share capital and NOK 549 747 paid-in share premium.

The Company has 22 shareholders. The following shareholder owns more than 1% of the shares:	Number of shares	Ownership	Voting
Crystal Turquoise BV	90 149 544	97,4%	97,4%

Crystal Turquoise BV's shares consists of 34 693 961 ordinary shares and 55 455 583 preference shares.

Note 19 Bank borrowings

The Company and related companies entered into a loan agreement in March 2012 in connection with the acquisition of the shares in Europris Holding AS and in April 2013 in connection with refinancing of a shareholder loan. The loan is syndicated through five banks. The loan facility includes an overdraft facility.

Figures are stated in NOK 1 000

Long-term Debt	2014		2013		2012	
	Amortised cost	Nominal value	Amortised cost	Nominal value	Amortised cost	Nominal value
Debt to financial institutions	1 576 800	1 620 900	1 791 700	1 839 900	1 470 356	1 515 000
Total	1 576 800	1 620 900	1 791 700	1 839 900	1 470 356	1 515 000

Amortised cost of the bank debt is assessed to not differ materially from fair value. This is due to low probability that the risk premium would materially change if the bank agreement been entered into today. The Group's business risk and credit risk has not significantly changed in the period.

Figures are stated in NOK 1 000

	2014	2013	2012
Short-term Debt			
First year installment long-term debt	110 500	119 000	134 300
Overdraft facilities			
Overdraft and multi-currency group account	115 000	145 000	95 000
Revolving Facility Loan	225 000	225 000	225 000
Capex Facility	150 000	150 000	150 000
Guarantees	110 000	80 000	130 000
Total	600 000	600 000	600 000
Undrawn overdraft facilities	500 900	533 200	545 400
Other long-term debt			
Leasing	15 145	25 525	20 331
Total	15 145	25 525	20 331

Long-term debt to financial institutions is booked at amortised cost, less first year installments on long-term debt and leasing.

Convenants related to loan agreement:

Net interest bearing debt/EBITDA (max)	4. quarter 2014	3,72
EBITDA /interest paid (min.)	4. quarter 2014	2,52
Cash flow/interest and installements paid (min.)	4. quarter 2014	1,00

Covenants are measured and reported quarterly. The Group was not in breach of any covenants in 2014.

Figures are stated in NOK 1 000

	2014	2013	2012
Maturity structure incl. interests			
Within 1 year	224 500	256 800	257 300
1 to 2 years	260 100	224 500	257 000
2 to 5 years	1 758 300	1 898 300	1 662 700
After 5 years	-	-	-
Effective interest rate as at 31.12			
Mortgage A	7,19%	7,32%	7,32%
Mortgage B	7,24%	7,45%	7,45%
Mortgage B2	7,60%	8,26%	-
Debt and credit facilities secured by pledges			
Long-term debt to credit institutions	1 466 300	1 672 700	1 336 056
Long-term leasing debt	15 145	25 525	20 331
Total overdraft facilities	600 000	600 000	600 000
Total	2 081 445	2 298 225	1 956 387
Carrying amount of pledged assets			
Fixed assets	185 784	147 381	142 903
Inventory	984 336	830 891	752 852
Accounts receivables	229 550	200 071	239 126
Total	1 399 670	1 178 343	1 134 881

Note 20 Derivatives

Figures are stated in NOK 1 000

	2014	2013	2012
Forward exchange contracts - expiring within 1 year	39 729	3 388	0
Total derivatives - asset	39 729	3 388	0
Interest rate swaps - expiring within 1 year	0	0	0
Interest rate swaps - expiring between 1 and 5 years	25 100	19 132	23 164
Total derivatives - asset (liability)	25 100	19 132	23 164
Net derivative asset / (liability)	14 630	(15 745)	(23 164)

Forward exchange contracts

The Group faces currency risk arising from purchases in foreign currencies. The Group hedges currency fluctuations by entering into forward exchange contracts. The Group does not use hedge accounting. Forward exchange contracts are measured at fair value through profit and loss.

	Amount in NOK	Average exchange rate
Nominal principal forward contracts (USD)	309 536	6,66
Nominal principal forward contracts (EUR)	58 837	8,41

Interest rate swaps

The Group has entered into interest rate swaps agreements to hedge part of its interest rate risk fluctuations. The Group does not use hedge accounting. The interest rate swaps are measured at fair value through profit and loss.

