BOUVET PRESENTS

Annual report 2016

bouvet

Bouvet in brief

We are a Scandinavian consultancy which works for players who are important for society in the public and private sectors. We provide services in information technology, digital communication and enterprise management. At 31 December 2016, we had 1 090 employees at 14 offices in Norway and Sweden.

We are committed to maintaining long-term client relationships and are a strategic partner for a number of enterprises through innovation, development and implementation of solutions of critical significance for society. In that way, we help to design digital solutions which create new business opportunities. Clients value our good understanding of their activities, and the fact that our broad range of services makes us a turnkey supplier. This is how we win the trust of our clients.

Our regional model with local offices provides clear advantages in marketing work and competitiveness. Many enterprises consider it important that their provider of business-critical systems has local entrenchment and expertise. It is also easier to establish long-term relationships in this way, and thereby to get to know the client's business and systems.

Thanks to our clear focus on the principles for managing the business, we are perceived as a solid, well-run and reputable company. Our standards for delivering good solutions are supplemented by strict requirements for ethics, avoiding conflicts of interest, openness and trustworthiness.

We are able to maintain close relationships with clients because our business and our employees conduct our assignments with a high level of integrity.

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Our key figures

NOK MILLION	2016	2015	2014	2013	2012
Operating revenue	**1 330.8**	1 232.5	1 132.6	1 112.8	1 030.3
Operating profit (EBIT)	**106.3**	99.4	79.2	95.1	78.2
Profit for the year	**79.9**	74.7	57.0	69.8	56.6
EBIT-margin	**8.0 %**	8.1 %	7.0 %	8.5 %	7.6 %
Equity ratio	**32.9 %**	35.9 %	34.3 %	35.9 %	34.7 %
Number of employees (year end)	**1 090**	1 036	1 008	931	881

Turnover public/private

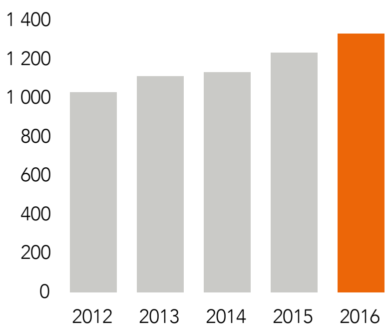
- Turnover from customer 100 % public owned: 52.4 %
- Turnover from customer wholly or partially private owned: 47.6 %

Turnover per business

Public admin	26.6 %
Oil & gas	19.3 %
Transportation	10.7 %
Power supply	10.0 %
Retail	6.6 %
Service industry	6.3 %
Info and communication	4.4 %
Bank & finance	4.3 %
Industry	4.1 %
Other	3.9 %
Health	3.7 %

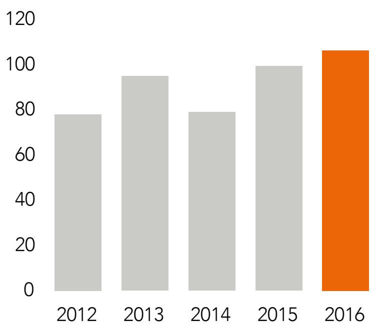
Operating revenue

NOK MILLION

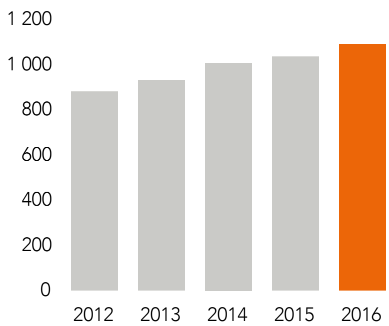


Operating profit (EBIT)

NOK MILLION



Number of employees (Year End)



Letter from the CEO

Culture, knowledge and clients

The year 2016 was exciting not only for our company but for all of us. New technology is changing our society at record speed. The question of how to initiate digital processes in the organisation has been discussed in virtually all management teams and boardrooms over the past 12 months. All our clients faced up to this challenge. Through important and highly interesting digitalisation projects, we were able to participate during 2016 in modernisations, efficiency enhancements and changes in the public and private sectors. These projects have helped to alter and develop the society we inhabit.

We worked in 2016 to develop our corporate culture, pursued continuous expertise development and worked closely with our clients. That led to satisfied employees and positioned us as one of the largest and leading centres of expertise in Scandinavia – and not least one of the most profitable. We also acquired new and able colleagues both through recruitment and by taking over the Swedish business of US consultancy Ciber.

Only one option is available to us for the way forward – to develop. Both because this generates energy and internal dynamism, and because we work in an industry and inhabit a society where new things are constantly happening. In 2016, these trends meant that we won assignments which were challenging, educational, entertaining and profitable, and where we saw that client needs were met in a way which equipped them to face the future with new digital solutions.

During the year, we became a very important partner for even more clients in their digitalisation process. We accomplished that because our attention has been concentrated on keeping abreast of new technology and developing new service areas. We experienced a marked change during 2016 with regard to interest in and need for expertise with machine learning and artificial intelligence (AI). We know a great deal about AI, and increased our commitment to this area in 2016.

Our employees have done a fantastic job in winning new clients. In Rogaland county, where demand from our clients in the oil sector was once again lower in 2016 than a couple of years ago, we secured a number of new clients in the public and private sectors. Despite the downturn in the petroleum business, we increased market share over the year and Statoil remained our largest client. Among other assignments, we were chosen as the company's partner for its Go Digital programme.

> “ We had a good year in 2016. Bouvet became even better at being Bouvet at its best. ”

We were shown increased confidence by our big clients throughout the year. The armed forces, the Oslo, Sandnes, Bergen and Trondheim local authorities, the Directorate for

Civil Protection and Emergency Planning, the State Agency for the Recovery of Fines, Damages and Costs, the Norwegian Directorate for Children, Youth and Family Affairs, the Norwegian Labour Inspection Authority, the Norwegian Courts Administration, BarensWatch, the Norwegian Directorate for Education and Training, the Norwegian University of Science and Technology (NTNU), the Swedish Legal, Financial and Administrative Services Agency, Ica, Rema, Statnett, Statkraft, Hafslund, Lyse, Agder Energi, Engie, Eni Norge, Hydro, Nortura, Skandiabanken and Handelsbanken were among our biggest clients in 2016.

Our delivery of software robots to the City of Bergen attracted great attention nationally. In addition, we won a number of awards for solutions developed with our clients.

We got even better during the year at combining our regional model with a focus on local expertise and intelligence by exploiting all the energy concentrated in our overall organisation and corporate community. This is a matter of helping each other, sharing knowledge with each other and our clients, and being the bearers of a shared culture. We have given a number of presentations nationally and internationally, as well as sharing our expertise through many breakfast seminars.

As in earlier years, turnover among our staff was low during 2016. This creates continuity both in our internal development and in our client relations. Surveys show that both employees and clients are very satisfied to be working at and with us.

Digitalisation will continue to mean changes in consumer behaviour, productivity and business models, and will saturate all public and private activity in the future. The development and use of new technology is accelerating, which means that neither we nor our clients can "consolidate". We and they must go forward, dare to do new things and seek new opportunities together. We will continue to develop as the leading Norwegian-owned consultancy. We are building new expertise and aim to be strategic advisers, business developers and our clients' partner in implementing tomorrow's digital solutions. And we have the three most important requirements for success in place – the culture, the knowledge and the best clients.

Sverre Hurum
CEO

Bouvet ASA

Directors' report

Highlights

Bouvet had a good year in 2016. The group is delivering growth in both turnover and profit. Demand has increased steadily. Existing clients have sought services across the breadth of the group's range. At the same time, a number of large new clients have been secured. Entering into important and long-term frame agreements was a new feature of the year. During the fourth quarter, the group acquired the Ciber Sweden AB business and thereby doubled its capacity in Stockholm. This acquisition is in line with Bouvet's strategy of a strong local presence.

Bouvet participated in many very important digitalisation projects during 2016. Continuous development of the group's services is based on opportunities and requirements in the market, and is pursued in close collaboration with clients. This led in 2016 to new services and delivery models which enhance client adaptability.

The company's cross-disciplinary collaboration has resulted in unique and prize-winning solutions of great commercial value to its clients.

Bouvet devoted attention during 2016 to recruiting new employees, and the group's workforce increased by 54 people.

Operations

Digital change, innovation and enhanced efficiency are extremely relevant and central to Bouvet's daily work. The group is an important partner for many enterprises, and supports digital renewal by companies. Together with its clients, Bouvet develops services which optimise customer experience and adopts technology in order to secure benefits. Clients appreciate Bouvet's ability to grasp and collaboratively overcome their challenges through leading-edge expertise and delivery models tailored to their individual requirements.

The group thereby reinforced its position as a leading turnkey supplier of consultancy and development services during 2016.

Closeness to clients

The regional model with local offices and closeness to assignments and clients provides clear advantages for both marketing work and competitiveness. A number of enterprises give priority to suppliers who combine good technological knowledge with cultural understanding, knowledge of the client's industry and a local presence. Bouvet's closeness and culture of sharing enhance the client's expertise about the opportunities provided by the technology in digitalising its own business. The model facilitates a positive and efficient approach to the client's challenges and provides the basis for long-term cooperation.

Close collaboration ensures continuous development of services with immediate relevance to the client's needs. Bouvet can thereby quickly take advantage of technology trends to create value. The company participated during 2016 in a number of important strategic projects and developed services in such areas as the EU's new general data protection regulation, software robots and Big Data.

High level of expertise

Bouvet receives positive feedback for its technical and social expertise, business comprehension, proposals for solutions and ability to deliver. The company is present in many arenas for expertise development and knowledge-sharing. That equips it to meet tomorrow's challenges.

Clients set great store by the company's willingness to share important knowledge and ability to apply its expertise to developing appropriate and creative solutions. Combined with the close relationship maintained with the group's clients, this makes it possible to implement assignments with a high degree of integrity.

Balanced client portfolio

Having a strategy to ensure a long-term and stable client base is important for Bouvet. This approach means that a steadily growing number of clients return to obtain expanded support from the company. No less than 93 per cent of its turnover in 2016 came from clients who were also using Bouvet the year before. A client satisfaction survey conducted by Markedsføringshuset in the autumn of 2016 showed that Bouvet has an overall client satisfaction rating of 80 per cent.

Long-term client relations mean that the group is less exposed to cyclical fluctuations and reduce its sales costs. In addition, Bouvet continued to win new assignments during 2016. Turnover rose substantially over the year in all sectors other than the oil and gas industry.

Revenue from the group's 20 largest clients accounted for 48 per cent of its overall revenues in 2016. Satisfied clients will always be the best ambassadors, and good references are valuable in sales work.

Solid business

Bouvet has increased its market share in recent years. Results show that the company has an appropriate business model and a range of services which is well adapted to client needs. Thanks to a clear focus on the principles for managing its business, Bouvet is perceived as a solid, well-run and reputable company.

Key features of the market

The market in the areas served by Bouvet is good in both Norway and Sweden. Its biggest areas are the public sector, energy, oil and gas, and transport. In addition, demand has increased markedly in the health sector and banking/finance. The rapid pace of digitalisation on the way towards a more data-driven society provides a high level of demand for all Bouvet's services. During 2016, the company was closely integrated in digitalisation work at its clients and contributed expertise on digitalisation and technology.

Changed business models

Technology developments and a changing cost picture affect business models and existing industry chains. Bouvet is experiencing increased demand from large and established players in the market who are responding to these changes with digital renewal. The company is involved in strategic and operative processes to lay the basis for and deliver forward-looking solutions.

These changes create increased demand for services in digital business development, user understanding, design and system development. Bouvet possesses this expertise and is therefore well positioned in this development.

Age of the Customer

The Age of the Customer means that enterprises need to convey a unified image and deliver good user experiences across channels. The customer becomes the agenda-setter, and knowledge about people's patterns of behaviour and emotional reactions becomes a success criterion. Bouvet combines this knowledge with the requirements of its clients for system solutions.

Service design, knowledge about developing business-critical user interfaces, testing, architecture, system development, web analysis and Big Data are among the important areas where Bouvet supports its clients.

Core processes digitalised

Digital solutions are making big inroads in business processes at the clients. Production of goods and services is moving from fully manual to digital processes. A number of traditional product manufacturing companies are undergoing a digital transformation to make new business models and services possible. These trends call for knowledge about what others are doing, business understanding and user insight. That creates increased demand for cross-disciplinary services and expertise on such trends as artificial intelligence (AI), software robots, the Fourth Industrial Revolution and service design. With its broad range of services, Bouvet is therefore well positioned for this development.

Trends

Bouvet continuously pursues innovation and service development in order to support clients with development and the choice of technology when they are uncertain of the direction to take in markets experiencing rapid and unpredictable changes. The combination of such technology trends as AI, software robots, cloud technology and the internet of things (IoT) offer enterprises undreamed-of opportunities. The company's ambitions and values provide the freedom of action to share experience and knowledge of new trends. Its regional model and strategy make provision for continuous service developments which are either market or technology driven. The group initiated a commitment to AI and machine learning in 2016 which has already led to a number of new enquiries.

Today's broad range of service means that Bouvet is well positioned to be a partner in the client's digitalisation work from strategy to administration.

Accounts and financial position

Operating revenues

Bouvet had operating revenues of NOK 1 330.8 million in 2016, up by 8 per cent from the year before. A 3.3 per cent increase in the average number of employees compared with 2015 contributed to the growth in operating revenues. These earnings were also affected by an 0.6 per cent rise in prices for the group's hourly based services from the year before. The billing ratio for the group's consultants was unchanged from 2015.

Bouvet uses the services of external consultants in cases where it lacks the capacity to meet demand with its own personnel or where the client requires leading-edge expertise outside the company's own priority areas. The sub-consultant share of total revenues was 12.6 per cent, up from 9.8 per cent in 2015.

Operating expenses

Overall expenses in Bouvet grew by 8.1 per cent in 2016 to reach NOK 1 224.5 million.

The growth in operating expenses related primarily to increased payroll costs because the average number of employees rose during the period. These costs grew by NOK 49.2 million or 5.8 per cent from 2015 to 897.4 million, while the average number of employees grew by 3.3 per cent. The cost of sales rose by NOK 34.8 million or 23.5 per cent to NOK 183 million. This increase reflected increased use of sub-consultants. Other operating costs rose by 5.2 per cent from 2015 to NOK 129.6 million.

Bouvet experienced a general rise of 1.9 per cent in employee pay during 2016, compared with 1.8 per cent the year before.

Profit

Bouvet achieved an operating profit (EBIT) of NOK 106.3 million in 2016, compared with NOK 99.4 million the year before. That represents an increase of seven per cent from 2015. The EBIT margin was eight per cent, compared with 8.1 per cent in 2015. Bouvet's long-term goal is an EBIT margin of 10 per cent.

Net profit was NOK 79.9 million, up from NOK 74.7 million in 2015. Earnings per issued share came to NOK 7.76, compared with NOK 7.21 in 2015.

Balance sheet and financial aspects

Bouvet had a total balance sheet of NOK 535.9 million at 31 December 2016, compared with NOK 486.2 million a year earlier. Higher turnover led to an increase in accounts receivable in 2016. The group has good control with and overview of its receivables, and regards them as sound.

Consolidated equity at 31 December came to NOK 176.2 million, compared with NOK 174.6 million in 2015. Bouvet paid a total of NOK 66.6 million in dividend to shareholders during the year. The group's capital adequacy measured by the carried equity ratio was 32.9 per cent at 31 December 2016, compared with 35.9 per cent a year earlier. Bouvet's aim is to maintain an equity ratio in excess of 30 per cent.

Consolidated cash flow from operations was NOK 113.5 million, compared with NOK 123.7 million in 2015. Liquid assets of NOK 165.9 million take the form of bank deposits.

Consolidated investment totalled NOK 38.2 million in 2016. Purchases of new operating equipment accounted for NOK 21.7 million of this total, investment in intangible assets for NOK 9.2 million and acquisition of businesses for NOK 7.3 million. The group disposed of business assets totalling NOK 0.4 million during the year, so that net investment for 2016 came to NOK 37.8 million compared with NOK 12.8 million the year before.

The board takes the view that Bouvet has sufficient capital to finance the group's liabilities, investment needs and operations from internal funds.

Net profit for parent company Bouvet ASA came to NOK 81.1 million, compared with NOK 68.3 million in 2015. The bulk of the company's profit comprises recognised dividend and group contribution from the Bouvet Norge AS subsidiary, and the rise for the year primarily reflected increased income from Bouvet Norge. The investment in Bouvet Norge is the parent company's principal asset. Liabilities for the parent company consist almost entirely of provision for dividend and debt to subsidiaries. Cash flow from operations was negative at NOK 2 million, compared with a negative NOK 2 million in 2015.

Pursuant to section 3, sub-section 3a of the Norwegian Accounting Act, the board confirms that the going concern assumption is realistic, and the accounts for 2016 have been prepared on that basis. This is based on the group's long-term forecasts as well as its equity and liquidity positions.

Risk and uncertainties

Bouvet is exposed to various risk and uncertainty factors, which are operational, market-related and financial in character. Managing and dealing with uncertainty factors form an integrated part of business operations in order to help attain the company's strategic and financial goals.

The board of Bouvet ensures that the company's executive management identifies all relevant risk factors and that the necessary risk management systems and tools are available to reduce the scope of undesirable incidents of a strategic, operational or financial character.

Operational risk factors

The most important operational risk factors to which the group is exposed relate to the implementation of projects for clients and the availability of employees with relevant expertise.

Estimate risk

Estimate risk is the risk of errors in estimates which form the basis for entering into contracts with clients where fixed-price elements are included.

Reputational risk

Reputational risk could primarily arise because the quality of a delivery is inadequate.

