Europris

Q2-16

EUROPRIS ASA



HIGHLIGHTS

SECOND QUARTER 2016

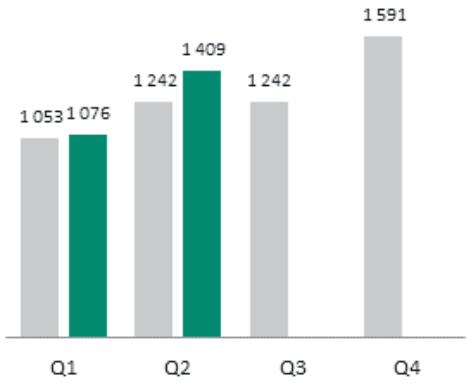
- Group revenues increased 13.4 per cent to NOK 1,248 million (1,100 million)
  - 10.0 per cent growth on a like-for-like basis
- Some pressure on gross margin from successful sales campaigns
- Adjusted net profit up 72.1 per cent to NOK 127 million (74 million)
- Six new store openings in the quarter

FIRST HALF 2016

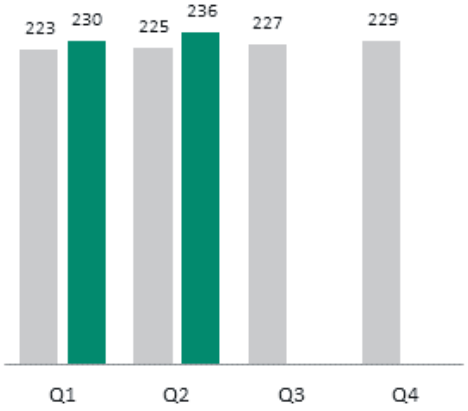
- Group revenues increased 8.5 per cent to NOK 2,264 million (2,086 million)
  - 5.1 per cent growth on a like-for-like basis
- Robust operational cost control
- Significantly improved cash flow from operating activities
- Adjusted net profit up 60.5 per cent to NOK 136 million (84 million)

Figures for the corresponding period of last year in brackets. The figures are unaudited.
For non-IFRS figures (e.g adjusted figures), see page 17 for definitions.

Retail sales, NOK million



Number of stores



2015 2016

CONTENTS

HIGHLIGHTS SECOND QUARTER 2016	2	FINANCIAL REVIEW	7
KEY FIGURES	3	FINANCIAL STATEMENTS	10
PERIOD REVIEW	4	DEFINITIONS	17

KEY FIGURES

Figures are stated in NOK 1,000	Q2 2016	Q2 2015	YTD 2016	YTD 2015	FY 2015
CHAIN KEY FIGURES					
Total retail sales	1,409.4	1,241.9	2,485.3	2,294.9	5,128.6
Growth (%)	13.5%	4.1%	8.3%	8.6%	8.4%
Like for like sales growth (%)	10.0%	1.9%	5.1%	6.2%	5.4%
Number of stores at end of period	236	225	236	225	229
GROUP KEY INCOME STATEMENT FIGURES					
Sales directly operated stores	997.2	851.5	1,762.8	1,578.1	3,555.3
Sales from wholesale to franchise stores	226.3	223.8	452.8	461.1	970.4
Franchise fees and other income	24.3	24.7	48.2	46.4	103.5
Group revenue	**1,247.9**	**1,100.1**	**2,263.8**	**2,085.5**	**4,629.2**
% growth	13.4%	4.4%	8.5%	9.4%	8.7%
COGS excluding unrealised foreign exchange effects	707.2	607.5	1,299.9	1,166.8	2,569.3
Gross profit	**540.7**	**492.6**	**963.8**	**918.7**	**2,059.9**
% margin	43.3%	44.8%	42.6%	44.1%	44.5%
Opex	349.5	354.4	716.7	719.9	1,456.3
Nonrecurring items	-	30.0	-	36.7	36.7
Opex excluding nonrecurring items	349.5	324.4	716.7	683.2	1,419.6
% of group revenue	28.0%	29.5%	31.7%	32.8%	30.7%
Adjusted EBITDA	**191.3**	**168.2**	**247.1**	**235.5**	**640.3**
% margin	15.3%	15.3%	10.9%	11.3%	13.8%
Adjusted EBIT	**172.6**	**150.4**	**210.3**	**200.5**	**569.2**
% margin	13.8%	13.7%	9.3%	9.6%	12.3%
Adjusted net profit	**126.5**	**73.5**	**135.5**	**84.4**	**346.0**
% margin	10.1%	6.7%	6.0%	4.0%	7.5%
Adjusted earnings per share (167 million shares)	**0.76**	**0.44**	**0.81**	**0.51**	**2.07**
GROUP KEY CASH FLOW AND BALANCE SHEET FIGURES					
Net change in working capital			(119)	(136,1)	(40,3)
Capital expenditure			48.4	55.0	117.3
Financial debt			1,655.7	1,647.1	1,652.7
Cash and cash equivalents			166.7	76.6	447.1
Net debt			**1,489.0**	**1,570.5**	**1,205.6**

