KONGSBERG
AUTOMOTIVE

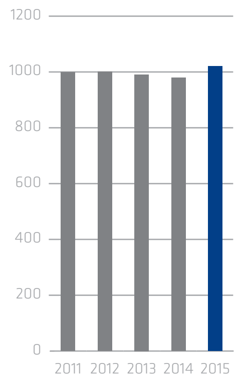
Annual Report 2015

Business and Product Portfolio

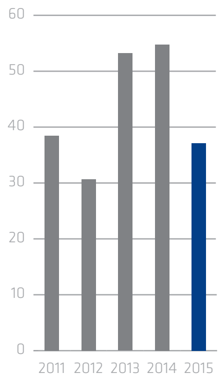
Kongsberg Automotive provides world class products to the global vehicle industry. Our products enhance the driving experience, making it safer, more comfortable and sustainable. With revenues of EUR 1.0 billion and 10.000 employees in 18 countries, Kongsberg Automotive is truly a global supplier.

The company is headquartered in Kongsberg, Norway and has 30 production facilities worldwide. The product portfolio includes seat comfort systems, gear- and clutch control systems, fluid assemblies, and driver interface products developed for global vehicle manufacturers.

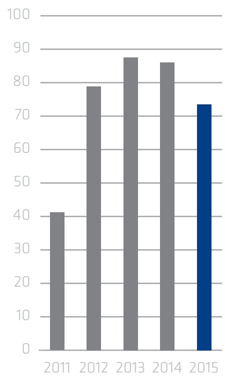
REVENUES
MEUR



EBIT
MEUR



CASH FLOW FROM OPERATING ACTIVITIES
MEUR



Business Areas

The Group consists of four business areas with a clear customer and product focus:

Interior

Safety and comfort related products for vehicle interiors

- Head restraints
- Seat support systems
- Seat climate sytems
- Light duty cables

Driveline

Gear shift systems for light duty vehicles

- Automatic and manual gear shifters
- Shift cables
- Shift towers

Driver Control

Driver control systems and chassis related products to on- and off-highway vehicles

- Gear- and clutch control systems
- Steering columns
- Chassis stabilizers
- Displays
- Throttle and brake pedals
- Hand controls

Fluid Transfer

Fluid handling systems for commercial vehicles, passenger cars and industrial applications

- Pipe / hose assemblies for powertrains
- Brake- and fuel systems
- Couplings and manifolds for compressed air brake systems

Highlights for 2015

Capital Markets Day 2015 outlines strategic direction

- Strategic growth focus on: seat comfort, efficient powertrains and advanced fluid handling
- Optimization of product portfolio, including:
  - Intention to divest Light Duty Cable business
  - Winding down head- and armrest business
- Growing in emerging markets with our manual transmission portfolio
- Building a financial platform with dividend potential

INTERIOR:

Four Seat Comfort contracts worth combined EUR 122 million

A for full range of seat comfort features including seat heat, massage, ventilation, cushion lengthening, to European and North American OEMs for sedans to Luxury SUVs.

FLUID TRANSFER:

Air Brake Couplings contract from leading truck manufacturer

EUR 45 million contract from leading truck manufacturer for Air Brake Couplings, to be produced in Raufoss, Norway.

DRIVER CONTROL:

North American AMT shifter business

Contract worth EUR 15 million for design, development and serial production of new Automatic Manual Transmission (AMT) gear shifters from one of the world's largest truck manufacturers.

DRIVELINE:

Global platform contract for manual shifter systems worth EUR 83 million

Shifter systems for B Segment cars sold in Europe, South America and Asia under two different brands. Production from 6 KA plants in 3 continents.

DRIVER CONTROL:

Chassis products to major European truck manufacturer

EUR 34 million vehicle dynamics contract for products connecting the vehicle cabin with the vehicle frame. Production to start in 2016.

Wuxi plant receives 2015 Volvo Cars Quality Excellence Award

KA's plant Wuxi, China, received the *2015 Volvo Cars Quality Excellence Award* for strong performance in areas like quality, lean, logistics and trust building. KA Wuxi supplies Volvo with automatic shifters and seat heaters.

FLUID TRANSFER:

Two contracts worth total of EUR 41 million for ABC couplings system

From one of China's largest bus makers and one the world's leading suppliers of truck braking systems. The business awards are part of KA's key growth platforms.

ePower:

On Board Charger contract in China worth EUR 49 million

KA nominated by a Chinese passenger car manufacturer for the supply of On Board Chargers (OBC) for their next generation of plug-in hybrid electric vehicles, to be sold in China. Production will start from KA's facility in Wuxi in the first half of 2018.

INTERIOR:

Premium seat comfort contract worth EUR 76 million

10 year contract from European premium automaker for global supply of seat heat and seat ventilation to mid -size luxury vehicles. Production scheduled to start in the first quarter of 2018 from KA's facility in Pruszkow, Poland, and later in Reynosa, Mexico and Wuxi, China.

State-of-the-art Tech Center in Kongsberg

KA's new research and development center at its headquarters in Kongsberg was completed in November, and shows commitment to investing in and developing tomorrow's technology. Our new Tech Center will be the global hub for developing the next generation AMT systems for the global commercial vehicle industry. Everything from rapid prototyping to durability testing will be performed here.

Our Vision

Enhancing the driving experience

Our Mission

Kongsberg Automotive provides world class products to the global vehicle industry. Our products enhance the driving experience, making it safer, more comfortable and sustainable.

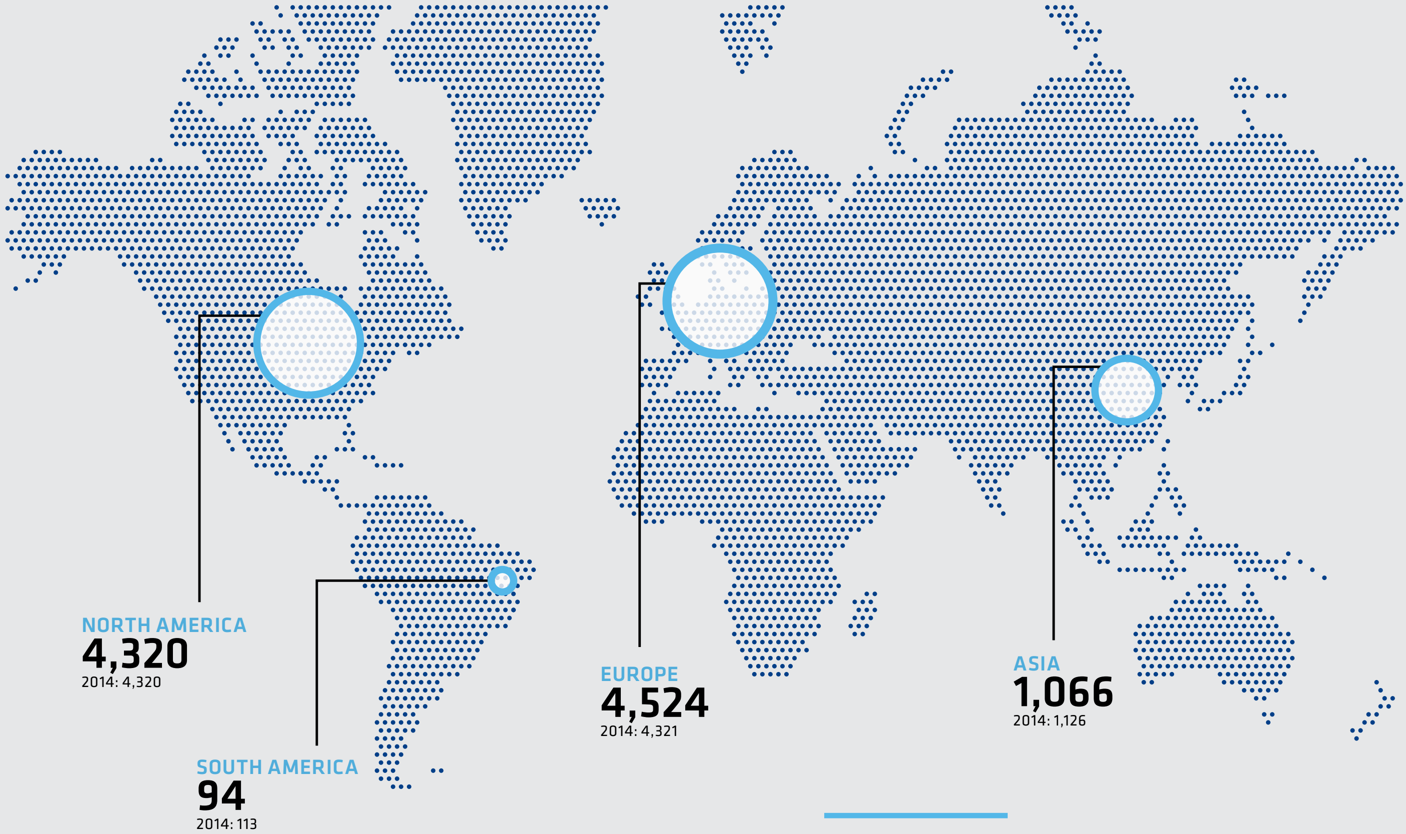
Our Strategic Focus

- Innovation
- Customers
- People

Our Values

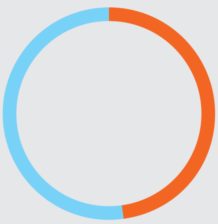
- Passionate
- Accountable
- Prepared

Regions and Number of Employees 2015

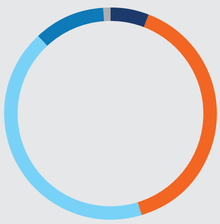


TOTAL EMPLOYEES
10,004

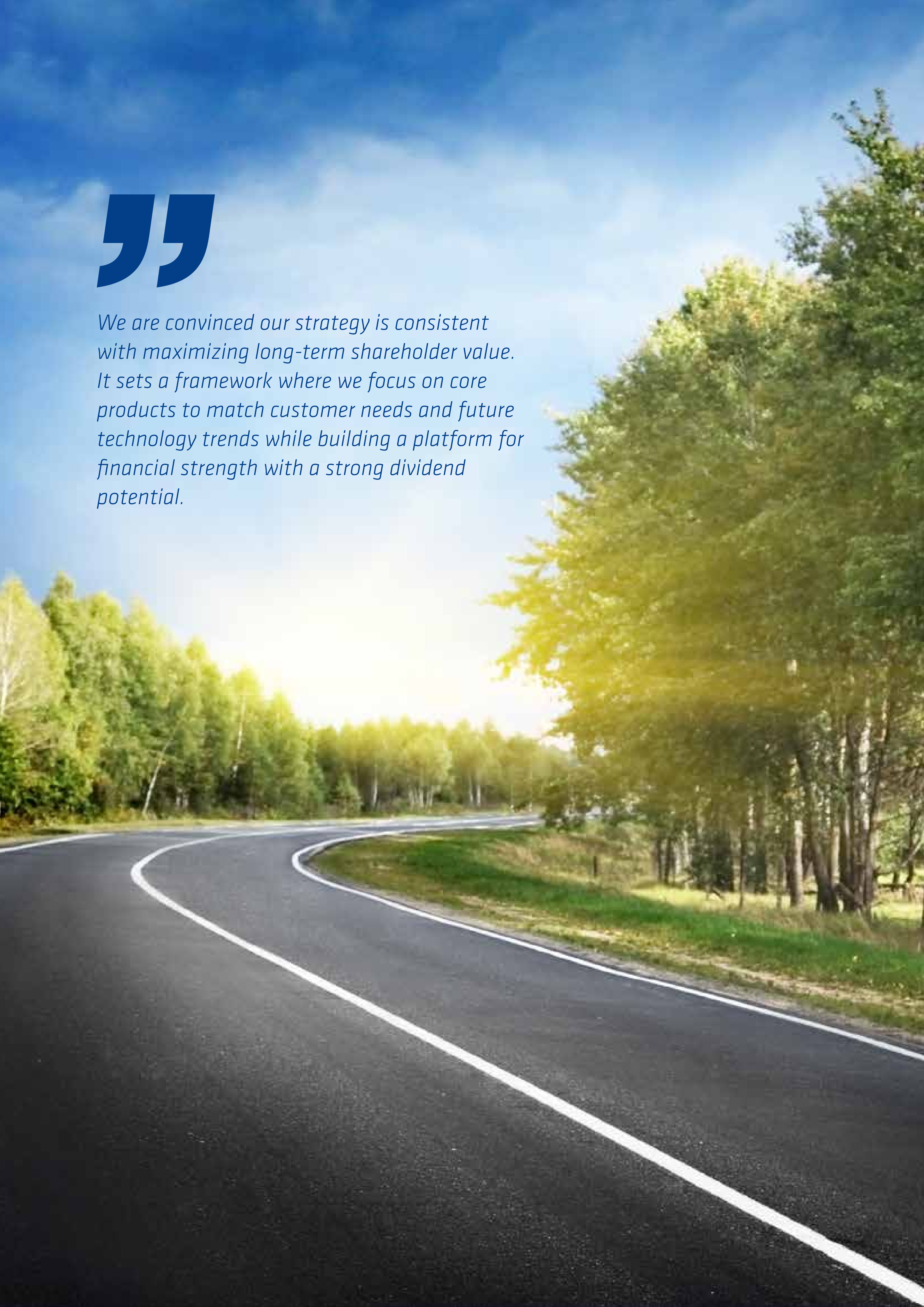
GENDER DIVERSITY



EMPLOYEES BY AREA



EMPLOYEES BY DIVISION



We are convinced our strategy is consistent with maximizing long-term shareholder value. It sets a framework where we focus on core products to match customer needs and future technology trends while building a platform for financial strength with a strong dividend potential.

Turning the corner on the road to growth

HANS PETER HAVDAL
PRESIDENT AND CEO

In 2015 Kongsberg Automotive began turning the corner on the road to growth. During the year we secured a record level of new business wins with an annualized value of EUR319 million. Our focus on developing tomorrow's world-class products for the global vehicle industry remains strong, while we also continue to optimize our product portfolio.

Creating growth is important for Kongsberg Automotive to maintain long-term profitability and critical mass as our customers require strong global suppliers, and key industry trends – such as autonomous cars, improved efficiency, comfort and connectivity – drive a faster pace of innovation. Indeed, as the technology content of current and future vehicles is soaring, new systems, solutions and services are becoming ever more important. Increased effort in R&D is therefore key to introducing new technology and strengthening our position with our customers.

To remain a valuable partner to our customers we are transitioning Kongsberg Automotive to be able to capture future growth opportunities in new and existing market segments. This involves directing R&D spend and investments to higher-growth segments, whilst optimizing our current conventional product range to help fund these efforts.

Following the global financial crises, Kongsberg Automotive focused on restructuring its business, repaying debt and stepping up efforts to renew the product portfolio. Without these actions, we could have improved our margins short-term, but with a clear sacrifice to long-term growth opportunities. Shortcuts seldom pay off in the automotive industry. Instead, Kongsberg Automotive has focused on building a platform for growth, and at our Capital Markets Day in December we outlined our strategy which involves:

- Strategic growth focus on: Seat Comfort, Efficient Powertrains & Advanced Fluid Handling
- Optimizing the conventional product portfolio to streamline our offering
- Growing in emerging markets with our manual transmission portfolio
- Securing a robust financial platform with dividend potential in the medium term

With commercial success in several areas the growth outlook is encouraging. The proportion of new business wins related to growth platforms increased from about 35% last year to 47% in 2015. Kongsberg Automotive has won significant contracts for AMT (Automated Manual Transmissions), Shift-by-Wire, On Board Charging systems for plug-in hybrids, innovative Seat Comfort solutions and air brake Couplings as a result of our increased efforts. We will continue to work hard to be at the forefront of innovation and industry developments to remain a true technology partner for our customers.

We are convinced our strategy is consistent with maximizing long-term shareholder value. It sets a framework where we focus on core products to match customer needs and future technology trends while building a platform for financial strength with strong dividend potential.

2016 will be a year with a laser sharp focus on getting our new product families ready for production in 2017. This involves hard work by our employees, but also strong support from our valued suppliers. I look forward to leading this journey together with the very committed people in Kongsberg Automotive!

Hans P. Havdal

Board of Directors' Report

Kongsberg Automotive's transition phase from restructuring to growth mode continued in 2015. As guided at the start of the year, 2015 revenues were in line with the previous year's sales, and operating profit improved slightly adjusted for extraordinary impairment charges related to the decision to phase out the Headrest product area.

Following a period with a high level of business wins the Group's main focus ahead is to convert the wins into actual revenues streams when the programs will go into production in the coming years. The increase in business wins follows the increased focus and spending on research and development. The Group continued to reduce its net debt level and has stated its commitment to continue to further reduce the gearing ratio. Return on capital employed (ROCE) which is the key target for the Group also improved adjusted for extraordinary write-offs.

Kongsberg Automotive's adjusted results for the year improved compared to 2014. Backed by positive currency effects revenues came in higher than the previous year. Operating profit and net profit also improved when adjusted for extraordinary write-offs. Group has reduced its gearing ratio (NIBD/EBITDA) from 2.2 to 2.1 during the year, and ROCE which is the key target for the Group ended at 11.8%, in line with last year. Not adjusting for the extraordinary impairment charges the ROCE was 7.8%.

The future ambitions on growth and return on capital employed for the Group was reiterated on Kongsberg Automotive's Capital Markets Day in December 2015. The key focus remains to grow the top line and improve profitability further.

In spite of an improving European market, global market growth has been slower than anticipated. In particular, the commercial vehicle markets in China and Brazil have adversely affected revenues.

The Group has over the last years strengthened its focus on innovation by adding significant resources in that area. It is then rewarding to see that the business wins in 2015 were at a record high of EUR 319 million in annual revenues. The majority of the business wins were within the defined growth platforms demonstrating that our increased efforts in Research & Development are yielding results. The key focus now is to execute the projects and get the business wins converted into revenue as they are launched in production over the coming years.

MARKETS

Light Vehicle Production (LVP)

Light Vehicles Production (LVP) was 88.5 million units in 2015, which was up 1.2% from last year. The main growth in the passenger car market in 2015 came from a rebound in Western Europe and the North American and Chinese markets.

Production in Europe reached 20.8 million units in 2015, which was an increase of 3.4% compared to 2014. The Russian production continued downward, however Western European markets had a strong growth through the whole year.

North American production continued to increase, and grew by 3.6% in 2015. In addition to the availability of favorable funding, the marked drop in oil prices led to stronger sales.

Growth in Asia was once again led by China. However, the growth rate started to slow down. Production in China grew by 2.2% in 2015 and ended at 23.1 million vehicles. The rest of Asia declined by 0.6%.

NEW BUSINESS WINS IN 2015 WERE AT A RECORD HIGH OF

EUR 319 million

in annual revenues

South America and especially Brazil continued its downward spiral. 2015 total was 3.1 million vehicles, nearly 18% lower than 2014.

Commercial Vehicle Production (GVW>6t)
Production of medium and heavy-duty commercial vehicles decreased by 6.2% in 2015 to 2.6 million vehicles. The European production increased by 7.4% in 2015 to 525,000 units, despite the continued decrease in production in Russia. The increase was driven by strong growth in production for internal sales and exports.

The North American market continued its strong growth from 2014 and grew by 8.3% in 2015, though the growth decreased in the second half of the year.

South America continued downwards. 2015 was down -40 % from an already very weak 2014 to only 85,000 vehicles.

Asia, excluding China, showed strong growth of 15.1% in 2015. This growth stems mainly from the Indian market, which is now more than three times the South American market. However, China saw a sharp reduction in 2015 to only 715,000 units (down -28.2%). This was mainly because Governmental spending in infrastructure building has slowed considerably.

RESEARCH AND DEVELOPMENT
The Group's overall spending on research and development (R&D) totaled 7% of sales in 2015. This involves a team of 541 highly skilled people. Kongsberg Automotive's R&D organization combines strong local engineering support close to the customer and five global tech centers. The tech centers are located in the USA (Novi), Canada (Grand Mere), China (Wuxi), Sweden (Mullsjö) and Norway (Kongsberg).

KA has R&D capabilities ranging from concept to production-ready systems including a full in-house prototype, test and validation capacity.

CASH FLOW FROM OPERATING ACTIVITIES

EUR 73.5 million

This strategy enables the Group to maintain resources near key customers that drive the technology shifts in the automotive industry.

The main focus for the Group's R&D spending in 2015 has been on the strategically chosen growth platforms:

- **Efficient powertrains:** products for Automated Manual Transmissions (AMT) within the commercial vehicle segments, Shift-by-wire systems for light duty vehicles and power electronic systems for electric and hybrid vehicles
- **Seat comfort:** seat heating- and ventilation systems and seat support systems including massage function
- **Advanced fluid handling:** couplings and manifolds for air distribution systems and pipe/hose assemblies for high temperature powertrain applications

Kongsberg Automotive has R&D capabilities ranging from concept to production-ready systems including a full in-house prototype, test and validation capability.

OPERATIONS

Kongsberg Automotive's focus on lean operations and optimization of the manufacturing setup continued in 2015. The majority of its passenger car components are now manufactured in competitive cost countries such as Mexico, Poland, Slovakia, Hungary and China. The Group is continuously assessing its footprint across the globe to match the future needs of the business.

GOING CONCERN

In accordance with section §3-3a of the Norwegian Accounting Act, we hereby confirm that the consolidated financial statements and the financial statements of the parent company have been prepared on going concern assumptions, and that there are reasonable grounds to make such an assumption.