Risk related to availability of expertise
The group is dependent on the availability of relevant expertise to be able to deliver quality and to meet client demand. Increased staff turnover and a generally tight labour market are important elements related to such risk.

Financial risk factors
The most important financial risks to which the group is exposed relate to liquidity and credit. The board makes continuous assessments and specifies guidelines for the way these risks should be handled by the executive management.

Credit risk
Bouvet's client portfolio consists mainly of large and financially sound enterprises and organisations with high credit ratings, and the group has no significant credit risk related to a single counterparty or several counterparties which can be regarded as a group because of similarities in the credit risk.

The group reduces its exposure by subjecting new clients to a credit assessment before possible significant credit is approved.

Liquidity risk
Liquidity risk is the risk that the group will be unable to meet its financial obligations as and when they fall due.

The group manages this type of risk by maintaining sufficient liquid assets at all times to be able to meet its financial obligations when they fall due, under both normal and extraordinary conditions.

A continuous overview is maintained of the maturity structure of the group's financial obligations, which in general takes account of all possibilities that early redemption might be required.

At 31 December, the group had no interest-bearing debt and bank deposits of NOK 165.9 million. It also possessed undrawn credit facilities totalling NOK 51.3 million.

Market risk
Market risk relates primarily to external factors which could affect fair value and/or future cash flows.

Interest rate risk
Changes in interest rates affect both financial income and expenses and the income statement. Bouvet had no interest-bearing debt at 31 December 2016. The company's interest rate risk is accordingly limited to a possible reduction in financial income, and can accordingly be characterised as limited.

Foreign exchange risk
The bulk of the group's business is conducted in Norwegian kroner, and risk related to foreign exchange fluctuations can accordingly be characterised as limited.

Price risk
Financial developments in Bouvet depend primarily on market and price trends in the Scandinavian market for services related to technology, communication and enterprise management in general.

With a high proportion of fixed costs, the company is exposed to fluctuations in the level of activity. Bouvet's strategy is to utilise services from external consultants when it does not have sufficient capacity to meet demand with its own workforce. This provides increased flexibility in adapting to the market conditions prevailing at any given time.

The sub-consultant share of total revenues in 2016 was 12.6 per cent, compared with 9.8 per cent in 2015.

Risk coverage
Although Bouvet seeks to reduce the consequences of undesirable incidents through risk management systems, risk factors will always remain which cannot be adequately addressed by preventive measures. The company accordingly seeks to cover this type of risk as far as possible through the purchase of insurance policies.

Share and shareholders

Shareholder structure
The company had 1 412 shareholders at 31 December. Its 20 largest shareholders owned 7 123 290 shares, which corresponded to 69.5 per cent of total issued shares.

Share price and turnover
The Bouvet share was priced at NOK 138.00 at 31 December, compared with NOK 98.00 a year earlier. This price varied over the year between a low of NOK 94.50 at 5 January and a peak of NOK 138.50 at 28 December. The share price rose by 40.8 per cent over the year. Including a dividend of NOK 6.50 per share paid for fiscal 2015, the return in 2016 was 47.4 per cent. A total of 1.73 million Bouvet shares were traded in 1 434 transactions during the year, compared with 2.52 million in 797 transactions for 2015.

Capital changes
The share capital of the company at 31 December was NOK 10 250 000, divided between 10 250 000 issued shares with a nominal value of NOK 1.00. This was unchanged from the year before. The company held 98 682 of its own shares at 31 December, compared with 31 317 a year earlier.

The board was mandated by the AGM on 12 May 2016 to increase the share capital of the company by up to NOK 1 million to finance other companies and businesses. In addition, the board was mandated to increase the share capital by up to NOK 200 000 in connection with the share saving programme for company employees. The board was also mandated to acquire the company's own shares up to a total nominal value of NOK 1 025 000 for use as full or partial settlement in the acquisition of businesses and to have a holding of shares in hand for that purpose, and for implementing the share saving programme for company employees.

These mandates run until 30 June 2017.

Dividend

The group aims to give its shareholders a return in the form of dividend and rising share value which is at least on a par with alternative investments offering a comparable level of risk. A dividend is proposed to the extent that the board feels this would not have a negative effect on the group's growth ambitions and capital structure.

A dividend of NOK 6.50 per share proposed by the board was approved by the AGM on 12 May 2016, and the share was traded ex-dividend from 13 May.

Share saving programme for employees

Bouvet has adopted incentive schemes for its employees in the form of profit sharing and a share saving programme.

Corporate social responsibility (CSR)

Social role

Bouvet's goal is to be a company which creates positive spin-offs in society. It does this by creating value as a company, by contributing to development and efficiency improvements at its clients, and by being a good employer. Many of Bouvet's deliveries make a positive contribution to society by creating new services for the population and the business community, enhanced security and more efficient utilisation of society's resources. Increased expertise with digital solutions is a political objective in Norway, and Bouvet also plays its part in this area through the contributions made by its employees to national and local fora.

Employees and organisation

The employees are Bouvet's most important resources. Great emphasis is accordingly given to job satisfaction and professional development. The latter is secured by making provision for seminars, certification and knowledge sharing, and by making learning an integrated part of doing the job. As well as offering challenging assignments, Bouvet works actively to retain and strengthen a good social environment. It has succeeded in these efforts, and its workforce turnover is below the industry average. The high level of commitment among its personnel helps to manifest the group's expertise in the market and to establish Bouvet as an attractive place to work.

An employee survey was conducted in 2016 by Great Place to Work. One of its findings was that 90 per cent of personnel agreed with the statement "All things considered, I believe this is a great place to work". The results of the survey place Bouvet among the 5 best companies in its class in Great Place to Work's rankings.

Total sickness absence for 2016 was 86 409 hours or 4.3 per cent, up from 4.1 per cent the year before. No serious working accidents occurred during 2016. Bouvet has contracts with local medical centres to provide an occupational health service.

Health, safety and the environment are a priority area in Bouvet. It has established documented routines and divisions of responsibility which are observed in this area. These include local safety delegates and working environment committees.

Bouvet is working long-term to increase the percentage of women among its employees. The female proportion is 27 per cent, unchanged from 2015. The proportion in management is 25 per cent. Women and men in comparable jobs receive the same pay.

All Bouvet employees are duty-bound to contribute to a positive and professional working environment. This means that they will treat each other with respect, and that all forms of discrimination are unacceptable. That includes discrimination on the basis of religion, skin colour, gender, sexual orientation, age, nationality, race or disability.

Environment

Bouvet's goal is to be as environment-friendly as possible. Action in this area is described in a separate report concerning CSR on the group's website. Bouvet continued the process of certifying the whole company as an Eco-Lighthouse.

Corruption

Bouvet regards all forms of corruption as unacceptable. Guidelines and routines in this area are described in the report on CSR posted to the group's website.

Ethics

Bouvet appreciates the importance of clear ethical guidelines for its employees. As a consultancy, compliance with these is particularly important. These guidelines include always giving the client the advice which is best for it, observing applicable legislation and statutory regulations, and requiring employees to show respect for others in their work.

All managers in Bouvet take the programme entitled *Cornerstones for Bouvet's Management*. Behaving in a trustworthy manner towards clients and employees is an important element in this programme.

Organisation

Bouvet works on the basis of a regional model where closeness to the clients is important. The group has 11 offices in Norway and three in Sweden, located in Arendal, Bergen, Forus, Haugesund, Kristiansand, Malmö, Oslo, Sandvika, Skien, central Stavanger, Stockholm, Trondheim, Sandefjord and Örebro. Employees increased from 1 036 in 2015 to 1 090.

Bouvet will continue to build on its regional strategy, and aims to occupy a leading position in the regions where it operates.

Allocation of net profit

Consolidated net profit for 2016 was NOK 79.9 million, compared with NOK 74.7 million the year before. Parent company equity before provision for dividend at 31 December 2016 amounted to NOK 95.7 million.

The board proposes that a dividend of NOK 71.8 million be paid, corresponding to NOK 7.00 per share. The remaining net profit after the payment of dividend is proposed to be transferred to other equity.

Prospects

Bouvet operates in a market where clients meet changed competitive conditions and tougher government requirements. Digitalisation is high on society's agenda in order to increase the productivity of the individual enterprise. In light of the present speed of change, a further acceleration is expected along with the realisation of expressed technology changes such as AI and Big Data.

The group is exposed to sectors with varying technological maturity and commercial requirements, but a common denominator is the necessity of technology for the enterprise to be able to think along new lines. An integrated approach combined with leading-edge expertise in digital business development, system development and administration is therefore the very foundation for realising strategies and dealing with new and unknown industrial chains and business models. Bouvet's long experience, broad range of services and delivery models are well adapted to these requirements. Good demand for its services is accordingly expected in both public and private sectors.

Thanks to the regional model which forms the basis for Bouvet's organisation, the company is adaptable and flexible. It has demonstrated an ability to adjust to economic fluctuations and to launch new concepts and services at the right time. Bouvet's ambitions and values continuously facilitate further development of expertise at company and personal level, and the formation of new client relationships as demand in the market changes.

Everything is in place for Bouvet to continue developing an organisation which is already competent and motivated, in order to ensure satisfied clients, a high level of repeat orders and further progress for the group.

Encouraging growth was a stated commitment during 2016. The group's strategy is to grow organically through the recruitment of competent personnel and through the acquisition of businesses which provide the group with new expertise and clients.

The board regards the group's prospects as good.

Oslo, 6 April 2017
The board of directors of Bouvet ASA

Åge Danielsen
Chair

Tove Raanes
Deputy Chair

Grethe Høiland
Director

Ingebrigt Steen Jensen
Director

Egil Christen Dahl
Director

Sverre Hurum
President and CEO

Declaration by the board and CEO

The board of directors and the chief executive officer have today reviewed and approved the directors' report and the annual consolidated and parent company financial statements for Bouvet ASA at 31 December 2016.

We hereby confirm that, to the best of our knowledge:

- the annual financial statement for the Bouvet group have been prepared in accordance with the IFRS and IFRIC as adopted by the European Union (EU) and additional Norwegian disclosure requirements in the Norwegian Accounting Act, and the annual financial statements for Bouvet ASA have been prepared in accordance with the Norwegian Accounting Act,
- the director's report for the group and the parent company fulfills the requirements of the Norwegian Accounting Act and the Norwegian Accounting Standard no 16,
- the information presented in the financial statements gives a true and fair view of the assets, liabilities, financial position and results of the company and the group at 31 December 2016,
- the director's report gives a true and fair view of the development, performance, financial position, and principle risks and uncertainties of the group and parent company.

Oslo, 6 April 2017
The board of directors of Bouvet ASA

Åge Danielsen
Chair

Tove Raanes
Deputy Chair

Grethe Høiland
Director

Ingebrigt Steen Jensen
Director

Egil Christen Dahl
Director

Sverre Hurum
President and CEO

Bouvet – Group

Consolidated income statement

1 January - 31 December

NOK 1 000	NOTE	2016	2015
Revenue	5	1 330 811	1 232 486
Operating expenses			
Cost of sales	6	183 002	148 200
Personnel expenses	7	897 355	848 200
Depreciation fixed assets	11	10 001	10 032
Amortisation intangible assets	13	4 588	3 505
Other operating expenses	8, 21	129 567	123 195
Total operating expenses		1 224 513	1 133 132
Operating profit		106 298	99 354
Financial items			
Other interest income		1 315	2 074
Other financial income		553	1 166
Other interest expense		-265	-272
Other finance expense		-1 852	-552
Net financial items		-249	2 416
Ordinary profit before tax		106 049	101 770
Income tax expense			
Tax expense on ordinary profit	9	26 164	27 032
Total tax expense		26 164	27 032
Profit for the year		79 885	74 738
Assigned to:			
Shareholders in parent company		78 887	73 639
Non-controlling interests		998	1 099
Diluted earnings per share	10	7.66	7.12
Earnings per share	10	7.76	7.21

Bouvet – Group

Consolidated statement of other income and costs

1 January - 31 December

NOK 1 000	NOTE	2016	2015
Profit for the year		79 885	74 738
Items that may be reclassified through profit or loss in subsequent periods			
Currency translation differences		-346	41
Sum other income and costs		-346	41
Total comprehensive income		79 539	74 779
Assigned to:			
Shareholders in parent company		78 542	73 679
Non-controlling interests		998	1 099

Bouvet – Group

Consolidated balance sheet

At 31 December

NOK 1 000	NOTE	2016	2015
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Deferred tax asset	4,9	0	368
Goodwill	4,13,14	32 782	27 909
Other intangible assets	4,13	25 032	17 414
Total intangible assets		57 814	45 691
Fixed assets			
Office equipment	11	13 430	8 685
Office machines and vehicles	11	3 283	2 417
IT equipment	11	14 949	10 526
Total fixed assets		31 662	21 628
Financial non-current assets			
Other financial assets		11	11
Other long-term receivables		859	4 162
Total financial non-current assets		870	4 173
Total non-current assets		90 346	71 492
CURRENT ASSETS			
Work in progress	4,12	97 728	80 193
Trade accounts receivable	15	159 133	144 463
Other short-term receivables	16	26 990	19 928
Cash and cash equivalents	17	161 719	170 138
Total current assets		445 570	414 722
TOTAL ASSETS		535 916	486 214

Bouvet – Group

Consolidated balance sheet

At 31 December

NOK 1 000	NOTE	2016	2015
EQUITY AND LIABILITIES			
EQUITY			
Paid-in capital			
Share capital	18	10 250	10 250
Own shares - nominal value		-99	-31
Share premium		10 000	10 000
Total paid-in capital		20 151	20 219
Earned equity			
Other equity		152 378	150 998
Total earned equity		152 378	150 998
Non-controlling interests		3 629	3 401
Total equity		176 158	174 618
DEBT			
Long-term debt			
Deferred tax	4, 9	1 521	0
Other provisions for obligations		57	285
Total long-term debt		1 578	285
Short-term debt			
Trade accounts payable		61 128	34 643
Income tax payable	9	21 944	27 109
Public duties payable		126 258	118 539
Other short-term debt	22	148 850	131 020
Total short-term debt		358 180	311 311
Total liabilities		359 758	311 596
TOTAL EQUITY AND LIABILITIES		535 916	486 214

Bouvet – Group

Consolidated statement of cash flows

1 January - 31 December

NOK 1 000	NOTE	2016	2015
Cash flow from operating activities			
Ordinary profit before tax		106 049	101 770
Taxes paid	9	-27 016	-23 247
(Gain)/loss on sale of fixed assets		1 257	-106
Ordinary depreciation	11	10 001	10 032
Amortisation intangible assets	13	4 588	3 505
Share based payments		5 826	5 430
Changes in work in progress, accounts receivable and accounts payable		-5 720	11 008
Changes in other accruals		18 476	15 321
Net cash flow from operating activities		113 462	123 712
Cash flows from investing activities			
Sale of fixed assets		405	175
Purchase of fixed assets	11	-21 696	-7 383
Purchase of intangible assets	13	-9 191	-5 635
Purchase of business		-7 343	0
Net cash flow from investing activities		-37 826	-12 842
Cash flows from financing activities			
Purchase of own shares		-25 095	-14 880
Sales of own shares		8 436	7 702
Dividend payments		-67 395	-52 122
Net cash flow from financing activities		-84 054	-59 300
Net changes in cash and cash equivalents		-8 419	51 570
Cash and cash equivalents at the beginning of the period		170 138	118 568
Cash and cash equivalents at the end of the period		161 719	170 138
Unused credit facilities		51 332	51 467

Bouvet – Group

Consolidated statement of changes in equity

1 January - 31 December

NOTE	NOK 1 000	SHARE CAPITAL	OWN SHARES	SHARE PREMIUM	TOTAL PAID-IN EQUITY	OTHER EQUITY	TRANSLATION DIFFERENCES	TOTAL OTHER EQUITY	NON-CONTROLLING INTERESTS	TOTAL EQUITY
	Equity at 01.01.2015	10 250	-20	10 000	20 230	130 466	-338	130 128	3 174	153 532
	Profit for the year				0	73 639		73 639	1 099	74 738
	Other income and costs				0		41	41		41
18	Purchase/sale of own shares (net)		-11		-11	-7 099		-7 099		-7 111
	Employee share scheme				0	5 541		5 541		5 541
18	Dividend				0	-51 250		-51 250	-872	-52 122
	Equity at 31.12.2015	10 250	-31	10 000	20 219	151 297	-297	151 000	3 401	174 618
	Equity at 01.01.2016	10 250	-31	10 000	20 219	151 297	-297	151 000	3 401	174 618
	Profit for the year				0	78 887		78 887	998	79 885
	Other income and costs				0		-346	-346		-346
18	Purchase/sale of own shares (net)		-68		-68	-16 592		-16 592		-16 660
	Employee share scheme				0	6 055		6 055		6 055
18	Dividend				0	-66 625		-66 625	-770	-67 395
	Equity at 31.12.2016	10 250	-99	10 000	20 151	153 021	-643	152 378	3 629	176 158

Bouvet – Group

Notes

Note 1: Accounting principles

The Group financial statements of Bouvet ASA for the period ending on 31 December 2016 were approved in a board meeting on 6 April 2017.

Bouvet ASA is a public limited company incorporated in Norway and listed on Oslo Børs. The Group's main office is located in Sørkedalsveien 8, 0369 Oslo, Norway. The Group delivers consultancy services and training within information technology. The Group's business concept is to create opportunities and increase the efficiency of their customers' processes by means of new ideas and new technology in close cooperation with the customer.

The basis for the preparation of the financial statements

The Group's financial statements of Bouvet for the accounting year 2016 have been prepared in accordance with international accounting standards and interpretations accepted by the EU, mandatory for the accounting year 2016.