	2014	2013	2012
Lowest fixed interest rate in interest rate swap agreement	1,961%	1,961%	2,731%
Highest fixed interest rate in interest rate swap agreement	2,731%	2,731%	2,731%
Nominal principal in interest rate swap	1 207 675	1 287 405	1 057 763

Note 21 Financial instruments by category

Figures are stated in NOK 1 000

	2014	2013	2012
Loans and receivables			
Long term receivables	16 263	21 066	25 653
Accounts receivable and other receivables	296 504	262 525	293 011
Cash and cash equivalents	245 016	292 659	285 400
Financial liabilities measured at amortised cost			
Long-term debt	(1 481 445)	(1 698 225)	(1 364 387)
Other long-term debt	(16 773)	(99 196)	(497 487)
Short-term debt (first year installment)	(110 500)	(119 000)	(126 300)
Accounts payable and other short term payables	(619 264)	(493 648)	(476 535)
Assets/liabilities measured at fair value through profit and loss			
Derivatives - asset	39 729	3 388	0
Derivatives - liability	(25 100)	(19 132)	(23 164)
Net financial instruments	(1 655 569)	(1 849 563)	(1 883 809)

All of the Group's financial instruments that are measured at fair value are classified as level 2. Level 2 consists of financial instruments with no quoted prices in active markets for identical assets or liabilities that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). Level 2 assets and liabilities are measured by using valuation methods. These valuation methods utilise observed data, and the Group's own estimates. If all significant data required to measure the fair value of an instrument is observable data, then the instrument is classified as level 2.

Special valuation methods that are being used to value financial instruments, include:

- Fair value of interest rate swaps are measured as the net present value of estimated future cash flows based on observable yield curve.
- Fair value of forward exchange contracts is measured by net present valuing the difference between contractual forward rate and forward rate of the currency at balance-sheet date, multiplied by the contractual volume in foreign currency.

Note 22 Accounts payable and other short-term debt

Figures are stated in NOK 1 000

	2014	2013	2012
Accounts payable	481 507	396 464	365 036
Debt to group companies	100	100	100
Social security taxes and VAT	112 670	99 554	86 884
Other short term debt	162 857	116 319	134 663
Total	757 134	612 436	586 683

Note 23 Guarantees

Figures are stated in NOK 1 000

The Group has the following off-balance sheet guarantees as at 31.12:	2014	2013	2012
Supplier guarantees	10 160	6 693	3 835
Bank guarantees	26 150	21 600	23 227
Parent company guarantees	137 400	133 690	124 821
Total	173 710	161 983	151 882

Note 24 Related parties

The Group is controlled by Crystal Turquoise BV that owns 97,4% of the shares.

All subsidiaries included in note 1.2 are related parties of EPH II AS.

For management remuneration, refer to note 7 - Management remuneration.

For dividends, please refer to consolidated statement of changes in equity.

Figures are stated in NOK 1 000

Loans granted from related parties (shareholder loans)	2014	2013	2012
Book value 1. January	14 976	497 488	0
Loans granted during year	0	0	455 800
Loans repaid during the year	0	(500 000)	0
Interest	1 797	17 488	41 688
Booked value 31. December	16 773	14 976	497 488

Shareholder loans carry interest at 12% per annum. No guarantees were issued. Shareholder loans mature later than 5 years. There has not been any significant transactions with related parties other than as mentioned above.

Note 25 Contingent liabilities

There are no significant contingent liabilities as at 31.12.2014.

Note 26 Events after balance-sheet date

No other events after balance-sheet date and before the date of the approval of the financial statements which provide new information about conditions that existed at the balance sheet date (that are not currently reflected in the financial statements), or significant event after the balance sheet date that require further disclosures.

Note 27 Business combinations

Acquisition of Europris Holding AS with subsidiaries

The Group's date of incorporation was 01.04.2012 when EPH AS was formed with Europris Holding AS and its subsidiaries.

Figures are stated in NOK 1 000

Purchase price	2 237 800
Fair value of identifiable assets acquired and liabilities assumed	
Software	27 532
Brand name	411 352
Contractual rights	250 700
Fixture and fittings	140 300
Other receivables	2 500
Inventories	800 300
Trade receivables	274 300
Other short-term receivables	51 180
Cash and cash equivalents	117 000
Pension liabilities	(1 000)
Deferred tax	(115 500)
Long-term debt to financial institutions	(750 000)
Other long-term debt	(2 100)
Account payables	(354 000)
Tax payable	(13 200)
Social security taxes and VAT	(41 000)
Other short-term liabilities	(99 300)
Total identifiable net assets	699 064
Goodwill	1 538 736

Transaction costs of NOK 16 million have been presented within financial line item in the Income Statement: "Other operating expenses".