OPERATIONAL RISK

Kongsberg Automotive supplies products that are safety critical. Suppliers in the automotive industry face the possibility of substantial financial liability for warranty claims relating to potential product or delivery failures, and Kongsberg Automotive is no exception. This liability represents a potential risk. Working methods and validation procedures implemented by the company are designed to minimize this risk.

Kongsberg Automotive is usually contracted as a supplier with a long-term commitment. The commitment is usually based on a vehicle platform where volumes are estimated and not guaranteed. Even if present commitments are cost reimbursable they can be adversely affected by many factors and short-term variances including shortages of materials, equipment and labor, political risk, customer default, industrial disputes, accidents, environmental pollution, the prices of raw materials, unforeseen problems, changes in circumstances that may lead to cancellations and other risk factors beyond the control of the Group.

For more information regarding operational risk, see note 21.

FINANCIAL RISK

The Group's activities are exposed to different types of financial risk. Some of the most important risk factors are foreign exchange rates, interest rates, raw material prices and credit risks, as well as liquidity risk.

Currency risk

The Group operates in many different geographical markets resulting in transaction and translation currency exposure. Net investments and profit from the international operations, where the functional currency is different from the presentation currency (EUR), are exposed to currency risk in the financial reporting. Transactional currency risk arises if the cost base and revenues are tied to different currencies. The Group seeks to align its revenue and cost base to reduce the currency exposure on a net cash flow basis. Debt is drawn in currencies matching the cash flow from the different geographical markets.

Interest risk

Interest risk is linked to the long-term debt and primarily driven by changes in EUR and USD interest rates. The risk is related to how the company's borrowing cost will change in relation to changes in interest rate changes.

Credit risk

Credit risk represents a considerable risk in the automotive market. The Group closely monitors outstanding amounts, and rapidly implements actions if receivables become overdue. Kongsberg Automotive has established good routines to follow up on receivables. Losses in this area have been minimal in the past.

Liquidity risk

The development of net interest bearing debt and liquidity reserve is closely monitored. The financial leverage has been reduced during the last years. Financing is readily available to the company at good prices.

Risk management

Responsibility for the Group's financial risk management is mostly centralized, and the risk

INTERIOR

▲ EUR 25.6 million

increased revenues in 2015 compared to 2014

DRIVELINE

▼ EUR 11.1 million

declined revenues in 2015

FLUID TRANSFER

▲ EUR 21.5 million

increased revenues in 2015

exposure is continuously monitored. The Group constantly evaluates, and potentially use derivatives in order to minimize risks relating to currency fluctuation, interest rate changes and raw material prices. As the Group operates in many countries, it is vulnerable to currency risk. The greatest currency exposure is associated with the EUR and USD, while raw material exposure is greatest in copper, zinc, aluminium, polymer components and steel. Risk assessment is also conducted with regards to other elements like market, operations, environment etc. to identify proper countermeasures. For further risk analysis, see note 21 to the financial statements.

FINANCIAL PERFORMANCE

Group

Revenues for the Group amounted to EUR 1020.1 million in 2015, an increase of EUR 41.0 million (4.2%) compared with the previous year, including favorable currency effects of EUR 61.1 million. Excluding the currency effects the revenues decreased by EUR 20.1 million. The decrease in revenues were primarily driven by some major programs reaching end of production in the passenger car segment, related to cables and shifters in Europe, and in the headrest and armrest business in North America. On the other hand, the seat comfort revenues within the passenger car segment in Europe increased. Continued weakness in the commercial vehicle market in South America impacted negatively the manual gearshifts sales, in addition weakness in the commercial vehicle market in China also impacted revenues negatively. Off-highway sales in North America increased year-over year. Revenues from the advanced fluid handling segment increased year-over year, driven by increased sales in the passer car segment in China and North America. In addition, coupling systems to the commercial vehicle business increased year-over year.

Operating profit amounted to EUR 36.5 million in 2015. Excluding the write-off in the second quarter of EUR 19.5 million the adjusted operating profit amounted to EUR 56.0, EUR 1.1 million (2.0%) above 2014. The adjusted operating margin ended at 5.5% compared to 5.6% in 2014. Operating margin was close to the same level as in 2014, as the volume effects and increase in R&D spend (EUR 7.8 million) were offset by favorable product mix, operational improvements and lower bonus accruals. R&D costs in e-Power increased year-over year by EUR 3.0 million to support future growth opportunities.

Segments

Revenues in **Interior** increased by 25.6 million (8.4%) in 2015 compared to 2014, including favorable currency effects of EUR 30.4 million. The business area's adjusted operating profit amounted to EUR 27.9 million, an increase of EUR 1.9 million (7.5%) driven by favorable sales mix and lower bonus accruals, partially offset by increased R&D efforts of EUR 5.3 million to support future growth opportunities. Adjusted operating margin was 8.5% and in line with 2014.

Driveline revenues declined by EUR 11.1 million (4.2%) in 2015, including positive currency effects of EUR 15.4 million, due to some major programs reaching end of production. Operating profit declined by EUR 2.3 million (-50.6%) to EUR 2.2 million, driven by volume effects and additional costs related to new program launches. The decline was partially offset by fixed cost reductions and a favorable sales mix.

Fluid Transfer revenues increased by EUR 21.5 million (11.1%), including positive currency effects of EUR 11.6 million. Operating profit for the business area was EUR 31.3 million, up EUR 7.7 million (32.6%) from the previous year reflecting conversion of higher sales and a favorable product mix.

Driver Control revenues increased by EUR 3.4 (1.3%) million in 2015. Operating profit decreased by EUR 1.6 million (-8.9%) to EUR 16.8 million, driven by the loss on sale of business (EUR 1.5 million) and product mix effects. The decline was partially offset by operational improvements and lower development costs of EUR 2.2 million.

Net financial items

Net financial items amounted to EUR -32.8 million in 2015 (-35.9). Interest expenses were reduced by EUR 3.6 million to EUR 8.2 million in 2015, reflecting a lower debt level and lower interest rate margins. Unrealized currency effects amounted to EUR -22.4 million compared to EUR -20.6 million in 2014.

Net profit

Net profit for the year was EUR -8.3 million, compared with 5.4 million in 2014. Net profit was negatively impacted by goodwill impairment and a material tax charge driven by derecognition of historical capitalized losses and non-recognition of current years losses.

Capital

The Group's long-term interest-bearing bank debt amounted to EUR 253.9 million (252.8) as of 31 December 2015. Repayment of loans of EUR 13.6 million was offset by currency effects driven by the stronger USD versus EUR, and by the derecognition of capitalized arrangement fees. As of 31 December 2015, the Group's book equity totaled EUR 214.2 million (210.3). The equity ratio was 30.7% (30.5%).

Liquidity

In total, the Group's liquidity reserve in cash and overdraft facilities amounted to EUR

DRIVER CONTROL

▲ EUR 3.4 million

increased revenues in 2015

125.2 million (134.8) at year end. The reduction is due the reduced facilities under the new loan agreement.

Cash flow
In 2015, the Group had a positive cash flow from operating activities of EUR 73.5 million, compared with EUR 86.1 million in 2014. The Group invested EUR 43.9 million in property, plant and equipment and intangible assets, an increase of EUR 7.8 million from 2014. Repayment of external loans amounted to EUR 13.6 million in 2015, EUR 23 million less than in 2014. The net change in cash and bank overdraft during 2015 was EUR 5.2 million.

Impairment
At the close of the year, the Group performed an impairment test in accordance with the requirement in IAS 36. Based on the result, no need for write-downs was identified beyond the write downs recognized in the second quarter.

See notes 3 and 12 for further details.

Kongsberg Automotive ASA – The parent company
In 2015, the parent company generated total operating revenues of EUR 43.0 million (41.3), with a corresponding operating profit of EUR -20.6 million (1.4). The parent company had net financial items of EUR 57.1 million in 2015 (52.0) positively impacted by currency effects. The net result after tax for the year amounted to EUR 20.3 million (40.4). As of 31 December 2015 equity totalled EUR 308.6 million (310.2). Appropriations in accordance with the dividend policy, the Board of Directors will propose to the Annual General Meeting that no dividend is paid for 2015.

FULL-TIME EMPLOYEES

10.004

net increase of 124 people compared with 2014

The Board of Directors proposes that Kongsberg Automotive ASA's net result of EUR 20.3 million is allocated as follows: Transferred to retained earnings.

CORPORATE GOVERNANCE

The Board of Directors of Kongsberg Automotive ASA has established a set of general principles and guidelines for corporate governance. These principles cover the Board's responsibility for determining the Group's risk profile, approving the organization of the business, allocating responsibility and authority, as well as requirements with respect to reporting lines and information, risk management and internal control. The tasks and responsibilities of the Board of Directors and the CEO are laid out in separate directives covering the Board and the CEO respectively.

The Board of Directors has issued directives to the Group's subsidiaries that are intended to ensure that they adopt and comply with the Group's principles and guidelines for corporate governance. The Group's guidelines for corporate responsibility summarize how work in this area is to be integrated into the Group's corporate governance processes for investments, product development, procurement and the well-being of our employees. The Board determines the Group's objectives in the field of corporate responsibility.

Guidelines for investor relations are intended to ensure that investors, lenders and other stakeholders in the securities market are provided with reliable, timely and identical information.

As an extension of the general principles and guidelines, a Code of Conduct has been adopted that applies to all Group employees

During the year, Kongsberg Automotive hired 40 more engineers which gives a total of 126 new engineers over the last two years.

and elected officers. Uniform regulations for risk management, internal control, financial reporting, handling of insider information and primary insiders' own trading activities have also been adopted.

Kongsberg Automotive complies with the latest version of the Norwegian Code of Practice for Corporate Governance. The Group's compliance with the requirements of each of the 15 main principles of the Norwegian Code of Practice for Corporate Governance and the provisions of section 3-3b of the Norwegian Accounting Act is further detailed in the Corporate Governance section in the annual report. This information is also available from the Company's website.

EMPLOYEES

At the end of 2015, Group had 10.004 full-time employees, which reflects a net increase of 124 people compared with the same period in 2014.

Overall, the largest increases in the company's workforce came in Mexico, with the addition of 191 employees, Poland with 188 employees and Slovakia with 152 new employees. Mexico has the largest number of KA employees with 3,030 people employed at three locations (Reynosa, 881; Matamoros, 1.147; and Nuevo Laredo, 1.002).

The Company has a strong focus on bringing on board skilled R&D experts that support our strategy in the three main growth platforms. During the year, Kongsberg Automotive hired 40 more engineers which gives a total of 126 new engineers the last two years.

The Group has a strong focus on bringing on board skilled R&D experts that support our strategy in the three main growth platforms.
Kongsberg Automotive is committed to having a culture of diversity and inclusion where all employees are valued for their unique differences and contributions to the success of the company. This commitment is defined in Group's Diversity policy and reflected in Kongsberg Automotive's focus on diversity in recruitment processes and management development programs.

In order to secure a diverse future for the organization, succession planning is reviewed annually to ensure that a better gender and ethnic balance exists within the Group. Women currently make up 48% of our total workforce, 20% of the executive management and 18% of top 50 management. The company's policy is to ensure fair and competitive remuneration to all employees.

The Board of Directors of Kongsberg Automotive ASA consists of three (38%) women and five (62%) men, with 40% of the company's shareholder-elected directors being female.

Kongsberg Automotive aims to continue its efforts to develop potential and managers to secure our leadership pipeline and to build HR-processes that support people development. This year the Group focused on improving performance reviews, ensuring individual developments plans for all white collar workers, implemented a new talent identification process and identified career paths for all functions in the Group.

Kongsberg Automotive recognizes the importance of attracting and retaining skilled and motivated employees at all levels of the organization, with a strong commitment to the business as well as the Group's ethical guidelines and values.

The fifth class of the managerial program called KAspire started in 2015. The program is aimed to prepare high performing young professionals to take on larger roles and responsibilities in the Group. The seventh class of KA's internal top management program Interdal was completed in September. In 2015, Kongsberg Automotive started new classes of the international program for middle management called KAliber. Significant internal resources are committed to these internal training programs and the programs are highly valued among employees.

HEALTH, SAFETY AND ENVIRONMENT (HSE)

Kongsberg Automotive gives the highest priority to Health, Safety and Environment (HSE). The authorities in countries where KA operates set HSE standards in the form of legislation, general regulations and specific requirements. All units within the Group comply with internal requirements alike. All manufacturing locations have implemented Environmental Management Systems in accordance with ISO 14001 Standards. Certification assures that units consider the environmental impact of their work and set targets for improved performance. As a supplier, Kongsberg Automotive also complies with standards set by its customers.

Objectives and plans for improved HSE performance were set and communicated in early 2015. Reviews of key performance indicators in this area were taken at top levels within the organization. Programs for preventions were reviewed for efficacy and adjustments made immediately when needed. As a result, the Group continues to report good performance with respect to HSE.

Absences due to personal illnesses are tracked by the company. When considering all the

CO_2 EMISSIONS INTENSITY
▼ 5%
decreased compare to 2014

Group's employees, the sick leave average was 1.9% in 2015, slightly less than 2.0% 2014. Kongsberg Automotive considers the safety of its workers a top priority. Eliminating unsafe conditions in manufacturing plants remained a primary focus.

In 2015 the Group averaged 3.7 accidents for every one million person-hours worked. While this is slightly higher than results achieved in 2014, we have reduced injuries by 16% over last five years. Notably, 12 of the group's 30 manufacturing locations reported zero accidents in 2015. Group facilities were tasked to further reduce the number of work-related injuries resulting in lost time, which is tracked internally as H-value. In the last year, there was an increase of the Group's H-value to 4 lost time injuries per one million man hours worked. However, when Group H-value average is adjusted for comparison to the leading external benchmark, Kongsberg Automotive's performance is better than average for the general manufacturing sectors. Regardless, the group will continue to employ all ways to improve awareness, operations, equipment and work processes to minimize potential hazards.

Energy consumption data for electricity and burning of fossil fuels needed for production activities was collected. The target for 2015 was to decrease energy consumption by another 1.5% relative to total product sales. While the Group's absolute energy use was essentially the same as last year, its output increased. Accordingly our Energy Intensity, measured as kilowatt-hour used in production for every euro of total product sales, decreased 4% over the year. Using UN Greenhouse Gas Calculators, we calculate the Group's 2015 CO_2 emissions at approximately 44,700 metric tons or a 5% decrease from last year. The CO_2 Emissions Intensity was also reduced by 9% to 41 metric tons of CO_2/1M€ of total product sales.

Pollution control is important to the Group and the communities in which it operates. Kongsberg Automotive's aim is to minimize the amount of waste sent to landfills and the toxicity of waste requiring special treatment or disposal. All Group units sought opportunities to reuse and recycle. In addition, 10 manufacturing locations were landfill free in 2015. As a result, the Group decreased both its absolute waste and its Waste Index by an impressive 30%.

In 2015, the Group reports no fires resulting in significant property damage or as interruption to normal business. However, one unauthorized release to the environment requiring disclosure to legal authorities did occur. At one the Group's locations in Norway, there was an internal equipment breach, which leaked a small amount of oil to an adjacent river. Authorities were promptly notified and corrective actions were swiftly and effectively implemented. As a result, there were no fines or penalties levied, no significant environmental impacts measured, or material impacts noted.

CORPORATE RESPONSIBILITY

Kongsberg Automotive develops and produces automotive parts that improve vehicle safety and reduce environmental impact. Our product offerings continue to support the sustainability requirements of our customers. We also consider internal practices related to the design and manufacturing of products within the context of sustainability and acting responsibly. This commitment starts with our Code of Conduct.

The Code provides guidelines to ensure that KA employees conduct activities in compliance with applicable laws and the ethical standards

that the international community recognizes and expects from a top tier automotive supplier. KA does not tolerate corruption or bribery, and encourages reporting of suspected misconduct. All KA companies and KA employees must follow this Code. With respect to human rights, KA promotes the International Labour Organization (ILO) fundamental principles including the right to freedom of association and the elimination of child labor, forced labor and discrimination linked to employment. KA also fully supports the Convention on the Rights of the Child, stating that all children have the right to leisure and education, thus neither KA nor its partners shall exploit children as a labor force. We expect our suppliers to adopt the same.

Our manufacturing footprint is global and we implement the One KA Factory standard to emphasize the commitment for operational excellence that characterizes our facilities, globally. Our standard describes general requirements and items that should be in all KA plants like safety signs and equipment, plant layout and flow, 5S requirements, common color schemes and clothing, use of lighting and maintaining a safe, clean environment.

We have a responsibility to do our part, in all areas of the world to protect the environment and its people. Further to this commitment, we released in 2015 a Conflict Minerals Position Statement for Suppliers and implemented a due diligence process to identify the possible presence of Conflict Minerals in our supply chain. To do so, we established a robust process to query and track suppliers and embrace responsible sourcing policies if risks are identified.

Kongsberg Automotive is committed to ensuring and benefiting from the diversity of our workforce. As defined in our Diversity Policy, we focus on diversity in recruitment processes and management development programs.

Kongsberg Automotive encourages employees to be involved in the communities where they live and work, and support issues such as the environment, education, health, social responsibility, and advocacy for children.

We provide further details of our work and commitments in our Corporate Responsibility Report.

OUTLOOK

Light Vehicle Production in 2016 is expected to grow by 4% to nearly 92 million vehicles. The Chinese market is expected to pick up pace again and we also expect reasonable growth in all other markets except South America and Russia.

Commercial vehicle production in 2015 is expected to contract by around -1%. Growth will come mainly from Asia. We also expect that growth in North America has reached the top.

The market outlook for 2016 gives reason to expect revenues to be in line with 2015.

The outlook is based on current market assumptions.

Board of Directors

Kongsberg Automotive's board has eight directors. Five are elected by shareholders and three by employees

ULLA-BRITT FRÄJDIN-HELLQVIST
Chairwoman

HALVOR STENSTADVOLD
Board member

MALIN PERSSON
Board member

THOMAS FALCK
Board member

MAGNUS JONSSON
Board member

KARI BRÆNDEN AASLUND
Employee representative

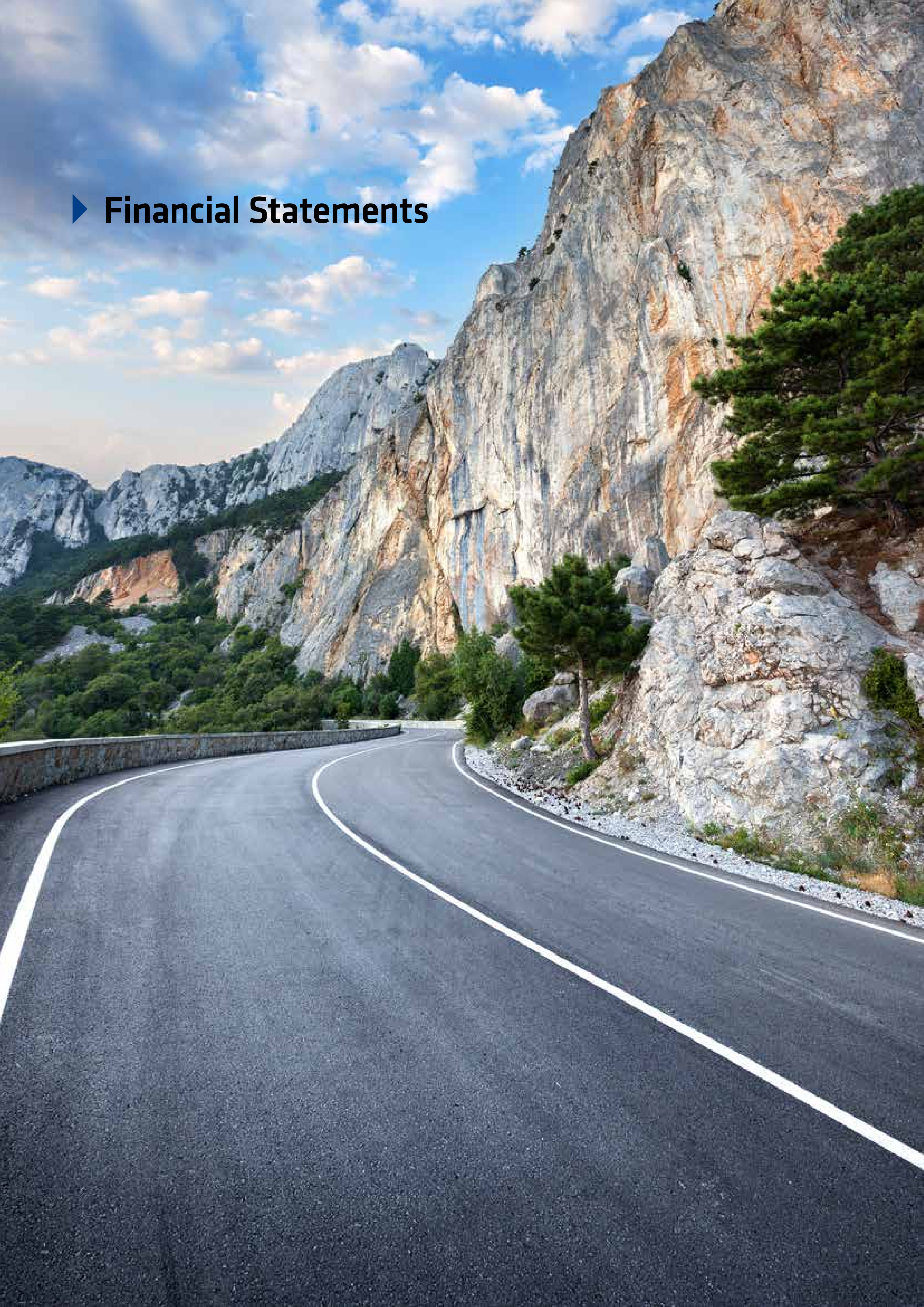
KJELL KRISTIANSEN
Employee representative