The financial statements are based on the principles of historic cost, with exception of obligations related to conditional compensation in acquisitions measured at fair value.

The Group financial statements have been prepared on the basis of uniform accounting principles for uniform transactions and events under otherwise equal circumstances.

The Group's presentation currency is Norwegian Kroner (NOK) and the parent company's functional currency is NOK. Balance sheet items in subsidiaries with a functional currency other than NOK are converted to Norwegian kroner by applying the currency rate applicable on the balance sheet date. Currency conversion differences are booked against other comprehensive income. Income statement items are converted by applying the average currency rate for the period.

Consolidation principles

The Group financial statements include Bouvet ASA and companies under the controlling interest of Bouvet ASA. An entity is considered to be controlled by the Group where the Group is exposed, or has the rights, to variable returns from its involvement with the entity in question, and has the ability to affect those returns through its power over the entity. Controlling interest is normally achieved when the Group owns more than 50 per cent of the shares in the company, and the Group is able to exercise actual control over the company.

The purchase method is applied when accounting for mergers. Companies that are sold or purchased during the year are included in the Group accounts from the date when a controlling interest is achieved and until the control ends. Ref. paragraph Business Combinations.

Inter-company transactions and balances, including internal profit and unrealized profit and loss have been eliminated.

The use of estimates in the preparation of the financial statements

Management has used estimates and assumptions that have affected assets, liabilities, revenue, expenses and information on potential liabilities. The most significant accounting estimations concerns the revenue recognition of customer projects with elements of fixed price, write-down of goodwill and other intangible assets, and the calculation of fair value of assets and liabilities at acquisitions. Future events may imply that the estimates change. Estimates and the underlying assumptions are considered on a continuous basis. Changes in accounting estimates are recognised in the period the changes arise. In the event that the changes also apply for future periods, the effect is distributed over current and future periods. Ref. note 4.

Currency

Transactions in foreign currency are translated at the rate applicable on the transaction date. Monetary items in foreign currency are translated at de end of every period to the rate applicable on the balance sheet date. Non-monetary items valued at historic costs are translated at the transaction date. Non-monetary items assessed at real value denominated in foreign currency are translated at the rate applicable on the balance sheet date. Exchange rate changes are recognized in the income statement as they occur during the accounting period.

Revaluation of foreign subsidiaries

Asset and liabilities in foreign enterprises, with another functional currency than Norwegian kroner, are converted to

Norwegian kroner by applying the rate applicable on the balance sheet date. Revenue and expenses are converted based on average rate for the reporting period.

Currency translation differences are reported in the statement of other income and costs. When a foreign enterprise is disposed in a way where Bouvet ASA no longer is in control, currency translation differences are expensed and simultaneously reversed in the statement of other income and costs.

Revenue recognition

Bouvet mainly sells services. Revenue is recognised when it is probable that transactions will generate future financial benefits for the Group and the size of the amount can be reliably estimated. Sales revenue is presented net of value added tax and potential discounts.

Revenue from the sale of products is recognised when the significant risks and rewards of ownership of the products have passed to the buyer.

Revenue from the sale of services is recognised in line with the deliveries. Customer projects with elements of fixed price are recognised in line with the project's degree of completion, when the outcome of the transaction can be reliably estimated. Progress is measured as accrued hours in relation to totally estimated hours. When the transaction's result cannot be reliably estimated only revenue equaling accrued project costs are taken to income, provided that it is likely that the revenue will be greater than accrued project costs. Any estimated loss on a project will be fully recognised in the income statement in the period when it is identified that the contract will result in a loss.

Segments

The Group is not reporting internally on separated business areas. The Group's business is uniform and within the Scandinavian market for IT-consultancy services. Risks and earnings are followed up by the business united with the same markets, on a project basis and per consultant. Based on this the Group has one reportable business segment.

Financial information regarding geographical allocation of revenue is presented in note 5.

Income tax

The tax expense consists of tax payable and changes in deferred tax. Deferred tax/tax assets are calculated on all temporary differences between book and tax value on assets and liabilities, with the exception of

- temporary differences related to not tax deductible goodwill
- temporary differences related to investments in subsidiaries, associated companies or joint ventures when the Group controls the time of reversal of the temporary differences and it is assumed that this will not happen in the foreseeable future.

Deferred tax assets are recognised when it is probable that the tax jurisdiction will make sufficient profit in future periods to utilise the tax asset.

The companies recognise previous not recorded deferred tax assets to the extent that it is probable that the Group can utilise the deferred tax asset. Likewise, the Group will reduce the deferred tax assets when it is considered unlikely that the deferred tax asset can be utilised.

Deferred tax and deferred tax assets are measured on the basis of the adopted future tax rates of the Group companies where temporary differences have arisen.

Deferred tax and deferred tax assets are disclosed at a nominal value and classified as long-term debt/assets in the balance sheet.

Tax payable and deferred tax assets are set-off directly against equity to the extent that the underlying items are booked against equity.

Fixed assets

Fixed assets are valued at cost less accumulated depreciation and impairment losses. When assets are sold or disposed of, the gross carrying amount and depreciation are reversed, and any gain or loss on the sale or disposal is recognised in the income statement.

The gross carrying amount of fixed assets is the purchase price, including duties/taxes and direct acquisition costs related to making the fixed asset ready for use. Subsequent costs, such as repair and maintenance costs, are normally expensed when incurred, whereas other expenses expected to increase future economic benefits are balance sheet recorded.

Depreciation is calculated using the straight-line method over the following periods.

Office equipment	5-10 years
Office machines and vehicles	5 years
IT equipment	3 years

The depreciation periods and methods are assessed each year. The residual value is estimated every year-end and changes in the estimate for residual value is accounted for as an estimation change.

Leasing

Operating leases

Leases where most of the risk lies with the other contracting party are classified as operating leases. Lease payments are classified as operating costs and recognised in the income statement during the contract period.

Intangible assets

Intangible assets acquired separately are recorded at cost. Costs related to intangible assets at acquisitions are disclosed at real value in the Group's opening balance. Balance sheet recorded intangible assets are carried at cost less any accumulated amortisation and impairment losses.

The cost of intangible assets includes the purchase price and any duties/taxes.

Internally generated intangible assets, with the exception of capitalised development costs, are not capitalised, and expenditure is charged to profit and loss in the year in which the expenditure is incurred.

The useful lives are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Goodwill is not depreciated, but tested annually for impairment.The amortisation period and method are assessed at least once a year. Changes in amortisation method and/or period are treated as a change in estimate.

Research and development

Expenses relating to research are recognised in the income statement when incurred.

Expenses related to development are balance sheet recorded to the extent that the product or the process is technically and commercially viable, and:

- the Group has adequate resources and the intention to complete the development, and
- it is probable for the Group that this will accrue future profit, and
- that costs related to development can be measured reliably.

Expenses recorded in the balance sheet include materials, direct salary costs and a portion of directly attributable joint expenses.

Development costs are recorded in the balance sheet at cost less accumulated depreciation and impairment losses.

Balance sheet recorded development costs are depreciated on a straight-line basis and over the asset's estimated useful life.

Business Combinations

Goodwill

The difference between cost at acquisition and the Group's share fair value of net measureable assets at the time of acquisition is classified as goodwill. Concerning investments in associated companies, goodwill is included in the investment's balance sheet recorded value.

In the balance sheet, goodwill is recognised at cost less any accumulated amortisation.

Assets and liabilities taken over in mergers are recognised at fair value in the Group's opening balance.

The allocation of compensation at mergers is changed if any new information on fair value at the date of the take-over of control arises and 12 months after the acquisition.

Goodwill is allocated to cash flow generating units or groups of cash generating units expected to have synergy effects of the merger, and is tested at least annually for impairment.

Equity at real value in excess of acquisition cost

Equity at real value in excess of acquisition cost at mergers is immediately recognised as income at the time of the acquisition.

Financial instruments

In accordance with IAS 39 Financial Instruments: Recognition and Measurement, financial instruments are classified within the scope of IAS 39 in the following categories: at fair value with changes in value through profit or loss, held to maturity, loans and receivables, available for sale and other liabilities.

The Group has financial instruments in the form of trade accounts receivable and payable, recognised at amortised cost.

Trade accounts receivables are initially recognised at fair value plus any transaction costs. Trade accounts receivables are subsequently carried at amortised cost using the effective interest method, if the amortisation effect is material. The carrying amount is subsequently reduced by any impairment losses. Provisions for impairment are made when there are objective indicators that the group will not receive their contractual payments.

The carrying amount of trade accounts receivable and payable is approximately equal to fair value, as they are agreed at "normal" conditions and normally have a short period to maturity.

Cash and cash equivalents

Cash includes cash in hand and bank deposits. Cash equivalents are short-term liquid investments that can be converted to cash within three months and at a known amount.

Equity

Liabilities and equity

Financial instruments are classified as liabilities or equity in accordance with the underlying financial reality.

Interest, dividend, profit and loss related to a financial instrument classified as debt will be presented as expense or income. Distributions to owners of financial instruments classified as equity will be set off directly against equity.

Own shares

On repurchase of own shares, costs including directly attributable expenses are recorded as a change in equity. Own shares are disclosed as a reduction of equity. Gains or losses on transactions with own shares are not recognised in the income statement.

Costs of equity transactions

Transaction costs directly relating to an equity transaction are set off directly against equity after deducting tax expenses.

Employee benefits

Defined contribution plan

The Group has a defined contribution plan by which it is committed to contribute to each employee's pension plan with a fixed amount. The future pension depends on the size of the contributions and the yield on the pension savings. The Group's obligation is fully met when paid. The pension costs are charged as an expense when accrued.

Share scheme for employees

The Group has a share scheme including all employees not under notice and who have, at the latest, started work on the first day of the month when the offer is made. The fair value of the scheme is measured at the grant date and expensed over the vesting period of 2 years. The scheme is an arrangement with settlement in shares, where the cost is recognised as a payroll expense with equity as the contra entry. Employer's National Insurance contribution on the award is recognised in profit and loss over the expected vesting period.

Provisions

A provision is recognised when the Group has an obligation as a result of a previous event and it is probable that a financial settlement will take place as a result of this obligation and the size of the amount can be measured reliably. If the effect is considerable, the provision is calculated by discounting estimated future cash flows using a discount rate before tax that reflects the market's pricing of the time value of money and, if relevant, risks specifically linked to the obligation.

Potential restructuring provisions are recognised when the Group has approved a detailed, formal restructuring plan and the restructuring has either started or been publicly announced within the company.

Provisions for loss-making contracts are recognised when the Group's estimated revenues from a contract are lower than unavoidable costs which were incurred to meet the obligations pursuant to the contract.

Contingent liabilities and assets

Contingent liabilities are not recognised in the annual accounts. Significant contingent liabilities are disclosed, with the exception of contingent liabilities that are very unlikely to be incurred.

Contingent assets are not recognised in the annual accounts but are disclosed if there is a certain probability that a benefit will be added to the Group.

Events after the balance sheet date

New information on the Group's position at the balance sheet date is taken into account in the financial statements. Events after the balance sheet date that do not affect the Group's position at the balance sheet date, but will affect the Group's position in the future, are stated if significant.

New and amended standards and interpretation

IFRS and IFRIC issued but not adopted by the Group

IASB have issued new standards, which will be adopted with effect for future reporting periods when they become effective. The most relevant is IFRS 9 Financial instruments, IFRS 15 Revenue from contracts with customers and IFRS 16 Leases.

IFRS 9 Financial Instruments

IFRS 9 includes revised guidance on classification and measurement, impairment and hedge accounting. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement. The parts of IAS 39 that have not been amended as part of this project has been transferred and included in IFRS 9.

IFRS 9 is effective for annual periods beginning on or after 1 January 2018. The adoption of IFRS 9 is not expected to have significant impact on the Group financial statement, however expanded disclosure requirements may change the nature and extent of the group's disclosures about its financial instruments.

IFRS 15 Revenue from Contracts with Customers

The IASB and FASB has published a new converged standard for revenue recognition; IFRS 15 Revenue from Contracts with Customers. The standard replaces all existing standards and interpretations relating to revenue recognition. The core principle of IFRS 15 is for companies to recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the company expects to be entitled in exchange for those goods or services. With some few exceptions, the standard is applicable for all remunerative contracts and includes a model for recognition and measurement of sale of individual non-financial assets (e.g. sale of property, plant and equipment).

The Standard is mandatory for annual periods beginning 1 January 2018 or later. Preliminary analysis of the consequences of IFRS 15 have not identified any material impacts. The group will perform more detailed analysis of the impact during 2017. The group expect to adopt the standard 1 January 2018.

IFRS 16 Leases

IFRS 16 Leases replaces existing IFRS leases requirements, IAS 17 Leases. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, ie the customer ('lessee') and the supplier ('lessor'). The new leases standard requires lessees to recognize assets and liabilities for most leases, which is a significant change from current requirements.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. The group have not yet assessed to what extent it's operating lease commitments will result in the recognition of an asset and a liability for future payments, and how this will affect the group's profit or classification of cash flows. See note 21 for information on the group's lease commitments. At this stage, the group does not intend to early adapt the standard.

Note 2: Changes in group structure

Acquisition of the business Ciber Stockholm:
1 October 2016, Bouvet Stockholm AB (tier-subsidiary of Bouvet ASA) acquired 100 per cent of the business Ciber in Stockholm. This implies taking over the employees , customer relations and customer contracts together with existing lease obligations. The takeover was financed by NOK 7.3 million in cash. The Group applied external advisors at the acquisition.

Ciber's office in Stockholm was owned by the consultancy company Ciber Sweden AB, whose head office is in Denver USA. The strategy of Ciber is to focus on larger markets than the Scandinavian market. The office in Stockholm serves smaller and local customers, which fits with Bouvet's regional strategy. The purchase resulted in a goodwill of NOK 5.2 million and an added value of NOK 2.9 million related to customer relations. The goodwill is subject to an annual impairment test, while intangible assets are subject to impairment test at any indication on a fall in value. It is expected that the acquisition will have a positive influence on future earnings and have synergy effects on existing business.

1 October 2016, Ciber's office in Stockholm, including employees, was incorporated with Bouvet Stockholm AB's office in Stockholm.

The acquisition of Ciber Stockholm had the following effect on Bouvet ASA's group account per acquisitions date:

NOK 1 000	ADDED VALUE	ACQUISITION 2016
Fixed assets/customer relations	2 854	2 854
Current assets	0	0
Deferred tax	-685	-685
Short-term debt	0	0
Net identifiable assets and liabilities	2 169	2 169
Goodwill at acquisition	5 174	5 174
Purchase amount	7 343	7 343
Cash		7 343
Purchase amount		7 343
Paid in cash		7 343
Cash received		0
Net cash out		7 343

The acquired company has an estimated contribution with NOK 6 074 thousand to the Group turnover and NOK -52 thousand to the Group's profit before tax in the period between the purchase and the balance sheet date.

Included in the value of goodwill are employees and expected synergies with Bouvet Stockholm AB's existing business.

Had the acquisition been carried out on 1 January 2016, the Group's estimated total turnover for the entire period would have been NOK 1 350 305 thousand and the Group's estimated profit before tax would have been NOK 107 985 thousand.

Note 3: Overview of subsidiaries

The following subsidiaries are included in the consolidated accounts:

COMPANY	COUNTRY	MAIN BUSINESS LINE	RESULTS 2016	EQUITY 31.12.2016	RESULTS 2015	EQUITY 31.12.2015	OWNER-SHIP	VOTING SHARE
Ontopia AS [1]	Norway	IT consultancy company	23	3 545	20	3 522	100 %	100 %
Nordic Integrator Management AS [2]	Norway	IT consultancy company	-2	1 142	-5	1 144	100 %	100 %
Olavstoppen AS [3]	Norway	IT consultancy company	2 494	9 072	2 749	8 503	60 %	60 %
Bouvet Sverige AB (former Zekundera AB) [4]	Sweden	IT consultancy company	-2 754	1 532	-6 775	1 831	100 %	100 %
Bouvet Norge AS	Norway	IT consultancy company	83 923	185 120	80 256	183 707	100 %	100 %

1) Consolidated from 1 April 2007
2) Consolidated from 1 July 2007
3) Established in March 2010
4) Consolidated from 1 October 2008. Bouvet Sverige AB has to subsidiaries; Bouvet Stockholm AB and Bouvet Syd AB.

Interests held by non-controlling interests in the Group's activities and cash flows:

COMPANY	LOCATION	MAIN BUSINESS LINE	OWNERSHIP	VOTING SHARE
Olavstoppen AS	Stavanger	IT consultancy company	40 %	40 %

Summary of financial information regarding non-controlling interests (40 %):

NOK 1 000	2016	2015
Revenue	10 635	11 472
Profit for the year	998	1 099
Total comprehensive income	998	1 099
Non-current assets	85	68
Current assets	6 363	6 527
Total assets	6 448	6 595
Equity	3 629	3 401
Long-term debt	0	0
Short-term debt	2 820	3 194
Total equity and liabilities	6 448	6 595
Dividend	770	872

Note 4: Estimation uncertainty

In preparing the financial statements in accordance with IFRS, the Group's management has applied estimations based on their best judgement and on assumptions considered to be realistic. Unexpected situations or changes in market conditions can result in changed estimations and thereby have an effect on the company's assets, liabilities, equity and result.