The fair value after deferred tax liability of identified immaterial assets is NOK 583,4 million.

Other acquisitions presented as aggregated

2014:

Goodwill arising from acquisition in 2014 was NOK 22 535, is the difference between acquisition price and booked equity at acquisition date for the following stores:

Liertoppen Lavpris AS (01.01.2014), Sellebakk Lavpris AS (01.01.2014), Rabatthuset Bøe AS (01.01.2014), Rabatthuset Nanset AS (01.01.2014), Rabatthuset Hasle AS (01.01.2014), Porsgrunn Lavpris AS (01.01.2014), Stathelle Lavpris AS (01.01.2014), Kongsberg Lavpris AS (01.01.2014), Seljord Lavpris AS (01.01.2014), Lillesand Lavpris AS (01.03.2014), Vesterled Lavpris AS (01.03.2014), Solheimsviken Lavpris AS (01.04.2014) and Sotra Lavpris AS (01.04.2014).

Total acquisition price for 100% of the stores in 2014 was NOK 27 446 thousand. Booked equity at the date of control was NOK 4 911 thousand.

2013:

Goodwill arising from acquisition in 2013, is the difference between acquisition price and booked equity at acquisition date for the following stores:

Vestnor Trading AS (01.02.2013), Sande Lavpris AS (01.04.2013), Roros Lavpris AS (01.04.2013), Kolvereid Lavpris AS (01.08.2013), Midttun Lavpris AS (01.11.2013), Mo Lavpris AS (01.11.2013) and Mosjøen Lavpris AS (01.11.2013).

2012:

Goodwill arising from other acquisitions in 2012, is the difference between acquisition price and booked equity at acquisition date for the following stores:

Sem Lavpris AS (01.05.2012), Gjøvik Lavpris AS (01.05.2012), Oppdal Lavpris AS (01.05.2012), Bølgen Lavpris AS (01.05.2012), Horten Lavpris AS (01.05.2012) and Mysen Lavpris AS (30.11.2012).



EPH II AS
PARENT COMPANY 2014



INCOME STATEMENT

Figures are stated in NOK

	Note	2014	2013
Total Operating Revenue		-	-
Other operating expenses	1	20 000	10 000
Total Operating Expenses		20 000	10 000
Operating Income		(20 000)	(10 000)
Interest income from group companies	3	1 797 105	17 698 077
Other interest income		857 042	532 334
Total Financial Income		2 654 147	18 230 411
Interest expense to group companies	3	1 797 105	17 698 077
Other interest expense		1 016	-
Other financial expenses		1 201	-
Total Financial Expenses		1 799 322	17 698 077
Net Financial Income (Expenses)		854 825	532 334
Profit before income tax		834 825	522 334
Income tax expense	4	225 678	146 203
Profit for the year		609 147	376 131
Statement of Comprehensive income			
Profit for the year		609 147	376 131
Other comprehensive income		-	-
Total comprehensive income for the year		609 147	376 131

Notes 1 to 9 are an integral part of the Financial Statements.

BALANCE SHEET

Figures are stated in NOK

ASSETS	Note	31-12-2014	31-12-2013
NON-CURRENT ASSETS			
Financial Assets			
Investments in subsidiaries	2	925 500 000	925 500 000
Loans to group companies	3,8	16 772 982	14 975 877
Total Financial Assets		942 272 982	940 475 877
Total Non-current Assets		942 272 982	940 475 877
CURRENT ASSETS			
Trade and Other Receivables			
Receivables from group companies	3,8	98 527 700	97 841 632
Total Trade and Other Receivables		98 527 700	97 841 632
Cash and cash equivalents		176 957	174 453
Total Current Assets		98 704 657	98 016 085
Total Assets		1 040 977 639	1 038 491 962

Notes 1 to 9 are an integral part of the Financial Statements.