JON IVAR JØRNBY
Employee representative

Hans Peter Havdal
President and CEO

Kongsberg, February 11, 2016
The Board of Directors of Kongsberg Automotive ASA

Financial Statements



Statement of Comprehensive Income

Parent 31.12.15	Parent 31.12.14	MEUR	Note	Group 31.12.15	Group 31.12.14
43.0	**41.3**	**Operating revenues**		**1,020.1**	**979.1**
		Operating expenses	7, 29		
0.0	0.0	Raw material expenses		(444.6)	(430.6)
0.0	0.0	Change in inventories		3.7	(0.5)
(5.9)	(6.8)	Salaries and social expenses	8	(292.5)	(272.9)
(57.3)	(32.8)	Other operating expenses	9	(184.2)	(178.1)
(0.0)	(0.0)	Depreciation	13	(29.6)	(28.6)
(0.3)	(0.3)	Amortization / Impairment	12	(36.5)	(13.5)
(63.6)	**(39.8)**	**Total operating expenses**		**(983.6)**	**(924.2)**
(20.6)	**1.4**	**Operating (loss) / profit**		**36.5**	**54.8**
		Financial items			
73.9	65.7	Financial income	10	1.1	0.2
(16.8)	(13.8)	Financial expenses	10	(33.9)	(36.1)
57.1	**52.0**	**Net financial items**		**(32.8)**	**(35.9)**
36.5	**53.4**	**(Loss) / profit before income tax**		**3.7**	**18.9**
(16.3)	(12.9)	Income tax	11	(12.0)	(13.5)
20.3	**40.4**	**(Loss) / profit for the year**		**(8.3)**	**5.4**
		Other comprehensive income (Items that may be reclassified to profit or loss in subsequent periods):			
(20.0)	(24.7)	Translation differences		25.6	27.9
0.0	0.0	Tax on translation differences		(11.2)	(12.6)
		Other comprehensive income (Items that will not be reclassified to profit or loss in subsequent periods).			
(0.0)	(0.0)	Remeasurement of the net PBO.		0.2	(2.7)
0.0	0.0	Tax on remeasurement of the net PBO		(0.1)	0.8
(20.0)	**(24.7)**	**Other comprehensive income**		**14.5**	**13.4**
0.2	**15.7**	**Total comprehensive income for the year**		**6.2**	**18.8**
		Profit attributable to:			
20.3	40.4	Equity holders (parent company)		(8.4)	5.1
0.0	0.0	Non-controlling interests		0.0	0.3
20.3	**40.4**	**Total**		**(8.3)**	**5.4**
		Total comprehensive income attributable to:			
0.2	15.7	Equity holders (parent company)		6.2	18.6
0.0	0.0	Non-controlling interests		0.0	0.3
0.2	**15.7**	**Total**		**6.2**	**18.8**
		Earnings per share:			
		Basic earnings per share, Euros	17	(0.02)	0.01
		Diluted earnings per share, Euros	17	(0.02)	0.01

Statement of Cash Flows

Parent				Group	
31.12.15	31.12.14	MEUR	Note	31.12.15	31.12.14
		Operating activities			
36.5	53.4	(Loss) / profit before taxes		3.7	18.9
0.0	0.0	Depreciation	13	29.6	28.6
0.3	0.3	Amortization / Impairment	12	36.5	13.5
(23.2)	(21.5)	Interest income	10	(0.1)	(0.2)
7.9	12.2	Interest expenses	10	8.2	11.9
(0.7)	(0.6)	Taxes paid	11	(11.2)	(9.1)
0.0	0.0	(Gain) / loss on sale of non-current assets	12,13	0.0	0.0
2.4	13.7	Changes in trade receivables	15	(4.5)	(3.7)
0.0	0.0	Changes in inventory	14	(3.7)	0.5
(20.8)	(1.6)	Changes in trade payables	20	1.9	(1.3)
(29.7)	(31.7)	Currency differences over P/L	10	22.4	20.6
(1.5)	(0.5)	Changes in value of financial derivatives	10	(1.0)	0.2
(19.5)	(12.1)	Dividends received		0.0	0.0
49.4	(3.3)	Changes in other items [1]	10	(8.2)	6.0
1.2	**8.3**	**Cash flow from operating activities**		**73.5**	**86.1**
		Investing activities			
(0.2)	(0.6)	Capital expenditures, including intangible assets	12,13	(43.9)	(36.1)
0.0	0.0	Proceeds from sale of fixed assets	12,13	0.1	0.1
(23.0)	(18.9)	Issue of new group loans		0.0	0.0
8.9	23.2	Repayment of group loans		0.0	0.0
0.0	(2.3)	Investment in subsidiaries	6, 7	0.0	(0.4)
0.0	21.5	Interest received		0.1	0.2
23.2	12.1	Dividends received		0.0	0.0
9.2	0.0	Proceeds from sale of subsidiaries		0.3	0.0
18.0	**34.9**	**Cash flow from investing activities**		**(43.5)**	**(36.2)**
		Financing activities			
(2.6)	1.9	Proceeds from sale/purchase of treasury shares [2]		(2.6)	1.9
(13.6)	(36.7)	Repayment of external loans [3]	19	(13.6)	(36.7)
(0.2)	0.0	Repayment of group loans		0.0	0.0
(8.3)	(13.1)	Interest paid		(8.5)	(12.8)
0.0	0.0	Dividends paid [4]		(0.4)	0.0
(1.3)	(0.1)	Other financial charges		(1.3)	(2.4)
(25.9)	**(47.9)**	**Cash flow from financing activities**		**(26.3)**	**(49.9)**
1.0	**(0.2)**	**Currency effects on cash**		**1.5**	**2.0**
(3.7)	(7.9)	Net change in cash		5.2	1.9
(0.3)	7.6	Net cash at 1st January [5]		34.6	32.7
(4.0)	**(0.3)**	**Net cash at 31 December**		**39.9**	**34.6**
0.0	0.2	Of this, restricted cash		0.3	1.0

1) Parent company includes write down of loan, receivables, and shares in subsidiary
2) Comprises the net purchase of treasury shares (see "Statement of Changes in Equity")
3) 2015 refinancing presented net
4) Comprises dividend paid from Shanghai Kongsberg Automotive Dong Feng Morse Co. Ltd (China) to external shareholders (see "Statement of Changes in Equity")
5) Comprises the net amount of bank deposits, cash and bank overdraft

Statement of Financial Position

Parent				Group	
31.12.15	31.12.14	MEUR	Note	31.12.15	31.12.14
		ASSETS			
		Non-current assets			
0.0	0.0	Deferred tax assets	11	41.8	41.8
0.8	1.0	Intangible assets	12	193.5	214.7
0.1	0.1	Property, plant and equipment	13	143.3	128.3
182.3	194.9	Investments in subsidiaries	6	0.0	0.0
416.9	416.8	Loans to subsidiaries and other non-current assets	29	1.1	1.8
600.1	612.8	Total non-current assets		379.7	386.6
		Current assets			
0.0	0.0	Inventories	14	80.5	76.8
35.9	23.8	Trade and other receivables	15, 29	184.0	172.4
1.4	5.3	Cash and cash equivalents		53.9	53.5
37.3	29.1	Total current assets		318.4	302.7
637.5	641.9	Total assets		698.1	689.2
		EQUITY AND LIABILITIES			
		Equity			
21.2	22.3	Share capital	16	21.2	22.3
(0.2)	(0.1)	Treasury shares	16	(0.2)	(0.1)
175.6	186.5	Share premium		175.6	186.5
(29.1)	(19.4)	Other reserves		54.0	29.5
141.2	120.9	Retained earnings		(40.2)	(31.8)
308.6	310.2	Attributable to equity holders		210.3	206.3
0.0	0.0	Non-controlling interests		3.9	4.0
308.6	310.2	Total equity		214.2	210.3
		Non-current liabilities			
23.1	8.8	Deferred tax liabilities	11	30.8	17.5
1.3	1.4	Retirement benefit obligations	18	17.9	18.8
253.4	252.5	Interest-bearing loans and borrowings	19, 21	253.9	252.8
277.8	262.8	Total non-current liabilities		302.5	289.0
		Current liabilities			
12.3	9.4	Bank overdraft	19	14.0	18.8
0.0	0.0	Other current interest-bearing liabilities	19	0.0	0.0
(0.7)	(0.7)	Current income tax liabilities	11	2.3	6.1
39.5	60.3	Trade and other payables	20, 29	165.0	164.9
51.1	68.9	Total current liabilities		181.3	189.9
328.9	331.7	Total liabilities		483.9	478.9
637.5	641.9	Total equity and liabilities		698.1	689.2

The Board of Directors of Kongsberg Automotive ASA
Kongsberg, February 11, 2016

Ulla-Britt Fräjdin-Hellqvist
Chairwoman (Sign.)

Halvor Stenstadvold
(Sign.)

Malin Persson
(Sign.)

Thomas Falck
(Sign.)

Magnus Jonsson
(Sign.)

Kari Brænden Aaslund
(Sign.)

Kjell A. Kristiansen
(Sign.)

Jon Ivar Jørnby
(Sign.)

Hans Peter Havdal
President and CEO (Sign.)

Statement of Changes in Equity

Group

MEUR	Share capital	Treasury shares	Share premium	Other reserves	Retained earnings	Attributable to equity holders of the parent	Non-controlling interest	Total equity
Equity 01.01.14	**24.3**	**(0.4)**	**201.2**	**(1.2)**	**(37.0)**	**186.9**	**2.8**	**189.6**
Sale of treasury shares		0.2		1.6		1.9		1.9
Value of share options charged to income statement				0.4		0.4		0.4
Changes in non-controlling interests				(0.7)		(0.7)	0.3	(0.4)
Other changes in equity								0.0
Total comprehensive income for the year:								
Profit for the year					5.1	5.1	0.3	5.4
Other comprehensive income:								
Translation differences	(2.0)	0.0	(14.7)	43.9		27.3	0.6	27.9
Tax on translation differences				(12.6)		(12.6)		(12.6)
Remeasurement of net defined pension liability				(2.7)		(2.7)		(2.7)
Tax on remeasurement of net pension liability				0.8		0.8		0.8
Equity 31.12.14 / 01.01.15	**22.3**	**(0.1)**	**186.5**	**29.5**	**(31.8)**	**206.3**	**4.0**	**210.3**
Sale/ (purchase) of treasury shares		(0.1)		(2.5)		(2.6)		(2.6)
Value of share options charged to income statement				0.7		0.7		0.7
Transactions with non-controlling interests				(0.4)		0.0	(0.4)	(0.4)
Other changes in equity								0.0
Total comprehensive income for the year:								
Profit for the year					(8.3)	(8.4)	0.0	(8.3)
Other comprehensive income (OCI):								
Translation differences	(1.1)	0.0	(10.9)	37.6		25.3	0.3	25.6
Tax on translation differences				(11.2)		(11.2)		(11.2)
Remeasurement of net defined pension liability				0.2		0.2		0.2
Tax on remeasurement of net pension liability				(0.1)		(0.1)		(0.1)
Equity 31.12.15	**21.2**	**(0.2)**	**175.6**	**54.0**	**(40.2)**	**210.3**	**3.9**	**214.2**

Parent

MEUR	Share capital	Treasury shares	Share premium	Other reserves	Retained earnings	Subtotal	Non-controlling interest	Total equity
Equity 01.01.14	**24.3**	**(0.4)**	**201.2**	**(13.3)**	**80.5**	**292.2**		**292.2**
Sale of treasury shares		0.2		1.6		1.9		1.9
Value of share options charged to income statement				0.4		0.4		0.4
Profit for the year					40.4	40.4		40.4
Other comprehensive income:								
Foreign currency translation	(2.0)	0.0	(14.7)	(8.1)		(24.7)		(24.7)
Remeasurement of net defined pension liability				(0.0)		(0.0)		(0.0)
Tax on remeasurement of net pension liability				0.0		0.0		0.0
Equity 31.12.14 / 01.01.15	**22.3**	(0.1)	**186.5**	(19.4)	**120.9**	310.2		310.2
Sale/ (purchase) of treasury shares		(0.1)		(2.5)		(2.6)		(2.6)
Value of share options charged to income statement				0.7		0.7		0.7
Profit for the year					20.3	20.3		20.3
Other comprehensive income:								
Foreign currency translation	(1.1)	0.0	(10.9)	(7.9)		(20.0)		(20.0)
Remeasurement of net defined pension liability				(0.0)		(0.0)		(0.0)
Tax on remeasurement of net pension liability				0.0		0.0		0.0
Equity 31.12.15	**21.2**	**(0.2)**	**175.6**	**(29.2)**	**141.2**	**308.6**		**308.6**

Share capital: par value for shares in issue
Treasury shares: par value for own shares
Share premium: premium over par value for shares in issue
Other reserves: translation differences, premium treasury shares, warrants, share options and OCI

Retained earnings: accumulated retained profits and losses
Non-controlling interests: non-controlling interests' share of equity in group companies

Notes

NOTE 1 Reporting Entity

Kongsberg Automotive ASA ('the Company') and its subsidiaries (together 'the Group') develop, manufacture and sell products to the automotive industry worldwide. The Company is a limited liability company incorporated and domiciled in Norway.

The address of its registered office is Dyrmyrgata 48, NO-3601 Kongsberg, Norway. The Company is listed on the Oslo Stock Exchange. The Group consolidated financial statements were authorized for issue by the Board of Directors on 11 February 2016.

NOTE 2 Basis of Preparation

Statement of compliance

The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations as endorsed by EU. The Parent company's financial statements are prepared in accordance with simplified IFRS according to the Norwegian accounting act § 3-9. The Parent is following the same accounting policies as of the Group.

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Use of estimates and judgement

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 a higher degree of judgments or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3. The Group financial statements are prepared on a going concern basis.

Changes in accounting policy and disclosures

No new and amended standards adopted by the Group for the first time in 2015 have had, or is expected to have a material impact on the Group. See note 5 for new standards not yet adopted.

Functional and presentation currency

These consolidated financial statements are presented in Euro. The Group has entities with functional currencies other than Euros. All financial information presented in Euro has been rounded to the nearest thousand, except when otherwise indicated.

NOTE 3 Critical Accounting Estimates and Judgements

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Impairment testing

Goodwill and other relevant assets are tested for impairment annually, or more frequently if events or changes in circumstances indicate that they might be impaired. This consists of an analysis to assess whether the carrying amount of e.g. goodwill is fully recoverable. The determination of recoverable amount involves establishing the Value in use (VIU), measured as the present value of the cash flows expected from the cash-generating unit, to which the goodwill has been allocated. The cash-generating units in KA are the four business areas (Driveline, Interior, Driver Control and Fluid Transfer). The forecasts of future cash flows are based on the Group's best estimates of future revenues and expenses for the cash-generating units to which goodwill has been allocated. A number of assumptions and estimates can have significant effects on these calculations and include parameters such as macroeconomic assumptions, market growth, business volumes, margins and cost effectiveness. Changes to any of these parameters, following changes in the market conditions, competition, strategy or other factors, affect the forecasted cash flows and may result in impairment of goodwill. See Note 12.

Expected useful lifetime

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the income statement in the expense category consistent with the function of the intangible assets. Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

The residual values, useful lives and methods of depreciation of property, plant & equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. Impairment testing is used when relevant (see above).

Research and development

Significant investments are made towards product improvements and innovation to secure the Group's position in the market. Estimates and judgments used when deciding how the costs should be accounted for (charged to P&L or capitalized) will have a significant effect on P&L and equity. See note 4 and 12 for further information.

Deferred tax asset

Deferred income tax assets are recognized for tax losses carried forward only to the extent that realization of the related benefit is probable. Several subsidiaries have losses carried forward on which they have recognized deferred tax assets. The probability of their realization is determined by applying a professional judgment to forecast cash flows. These cash flows are based on assumptions and estimates and, accordingly, changes to the forecasts may result in changes to deferred tax assets and tax positions. See Note 11 - Taxes.

Actuarial calculations of pension liabilities

The Projected Benefit Pension Obligation (PBO) for major pension plans is calculated by external actuaries using demographic assumptions based on the current population. A number of actuarial and financial parameters are used as bases for these calculations. The most important financial parameter is the discount rate. Other parameters such as assumptions as to salary increases and inflation are determined based on the expected long-term development. The fixing of these parameters at the year end is disclosed in Note 18 - Retirement benefit obligations.

NOTE 4 Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of consolidation

The consolidated financial statements comprise the financial statements of Kongsberg Automotive ASA and its subsidiaries as of December 31 each year. The financial statements of subsidiaries are prepared for the same reporting periods as the Parent company, using consistent accounting principles.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the Parent company, using consistent accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any non-controlling interest
- Derecognizes the cumulative translation differences, recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in profit or loss
- Reclassifies the Parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate.

Investments in subsidiaries are recorded at cost in the Parent company's separate financial statements.

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquire. For each business combination, the Group elects whether it measures the non-controlling interest in the acquire either at fair value or at the proportionate share of the acquirer's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses. When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquire.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquire is remeasured to fair value at the acquisition date through profit or loss. Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability will be recognized in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of IAS 39, it is measured in accordance with the appropriate IFRS.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquire, and the fair value of the acquirer's previously held equity interest in the acquire (if any) over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units. Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Functional and presentation currency

The Group presents its consolidated financial statements in Euros. The Group has subsidiaries with functional currencies other than Euros. For consolidation the balance sheet amounts for subsidiaries with different functional currencies are translated at the rates applicable at the balance sheet date and the income statements are translated at the average rates for each month of the period. Exchange differences on translation are recognized in OCI.

The presentation currency of the Parent company is Euro, whilst its functional currency is Norwegian kroner. The reason for the use of Euros is to enable all amounts in the published financial statements of both the Group and the Company to be presented in the same currency.

Transactions in foreign currencies are translated at the exchange rate applicable on the transaction date. Exchange gains and losses that arise as a result of changes in the exchange rate between the transaction date and the settlement date are recognized in the income statement as financial income or expenses.
Main exchange rates per 31.12.2015:
> 1 EUR: NOK 9,60300 (end of period)
> 1 USD: NOK 8,82061 (end of period)

Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group's Executive Committee (led by CEO).

Revenue recognition

Revenue is recognized at the point at which it is probable that future economic benefits will accrue to the Group and then only when the amount can be reliably estimated. Sales revenues are presented net of value added tax and discounts.

Revenue from the sale of goods is recognized when the goods are delivered and titles have passed and the Group has transferred to the buyer the significant risks and rewards of ownership of the goods. Revenue from other income streams, such as tooling, prototype parts and engineering services is recognized upon notification of formal customer acceptance.

The Parent company has only Group internal revenues. Most of the revenues are Management fees to cover the Groups common expenses.

Intangible assets

Goodwill

Goodwill represents the excess of cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on the acquisition of subsidiaries is included within intangible assets.

Goodwill arising from the acquisition of a foreign entity is treated as an asset in the foreign entity and is translated at the exchange rate applicable at the balance sheet date.

For the purpose of impairment testing, goodwill is allocated to the relevant cash-generating unit (CGU). The allocation is made to those units that are expected to benefit from the acquisition. The Group allocates goodwill to each operating segment.

Goodwill is stated net of any impairment losses. Impairment is tested annually (or changes in circumstances indicate that it might be impaired). Impairment losses are regarded as permanent in nature and are not reversed.

Research and development costs

Research costs are expensed as incurred. Intangible assets arising from development costs on specific projects are recognized only when the Group can demonstrate:

- the technical feasibility of completing the intangible asset so that it will be available for use or for sale
- its intention to exercise the right to use or to sell the asset
- how the asset will generate future economic benefits
- the ability of resources to complete the project
- the ability to reliably measure the expenditure incurred

Development costs are amortized over the period of expected future sales of the developed product from the time that deliveries commence. When the sales period is uncertain or is longer than five years, the amortization period limited to five years.

Other intangible assets

Intangible assets are recognized in the balance sheet if it can be proven that there are probable future economic benefits that can be attributed to the assets and if the assets cost price can be reliably estimated. Intangible assets with a finite useful life are amortized and due consideration is given to any need for recognition of impairment losses. Amortization is charged using the straight-line method over the estimated useful life of the asset. The amortization estimate and the method are subject to annual assessment based on the pattern of consumption of future economic benefits.

Customer relationships: Customer relationships acquired are amortized over 10 years. Assessments are performed when acquiring new businesses.

Patents: Patents are amortized over their lifetimes, which generally are between three and 21 years. 75% of the net book value relates to patents with a lifetime of 11 years or more.

Software: Costs associated with maintaining computer software are expensed as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognized 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
- 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
- the expenditure attributable to the software product during its development can be reliably measured

Directly attributable costs that are capitalized as part of the software product include employee costs and an appropriate proportion of relevant overheads. Development expenses that do not meet these criteria are expensed as incurred and are not recognized as an asset in a subsequent accounting period.

Software costs are amortized over their estimated useful lives, which do not exceed three years.

Property, plant & equipment (PP&E)

PP&E are carried at cost less accumulated depreciation and impairment losses. The assets are depreciated over their useful economic lives using the straight-line method.