The Group's most significant accounting estimations concern the following items:

- Estimations relating to the degree of completion of customer projects with elements of fixed price
- Write-down/reversal of goodwill and other intangible assets
- Fair value of assets and liabilities at acquisitions

The Group is primarily delivering its services based on time and material used. The Group has some income from fixed price or target price projects where the Group shall deliver a predefined result at a price that is either fixed or has elements causing income per hour not to be known before the projects are finalised. For these projects the income is recorded in correlation with the degree of completion. Progress is measured as incurred hours in relation to totally estimated hours. For the accounting year 2016, NOK 46.51 million or 3.5 per cent of the Group's income was generated by projects with such an element of uncertainty and the income is recorded based on the degree of completion. (Ref. note 12.) For the accounting year 2015 corresponding figures was NOK 39.16 million or 3.2 per cent.

The Group's balance recorded goodwill and other intangible assets are annually assessed for impairment and any reversal of previous write-downs (ref. note 14). The impairment test is based on expectations from the time of acquisition and when substantial changes in these expectations a write-down must be considered. The expectations are attached to moderate growth in number of employees, market and customers.

Bouvet distributes costs for acquired businesses on acquired assets and liabilities based on an estimated fair value at acquisition. The Group has performed the necessary analysis to decide the fair value of acquired assets and liabilities. The management has to perform substantial judgement in deciding on methods, estimates and assumptions for these valuations. Significant purchased intangible assets recognised comprise customer contracts and customer relations. Assumptions used for assessing intangible assets include, but are not limited to, the expected economic life of customer contracts and the customer relationship based on lapse of customers. Assumptions used for assessing assets include, but are not limited to, the replacement costs for fixed assets. Management's calculations of fair value are based on assumptions considered to be fair, but with an inherent uncertainty. As a consequence, the actual result may deviate from the calculations.

Note 5: Income

a) Information about geographical allocation of revenue

Revenue from external customers attributable to:

NOK 1 000	2016	2015
Norway	**1 205 298**	1 178 669
Sweden	**107 606**	50 041
Other countries	**17 907**	3 776
Total income	**1 330 811**	1 232 486

See note 11 for geographical allocation of fixed assets.

b) Information about major customers

Included in revenue in 2016 is NOK 162.8 million (2015: NOK 166.6 million) from the groups largest customer.

Note 6: Cost of sales

NOK 1 000	2016	2015
Hired consultants	147 412	105 123
Hired training instructors	9 044	10 026
Purchase of training documentation	4 183	1 487
Out-of-pocket expenses and travels invoiced customers	6 853	12 197
Purchase of software and hardware for resale	15 510	19 367
Total cost of sales	183 002	148 200

Note 7: Salary costs and remunerations

NOK 1 000	2016	2015
Salary	722 236	685 289
Bonus/profit sharing	24 995	23 951
Social security tax	117 827	108 741
Pension costs (see note 20)	31 998	24 970
Personnel insurance	4 124	4 904
Other expenses	8 481	7 876
Government grant related to R&D	-1 420	-1 896
Capitalised development expenses	-10 886	-5 635
Total salary expenses	897 355	848 200
Average number of man-labour years:		
Administration, sales and management	126	121
Other employees	908	880
Total	1 034	1 002
Average number of employees:		
Administration, sales and management	128	123
Other employees	921	893
Total	1 050	1 016

See note 23 for transactions with related parties.

Note 8: Other operating expenses

NOK 1 000	2016	2015
Office premises	31 596	28 479
Travel and transport	11 990	11 876
Social costs and welfare initiatives	21 195	22 618
Office supplies, EDP etc.	24 377	22 537
Competence development	7 839	7 508
Recruitment costs	7 315	6 983
Marketing expenditure	4 397	4 426
External services	9 102	7 756
Other expenses	11 756	11 012
Total other operating expenses	129 567	123 195

Note 9: Income taxes

Income tax expense:

NOK 1 000	2016	2015
Tax payable	24 984	28 852
Adjustment of previous years current income tax	625	-1 554
Changes in deferred tax	556	-265
Tax expense	26 164	27 032

Tax payable in balance sheet:

NOK 1 000	2016	2015
Calculated tax payable	24 984	28 852
Government grant related to R&D	-3 115	-1 896
Payable tax (receivable) subsidiary in Sweden	75	153
Total income tax payable	21 944	27 109

Reconciliation of effective tax rate

NOK 1 000	2016	2015
Ordinary profit before tax	106 049	101 770
Calculated tax 25 %	26 512	27 478
Adjustment current income tax of previous years	625	-1 554
Not tax deductible costs	269	315
Tax losses carry forward not recognised	638	1 786
Other permanent differences	-1 768	-993
Effect change in tax rate	-112	0
Tax expense	26 164	27 032
Effective tax rate	25 %	27 %

Specification of basis for deferred tax:

NOK 1 000	2016	2015
Basis for deferred tax asset		
Other differences	-4 431	-4 282
Tax losses carry forward	-26 329	-23 755
Of this tax losses carry forward Sweden, not recorded in the balance sheet	26 159	21 108
Basis deferred tax asset - gross	-4 600	-6 928
Basis deferred tax liability		
Intangible assets	2 973	1 131
Fixed assets	2 882	2 217
Other differences	5 084	2 106
Basis deferred tax liability - gross	10 939	5 455
Basis deferred tax - net	6 339	-1 473
Net recognised deferred tax/ deferred tax asset (-)	1 521	-368

Note 10: Earnings per share

The basic earnings per share are calculated as the ratio between the profit for the year that is attributable to the shareholders in the parent company of NOK 78.90 million (NOK 73.64 million in 2015) divided by the weighted average number of ordinary shares throughout the year of 10.17 millions (10.21 millions in 2015). EBIT per share is calculated as the ratio between this year's operating profit attributable to the shareholders in the parent company NOK 105.00 million (NOK 97.89 million in 2015) divided by the weighted average number of ordinary shares throughout the accounting year.

When calculating diluted earnings per share, the weighted average basic shares outstanding is adjusted for dilutive effects from the employee share scheme (see note 19).

	2016	2015
EBIT (NOK 1000)	105 002	97 894
Profit for the year (NOK 1000)	78 887	73 639
Weighted average shares issued	10 250 000	10 250 000
Weighted average basic shares outstanding	10 171 365	10 208 354
Weighted average diluted shares outstanding	10 304 044	10 340 661
EBIT per share (NOK)	10.32	9.59
Diluted EBIT per share (NOK)	10.19	9.47
Earnings per share (NOK)	7.76	7.21
Diluted earnings per share (NOK)	7.66	7.12
Weighted average shares		
Weighted average shares issued	10 250 000	10 250 000
Weighted average own-shares	-78 635	-41 646
Weighted average basic shares outstanding	10 171 365	10 208 354
Dilutive effects from employee share scheme	132 679	132 307
Weighted average diluted shares outstanding	10 304 044	10 340 661

Note 11: Property, plant and equipment

NOK 1 000	EDP EQUIPMENT	OFFICE MACHINES AND VEHICLES	FIXTURES AND FITTINGS	TOTAL 2016	EDP EQUIPMENT	OFFICE MACHINES AND VEHICLES	FIXTURES AND FITTINGS	TOTAL 2015
Acquisition cost								
Accumulated 1 January	28 407	5 317	18 960	**52 685**	25 657	5 281	18 184	**49 123**
Exchange rate variances	-171	0	-55	**-226**	154	0	46	**200**
Additions of the year	11 554	1 832	8 362	**21 748**	6 010	626	747	**7 383**
Disposals of the year	-7 567	-747	-7 219	**-15 532**	-3 414	-590	-17	**-4 021**
Accumulated 31 December	32 224	6 403	20 048	**58 675**	28 407	5 317	18 960	**52 685**
Depreciation								
Accumulated 1 January	17 881	2 901	10 275	**31 057**	14 082	2 599	8 096	**24 777**
Exchange rate variances	-138	0	-36	**-175**	139	0	33	**172**
Disposals of ordinary depreciation	-7 431	-675	-5 764	**-13 870**	-3 357	-559	-8	**-3 924**
This year's ordinary depreciation	6 962	894	2 144	**10 001**	7 018	860	2 154	**10 032**
Accumulated 31 December	17 275	3 119	6 619	**27 013**	17 881	2 901	10 275	**31 057**
Book value								
Book value at 1 January	10 526	2 417	8 685	**21 628**	11 576	2 682	10 088	**24 346**
Book value at 31 December	14 949	3 283	13 429	**31 662**	10 526	2 417	8 685	**21 628**
Depreciation rate	20-33 %	20 %	10-20 %		20-33 %	20 %	10-20 %	
Economic life	3-5 years	5 years	5-10 years		3-5 years	5 years	5-10 years	
Depreciation method	linear	linear	linear		linear	linear	linear	

Booked value of total fixed assets, except for deferred tax assets and financial assets, located in Norway is NOK 78 million (2015: NOK 63 million), and the remaining fixed assets is located in Sweden NOK 11 million (2015: NOK 4 million).

Note 12: Work in progress

The Group recognises as income, sales of services in line with the deliveries. Customer projects with elements of fixed price are recognised as income in accordance with the project's degree of completion, provided that the outcome of the transaction can be reliably estimated. Progress is measured as incurred hours in relation to total estimated hours. In the event that the outcome of the transaction cannot be reliably estimated, only income corresponding to incurred project costs are taken to income, given that it is likely that the income will be greater than the incurred project costs. Any estimated loss on a project will be fully recognised in the income statement in the period when it is identified that the project will result in a loss. Included in other short-term debt are provisions for losses on fixed price contracts with NOK 0.44 million (2015: NOK 0.60 million). The provision for loss covers remaining work on the contracts.

At the balance sheet date, processed but not billed services amounted to NOK 97.73 million (2015: NOK 80.19 million).

NOK 88.88 million (2015: NOK 77.91 million) of these was services delivered on running account, and NOK 8.85 million (2015: NOK 2.28 million) was related to customer projects with elements of fixed price. Services delivered on running accounts at the end of accounting year 2016 was invoiced to customers at the beginning of January 2017. Net received prepayments from customer projects with elements of fixed price amounted to NOK 1.18 million (2015: NOK 3.74 million) at balance sheet date. At the balance sheet date in total NOK 47.16 million (2015: NOK 39.64 million) was recognised as income and NOK 32.84 million (2015: NOK 36.67 million) was recognised as costs on still running customer projects with elements of fixed price.
At the balance sheet date a total of 28 730 hours (2015: 14 506 hours) is estimated as remaining work for these projects.
Accrued income related to customer projects with elements of fixed price is settled based on degrees of completion as described above and in notes 1 and 4.

Note 13: Intangible assets

Intangible assets and goodwill are related to added value from the acquisitions of the subsidiaries Blinc AS, Nordic Integrator Management AS, Ontopia AS and Bouvet Sverige AB, and also the business Capgemini Trondheim, cost related to development of software and internally developed internet homepage.

NOK 1 000	CUS-TOMER RELA-TIONS	SOFT-WARE	INTER-NET	GOODWILL	TOTAL 2016	CUS-TOMER RELA-TIONS	SOFT-WARE	INTER-NET	GOODWILL	TOTAL 2015
Acquisition cost										
Accumulated 1 January	13 036	11 479	4 341	27 909	**56 765**	12 907	5 844	4 341	31 230	**54 322**
Exchange rate variances	-142	0	0	-301	**-443**	129	0	0	275	**404**
Addition purchase of subsidiary	2 854	0	0	5 175	**8 028**	0	0	0	0	**0**
Self-developed intangible assets	0	8 395	796	0	**9 191**	0	5 635	0	0	**5 635**
Disposals of the year	0	0	0	0	**0**	0	0	0	-3 596	**-3 596**
Accumulated 31 December	15 747	19 875	5 137	32 782	**73 541**	13 036	11 479	4 341	27 909	**56 765**
Depreciation										
Accumulated 1 January	6 705	2 248	2 489	0	**11 442**	4 932	1 414	1 621	0	**7 967**
Exchange rate variances	-303	0	0	0	**-303**	-30	0	0	0	**-30**
Disposals of ordinary depreciation	0	0	0	0	**0**	0	0	0	0	**0**
This year's ordinary depreciation	1 811	1 909	868	0	**4 588**	1 803	834	868	0	**3 505**
Accumulated 31 December	8 213	4 157	3 357	0	**15 728**	6 705	2 248	2 489	0	**11 442**
Book value										
Book value 1 January	6 330	9 232	1 852	27 909	**45 323**	7 975	4 430	2 720	31 230	**46 355**
Book value 31 December	7 534	15 718	1 780	32 782	**57 814**	6 330	9 232	1 852	27 909	**45 323**
Depreciation rate	10 %	20 %	20 %	N/A		10 %	20 %	20 %	N/A	
Economic life	10 years	5 years	5 years	not decided		10 years	5 years	5 years	not decided	
Depreciation method	linear	linear	linear	N/A		linear	linear	linear	N/A	

Depreciation relates to customer relations, software and internally developed internet homepage. The value of customer relations is based on expected future cash flows before tax, discounted with a relevant discount rate taking into consideration expected term to maturity and risk at the time of group formation. The value of software is based on expected future maintenance income. Internet homepage are depreciated based on estimated useful life.

The group is developing a software that works as a search engine for enterprise data.The search engine can collect all type of information, tie it together and make use of the compound information in a range of valuable services. In conjuction with development of this system the group has been assigned a Government grant related to R&D of NOK 3 115 thousand.

Goodwill is not depreciated, but an impairment test is carried out at least once a year. Impairment testing of goodwill is discussed in note 14.

Note 14: Impairment test of goodwill

Recognised goodwill in the Group at 31.12.2016 constitutes NOK 32.8 million. This is mainly related to the acquisitions of Nordic Integrator Management AS (NOK 15.3 million) that took place in 2007 and Bouvet Sverige AB (NOK 3.0 million) that took place in 2008, and the acquisition in 2014 of the business Capgemini Trondheim (NOK 8.9 million) and in 2016 the aqusition of Ciber's business in Stockholm (NOK 5.2 million). Capgemini's business in Trondheim has been integrated with Bouvet's business in Trondheim and Ciber's business has been integrated with Bouvet Stockholm AB's business.

After the acquisition of Nordic Integrator Management AS and Capgemini Trondheim the businesses has been integrated into Bouvet's business respectively in Bergen and Trondheim, in such a way that they do not represent separate cash generating units. They will be measured together with cash flows from remaining business in respectively in Bergen and Trondheim. Bouvet Sverige is considered to be a separate cash generating unit within the Group. All goodwill from these acquisitions are allocated to the respective cash generating units.

The recoverable amount is based on an assessment of the enterprise's value in use. The value in use is calculated based on a discount of expected future cash flows before tax, discounted with a relevant discount rate before tax considering term to maturity and risk. Future cash flow is based on budgeted values and an expectation of moderate growth. It is assumed an annual growth of 2 per cent for hourly rates and operating expenses. The interest rate applied for discounting cash flows is 8 per cent before tax. This is based on a risk free interest rate of 1 per cent, with an additional risk premium of 7 per cent. The discount rate is based on a calculated WACC derived from CAPM methodology. The WACC applied in discounting the future cash flows is based on a risk free interest rate, market risk premium, asset beta, gearing and corporate tax rate.

Cash generating units

The projection of cash flows is based on budget for the first five years. The cash flows are based on historic figures for the division, and an expectation of moderate growth in the total market and prices on services is considered. In the management's opinion, it is a reasonable assumption, that it will continue to be a demand for such IT services. After the five year period, a prudent estimate of 2 per cent nominal growth in net cash flows is included.

Sensitivity analysis of key assumptions

Ciber Stockholm / part of the business in Bouvet Stockholm AB

Ciber's business in Stockholm was acquired in 2016. In the management's view, this was a reasonably favorable purchase. The value, however, based on some key assumptions. In the vent that these assumptions develop considerably different from expectations, this may imply a necessity to write down the goodwill of total NOK 5.2 million. If employees leave and there is no growth and development in Stockholm, but rather stagnation the business could be subject to write down if other assumptions are constant. The Group's opinion is that no changes in any key assumptions within a reasonable opportunity set will cause the booked value of the cash generating unit to exceed the recoverable amount.

Capgemini Trondheim / part of the business in the North

Capgemini's business in Trondheim was acquired in 2014. In the management's view, this was a reasonably favorable purchase. The value is, however, based on some key assumptions. In the event that these assumptions develop considerably differently from expectations, this may imply a necessity to write down the goodwill a total of NOK 8.9 million. If employees leave and there is no growth and development in Trondheim, but rather stagnation the business could be subject to write downs if other assumptions are constant. The Group's opinion is that no changes in any key assumptions within a reasonable opportunity set will cause the booked value of the cash generating unit to exceed the recoverable amount.

Bouvet Sverige AB

Bouvet Sverige AB was acquired in 2008. In the management's view, this was a reasonably favorable purchase. The value is, however, based on some key assumptions. In the event that these assumptions develop differently from expectations, this may imply a necessity to write down the goodwill that has a total value of NOK 3.0 million. If employees leave as a consequence of the acquisition, if there is no growth or development in the Swedish market, but on the contrary the unit experiences stagnation, the business area could be subject to write downs if other assumptions are constant. The Group believes that no reasonably possible change in any of the key assumptions used for impairment testing would cause the amount of any of the cash generating units to exceed its recoverable amount.

Nordic Integrator Management AS / part of the business in Bergen

Nordic Integrator Management AS was acquired in 2007. In the management's view, this was a reasonably favorable purchase, and the value of the company at least exceeds the compensation of NOK 21.3 million. The value is, however, based on some key assumptions. In the event that these assumptions develop considerably differently from expectations, this may imply a necessity to write down the goodwill. If employees leave as a consequence of the acquisition, if there is no growth in services delivered to the bank and finance sector or if Bergen as a geographic area experiences stagnation, the business area could be subject to write downs if other assumptions are constant. The Group's opinion is that no changes in any key assumptions within a reasonable opportunity set will cause the booked value of the cash generating unit to exceed the recoverable amount.

