Andersen & Martini Auto A/S

Annual Report for 2016

CVR No 36 06 78 96
Agenavej 15, 2670 Greve

The Annual Report was presented and adopted at the Annual General Meeting of the Company on
28 March 2017

Peter Hansen

Contents

Company Information

The Company	Andersen & Martini Auto A/S Agenavej 15 DK-2670 Greve	
	Telephone:	+45 36 93 10 00
	Facsimile:	+45 36 93 10 01
	Website:	www.am.dk
	Email:	info@am.dk
	CVR No:	36 06 78 96
	Founded:	19 August 2014
	Reg. office:	Greve
	Financial year:	1 January 2016 – 31 December 2016
Board of Directors	Erik Justesen, Chairman Henning Hürdum Johannes Tigchelhoff Per Bengt Jakob Thorgren	
Executive Board	Peter Hansen	
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup	
Group	Parent company: Andersen & Martini A/S, CVR No 15 31 37 14	

Financial Highlights (Key Financial Figures)

	2016 (DKK '000)	19.08. 2014 - 31.12. 2015 (DKK '000)
Revenue	576.286	290.868
Sales, distribution and administration costs	49.504	24.821
EBITDA	7.758	4.911
Profit/loss before tax and depreciations, after financial income/expenses	2.146	2.497
Operating profit/loss	6.322	4.287
Result of financial income/expenses	-5.612	-2.414
Profit/loss before tax	710	1.873
Tax on profit/loss	-165	-447
Net profit/loss for the year	545	1.426
Total assets	179.255	133.802
Share capital	25.000	25.000
Equity	26.971	26.426
Provisions and current liabilities	152.284	107.376
Investments in property, plant and equipment	7.312	4.227
Depreciation and impairment	1.436	624
Gross profit margin	9,7%	10,0%
Profit margin	1,1%	1,5%
Solvency ratio	15,0%	19,8%
Return on equity	2,0%	10,8%

Key ratios are calculated in accordance with the “Den Danske Finansanalytikers Forening Anbefalinger & Nøgletal 2015”; see Accounting Policies.

Activities commenced om June 10, 2015. Hence, the figures for 2015 cover 6 months and 20 days of operation obly.

Management's Review

Main activities
The Company's main activities comprise sale of new and used cars including related activity. The Company has entered into an agreement with Opel Denmark on the sale of the car brand Opel in the Copenhagen area.

Development in activities and financial position
The Company is domiciled in leased premises in the properties at Agenavej 15, Greve - Gladsaxevej 340, Søborg – Husmandsvej 3, Tåstrup and Tempovej 17, Ballerup, which are owned by Andersen & Martini A/S, with whom also a management agreement has been concluded as all administrative functions are performed by Andersen & Martini A/S.

Sales has been satisfactory and exceeds expectations. However, earnings are below expectations and not satisfactory predominantly due to managerial challenges in one single branch. The latter has been solved during Q4 2016.

Expectations for the future
Management expects an increase in activity and profit for the financial year 2017.

Subsequent events
No events materially affecting the Company's financial position have occurred after the balance sheet date.

In March 2017, GM announced the sale of Opel to the PSA group. The background is to lower development and production cost for the PSA and Opel products. Andersen & Martini Auto considers this move very wise and expects the future product to be more competitive.

Risks
General risks
Andersen & Martini Auto A/S' significant operating risk is linked to the total market of sale of cars in general and Opel's market position. Andersen & Martini Auto A/S sells cars from Opel. It is management's assessment that the risk of doing business with Opel is remote.

There is a risk that workshop customers continue to search for unauthorised workshops. Andersen & Martini Auto A/S has implemented a productivity and efficiency improvement plan to increase revenue while maintaining competitive prices in workshops to meet competition from both authorised and unauthorised workshops.

Currency risks
The company transactions are mainly denominated in DKK and hence there is no significant currency risk exposure.

Interest risks
Andersen & Martini Auto A/S's net interest-bearing debt comprise of overdraft facilities and leasing debt both in floating interest rates. Management do not expect any significant change in interest rates over the next year.

Credit risks
Andersen & Martini Auto A/S ' credit risk primarily relates to workshop customers and is assessed as moderate as it is distributed over many smaller debtors who pay either cash or with 8-14 days payment term. Some major leasing companies have current month plus 20 days payment term. Andersen & Martini Auto A/S can suffer losses in case of bankruptcies of one of the major leasing companies or major credit institutions who buy cars on credit terms. Management assess this risk as remote. Other customers pay in cash before delivery.