Cost includes duties, taxes, installation and commissioning costs relating to making the non-current asset available for use. Subsequent costs, such as repair and maintenance costs, are normally expensed when incurred. Whenever increased future economic benefits arising as a result of repair and maintenance work can be proven, such costs are recognized in the Statement of Financial Position sheet as additions to non-current assets. Each part of an item of PPE is depreciated separately.

Straight-line depreciation is calculated at the following rates:

■ Land	Not depreciated
■ Buildings	3 - 4%
■ Production machinery and tooling	10 - 25%
■ Computer equipment	33%

Whenever non-current assets are sold or scrapped, the gross carrying amount and the accumulated depreciation are reversed. The gain or loss on disposal or scrapping is recognized in the income statement.

PPE assets are tested annually for impairment. Assets are grouped at cash generating unit levels and are written down to their recoverable amounts if their carrying values are greater than their estimated recoverable amounts.

Inventories

Inventories are measured using the FIFO (First In - First Out) principle and are valued at the lower of cost and net realizable value. Raw materials are valued at purchase price, including freight, forwarding charges and import duties. Work in progress and finished goods include variable production costs and fixed costs allocated on normal capacity. Interest costs are not included. Provision for slow moving and obsolete inventory is deducted.

Financial instruments

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

Trade receivables

Trade receivables are carried at original invoice amounts, less an allowance for any uncollectible amounts.

Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and in hand, together with short-term deposits having a maturity of three months or less. Bank overdrafts appear in the Statement of Financial Position within current liabilities.

Interest-bearing loans and borrowings

All loans and borrowings are initially recognized at the fair value of the consideration received, less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Repayments of long-term debt due within twelve months of the balance sheet date are shown as current liabilities.

Foreign exchange gain/loss in local books on long-term intercompany loans, that are classified as investments loans, are reversed in P&L on Group level and posted against equity.

Financial derivative instruments

The Group uses financial derivative instruments to reduce risks associated with interest rate risk. These derivatives are not designated as hedging instruments. The derivatives are measured at fair value. Changes in fair value are recognized in the income statement as financial income or expenses, depending upon whether they represent gains or losses. They are disclosed on the line "Changes in value of financial derivatives" within note 10 - Financial Items.

Taxes payable and deferred taxes

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized 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 in which the company's subsidiaries operate. Management periodically evaluates positions taken in tax returns and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements, using tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the deferred income tax asset is realized or the deferred income tax liability settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred tax positions are netted within the same tax entity.

Retirement benefit obligations

The Parent company Kongsberg Automotive ASA and its Norwegian subsidiary Kongsberg Automotive AS have defined benefit and defined contribution pension plans. The plans were changed from defined benefit to defined contribution in 2004. The defined benefit plan was continued for employees who had already retired. The other defined benefit plan still in operation is an early retirement plan for the CEO.

Defined benefit pension plans also exist in two subsidiaries in Germany, subsidiaries in Netherlands and France. The subsidiaries in Sweden, the UK and the USA have defined contribution pension plans for employees.

Defined benefit plans:

The pension assets and liabilities are valued by actuaries each year using a linear accrual formula, which regards the employees' accrued pension rights during the period as the pension cost for the year. Gains or losses linked to reductions in or terminations of pension plans are recognized in the income statement when they arise. Actuarial gains / losses are recognized in other comprehensive income The pension commitments are calculated on the basis of the net present value of future cash flows. See note 18 for further information on the implementation effects of, and accounting treatment provided in the revised IAS 19 "Employee Benefits".

Defined contribution plans:

The companies' contributions to the plans are recognized in the income statement for the year for which the contributions apply.

Multiemployer plan (AFP) – Norway

The former early retirement arrangement in Norway was replaced commencing 01.01.2011. Financing of the early retirement arrangement is now done by an annual fee which represents the final cost for the companies included. All employees in KA ASA and KA AS (subsidiary) are included in the AFP scheme.

Top hat pension – Norway

The defined contribution plans have legislative limitations when it comes to maximum salary as calculation basis for tax deductibility. Employees in KA ASA and KA AS (subsidiary) with salaries that exceed this limit, will be granted an addition to the pension that includes the salary above the maximum limit. This obligation will only materialize if the person is employed in KA at the time of retirement. The calculated obligation is accrued in the Statement of Financial Position as Retirement benefit obligations.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

Warranty provisions

Provisions for warranty-related costs are recognized when the product is sold or service provided. Initial recognition is based on historical experience.

Restructuring provisions

Restructuring provisions are recognized only when general recognition criteria for provisions are fulfilled. Additionally, the Group follows a detailed formal plan about the business or part of the business concerned, the location and number of employees affected, a detailed estimate of the associated costs and appropriate timeline. The employees affected have a valid expectation that the restructuring is being carried out or the implementation has been initiated already.

Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Share options

The Group operates a number of equity-settled, share-based compensation plans under which the Group receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the services the Group has received from employees as a return service for granted options is recognized as an expense. The total amount to be expensed over the contribution time is calculated based on the fair value of the granted options. The Group carries out a re-evaluation of its estimates of the number of options likely to be exercised at each balance sheet date. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

Treasury shares

Whenever any Group company purchases the Company's equity share capital as treasury shares the consideration paid, including any directly attributable incremental costs and net of income taxes is deducted from equity attributable to the Company's equity shareholders until the shares are cancelled or re-issued. Where such shares are subsequently reissued any consideration received, net of any directly attributable transaction costs and the related income tax effects, is included in equity attributable to the Company's equity shareholders.

Dividend distribution

Dividend distribution to the Group's shareholders is recognized as a liability in the Group's financial statements in the period between dividends are approved by the Company's shareholders and paid.

Leases

Operational lease

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

Financial lease

The Group leases certain property, plant & equipment. Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. 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 so as 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.

NOTE 5 New Standards and Interpretations not yet Adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, 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.

NOTE 6 Subsidiaries

Company name	Country of incorporation	Ownership	Companies owned by parent
Kongsberg Automotive Ltda	Brazil	100%	x
Kongsberg Inc	Canada	100%	
Kongsberg Automotive (Shanghai) Co Ltd	China	100%	
Kongsberg Automotive (Wuxi) Ltd	China	100%	x
Shanghai Kongsberg Automotive Dong Feng Morse Co Ltd	China	75%	
Shanghai Lone Star Cable Co Ltd	China	100%	
Kongsberg Automotive SARL	France	100%	x
Kongsberg Driveline Systems SAS	France	100%	
Kongsberg Raufoss Distribution SAS	France	100%	
SCI Immobilière La Clusienne	France	100%	
Kongsberg 1 GmbH	Germany	100%	
Kongsberg Actuation Systems GmbH	Germany	100%	
Kongsberg Automotive GmbH	Germany	100%	x
Kongsberg Driveline Systems GmbH	Germany	100%	
Kongsberg Actuation Systems Ltd	Great Britain	100%	
Kongsberg Automotive Ltd	Great Britain	100%	
Kongsberg Holding Ltd	Great Britain	100%	
CTEX Seat Comfort (Holding) Ltd	Great Britain	100%	x
Kongsberg Power Products Systems Ltd	Great Britain	100%	
Kongsberg Automotive Hong Kong Ltd	Hong Kong	100%	
Kongsberg Interior Systems Kft	Hungary	100%	
Kongsberg Automotive (India) Private Ltd	India	100%	x
Kongsberg Automotive Driveline System India Ltd	India	100%	x
Kongsberg Automotive Ltd	Korea	100%	x
Kongsberg Automotive S. de RL de CV	Mexico	100%	
Kongsberg Driveline Systems S. de RL de CV	Mexico	100%	
Kongsberg Interior Systems S. de RL de CV	Mexico	100%	
Kongsberg Actuation Systems BV	Netherlands	100%	
Kongsberg Automotive AS	Norway	100%	x
Kongsberg Automotive Holding 2 AS	Norway	100%	x
Kongsberg Automotive Sp. z.o.o	Poland	100%	x
Kongsberg Automotive s.r.o	Slovakia	100%	
Kongsberg Actuation Systems SL	Spain	100%	
Kongsberg Automotive AB	Sweden	100%	x
Kongsberg Power Products Systems AB	Sweden	100%	
e-Power Nordic AB	Sweden	100%	
Kongsberg Driveline Systems I Inc.	USA	100%	
Kongsberg Actuation Systems II Inc.	USA	100%	
Kongsberg Holding III Inc.	USA	100%	
Kongsberg Interior Systems II Inc.	USA	100%	
Kongsberg Automotive Inc.	USA	100%	
Kongsberg Power Products Systems I Inc.	USA	100%	
Kongsberg Automotive Japan KK	Japan	100%	x

NOTE 7 Segment Information

Operating Segments

The Group has four reportable segments, which are the strategic business units: Driveline, Interior, Driver Control and Fluid Transfer. The strategic business areas (segments) offer different products and services, and are managed separately because they require different technology and marketing strategies. The Group's risks and rates of return are affected predominantly by differences in the products manufactured. The four segments have different risk profiles in the short-term perspective, but over a long-term perspective the profiles are considered to be the same. The Group's Executive Committee (led by CEO) reviews the internal management reports from all strategic business areas on a monthly basis.

Information regarding the results of each reportable segment is included below. Performance is measured on EBITDA and EBIT as included in the internal management reports issued on a monthly basis. Segment EBIT is used to measure performance as management believes that such information is the most relevant in evaluating the results of the segments (also relative to other entities that operate within these industries).

Sales transactions and cost allocations between the business units are based on the arms' length principle. The results for each segment and the capital allocation elements comprise both items that are directly related to and recorded within the segment, as well as items that are allocated based on reasonable allocation keys.

The following summary describes the operations of each of the Group's reportable segments:

Fluid Transfer

Fluid Transfer designs and manufactures fluid handling systems for both the automotive and commercial vehicle sectors, as well as coupling systems for compressed air circuits on heavy trucks. Fluid provides completely engineered flexible fluid assemblies for all market segments in which it operates, it has also specialized in manufacturing tube and hose assemblies for difficult environments.

Driver Control

Driver Control is a global leader in the development, design and manufacturing of operator control systems for commercial, industrial, agricultural, construction and power sports vehicles offering a robust product portfolio of clutch actuation systems, gearshift systems, vehicle dynamics, steering columns, pedal systems and electronic displays.

Driveline

Driveline is a global Tier 1 supplier of gear shifter systems for the passenger car market. The portfolio contains innovative shift by wire solutions primary used by premium cars as well as mechanical systems for both manual and automatic transmission for mid segment cars.

Interior

Interior is a global leader in the development, design and manufacture of seat comfort systems and mechanical and electro-mechanical light-duty motion controls to Tier 1 and OEM customers. The product range includes; seat adjuster cables and other cabling systems, lumbar support and side bolsters, seat heating, ventilation and massage systems, arm rests and head restraints.

Operating Segments – Financials

2015

MEUR	Driveline	Interior	Driver Control	Fluid Transfer	Eliminations & other*	Group
Operating revenues	253.9	330.1	256.1	215.0	(35.0)	1,020.1
EBITDA	**13.2**	**39.0**	**30.9**	**41.2**	**(21.7)**	**102.6**
Depreciation	(8.0)	(8.8)	(6.6)	(6.0)	(0.2)	(29.6)
Amortization / Impairment	(3.0)	(21.9)	(7.5)	(3.9)	(0.3)	(36.5)
Operating (loss) / profit (EBIT)	**2.2**	**8.4**	**16.8**	**31.3**	**(22.2)**	**36.5**
Assets and liabilities						
Goodwill	6.7	60.2	31.9	55.6	0.0	154.5
Other intangible assets	9.5	6.1	13.9	8.8	0.8	39.0
Property, plant and equipment	35.3	41.1	35.0	31.2	0.8	143.3
Inventories	16.9	18.3	27.0	19.1	(0.8)	80.5
Trade receivables	28.9	56.8	28.4	30.6	(0.0)	144.6
Segment assets	**97.3**	**182.4**	**136.2**	**145.3**	**0.8**	**562.0**
Unallocated assets	0.0	0.0	0.0	0.0	136.1	136.1
Total assets	**97.3**	**182.4**	**136.2**	**145.3**	**136.9**	**698.1**
Trade payables	24.0	31.2	25.1	19.9	0.8	101.0
Unallocated liabilities	0.0	0.0	0.0	0.0	382.9	382.9
Total liabilities	**24.0**	**31.2**	**25.1**	**19.9**	**383.7**	**483.9**
Capital expenditure	**8.4**	**15.5**	**9.2**	**7.9**	**0.1**	**41.0**

2014

MEUR	Driveline	Interior	Driver Control	Fluid Transfer	Eliminations & other*	Group
Operating revenues	265.0	304.5	252.7	193.5	(36.8)	979.1
EBITDA	**15.6**	**35.3**	**29.3**	**34.1**	**(17.4)**	**97.0**
Depreciation	(8.1)	(7.3)	(6.1)	(7.1)	(0.0)	(28.6)
Amortization	(3.0)	(2.1)	(4.8)	(3.4)	(0.3)	(13.5)
Operating (loss) / profit (EBIT)	**4.5**	**25.9**	**18.4**	**23.6**	**(17.6)**	**54.8**
Assets and liabilities						
Goodwill	6.4	75.1	33.3	51.1	0.0	165.9
Other intangible assets	10.9	7.5	17.8	11.6	1.0	48.8
Property, plant and equipment	33.9	33.2	32.6	28.0	0.6	128.3
Inventories	16.9	17.2	27.5	15.8	(0.6)	76.8
Trade receivables	33.6	49.6	30.4	26.5	0.0	140.1
Segment assets	**101.7**	**182.6**	**141.7**	**132.9**	**1.0**	**559.9**
Unallocated assets	0.0	0.0	0.0	0.0	129.3	129.3
Total assets	**101.7**	**182.6**	**141.7**	**132.9**	**130.3**	**689.2**
Trade payables	25.0	26.6	25.2	21.4	0.8	99.1
Unallocated liabilities	0.0	0.0	0.0	0.0	379.9	379.9
Total liabilities	**25.0**	**26.6**	**25.2**	**21.4**	**380.6**	**478.9**
Capital expenditure	**9.2**	**9.5**	**7.4**	**7.4**	**0.5**	**34.0**

** The column “Eliminations & other” includes mainly elimination of intercompany transactions, corporate expenses and balance sheet items related to tax, pension and financing.

See next section for specification of unallocated assets and liabilities.

Operating Segments – Reconciliation to Total Assets

MEUR	2015	2014
Segment assets of reportable segments	561.2	558.9
Eliminations & other	0.8	1.0
Unallocated assets include:		
Deferred tax assets	41.8	41.8
Other non-current assets	1.1	1.8
Cash and cash equivalents	53.9	53.5
Other receivables (excluded: trade receivables)	39.4	32.3
Total assets as of the Statement of Financial position	**698.1**	**689.2**

Operating segments – reconciliation to total liabilities

MEUR	2015	2014
Trade payables of reportable segments	100.2	98.3
Eliminations & other	0.8	0.8
Unallocated liabilities include:		
Deferred tax liabilities	30.8	17.5
Retirement benefit obligations	17.9	18.8
Interest-bearing loans and borrowings	253.9	252.8
Bank overdrafts	14.0	18.8
Other current interest-bearing liabilities	0.0	0.0
Current income tax liabilities	2.3	6.1
Other payables (excluded: trade payables)	64.0	65.9
Total liabilities as of the Statement of Financial position	**483.9**	**478.9**

Operating segments – geographical areas

The following segmentation of the Group's geographical sales to external customers is based on the geographical locations of the customers. The segmentation of non-current assets are based on the geographical locations of its subsidiaries. Non-current assets comprise intangible assets (including goodwill) and property, plant and equipment.

Sales to external customers by geographical location	2015		2014	
MEUR	Jan – Dec	%	Jan – Dec	%
Sweden	83.0	8.1%	82.6	8.4%
Germany	96.6	9.5%	102.4	10.5%
France	70.5	6.9%	73.2	7.5%
Other EU	252.1	24.7 %	252.3	25.8 %
Total EU	**502.2**	**49.2 %**	**510.4**	**52.1 %**
USA	296.1	29.0%	251.5	25.7%
NA other	113.7	11.1 %	114.0	11.6 %
Total NA	**409.7**	**40.2 %**	**365.5**	**37.3 %**
China	65.8	6.4%	57.0	5.8%
Asia Other	21.5	2.1%	22.6	2.3%
Total Asia	**87.2**	**8.6 %**	**79.5**	**8.1 %**
Other	20.9	2.0%	23.6	2.4%
Total operating revenues	**1,020.1**	**100%**	**979.1**	**100%**

Non-current assets by geographical location

MEUR	2015 Jan - Dec	2015 %	2014 Jan - Dec	2014 %
USA	107.5	31.9%	119.9	34.4%
UK	13.8	4.1%	12.8	3.7%
Norway	25.2	7.5%	25.8	7.5%
Germany	14.8	4.4%	15.6	4.5%
Sweden	30.8	9.1%	29.8	9.0%
Poland	43.3	12.8%	36.0	10.5%
Other	101.5	30.1%	103.1	29.9%
Total non-current segment assets	336.8	100.0%	343.0	100.0%

Operating segments – major customers

The Group has no single customers accounting for more than 10% of total revenues.

NOTE 8 Salaries and Social Expenses

Specification of salaries and social expenses as recognized in statement of comprehensive income

Parent 2015	Parent 2014	MEUR	Group 2015	Group 2014
3.5	3.6	Wages and salaries	208.3	199.8
0.6	0.8	Social security tax	50.8	47.6
0.1	0.1	Pension cost (defined benefit plans)	0.5	0.5
0.3	0.2	Pension cost (defined contribution plans)	8.0	7.0
1.4	2.1	Other employee related expenses	24.8	18.0
5.9	6.8	Total	292.5	272.9

Other employee related expenses include bonus cost and other costs.

As at 31.12.15 the Group had 10.004 (9.880) employees and the Parent company 31 (25) employees.

NOTE 9 Other Operating Expenses

Specification of other operating expenses as recognized in statement of comprehensive income

Parent 2015	Parent 2014	MEUR	Group 2015	Group 2014
		Operating Expenses		
0.0	0.0	Freight charges	(36.7)	(33.2)
0.0	0.0	Facility costs	(23.4)	(23.0)
0.0	0.0	Consumables	(23.9)	(26.8)
0.0	0.0	Repairs and maintenance	(13.8)	(13.2)
0.0	(0.0)	Service costs	(13.1)	(12.2)
(0.4)	(1.0)	Other costs	(13.5)	(16.7)
		Administrative expenses		
(0.2)	(0.2)	Leasehold expenses	(3.2)	(2.8)
(4.3)	(3.4)	Service costs	(26.7)	(24.6)
(0.0)	(0.0)	Consumables	(7.1)	(5.4)
(0.3)	(0.4)	Travel costs	(9.5)	(10.7)
(52.1)	(27.7)	Other costs *	(13.4)	(9.5)
(57.3)	(32.8)	Total other operating expenses	(184.2)	(178.1)

* Parent company in 2015 and 2014 includes write down and loss on Group loans and receivables.

NOTE 10 Financial Items

Specification of financial items as recognized in statement of comprehensive income

Parent			Group	
2015	2014	MEUR	2015	2014
19.5	12.1	Dividend and other financial income	0.0	0.0
29.7	31.7	Foreign currency gains	0.0	0.0
1.5	0.5	Changes in value of financial derivatives	1.0	0.0
23.2	21.5	Interest income	0.1	0.2
73.9	**65.7**	**Total financial income**	**1.1**	**0.2**
(7.9)	(12.2)	Interest expense	(8.2)	(11.9)
0.0	0.0	Foreign currency losses*	(22.4)	(20.6)
0.0	0.0	Changes in value of financial derivatives	0.0	(0.2)
(8.8)	(1.6)	Other items**	(3.3)	(3.3)
(16.8)	**(13.8)**	**Total financial expenses**	**(33.9)**	**(36.1)**
57.1	**52.0**	**Net financial items**	**(32.8)**	**(35.9)**

* Includes unrealized currency losses of MEUR 18.1 (18.9)
** Parent company in 2015 includes write-down on shares in subsidiary

NOTE 11 Taxes

Specification of tax recognized in statement of income

The major components of income tax expense:

Parent			Group	
2015	2014	MEUR	2015	2014
(0.7)	(5.9)	Current tax on profits for the year	(8.8)	(11.2)
0.0	(1.9)	Adjustments in respect of prior years	0.2	(1.9)
(0.7)	**(7.8)**	**Total current tax**	**(8.6)**	**(13.2)**
(13.6)	(6.1)	Current year change in deferred tax	2.5	(0.1)
(2.0)	0.0	Impact of changes in tax rates and legislation	(1.5)	(2.1)
0.1	1.0	Adjustments in respect of prior years	(4.4)	1.9
(15.5)	**(5.1)**	**Total change in deferred tax**	**(3.4)**	**(0.3)**
(16.3)	**(12.9)**	**Total income tax (expense) / credit**	**(12.0)**	**(13.5)**

Reconciliation of Norwegian nominal statutory tax rate to effective tax rate

Parent			Group	
2015	2014	MEUR	2015	2014
36.8	**53.4**	**(Loss) / profit before income tax**	**3.7**	**18.9**
(9.9)	(14.4)	Expected tax calculated at Norwegian tax rate	(1.0)	(5.1)
2.6	3.2	Dividends (permanent differences)	0.0	0.0
(10.9)	(0.8)	Other permanent differences, double taxation, and currency effects	0.1	(1.7)
0.0	0.0	Effect of different tax rates	(0.4)	(0.3)
2.0	0.0	Impact of changes in tax rates and legislation	1.5	(2.1)
0.0	0.0	Losses not recognized as deferred tax assets	(8.0)	(4.1)
0.0	(0.9)	Adjustments in respect of prior years	(4.2)	(0.0)
(16.3)	**(12.9)**	**Income tax (expense) / credit**	**(12.0)**	**(13.5)**
44%	24%	Average effective tax rate	323%	72%

Tax recognised in other comprehensive income

Parent			Group	
2015	2014	MEUR	2015	2014
0.0	0.0	Tax (expense) / credit on translation differences	(11.2)	(12.6)
0.0	0.0	Tax (expenses) / credit on tax corridor pension	(0.1)	0.8
0.0	**0.0**	**Tax (expense) / credit in other comprehensive income**	**(11.2)**	**(11.8)**

Tax recognised in statement of financial position

Current tax liability

Parent			Group	
2015	2014	MEUR	2015	2014
(0.7)	(0.7)	Current income tax liabilities	2.3	6.1
(0.7)	**(0.7)**	**Total current tax liability**	**2.3**	**6.1**

Deffered tax

Parent			Group	
2015	2014	MEUR	2015	2014
0.0	0.0	Deferred tax asset	41.8	41.8
(23.1)	(8.8)	Deferred tax liability	(30.8)	(17.5)
(23.1)	**(8.8)**	**Total net deferred tax asset/ (liability)**	**10.9**	**24.3**

Deferred tax positions are netted within the same tax entity/group.