Note 15: Trade accounts receivable

NOK 1 000	2016	2015
Gross trade accounts receivable	159 175	144 681
Provisions for losses	-42	-218
Trade accounts receivable	159 133	144 463

Losses on trade accounts receivable are classified as other operating expenses in the income statement. See note 24 for assessment of credit risk.

Movements in the provision for loss are as follows:

NOK 1 000	2016	2015
Opening balance	218	25
Provision of the year	0	218
Realised loss this year	-176	0
Reversal of previous provision	0	-25
Closing balance	42	218

At 31.12., the Group had the following trade accounts receivable due, but not paid or written off:

NOK 1 000	TOTAL	NOT DUE	<30 D	30-60D	60-90D	>90D
2016	159 133	133 602	18 138	2 220	231	4 942
2015	144 463	113 108	26 057	2 363	1 629	1 305

Note 16: Other short-term receivables

NOK 1 000	2016	2015
Advances to employees	9 082	8 858
Prepaid rent	1 242	1 413
Prepaid software	9 428	4 372
Prepaid other expenses	3 157	4 759
Deposit account - guarantee rent obligations	3 306	0
Other receivables	775	526
Total other short-term receivables	26 990	19 928

Note 17: Cash and cash equivalents

NOK 1 000	2016	2015
Cash in hand and at bank - unrestricted funds	127 190	137 635
Employee withheld taxes - restricted funds	34 529	32 503
Cash and cash equivalents in the balance sheet	161 719	170 138

The group has unused credit facilities of NOK 51 332 thousand per 31.12.2016 (NOK 51 467 thousand in 2015). There are no restrictions on the use of these funds.

Note 18: Share capital, shareholder information and dividend

SHARES IN THOUSANDS	2016	2015
Ordinary shares, nominal value NOK 1	10 250	10 250
Total number of shares	10 250	10 250

Changes in share capital and premium:

	NO. OF SHARES		SHARE CAPITAL	
NOK 1 000	2016	2015	2016	2015
Ordinary shares issued and fully paid at 31.12.	10 250	10 250	10 250	10 250
Own shares at nominal value	-99	-31	-99	-31

Throughout the year, Bouvet ASA has sold 142 635 own shares to employees within the group at a total amount of NOK 13 899 thousand, giving an average sales price of NOK 97.45 per share (which includes the element of remuneration). The cash consideration for these shares was NOK 7 172 thousand. The Company owns 98 682 own shares per 31 December 2016.

The nominal value of the share is NOK 1. All shares in the company have equal voting rights and are equally entitled to dividend. The computation of earnings per share is shown in note 10.

The 20 main shareholders at 31.12.2016 are:

AKSJONÆR	NUMBER OF SHARES	OWNERSHIP INTERES
VARNER KAPITAL AS	1 070 000	10.44 %
STENSHAGEN INVEST AS	925 402	9.03 %
VPF NORDEA AVKASTNING	776 120	7.57 %
PROTECTOR FORSIKRING ASA	700 000	6.83 %
MP PENSJON PK	569 904	5.56 %
HURUM SVERRE FINN	507 873	4.95 %
VEVLEN GÅRD AS	420 000	4.10 %
SIX SIS AG	400 000	3.90 %
STOREBRAND VEKST VERDIPAPIRFOND	259 669	2.53 %
STUBØ ERIK	237 373	2.32 %
STOREBRAND NORGE I VERDIPAPIRFOND	211 289	2.06 %
DYVI INVEST AS	200 000	1.95 %
TELENOR PENSJONSKASSE	186 800	1.82 %
VERDIPAPIRFONDET STOREBRAND OPTIMA	122 841	1.20 %
VOLLE ANDERS	121 697	1.19 %
BOUVET ASA	98 682	0.96 %
J.P. MORGAN CHASE BANK N.A. LONDON	90 645	0.88 %
RADIG NILS-HÅKAN	79 754	0.78 %
SVENDSEN PAUL HALLAN	74 368	0.73 %
TALLAKSRUD OLE-JØRGEN	70 873	0.69 %
Remaining shareholders	3 126 710	30.50 %
Total	10 250 000	100.00 %

Dividend

The company has paid the following dividends:

NOK 1 000	2016	2015
Ordinary dividend for 2015: NOK 6.50 per share	66 625	
Ordinary dividend for 2014: NOK 5.00 per share		51 250
Total	66 625	51 250

Proposed dividend to be approved at the annual general meeting amounts to NOK 7.00 per share.

Note 19: Share scheme for employees

Share scheme

The Group has a share scheme including all employees not under notice and who have, at the latest, started work on the first day of the month when the offer is made. The offer does not include employees paid by the hour. The scheme consists of annual offers where each employee can subscribe for shares once per calendar year. The share scheme is approved for one year at a time.

The share scheme gives the employee the opportunity to subscribe for shares at a value of NOK 7 500 per year against a deduction in salary of NOK 6 000, of which Bouvet is subsidising the employee with NOK 1 500. Bouvet will give a corresponding number of shares free of charge if the employee keeps the shares for two years and is still employed.

In 2016 a total of 49 206 shares were sold at a rate of NOK 126.00 minus a 20 per cent discount. 834 employees have joined the scheme, and 59 shares per employee were distributed. The previous year 60 909 shares were sold at a rate of NOK 94.75 minus a 20 per cent discount.

The Group also has established an additional share scheme for the management. The share scheme consist of annual offers where each member can subscribe for shares once per calendar year. The share scheme is approved for one year at a time.

The share scheme gives members of the management the opportunity to subscribe for shares at a value of NOK 22 500 per year at market value without any subsidising from Bouvet.

Bouvet will give a corresponding number of shares free of charge if the manager keeps the shares for two years and is still employed.

In 2016 a total of 17 145 shares were sold at a rate of NOK 126.00. A total of 101 employees have joined the scheme. The previous year 20 382 shares were sold at a rate of NOK 94.75.

In 2016 a total of 76 284 shares was provided free of charge in relation to the 2014 share scheme. (In 2015: 66 968 shares related to the 2013 share scheme).

The share scheme is treated in accordance with IFRS 2. The fair value of the scheme is calculated at the grant date and expensed over the vesting period of 2 years. The calculated fair value are recognised as an expense with an corresponding amount directly in equity over the vesting period. NOK 5 903 thousand in compensation costs have been charged in 2016 (in 2015 NOK 5 429 thousand). Remaining estimated compensation costs at 31 December 2016 for the years 2017 and 2018 are NOK 8 666 thousand.

Note 20: Pensions

The Group is required to have an occupational pension scheme in accordance with the Norwegian law on required occupational pension ("lov om obligatorisk tjenestepensjon"). The Group's pension schemes satisfy the requirements of this law, and represents a defined contribution plan. At the end of the year there were 1 090 participants in this defined contribution plan.

Defined contribution plan

The Group has a defined contribution plan for all employees. 1 May 2016 the Group's obligation changed in Norway to give contribution of 4 per cent between 1G and 7.1G and 8 per cent between 7.1G and 12G, to each employee's pension savings. The previous obligation was to give contribution of 3 per cent between 1G and 6G and 5 per cent between 6G and 12G. The future pension depends on the size of the contributions and the return on the pension savings. The Group's commitment is fully met when paid. At the end of the accounting year, 1 090 employees were part of this scheme. The expensed contribution in Norway amounted to NOK 27 680 thousand and NOK 22 146 thousand in 2016 and 2015 respectively. In Sweden the expensed contribution amounted to NOK 3 569 thousand in 2016 and NOK 2 824 thousand in 2015, thus for the group the total expensed contribution amounted to NOK 31 249 thousand for 2016 and NOK 24 970 thousand for 2015.

Reconciliation of this year's total pension expense:

NOK 1 000	2016	2015
Contribution plan - paid contribution for the year	31 998	24 970
This year's recognised pension costs (note 7)	31 998	24 970

Note 21: Leases

Operating leases vehicles and office machines

The group has entered into several operating leases for vehicles and office machines. The agreements related to office machines contain an option to extend.

The lease costs included:

NOK 1 000	2016	2015
Ordinary lease payments	1 254	1 356

Future payments related to non-cancellable leases fall due for payment as follows:

NOK 1 000	2016	2015
Within 1 year	649	1 054
1 to 5 years	1 371	411
Future lease commitment	2 020	1 465

Operating lease agreements office premises

The group has the following lease commitments connected with office premises. End of period is the same as termination of contract.

CITY	END OF PERIOD	ANNUAL LEASE
Arendal	2027	204
Bergen	2018	1 566
Haugesund	2017	805
Kristiansand	2019	292
Malmø	2018	663
Oslo	2026	16 457
Sandefjord	2020	362
Sandvika	2019	512
Skien	2020	330
Stavanger - Forus	2021	4 657
Stavanger - Vågen	2018	2 102
Stockholm - Drottinggatan	2017	713
Stockholm - Östermalmsgatan	2020	1 682
Trondheim - Kjøpmannsgaten	2020	912
Trondheim - Skipsbygget	2018	683
Örebro	2018	369
Total		32 309

Note 22: Other short-term debt

NOK 1 000	2016	2015
Prepayments from customers	19 509	14 925
Accrued salary, holiday pay and bonus	105 270	97 912
Employees' holiday and time-off balance	12 334	11 850
Other short-term debt	11 737	6 333
Total	148 850	131 020

Note 23: Transactions with related parties

NOK 1 000

Compensation to the Board

NAME	ROLE	FEES PAID IN 2016	FEES PAID IN 2015
Åge Danielsen	Chairman of the Board	300	250
Tove Raanes	Vice-chairman of the Board	175	150
Grethe Høiland	Board member	150	125
Ingebrigt Steen Jensen	Board member	150	125
Egil Christen Dahl	Board member	150	125
Total		925	775

Compensation to key management 2016

NAME	SALARY	BONUS	PENSION CONTRIBUTION	OTHER REMUNERATION	TOTAL 2016
Sverre F. Hurum , CEO	2 651	512	55	215	3 433
Erik Stubø, CFO	2 286	518	56	65	2 925
Total	4 937	1 030	111	280	6 358

See note 19 for information about the share scheme.

Compensation to key management 2015

NAME	SALARY	BONUS	PENSION CONTRIBUTION	OTHER REMUNERATION	TOTAL 2015
Sverre F. Hurum , CEO	2 477	433	44	251	3 205
Erik Stubø, CFO	2 211	433	44	53	2 741
Total	4 688	866	88	304	5 946

See note 19 for information about the share scheme.

Shares in the company directly or indirectly owned by the Board at 31.12.2016

NAME	ROLE	NO. OF SHARES
Åge Danielsen	Chairman of the Board	8 400
Tove Raanes	Vice-chairman of the Board	895
Grethe Høiland	Board member	0
Ingebrigt Steen Jensen	Board member	0
Egil Christen Dahl	Board member	420 000
Total		429 295

Shares in the company directly or indirectly owned by management at 31.12.2016

NAME	ROLE	NO. OF SHARES
Sverre F. Hurum	CEO	507 873
Erik Stubø	CFO	237 373
Total		745 246

Auditor fees

TYPE	2016	2015
Ordinary audit [1]	775	752
Tax advice	101	95
Other services	27	82
Total	903	929

1) In addition there are fees to auditors, other than the group auditor, that amounts to NOK 46 thousand in 2016 and NOK 99 thousand in 2015.

Other matters

The CEO has an agreement of 12 months' pay after termination of employment. No other key management personnel has any agreement of pay after termination of employment.

Note 24: Financial instruments

Financial risk

The Group has only financial instruments related to trade and other receivables and trade accounts payable, involving both credit risk and liquidity risk.

(i) Credit risk

The Group is mainly exposed to credit risk connected with trade accounts receivable, deposits with banks and other short-term receivables. The Group is reducing its exposure against credit risk by requiring that all third parties, like customers, shall be approved and subject to an assessment of credit verification procedures.

The Group has no significant credit risk connected with one single contracting party or several that can be considered a group due to similarities in credit risk.

The Group has guidelines ensuring that sales are made only to customers without previous payment problems and that outstanding balances do not exceed set credit limits.

In the Group's view, the maximum risk exposure is the carrying value of trade accounts receivable (note 15), deposits with banks (note 17) and other short-term receivables (note 16).

(ii) Liquidity risk

The liquidity risk is the risk that the Group will not be able to service its financial obligations when due. The Group's strategy to manage liquidity risk is to have adequate liquid funds at all times to be able to meet the financial obligations when due, under normal as well as extraordinary circumstances, without risking unacceptable losses or bad reputation. Unused credit facilities are described in note 17.

The following table illustrates the maturity structure of the Group's financial commitments, based on non discounted contractual payments. In instances where the counterpart can require an earlier redemption, the amount is stated in the earliest period payment can be demanded. In the event that commitments can be required redeemed at request, these are included in the first column (less than 1 month).

	REMAINING PERIOD					
NOK 1 000	LESS THAN 1 MONTH	1-3 MONTHS	3-12 MONTHS	1-5 YEARS	MORE THAN 5 YEARS	TOTAL
31.12.2016						
Trade accounts payable	53 674	7 454	0	0	0	61 128
Other financial commitments [1]	8 133	112	24 444	96 147	66 162	194 999

NOK 1 000	LESS THAN 1 MONTH	1-3 MONTHS	3-12 MONTHS	1-5 YEARS	MORE THAN 5 YEARS	TOTAL
	REMAINING PERIOD					
31.12.2015						
Trade accounts payable	32 907	1 736	0	0	0	**34 643**
Other financial commitments [1]	5 425	176	16 656	74 951	65 593	**162 801**

1) Maturity not-accounted commitments related to lease agreements.

Capital structure and equity

The main objective of the Group's management of the capital structure is to ensure a solid equity to secure further operations and also to have the ability to pursue opportunities for further profitable growth.

By producing satisfactory ratios connected with equity and debt, the Group will be able to support operations and thereby maximise the value of the shares.

The Group controls its capital structure and carries out required changes based on a continuous assessment of the present financial conditions and the possible prospects and opportunities in the short and mid-long term.

The capital structure is managed by adjusting dividend distributions, repurchasing own shares, reducing the share capital or by issuing new shares. There have been no changes in guidelines in this area in 2015 or 2016.

The Group is following up its capital structure by reviewing the equity share, defined as equity in per cent of total capital. Group policy is to have an equity share in excess of 30 per cent. The equity share was 33 per cent per 31.12.2016.

Note 25: Events after the balance sheet date

There have been no events after the balance sheet date significantly affecting the Group's financial position.

Bouvet ASA – parent company

Income statement

1 January - 31 December

NOK 1 000	NOTE	2016	2015
Revenue		0	0
Operating costs			
Salary costs	2, 13	1 101	930
Depreciation fixed assets	6	10	0
Other operating costs	3, 13	1 183	1 654
Total operating costs		2 294	2 584
Operating profit		-2 294	-2 584
Financial items			
Other interest income		11	6
Received dividend and group contribution		84 512	71 535
Other financial income		1	242
Other interest expense		-794	-720
Other finance expense		-316	-208
Net financial items		83 414	70 855
Ordinary profit before tax		81 120	68 271
Income tax expense			
Tax expense on ordinary profit	4	0	0
Total tax expense		0	0
Profit for the year		81 120	68 271
Attributable to:			
Other equity		81 120	68 271

Bouvet ASA – parent company

Balance sheet

At 31 December

NOK 1 000	NOTE	2016	2015
ASSETS			
NON-CURRENT ASSETS			
Financial non-current assets			
Shares in subsidiaries	7	138 883	136 416
Total financial non-current assets		138 883	136 416
Fixed assets			
IT equipment	6	29	0
Total fixed assets		29	
Total non-current assets		138 912	136 416
CURRENT ASSETS			
Trade accounts receivable group company	7	83 557	70 790
Other short-term receivables	8	0	7
Cash and cash equivalents	9	2 609	987
Total current assets		86 166	71 784
TOTAL ASSETS		225 078	208 200

Bouvet ASA – parent company

Balance sheet

At 31 December

NOK 1 000	NOTE	2016	2015
EQUITY AND LIABILITIES			
EQUITY			
Paid-in capital			
Share capital	10	10 250	10 250
Own shares - nominal value	10	-99	-31
Share premium	10	10 000	10 000
Total paid-in capital		20 151	20 219
Earned equity			
Other equity		3 841	5 031
Total earned equity		3 841	5 031
Total equity		23 992	25 250
LIABILITIES			
Long-term debt			
Loan from group company	7	40 000	40 000
Total long-term debt		40 000	40 000
Short-term debt			
Short term debt to group company	7	88 814	75 844
Public duties payable		522	477
Other short-term debt	10,12	71 750	66 629
Total short-term debt		161 086	142 950
Total liabilities		201 086	182 950
TOTAL EQUITY AND LIABILITIES		225 078	208 200

Bouvet ASA – parent company

Statement of cash flows

1 January - 31 December

NOK 1 000	NOTE	2016	2015
Cash flows from operating activities			
Ordinary profit before tax		81 120	68 271
Group contribution and dividend		-84 512	-71 535
Ordinary depreciation		10	0
Changes in other accruals		1 409	1 240
Net cash flows from operating activities		-1 974	-2 024
Cash flows from investing activities			
Purchase and investment in subsidiary	6	-39	0
Net from financing to group companies	7	16 769	7 495
Net cash flows from investing activities		16 730	7 495
Cash flows from financing activities			
Purchase of own shares	10	-25 095	-14 880
Sale of own shares	10	8 359	7 702
Group contribution payments		70 227	53 051
Dividend payments	10	-66 625	-51 250
Net cash flows from financing activities		-13 134	-5 377
Net changes in cash and cash equivalents		1 622	94
Cash and cash equivalents at the beginning of the year		987	893
Cash and cash equivalents at the end of the year		2 609	987

Bouvet ASA – parent company

Statement of changes in equity

1 January - 31 December

NOTE	NOK 1 000	SHARE CAPITAL	OWN SHARES	SHARE PREMIUM	TOTAL PAID-IN EQUITY	OTHER EQUITY	TOTAL EQUITY
	Equity at 01.01.2015	10 250	-20	10 000	20 230	5 025	25 255
	Income for the year					68 271	68 271
10	Purchase/sale of own shares (net)		-11		-11	-7 099	-7 110
	Employee share scheme					5 459	5 459
10	Proposed dividend					-66 625	-66 625
	Equity at 31.12.2015	10 250	-31	10 000	20 219	5 031	25 250
	Equity at 01.01.2016	10 250	-31	10 000	20 219	5 031	25 250
	Income for the year					81 120	81 120
10	Purchase/sale of own shares (net)		-68		-68	-16 592	-16 660
	Employee share scheme					6 032	6 032
10	Proposed dividend					-71 750	-71 750
	Equity at 31.12.2016	10 250	-99	10 000	20 151	3 841	23 992

Bouvet ASA – parent company

Notes

Note 1: Accounting principles

The financial statements of Bouvet ASA for the period ending on 31 December 2016 were approved in a board meeting on 6 April 2017.