Liquidity risks
The company has overdraft facilities in Danish credit institutions of DKK 30 mio.

Liquidity fluctuations occur primarily, in connection with delivery on large orders. The company has flexible credit facilities relating to new and used stock cars.

All demo and rental cars are financed by leasing arrangements and these cars are typically sold before the end of the lease period.

Management’s Statement

The Board of Directors and the Executive Board have today considered and adopted the Annual Report of Andersen & Martini Auto A/S for the financial year 1 January - 31 December 2016.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2016 and of the results of the Company operations for the financial year 1 January - 31 December 2016.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Greve, 28 March 2017

Executive Board

Peter Hansen
CEO

Board of Directors

Erik Justesen Chairman	Henning Hürdum
Johannes Tigchelhoff	Per Bengt Jakob Thorgren

Independent Auditor's Report

To the Shareholders of Andersen & Martini Auto A/S

Opinion
In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2016, and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2016 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Andersen & Martini Auto A/S for the financial year 1 January - 31 December 2016, which comprise income statement, balance sheet and notes, including a summary of significant accounting policies ("financial statements").

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review
Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

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

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's Responsibilities for the Financial Statements
Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are con-

sidered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Hellerup, 28 March 2017
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Mikkel Sthyr State Authorised Public Accountant	Henrik Mikkelsen State Authorised Public Accountant

Accounting Policies

The Annual Report of Andersen & Martini Auto A/S for 2016 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class C.

The Company has with effect from 1 January 2016 implemented law no. 738 from 1 June 2015. The implementation has not affected the Company's Financial Statements.

Recognition and measurement
Revenues are recognised in the income statement as earned, including value adjustments of financial assets and liabilities. Moreover, all expenses incurred are recognised in the income statement, including depreciation, amortisation and impairment losses.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and nominal amount. Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Income Statement

Revenue
Revenue from the sale of cars is recognised in the income statement if delivery and transfer of risk have been made to the buyer before year end. Revenue is recognised exclusive VAT and net of discounts relating to the sale.

Costs
Costs comprise costs for distribution, sale, advertising, administration, premises, bad debts, costs relating to operating leases, etc.

Financial income and expenses
Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Financial income and expenses comprise interest income and expenses, financial expenses in respect of finance leases, debt and transactions in foreign currencies.

Tax on profit/loss for the year
Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Accounting Policies

Balance Sheet

Fixed assets
Intangible assets contain of acquired software and licenses which are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Depreciation based on cost is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Software and licenses	5 years.

Plant, machinery and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses. Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Plant and machinery	5-10 years
Other fixtures and fittings	3-5 years
Leasehold improvements	10 years
Leasing vehicles	1-3 years (contract period)

Depreciation period and residual value are reassessed annually.

Gains and losses on disposal of fixed assets is calculated as the difference between the selling price less selling costs and the carrying amount on the date of sale. Gains or losses are recognized in the income statement.

Impairment of fixed assets
The carrying amounts of plant, machinery and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by depreciation. If so, the asset is written down to its lower recoverable amount.

Inventories
Inventories of new and used cars are stated at actual cost.

Write-down is made to the net realisable value of inventories in respect of which the expected selling price less any costs of completion and selling costs (net realisable value) is lower than the purchase price or the cost, respectively. The net realisable value of inventories is stated as the expected selling price less costs of completion and selling costs.

Receivables
Receivables are measured at amortised cost, which usually corresponds to nominal value. Provisions for estimated bad debts are made.

Prepayments
Prepayments comprise prepaid expenses concerning subsequent financial years.

Dividend
Dividend expected distributed for the year is disclosed as a separate equity item. Proposed dividend is recognised as a liability at the time of adoption at the general meeting.

Accounting Policies

Current tax and deferred tax
Current tax liabilities and current tax receivables are recognised in the balance sheet as calculated tax on the taxable income for the year adjusted for tax on taxable incomes for prior years and for taxes paid on account.

Deferred tax is measured under the balance-sheet liability method in respect of temporary differences between the carrying amount and the tax base of assets and liabilities. In cases, eg in case of shares, where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity. Deferred net tax assets, if any, are measured at net realisable value.