PERIOD REVIEW

SECOND QUARTER

Europris delivered a solid performance in the second quarter. Group revenues increased 13.4 per cent to NOK 1,248 million (1,100 million).

Spring and summer seasonal sales were strong during the period backed by good summer weather and a well prepared store estate. Overall, like-for-like sales increased by 10.0 per cent during the quarter, significantly outperforming the market benchmark by some 4.5 percentage points. Adjusting for three extra sales days, like-for-like growth came in at 5.6 per cent.

FIRST HALF

Overall performance in the first half of the year was good, with group revenues increasing 8.5 per cent to NOK 2,264 million (2,086 million). This represents a like-for-like performance of 5.1 per cent vs. last year.

With one additional sales day in the first half of 2016 compared to the same period in 2015, adjusted like-for-like growth was 4.3 per cent during the first half.

Europris opened seven new stores during the first half, of which six were added in the second quarter.

SALES PERFORMANCE

The Norwegian retail market experienced a solid development in the second quarter, growing 5.5 per cent on a like-for-like basis vs. last year.[1] Performance was boosted by three additional sales days in April compared to last year as a result of the timing of Easter.

Europris significantly outperformed the market during the last three months, growing 10.0 per cent on a like-for-like basis. Positive momentum was gained by well planned spring and summer seasonal sales period. Successful execution is the result of the significant effort and cooperation between the group's well qualified and skilled employees during this hectic time.

The spring and summer selling period is the group's second most important seasonal event. The period is categorised by significant preparations and planning throughout the group's purchasing, marketing and store operations departments in order to accommodate the relatively larger scale product expositions needed to showcase the group's wide product assortment. As part of the seasonal preparations this year, all store staff completed the spring/summer module of the group's e-based store execution excellence programme. The programme, which is based on an online gaming platform, will continue to form part of basic store training going forward.

Overall, Europris completed a good first half with a total growth of 8.5 per cent year-on-year. The group's performance in the oil regions of Rogaland and Hordaland continued its positive momentum during the first half. Europris significantly outperformed the market, growing 7.0 and 5.6 per cent in Rogaland and Hordaland, respectively. Market growth in the same regions during the equivalent period came in at -0.4 and 1.9 per cent, respectively.[2]

[1] According to Kvarud Analyse, Shopphing Centre Index, June 2016; report analyses the performance of the 237 largest shopping centres in Norway.

[2] Europris analysis; Kvarud Analyse, Shopping Centre Index, June 2016.

OPERATIONAL REVIEW

Marketing and electronic media

The second quarter saw the introduction of national television advertisements to the group's marketing mix. The introduction of wide scale television adverts to the group's marketing mix is a testament to the group's scale and relative size. The aim is to continue to build the Europris brand name and to promote the group's new and upgraded store portfolio. The current TV campaign had a positive effect on sales during the period.