Specification of deferred tax assets / (liabilities) recognized in statement of financial position

Group 2015 MEUR	Opening balance	Charged to income	Changes in tax rate	OCI	Exchange differences	Closing balance
Property, plant and equipment	1.3	(1.3)	0.0	0.0	0.2	0.2
Intangible assets	(15.8)	7.4	0.6	0.0	(0.3)	(8.0)
Retirement benefits obligations	2.8	(0.3)	(0.0)	(0.1)	(0.0)	2.3
Losses	24.5	(10.5)	(0.4)	0.0	1.2	14.7
Account receivables	0.2	0.1	0.8	0.0	0.6	1.7
Accrued expenses	1.6	1.2	(0.8)	0.0	(0.5)	1.5
Accrued interest	9.4	(3.3)	0.0	0.0	2.9	9.0
Restructuring reserves	0.3	(0.2)	0.0	0.0	0.0	0.1
Unrealized fx on long term rec / pay	(11.8)	(17.7)	0.0	0.0	4.2	(25.3)
Other temporary diff	11.7	19.8	1.3	(11.2)	(6.9)	14.7
Net deferred tax asset/(liability)	**24.3**	(4.8)	1.5	(11.2)	1.3	10.9

Parent 2015 MEUR	Opening balance	Charged to income	Changes in tax rate	OCI	Exchange differences	Closing balance
Property, plant and equipment	0.1	(0.0)	(0.0)	0.0	(0.0)	0.1
Retirement benefits obligations	0.4	(0.0)	(0.0)	0.0	(0.0)	0.3
Losses	0.0	0.0	0.0	0.0	0.0	0.0
Account receivables	1.6	0.0	(0.1)	0.0	(0.1)	1.4
Unrealized fx on long term rec / pay	(11.6)	(17.2)	2.2	0.0	1.5	(25.1)
Other temporary diff	**0.7**	**(0.2)**	**(0.1)**	**0.0**	**0.0**	**0.3**
Net deferred tax asset/(liability)	**(8.8)**	**(17.6)**	**2.0**	**0.0**	**1.4**	**(23.1)**

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its asset and liabilities. The Group's subsidiaries are located in different countries, so there will always be risks arising from local tax jurisdictions' assessments of the respective tax positions, and to limitations to the utilization of losses carried forward. Local tax decisions could therefore influence the carrying value of the Group's consolidated deferred tax asset.

Limitation and assumptions for the utilization of losses carried forward and deferred tax assets

The carrying amount of deferred tax assets (including losses carried forward) is reviewed at each balance sheet date and recognized only to the extent that it is probable that taxable profit will be available against which it may offset. As part of the review, the Group conducts comprehensive analyses of future profits within the legal entity as well as considering possibilities for utilization within the Group. Estimates indicate that future taxable profits will be available against which the recognized deferred tax assets may be utilized. There are however uncertainties as the estimates are based on assumptions about market development and the success of our customer. Due to the time restrictions associated with the utilization of some losses carried forward, timing assumptions may influence the carrying amount.

Tax positions not recognized in statement of financial position

Parent 2015	Parent 2014	MEUR	Group 2015	Group 2014
0.0	0.0	Tax positions not recognized	20.7	13.6
0.0	**0.0**	**Total tax positions not recognized**	**20.7**	**13.6**

Limitation to the utilization of losses carried forward

Parent 2015	Parent 2014	Lifetime	Group 2015	Group 2014
0.0	0.0	Less than five years	3.0	3.7
0.0	0.0	5 - 10 years	1.8	0.8
0.0	0.0	10 - 15 years	0.0	13.4
0.0	0.0	15 - 20 years	5.9	0.7
0.0	0.0	Without time limit	24.0	20.0
0.0	**0.0**	**Tax losses at 31.12**	**34.8**	**38.6**

NOTE 12 Intangible Assets

Parent		Group				
Software	MEUR	Goodwill	Customer relationships	Patents and R&D	Software and other	Total
3.1	Cost	156.8	85.8	42.7	16.7	302.1
(2.3)	Accumulated amortization	0.0	(51.2)	(22.7)	(13.6)	(87.6)
0.8	**Book Value at 01.01.2014**	**156.8**	**34.6**	**20.0**	**3.1**	**214.5**
3.1	Cost 01.01.2014	156.8	85.8	42.7	16.7	302.1
0.5	Additions	0.0	0.0	1.2	0.9	2.1
0.0	Disposals accumulated cost	0.0	0.0	(0.0)	(1.0)	(1.1)
(0.3)	Translation differences	9.1	5.7	0.6	0.8	16.2
3.3	**Acquisition costs at 31.12.2014**	**165.9**	**91.6**	**44.5**	**17.4**	**319.4**
(2.3)	Accumulated amortization 01.01.2014	0.0	(51.2)	(22.7)	(13.6)	(87.6)
(0.3)	Amortization	0.0	(8.7)	(3.9)	(1.0)	(13.5)
0.0	Disposals accumulated amortization	0.0	0.0	0.0	1.0	1.0
0.2	Translation differences	0.0	(3.8)	(0.1)	(0.6)	(4.5)
(2.4)	**Accumulated amortization 31.12.2014**	**0.0**	**(63.8)**	**(26.7)**	**(14.1)**	**(104.6)**
3.3	Cost	165.9	91.6	44.5	17.4	319.4
(2.4)	Accumulated amortization	0.0	(63.8)	(26.7)	(14.1)	(104.6)
1.0	**Book Value at 31.12 2014**	**165.9**	**27.8**	**17.7**	**3.3**	**214.7**
3.3	Cost 01.01.2015	165.9	91.6	44.5	17.4	319.4
0.2	Additions	0.0	0.0	2.1	0.9	2.9
0.0	Disposals accumulated cost	0.0	0.0	(0.1)	(0.4)	(0.6)
(0.2)	Translation differences	10.8	5.5	1.0	0.9	18.2
3.3	**Acquisition costs at 31.12.2015**	**176.7**	**97.1**	**47.4**	**18.8**	**339.9**
(2.4)	Accumulated amortization 01.01.2015	0.0	(63.8)	(26.7)	(14.1)	(104.6)
(0.3)	Amortization/impairment loss	(21.5)	(9.9)	(4.0)	(1.0)	(36.5)
0.0	Disposals accumulated amortization	0.0	0.0	0.1	0.4	0.5
0.2	Translation differences	(0.7)	(3.7)	(0.8)	(0.6)	(5.8)
(2.5)	**Accumulated amortization 31.12.2015**	**(22.2)**	**(77.5)**	**(31.3)**	**(15.4)**	**(146.4)**
3.3	Cost	176.7	97.1	47.4	18.8	339.9
(2.5)	Accumulated amortization	(22.2)	(77.5)	(31.3)	(15.4)	(146.4)
0.8	**Book Value at 31.12 2015**	**154.5**	**19.6**	**16.1**	**3.4**	**193.5**

Internally developed intangible assets

2015	2014	MEUR	2015	2014
0.0	0.0	Internally developed intangible assets 01.01	8.0	8.7
0.0	0.0	Additions during the year	2.1	1.2
0.0	0.0	Amortization / impairment	(1.9)	(1.9)
0.0	0.0	Translation differences	(0.3)	0.1
0.0	**0.0**	**Internally developed intangible assets 31.12**	**7.9**	**8.0**
0.0	0.0	Not capitalized internal R&D cost	(42.9)	(36.8)
0.0	0.0	Amortization	(1.9)	(1.9)
0.0	0.0	Net effect of external sales and purchases	(10.4)	(11.1)
0.0	**0.0**	**Total recognized R&D cost in the reporting period:**	**(55.2)**	**(49.9)**
0.0	0.0	Cash investment in R&D	(55.4)	(49.1)

The internally developed intangible assets include capitalized costs related to development of new products. These assets are included in "Patents and R&D" above.

Impairment testing

The Group has performed impairment tests on the carrying values of all intangible assets (including goodwill), property, plant & equipment, and net working capital in accordance with the requirements of IAS 36. Value in use (VIU) was used to determine the recoverable amount. The tests comprised NPV (net present value) analyses of forecasted future cash flows by the CGUs (cash generating units). The business areas; Driveline, Interior, Fluid Transfer and Driver Control were identified as the respective CGUs. In the secondquarter The Board of Directors took a strategic decision to stop quoting business in the headrest and armrest segment. As a consequence this segment was assessed separately from the Interior business area.

Cash flow projections and assumptions

The model was based on a five year forecast of discounted cash flows plus a terminal value (calculated by Gordon's growth model). The net discounted cash flows were calculated before tax. The NPV-model included the following assumptions:

A business case was used for each CGU as the basis for the cash flow estimates which covered the period 2016 to 2020. The business cases were based on the Group's strategic five year plan, adjusted for relevant recent changes in internal short-term forecasts and market data. The forecasts did not include significant cash flows from future restructuring, investments or enhancements. The five year plan was prepared by the divisions with support from the M&A department in an effort to achieve a realistic forecast taking into account macroeconomic, industry and company specific factors. The short-term forecasts were "bottom-up-model" where all input data had been produced by the respective entities in the Group. The financial development for the BAs throughout the forecast period is primarily driven by increased top line with the effects of operational leverage. In the Driveline Business Case the effects of implemented operational improvements and restructuring are reflected.

The input data in the business cases were gathered from renowned external sources, such as LMC Automotive and customers, in addition to all relevant internal information such as change in orders, customer portfolio, fitment rate for products, geographical development, market shares etc. The annual growth rate in the terminal value was estimated to 2% for each of the CGUs.

Discount rate assumptions

The required rate of return was calculated by the WACC method. The input data of the WACC was chosen by an individual assessment of each parameter. Information from representative sources, peer groups etc. was used to determine the best estimate. The WACC was calculated to 10.1 % pre tax. The same WACC was used for all CGUs, the reason being that the long-term risk profiles of the four CGUs are not considered to be significantly different. The key parameters were set to reflect the underlying long term period of the assets and time horizon of the forecast period of the business cases. The following parameters were applied:

- **Risk free interest rate:** 2%. Based on 10 year governmental Eurobond rate and US treasury yield, weighted 50/50.
- **Beta:** 1.79. Based on an estimated unlevered beta for the automotive industry adjusted for the industry's average capital structure.
- **Market risk premium:** 5% (post tax). Based on market sources.
- **Cost of debt:** based on the risk free rate plus a risk component to reflect a probability of default (100 basis points).
- **Capital structure:** equity ratio of 63%. Based on capital structure of comparable companies.

Sensitivity analysis

The following sensitivity analysis were carried out to test whether changes in relevant parameters would influence the conclusion;

1. **Change in cash flows:** The analysis showed that a decline in free cash flow in excess of 50 % per CGU for each year in the business plan (including the terminal value) was necessary to change conclusion. The result indicated that there had to be a significant decline in the market situation to trigger impairment.

1. **Change in discount rates:** The analysis showed the following headroom in discount rates per CGU to change conclusion; , Interior +9.2%, Driveline +12.1%, Driver Control +14.2% and Fluid Transfer + 22.6%. The results indicated that the test was robust in terms of the level of discount rates. The sensitivity analysis performed for each of the defined cash generation units indicates that Driveline is the unit most sensitive to changes in assumption.

Combined analysis was also carried out by changing the cash flows and discount rates. The headroom's were largest in the following descending order: Fluid Transfer, Driver Control, Interior and Driveline.

Impairment – test results and conclusion

In 2015, impairment loss on Goodwill relates to the Headrest and Armrest business (EUR 19.5 million), recognized in the second quarter of 2015, and loss on sale of business in the first quarter (EUR 1.5 million). The impairment loss was recognized as the result of the decision to stop quoting more business in that segment. The estimated recoverable amount is on the same level as the carrying amount of the remaining assets for the Headrest and Armrest business. The impairment was recognized as amortization of Goodwill. With the exception for the discontinued business referenced above, value in Use (VIU) for each of the business areas (CGUs) exceeded carrying amount, and no requirement for write down was indicated.

NOTE 13 Property, Plant & Equipments (PP&E)

Parent		Group			
Equipment	MEUR	Land	Buildings	Equipment	Total
0.8	Cost	4.6	37.6	387.9	430.2
(0.8)	Accumulated depreciation	0.0	(22.0)	(286.1)	(308.1)
0.0	**Book Value at 01.01.2014**	**4.6**	**15.6**	**101.8**	**122.0**
0.8	Cost 01.01.2014	4.6	37.6	387.9	430.2
0.1	Additions	0.0	0.9	32.9	34.0
0.0	Disposals accumulated cost	0.0	(0.2)	(12.6)	(12.8)
(0.1)	Translation differences	0.0	(0.7)	3.9	3.2
0.8	**Acquisition costs at 31.12.2014**	**4.6**	**37.7**	**412.1**	**454.5**
(0.8)	Accumulated depreciation 01.01.2014	0.0	(22.0)	(286.1)	(308.1)
(0.0)	Depreciation	0.0	(1.7)	(26.9)	(28.6)
0.0	Disposals accumulated depreciation	0.0	0.2	12.2	12.4
0.1	Translation differences	0.0	0.3	(2.1)	(1.8)
(0.7)	**Accumulated depreciation 31.12.2014**	**0.0**	**(23.2)**	**(302.9)**	**(326.1)**
0.8	Cost	4.6	37.7	412.1	454.5
(0.7)	Accumulated depreciation	0.0	(23.2)	(302.9)	(326.1)
0.1	**Book Value at 31.12.2014**	**4.6**	**14.4**	**109.2**	**128.3**
0.8	Cost 01.01.2015	4.6	37.7	412.1	454.4
0.0	Additions	0.0	1.2	39.8	41.0
0.0	Disposals accumulated cost	0.0	(0.0)	(12.8)	(12.8)
(0.0)	Translation differences	0.1	(0.1)	8.8	8.7
0.8	**Acquisition costs at 31.12.2015**	**4.7**	**38.7**	**447.9**	**491.3**
(0.7)	Accumulated depreciation 01.01.2015	0.0	(23.2)	(302.9)	(326.1)
(0.0)	Depreciation	0.0	(1.9)	(27.7)	(29.6)
0.0	Disposals accumulated depreciation	0.0	0.0	11.7	11.7
0.0	Translation differences	0.0	0.6	(4.6)	(4.0)
(0.7)	**Accumulated depreciation 31.12.2015**	**0.0**	**(24.5)**	**(323.5)**	**(348.0)**
0.8	Cost	4.7	38.7	447.9	491.3
(0.7)	Accumulated depreciation	0.0	(24.5)	(323.5)	(348.0)
0.1	**Book Value at 31.12.2015**	**4.7**	**14.2**	**124.4**	**143.3**

Security for debt

See note 19 regarding use of PP&E as security for debt.

Impairment testing

See note 12 for the impairment testing on PP&E and impairment results.

Financial leases

The Group is a lessee under financial lease, but the Group has only a limited number of financial lease contracts and the total amount is considered insignificant.

NOTE 14 Inventories

Specification of inventories

Parent			Group	
2015	2014	MEUR	2015	2014
0.0	0.0	Raw materials	44.6	45.5
0.0	0.0	Work in progress	16.1	13.4
0.0	0.0	Finished goods	19.8	17.9
0.0	**0.0**	**Total**	**80.5**	**76.8**

Provision for slow moving and obsolete inventory

Parent			Group	
2015	2014	MEUR	2015	2014
0.0	0.0	Book value at 01.01	(7.7)	(7.8)
0.0	0.0	Write-down	(2,0)	(0.1)
0.0	0.0	Products sold (previously written down)	1,2	0.3
0.0	0.0	Reversal	0,7	0.1
0.0	0.0	Foreign currency translation	(0.3)	(0.2)
0.0	**0.0**	**Book value at 31.12**	**(8.1)**	**(7.7)**

NOTE 15 Trade and Other Receivables

Specification of trade and other receivables

Parent			Group	
2015	2014	MEUR	2015	2014
0.0	0.0	Trade receivables	144.6	140.1
35.4	23.4	Short-term group loans and receivables	0.0	0.0
0.1	0.1	Public duties	9.1	9.2
0.0	0.1	Other short-term receivables	11.3	8.7
35.5	**23.6**	**Receivables**	**165.0**	**157.9**
0.0	0.0	Tooling (Work in Progress)	6.0	4.3
0.4	0.2	Prepayments	12.9	10.2
35.9	**23.8**	**Total**	**184.0**	**172.4**

Trade receivables maturity

	2015		2014	
MEUR	Dec	%	Dec	%
Not overdue	135.4	93%	132.2	94%
Overdue 1-20 days	5.9	4%	5.5	4%
Overdue 21-40 days	2.4	2%	1.5	1%
Overdue 41-80 days	1.0	1%	0.5	0%
Overdue 81-100 days	0.2	0%	0.2	0%
Overdue > 100 days	0.6	0%	0.7	1%
Gross trade receivables	**145.6**		**140.7**	
Total provision for bad debt	(1.0)	1%	(0.6)	0%
Net trade receivables	**144.6**		**140.1**	

The provision for bad debt is increased by MEUR 0.4 compared to 31.12.2014. Trade receivables are subject to constant monitoring. Impaired receivables are reflected through provision for bad debt. Monthly assessments of loss risk are performed and corresponding provisions are made on entity level. The provision for bad debt reflects the total loss risk on the Group's trade receivables. The oldest trade receivables, overdue > 100 days, represent the highest risk level. Most of the impaired trade receivables are included in that category. Actual losses on trade receivables was MEUR 1.1. The risk for losses on other receivables than trade receivables is assessed to be insignificant. For risk management see note 21.

Receivables by currency

Parent 2015	Parent 2014	MEUR	Group 2015	Group 2014
18.7	11.1	EUR	64.8	57.0
7.8	9.3	USD	52.4	49.3
9.1	0.1	NOK	4.6	5.2
0.0	3.0	RMB	19.5	21.0
0.0	0.2	Other	23.7	25.5
35.5	23.6	Total	165.1	157.9

NOTE 16 Share Capital

Shares

The share capital of the Company is NOK 203,384,066, comprising 406,768,131 ordinary shares with a par value of NOK 0.50. The Company holds 4,200,428 shares as treasury shares. For more information see "Statement of Changes in Equity". The Company is listed on the Oslo Stock Exchange. The ticker code is KOA.

	2015	2014
Number of shares in issue at 01.01.	406,768,131	406,768,131
New shares issued	0	0
Number of shares in issue at 31.12.	**406,768,131**	**406,768,131**
Of these, treasury shares	**4,200,428**	**2,185,942**

The twenty largest shareholders in the Company as at 31.12.15 were as follows:

Shareholder	No of shares	%	Country
Makuria Credit Master C/O Morgan Stanley & Co.	26,681,198	6.6 %	CYM
The Northern Trust C Non-Treaty Account	17,740,556	4.4 %	GBR
J.P. Morgan Chase BA Nordea Re:non-Treaty	17,485,922	4.3 %	GBR
Verdipapirfondet KLP	15,804,970	3.9 %	NOR
Folketrygdfondet	12,277,732	3.0 %	NOR
Kommunal Landspensjon	10,898,211	2.7 %	NOR
Citibank, N.A. S/A Dfa-Intl Sml Cap	10,112,674	2.5 %	USA
Swedbank Ab (Publ) Clients Account	9,894,124	2.4 %	SWE
Mp Pensjon PK	9,603,387	2.4 %	NOR
VPF Nordea Kapital C/O J.P. Morgan Europe	9,284,958	2.3 %	NOR
VPF Nordea Avkastnin C/O J.P. Morgan Europe	9,222,206	2.3 %	NOR
JP Morgan Chase Bank Handelsbanken Nordic	7,041,550	1.7 %	SWE
Erling Neby AS	7,000,000	1.7 %	NOR
Arango Trading and F Banque Pictet & Cie	6,899,099	1.7 %	VGB
Teleios Global Opportunities	6,839,369	1.7 %	CYM
Verdipapirfondet DNB	6,575,000	1.6 %	NOR
Kongsberg Automotive	4,200,428	1.0 %	NOR
2B, LLC UBS Securities LLC	4,108,776	1.0 %	USA
Goldman Sachs Intern SECURITY CLIENT SEGR	3,929,660	1.0 %	GBR
Verdipapirfondet PAR	3,900,000	1.0 %	NOR
Total twenty largest shareholders	**171,371,082**	**49.1 %**	
Other shareholders	235,397,049	50.9 %	
Total number of shares in issue	**406,768,131**	**100.0 %**	
Number of shareholders	4,452		
Foreign ownership	45.0%		

Share options

Share options are granted to management and to selected employees. An option entitles participants to purchase one share per option. Options are offered during the first quarter and granted during April of the same year. The exercise price is the average trading price for the Company's share during the first ten calendar days immediately after publication of fourth quarter results. Offer to be granted options is presented immediately thereafter. Participants in the share option program are required to hold a number of the Company's shares at least equivalent to 10% of the number of options granted. In 2015 the participants in the Company's share option programs held approximately 1.5% of the Company's total number of shares. One third of the options are exercisable after one, two and three years respectively after the date of grant. Options at NOK 4.5, NOK 2.0, NOK 1.5, NOK 5.8 and NOK 5.9 expire after 7 years, and options at NOK 20.0 and NOK 3.0 expire 10 years after the date of grant. The Company has no legal or constructive obligation to repurchase or settle the options in cash. See Statement of Change in Equity for information on amounts recognized in 2015. The table below shows the number of options and their exercise dates for the program adopted by the General Assembly in 2015 in respect of options to be offered during the first quarter and granted during April 2016.