Current tax and deferred tax
Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement.

Debts
Financial debts are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the financial debts are measured at amortised cost corresponding to capitalised value by use of the effective interest rate so that the difference between the proceeds and the nominal value is recognised in the income statement over the loan period.

Other debts are measured at amortised cost corresponding to nominal value.

Translation policies
Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. If foreign currency positions are considered hedges of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are measured at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the payable was established are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the exchange rates at the dates of transaction.

Cash flow statement
In accordance with the Danish Financial Statement Act § 86, stk. 4, no cash flow statement has been included in the annual report, as it is included in the consolidated financial statement in Andersen & Martini A/S.

Accounting Policies

Calculation of Key ratios

Return on equity:

$$\frac{Net\ profit/loss\ for\ the\ year\ x\ 100}{Average\ shareholders\ equity}$$

Profit margin:

$$\frac{Operating\ profit/loss\ x\ 100}{Revenue}$$

Gross profit margin:

$$\frac{Gross\ profit/loss\ x\ 100}{Revenue}$$

Solvency ratio:

$$\frac{Total\ equity\ x\ 100}{Total\ assets}$$

Income Statement

	Note	2016 (DKK '000)	19.08. 2014 - 31.12. 2015 (DKK '000)
Revenue		576.286	290.868
Production costs	1	-520.460	-261.760
Gross profit/loss		**55.826**	**29.108**
Selling and distribution costs	1	-26.825	-13.729
Administrative expenses	1	-22.679	-11.092
Operating profit/loss		**6.322**	**4.287**
Financial income	2	30	406
Financial expenses	3	-5.642	-2.820
Profit/loss before tax		**710**	**1.873**
Tax on profit/loss	4	-165	-447
Net profit/loss for the year		**545**	**1.426**
Proposed distribution of profit	5		

Balance Sheet at 31 December

Assets	Note	2016 (DKK '000)	2015 (DKK '000)
Software and licenses		383	0
Intangible assets	6	**383**	**0**
Leasehold improvements		49	0
Plant and machinery		1.490	2.194
Leasing vehicles		6.538	0
Other fixtures and fittings		878	1.366
Property, plant and equipment	7	**8.955**	**3.560**
Deposits		3.355	3.355
Financial assets	8	**3.355**	**3.355**
Fixed assets		**12.693**	**6.915**
Inventories	9	**138.263**	**78.817**
Trade receivables		23.170	35.837
Work in progress		135	205
Other receivables		4.994	11.358
Prepaid expenses		0	670
Receivables		**28.299**	**48.070**
Total current assets		**166.562**	**126.887**
Total assets		**179.255**	**133.802**

Balance Sheet at 31 December

Liabilities and equity	Note	2016 (DKK '000)	2015 (DKK '000)
Share capital		25.000	25.000
Retained earnings		1.971	1.426
Total equity	10	**26.971**	**26.426**
Other provisions		327	316
Provision for deferred tax	4	88	36
Provisions		**415**	**352**
Credit institutions		44.713	41.076
Deferred revenue		355	627
Trade payables		70.969	49.836
Payables to group enterprises		993	2.703
Tax payable		162	411
Other payables		34.677	12.371
Total current liabilities		**151.869**	**107.024**
Total debt		**152.284**	**107.376**
Total liabilities and equity		**179.255**	**133.802**

Contingent assets and liabilities etc	11
Charges and security	12
Related parties	13

Notes

Note 1 – Staff costs

	2016 (DKK '000)	19.08. 2014 - 31.12. 2015 (DKK '000)
Salaries and wages	37.670	19.371
Pension costs	2.956	1.620
Other social insurance contribution	498	184
Total staff costs	**41.124**	**21.175**
Average number of employees	92	87

Note 2 – Financial income

Financial income from associated companies	0	403
Other financial income	30	3
	30	**406**

Note 3 – Financial expenses

Financial expenses to associated companies	266	739
Other financial expenses	5.376	2.081
	5.642	2.820

Note 4 – Tax payable and deferred tax

Tax payable	162	411
Adjustment concerning previous years	-3	0
Deferred tax	6	36
	165	447
Deferred tax at 1 January 2016	36	0
Adjustment concerning previous years	46	0
Deferred tax	6	38
Effect of change in corporate tax rate	0	-2
Deferred tax at 31 December 2016	88	36
Deferred tax relates to:		
Fixed assets	190	120
Current assets	-30	-15
Liabilities	-72	-69
	88	36