However, traditional marketing remains the backbone of Europris' marketing efforts. The group distributes weekly direct marketing leaflets (DMs) to half of Norwegian households. On average, this results in a weekly distribution of more than 1 million copies. So far, the group's traditional marketing remains effective, with management seeing no diminishing returns from the DMs' widespread national distribution.

While the traditional marketing and distribution channels will retain the group's attention in the foreseeable future, Europris is making notable progress on different e-channel/ online initiatives. The group's endeavours in this regard are aimed at strengthening the organisation's knowledge and experiences within the "online space". This will ensure that Europris is prepared for a more "e-based" future, as well as being an important marketing channel in its own right during the present. Furthermore, electronic media provides Europris with an opportunity to reach new customer groups which are currently less penetrated.

Since June last year, electronic distribution of the DM has more than doubled, reaching above 100,000 subscribers in total.

More specifically, Europris is currently working on various initiatives, including improvement of the group's product information management (PIM) and planning of an online store for the group's B2B customers.

So far, the group has launched a click & collect solution for select seasonal items (second quarter 2015). Despite no additional marketing efforts, and albeit from a low base, the group's click & collect offering has experienced a healthy development since launch.

New store openings

Europris opened six new stores in the second quarter, culminating with the opening of the group's new store at Strømmen Storsenter on 29 June. This follows one new store in the first quarter.

At the end of June, the total number of stores in the chain was 236, comprising 176 directly operated and 60 franchise stores.

Category development

Category development remains key for the company's continued success and growth. Important initiatives last year were pet food, yarn and underwear, which have all demonstrated a positive development since implementation. All initiatives delivered double digit growth in the first half of 2016 compared to the corresponding period last year. Recently, the main focus has been to improve the shop-in-shop segmentation in-store, making the overall concept clearer vis-à-vis consumers, and the shopping experience more appealing.

[3] Effect study conducted by Bring in week 7-2016; Based on 300 respondents.



EVENTS AFTER THE REPORTING PERIOD

On 5 July 2016, Europris announced the decision to move to a new central warehouse in Moss Næringspark in the latter half of 2019. The new central warehouse solution will provide Europris with the foundation for cost efficient growth. The group has entered a long term rental agreement with Fabritius Gruppen AS who will own and be responsible for the construction of the new warehouse.

The warehouse will be among the largest ever built in Norway. With the new central warehouse in place, Europris will consolidate all its five existing warehouse locations into one large scale facility.

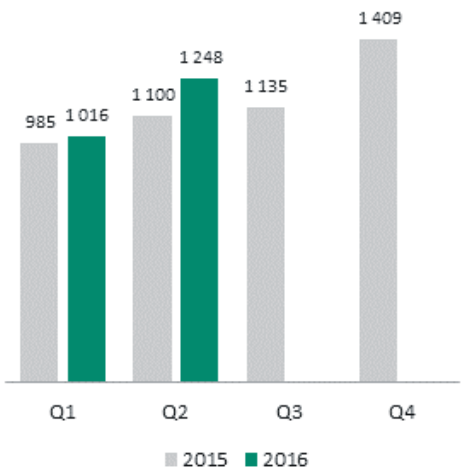
Management believes the new central warehouse will meet the future capacity requirements as the group continues to grow in size. In addition, as part of the decision to relocate and to secure potential future capacity needs, the group acquired a 31,000 square meter land area directly connected to the new facility. This will involve an investment of approx. NOK 25 million during 2017. Moss Harbour will rent part of the area for storage of incoming containers to Europris.

FINANCIAL REVIEW

PROFIT AND LOSS - SECOND QUARTER

Group revenue in the second quarter of 2016 amounted to NOK 1,248 million (1,100 million), up by 13.4 per cent. The key driver for revenue growth was the strong like-for-like growth of 10.0 per cent, good sales of seasonal products and new store openings.