Bouvet ASA is a public limited company incorporated in Norway and listed on Oslo Børs. The company's main office is located in Sørkedalsveien 8, 0369 Oslo, Norway.

The basis for the preparation of the financial statements

The financial statements of Bouvet ASA for the accounting year 2016 have been prepared in accordance with the Norwegian Accounting act and general accepted accounting principles in Norway (NGAAP).The financial statements are based on the principles of historic cost.

The company's functional currency and presentation currency is Norwegian Kroner (NOK).

The use of estimates in the preparation of the financial statements

Management has used estimates and assumptions that have affected the income statement and the valuation of assets and liabilities, together with potential assets and liabilities at balance sheet date under preparation of the financial statements in accordance with general accepted accounting principles in Norway (NGAAP).

Currency

Transactions in foreign currency are translated at the rate applicable on the transaction date. Monetary items in foreign currency are translated at the end of every period to the rate applicable on the balance sheet date. Non-monetary items valued at historic cost are translated at the transaction date. Non-monetary items assessed at real value denominated in foreign currency are translated at the rate applicable on the balance sheet date. Exchange rate changes are recognised in the income statement as they occur during the accounting period.

Shares in subsidiaries

Shares in subsidiaries are initially recognized at cost in the parent company financial statement. Subsequently the investments are recognized at cost unless there is a need for impairment. An impairment to fair value will be recognized if the decrease in value is not assessed to be temporarily and it is in accordance with good accounting practice. Any impairment will be reversed if the basis for impairment is not longer applicable.

Dividend, group contribution and other distributions from subsidiaries are recognized as income in the year the distribution has been recognized as a liability in the subsidiary. If the distribution from the subsidiary exceeds the Company's share of profit after the subsidiary was acquired, the excess amount will be treated as repayment of invested capital, and thus recognized as a reduction of the investment.

Income tax

The tax expense consists of tax payable and changes in deferred tax. Deferred tax/tax assets are calculated on all temporary differences between book and tax value on assets and liabilities, with the exception of

- temporary differences related to not tax deductible goodwill
- temporary differences related to investments in subsidiaries, associated companies or joint ventures when the company controls the time of reversal of the temporary differences and it is assumed that this will not happen in the foreseeable future.

Deferred tax assets are recognised when it is probable that the company will make sufficient profit in future periods to utilise the tax asset. The company recognises previous not recorded deferred tax assets to the extent that it is probable that the company can utilise the deferred tax asset. Likewise, the company will reduce the deferred tax assets when it is considered unlikely that the deferred tax asset can be utilised.

Deferred tax and deferred tax assets are measured on the basis of the adopted future tax rate.

Deferred tax is disclosed at a nominal value and classified as long-term debt in the balance sheet.

Tax payable and deferred tax assets are set-off directly against equity to the extent that the underlying items are booked against equity.

Fixed assets

Fixed assets are valued at cost less accumulated depreciation and impairment losses. When assets are sold or disposed of, the gross carrying amount and depreciation are reversed, and any gain or loss on the sale or disposal is recognised in the income statement.

The gross carrying amount of fixed assets is the purchase price, including duties/taxes and direct acquisition costs related to making the fixed asset ready for use. Subsequent costs, such as repair and maintenance costs, are normally expensed when incurred, whereas other expenses expected to increase future economic benefits are balance sheet recorded.

Depreciation is calculated using the straight-line method over the following periods.

Office equipment	5-10 years
Office machines and vehicles	5 years
IT equipment	3 years

The depreciation periods and methods are assessed each year. The residual value is estimated every year-end and changes in the estimate for residual value is accounted for as an estimation change.

Cash and cash equivalents

Cash includes cash in hand and bank deposits. Cash equivalents are short-term liquid investments that can be converted to cash within three months and at a known amount.

Cash flow statement

The cash flow statement is prepared in accordance with the indirect method. Cash and cash equivalents comprise cash in hand bank deposits and other liquid short term assets.

Short term receivables

Trade and other short term receivables are recognized at nominal amount less of any impairment. Provision for doubtful debt is based on individual assessments for each of the receivables. If relevant, there may be unspecified provision for doubtful debt for covering expected loss on trade receivables.

Equity

Own shares

On repurchase of own shares, costs including directly attributable expenses are recorded as a change in equity. Own shares are disclosed as a reduction of equity. Gains or losses on transactions with own shares are not recognised in the income statement.

Costs of equity transactions

Transaction costs directly relating to an equity transaction are set off directly against equity after deducting tax expenses.

Share scheme for employees

The company has a share scheme including all employees not under notice and who have, at the latest, started work on the first day of the month when the offer is made. The fair value of the scheme is measured at the grant date and expensed over the vesting period of 2 years. The scheme is an arrangement with settlement in shares, where the cost is recognised as a payroll expense with equity as the contra entry. Employer's National Insurance contribution on the award is recognised in profit and loss over the expected vesting period.

Events after the balance sheet date

New information on the company's position at the balance sheet date is taken into account in the financial statements. Events after the balance sheet date that do not affect the company's position at the balance sheet date, but will affect the company's position in the future, are stated if significant.

Note 2: Salary costs and remunerations

NOK 1 000	2016	2015
Board remuneration	925	775
Social security tax	136	115
Other remunerations	40	40
Total salary expenses	1 101	930

Note 3: Other operating expenses

NOK 1 000	2016	2015
Office premises	13	55
Travel and transport	35	26
Office supplies, EDP etc.	0	53
External services	629	901
Other expenses	506	619
Total other operating expenses	1 183	1 654

Note 4: Income taxes

Income tax expense:

NOK 1 000	2016	2015
Tax payable	0	0
Changes in deferred taxes	0	0
Tax expense	0	0

Income tax payable:

NOK 1 000	2016	2015
Ordinary profit before tax	81 120	68 271
Permanent differences	-1 120	-1 271
Group contribution	-80 000	-67 000
Basis for tax payable	0	0
Tax 25 % being tax payable on this year's profit	0	0

Tax payable in balance sheet:

NOK 1 000	2016	2015
Calculated tax payable	0	0
Tax payable recognised directly in equity	0	0
Total income tax payable	0	0

Reconciliation of effective tax rate:

NOK 1 000	2016	2015
Profit before tax	81 120	68 271
Tax calculated based on 25 %	20 280	18 433
Non taxable income	-20 280	-18 433
Tax expense	0	0
Effective tax rate	0 %	0 %

Specification of basis for deferred tax:

NOK 1 000	2016	2015
Basis deferred tax - net	0	0
Net recognised deferred tax/ deferred tax asset (-)	0	0

Note 5: Earnings per share

The basic earnings per share are calculated as the ratio between the profit for the year that is attributable to the shareholders of NOK 81.12 million (NOK 68.27 million in 2015) divided by the weighted average number of ordinary shares throughout the year of 10.17 millions (10.21 millions in 2015). EBIT per share is calculated as the ratio between this year's operating profit of NOK -2.29 million (NOK -2.58 million in 2015) divided by the weighted average number of ordinary shares throughout the accounting year.

When calculating diluted earnings per share, the weighted average basic shares outstanding is adjusted for dilutive effects from the employee share scheme (see note 11).

	2016	2015
EBIT (NOK 1000)	-2 294	-2 584
Profit for the year (NOK 1000)	81 120	68 271
Weighted average shares issued	10 250 000	10 250 000
Weighted average basic shares outstanding	10 171 365	10 208 354
Weighted average diluted shares outstanding	10 304 044	10 340 661
EBIT per share (NOK)	-0.23	-0.25
Diluted EBIT per share (NOK) 1)	-0.23	-0.25
Earnings per share (NOK)	7.98	6.69
Diluted earnings per share (NOK) 1)	7.87	6.60
Weighted average shares		
Weighted average shares issued	10 250 000	10 250 000
Weighted average own-shares	-78 635	-41 646
Weighted average basic shares outstanding	10 171 365	10 208 354
Dilutive effects from employee share scheme	132 679	132 307
Weighted average diluted shares outstanding	10 304 044	10 340 661

1) Potential diluted options are not included in the calculations because they do not have dilutive effect.

Note 6: Property, plant and equipment

NOK 1 000	EDP EQUIPMENT	TOTAL 2016
Acquisition cost		
Accumulated 1 January	0	**0**
Additions of the year	39	**39**
Disposals of the year	0	**0**
Accumulated 31 December	39	**39**
Depreciation		
Accumulated 1 January	0	**0**
Disposals of ordinary depreciation	0	**0**
This year's ordinary depreciation	10	**10**
Accumulated 31 December	10	**10**
Book value		
Book value at 1 January	0	**0**
Book value at 31 December	29	**29**
Depreciation rate	20-33 %	
Economic life	3-5 years	
Depreciation method	linear	

Note 7: Overview of subsidiaries

The following subsidiaries are included in the consolidated accounts:

NOK 1 000

COMPANY	COUNTRY	MAIN BUSINESS LINE	BOOK VALUE	OWNERSHIP	VOTING SHARE
Ontopia AS [1)]	Norway	IT consultancy company	4 529	100 %	100 %
Nordic Integrator Management AS [2)]	Norway	IT consultancy company	3 375	100 %	100 %
Olavstoppen AS [3)]	Norway	IT consultancy company	1 200	60 %	60 %
Bouvet Sverige AB (former Zekundera AB) [4)]	Sweden	IT consultancy company	23 173	100 %	100 %
Bouvet Norge AS	Norway	IT consultancy company	106 606	100 %	100 %
Total subsidiaries			138 883		

1) Consolidated from 1 April 2007
2) Consolidated from 1 July 2007.
3) Established in March 2010
4) Consolidated from 1 October 2008. Bouvet Sverige AB has to subsidiaries; Bouvet Stockholm AB and Bouvet Syd AB.

Loans, receivables and liabilities between Bouvet ASA and its subsidiaries:

NOK 1 000 COMPANY	LOANS TO SUBSIDIARIES	CURRENT RECEIVABLES DUE FROM SUBSIDIARIES	LOANS FROM SUBSIDIARIES	CURRENT LIABILITIES TO SUBSIDIARIES
Bouvet Norge AS	0	83 357	40 000	88 814
Olavstoppen AS	0	200	0	0
Bouvet Sverige AB including subsidiaries	0	0	0	0
Total	0	83 557	40 000	88 814

See note 3 in Group accounts for specification of results and equity in subsidiaries, and information about non-controlling interests.

Note 8: Other short-term receivables

NOK 1 000	2016	2015
Advances to board members	0	7
Total other short-term receivables	0	7

Note 9: Cash and cash equivalents

NOK 1 000	2016	2015
Cash in hand and at bank - unrestricted funds	2 205	584
Employee withheld taxes - restricted funds	404	403
Cash and cash equivalents in the balance sheet	2 609	987

Note 10: Share capital, shareholder information and dividend

SHARES IN THOUSANDS	2016	2015
Ordinary shares, nominal value NOK 1	10 250	10 250
Total number of shares	10 250	10 250

Changes in share capital and premium:

	NO. OF SHARES		SHARE CAPITAL	
NOK 1 000	2016	2015	2016	2015
Ordinary shares issued and fully paid at 31.12.	10 250	10 250	10 250	10 250
Own shares at nominal value	-99	-31	-99	-31

Throughout the year, Bouvet ASA has sold 142 635 own shares to employees within the group at a total amount of NOK 13 899 thousand, giving an average sales price of NOK 97.45 per share (which includes the element of remuneration). The cash consideration for these shares was NOK 7 172 thousand. The Company owns 98 682 own shares per 31 December 2016.

The nominal value of the shares is NOK 1. All shares in the company have equal voting rights and are equally entitled to dividend. Calculation of earnings per share are disclosed in note 5.

The 20 main shareholders at 31.12.2016 are:

SHAREHOLDER	NUMBER OF SHARES	OWNERSHIP INTEREST
VARNER KAPITAL AS	1 070 000	10.44 %
STENSHAGEN INVEST AS	925 402	9.03 %
VPF NORDEA AVKASTNING	776 120	7.57 %
PROTECTOR FORSIKRING ASA	700 000	6.83 %
MP PENSJON PK	569 904	5.56 %
HURUM SVERRE FINN	507 873	4.95 %
VEVLEN GÅRD AS	420 000	4.10 %
SIX SIS AG	400 000	3.90 %
STOREBRAND VEKST VERDIPAPIRFOND	259 669	2.53 %
STUBØ ERIK	237 373	2.32 %
STOREBRAND NORGE I VERDIPAPIRFOND	211 289	2.06 %
DYVI INVEST AS	200 000	1.95 %
TELENOR PENSJONSKASSE	186 800	1.82 %
VERDIPAPIRFONDET STOREBRAND OPTIMA	122 841	1.20 %
VOLLE ANDERS	121 697	1.19 %
BOUVET ASA	98 682	0.96 %
J.P. MORGAN CHASE BANK N.A. LONDON	90 645	0.88 %
RADIG NILS-HÅKAN	79 754	0.78 %
SVENDSEN PAUL HALLAN	74 368	0.73 %
TALLAKSRUD OLE-JØRGEN	70 873	0.69 %
Remaining shareholders	3 126 710	30.50 %
Total	10 250 000	100.00 %

Dividend

The company has paid the following dividends:

NOK 1 000	2016	2015
Ordinary dividend for 2015: NOK 6.50 per share	66 625	
Ordinary dividend for 2014: NOK 5.00 per share		51 250
Total	66 625	51 250

Proposed dividend to be approved at the annual general meeting amounts to NOK 7.00 per share.

Note 11: Share scheme for employees

The Company did not have any employees in 2016 or 2015. All of the Group's costs related to the share scheme are expensed in the respective subsidiaries.

Share scheme

The Group has a share scheme including all employees not under notice and who have, at the latest, started work on the first day of the month when the offer is made. The offer does not include employees paid by the hour. The scheme consists of annual offers where each employee can subscribe for shares once per calendar year. The share scheme is approved for one year at a time.

The share scheme gives the employee the opportunity to subscribe for shares at a value of NOK 7 500 per year against a deduction in salary of NOK 6 000, of which Bouvet is subsidising the employee with NOK 1 500. Bouvet will give a corresponding number of shares free of charge if the employee keeps the shares for two years and is still employed.

In 2016 a total of 49 206 shares were sold at a rate of NOK 126.00 minus a 20 per cent discount. 834 employees have joined the scheme, and 59 shares per employee were distributed. In 2015 60 909 shares were sold at a rate of NOK 94.75 minus a 20 per cent discount.

The Group also has established an additional share scheme for the management. The share scheme consist of annual offers where each member can subscribe for shares one time each calendar year. The share scheme is approved for one year at a time.

The share scheme gives members of the management the opportunity to subscribe for shares at a value of NOK 22 500 per year at market value without any subsidising from Bouvet. Bouvet will give a corresponding number of shares free of charge if the manager keeps the shares for two years and is still employed.

In 2016 a total of 17 145 shares were sold at a rate of NOK 126.00. A total of 101employees have joined the scheme. The previous year 20 382 shares were sold at a rate of NOK 94.75.

In 2016 a total of 76 284 shares was provided free of charge in relation to the 2014 share issue program. (In 2015: 66 968 related to the 2013 programme).

The share scheme is treated in accordance with Norwegian Accounting Standard 15A. The fair value of the scheme is calculated at the grant date and expensed over the vesting period of 2 years. NOK 5 903 thousand in share based payment costs have been charged the subsidiaries in 2016 in addition to the bonus shares described above. In 2015 NOK 5 429 thousand was charged. Remaining estimated compensation costs at 31 December 2016 for the years 2017 and 2018 are NOK 8 666 thousand.

Note 12: Other short-term debt

NOK 1 000	2016	2015
Other short-term debt	0	4
Accrued dividend payment	71 750	66 625
Total	71 750	66 629

Note 13: Transactions with related parties

NOK 1 000

Compensation to the Board

NAME	ROLE	FEES PAID IN 2016	FEES PAID IN 2015
Åge Danielsen	Chairman of the Board	300	250
Tove Raanes	Vice-chairman of the Board	175	150
Grethe Høiland	Board member	150	125
Ingebrigt Steen Jensen	Board member	150	125
Egil Christen Dahl	Board member	150	125
Total		925	775

Compensation to key management

Key management has received its remuneration from Bouvet Norge AS. For information about the remuneration to the management see note 23 to the consolidated financial statements.