Note 5 – Proposed distribution of profit

Dividend for the year	0	0
Retained earnings	545	1.426
Total distribution	**545**	**1.426**

Notes

Note 6 – Intangible assets

	Software and licenses (DKK '000)
Cost or valuation:	
At 1 January 2016	0
Additions	389
Disposals	0
At 31 December 2016	**389**
Accumulated depreciations and impairment:	
At 1 January 2016	0
Depreciation	6
Disposals	0
At 31 December 2016	**6**
Net book value at 31 December 2016	**383**
Net book value at 31 December 2015	0

Note 7 – Property, plant and equipment

	Leasehold improvements (DKK '000)	Plant and machinery (DKK '000)	Other fixtures and fittings (DKK '000)	Leasing vehicles (DKK '000)	Total (DKK '000)
Cost or valuation:					
At 1 January 2016	0	2.453	1.623	0	4.076
Additions	54	93	177	6.988	7.312
Disposals	0	-422	-202	0	-624
At 31 December 2016	**54**	**2.124**	**1.598**	**6.988**	**10.764**
Accumulated depreciations and impairment:					
At 1 January 2016	0	259	257	0	516
Depreciation	5	412	563	450	1.430
Disposals	0	-37	-100	0	-137
At 31 December 2016	**5**	**634**	**720**	**450**	**1.809**
Net book value at 31 December 2016	**49**	**1.490**	**878**	**6.538**	**8.955**
Leased fixed assets	**0**	**0**	**0**	**6.538**	**6.538**
Net book value at 31 December 2015	0	2.194	1.366	0	3.560

Revenue from leasing: 2016 DKK 974k and 2017 DKK 398k. Contract expires April 2017 and is not to be renewed. Hence, leasing vehicles amounting to DKK 6,538k will be disposed in 2017.

Notes

Note 8 – Financial assets

	Deposits (DKK '000)
Net book value at 1 january 2016	3.355
Additions	0
Disposals	0
Net book value at 31 December 2016	**3.355**

Note 9 – Inventories

Financial leased rental and demo vehicles are included with DKK 13,854k (2015: DKK 18,230k).

Included in the value of inventories (DKK 138,263k) are vehicles sold to rental companies with a buy back obligation at a value of DKK 20,346k.

Note 10 – Equity

	Share capital (DKK '000)	Retained earnings (DKK '000)	Proposed dividend (DKK '000)	Total (DKK '000)
Equity at 19 August 2014	500			500
20 June 2015 - cash contribution	3.750			3.750
20 June 2015 - non cash contribution	20.750			20.750
Net profit in 2015		1.426		1.426
Equity at 31 December 2015	25.000	1.426	0	26.426
Net profit in 2016		545		545
Equity at 31 December 2016	**25.000**	**1.971**	**0**	**26.971**

	31.12.2016 (DKK '000)
Movements in Share capital:	
Share capital 1 January 2016	25.000
Additions	0
Disposals	0
Share capital 31 December 2016	**25.000**

The Company's capital consists of 100 shares of a nominal amount of DKK 250,000.

Note 11 – Contingent assets and liabilities etc.

Contingent assets and liabilities

Rent obligations relating to the lease of the properties amount to DKK 53,473k corresponding to 101 months' interminability (2017: DKK 6,353k / after 5 years: DKK 21,707k). The properties are leased from the Parent Company.

The company is jointly taxed with all Danish group companies. Consequently, the company is jointly and severally liable for tax payments.

Note 12 – Charges and security

For credit facilities pledge of DKK 72,500k has been granted in new Opel cars not previously registered with a carrying amount of DKK 66,461k and in trade receivables with a carrying amount of DKK 23,170k.

Notes

Note 13 – Related parties

Parties with controlling interest:

Andersen & Martini A/S (parent company), Greve
Helmsman Holding ApS, Hellerup
Commander Holding ApS (ultimate parent company), Hellerup

In accordance with § 98c, stk. 7 we disclose that transactions with related parties has been carried out on arms lengths basis.

The Company is included in the Consolidated Financial Statements of Andersen & Martini A/S, Greve and Commander Holding ApS, Hellerup.