Number of options vesting and potentially exercisable

	2017	2018	2019	Last possible exercise 2023
By year	1,500,000	1,500,000	1,500,000	
Cumulative	1,500,000	3,000,000	4,500,000	4,500,000

Movements in share options (NOK)

	2015		2014	
	Average exercise price	Options	Average exercise price	Options
Options at 01.01	4.38	14,715,201	3.86	15,405,764
Granted	5.90	3,813,086	5.80	3,774,961
Forfeited	5.87	(721,613)	5.63	(79,198)
Expired	5.00	(122,667)	0	0
Exercised	3.05	(2,985,514)	3.72	(4,386,326)
Options at 31.12	**4.97**	**14,698,493**	**4.38**	**14,715,201**

Outstanding options at the end of the year (NOK)

	2015		2014	
Expiry date	Exercise price	Options	Exercise price	Options
31.03.2015	5.00	0	5.00	952,318
31.03.2018	20.00	711,201	20.00	760,810
31.03.2018	4.50	1,557,527	4.50	1,879,195
31.03.2019	3.00	1,085,351	3.00	1,265,835
31.03.2019	2.00	1,774,803	2.00	2,761,075
10.04.2020	1.50	2,521,564	1.50	3,346,007
10.04.2021	5.80	3,359,961	5.80	3,749,961
10.04.2022	5.90	3,688,086		
Options at 31.12		**14,698,493**		**14,715,201**

The weighted average fair value of options granted during the period determined using the Black-Scholes valuation model was NOK 2.35 per option (2014: 1.96). The significant inputs to the model were the share trading price of NOK 6.29 at the date of grant, exercise prices (NOK 5.90) shown above, a weighted average volatility of 47.01%, an expected option life of three, four and five years, and a weighted average annual risk-free interest rate of 0.93%.

Treasury shares

The Company holds 4,200,428 treasury shares (2014: 2,185,942). 2,085,000 shares were acquired in April 2015 at an average price of NOK 6.18 per share. 2,915,000 shares were acquired in May 2015 at an average price of NOK 6.13 per share. The shares were purchased for future allocations of share options within the Group's share option programs. The Company sold 2,985,514 treasury shares in 2015 (2014: 4,386,326).

NOTE 17 Earnings and Dividend per Share

Earnings per share

	2015	2014
Net (loss) / profit attributable to equity shareholders (MEUR)	(8.4)	5.1
Weighted average number of shares in issue (millions)	402.9	401.4
Basic earnings per share, EUR	**(0.02)**	**0.01**
Diluted earnings per share, EUR	**(0.02)**	**0.01**

Earnings per share is calculated by dividing the net profit attributable to equity shareholders by the weighted average number of shares in issue. The diluted earnings per share is the weighted a verage number of shares in issue as if all options were converted to new shares.

Dividend per share

EUR	2015	2014
Dividend per share – paid	0.0	0.0
Dividend per share – proposed	0.0	0.0

No dividend was proposed for 2015. For dividend restrictions, see Covenants note 19.

NOTE 18 Retirement Benefit Obligations

Defined benefit pension plan

Revised IAS 19 became effective as of 01.01.2013 requiring actuarial gains and losses to be recognized in OCI, and interest cost on DBO and return on plan assets to be recognized as net interest under financial items.

The German and Norwegian subsidiaries represented 94% of the Group's Net Benefit Obligation (Germany: 87%, Norway: 8%) in 2015. The Parent company Kongsberg Automotive ASA and its Norwegian subsidiary Kongsberg Automotive AS have defined benefit and defined contribution pension plans. The plans were changed from defined benefit to defined contribution in 2004. The defined benefit plan was continued for employees who had already retired. The other defined benefit plan is an early retirement plan for the CEO. Defined benefit pension plans also exist in two subsidiaries in Germany and in subsidiaries in the Netherlands, Italy and France.

Defined contribution plans

Norway, Sweden, the UK and the USA have defined contribution pension plans for employees. The pension plans are regulated under the rules of each country. The subsidiaries in each country is required to pay the annual contributions to the plan. The expense charged to the income statement in respect of defined contribution pension plans is disclosed in note 8.

Other retirement benefit plans

Top hat pension – Norway

Top hat-schemes are non-funded defined benefit schemes granted to employees with a salary exceeding 12G. The obligation will only materialize if the person is employed in KA at the time of retirement, or if the person has more than 10 (50% of obligation) or 15 years (100% of obligation) with the Company.The calculated obligation is accrued in the Statement of Financial Position as Retirement benefit obligations

Multiemployer plan (AFP) – Norway

The earlier early retirement arrangement in Norway was replaced commencing 01.01.2011. Financing of the early retirement arrangement is now done by an annual fee which represents the final cost for the companies included. All employees in KA ASA and KA AS (subsidiary) are included in the AFP scheme. There are some pensioners under the old scheme, out of which the latest will expire in 2015. Pension obligations connected to these pensioners are considered not significant and are not included in the Statement of Financial position.

Other retirement benefits

Retirement benefit obligations are accrued in Korea and China according to local requirements

Retirement benefit obligations recognised in statement of financial position

Parent			Group	
2015	2014	MEUR	2015	2014
0.8	1.1	Defined benefit pension obligation	16.5	17.4
0.5	0.3	Top hat, retirement provisions and other employee obligations	1.3	1.3
1.3	**1.4**	**Retirement benefit obligations**	**17.9**	**18.8**

Defined benefit scheme – assumptions

Parent			Group	
2015	2014		2015	2014
2.5%	3.0%	Discount rate	2.3%	2.4%
2.5%	3.0%	Rate of return on plan assets	2.7%	3.1%
2.5%	3.3%	Salary increases	1.3%	1.4%
2.3%	3.0%	Increase in basic government pension amount	1.1%	1.4%
2.3%	3.0%	Pension increase	0.6%	0.5%

The assumptions for the Group is presented as a weighted average of the assumptions reported from respective subsidiaries.

Defined benefit scheme – net periodic pension cost

Parent			Group	
2015	2014	MEUR	2015	2014
0.1	0.1	Service cost	0.2	0.2
0.0	0.0	Interest on benefit obligations	0.4	0.5
0.0	0.0	Expected return on pension assets	(0.0)	(0.0)
0.0	0.0	Amortization of estimate differences	0.0	0.0
0.0	0.0	Effect of curtailment	0.0	(0.2)
0.0	0.0	Social security taxes	0.0	0.0
0.0	0.0	AFP adjustment	0.0	(0.0)
0.1	**0.1**	**Net periodic pension cost**	**0.5**	**0.5**
(0.0)	0.0	Remeasurement of net defined benefit liability	(0.2)	2.7
0.6%	0.7%	Actual return on plan assets	2.7%	1.3%

Defined benefit scheme – net pension liability

Parent			Group	
2015	2014	MEUR	2015	2014
		Pension liabilities and assets:		
0.7	0.9	Projected benefit obligation (PBO)	16.3	17.2
0.0	0.0	Fair value of pension assets	0.0	0.0
0.0	0.0	Unrecognized effects	0.0	0.0
0.7	**0.9**	**Net pension liability before social security taxes**	**16.3**	**17.2**
0.1	0.1	Social security taxes	0.3	0.2
0.8	**1.1**	**Net pension liability**	**16.5**	**17.4**

Specification of carrying value of net pension liability

Parent			Group	
2015	2014		2015	2014
0.8	1.1	Retirement benefit obligation	16.5	17.4
0.0	0.0	Retirement benefit asset	0.0	0.0
0.8	**1.1**	**Net pension liability**	**16.5**	**17.4**

Defined benefit scheme – change in net pension liability

Parent			Group	
2015	2014	MEUR	2015	2014
1.1	1.3	Net pension liability 01.01	17.4	15.6
0.1	0.1	Pension cost for the year	0.5	0.5
(0.0)	0.0	Remeasurement of net defined benefit liability	(0.2)	2.7
(0.3)	(0.3)	Paid pensions	(1.0)	(1.1)
0.0	(0.0)	Translation differences	(0.3)	(0.1)
0.8	**1.1**	**Net pension liability 31.12**	**16.5**	**17.4**

Defined benefit scheme – sensitivities

MEUR	DBO 31.12.15	Service cost 2016	Interest cost 2016
Actual valuation	(16.5)	0.17	0.38
Discount rate + 0.5%	(17.4)	0.17	0.43
Discount rate - 0.5%	(15.5)	0.17	0.34
Expected rate of salary increase + 0.5%	(16.5)	0.17	0.38
Expected rate of salary increase - 0.5%	(16.5)	0.17	0.38
Expected rate of pension increase + 0.5%	(15.7)	0.17	0.40
Expected rate of pension increase - 0.5%	(17.2)	0.17	0.37

Sensitivity covering majority of DBO

Defined benefit scheme – average expected life time

Average expected lifetime at the balance sheet date for a person retiring on reaching age 65:

Male employee	19 years
Female employee	23 years

Average expected lifetime 20 years after the balance sheet date for a person retiring on reaching age 65:

Male employee	22 years
Female employee	26 years

Expected pension payment

We expect the pension payment of 2016 to be in line with the 2015 payment.

NOTE 19 Interest-Bearing Loans and Borrowings

Interest-bearing liabilities as presented in statement of financial position

Parent 2015	Parent 2014	MEUR	Group 2015	Group 2014
254.3	254.6	*Non current interest-bearing loans and borrowings*	254.8	254.9
(1.0)	(2.1)	Capitalized arrangement fees	(1.0)	(2.1)
253.4	252.5	Total interest-bearing liabilities	253.9	252.8

Specification of total interest-bearing liabilities

Parent 2015	Parent 2014	MEUR	Group 2015	Group 2014
123.0	135.2	EUR*	123.0	135.0
131.3	119.4	USD*	131.3	119.4
0.0	0.0	Other currencies	0.5	0.5
(1.0)	(2.1)	Capitalized arrangement fee	(1.0)	(2.1)
253.4	252.5	Total interest-bearing liabilities	253.9	252.8
252.5	**273.9**	**Total interest-bearing liabilities**	**252.8**	**274.0**

* Total debt repayments in 2015 amounted to MEUR 13.6. The USD facility increased due to a strengtening of the USD/EUR exchange rate. See note 21 for an assessment of currency risk.

Specification of interest-bearing loans and borrowings *(in local currencies)*

	Currency	Total amount	Undrawn amount	Drawn amount	Capitalized arr. fees	Amount recognized	Maturity Date	Interest Rate (incl margin)**
DNB Bank/Danske Bank/BNP Paribas *	EUR	182.0	39.0	123.0	0.5	123.5	02.03.18	1.50%
DNB Bank/Danske Bank/BNP Paribas	USD	172.0	29.0	143.0	0.5	143.5	02.03.18	2.10%

* The EUR facility includes a short-term overdraft facility of EUR 20 million which can be renewed each year. The overdraft facility is terminated at the same maturity date as the credit facility. Nothing was drawn against the overdraft facility at 31.12.2015.

** A portion of the floating interest is hedged by interest rate swaps, maturing 3rd of October 2016: EUR 100 million (1.5535%) respectively USD 50 million (1.543%). These interest rates swaps are not included in the above interest rates. See also note 21.

Facility reduction schedule – interest-bearing loans and borrowings *(in local currencies)*

Year	MEUR	MUSD
2016	-	-
2017	-	-
2018	182.0	172.0
Total	**182.0**	**172.0**

Group Loan Covenants

- Equity ratio (Equity / Total assets)	Minimum 25.0%
- Minimum liquidity	Minimum MEUR 50
- Gearing ratio (NIBD / EBITDA)	The required gearing ratio level is 3.0x at 31 December 2015, thereafter reduced to 2.75x until December 2017 and from 2018; 2.5x
- Capital expenditures	Maximum 4% of consolidated turnover, however no restrictions if gearing ratio is 2.5x or below. Unutilized amounts can be forwarded to the next succeeding financial year.
- Dividend restrictions	Gearing ratio required to be 2.5x or below

The covenants are tested quarterly, except for the Capital expenditure limit which is tested at year end. The Group is in compliance with the covenants as at 31.12.15.

Security

All lenders are ranked pari passu with first priority security over the Group's material subsidiaries shares. The loan agreement is built on a negative pledge structure, which restricts the pledging of assets.

Liquidity reserve

The liquidity reserve of Group consists of cash and cash equivalents in addition to undrawn credit facilities.

MEUR	2015	2014
Cash reserve	53.6	52.4
Undrawn facility	85.6	101.2
Total (before bank overdraft)	**139.2**	**153.6**
Bank overdraft *	(14.0)	(18.8)
Liquidity reserve	**125.2**	**134.8**

* The liquidity reserve was reduced by MEUR 20 as a consequence of the refinancing in 2015.

** The major entities in the Group are members of the Parent company's international multi-currency cash pool, where cash deficits in one entity is offset with surplus cash in another entity. The net cash holding in the cash pool was positive at year end.

Other current interest-bearing liabilities

These comprise accrued interest and capital repayments on long-term loans payable within twelve months of the balance sheet date, as well certain other short-term interest-bearing liabilities.

NOTE 20 Trade and Other Payables

Specification trade and other payables as presented in the statement of financial position

Parent 2015	Parent 2014	MEUR	Group 2015	Group 2014
0.4	0.3	Trade payables	101.0	99.1
34.7	52.7	Short-term group liabilities	0.0	0.0
2.0	3.6	Accrued expenses	53.5	54.1
0.0	0.0	Provisions	2.7	3.0
1.6	3.2	Interest rate and currency swaps	1.6	3.2
0.8	0.4	Other short-term liabilities	6.3	5.5
39.5	**60.3**	**Total**	**165.0**	**164.9**

Provisions

2015 MEUR	Warranty reserve	Restructuring and other provisions	Total
Opening Balance	3.0	0.0	3.0
P&L charge /(credit)	0.4	0.0	0.4
Payments	(0.7)	0.0	(0.7)
Translation effect	0.0	0.0	0.0
Closing Balance	**2.7**	**0.0**	**2.7**

Maturity structure

2015 MEUR	Provisions	Accrued expenses	IRS & Other short-term liabilities	Trade payables	Total
Repayable 0-3 months after year end	0.4	26.0	3.4	99.7	129.4
Repayable 3-6 months after year end	0.7	6.8	0.5	1.0	9.0
Repayable 6-9 months after year end	0.1	10.9	0.2	0.1	11.2
Repayable 9-12 months after year end	1.5	9.8	3.8	0.2	15.4
Total	**2.7**	**53.5**	**7.9**	**101.0**	**165.0**

NOTE 21 Risk Management

Finance risk management policies

The Group's overall financial risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group exploits derivative financial instruments for potential hedging of certain risk exposures, however the current usage of such instruments is limited.

Foreign exchange risk

Kongsberg Automotive operates internationally in a number of countries and is exposed to foreign exchange risk arising from various currency exposures. The primary exposures are EUR and USD. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations. As the Group reports its financial results in EUR, changes in the relative strength of EUR to the currencies in which the Group conduct business can adversely affect the Group's financial development. Historically changes in currency rates have had an effect on the top line development, however it has not had a significant impact on operating profit since the costs usually off set the effects from the top line.

Management is monitoring the currency exposure on a group level. The Group treasury uses the debt structure and profile to balance some of the net exposure of the cash flow from operations. The Group's treasury function regularly evaluates the use of hedging instruments but has currently a low usage of such instruments.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is partially managed through borrowings denominated in the relevant foreign currencies.

Sensitivity

At 31 December 2015, if the currency USD had weakened/strengthened by 5 % against the EUR with all other variables held constant, revenues would vary by around +/- 1.8% or MEUR +/- 18. Operating profit would not have been significantly changed. A change in EUR and USD of +/- 5% versus the NOK would have influenced the conversion of the long term debt and hence influenced the financial items with approximately MEUR +/- 13. These changes would also have generated changes in currency conversion in the equity, hence the equity change would have been less significant.

Operational risks

Operation and investment risks and uncertainties

The Group is usually contracted as a supplier with a long-term commitment. The commitment is usually based on the model platforms, which for passenger cars are typically 3 to 5 years, while on commercial vehicles it is typically 5-7 years and in some cases even longer. Purchase orders are achieved on a competitive bidding basis for either a specific time-period or indefinite time. Even if present commitments are cost reimbursable they can be adversely affected by many factors and short term variances including shortages of materials, equipment and work force, political risk, customer default, labor conflicts, accidents, environmental pollution, the prices of raw materials, unforeseen problems, changes in circumstances that may lead to cancellations and other factors beyond the control of the Group. In addition, some of the Group's customer contracts may be reduced, suspended or terminated by the customer at any time upon the giving of notice. Customer contracts also permit the customer to vary the scope of work under the contract. As a result, the Group may be required to renegotiate the terms or scope of such contracts at any time, which may result in the imposition of terms less favorable than the previous terms.

Competition

The Group has significant competitors in each of its business areas and across the geographical markets in which the Group operates. The Group believes that competition in the business areas in which it operates will continue in the future. The Group continuously monitors its competitive environment.

Volatility in prices of input factors

The Group's financial performance is dependent on prices of input factors, i.e. raw materials and different semi-finished components with a varying degree of processing, used in the production of the various automotive parts. Some of the major raw materials are:

- Steel including rod and sheet metal, cast iron and machined steel components
- Polymer components of rubber, foam, plastic components and plastic raw materials
- Copper
- Zinc
- Aluminium

Because of the raw material exposure, a change in the prices of these raw materials will have an effect on the Group. Steel, copper, zinc, aluminum and polymer prices have reached historically high levels over the last years, being subject to large fluctuations in response to relatively minor changes in supply and demand and a variety of additional factors beyond the control of the Group, including government regulation, capacity, and general economic conditions.

A substantial part of the Group's steel and brass (copper and zinc) based products is sold to truck manufacturers. Business practice in the truck industry allows the Group to some extent to pass increases in steel, aluminum and brass prices over to its customers. However, there is a time lag of three to six months before the Group can adjust the price of its products to reflect fluctuations in the mentioned raw material prices, and a sudden change in market conditions could therefore impact the Group's financial position, revenues, profits and cash flow. When the market prices go down the adverse affect will occur. For products sold to passenger car applications, the Group does not have the same opportunity to pass increases in raw materials prices.

Uninsured losses

The Group maintains a number of separate insurance policies to protect its core businesses against loss and/or liability to third parties. Risks insured include general liability, business interruption, workers' compensation and employee liability, professional indemnity and material damage.

Interest rate risk

The Group's interest rate risk arises from long-term borrowings. The Group's debt is drawn up in EUR and USD with the corresponding interest rates. The Group analyses its interest rate exposure on a running basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on the various scenarios, the Group manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift.

Interest rate swap

The Group entered into two interest rate swap agreements of MUSD 50 and MEUR 100 in March 2012. The two swaps run from October 2013 until October 2016. Interest payments are performed quarterly. Market-to-market values have been used at balance sheet date.

Sensitivity

Based on the simulations performed per 31.12.2015, the impact on pre tax profit of a +/- 0.5 percentage point shift in both the EUR and USD interest would be a maximum increase or decrease of MEUR 0.5. This impact would reach MEUR 1.3 without hedging instruments.

Credit risk

Credit risk is managed on group and entity level. Credit risk arises mainly from trade with customers and outstanding receivables. The level of receivables and overdue are monitored on a weekly basis. Historically the Group have had limited loss on receivables. In some countries, the Group is also participating in some factoring agreements which reduces some of the credit risk and improve the working capital. See also note 15.

The automotive industry consists of a limited number of vehicle manufacturers, hence the five biggest customers will be in the around 35% of total sales. The Group has a diversified customer base, where no individual customer represents more than 10 % of the Group's revenues. It is in the opinion of the Group that concentration risk is not present, however due to the number of vehicle manufacturer and hence customers concentration risk could be considered to exist.

Funding and liquidity risk

Cash flow forecasting is performed by each operating entity of the Group on a weekly basis for the next 12 weeks. The Group to keeps track of its liquidity requirements and monitors to ensure there are sufficient cash to meet both operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. For unused liquidity reserve, see note 19.

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital and balance the risk profile.

The Group monitors capital on the basis of the gearing ratio and the level of equity. These ratios are calculated as net debt divided by EBITDA and Equity divided by total balance. The Group has a treasury policy regulating the levels on these key ratios.