Group revenue, NOK million



Gross profit for the group was NOK 541 million (493 million). The gross margin was 43.3 per cent in the second quarter of 2016, compared with 44.8 per cent in the same period last year. In 2015, the gross margin was positively influenced by the exchange rate development. The gross margin improved from the first quarter this year due to price adjustments coming in from the beginning of the second quarter. However, the positive price adjustment effects are mitigated by the successful campaign sales in the period which also have impacted the margin in the quarter.

Operating expenditure (opex) excluding nonrecurring items in the second quarter came to NOK 350 million (324 million). This represented an increase of 7.7 per cent from the same period last year. Relative to group revenue, operating expenses was 28.0 per cent (29.5 per cent). The group maintained strong cost control through focus on efficiency throughout the value chain and capturing head office operational leverage.

Adjusted EBITDA was NOK 191 million (168 million) in the second quarter, up by 13.7 per cent compared to last year. The Adjusted EBITDA margin was 15.3 per cent (15.3 per cent). The gross margin reduction was offset by opex savings.

Adjusted net profit for the second quarter of 2016 was NOK 127 million (74 million), up by 72.1 per cent. Reduced interest expenses, obtained through the refinancing of the term loan in June 2015, contributed to the positive result impact. Adjusted net profit last year excluded nonrecurring items (pre tax) of 87 million, consisting of IPO costs (30 million in opex) and refinancing of the term loan (57 million in net financial expense).

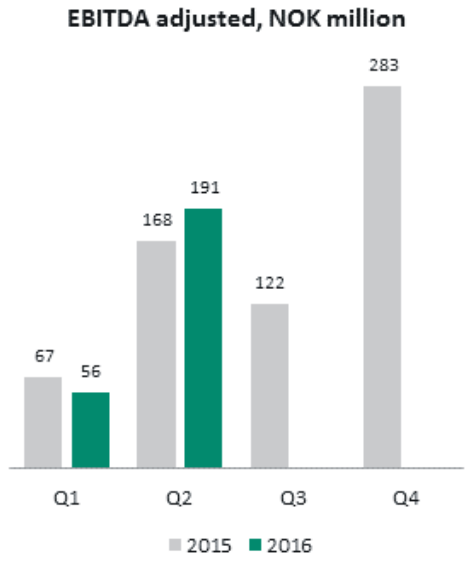
PROFIT AND LOSS - FIRST HALF

Group revenue for the first half of 2016 amounted to NOK 2,264 million (2,086 million), up by 8.5 per cent. The key driver for revenue growth was the like-for-like growth of 5.1 per cent and opening of eleven new stores.

Gross profit for the group was NOK 964 million (919 million). The gross margin was 42.6 per cent in the first half of 2016, compared with 44.1 per cent in the same period last year.

Opex excluding nonrecurring items in the first half came to NOK 717 million (683 million). This represented an increase of 4.9 per cent from the same period last year. Relative to group revenue, operating expenses were 31.7 per cent (32.8 per cent).

Adjusted EBITDA was NOK 247 million (236 million) in the first half, up by 4.9 per cent compared to last year. The Adjusted EBITDA margin was 10.9 per cent (11.3 per cent).



Adjusted net profit for the first half of 2016 was NOK 136 million (84 million).

CASH FLOW

Net change in working capital was negative NOK 119 million in the period that ended 30 June 2016 (negative 136 million). The underlying development of net working capital is very good, taken into account the fact of eleven new store openings since 30 June 2015. Last year change in inventory was negatively affected by the depreciation of NOK vs USD.

Capital expenditure was NOK 48 million (55 million). The decrease from last year is explained by the lower level of investment activity related to the modernisation programme for directly operated stores in the first half of 2016 compared to the same period in 2015, offset by new store openings and relocations of stores.

FINANCIAL POSITION AND LIQUIDITY

Financial debt was NOK 1,656 million at the end of the second quarter (1,647 million).

Cash and cash equivalents for the group at 30 June 2016 were NOK 167 million (77 million).

The annual general meeting decided to distribute a dividend of NOK 1.40 per share for 2015. A total dividend of NOK 234 million was paid out in the second quarter.