Shares in the company directly or indirectly owned by the Board at 31.12.2016

NAME	ROLE	NO. OF SHARES
Åge Danielsen	Chairman of the Board	8 400
Tove Raanes	Vice-chairman of the Board	895
Grethe Høiland	Board member	0
Ingebrigt Steen Jensen	Board member	0
Egil Christen Dahl	Board member	420 000
Total		429 295

Shares in the company directly or indirectly owned by management at 31.12.2016

NAME	ROLE	NO. OF SHARES
Sverre F. Hurum	CEO	507 873
Erik Stubø	CFO	237 373
Total		745 246

Auditor fees

TYPE	2016	2015
Ordinary audit	195	185
Tax advice	31	30
Other services	15	58
Total	241	273

Other matters

The CEO has an agreement of 12 months' pay after termination of employment. No other key management personnel has any agreement of pay after termination of employment.

Note 14: Financial instruments

The Company is currently a holding company, and does have a limited amount of financial instruments except for its investment in subsidiaries and group receivables and group payables. For information about the Company's treatment of financial risks such as liquidity risk and capital management, see note 24 to the consolidated financial statements.

Note 15: Events after the balance sheet date

There have been no events after the balance sheet date significantly affecting the Company's financial position.

Shareholder information

Key figures

NOK	2016	2015	2014	2013
Market value at 31 Dec	**1414.5 mill.**	1004.5 mill.	779.0 mill.	912.3 mill.
Share price at 31 Dec	**138.00**	98.00	76.00	89.00
Share price/ total equity per share	**8.03**	5.75	5.07	5.71
Dividend paid	**6.50**	5.00	6.00	5.00

The Bouvet share is listed on the Oslo Stock Exchange under the ticker code BOUVET.

Its price increased by 40.82 per cent during 2016. The company's market value was NOK 1 004.5 million at 1 January 2015 and had increased to NOK 1 414.5 million at 31 December.

Dividend

The Bouvet share will be a profitable investment for its owners through the increase in its value and payment of dividend. In accordance with the company's dividend policy, a significant part of the previous year's net profit will be distributed to the owners.

The annual general meeting held in 2016 resolved to pay a dividend of NOK 6.50 per share.

Shareholder policy

Bouvet communicates openly about conditions relevant to its financial position and future development so that market players can form the best possible picture of the company. All shareholders will be treated equally, and information will be provided at the right time, in a precise form and sufficiently comprehensive.

Price-sensitive information is made available to the whole market simultaneously through the Oslo Stock Exchange announcement system. The company's website is an important tool for ensuring that available information is comprehensive and updated. All information is also made available on the company's website at www.bouvet.no. Bouvet will work continuously on improving the site, so that its pages are updated with relevant data at all times.

Bouvet does not publish forecasts for key figures in coming periods, but bases its comments on expected general market trends.

In connection with the presentation of interim results, the company's management holds a presentation where investors, analysts, the media and other stakeholders can meet senior executives. Four such presentations were given in 2016.

Analyst coverage

One Norwegian stockbroker provide analyses of the company:

- ABG Sundal Collier
- Beringer Finance

Share data

The Bouvet share traded between NOK 94.50 per share and NOK 138.50 per share in 2016. A total of 1 734 000 shares were traded on the Oslo Stock Exchange through 1 434 transactions. The company's share price at 31 December 2016 was NOK 138.00 per share.

Issued shares at 31 December 2016 totaled 10 250 000, with a nominal price of NOK 1.00 per share.

Shareholders

The company had 1 412 shareholders at 31 December, including 1 316 Norwegian and 79 foreign.

The 20 largest shareholders owned 69.50 per cent of the shares. Bouvet owned 98 682 of its own shares at 31 December 2016, compared with 31 317 the year before.

Financial Calendar 2017

EVENT	DATE
Annual General Meeting	23 May 2017
First quarter 2017	19 May 2017
Second quarter 2017	24 August 2017
Third quarter 2017	9 November 2017
Fourth quarter 2017	16 February 2018

In connection with the presentation of interim results, the company's management holds a presentation where investors, analysts, the media and other stakeholders can meet senior executives. The presentations are held in Oslo.

Share registrar

Nordea Bank Norge ASA
Registrar service
P O Box 1166 Sentrum
NO - 0107 Oslo

Investor relations contacts

The chief financial officer is the company's primary spokesperson for financial information, such as interim and annual reports. The chief executive will be the primary contact on other issues, such as important contracts and other price sensitive information.

Other members of Bouvet's executive management may serve as spokespersons in special cases where appropriate.

Share data

	2016	2015	2014	2013
Highest share price (NOK)	**138.50**	100.00	95.00	89.50
Lowest share price (NOK)	**94.50**	73.75	70.25	57.00
Number of trades	**1 434**	797	714	618
Number of shares traded	**1 734 000**	2 515 000	1 321 524	1 621 418
Shares at 31 December	**10 250 000**	10 250 000	10 250 000	10 250 000

Shareholders

SPREAD	NO OF SHAREHOLDERS	TOTAL NO OF SHARES	PERCENTAGE
1 - 100	238	14 013	0.14 %
101 - 1 000	772	340 722	3.32 %
1 001 - 10 000	321	936 790	9.14 %
10 001 - 100 000	66	2 249 507	21.95 %
100 001 - 1 000 000	14	5 638 968	55.01 %
1 000 001 -	1	1 070 000	10.44 %
Total	1 412	10 250 000	100.00 %

Corporate governance

Bouvet ASA (Bouvet) is concerned to practise good corporate governance in order to strengthen confidence in the company and thereby contribute to the best possible long-term value creation with the lowest possible risk to the benefit of shareholders, employees and other stakeholders. Good corporate governance is intended to regulate the division of roles between shareholders, the board and the executive management more comprehensively than is required by legislation.

Bouvet is subject to formal requirements for reporting on its corporate governance. Pursuant to section 3, sub-section 3b of the Norwegian Accounting Act, the company is obliged to report on its principles for and practice of corporate governance. In addition, the Oslo Stock Exchange requires an annual report on the company's principles in compliance with the applicable Norwegian code of practice for corporate governance (the code) issued by the Norwegian Corporate Governance Board (NCGB).

This report applies for fiscal 2016, and is based on the disposition specified in the legislation as well as the main points in the code.

Report on corporate governance pursuant to the Accounting Act and the disposition specified therein

1. The company complies with the Norwegian code of practice for corporate governance
2. The code can be found at www.nues.no
3. The board has presented a report on corporate governance below, and possible deviations from the code are commented upon under each point
4. Chapter 10 of the report describes the main components of Bouvet's risk management and internal control in the financial reporting process
5. Bouvet has no provisions in its articles of association which extend or deviate from the provisions in chapter 5 of the Act on Public Limited Companies
6. The composition of the board, control committee and working committees of the board are presented in chapter 8. The main elements in their instructions and guidelines are described in chapters 8 and 9
7. Provisions in the articles of association which regulate the term of office of directors are described in chapter 8 of the report
8. Provisions in the articles of association and mandates which authorise the board to issue or buy back shares or primary capital certificates are described in chapter 3.

1. Implementation and reporting on corporate governance in Bouvet

Compliance

The board of directors of Bouvet complies with the applicable code from the NCGB, published on 23 October 2012 with amendments of 21 December 2012, as well as with the revised code published on 20 October 2014. The board is responsible for implementing sound principles for corporate governance in the company. Bouvet provides an annual overall report of its principles for corporate governance and compliance with these in its annual report, and this information is also made available on the company's website at www.bouvet.no.

An annual review of the report on corporate governance is conducted by the board and the executive management, and the report for 2016 was adopted on 6 April 2017.

Confidence in the company's management and business is crucial for Bouvet's present and future competitiveness. The company practises open management, and thereby builds trust both in-house and externally.

Relations between owners and the company will be characterised by respect for the owners, good and timely information and equal treatment of shareholders.

Base values, ethics and corporate social responsibility (CSR)

A general principle for Bouvet is that the company will behave in a trustworthy manner towards its employees, clients, government agencies and other stakeholders. Guidelines for Bouvet's CSR are available on the company's website.

2. The business

Bouvet delivers services related to communication, information technology and advisory. The company is a strategic partner for a number of enterprises, and helps these to design, develop and administer digital solutions which create new business opportunities. Bouvet has a regional model where closeness to the clients is the key element. Long-term client relationships are forged through local expertise and entrenchment.

A detailed presentation of Bouvet's business is available on its website at www.bouvet.no.

3. Equity and dividends

Equity

Bouvet has experienced growth in turnover, and still has opportunities for further profitable expansion. To benefit from these opportunities, the group will maintain a solid equity and good liquidity.

Consolidated equity at 31 December 2016 was NOK 176.2 million, corresponding to an equity ratio of 32.9 per cent. Bouvet's goal is an equity ratio of just over 30 per cent. The board accordingly regards the group's capital structure as satisfactory.

Dividend policy

The Bouvet share will be a profitable investment for its owners through the increase in its value and the payment of dividend. As a contribution to ensuring good corporate governance, the board has resolved that the group's dividend policy will be to distribute a significant proportion of the previous year's net profit to the owners. When considering proposals for a dividend, the executive management and the board will take account of the following considerations:

- Bouvet will be a solid company with a book equity ratio in the order of 30 per cent
- Bouvet should have adequate reserve liquidity in the form of bank deposits or credit facilities.

Major investments will normally be funded through new financing in the form of debt, equity or a combination of these. However, the dividend payout ratio can be reduced if substantial investments are planned. Dividend can be lower than the goal if the retained profit can be profitably invested for the owners.

The board must explain the reasons for its proposed dividend payout to the general meeting.

Mandates to increase the share capital

In the board's view, mandates from the general meeting to increase the share capital should be limited to defined purposes and remain valid for up to a year. The general meeting should therefore consider board mandates to increase the share capital separately for each purpose, rather than awarding an umbrella mandate.

Bouvet held its annual general meeting on 12 May 2016. This awarded the board a mandate to increase the share capital of the company by up to NOK 1 million for financing the acquisition of other companies and businesses. In addition, the board has a mandate to increase the share capital by a maximum of NOK 200 000 in order to implement the share saving programme for group employees.

Both mandates run until 30 June 2017.

As a general rule, existing shareholders will have a pre-emptive right to the allocation of and subscription to significant share issues. Should the general rule be waived, the reason for doing so will be published in the stock exchange announcement issued in connection with the capital increase.

Mandate to purchase own shares

The board believes that mandates to purchase the company's own shares must remain valid for a period no longer than to the next annual general meeting.

A mandate was held by the board at 31 December 2016 to acquire up to 1 025 000 of the company's own shares to serve as full or partial settlement for the acquisition of businesses, to provide a holding of shares in hand for that purpose, and to implement the company's share saving programme for group employees. These transactions will be conducted through the stock exchange or in others ways at prevailing stock exchange prices, and such a way that the principle of the equal treatment of shareholders is observed. The mandate runs until 30 June 2017.

4. Equal treatment of shareholders and transactions with close associates

Equal treatment

Bouvet has a single share class, and each share carries one vote. Shareholders will be treated equally unless qualified grounds exist for an alternative approach. Efforts will be made to conduct possible transactions by the company in its own shares through the stock exchange or in others ways at prevailing stock exchange prices.

Transactions with close associates

Bouvet's routines specify that, in general, no transactions should be conducted between the group and its shareholders, directors, senior executives or their close associates. Should any of these have an interest in a transaction involving the group, the board must be informed and take up the matter for consideration if necessary. Unless the transaction is insignificant, the board will secure third-party assessments of the transaction and otherwise assure itself that no form of unfair treatment of shareholders, elected officers, employees or others is involved.

5. Freely negotiable shares

Bouvet's shares are freely negotiable, and the company's articles of association place no restrictions on transferability.

6. General meetings

The general meeting is the company's highest authority.

Bouvet will facilitate the participation of as many shareholders as possible at the general meeting, and ensure that it functions as an effective meeting place for the shareholders and the board so that the owners can exercise their rights.

Notice of the meeting and supporting documents will be issued in good time before the meeting is to take place, and posted to the company's website no later than 21 days in advance. All shareholders with a known address in the Norwegian Central Securities Depository (VPS) will receive the documents in the post at least 21 days before the general meeting takes place. Pursuant to article 6 of the articles of association, it is sufficient that related documents are made available on the company website. A shareholder may however demand to be sent supporting documents concerning matters that are to be considered at the General Meeting. Supporting documents shall include all necessary documentation so that the shareholders can decide on all matters to be discussed. The deadline for attendance registration is five working days prior to the meeting.

Shareholders unable to attend in person will be given an opportunity to vote by proxy. The company will provide information on the procedure for appointing a proxy or appoint a person who can act as proxy for the shareholder. A proxy form will also be prepared which makes it possible for the shareholder to specify how their proxy should vote on each item to be considered and over each candidate for election.

The board, the nomination committee and the auditor will attend the annual general meeting, together with representatives of the executive management. In addition, at least one director will attend all extraordinary general meetings.

The board determines the agenda for the general meeting. The main items on the agenda comply with the requirements of the Public Limited Companies Act as well as article 6 of the company's articles of association. As recommended by the code, each general meeting appoints a person to act as its independent chair. Minutes of general meetings are published on the company and Oslo Stock Exchange websites.

7. Nomination committee

Article 7 of the company's articles of association specifies that Bouvet will have a nomination committee. Instructions for the committee's work have been drawn up and adopted by the general meeting.

Pursuant to the articles of association, the committee will comprise three members elected for a two-year term.

The committee's job is to recommend candidates for election to the board and to make a recommendation on directors' fees. These recommendations should be justified, and include relevant information on the candidates and their independence. An overview of the nomination committee's members is available on the company's website.

8. Board of directors: composition and independence

Composition of the board

Article 5 of the articles of association specifies that the board will consist of five to eight directors.

Bouvet's board of directors consisted at 31 December 2016 of five shareholder-elected directors, including two women and three men. The chief executive is not a director.

The shareholder-elected directors have long and varied experience from the energy, banking/ finance and public administration sectors, and have expertise in the fields of organisation, marketing, management and finance. An overview of the directors can be found on the company's website.

Independence of the board

The composition of the board ensures that it can operate independently of special interests. All the shareholder-elected directors are regarded as independent of the executive management, substantial business contacts and the company's principal shareholders.

An overview of each director's shareholding in Bouvet is provided in note 23 to the annual financial statements for 2016.

Deviation from the code: Directors can be elected by law for up to four years, but the code recommends that their term of office does not last longer than two. Bouvet's articles of association do not regulate the process of electing and replacing directors.

9. The work of the board of directors

Duties of the board

The board has overall responsibility for planning and execution of the group's strategy and activities, including its organisation, remuneration policy and risk management. The board also has overall responsibility for control and supervision. The duties and responsibilities of the board are dictated by applicable legislation, the parent company's articles of association, and mandates and instructions adopted by the general meeting.

These duties and responsibilities can be divided into two principal categories:

- Management of the company, pursuant to section 6, sub-section 12 of the Public Limited Companies Act
- Supervision, pursuant to section 6, sub-section 13 of the Public Limited Companies Act.

An annual plan has been approved by the board for its work. This focuses on the board's duties: to develop the group's strategy and monitor its implementation. In addition, the board will exercise supervision to ensure that the group meets its business goals and manages risk in a wise and satisfactory manner.

The board discusses all matters relating to the group's activities which are of significant importance or of a special character. A total of 10 board meetings were held in 2016.

Instructions for the board

Pursuant to the Public Limited Companies Act, the division of the board's roles and duties is enshrined in a formal mandate which includes specific rules and guidelines for the board's work and decisions.

The chair is responsible for ensuring that the work of the board is conducted in an efficient and proper manner and in compliance with applicable legislation.

In addition to the chair, the board has an independent chair to lead the discussion on issues where the chair has a conflict of interest or is unable to attend.

Instructions for the chief executive

The board is responsible for appointing the chief executive. The board also adopts instructions, authorities and terms for the chief executive.

Financial reporting

Periodic reports which comment on the group's financial status are received by the board. Where interim reporting is concerned, the company observes the deadlines set by the Oslo Stock Exchange.

Board sub-committees

The board has established two sub-committees, for audit and compensation respectively. Instructions have been adopted by the board for the work of these bodies.

Audit committee

The audit committee is elected by and from among the directors for a period of two years or until its members cease to sit on the board. The committee has three members, including one shareholder-elected director and two worker directors, who possess the expertise required to exercise their duties. At least one of its members must be independent of the business and have accounting or auditing qualifications.

A list of committee members is available on the company website.

The committee's primary function is to conduct an independent check of the company's financial reporting, auditing, internal control and overall risk management.

The committee will:

- prepare the board's follow-up of the financial reporting process
- monitor the systems for internal control and risk management
- maintain on-going contact with the company's elected auditor concerning the auditing of the annual report
- assess and monitor the auditor's independence pursuant to chapter 4 of the Norwegian Auditing Act, and particularly the extent to which services other than auditing delivered by the auditor or the audit company represent a threat to that independence
- be consulted over the election of the auditor, with its statement appended to the recommendation, and will review its mandate and mode of working on an annual basis and recommend possible changes to the board.

The committee can initiate the investigations it finds necessary for discharging its duties, which includes obtaining external advice and support. The committee will not take decisions on behalf of the board, but will present its assessments and recommendations to the board.

The committee will meet as frequently as it finds necessary, but not less than four times a year. The committee determines for itself who is to attend meetings. Apart from the committee's members, the chief financial officer and a representative of the external auditor will normally attend.

The committee will have separate meetings at least once a year with a representative of the external auditor and the chief executive respectively.