NOTE 22 Financial Instruments

Classification, measurement and fair value of financial instruments

MEUR	Notes	Group – 2015 Derivatives at fair value through profit and loss*	Loans and receivables at amortized cost	Financial liabilities at amortized cost	Non-financial assets and liabilitites	Total
Trade and other receivables	15		165.0		19.0	184.0
Cash and cash equivalents			53.9			53.9
Interest-bearing loans and borrowings	19			(253.9)		(253.9)
Bank overdraft				(14.0)		(14.0)
Other current interest-bearing liabilities	19			(0.0)		(0.0)
Trade and other payables	20	(1.6)		(153.8)	(9.0)	(164.4)
Total		**(1.6)**	**218.9**	**(421.7)**	**10.0**	**(194.4)**
Fair value		(1.6)	218.9	(422.7)	10.0	(195.4)
Unrecognized gain/ (loss) *		-	-	(1.0)	-	(1.0)

* Unrecognized loss on financial instruments is related to capitalization of arrangement fees. Interest rate and currency forwards are the only types of derivative instrument held by the Group in 2014 and 2015. The derivatives are valued based on a level 2 valuation. There were no transfers between levels in the period.

MEUR	Notes	Group – 2014 Derivatives at fair value through profit and loss*	Loans and receivables at amortized cost	Financial liabilities at amortized cost	Non-financial assets and liabilitites	Total
Trade and other receivables	15		157.9		14.5	172.4
Cash and cash equivalents			53.5			53.5
Interest-bearing loans and borrowings	19			(252.8)		(252.8)
Bank overdraft				(18.8)		(18.8)
Other current interest-bearing liabilities	19			(0.0)		(0.0)
Trade and other payables	20	(3.2)		(153.2)	(8.5)	(164.9)
Total		**(3.2)**	**211.4**	**(424.8)**	**5.9**	**(210.7)**
Fair value		(3.2)	211.4	(426.9)	5.9	(212.8)
Unrecognized gain/ (loss)		-	-	(2.1)	-	(2.1)

NOTE 23 Remuneration and Fees for Management, Board of Directors and Auditor

Remuneration and fees recognized in the statement of income (KEUR)

	2015	2014*
Total remuneration of the Board of Directors	229.0	240.0
Gross base salary to the CEO	430.2	442.9
Car allowance to the CEO	15.6	16.8
Bonus to the CEO (short term incentive)	56.2	189.8
CEO's option gains (long term incentive)	0.0	70.1
Pension costs to the CEO	31.1	35.5
Management salaries other than to the CEO	1,799.4	1,574.2
Other remuneration of management other than the CEO	433.2	911.7
Pension costs of management other than the CEO	204.1	159.2
Total	**3,198.9**	**3,640.2**

* Adjusted for actual bonus costs

Specification of remuneration to Board of Directors (KEUR)

Name	Position	Compensation committee	Audit committee	BOD fees	Total 2015	2014
Ulla-Britt Fräjdin-Hellqvist	Chairwoman	5.6	0.0	50.3	55.8	59.9
Halvor Stenstadvold	Board member	0.0	6.7	29.0	35.7	37.7
Magnus Jonsson	Board member	3.9	0.0	29.0	32.9	33.2
Malin Persson	Board member	0.0	3.4	29.0	32.4	15.6
Thomas Falck	Board member	0.0	8.9	29.0	38.0	39.5
Eivind Holvik	Employee representative	0.0	0.0	5.0	5.0	10.8
Jon Ivar Jørnby	Employee representative	0.0	0.0	5.0	5.0	0.0
Kari Brænden Aaslund	Employee representative	0.0	0.0	5.0	5.0	0.0
Kjell Kristiansen	Employee representative	3.9	0.0	10.1	14.0	15.0
Tonje Sivesindtajet	Employee representative	0.0	0.0	5.0	5.0	10.8
Other (replaced board member)		0.0	0.0	0.0	0.0	17.7
Total - Board of Directors		**13.4**	**19.0**	**196.6**	**229.0**	**240.0**

Specification of remuneration to nomination committee (KEUR)

Name	Position	2015	2014
Tor Himberg-Larsen	Committee chairman	10.1	9.6
Hans Trogen	Committee member	5.0	4.2
Heidi Finskas	Committee member	4.5	3.6
Total - Nomination Committee		**19.5**	**17.4**

Specification of remuneration to Management other than CEO (KEUR)

2015

Name	Position	Base salary	Car Allowance	Bonus	Options*	Pension	Total
Trond Stabekk	EVP, CFO	283.7	13.4	36.9	0.0	31.1	365.1
Jarle Nymoen	EVP, Human Resources	198.3	13.4	23.2	24.0	22.9	281.8
Lovisa Söderholm**	EVP, Purchase	173.2		20.3	0.0	43.7	237.2
Scott Paquette	EVP, Driver Control	287.7	10.8	72.1	6.8	6.0	383.4
Joachim Magnusson	EVP, Driveline	235.2		17.9	6.8	38.6	298.4
Jonathan Day	EVP, Fluid Transfer	262.4	10.8	62.2	0.0	6.6	342.1
Anders Nyström	EVP, Interior	219.4		45.2	48.1	44.5	357.1
Philippe Toth	SVP, Business Development & IR	139.6	6.7	14.5	0.0	10.8	171.6
Total - Management other than CEO		**1,799.4**	**55.2**	**292.4**	**85.7**	**204.1**	**2,436.8**

* Net proceeds from exercise financial gear 2015.
** Lovisa Söderholm joined Kongsberg Automotive during 2015

2014

Name	Position	Base salary	Car Allowance	Bonus	Options	Pension	Total
Trond Stabekk	EVP, CFO	290.3	14.4	128.3	194.5	35.4	662.9
Jarle Nymoen	EVP, Human Resources	205.3	14.4	82.2	0.0	25.5	327.4
Anders Nyström	EVP, Purchase	189.1		78.0	0.0	43.6	310.8
James G Ryan	EVP, Driver Control	225.6	9.1	55.7	0.0	5.9	296.2
Joachim Magnusson	EVP, Driveline	216.6		113.5	26.6	38.0	394.7
Jonathan Day	EVP, Fluid Transfer	215.0	9.1	51.6	1.0	5.9	282.6
Scott Paquette	EVP, Interior	232.4	9.1	124.3	0.0	4.8	370.5
Total - Management other than CEO		**1,574.2**	**55.9**	**633.6**	**222.1**	**159.2**	**2,645.2**

The Management Group participates in a bonus scheme (short term incentive). Details on the STI in note 25. Target bonus for management is between 40% and 50% of base salary. Max bonus is 61,6% or 69.3% of base salary for Group Management and 77.0% of base salary for the CEO. Average bonus last five years for the CEO is 30% of base salary.

A total of MEUR 2.7 is accrued for bonus earned in 2015 (2014: MEUR 5.9). Bonus eligible employees are approximately 250. The accrual includes social security costs.

Outstanding number of share options granted to management

Issued in	2015	2014	2013	2012	2011	2009	2008
Strike price, NOK	5.90	5.80	1.50	2.00	4.50	3.00	20.00
Expiry year	2022	2021	2020	2019	2018	2019	2018
Hans Peter Havdal	325,000	325,000	325,000	322,000	317,000	215,394	157,465
Trond Stabekk	225,000	225,000	225,000	222,000			
Jarle Nymoen	125,000	125,000	76,667	122,000	117,000	102,029	48,795
Lovisa Söderholm	125,000						
Scott Paquette	125,000	125,000	125,000	122,000	117,000	102,029	13,012
Joachim Magnusson	125,000	125,000	125,000	122,000	117,000		17,971
Jonathan Day	125,000	125,000	125,000	122,000	60,000	45,346	24,072
Anders Nyström	125,000	125,000	125,000				
Philippe Toth	125,000	50,000	33,334	21,667			1,781
Total options	**1,425,000**	**1,225,000**	**1,160,001**	**1,053,667**	**728,000**	**464,798**	**263,096**

For more details about the share option plan see note 16.

Specification of fees paid to the auditors

KEUR	2015	2014
Statutory audit services to the Parent company (Deloitte)	50.1	51.6
Statutory audit services to subsidiaries (Deloitte)	496.1	509.5
Statutory audit services to subsidiaries (Other)	118.4	122.8
Further assurance services (Other)	31.9	31.4
Other non-audit services (Other)	27.9	71.2
Total	**724.3**	**786.5**

NOTE 24 Shares Owned by Management and Board of Directors as at 31.12.15

Board of Directors			No of shares
Ulla-Britt Fräjdin-Hellqvist	Chairwoman		72,800
Halvor Stenstadvold	Board member		300,000
Magnus Jonsson	Board member		20,000
Malin Persson	Board member		10,000
Thomas Falck	Board member		1,000,000
Jon Ivar Jørnby	Employee representative		0
Kari Brænden Aaslund	Employee representative		0
Kjell Kristiansen	Employee representative		0
Total number of shares			**1,402,800**

Executive Committee			No of shares
Hans Peter Havdal	CEO & President		447,025
Trond Stabekk	EVP, CFO		138,080
Jarle Nymoen	EVP, Human Resources		102,985
Lovisa Söderholm	EVP, Purchase		12,500
Scott Paquette	EVP, Driver Control		90,800
Joachim Magnusson	EVP, Driveline		123,693
Jonathan Day	EVP, Fluid Transfer		139,250
Anders Nyström	EVP, Interior		65,000
Philippe Toth	SVP, Business Development & IR		48,680
Total number of shares			**1,168,013**

NOTE 25 Statement of Remuneration of Management

Principles for Executive remuneration.

Remuneration governance

The Board has appointed a Compensation Committee that is headed by the Chairwoman of the Board. The Compensation Committee monitors decisions on matters regarding remuneration and terms for executives.

The CEO's remuneration package, and any adjustments thereof, are first reviewed by the Compensation Committee and then approved by the Board. The Board of Directors considers annually the compensation of the CEO. The remuneration packages for the other executives, including adjustments of these, are agreed between the CEO and the respective manager.

Principles for base salary

The fixed salary should reflect the individual's area of responsibility and performance over time. Kongsberg Automotive offers base salary levels which are competitive in the market in which we operate. Salaries are regularly benchmarked versus salary statistics provided by a global 3rd party human resource and related financial services consulting firm.

Variable compensation and incentive schemes

Kongsberg Automotive's short term incentive (STI):

The Annual Bonus Scheme (ABS) is a short term incentive with a timeframe of one year. The ABS is a worldwide incentive program designed to motivate, recognize and reward eligible employees for the contributions they make towards meeting KA's financial and business targets, as well as personal targets. The objectives of the program are to (i) clearly communicate to KA employees both KA's targets and employees' individual targets, (ii) communicate to KA employees how bonus payment is linked to KA performance and individual performance, (iii) drive the KA organization's ability to meet or exceed KA's performance targets, and (iv) improve KA's ability to attract, retain and motivate employees.

Executives receive variable salaries based on Return on capital employed (ROCE) (weighted 70%), year over year revenue growth (weighted 10%), business wins (weighted 10%) and business performance (10%). Business performance is business targets for a unit, or as an individual. The business targets may reflect defined KPIs related to QA, HSE, CSR, financial performance, and so on. ROCE, year over year revenue growth, and business wins are measured at both Group and Business Area (BA) level.

Target bonus for the CEO is 50% of gross base salary. Max bonus is 77% of gross base salary. Average bonus last five years for the CEO is 30% of gross base salary.

The performance goals for the CEO and Group are proposed by the Chairwoman of the Board and approved by the Board. Goals for the other senior executives are determined by the CEO and reviewed by the Compensation Committee.

Kongsberg Automotive's long term incentive (LTI):
The Board of Directors has established share option programmes for leading employees that have been approved by shareholders in the Annual General Meeting. It is the company's judgement that it is positive for long-term value creation in the group that leading employees hold shares and share options in Kongsberg Automotive.

The intention of this plan is to (i) attract and retain employees whose service is important to the Company's success, (ii) motivate such employees to achieve long-term goals of the Company, (iii) provide incentive compensation opportunities to such employees which are competitive with those of other companies, and (iv) encourage such employees to own common shares of the Parent Company and thereby share a common financial interest with the other shareholders of the Company.

The Board of Directors can offer share options to leading employees when shareholdershave given authority to run options programmes:

- The exercise price of the options shall be the average trading price of the KOA shares the first 10 days after presentation of the 4th quarter results.
- 1/3 of options granted can be exercised at the earliest after 1, 2, and 3 years respectively. The exercise period shall typically be seven years.
- Minimum profit per share option to be eligible to exercise an option is NOK 1,-.
- Profit from exercise of options any calendar year shall not exceed the employee's basesalary the preceding year.
- To be granted options and to maintain options, the employee must at any time hold a number of KOA shares at least equivalent to 10% of the number of options.
- Principally, if an employee leaves the company, outstanding options which were not exercisable on the date of termination of employment will be forfeited.

Principles for benefits
In addition to fixed and variable salary, other benefits such as health insurance, newspaper, internet and telephone might be provided. The total value of these benefits should be modest and only account for a limited part of the total remuneration package.

Principles for company car and car allowance shall be allowed to vary in accordance with local conditions.

Pension:
Executives participate in the same pension plans as other employees within the unit in which they are employed.

Employees in the Norwegian entity participate in a defined contribution pension plan. The annual accrual is 4% of the annual base salary from 1- 6 G, 8% from 6 -12 G and 18% from 12-24 G (G is the base amount of Norwegian Social Security). The Top Hat (12-24 G) is non-secured and unfunded.

The CEO has a retirement agreement. Optional retirement at age 62. 60% of base salary (limit). Valid between ages 62-67. Pursuant to the employee holding a position in KA at attaining the age of 62.

Severance pay
CEO's agreed period of notice is 6 months.

The CEO has 6 months severance pay (base salary). The employee is not entitled to redundancy payment in the event he himself terminates the employment. At the
year-end no other Executives had any agreement for redundancy payment. The notice
period for the rest of the management is 6 months.

NOTE 26 Commitments and Guarantees

Commitments
The Group is party to lease agreements classified as operating lease. The total group cost for operating leases was MEUR 5.5 in 2015 (2014: 3.9)
Operating leases are mostly used for the rental of office equipment. Below is the maturity schedule for operational leases in the Group:

MEUR	2016	2017	2018	2019	2020	Thereafter	Total
Operational lease commitments	(5.4)	(5.1)	(4.6)	(4.3)	(3.9)	(2.7)	**(25.9)**

Guarantees

Kongsberg Automotive ASA (Parent company):
Some subsidiaries require a financial support guarantee from Parent to satisfy the Going concern assumption. The Parent company has also issued guarantees towards suppliers of subsidiaries. The exposure is not considered material.

Kongsberg Automotive Group:
No material guarantees have been issued to or on behalf of entities outside the Group with the exception of Parent company guarantees described above.

NOTE 27 Contingent Liabilities

Contingent liabilities

The following in an overview of current material disputes involving either the Parent company Kongsberg Automotive ASA or its subsidiaries:

Bombardier Recreational Products Inc. vs. Kongsberg Inc. (Canada)
Bombardier Recreational Products Inc. has notified Kongsberg Inc. about claims raised by third parties arising out of two accidents where vehicles designed and manufactured by BRP; "the Can-Am Spyder", have been involved and where drivers and passengers of the Can-Am Spyders have suffered personal injuries. The third party claimants have both alleged that the design of the vehicle in several respects, including the steering, was defective. The Dynamic Steering Unit for the Can-Am Spyder was supplied by Kongsberg Inc. to BRP and BRP has claimed that Kongsberg Inc. shall indemnify it from the above claims as it follows from BRP's purchasing conditions that Kongsberg Inc. as a supplier shall indemnify BRP from product liability claims.

MTD Products Inc. vs. Kongsberg Power Products Systems I Inc. (US)
Kongsberg Power Products Systems I Inc. ("KPPS") has further to a purchase order from 2006 delivered a four-way control for a snow thrower to MTD. Toro Inc. has sued MTD alleging that the control infringed one of their patents for a similar solution. In 2013 MTD and Toro reached a confidential agreement and settled the dispute. MTD has turned to KPPS claiming to be indemnified from all losses and costs. KPPS have rejected the claim whereafter MTD initiated arbitration proceedings. MTD's claim is so far not quantified.

NOTE 28 Subsequent Events

Sale of North American headrest business

A letter of intent has been signed for the sale of the headrest business in North America.

The exact financial impact is yet to be established; however, the transaction could generate an accounting loss in the range of EUR 3 to 5 million related to compensation for potential future losses and restructuring activities.

The transaction is following the strategic decision to exit the headrest business and is considered a favorable option to gradually winding down the business. The transaction is expected to be completed during the second quarter of 2016

NOTE 29 Related-Party Transactions

Kongsberg Automotive group is listed on Oslo Stock Exchange. The Group's ultimate parent is Kongsberg Automotive ASA.
The Group has no material transactions with related parties. The parent company has carried out the following transactions with related parties:

Key management- and BOD compensation

See note 23 - includes remuneration for management and Board of Directors.

Specification of revenues – type of services

MEUR	2015	2014
Group benefits fee from subsidiaries *	28.1	27.4
Information Systems & Technology	10.2	9.4
Other	4.7	4.5
Operating revenues	**43.0**	**41.3**

* The Kongsberg Automotive Group has a Norway-based Head Office (Kongsberg Automotive ASA) which is staffed with Group Management and other highly experienced personnel, and has therefore been established as a central unit to provide and coordinate a variety of important and beneficial Group Benefits to its subsidiaries. This by drawing on its own resources as well as on those available from third parties. All subsidiaries have a need for the provision of group know-how, management expertise and other intellectual property, as well as advice, support and assistance in several areas (e.g. Finance/Treasury, Legal).

Specification of revenues – revenues by geographical location

MEUR	2015	2014
Norway	5.4	5.7
USA	7.3	7.1
Sweden	4.0	4.7
China	3.6	3.4
Mexico	6.8	6.2
Other countries	15.8	14.3
Total	**43.0**	**41.3**

Outstanding loans, receivables and liabilities with other group companies

	Non-current assets	
Loans to other group companies	2015	2014
Kongsberg Automotive SP. z.o.o	4.0	0.0
Kongsberg Automotive Hong Kong Ltd	5.8	32.9
Kongsberg Automotive Holding 2 AS	388.2	371.3
Kongsberg Automotive s.r.o.	4.0	0.0
Other group companies	14.9	12.7
Total	**416.9**	**416.8**

The Parent company's loans to Group companies have due dates exceeding 1 year.
The majority of the inter company loans have a 5 % point margin of the respective marked reference rates.

Short term Group receivables

	Current assets	
MEUR	2015	2014
Kongsberg Actuation Systems SL	0.2	0.2
Kongsberg Automotive s.r.o	0.1	0.1
Kongsberg Driveline Systems SAS	0.1	(0.0)
Kongsberg Driveline Systems GmbH	0.0	0.0
Kongsberg Automotive Ltd (Hong Kong)	7.3	0.0
Kongsberg Automotive (Shanghai) Co Ltd.	0.4	0.3
Kongsberg Automotive Inc.	13.6	9.5
Kongsberg Automotive Holding 2 AS	0.0	0.9
Kongsberg Automotive AS	9.6	0.0
Kongsberg Automotive (Wuxi) Ltd.	3.0	3.0
Other group companies	1.2	9.9
Total	**35.4**	**23.8**

Short-term Group liabilities

	Current liabilities	
MEUR	2015	2014
Group companies*	34.7	52.7
Total	**34.7**	**52.7**

* Mainly Group Contribution to Kongsberg Automotive Holding 2 AS (MEUR 31.8)

Current assets and - liabilities have due dates within 1 year. The outstanding accounts are repayable on demand based on available liquidity in the respective subsidiary.

Auditor’s Report

Deloitte.

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Norway

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To the Annual Shareholders' Meeting of Kongsberg Automotive ASA

INDEPENDENT AUDITOR’S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of Kongsberg Automotive ASA, 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 statement of financial position as at 31 December 2015, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information. The financial statements of the group comprise the statement of financial position as at 31 December 2015, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

The Board of Directors and the President and the CEO`s Responsibility for the Financial Statements

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

Auditor’s Responsibility

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

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

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

Registrert i Foretaksregisteret
Medlemmer av Den norske Revisorforening
Organisasjonsnummer: 980 211 282

Deloitte.

Page 2
Independent Auditor’s Report to the Annual Shareholders' Meeting of Kongsberg Automotive ASA

Opinion on the financial statements for the parent company
In our opinion, the financial statements of the parent company are prepared in accordance with the law and regulations and give a true and fair view of the financial position of Kongsberg Automotive ASA as at 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to the Norwegian accounting act § 3-9.

Opinion on the financial statements for the group
In our opinion, the financial statements of the group are prepared in accordance with the law and regulations and give a true and fair view of the financial position of the group Kongsberg Automotive ASA as at 31 December 2015, and of its financial performance and its cash flows for the year 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 and the statements on Corporate Governance and Corporate Social Responsibility
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 and in the statements on Corporate Governance and Corporate Social Responsibility, and 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.

Oslo, 11 February 2016
Deloitte AS

Ingebret G. Hisdal (Signed)
State Authorised Public Accountant (Norway)

Declaration to the Annual Report 2015

Responsibility Statement

The Chief Executive Officer and the Board of Directors confirm, to the best of our knowledge, that the financial statements for the period January 1 to December 31, 2015 have been prepared in accordance with current applicable accounting standards, and give a true and fair view of the Company's and the Group's assets, liabilities, financial position and profit or loss of the entity and the group taken as a whole. We also confirm that the Board of Directors' report includes a true and fair review of the development and performance of the business and the position of the entity and the group, together with a description of the principal risk and uncertainties facing the entity and the group.