There were no drawings on the group's liquidity reserves at the end of the quarter.

Net debt at 30 June 2016 was NOK 1,489 million (1,571 million).

The group is in compliance with all financial covenants.

RISK FACTORS

The Europris group is exposed to a variety of risks as described in the annual report for 2015 under the section "Directors' report" and note 2 of the consolidated financial statements.

RELATED PARTIES

Related parties of the Europris group include its associates, key management personnel, directors and major shareholders. There have been no significant transactions with related parties in the first half of 2016.

OUTLOOK

The group remains the market leader in the fast growing discount variety retail segment. This is still an underpenetrated segment in Norway, and continues to gain market share from specialist retailers. The group has a truly mixed assortment, which provides a large addressable market, competitive flexibility and a resilient business model.

Europris will continue to concentrate attention on category development and on expanding the seasons. Combined with the store modernisation programme, it expects this to be the key driver behind like-for-like sales growth in the future. Europris has initiated operational improvement projects in the supply chain with the aim of reducing inventory levels and making store operations even more efficient.

The group remains well positioned and on-track to continue outperforming the prevailing market, backed by a strong pipeline of new stores to be opened in the current year. One

additional new store was added to the pipeline for the second half of the year, taking the expected new store count to twelve for 2016. Stores at Stovner, Vormsund and Laksevåg are now confirmed for the third quarter. One store will be closed in the third quarter, as previously stated.

The group's pipeline for 2017 looks promising, with five new stores confirmed so far.

STATEMENT BY THE BOARD OF DIRECTORS

We confirm, to the best of our knowledge, that the condensed set of financial statements for the period 1 January to 30 June 2016, have been prepared in accordance with current applicable accounting standards, and give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. We also confirm that the board of directors' report includes a true and fair review of the development and performance of the group, together with the risks and uncertainties facing the group.

Fredrikstad, 10 August 2016

THE BOARD OF DIRECTORS OF EUROPRIS ASA



INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS

Figures are stated in NOK 1,000	Notes	Q2 2016	Q2 2015	YTD 2016	YTD 2015	FY 2015
		Unaudited	Unaudited	Unaudited	Unaudited	Audited
Total operating income (group revenue)		**1,247,908**	**1,100,078**	**2,263,793**	**2,085,507**	**4,629,232**
Cost of goods sold (COGS)	2	701,074	607,470	1,306,224	1,166,822	2,569,337
Employee benefits expense		163,497	149,199	340,511	323,624	702,336
Depreciation	5	18,660	17,742	36,864	34,985	71,061
Other operating expenses		185,991	205,239	376,193	396,237	753,932
Operating profit		**178,686**	**120,426**	**204,001**	**163,839**	**532,567**
Net financial income (expense)	2	**(10,040)**	**(112,501)**	**(23,377)**	**(147,732)**	**(164,956)**
Profit before tax		**168,646**	**7,925**	**180,624**	**16,107**	**367,610**
Income tax expense		42,162	(2,135)	45,156	74	90,029
Profit for the period		**126,485**	**10,060**	**135,468**	**16,033**	**277,582**
Attributable to the equity holders of the parent		126,485	10,060	135,468	16,033	277,582
Interim condensed consolidated statement of comprehensive income						
Profit for the period		126,485	10,060	135,468	16,033	277,582
Total comprehensive income		**126,485**	**10,060**	**135,468**	**16,033**	**277,582**
Attributable to the equity holders of the parent		126,485	10,060	135,468	16,033	277,582