BALANCE SHEET

Figures are stated in NOK

EQUITY AND LIABILITIES	Note	31-12-2014	31-12-2013
EQUITY			
Paid-in Capital			
Share capital	5	9 255 000	9 255 000
Share premium		916 245 000	916 245 000
Total Paid-in Capital		925 500 000	925 500 000
Retained Earnings			
Other equity		98 378 979	13 549 332
Total Retained Earnings		98 378 979	13 549 332
Total Shareholders' Equity		1 023 878 979	939 049 332
LIABILITIES			
Long-term Debt			
Other Long-term Debt	3,8	16 772 982	99 196 377
Total Long-term Debt		16 772 982	99 196 377
Current Liabilities			
Tax payable	4	225 677	146 253
Short-term debt to group companies	3,8	100 000	100 000
Total Current Liabilities		325 677	246 253
Total Liabilities		17 098 659	99 442 630
Total Equity and Liabilities		1 040 977 639	1 038 491 962

Notes 1 to 9 are an integral part of the Financial Statements.

Fredrikstad, 25 March 2015



Tom Vidar Rygh
Chairman of the Board



Michael Haaning
Board Member



Hartvig Johannson
Board Member



Christian W. Jansson
Board Member



Ronny Blomseth
Board Member



Martin Bjørklund
Board Member



Pål Wibe
Managing Director

STATEMENT OF CHANGES IN EQUITY

Figures are stated in NOK

	Share Capital	Share Premium	Retained Earnings	Total
Equity 01.01.2013	9 255 000	916 245 000	13 173 201	938 673 201
Profit for the period	0	0	376 131	376 131
Other comprehensive income	0	0	0	0
Equity 31.12.2013	9 255 000	916 245 000	13 549 332	939 049 332
Equity 01.01.2014	9 255 000	916 245 000	13 549 332	939 049 332
Reversal of dividend payable 2013	0	0	84 220 500	84 220 500
Profit for the period	0	0	609 147	609 147
Other comprehensive income	0	0	0	0
Equity 31.12.2014	9 255 000	916 245 000	98 378 979	1 023 878 979

The dividend as of 31.12.2012 is reversed within equity in 2014.

Notes 1 to 9 are an integral part of the Financial Statements.

STATEMENT OF CASH FLOWS

Figures are stated in NOK

	2014	2013
Cash flows from operating activities		
Profit before income tax	834 825	522 334
Income tax paid	(146 254)	-
Net cash from operating activities	688 571	522 334
Cash flows from investing activities		
Payments received from loans to group companies	-	500 000 000
Net cash used in investing activities	-	500 000 000
Cash flows from financing activities		
Change in group cash pool deposits	(686 067)	(97 841 632)
Repaid shareholder loans	-	(500 000 000)
Received group contribution	-	97 393 560
Net cash from financing activities	(686 067)	(500 448 072)
Net (decrease)/increase in cash and cash equivalents	2 504	74 262
Cash and cash equivalents at beginning of year (01.01)	174 453	100 191
Cash and cash equivalents at end of year (31.12)	176 957	174 453
This consists of:		
Cash and cash equivalents	176 957	174 453

Notes 1 to 9 are an integral part of the Financial Statements.

Accounting principles

EPH II AS is the parent company of the Europris Group, consisting of Europris Holding AS and subsidiaries.

The financial statements of EPH II AS have been prepared in accordance with simplified IFRS pursuant to Section 3-9 of the Norwegian Accounting Act and the Directive of Simplified IFRS specified by the Norwegian Ministry of Finance on 21 January 2008.

The Board of Directors approved the financial statements on 25 March, 2015.

1.1 Simplified IFRS

The company has applied the following simplifications to the IFRS recognition and measurement principles:

- IFRS 1 First-time adoption of IFRS no. 7 regarding use of continuity of historical acquisition cost of investments in subsidiaries.
- IAS 10 Events after the reporting period no 12 and 13 and IAS 18 Operating revenues no 30 are waived regarding recognition of dividends and group contribution from group companies. Dividends and Group contributions are recognised as income in the same year as the dividend or group contribution is recognised in the financial statements of the group company that pay the dividend or group contribution, in accordance with the Generally Accepted Accounting Principles in Norway.

1.2 Basis of preparation

The financial statements have been prepared in accordance with the historical cost convention. The company has adopted the going concern assumption when preparing its financial statements.