Kongsberg, February 11, 2016
Board of Directors of Kongsberg Automotive ASA

Ulla-Britt Fräjdin-Hellqvist
Chairwoman
(Sign.)

Halvor Stenstadvold
Board member
(Sign.)

Malin Persson
Board member
(Sign.)

Thomas Falck
Board member
(Sign.)

Magnus Jonsson
Board member
(Sign.)

Kari Brænden Aaslund
Employee representative
(Sign.)

Kjell Kristiansen
Employee representative
(Sign.)

Jon Ivar Jørnby
Employee representative
(Sign.)

Hans Peter Havdal
President and CEO
(Sign.)

Key Financial Data

Group

			2015	2014	2013	2012	2011
Operations and profit							
1	Operating revenues	(MEUR)	1,020.1	979.1	990.9	1,001.1	999.7
2	Depreciation and amortisation	(MEUR)	66.1	42.1	43.9	46.3	43.4
3	Operating (loss) / profit	(MEUR)	36.5	54.8	53.2	30.7	38.5
4	(Loss) / profit before taxes	(MEUR)	3.7	18.9	12.8	11.9	8.2
5	Net profit	(MEUR)	(8.3)	5.4	6.6	5.3	7.8
6	Cash flow from operating activities	(MEUR)	73.5	86.1	87.6	78.9	41.2
7	Investment in Property, Plant and Equipment	(MEUR)	41.0	34.0	27.9	28.6	31.3
8	R&D expenses, gross	(MEUR)	70.5	58.7	48.6	47.1	44.8
9	R&D expenses, net	(MEUR)	55.2	49.9	40.0	40.3	39.1
Profitability							
10	EBITDA margin	%	10.1	9.9	9.8	7.7	8.2
11	Operating margin	%	3.6	5.6	5.4	3.1	3.9
12	Net profit margin	%	(0.8)	0.6	0.7	0.5	0.8
13	Return on total assets	%	5.3	8.0	7.4	4.0	4.9
14	Return on capital employed (ROCE)	%	7.8	11.8	10.9	5.8	6.9
15	Return on equity	%	(3.9)	2.7	3.5	2.8	4.3
Capital as at 31.12							
16	Total assets	(MEUR)	698.1	689.2	687.3	744.9	793.9
17	Capital employed	(MEUR)	468.1	463.1	463.7	507.5	553.3
18	Equity	(MEUR)	214.2	210.3	189.6	184.7	185.2
19	Equity ratio	%	30.7	30.5	27.6	24.8	23.3
20	Cash reserve	(MEUR)	125.2	134.8	106.5	106.0	125.8
21	Interest-bearing debt	(MEUR)	253.9	252.8	274.0	322.8	368.1
22	Interest coverage ratio		1.1	1.5	1.2	1.0	1.2
23	Current ratio (Banker's ratio)		1.8	1.6	1.6	1.6	1.5
Personnel							
24	Number of employees at 31.12		10,004	9,880	10,135	10,119	10,950

Definitions

5 Profit after tax
9 Gross expenses - Payments from customers
10 (Operating profit + depreciation and amortisation) / Operating revenues
11 Operating profit / Operating revenues
12 Net profit / Operating revenues
13 Operating profit / Average total assets
14 Operating profit / Average capital employed
15 Net profit / Average equity
17 Operating assets - Operating liabilities
20 Free cash + Unutilised credit facilities and loan approvals
22 Operating profit / Financial expenses
23 Current assets / Current liabilities

Corporate Governance

1

Implementation of the Principles for Corporate Governance

KA's guidelines for Corporate Governance conform to the Norwegian Code of Practice For Corporate Governance of 30th October 2014.

The Board of Directors has defined the Company's core values which are reflected in the Company's Code of Conduct. The Code of Conduct includes ethical guidelines and guidelines for corporate social responsibility, hereunder a ban on bribery, corruption and facilitation payments, prohibition of unlawful discrimination and prohibition of forced and child labour. All suppliers to the Company are required to confirm their adherence to these principles by signing a particular certificate. The Company has further clear policies on environmental issues and health and safety. The policies are available on the Company's web pages.

2

Definition of KA's Business

The objective is defined in the Articles of Association for the Company, article 2:

"The company's objective is to engage in engineering industry and other activities naturally related thereto, and the company shall emphasize development, marketing and manufacturing of products to the car industry. The company shall be managed in accordance with general business practice. The company may co-operate with, establish and participate in other companies."

Article 2 provides a clear description of the actual business of the Company at present. The Annual report contains a description of the Company's objectives and principal strategies.

3

Equity and Dividends

The Company shall have an equity capital which over a period of time is at an appropriate level for its objective, strategy and risk profile.

The Company's Dividends Policy of November 26, 2015 states the following:

"Kongsberg Automotive shall create good value for its shareholders, employees and society. Returns to shareholders will be a combination of changes in share price and dividends. The Board of Directors' intention is that dividends will be approximately 30% of the company's net income provided that the company has an efficient capital structure"

The General Meeting May 7, 2015 has granted a mandate to the Board of Directors to purchase up to 40 676 812 of its own shares.

The General Meeting May 7, 2015 further granted a mandate to the Board of Directors to increase the share capital by up to NOK 20 338 406. The mandate to increase the share capital is limited to defined purposes.

The above mandates expire at the earlier of the next ordinary General Meeting or 30 June 2016.

4

Equal Treatment of Shareholders & Transactions with Related Parties

KA has only one class of shares and all shareholders in KA enjoy equal rights. Transactions in own shares are in general carried out through the stock exchange or at prevailing stock exchange prices. Possible buy backs will be carried out at market prices.

In the event of transactions between the Company and its shareholders, board directors or members of the executive management, or parties closely associated with such parties, independent valuation will be obtained if such transactions are not immaterial, provided that the transactions are not to be approved by the General Meeting according to law. Independent valuation will also be obtained for transactions within the same group of companies even if such companies involved have minority shareholdings.

The Company has implemented guidelines for the senior managers' and board directors' reporting of particular interests they may have in agreements with the Company and any group company. The code of conduct includes regulations for situations that could appear as Conflicts of Interest.

There has not been any significant transaction in 2015 between the Company's shareholders, board directors or members of the executive management, or parties closely associated with such parties and the Company or its group companies.

5

Freely Negotiable Shares

The shares in KA are freely negotiable and there are no restrictions on negotiability in the Company's articles of association.

6

General Meetings

The notice of calling the General Meeting is published on the Company's web pages; www.kongsbergautomotive.com no later than 21 days prior to the meeting. The notice will further be sent to all known shareholders within the same date. Supporting information, such as proposals for resolutions to be considered by the General Meeting and recommendations by the Nomination Committee shall be made available on the web pages at the same time. The supporting material will be sufficiently detailed and comprehensive to allow all shareholders to form a view on all matters to be considered at the General Meeting. Documents that according to law shall be distributed to the shareholders may according to the articles of association be made available on the Company's web pages.

Shareholders who wish to attend the General Meeting shall notify the Company or its announced representative no later than 5 days prior to the General Meeting.

The notice calling the General Meeting will provide information on procedures the shareholders must observe at the General Meeting including the procedure for representation by proxy.

Shareholders who cannot attend the General Meeting may vote by proxy. Forms for the granting of proxies are enclosed with the summons to the General Meetings and available on the web pages. The form of proxy includes provisions that allows for instructions on the voting on each agenda item. The Company will nominate a person who will be available to vote on behalf of the shareholders as their proxy.

To the extent possible, members of the Board of Directors and the Nomination Committee, the Auditor, the Chief Executive Officer and the Chief Financial Officer will be present at the General Meeting.

The General Meetings are usually opened by the Chairwoman of the Board of Directors. A person that is independent of the Board of Directors, the management and the major shareholders are elected to chair the General Meeting and the shareholders are encouraged to propose candidates.

The Company's web pages will further provide information regarding the right of the shareholders to propose matters to be considered by the General Meeting.

The Articles of Association for the Company do not prescribe any exception from chapter five of the Act on Public Limited Liability Companies.

7

The Nomination Committee

The duties of the Nomination Committee are to propose candidates to the Board of Directors and to propose remuneration to be paid to the Directors and members of the board committees.

The members of the nomination Committee for 2015 are: Tor Himberg-Larsen (chairman), Heidi Finskas and Hans Trogen.

It follows from the Articles of Association for the Company § 5 that the Company shall have a Nomination Committee consisting of 3 members elected by the General Meeting for 3 years at a time, unless the General Meeting resolves otherwise. To ensure continuity, one member of the committee will normally be elected at each ordinary General Meeting. The members of the Nomination Committee are independent of the board directors and the management and may not have other functions in the Company. The General Meeting has adopted an instruction for the Nomination Committee, which is available on the Company's web pages. The Committee's nominations and recommendations shall be enclosed with the summons for the General Meeting and also be available on the company's web pages. The Nomination Committee stays in contact with major shareholders, board directors and management. The Nomination Committee is further informed about the conclusions from the Board's self-assessment, (see section 9 below).

The Nomination Committee's recommendation to the General Meeting includes reasons for its recommendation and relevant background information for the nominated candidates and current directors and further an assessment of how the candidates meets the Company's needs for expertise, capacity and diversity.

Information about the Nomination Committee and the deadlines for submitting proposals to the Nomination Committee will be made available on the Company's web pages where the shareholders are encouraged to propose candidates for directorships.

The remuneration to the Nomination Committee is determined by the General Meeting.

8

Board of Directors, Composition and Independence

The Board of Directors shall according to the Articles of Association of the Company consist of 3 – 9 members of whom up to 5 members shall be elected by the General Meeting. The Board consists at present of the following directors elected by the General Meeting: Ulla-Britt Fräjdin-Hellqvist (chair), Magnus Jonsson, Halvor Stenstadvold, Malin Persson and Thomas Falck. The following directors are elected by and among the employees, Kjell Kristiansen, Kari Brænden Aaslund and Jon Ivar Jørnby .

All Directors of the Board elected by the General Meeting are elected for periods of up to 2 years and are eligible for re-election. All board elections are based on simple majority. The Board Directors are independent of the executive management and material business contacts of the Company.

Participation in board meetings and board committees in 2015 has been:

	Board Meetings	Compensation committee	Audit Committee
Ulla-Britt Fräjdin-Hellqvist	17	5	
Magnus Jonsson	17	5	
Halvor Stenstadvold	15		6
Malin Persson[1]	16		4
Thomas Falck	16		6
Kjell Kristiansen	17		
Kari Brænden Aaslund[2]	11	5	
Jon Ivar Jørnby[2]	11		
Tonje Sivesundtajet[3]	6		
Eivind Holvik[3]	6		

1) Appointed to the Audit Committee 9 June 2015
2) Elected 26th May 2015
3) Until 26th May 2015

Information about the shareholdings of the Directors of the Board is included in the annual report and also available on the Company's web pages.

9

The Work of the Board of Directors

The Board of Directors holds the ultimate responsibility for managing the Group and for monitoring the day to day management and the Group's business activities. The Board of Directors is also responsible for the establishing of control systems for the group. The Board's responsibilities further include the development and adoption of the Company's strategies. The involvement in the Group's strategy development is secured by an annual strategy seminar and as a recurring agenda item at the board meetings. The end result is a five-year plan for the Group, which is discussed and approved by the Board and contains targets and action plans, financial forecasts, and an overall assessment of the risks.

The Board of Directors has issued Rules of Procedure for the Board as well as instructions for the Chief Executive Officer of the Company with the aim of establishing clear internal allocation of responsibilities and duties. Said procedure and instructions are available on the Company's web pages. The Board has 8 scheduled board meetings per year. Additional board meetings are held when deemed necessary. All scheduled board meetings in 2015, except for one meeting, were held as physical meetings.

The Board hires the CEO, defines the work instructions and decides on the CEO's remuneration.

The Board of Directors has appointed a Compensation Committee and an Audit Committee. The members of said committees are independent of the executive management. The authority of the committees is to make recommendations to the Board.

The Board of Directors evaluates its performance and expertise annually by a self assessment. The assessment is executed by questionnaires which are completed by each director followed by a common review.

10

Risk management, internal control and financial reporting

10.1.

Risk Management and Internal Control

Risk assessment is a management responsibility within the organization. Its objective is to identify, evaluate and manage risks that could reduce the individual unit's ability to reach its goals.

Developments in the automotive industry represent a material risk factor for the Group's performance. Analyses are performed in order to estimate the impact of different development scenarios within the industry on the Group's future performance and financial strength. This provides important input to the Board's overall discussions of risk appetite and risk allocation.

Assessment of operational risk is linked to the unit's ability to reach goals and implement plans. The process covers risks deriving from losses and failing profitability associated with economic cycles, altered framework conditions, changed customer behaviour, etc, and the risk of losses resulting from inadequate or failing internal processes, systems, human error or external events.

The assessment and handling of risk is integrated into the Group's value based management system. The management system is intended to ensure that there is a correlation between objectives and actions at all levels of the Group, and the general principle of value creation for KA's stakeholders. The system is based on a KPI structure where the overall KPIs are cascaded down through the organization, reflecting both short-term and long-term value creation within the Group.

Personal follow-up of KA's entire workforce is integrated into the value-based management system, and is intended to ensure the implementation of the adopted strategy.

The Group has not established a separate, independent internal auditing unit, but has implemented and undertakes a uniform internal auditing program, under which audits are performed by members of the group accounting team. Audit reports are sent to Group Management following each internal audit. Members of the Group Management are represented on the Board of the Group's subsidiaries. The Group's Board of Directors, including the Audit Committee, are kept informed on current status and approves the auditing program.

10.2.

Financial Reporting

The Kongsberg Automotive Group publishes four quarterly financial statements annually, in addition to the Annual report. Internal reports are produced monthly and quarterly, in which the performance of each business area and product segment is analyzed and evaluated against forecasts. KA's consolidated financial statements are prepared by the group accounting team, which reports to the Group CFO.

Prior to discussions with the Board, the Audit Committee performs a preliminary review of the quarterly financial statements and annual report with particular emphasis on subjective valuations and estimates that have been made. The external auditor attends all Audit Committee meetings.

A number of risk assessment and control measures are established in connection with the publication of the financial statements. Internal meetings are held with the business areas and subsidiaries, as well as a meeting with the external auditor, to identify risk factors and measures associated with material accounting items or other circumstances. Similar meetings are also held quarterly with various professional environments within the Group, with particular focus on any market changes, specific circumstances relating to individual investments, transactions and operating conditions, etc.

The Group addresses frequently occurring items affecting the accounting record keeping, internal accounting controls and financial reporting within the consolidated group through the KA Finance Manual. The document contains the most relevant accountancy and reporting related issues for all reporting units and set presidency for a distinctive reporting throughout the Group. The KA reporting process follows a standard schedule applicable to all reporting units. The company uses Oracle Hyperion Financial Management as its global financial consolidation, reporting and analysis tool.

Key members of the group accounting team receive a fixed annual compensation that is not affected by the Group's financial performance. The segregation of duties in the preparation of the financial statements is such that the group accounting team shall not itself carry out asset valuations, but shall perform a control to ensure compliance with the group companies' accounting processes.

11

Remuneration of the Directors of the Board

The remuneration paid to each Board member is specified in the notes to the annual accounts. The remuneration is proposed by the Nomination Committee and approved by the General Meeting. The Directors hold no other assignment in the Company than the directorships to the Board and memberships to committees to the Board.

The Board directors are not entitled to performance related compensation. Options to shares are not granted to the Board Directors. The Board Directors have not received any compensation from the Company other than the remuneration for the directorship and membership to the Board and committees.

12

Remuneration to the Executive Management

The Board of Directors has established guidelines for the remuneration to the executive management. The remuneration for the management is further reviewed by the Board annually. The guidelines are available on the Company's web pages and are communicated to the annual General meeting. Information about the remuneration paid to the executive management of the Company is included in the notes to the annual accounts. Performance related remunerations such as bonuses and share option programs are based on the Company's financial results and are subject to absolute limits.

13

Information and Communication

The Board of Directors has established guidelines for the Company's reporting of financial and other information based on openness and taking into account the requirement for equal treatment of all participants in the securities market. A financial calendar for the Company is available on the Company's web pages.

All information distributed to the shareholders will be made available simultaneously on the Company's web pages.

14

Takeovers

The Board of Directors has established guiding principles for how it will act in the event of a takeover bid. These are in compliance with article 14 of the Code of Practice. The main elements of these principles are included in the Rules of Procedures for the Board of Directors and available on the Company's web pages.

There are no defence mechanisms in the Articles of Association for the Company or any underlying documents, nor are there implemented any measures to limit the opportunity to acquire shares in the Company.

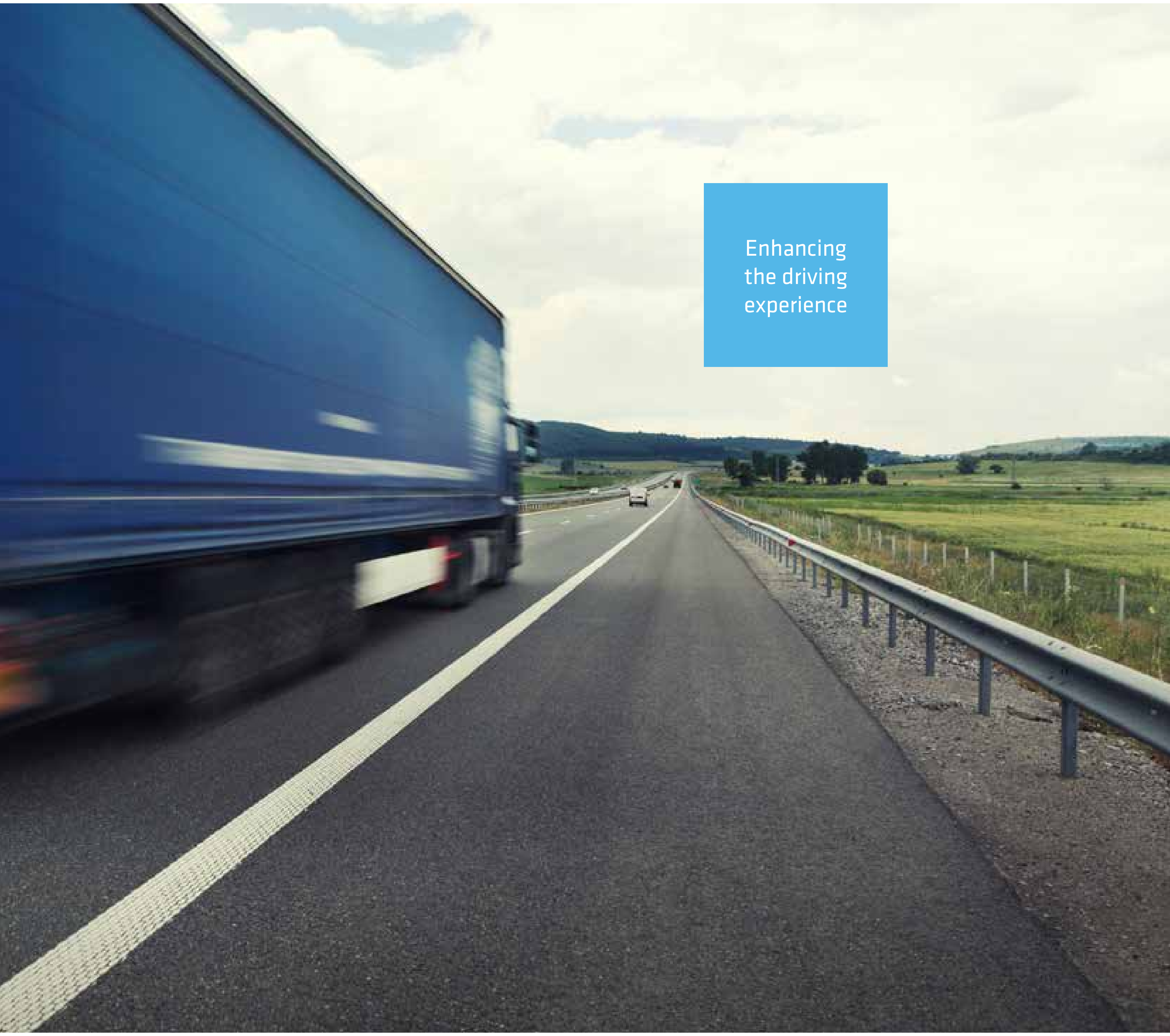
If an offer is made for the Company's shares, the Company's Board of Directors shall issue a statement evaluating the offer and making a recommendation as to whether shareholders should or should not accept the offer. The Board should consider whether to arrange a valuation by an independent expert.

The Board of directors shall not seek to hinder or obstruct take-over bids for the Company's activities or shares unless there are particular reasons for this.

15

Auditor

The Auditor presents annually the main elements of plan for the auditing of the Company to the Audit committee. The Auditor participates in the meetings with the Audit Committee and in the board meeting that approves the financial statements and further, meets with the Board without the management of the Company present at least once a year. The Auditor reviews the internal controls of the company and presents the result of the review to the Audit committee annually together with identified weaknesses, if any, and proposals for improvements. The Company has established guidelines for the Auditor's and associated persons' non-auditing work. Compensation to the Auditor is disclosed in a note to the Annual Accounts hereto and is also reported and approved by the General Meeting.


Enhancing
the driving
experience

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