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Figures are stated in NOK 1,000	Notes	30 June 2016	30 June 2015	31 Dec 2015
		Unaudited	Unaudited	Audited
ASSETS				
Total intangible assets	5	2,006,119	1,994,121	2,010,804
Total fixed assets	5	246,309	214,827	225,178
Total financial assets	6	5,959	2,497	5,211
Total non-current assets		**2,258,387**	**2,211,446**	**2,241,193**
Inventories		1,149,209	1,125,537	1,109,189
Trade receivables		197,850	209,681	239,627
Other receivables	6	53,034	46,546	56,877
Cash and cash equivalents		166,728	76,574	447,116
Total current assets		**1,566,822**	**1,458,338**	**1,852,808**
Total assets		**3,825,209**	**3,669,784**	**4,094,001**
EQUITY AND LIABILITIES				
Total paid-in capital		836,406	1,070,162	1,070,162
Total retained equity		593,773	196,757	458,305
Total shareholders' equity		**1,430,178**	**1,266,919**	**1,528,467**
Provisions		101,805	76,140	57,920
Borrowings	6	1,646,972	1,647,084	1,648,385
Other non-current liabilities	6	8,776		4,266
Total non-current liabilities		**1,757,553**	**1,723,224**	**1,710,572**
Accounts payable		369,849	381,265	444,888
Tax payable		15,471	49,076	107,985
Public duties payable		128,251	113,231	127,154
Other current liabilities	6	123,906	136,070	174,935
Total current liabilities		**637,478**	**679,641**	**854,962**
Total liabilities		**2,395,031**	**2,402,865**	**2,565,534**
Total equity and liabilities		**3,825,209**	**3,669,784**	**4,094,001**

Fredrikstad, 10 August 2016

THE BOARD OF DIRECTORS OF EUROPRIS ASA

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Figures are stated in NOK 1,000	Attributed to equity holders of the parent			
	Share capital	Share premium	Retained earnings	Total equity
At 1 January 2016	**166,969**	**903,193**	**458,305**	**1,528,467**
Profit for the period	-	-	135,468	135,468
Dividend	-	(233,756)	-	(233,756)
Other comprehensive income	-	-	-	-
At 30 June 2016	**166,969**	**669,437**	**593,773**	**1,430,178**

(unaudited)

	Attributed to equity holders of the parent			
	Share capital	Share premium	Retained earnings	Total equity
At 1 January 2015	**9,255**	**916,245**	**279,102**	**1,204,602**
Capital reduction [1]	(5,553)	(797,974)	-	(803,527)
Capital contribution by transfer from distributable equity (bonus issue) [2]	144,378	(46,000)	(98,378)	-
Proceeds from shares issued (Initial public offering) [3]	18,889	830,922	-	849,811
Profit for the period	-	-	16,033	16,033
Other comprehensive income	-	-	-	-
At 30 June 2015	**166,969**	**903,193**	**196,757**	**1,266,919**

(unaudited)

[1] Restructuring of the company's share capital implemented by redemption of 222 120 000 preference shares, cf, the Norwegian Public Limited Companies Act, cf. Section 12-1 paragraph 2.

[2] The share capital increased with NOK 144 378 by increasing the par value of the Company's 148 080 000 shares from NOK 0.025 with NOK 0.975 to NOK 1 per share by way of transfer from other equity, wereof NOK 98 378 from retained earnings and NOK 46 000 from previously paid in capital.

[3] In the Offering Europris ASA issued a total of 18 888 888 new shares issued to investors at an average subscription price of NOK 44,99.