1.3 Revenue recognition

Group contributions and dividends received from subsidiaries are recognised as income if the amount is within net income of the subsidiary after the acquisition date. Group contributions and dividends that exceed net income of the subsidiary after the acquisition date is recognised as a reduction of carrying value of the subsidiary. When recognising income, the gross group contribution (before tax) is presented on a separate line in the income statement.

Group contributions to subsidiaries from the company increases the carrying value of the investment. Group contributions to subsidiaries are recognised net, after tax.

1.4 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Deferred tax/deferred tax asset is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. The company recognises previously deferred tax assets to the extent that it has become probable that the company can utilise the deferred tax asset. Similarly, the company will reduce deferred tax assets to the extent that the company no longer considers it probable that it can utilise the deferred tax asset.

Deferred tax liabilities and deferred tax assets are measured based on anticipated future tax rate relating to items where the temporary difference has arisen.

Deferred tax liabilities and deferred tax assets are recognised at nominal value and are classified as fixed assets (non-current liabilities) in the balance sheet.

Current tax and deferred tax are recognised directly in equity to the extent that the tax items relate to equity transactions or changes in accounting principles.

1.5 Cash and cash equivalents

Cash includes cash in hand and bank deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible into known amounts of cash with a maximum term of three months.

1.6 Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable (more likely than not) that an outflow of economic resources will be required from the company and amounts can be estimated reliably. If the effect is material, provisions are calculated by discounting the expected future cash flows at a pre-tax discount rate that reflects current market assessments of the time value of money and, if relevant, the risks specific to the liability.

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and an assessment of all possible outcomes and the accompanying probabilities.

1.7 Contingent liabilities and assets

A contingent liability is recorded in the books of accounts only if the contingency is probable and the amount of the liability can be estimated. In cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is disclosed.

A contingent asset is not recognised in the financial statements, but disclosed if it is probable that the benefit will flow to the company.

1.8 Subsequent events

New information after the reporting date regarding the company's financial position at the reporting date is taken into consideration in the financial statements. Events after the reporting date that does not affect the company's financial position at the reporting date, but will affect the financial position of the company in the future, are disclosed if they are considered significant.

Note 1 Employees, pensions and remuneration to auditor

The company has no employees. As a result, it has no obligation to have a pension scheme according to the Norwegian Act relating to mandatory occupational pensions.

No salaries or other remunerations have been paid to the CEO or the company's Board of Directors. There are no obligations

to pay the Board of Directors a settlement in the event of a termination of employment.

No loans or guarantees have been provided for any related parties except as disclosed in note 3. Remuneration to the auditor was NOK 20,000 excluding VAT for the statutory audit.

Note 2 Investments in subsidiaries

Investments in subsidiaries are stated at acquisition cost and accounted for using the cost method.

Subsidiary	Registered office	Ownership share	Equity 31.12.2014	Net income 2014	Carrying value
Europris Holding AS	Fredrikstad	100 %	1 432 521 698	580 959 057	925 500 000

Note 3 Non-current liabilities to parent company, loans to subsidiaries and interest

Liabilities and receivables to group companies is included with the following amounts:

	2014	2013
Liabilities		
Other current liabilities	100 000	100 000
Loans from shareholders 1)	16 772 982	14 975 877
Dividends 2)	0	84 220 500
Total liabilities	16 872 982	99 296 377
Receivables		
Deposits in the Group's cash pool agreement	98 527 700	97 841 632
Non-current loans to subsidiaries 3)	16 772 982	14 975 877
Total receivables	115 300 682	112 817 509

- 1) Loans from shareholders of NOK 16,772,982 are loans from the parent company, Crystal Turquoise BV.
 2) Dividend liability from 2012 converted to equity in 2014 as described in note 6 due to requirements in the Group's bank loan agreements.

- 3) The shareholder loan from Crystal Turquoise BV has been used as a non-current loan to Europris Holding AS at an annual interest of 12 %. Europris Holding AS has not provided collateral or other securities for the loan. The loan matures later than 5 years.