Compensation committee

Bouvet has established a compensation committee which comprises three directors and which is independent of the company's executive management. Members of the committee are appointed by the board for a period of two years or until they cease to be directors. A list of the committee's members is available on the company website.

This sub-committee is charged with assessing the content and principles of the group's pay and bonus system, and for preparatory work ahead of a discussion of these issues by the full board in cooperation with the chief executive. The sub-committee compares remuneration in Bouvet in part with other companies, and presents proposals to the full board on possible changes.

Self-assessment by the board

The board evaluates its work and competence annually.

10. Risk management and internal control

The board and executive management of Bouvet place great emphasis on establishing and maintaining routines for risk management and internal control. An annual review of the most important risks affecting the business is conducted by the board, with special attention paid to the following aspects.

Training and motivation of employees

Training and motivating employees is a key factor in Bouvet's business. It regards a high quality of work, openness and honesty in relations between individuals and the group as important principles. Systematic efforts are made to ensure that the workforce is professionally up-to-date and developing well. The group is committed to maintaining a good social environment. Another goal is that the working day will not last longer than is necessary for employees to have good leisure time. Bouvet conducts annual working environment (climate) surveys as part of its internal control.

Work procedures, regulations, instructions and authority

In addition to the instructions enshrined in its contracts of employment, Bouvet has established in-house rules for employees and pays attention to training in and understanding of these regulations.

Financial reporting

The Bouvet group has prepared internal guidelines for monthly, quarterly and annual financial reporting, including routines for internal control. The audit committee monitors the internal control systems, and the group's CFO attends audit committee meetings. Consolidated financial statements are presented in accordance with the applicable IAS/IFRS.

Financial results and key figures are presented to the board on a monthly basis together with the executive management's presentation of the group's position. The group does not use budgets, but prepares a business plan for the year as a whole. Deviations from the business plan, with the focus on central key figures, are reported to and considered by the board on a monthly basis. Forecasts for the development of profits and liquidity over the coming 12 months are prepared on a monthly basis and presented to the board.

All projects where the group has a delivery responsibility are reviewed and the remaining work re-estimated on a monthly basis in order to ensure correct accrual of the projects in the financial reporting.

Client satisfaction

Regular surveys are conducted to secure information on client satisfaction.

Projects

Bouvet invoices most of its projects on an on-going basis. But the group also delivers projects where a predefined result is to be supplied at a price which is fixed or contains elements of fixed pricing. Variances may arise in such cases between the final income per hour and the calculated income per hour at start-up and during execution of the projects. A continuous assessment is made of risk associated with projects.

Counterparty risk

Bouvet conducts an annual review of both clients and suppliers to identify counterparty risk. New clients are also subject to a thorough assessment to identify any risk they may present.

11. Remuneration of the board of directors

The general meeting determines directors' fees on the basis of proposals from the nomination committee.

Fees are fixed and independent of the results achieved. Information on all remuneration paid to directors is presented in note 23 to the annual financial statements. No options are awarded to directors.

12. Remuneration of the executive management

The board determines the chief executive's terms of employment and sets guidelines for the remuneration of other senior executives.

The main principle applied by Bouvet for determining the pay and other remuneration of the chief executive and other senior executives is that these persons will be offered competitive terms.

In addition, Bouvet will offer terms which encourage a commitment to and value creation for the group and its shareholders, and which strengthen the loyalty of senior employees to the business.

All Bouvet's incentive schemes are collective, and no programmes of this kind are reserved exclusively for the chief executive and other senior executives.

Bouvet's profit-sharing model comprises two components:

- profit-sharing at regional level for unit managers, sales staff and consultants
- profit-sharing at corporate level for personnel in shared administrative and staff functions.

Performance-based remuneration cannot exceed 50 per cent of ordinary annual pay.

The chief executive and other senior executives have three months notice, calculated from the end of the calendar month in which they resign/are dismissed. The chief executive has a 12-month pay guarantee in addition to the agreed period of notice, subject to the reporting of all other income in the period to Bouvet for deduction from payments by the group. The right to this pay guarantee will be lost if the chief executive is dismissed on legitimate grounds pursuant to the regulations of the Working Environment Act.

Information on all benefits paid to the executive management is provided in note 23 to the annual accounts.

13. Information and communication

Bouvet takes the view that objective, detailed and frequent information to the market is essential for a correct valuation of the Bouvet share, and accordingly pursues a continuous dialogue with analysts and investors.

Information about important events in Bouvet as well as its periodic reporting of results are published in accordance with the guidelines to which the group is subject through its listing on the Oslo Stock Exchange.

Bouvet seeks continuously to publish all relevant information to the market in a timely, efficient and non-discriminatory manner. All stock exchange announcements are made available on the company and Oslo Stock Exchange websites.

The group will provide the same information to all shareholders at the same time. To the extent that analysts or shareholders contact it for further details, Bouvet and the board will ensure that only information which has already been made public is provided.

Bouvet's website is an important tool in its communication policy. All published information will be posted to this site, which will also be used to receive proposals to the nomination committee and other communications from shareholders.

The group holds quarterly open presentations. These provide an overview of operational and financial developments in the previous quarter as well as an overview of market prospects and the outlook for the business. These presentations are given by the chief executive. Interim reports and presentation materials are made available on the group's website.

The board determines the group's financial calendar, which specifies the dates for the publication of interim reports and the annual general meeting. This calendar is published by the end of December via the Oslo Stock Exchange's information system and on the Bouvet website.

14. Takeovers

In the event of a bid for the parent company's shares, the board and the executive management will ensure that all shareholders are treated equally and have access to sufficient information to be able to reach a decision on the offer. Unless otherwise instructed by the general meeting, the board will not deploy defensive mechanisms to prevent the implementation of the bid.

The board will provide shareholders with its view of the offer and, providing they have reached a decision on this, directors are duty-bound to inform shareholders whether they personally intend to accept the bid.

Should the board find that it is unable to recommend whether the shareholders should accept the bid, it will explain the reasons why such a recommendation cannot be given. An explanation must be provided if the board's decision is not unanimous.

The board will consider whether an assessment should be obtained from an independent expert.

15. Auditor

Bouvet is audited by Ernst & Young AS.

The group does not use the auditor as a consultant unless this has been approved in advance by the board or its chair. A plan for their work is submitted annually by the external auditor to the board, and this plan will specify planned services other than auditing.

The auditor attends the board meeting which deals with the annual accounts. During this meeting, the auditor will review the audits performed, possible changes to the company's auditing principles, assessments of significant accounting estimates, assessment of the company's internal controls and all cases where disagreement has arisen between the auditor and the executive management.

At least once a year, the auditor will conduct a review with the audit committee of the company's internal control system and possible weaknesses, with suggestions of improvement. In addition, the board and the auditor will hold at least one meeting a year without the chief executive or other executive personnel being present.

The auditor's fee will be presented to the chair of the audit committee, who evaluates it and makes a recommendation to the general meeting. Information on the auditor's fee is provided in note 23 to the annual financial statements.

Statsautoriserte revisorer
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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Bouvet ASA

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Bouvet ASA comprising the financial statements of the parent company and the Group. The financial statements of the parent company comprise the balance sheet as at 31 December 2016, the income statement, the statements of changes in equity and cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies. The consolidated financial statements comprise the balance sheet as at 31 December 2016, the income statement, statements of comprehensive income, cash flows and changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion,

- the financial statements are prepared in accordance with the law and regulations;
- the financial statements present fairly, in all material respects, the financial position of the parent company as at 31 December 2016, and of its financial performance and its cash flows for the year ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway;
- the consolidated financial statements present fairly, in all material respects the financial position of the Group as at 31 December 2016 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Revenue recognition from customer projects

The Group’s revenues from customer projects where the revenue is based on fixed price or the hourly rate varies with the time incurred of the projects, amounted to NOK 46.5 million in 2016. The estimation of earned revenue and profit is affected by the estimated time to complete each project. The recognition of revenue from customer projects is a key audit matter due to the significant degree of judgment involved in estimating the percentage of completion.

We considered the Group’s accounting principles related to revenue recognition, routines for monitoring customer projects and estimates for selected projects. The audit procedures included testing total project revenue against agreements, incurred costs and hours against underlying invoices and time sheets, assessment of estimated total project costs and hours with comparable projects as well as assessment of the historical accuracy of for estimated percentage of completion.

Refer to note 4 has information on estimation uncertainty and note 5 on income.

NORSK KAM

Konsernet hadde i 2016 inntekter på 46,5 MNOK fra kundeprosjekter hvor inntekt fra det enkelte prosjektet er basert på fastpris eller hvor timeprisen varierer med tidsforbruket på prosjektet. Estimering av opptjent inntekt og fortjeneste er påvirket av estimert tidsforbruk for å fullføre det enkelte prosjektet. Inntektsføring av kundeprosjekter er et sentralt forhold ved revisjonen som følge av at det er stor grad av skjønn knyttet til estimering av fullføringsgrad.

Vi vurderte konsernets regnskapsprinsipper knyttet til inntektsføring, rutiner for oppfølging av kundeprosjekter samt estimater på utvalgte prosjekter. Revisjonshandlingene omfattet kontroll av totale prosjektinntekter mot inngåtte avtaler, kontroll av påløpte kostnader og timer mot underliggende fakturaer og timelister, vurdering av estimerte totale prosjektkostnader og timer mot sammenlignbare prosjekter, samt vurdering av historisk treffsikkerhet for estimert fullføringsgrad,

SELSKAPTS PRINSIPER

The Group is primarily delivering its services based on time and material used. The Group has some income from fixed price or target price projects where the Group shall deliver a predefined result at a price that is either fixed or has elements causing income per hour not to be known before the projects are finalised. For these projects the income is recorded in correlation with the degree of completion. Progress is measured as incurred hours in relation to totally estimated hours. For the accounting year 2016, NOK 46.51 million or 3.5 percent of the Group's income was generated by projects with such an element of uncertainty and the income is recorded based on the degree of completion. (Ref. note 12.) For the accounting year 2015 corresponding figures was NOK 39.16 million or 3.2 percent.

Other information

Other information consists of the information included in the Company’s annual report other than the financial statements and our auditor’s report thereon. The Board of Directors and Chief Executive Officer (management) are responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway for the financial statements of the parent company and International Financial Reporting Standards as adopted by the EU for the financial statements of the Group, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other

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matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report and in 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 and in the statements on corporate governance and corporate social responsibility concerning the financial statements, the going concern assumption and proposal for the allocation of the result 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 ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Oslo, 6 April 2017
ERNST & YOUNG AS

Petter Larsen
State Authorised Public Accountant (Norway)

(This translation from Norwegian has been made for information purposes only.)

Key figures Group

NOK 1 000	2016	2015	2014	2013	2012
INCOME STATEMENT					
Operating revenue	**1 330 811**	1 232 486	1 132 598	1 112 774	1 030 349
EBITDA	**120 887**	112 891	92 501	105 800	88 327
Operating profit (EBIT)	**106 298**	99 354	79 162	95 093	78 236
Ordinary profit before tax	**106 049**	101 770	81 577	97 138	80 179
Profit for the year	**79 885**	74 738	56 981	69 841	56 557
EBITDA-margin	**9.1 %**	9.2 %	8.2 %	9.5 %	8.6 %
EBIT-margin	**8.0 %**	8.1 %	7.0 %	8.5 %	7.6 %
BALANCE SHEET					
Non-current assets	**90 346**	71 492	70 712	47 630	46 639
Current assets	**445 570**	414 722	376 349	397 807	363 656
Total assets	**535 916**	486 214	447 061	445 437	410 295
Equity	**176 158**	174 618	153 532	159 829	142 341
Long-term debt	**1 578**	285	669	0	1 723
Short-term debt	**358 180**	311 311	292 860	285 608	266 231
Equity ratio	**32.9 %**	35.9 %	34.3 %	35.9 %	34.7 %
Liquidity ratio	**1.24**	1.33	1.29	1.39	1.37
CASH FLOW					
Net cash flow operations	**113 465**	127 874	48 762	99 381	97 384
Net free cash flow	**75 638**	115 032	18 921	88 267	80 165
Net cash flow	**-8 416**	55 732	-49 111	31 377	23 490
Cash flow margin	**8.5 %**	10.4 %	4.3 %	8.9 %	9.5 %
SHARE INFORMATION					
Number of shares	**10 250 000**	10 250 000	10 250 000	10 250 000	10 250 000
Weighted average basic shares outstanding	**10 171 365**	10 208 354	10 220 261	10 174 317	10 249 900
Weighted average diluted shares outstanding	**10 304 044**	10 340 661	10 346 049	10 292 902	10 369 686
EBIT per share	**10.32**	9.59	7.59	9.20	7.49
Diluted EBIT per share	**10.19**	9.47	7.49	9.09	7.41
Earnings per share	**7.76**	7.21	5.45	6.75	5.41
Diluted earnings per share	**7.66**	7.12	5.39	6.67	5.35
Equity per share	**17.19**	17.04	14.98	15.59	13.89
Dividend per share	**6.50**	5.00	6.00	5.00	5.00
EMPLOYEES					
Number of employees (year end)	**1 090**	1 036	1 008	931	881
Average number of employees	**1 050**	1 016	958	908	848
Operating revenue per employee	**1 267**	1 213	1 182	1 226	1 215
Operating cost per employee	**1 166**	1 115	1 100	1 121	1 123
EBIT per employee	**101**	98	83	105	92

Definitions

Cash flow margin	Net cash flow operations / Operating revenue
Diluted earnings per share	Profit after tax / weighted average diluted shares outstanding
Diluted EBIT per share	EBIT / weighted average diluted shares outstanding
Dividend per share	Paid dividend per share througout the year
Earnings per share	Profit after tax / weighted average basic shares outstanding
EBIT	Operating profit
EBIT per employee	EBIT / average number of employees
EBIT per share	EBIT / weighted average basic shares outstanding
EBITDA	Operating profit + depreciation fixed assets and intangible assets
EBITDA-margin	EBITDA / operating revenue
EBIT-margin	EBIT / operating revenue
Equity per share	Equity / number of shares
Equity ratio	Equity / total assets
Liquidity ratio	Current assets / Short-term debt
Net free cash flow	Net cash flow operations + Net cash flow investments
Number of shares	Number of issued shares at the end of the year
Operating cost per employee	Operating cost / average number of employees
Operating revenue per employee	Operating revenue / average number of employees
Weighted average basic shares outstanding	Issued shares adjusted for own shares on average for the year
Weighted average diluted shares outstanding	Issued shares adjusted for own shares and share scheme on average for the year

Our regions and offices

The Group has offices in Oslo, Trondheim, Bergen, Haugesund, Stavanger, Kristiansand, Arendal, Skien, Sandvika, Sandefjord, Malmö, Örebro and Stockholm. Our philosophy is that competence should be utilized across the company, while projects are attached locally. This means that our customers will have a local account manager and project manager, but access to competence independent of its location.

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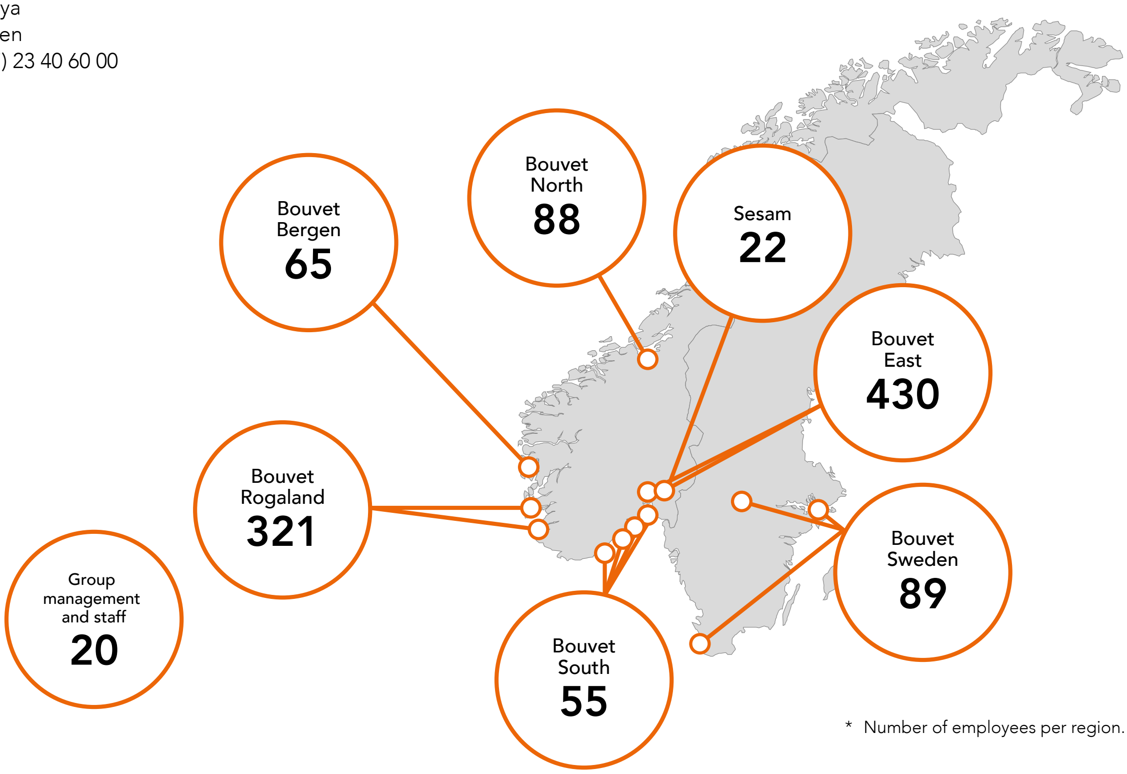

* Number of employees per region.

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