In accordance with the Norwegian Public Limited Liability Companies Act sections 9-4 and 9-5, the board of directors is authorised to acquire the Company's own shares on given conditions.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Figures are stated in NOK 1,000	Notes	YTD 2016	YTD 2015	FY 2015
		Unaudited	Unaudited	Audited
Cash flows from operating activities				
Profit before income tax		180,624	16,107	367,610
Adjusted for:				
Depreciation of fixed and intangible assets	5	36,864	34,985	71,061
Changes in pension liabilities		-	(21)	(55)
Changes in net working capital		(118,991)	(136,116)	(40,346)
Income tax paid		(92,586)	(46,186)	(95,254)
Net cash generated from operating activities		**5,911**	**(131,231)**	**303,016**
Cash flows from investing activities				
Purchases of fixed and intangible assets	5	(48,401)	(55,025)	(117,322)
Acquisition of franchise stores		(1,382)	(472)	(2,656)
Net cash used in investing activities		**(49,782)**	**(55,497)**	**(119,978)**
Cash flows from financing activities				
Proceeds from borrowings		-	1,636,969	1,642,318
Payment of shareholder loan		-	(17,735)	(17,735)
Repayment of debt to financial institutions		(2,760)	(1,647,232)	(1,651,806)
Dividend		(233,756)	-	-
Net capital increase		-	46,284	46,284
Net cash from financing activities		**(236,516)**	**18,287**	**19,061**
Net (decrease)/increase in cash and cash equivalents		(280,388)	(168,442)	202,100
Cash and cash equivalents at 1 January		447,116	245,016	245,016
Cash and cash equivalents at end of period		**166,728**	**76,574**	**447,116**

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

NOTES

NOTE 1 CORPORATE INFORMATION

The interim condensed consolidated financial statements of Europris ASA and its subsidiaries (collectively, the group) for the second quarter and the six months ended 30 June 2016 were authorised for issue by the board of directors on 10 August 2016.

Europris ASA is domiciled in Norway. The group is a discount variety retailer with stores across Norway.

These condensed interim financial statements have not been audited.

NOTE 2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

BASIS OF PREPARATION

The interim condensed consolidated financial statements for the second quarter and the six months ended 30 June 2016 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the group's annual financial statements at 31 December 2015 and the following changes to the accounting principles adopted at 1 January 2016.

In the 2016 reporting the classification of unrealised gains and losses on foreign currency derivatives that are economic hedges of inventory purchases has changed. These unrealised gains and losses are now classified as part of cost of goods sold (COGS) in the profit and loss statement. Previously the gains and losses were presented as other financial income / other financial expense. Similarly, unrealised foreign currency exchange gains and losses on inventory trade payables are now also included as part of COGS. All gains and losses, both realised and unrealised related to the acquisition of inventory are now included as part of COGS. Prior period figures are not restated in the financial statements. The following table gives the unrealised foreign currency exchange effects that would have been included in COGS each quarter in 2015, if the new principle had been applied during 2015:

Figures are stated in NOK 1,000	Q1 2015	Q2 2015	Q3 2015	Q4 2015	FY 2015
Unrealised foreign currency exchange	5,009	26,860	(10,635)	4,314	25,548

NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the group's annual consolidated financial statements for the year ended 31 December 2015. New standards and interpretations effective at 1 January 2016 do not impact the annual consolidated financial statements of the group or the interim condensed consolidated financial statements of the group.

NOTE 3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of interim condensed financial statements requires management to make accounting judgements and estimates that impact how accounting policies are applied and the reported amounts for assets, liabilities, income and expenses. Actual results may differ from these estimates. The critical accounting estimates and judgements are consistent with those in the consolidated financial statements for 2015.

NOTE 4 SEGMENT INFORMATION

The group manangement is the group's chief operating decision-maker. Reporting to the group management, which is responsible for evaluating profitability and achivements, is on a consolidated basis that 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.

NOTE 5 FIXED AND INTANGIBLE ASSETS

Figures are stated in NOK 1,000	Fixtures and fittings	Software	Trademarks	Contractual rights	Goodwill	Total
Carrying amount 1 January 2016	225,178	40,744	387,573	-	1,582,487	2,235,982
Acquisition of subsidiaries	1,307	-	-	-	3,532	4,839
Additions	41,565	6,907	-	-	-	48,472
Disposals	-	-	-	-	-	-
Depreciation	(21,741)	(15,123)	-	-	-	(36,864)
Carrying amount 30 June 2016	**246,309**	**32,528**	**387,573**	**-**	**1,586,019**	**2,252,429**
Carrying amount 1 January 2015	185,784	32,393	387,573	-	1,579,928	2,185,678
Acquisition of subsidiaries	1,373	-	-	-	1,858	3,231
Additions	48,939	6,086	-	-	-	55,025
Disposals	-	-	-	-	-	-
Depreciation	(21,269)	(13,716)	-	-	-	(34,985)
Carrying amount 30 June 2015	**214,827**	**24,763**	**387,573**	**-**	**1,581,786**	**2,208,949**