	2014	2013
Interest expense		
Interest expense on loans from shareholders	1 797 105	17 698 077
Total interest expense to group companies	1 797 105	17 698 077
Interest income		
Interest income from loans to subsidiaries	1 797 105	17 698 077
Total interest income from group companies	1 797 105	17 698 077

Note 4 Income tax expense

	2014	2013
Basis for income tax expense and tax payable		
Profit before tax	834 825	522 334
Non-deductible expenses	1 016	0
Basis for the tax expense	835 841	522 334
Reconciliation of the income tax expense		
Tax payable (27% of the basis for tax payable in the income statement)	225 677	146 254
Tax adjustments prior year	0	(50)
Total tax payable	225 677	146 204
Income tax expense (27% of the basis for income tax expense)	225 677	146 204
Tax payable in the balance sheet		
Tax payable in the income tax expense	225 677	146 254
Tax payable in balance sheet	225 677	146 254

Note 5 Share capital

The share capital in the company is 9,255,000 comprising 92,550,000 shares, each with a face value of NOK 0.10.

The share capital in the company consists of the following classes of shares, where all shares have equal voting rights.

Share class	Total nominal value	Number of shares	Per share nominal value
Ordinary shares	3 702 000	37 020 000	0,1
Preference shares	5 553 000	55 530 000	0,1
Total	9 255 000	92 550 000	0,1

Upon payment of dividends, the preference shares have first priority before ordinary shares. Paid-in preference capital totaling NOK 555,300,000 consists of NOK 5,553,000 of paid-in share capital and NOK 549,747,000 of paid-in share premium.

The company has 22 shareholders.

The following shareholder has an ownership share of more than 1 %:

	Antall	Eierandel	Stemmerett
Crystal Turquoise BV	90 149 544	97,4%	97,4%

The shareholdings of Crystal Turquoise B.V. comprises 34 693 961 ordinary shares and 55 455 583 preference shares.

Note 6 Transactions with related parties

Information regarding salaries of senior executives is disclosed in note 1. Information on intercompany receivables and liabilities is disclosed in note 3. There has not been any material transactions with related parties in 2014 other than the information included in the notes.

Note 7 Amount guaranteed

The company has guaranteed for up to NOK 225 000 000 as collateral for overdraft on the Group's cash pool agreement.

Note 8 Financial instruments

	2014	2013
Deposits and receivables		
Non-current receivables	16 772 982	14 975 877
Accounts receivables and other current receivables	98 527 700	97 841 632
Cash and cash equivalents	176 957	174 453
Financial liabilities measured at amortised cost		
Other non-current liabilities	(16 772 982)	(99 196 377)
Other liabilities	(100 000)	(100 000)
Net financial instruments	98 604 657	13 695 585

Note 9 Subsequent events

There were no subsequent events after the balance sheet date and before the date of the approval of the financial statements which provide new information about conditions that existed at the balance sheet date (that are not currently reflected in the financial statements), or significant events after the balance sheet date that require further disclosures.

AUDITOR'S REPORT





To the Annual Shareholders' Meeting of EPH II AS

Independent auditor's report

Report on the Financial Statements

We have audited the accompanying financial statements of EPH II AS, which comprise the financial statements of the parent company and the financial statements of the group. The financial statements of the parent company comprise the balance sheet as at 31 December 2014, income statement, changes in equity and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements of the group comprise the balance sheets as at 31 December 2012, 2013 and 2014, income statements, changes in equity, and cash flows for each of the three years then ended, and a summary of significant accounting policies and other explanatory information.

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

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of the financial statements of the parent company in accordance with simplified application of international accounting standards according to § 3-9 of the Norwegian Accounting Act and for the preparation and fair presentation of the financial statements of the group in accordance with International Financial Reporting Standards as adopted by EU and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion on the financial statements of the parent company

In our opinion, the financial statements of the parent company are prepared in accordance with the law and regulations and present fairly, in all material respects, the financial position of EPH II AS as at 31 December 2014, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to § 3-9 of the Norwegian Accounting Act.

Opinion on the financial statements of the group

In our opinion, the financial statements of the group are prepared in accordance with the law and regulations and present fairly, in all material respects, the financial position of the group EPH II AS as at 31 December 2012, 2013 and 2014, and its financial performance and its cash flows for each of the three years then ended in accordance with International Financial Reporting Standards as adopted by EU.

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's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Sarpsborg, 25 March 2015
PricewaterhouseCoopers AS

Dag Olav Haugen
State Authorised Public Accountant (Norway)

Europpris ***MER TIL OVERS***

Europpris AS
Postboks 1421
1602 Fredrikstad

Besøksadresse:
Hjalmar Bjørgesvei 105,
1603 Fredrikstad

Tlf: 69 39 66 00
Org. nr.: 986762469
post@europpris.no

www.euoppris.no