NOTES

NOTE 6 FINANCIAL INSTRUMENTS - FAIR VALUE

Set out below is a comparison of the carrying amounts and fair values of financial assets and liabilities at 30 June 2016 and 31 December 2015:

Figures are stated in NOK 1,000	30 June 2016		31 December 2015	
Financial assets	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Loans and receivables				
Non-current receivables	1,956	1,956	1,977	1,977
Total	**1,956**	**1,956**	**1,977**	**1,977**
Financial liabilities				
Other financial liabilities				
Borrowings	1,646,972	1,646,972	1,648,385	1,648,385
Total	**1,646,972**	**1,646,972**	**1,648,385**	**1,648,385**
Financial instruments measured at fair value through profit and loss				
Derivatives - asset				
Interest rate swaps	3,630	3,630	2,862	2,862
Foreign exchange forward contracts	3,920	3,920	9,615	9,615
Total	**7,550**	**7,550**	**12,477**	**12,477**
Derivatives - liabilities				
Interest rate swaps	8,776	8,776	4,266	4,266
Foreign exchange forward contracts	2,492	2,492	-	-
Total	**11,268**	**11,268**	**4,266**	**4,266**

FAIR VALUE HIERARCHY

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

Level 1 Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
Level 2 Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
Level 3 Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised at fair value on a recurring basis, the group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

All the group's financial instruments measured at fair value are classified as level 2.

Specific valuation methods being used to value financial instruments include:

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

NOTE 7 EVENTS AFTER THE REPORTING PERIOD

On 5 July 2016 Europris announced the decision to move to a new central warehouse in Moss Næringspark. Beyond this, no significant events have occured after the reporting period.

FORWARD LOOKING STATEMENTS

This condensed interim report contains forward-looking statements, based on various assumptions.

These forward-looking statements reflect current views about future events and are, by their nature, subject to significant risk and uncertainties because they relate to events and depend on circumstances that will occur in the future. Although Europris believes that these assumptions were reasonable when made, it cannot provide assurances that its future results, level of activity or performances will meet these expectations.

DEFINITIONS

DEFINITIONS

- **Directly operated store** means a store owned and operated by the group.
- **Franchise store** means a store operated by a franchisee under a franchise agreement with the group.
- **Chain** means the sum of directly operated stores and franchise stores.
- **Like-for-like** are stores which have been open for every month of the current calendar year and for every month of the previous calendar year.
- **Net sales** include sales through the directly operated stores and wholesale sales to franchise stores.
- **Gross profit** represents group revenue less the cost of goods sold excluding unrealised foreign currency effects.
- **Opex** is the sum of operating expenses and includes employee benefits expense and other operating expenses.
- **EBITDA** (earnings before interest, tax, depreciation and amortisation) represents operating profit excluding depreciation expense.
- **Adjusted EBITDA** is EBITDA adjusted for nonrecurring expenses and unrealised foreign currency effects.
- **Adjusted net profit** is net profit adjusted for nonrecurring items and additional financial expenses related to the refinancing in connection with the IPO.
- **Adjusted earnings per share** is Adjusted net profit divided by the current number of shares (166,968,888).
- **Working capital** is the sum of inventories, trade receivables and other receivables less the sum of accounts payable and other current liabilities.
- **Capital expenditure** is the sum of purchases of fixed assets and intangible assets.
- **Net debt** is the sum of term loans and financial leases less bank deposits and cash.

CONTACT

Europris ASA
Hjalmar Bjørges vei 105, P O Box 1421
NO-1602 Fredrikstad

switchboard: +47 971 39 000
fax: +47 69 31 99 00

www.europris.no

Europris
MER TIL OVERS